

Quality of Governance,
Political Attitudes and Electoral Behavior

by

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September 27, 2013

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Abstract

This dissertation is an empirical study of the effects of quality of governance on citizens' political attitudes and behavior. Previous comparative research emphasised the role of institutions in conditioning individuals' behavior and attitudes. I argue that not only the institutional design, but also the quality of the political institutions in the country constrains citizens' political attitudes, preferences, and decisions. I do this by examining how living in countries with different quality of governance affects people's institutional trust, perceptions of representation and accountability, attitudes towards the welfare state, voting behavior, and election results both in an absolute sense and relative to the design of the political institutions. Doing so this dissertation builds on and contributes to the literature of comparative political behavior, contextual effects, and political institutions, and has substantive and normative implications for the study of electoral democracy. All of the empirical analyses are cross-national and employ multi-level analyses of data from Comparative Study of Electoral Systems and the World Value Survey, and different indicators of the quality of governance and political institutions.

After a brief introduction, I examine the implications of various aspects of good governance on individuals' confidence in different public and political institutions. I find that some aspects of good governance have a stronger impact on institutional trust than others, but how the institutions provide judicial and bureaucratic efficiency and control of corruption clearly makes them look more or less trustworthy. I then look at the role of the quality of governance in shaping individual preferences toward income redistribution and social welfare policies, and find that bad governance leads to a remarkable inconsistency in individuals' preferences, preferring more extensive social benefits simultaneously with less income redistribution. I investigate further whether people feel less represented and politicians' less accountable under bad governance in chapter four. I find that institutional design matters more for a sense of procedural representation, while good governance is more important for substantive representation. Chapter five focuses on the link between the impact of ideology, economic evaluations and partisanship on the vote on the one hand, and corruption on the other, and the implications of cultural norms for these relationships. I find that as corruption rises, ideological considerations and sympathies towards the chief executive party weigh less in voters' decision; and while living in a country with a strong culture of corruption does not make people adopt different voting behavior, it instills a higher likelihood of voting against the incumbent. Before concluding, I test the electoral implications of good governance for incumbent's survival in chapter six, and find that the quality of governance is as important as the economy.

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1 Introduction

Electoral democracy is seen nowadays as a necessary but not sufficient condition to an efficient governing process. Cross country differences in representation, accountability, and political attitudes raise question regarding the perfect, or the most efficient, political system. Previous research has been focused on the institutional set-up as the key explanatory factor of these cross-national differences: political institutions design the context where individuals live, work, interact, form preferences and opinions, and make electoral decisions. I argue that, besides institutional design, their performance matters too. Thus, this dissertation is an empirical study of the impact of the quality of political and public institutions on political behavior. It analyses how quality of governance vs. institutional set-up affect individuals' political attitudes, preferences and electoral decisions in a comparative perspective. As such, it builds on and contributes to the literature of comparative political behavior, contextual effects, and political institutions.

The theoretical framework employed here is that structural factors such as political institutions and their quality are best thought as conditioning individual decisions and preferences, and cross-national differences in political behavior can be explained by looking at the quality of governance and the institutional design in a country. While the notion that institutions play a role in political behavior has long been a standard assumption in comparative politics literature, the emphasis not only on their features but also their quality has rarely been taken into account in the empirical work of political science scholars. I argue that the quality of governance has the power to account for the cross-national variation of political behavior in an absolute sense or relative to the institutional design, and examine the macro-micro interactions of good governance with five different aspects of political behavior: political trust, perceptions of representation and accountability, preferences for welfare state, voting behavior, and electoral results.

In the last thirty years, political behavior scholars' interest has shifted from analysing and explaining individual political behavior in a single country to studying these behavior across countries. Studying cross-country variations in electoral turnout, voting decision, or public opinion have raised new research questions, such as: why some countries experience high values (means) of turnout, political trust, support for social welfare or political representation while others do not? The same question can be asked about each of the five aspects of political behavior that are of interest in this dissertation since they vary greatly across countries. People have been found to support redistribution and social welfare in some countries but more than in others (Andreß and Heien 2001; Blekesaune 2007; Blekesaune and Quadagno 2003; Borre and Scarbrough 1995; Busemeyer and

Weschle 2009; Cutright 1965; Edlund 1999a; Esping-Andersen 1990; Jæger 2006a; Korpi 1980; Linos and West 2003; Moene and Wallerstein 2001; Svallfors 1997). In voting behavior literature, more than four hundred papers and books were written on economic voting by 2007 (according to Lewis-Beck and Stegmaier (2007)) and a high number of these studies were about the differences in the magnitude of the effect of economic evaluations across elections and countries (e.g. Whitten and Palmer (1999), Anderson (2000), or Duch and Stevenson (2008)). As well, policy positions and ideological matters are found more important in voters' decision in some countries than others (Brug and Eijk 1999; Freire et al. 2009; Tóka 2002; Van der Brug et al. 2008). Lower levels of political trust in countries like Lithuania, Czech Republic or Romania than in countries like Iceland, Norway or Netherlands (according to Newton's (2007: 347) calculations of confidence in parliament) have made academics worry that democratic performance is at risk in the former countries and that we need to find the factors that explain these difference. Same normative reasoning is raised when one looks at the low levels of objective or perceived representation and accountability in some countries but not in others (Blais and Bodet 2006; Dalton 1985; Huber and Powell 1994; McAllister 2005; Powell Jr 2004; Rohrschneider 2005).

Scholars in comparative politics have emphasized the role of structural factors in explaining cross-country variation. As Inglehart (1983: 431) said thirty years ago, this involved reorienting "the analysis on the linkages between macropolitical and micropolitical phenomena". Among the macropolitical factors that academics use in explaining this variation, the design of political institutions or the economic conditions in a country were the central ones. Take for example the well-established perceptions that consensus democracies enhance political representation better than majoritarian ones, which instead promote better mechanisms of political accountability (Lijphart 1999; Powell 2000); or the arguments that multipartism under PR systems leads to greater ideological and issue distances between parties (Calvo and Hellwig 2011; Cox 1990), while single-party governments increase voters' ability to hold the government accountable and thus use its evaluations in making the vote decisions (Duch and Stevenson 2008; Powell Jr and Whitten 1993).

For the specific aspects of political behavior under investigation in this dissertation, the design of political institutions and economic factors were the central country characteristics used to explain their cross-national variation.² However, considerable unexplained between-country variance of political behavior was left after accounting for the impact of

²Each chapter has an extensive literature review section presenting the country-level factors explaining the cross-country variation of the dependent variable(s) in the chapter.

these structural factors. In this dissertation, I show that the quality of governance can be one of the key macro factors explaining this country-level variation and has an influence in an absolute sense or relative to the institutional design in the country.

1.1 Quality of governance

In the last decades, the new topic of well-performing institutions has increasingly attracted the attention of social scientists and international organizations. The discussion has moved from non-democratic vs. democratic regimes, to well-functioning institutions vs. bad governance. However, there is no well-defined theory of governance and the definitions of governance and good governance abound (see Grindle (2007) for a review of some of these definitions).

In 1994, United Nations Development Programme (UNPD) published a first document on good governance entitled “Initiatives for Change” which stated the main goals of governance initiatives. In 1997, in *Governance for Sustainable Human Development*, governance was defined as: “the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels, comprising the mechanisms, processes, and institutions through which that authority is directed. Good governance is, among other things, participatory, transparent, accountable, and efficient” (UNPD 1997).

The World Bank, on the other hand, defines governance as: “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them” (Kaufmann et al. 2010: 4). However, the first component of good governance, as defined by the World Bank’s researchers, refers more to democratic performance than governance performance and previous research has already showed that there is a difference between good governance and democracy (Rothstein and Teorell 2008b); a non-linear relationship exists between the two (Charron and Lapuente 2010); and some authoritarian regimes can provide better governance than others (Charron and Lapuente 2011). Thus, the definition of good governance should exclude the democratic aspect and focus only on the last two areas of governance: the capacity of the government to effectively formulate and implement sound policies and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

Rothstein and Teorell (2008b) argued however that “such a definition is just about as

broad as any definition of politics” (168) and they proposed to define quality of government as the impartiality of institutions that exercise government authority. Their definition is however not without criticism: Longo (2008:193) disagreed with the synonymy of quality of government and good governance, arguing that governance involves a joined-up, holistic government, and a network of public and private players, fact that poses difficulties for the practical application of impartiality as a normative principle of quality of governance, and Fukuyama (2013: 349) pointed out that “it would seem entirely possible that a state could be highly impartial and still lack the capacity and/or autonomy to effectively deliver services”.³

This is one of the many disagreements existent between scholars of good governance, issue that can be considered one of the caveats of this thesis. Without a clear concept of the predictor of interest, examining its impact on individual political behavior is difficult. I choose to use the World Bank’s definition of good governance for this thesis because it refers to a broader range of features of governance’s performance. National states have the role to protect individuals’ property rights and freedom of enterprise, and provide contract enforcement, control of corruption, or rule of law. These are some of the main principles the international community requires each country to follow. But, states must also assure basic infrastructure, a good education and health system, or efficient bureaucracy in order to facilitate economic development and social wellbeing. Thus, good governance refers to the efficiency of the public and non-public actors in delivering the public services than to their actual quality. Therefore, this conceptualization of good governance focuses on what Fukuyama (2013) called “capacity measures, which include both resources and degree of professionalization” and “autonomy as a measure of executive branch quality”. In the World Bank’s researchers’ terms, these are the capacity of the government to effectively formulate and implement sound policies, and the respect for the institutions. Each of these dimensions has then two subdimensions: bureaucratic efficiency and regulatory quality for the former, and judicial effectiveness and control of corruption for the latter.

Leaving the discussion about the measurement of these subdimensions for one of the next subsections of this introduction, the conceptualization of bureaucratic efficiency (i.e. government effectiveness in the Worldwide governance dataset) refers to the quality of the civil service and its independence from political pressures, as well as the quality of policy formulation and implementation. Regulatory quality refers to how the government formulates and implements policies and what regulations it has to facilitate private sector

³Rothstein and Teorell’s response to these critiques can be found in Rothstein and Teorell (2008a) and on <http://governancejournal.net/2013/03/05/rothstein-on-what-is-governance/>, accessed on June 10th, 2013

development. The judicial effectiveness (i.e. rule of law indicator in the Worldwide governance dataset) is a measure of actors' confidence and respect for the law: e.g. quality of contract enforcement, property rights, the policy, the courts, the level of crime and violence, while control of corruption describes both the petty and grand forms of corruption, or the use of public power for private gain (Kaufmann et al. 2010: 4).

1.2 Quality of governance and political behavior

The emphasis on institutional and structural factors has become more and more important in political behavior discipline. As Inglehart (1983) predicted thirty years ago, “[now] we deal with the ways in which structural factors – above all the political and economic institutions of a given society – shape political behavior and outcomes” (432). Thus, it is important to observe and analyse individuals' behavior in their environment. As Huckfeldt and Sprague (1993) argued “the actions of individual citizens are to be understood as the intersection between individually defined circumstance and the circumstances of surrounding individuals” and “the political behavior of individuals is characterized as contingent on the environment ” (281).

Individuals are social beings: they form opinions and preferences and take decisions in interaction with other human beings and in contexts already defined by the political institutions, and the economic or social circumstances. Take for example the psychological effect of electoral systems - such as strategic voting: people vote for their second option if their favorite party does not stand a chance of winning, considering the decisions of other people and the electoral law in the district (Duverger 1954). Hence, it is the electoral design that constrains people to reconsider other voters' choices. Additionally, the composition of the social community constrains or influences people to take certain decisions, e.g. if they live in counties predominantly with working or middle-class residents, they were found to be more likely to vote for the Labour or Conservative parties, accordingly (Butler and Stokes 1974).

Contextual factors, such as the quality of governance, not only influence individuals' opinions and decisions, but also affect their daily life and well-being. The quality of governance has been found to affect individuals' happiness (Bok 2010; Helliwell 2006), their trust in other people (Delhey and Newton 2005; Rothstein and Stolle 2008), and in political institutions (Anderson and Tverdova 2003). It generates a certain hostile or friendly environment which has then consequences for citizens' future expectations, preferences and decisions including welfare state preferences, voting behavior or perceptions of perceptions of representation. People observe public officials and institutions' activity,

they interact and discuss with other individuals about their experience with political actors, bureaucrats, or governance mechanisms, and form evaluations of individual officials and institutions, and the overall performance of governance. In a country with a high level of corruption people consider public officials as being partial or corrupt and believe that “even people whom the law requires to act in the service of the public cannot be trusted” (Teorell 2009: 5). In a context with inefficient bureaucracy, individuals deal with incompetent public officials, they observe how difficult different public policies are to be implemented and infer that their representatives are not able to respond to their interests. On the same principles, the level of regulatory quality may create the perception that the governance system does not provide support for business and the taxes paid are too high for what the system offers. These evaluations and perceptions affect then citizens’ attitudes and behavior.

Each chapter will discuss into details how governance affects individuals’ confidence in political institutions, their perceptions of representation and accountability, preferences for social welfare state, electoral behavior, or support for the incumbent. In short, under bad governance people are less confident that the actors involved in the governance process follow principals’ interests or have the means to respect the reciprocal relationship between them. The risks and uncertainties that bad governance brings along can make people want more government protection, but at the same time be less willing to support inefficient institutions by paying higher taxes. They can also think that inefficient government makes it difficult for representatives to promote and implement their policy proposals and thus conclude that the level of representation is lower under bad governance than under good governance. If the regulatory quality or the rule of law is not efficient, the government officials should not be the only ones to be blamed for the socio-economic conditions in the country; hence citizens may perceive a lower level of accountability in these conditions. Distrustful citizens will then feel more alienated from politics and even from the parties they like, so their party sympathies are expected to weigh less in their vote decision. In the same way, if they think that politicians cannot implement the policies advocated during the electoral campaign, they will be less willing to factor these in their vote decision. Additionally, people are less willing to punish the incumbent for bad performance and replace corrupt politicians with new ones, which are even more eager to use public money and relationships in their own interest. However, people can still have the means to punish the incumbent for bad governance. Considering these expectations, I test five sets of hypotheses:

H1: Individual trust in political and public institutions declines as the quality of governance gets lower.

H2a: Individual perceptions of political representation are lower when the quality of governance declines.

H2b: Individual perceptions of political accountability are lower when the quality of governance in the country declines.

H3a: Individuals support less social welfare policies as the quality of governance drops.

H3b: Individuals support less income redistribution as the quality of governance drops.

H4a: The impact of ideology on the vote becomes smaller as governance performance declines.

H4b: The magnitude of the economy on the vote becomes smaller as governance performance declines.

H4b: The impact of party-sympathy on the vote becomes smaller as governance performance declines.

H5: Incumbents' vote share declines when the quality of governance drops in their electoral term.

Besides testing these hypotheses, in the next chapters I also discuss the mechanisms generating each of these relationships and compare the impact of the quality of governance with the impact of different institutions which have been showed to constrain individual behavior. Additionally, several caveats and alternative hypotheses are examined. For example, there are opinions that the theoretical relationship between the quality of governance and incumbents' electoral support is possible only if individuals are capable of assessing the level of governance performance and when they can assign its responsibility to the incumbent party. Thus, in chapter 6 I explore these arguments into details before testing empirically if change in governance affects the elections' outcome. Some could also say that the relationship between good governance and individual behavior is a recursive one, and good governance is not only the main independent variable, but it also can be the dependent variable in a similar empirical model. For example, in countries with high corruption people may act in a certain way because of corruption or because they are engaged in a corruptive behavior themselves. Without excluding the argument that governance not only affects individual behavior but is also a consequence of individuals' decisions and preferences, I address this issue in two of the chapters and discuss their implications after each analysis and in the final conclusions. Hence, in the next

chapter, I separate the direct effect of the quality of governance on political confidence from the recursive effect of trust on bad governance by using the lagged indicator of bad governance. In chapter 4, I use an aggregate indicator of the social culture of corruption in the country to assess how much of the voting behavior is due to government practices in controlling corruption or the habit of corruption in the country. Before presenting how each chapter is design, a discussion of the methodology and data is required.

1.3 Methodology and data

In this dissertation project, I base my analysis on contextual models in order to examine the variance of different aspects of political behavior across different quality of governance. As Huckfeldt and Sprague (1993) “Contextual theories of politics are inherently multi-level – they require cross-level inference – and hence have consequences for the ways in which politics is conceived at multiple levels of analysis and meaning” (282). This has implications in research design and analysis, and involves incorporating both macro and micro data in the analysis. This is possible thank to the advances in survey data collection across countries and the development of statistical techniques appropriate for conducting cross-national analysis and multilevel research (Anderson and Singer 2008: 567).

The predominant methodology in this dissertation is thus multilevel modelling. Comparative research can be applied using macro level or aggregate level indicators, and relationships at the country-level are then generalized to the individual level making inferences about individual behavior from observations of group behavior (Huckfeldt and Sprague 1993). Or, researchers can pool survey data from different countries in one analysis and associate country-level information to all individuals within a country. This implied that all the unmodelled contextual information is pooled into a single individual error term of the model and the regression coefficients were assumed to apply equally to all contexts (Duncan et al. 1998: 98). Multilevel analysis, instead, accounts for the within and between country variation and explains it using individual and country-specific predictors. Using multilevel models, one can test the direct, indirect or interactive impact of institutional and structural factors on individual behavior (Anderson and Singer 2008: 569).

Direct effects or constraints of country-level effects are immediately prior to individual behavior and are tested using random-intercept multilevel models. These models imply that there is a different intercept for each country in the analysis and its variation reflects the between country variation of individual behavior. In the first three empirical analyses of this dissertation, I assume that quality of governance has a direct effect on individual behavior and use random intercepts, accordingly. In this way I can measure separately

the between and within country variance of the dependent variable and thus assess how much predicting power the contextual effects have in explaining the between-country variation or the overall variance of individual behavior.

Indirect or conditional effects of the macro predictors on individual behavior happen when these indicators impact or moderate the effect of another individual level predictors that have a subsequent effect on the individual behavior (Anderson and Singer 2008: 570). In this dissertation, I test the conditional effect of the quality of governance and other institutional factors in voting behavior in chapters 4 and 5. In the latter, I estimate the effect of the quality of governance on voting behavior by testing its moderating role in ideological or economic vote. The empirical analysis includes an interaction between individual level variables measuring ideological considerations or economic evaluations and the macro indicator of quality of governance, called cross-level interaction effects. These models include random slopes in addition to the random intercepts, which measure the variation of the magnitude of ideological or economic voting across country. Assessing the role of the institutional factors and the quality of governance in explaining the variation in voting decision implies also measuring their impact on the variation of the magnitude of individual level predictors.

Given that “a contextual effect operates when individual behavior depends upon some individually external factor after all individual level determinants have been taken into account.” (Huckfeldt and Sprague 1993: 286), it is important to account for all individual level predictors before including country-specific factors in the model. To do that, cross-national survey data with comparable measures of individual behavior is essential for multilevel models. The globalization of survey research made the access to such datasets easier (Heath et al. 2005), while collecting data for each analysis would require designing and running surveys in multiple countries, which would be too costly and time consuming. Therefore, secondary data is used in this dissertation. The main individual-level cross-national datasets in this dissertation are from the World Value Survey (WVS 2009) and the Comparative Study of Electoral System (CSES 2013). Both survey studies include a high number of countries in each wave and identical survey items across waves, which gives a higher number of level 2 cases that are essential in multilevel models (Stegmuller 2013). However, in chapters where the number of countries is smaller than 30, the results will be analyzed with precaution.

The analyses in this thesis have a global focus in that they include country-level observations for multiple countries in the world. The slight exception is chapter 5 with models of voting decision where only the countries with free elections are included. The universe of cases is more extended in chapter 2, where the focus is on attitudes towards social welfare,

and not electoral behavior. Appendix A presents the countries included in the empirical analysis of each chapter. One of the constraints in choosing the countries in this thesis was the availability of the indicators of quality of governance and other institutional features. For the latter, the main focus is on Lijphart's (1999) majoritarian-consensus contrast and I use the indicators provided by Vatter and Bernauer (2010). For quality of governance, I use the Worldwide Governance (Kaufmann et al. 2010) and the International Country Risk Guide (ICRG 2012) indicators of good governance, which provide information on diverse components of governance performance from 1996 and 1981 onwards respectively, for over more than 150 countries.

The Worldwide Governance indicators are provided by the World Bank and offer information for all four subcomponents of good governance described in the previous section. They are measured as aggregate scores from 441 individual variables accounting for different dimensions of governance from 35 different sources produced by 33 different organizations (Kaufmann et al. 2009). Despite the fact that researchers cannot choose the variables or sources used to generate the governance indicators, they can trace the original survey questions from each of the 35 sources. The ICRG indicators are produced by the Political Risk Group and their subcomponents - corruption, bureaucracy quality, investment profile, and law and order - have a correspondent among the World Banks' subcomponents. These were created by the Political Risk Group researchers using a predefined criteria list that unfortunately is not available to the public.

There have been several concerns about the efficiency and reliability of the Worldwide governance indicators (Fukuyama 2013; Holmberg et al. 2009; Langbein and Knack 2010; Rothstein and Teorell 2008a; Thomas 2009). One criticism is that its data based on perceptions are not entirely objective, which "leaves open the possibility that countries are rated according to prejudiced or deterministic ideas of how a country should perform" (Holmberg et al. 2009: 137). Kaufman and his colleagues (2009), however, defend their indicators arguing that "perceptions matter because agents base their actions on their perceptions, impression, and views (...), in many areas of governance, there are few alternatives to relying on perceptions data (...), [and] even when objective or fact-based data are available, often such data may capture a de jure notion of laws 'on the books' that differs substantially from de facto reality that exists 'on the ground'"(4). For this dissertation, I assume that the Worldwide governance indicators measure objective performance, or that they indicate the average popular assessment of governance, which does not change the theoretical argument of the dissertation, but it is relevant for the analysis of the empirical results. In the discussion of the results, I will then present their implications from both perspectives. Still, an issue raised by this criticism is the applicability

of these indicators for cross-national comparisons. Kaufman and his colleagues (2009) claim that the purpose of their efforts was indeed to create cross-national indicators.

Other criticisms of the Worldwide governance indicators regard their construct validity. Thomas (2009: 47) pointed out that the operationalization of the indicators depends on a very large number of undefended assumptions about the nature of the data and the relationship among variables, the constructs that the WGI seek to measure are neither defined nor rooted in theory; [and] the indicators have not been tested against the behavioral predictions of theory. This implies that I need to pay extra attention to the interpretation of these indicators since they are not rooted in a theory of governance, and the effects of these indicators in the empirical analyses can be seen only with regard to the variables included by each sub-component of governance. Nevertheless, the clustering methodology used to create each subcomponent makes it difficult to know whether these subcomponents measure the average of these variables and why some aspects weight more than others in the final measure. Additionally, the assumption that the error terms are uncorrelated across data sources can lead to substantially understating the estimated standard errors, as their authors themselves point out (Kaufmann et al. 1999: 10).

All in all, the Worldwide governance indicators are not clear of problems, but they are the only ones available for a large number of countries, including the ones in the two survey studies used in this dissertation. Using these indicators aware of their caveats is a compromise I decided to do in order to develop this dissertation project. The main assumption is that these indicators are a good proxy of the quality of governance as defined in a previous section of this introduction. Below, I provide a brief summary of each following chapter indicating also particular methodological or theoretical steps I use to address the caveats of the macro-micro relationships between governance and political behavior.

1.4 Chapter overview

In the next chapter, I start by looking at the implications of bad governance on individuals' confidence in political or public institutions since the theoretical arguments in other chapters are based on the assumption that bad governance undermines peoples' trust in politics. Building on psychological theories of trust, I examine whether different aspects of bad governance make political and public institutions look less trustworthy. In the literature, there is a general disagreement whether corruption leads to lower political trust or the other way around. Thus, examining the influence of the quality of governance at time $t-1$ on individual level of trust at time t , the analysis offers a better picture of

the causal effect. The analysis uses the World Value Survey dataset and the Worldwide governance indicators. The results indicate that regulatory quality does not have a role in citizens' trust, but as control of corruption, judicial effectiveness and bureaucratic efficiency declines people trust less in political institutions.

The third chapter continues the investigation of governance's impact on individual behavior by examining how individual political preferences for welfare state vary by different levels of quality of governance. Humanitarian motives of pro social welfare attitudes can be exacerbated by feelings of uncertainty and insecurity generated by bad governance, but when it comes to the redistribute aspect of welfare state, people evaluate the ratio between the costs of inefficient public and political institutions under bad governance and the risks that bad governance can imply for their own income stream. The analysis uses the same World Value Survey study as in chapter 2 limited however to the studies where the preferences for welfare state items are available. People are found to have stronger social welfare preferences but want less income redistribution under bad governance, which leaves then to a gap between what type of social system people want and how much taxes they support.

Following the results from the first two empirical analyses, it is important to see whether under bad governance people feel less represented or accountable to given the low level of confidence in political actors and their contradictory preferences in terms of welfare state policy. In chapter 4, I examine whether under bad governance people believe less in representation and accountability. The role of quality of governance is compared then to the role of political institutions in making people feel better represented or accountable to. The distinction between representation via elections and representation by a political party shows whether the design or the quality of political institutions is important to assure procedural representation (by the electoral institutions) or substantive representation (by the actors involved into politics) in the country. Testing the conditional effect of the quality of governance on whether it matters who wins the elections offer a new perspective on why government performance weighs more in vote decision in countries with bad governance. The results show that the institutional design matters more for perceived procedural representation, while the quality of governance conditions more individuals' perceptions of substantive representation. Electoral accountability instead is only slightly affected by the level of good governance in the country. The quality of governance is important for making people feel represented and even election winners are more skeptical about that in countries with bad governance than in countries with high good governance.

If bad governance makes people feel less represented, trust less the incumbent, and have contradictory policy preferences under bad governance, its effect will also be reflected in their voting behavior. Chapter 5 examines whether people vote less based on ideological matters, government performance, and their party sympathies when the quality of governance (i.e. control of corruption) worsens. In countries with high corruption, voters feel alienated from politics, they trust less in the incumbent's electoral promises, but are less willing to change it with a new party inefficient, hungry for money. The impact of corruption on the magnitude of economic and ideological vote, and also on party effects, is compared to the impact of the political institutions that were found to affect voters' strategies: electoral system and the number of parties. In order to disentangle the role of objective institutional performance from the effect of the cultural norms of corruption, I also use an indicator of the corruptive practice among national representative at the United Nations and compare its effect with the effects of World Banks' indicator of control corruption. The empirical results indicate that ideology and party sympathy weigh less in voters' decisions as corruption increases, but people appreciate more good government performance. Living in a country with strong pro-corruption cultural norms does not change individuals' voting behavior but makes them more likely to vote against the chief executive's party.

Last empirical analysis in this dissertation examines how quality of governance affects incumbent's electoral support. The results in chapter 5 showed that governance plays a role in voters' decision of supporting the incumbent by moderating the effects of the main individual level predictors, so in chapter 6 I test whether this is reflected in the aggregate outcome of the elections. An important theoretical discussion in chapter 6 is about people's ability to evaluate quality of governance and assess governments' responsibility. Also, I use the method of simulation extrapolation for fitting models with additive measurement error (SIMEX) to examine how much different the results would be if the indicators of quality of governance and change in governance during the electoral term would be measured with error. I find that the quality of governance is important in elections, and its effect is comparable to the effect the economy has on the electoral survival of the incumbent party.

The conclusion chapter presents the unified picture of how quality of governance affects people's life by discussing the results from each chapter. I also examine how the limitations of this dissertation were addressed and what future research should explore further. An important part of the discussion focuses also on the substantive and normative implications of this research for electoral and representative democracy.

2 Bad governance today, political distrust tomorrow

The research of the role of the quality of governance in people's life starts in this dissertation with the examination of the role of good governance on political confidence given that the primary relationship between citizens and institutions is based on trust, where political actors and institutions are entrusted to take care of citizens' affairs. It seems universally accepted in the literature on trust that political trust is conditioned on government's performance (Braithwaite and Levi 1998; Chanley et al. 2000; Mishler and Rose 1997; Norris 1999a; Warren 1999). Citizens lose confidence in institutions because of political actors' incompetence or the bad procedures and mechanisms that govern those institutions (Hardin 1998). However, among all aspects of the quality of governance, previous empirical research on trust has focused mostly on the eroding effect of corruption (Anderson and Tverdova 2003; Canache and Allison 2005; Chang and Chu 2006; Della Porta 2000; Montinola and Hardin 2004; Morris and Klesner 2010; Seligson 2002) and less on bureaucratic efficiency (Christensen and Lægreid 2005), judicial effectiveness (Montinola 2009), or regulatory quality.

In this chapter, I extend the empirical analysis to other aspects of bad governance and use the psychological theory of trust to explain how inefficient institutions lead to a lower level of trust. The relationship between government performance and trust is well established, but institutional trust is not only about past performance, it is also about citizens' expectations and their perceptions of institutions' rules and procedures. Also, citizens might trust a institution with regards to an issue but not with another, so different aspects of good governance are expected to be more important for trust in one institution than in another.

In order to test these relationships, I first review the literature on political trust and government performance. Then, using different definitions of political trust, I examine how good governance is relevant for individuals' institutional trust/confidence. The analysis focuses on the impact of overall governance and specific aspects of bad governance on the trustworthiness of different political and public institutions, knowing that people can trust political and public actors in regard to one aspect of governance but not another. Given the recursive relationship between trust and governance performance (Della Porta and Vannucci 1999; Hetherington 1998; Morris and Klesner 2010), I analyse the impact of the level of governance performance at time $t-1$ on citizens' trust at time t . The discussion of the empirical results at the end of the chapter includes also a reflection on how trust can affect the quality of governance afterwards and how important political trust is for democracy and good governance.

2.1 Past research

The link between system's performance and citizens' trust seems to be well recognized in the political science literature (Braithwaite and Levi 1998; Levi and Stoker 2000; Norris 1999a; Warren 1999). Scholars found that citizens' evaluations of government performance or economic conditions affect their support and trust in government (Chanley et al. 2000; Hetherington 1998; Hetherington and Rudolph 2008; Mishler and Rose 1997, 2001). A good example is the NES trust-questions which were initially designed to measure citizens' evaluations of public officials' ethical qualities and also their ability, correctness, and efficiency (Levi and Stoker 2000), that, in order to be answered, people had to recall political actors' performance and qualities.⁴ One of the first studies to use these survey questions as an index of political trust concluded that popular discontent in the U.S. at that time resulted from dissatisfaction with the way governments dealt with the problems in the country and that people lacked confidence in the ability of the existing parties to bring about responsive governments (Miller 1974). Scholars also examined the role of macro-indicators of government performance such as economic decline or unemployment or level of corruption in conditioning individual political trust (Miller and Listhaug 1999; van der Meer and Dekker 2011). However, as Miller and Listhaug (1999) pointed out, political distrust is associated not only with government's objective outcomes or citizens' high expectations about material standards or economic conditions, but also with their expectations regarding governments' unbiased procedures and honest, competent and efficient political leaders.

A high number of studies on trust focused on the role of corruption (Anderson and Tverdova 2003; Canache and Allison 2005; Chang and Chu 2006; Della Porta 2000; Montinola and Hardin 2004; Morris and Klesner 2010; Seligson 2002). Anderson and Tverdova (2003) argued that citizens report lower level of satisfaction with the performance of the political system and trust in civil servants when corruption increases; Della Porta (2000) pointed out that citizens are less confident in government's ability to consider their concerns; and, by the same token, Theobald (1990) showed that citizens feel excluded from the policymaking process when corrupt politicians respond mostly to the needs of their clients, which all lead then to lower levels of political confidence. Only few studies were however dedicated to other aspects of governance performance, e.g. bureaucratic and judicial efficiency or government regulations' effectiveness (Christensen and Lægveid 2005; Montinola 2009).

⁴See Levi and Stoker (2000) for a full review of the early literature on political trust.

2.2 Theoretical expectations

Trust has been described as a three-part relationship: A trust B to do x.⁵ Despite the fact that trust in daily life can be a easy-to-understand concept when one says that she trusts her brother or her friend, when it comes to defining individuals' trust in institutions things are a bit more complicated. First, interpersonal trust (horizontal trust) is built on a one-to-one interaction, while political trust (vertical trust) is a one-to-many interaction. Second, the principles underlying interpersonal and institutional trust relationships are different and the level of effort people need to do to support these relationship differs as well. As Hardin (2002) argued, interpersonal trust is based on conceptions of trust as encapsulated-interest, moral commitment, or trustworthiness as a matter of character of the trusted, which in order to be generalized for institutions and their agents require a certain amount of knowledge that ordinary citizens do not have. He nevertheless pointed out that what one calls trust in government can be similar to the confidence or quasi trust in the interpersonal relations that depends on individuals' reasons for believing that government agents are trustworthy (Hardin 2002: 152).

In order to understand how individuals build their trust in institutions, I use Hardin's (1998) suggestion of unpacking it in: 1) trust for each individual in the organization and 2) trust of the design of the organization procedures and rules that get role holders to do what they must do.⁶ In the first case, citizens create a hypothetical relationship with every individual within the institution and thus, institutional trust is seen as a species of person-to-person relation: "our beliefs about, as well as our affective and social relations to, the personnel account for standing in a trust relation to the institution they staff" (Harré 1999: 260). This can be seen as what Hardin(1998: 12) called "encapsulated trust": citizens' trust in political and public actors is encapsulated in the interest these have in fulfilling their agents' trust. Political actors can be motivated by (re)election to act accordingly to citizens' trust, but most of the times this relationship is a one-way relationship (Hardin 2002: 156) where citizens can only be confident that political actors will respect their interests. Political institutional trustworthiness depends then on political agents' capacity or good intentions (Hardin(2002:170), Levi and Stoker(2000:498)). Thus, trust depends on how citizens see political actors' capacity to respond to do their job and citizens' level of confidence declines when the performance of political actors does not satisfy them. Also, the interest-based judgements of trustworthiness (Levi and Stoker

⁵The author of this definition of trust could not be found, but both Hardin (1998) and Levi (1998) use it.

⁶Hardin strongly argued that "*Neither of these visions is plausible for citizen trust of modern governmental institutions*" (Hardin 1998: 22) [Italics from the original text cited]

2000: 498) depend on truster's belief that political actors will act in her interests,⁷ and if people believe that politicians' interests are in conflict with their interest, they are likely to distrust political actors. However, people more often than not think that politicians' interests are not clearly similar to theirs (Hardin 2002: 164).

In the second case, institutional trustworthiness is based on the rules and procedures each organization follows in selecting and constraining their agents (Levi 1998: 80). Democracies are preferred to authoritarian regimes because they include mechanisms and rules that constrain the actors involved in the governance process. Elements of state capacity like: coercion of those who are not compliant, universalistic policies, credible and impartial institutions, and opportunities for political participation were found to make people more likely to trust the government (Levi 1998: 90). Citizens' perceptions of an institution's trustworthiness depend on its predictability inferred from its past behavior or their expectations of its reliability/trustworthiness in the future (Hardin 1999) Hence, if citizens believe that an institution's practices were unfair, or that this cannot control its agents or punish their bad performance in the future, they will be more likely to distrust it.

The distinction between the institutional trustworthiness based on actors' performance or intentions and on the procedural quality of the institutions can be applied in understanding how political trust is eroded or promoted by the quality of governance.⁸ The bureaucratic effectiveness, regulatory quality, judicial efficiency and control of corruption implies different competences, interests and motivations of the public and political actors, which then affects how people see these institutions.

As above-mentioned, corruption was found to condition political confidence: people are more likely to think that political actors follow only their own interest or to judge institutions as inefficient in controlling its agents' corrupt(ive) practices in countries with high level of corruption. Corruption is a weaker indicator of political actors' incompetence since corrupt actors can still be doing their job well only that the results are oriented towards those who offered them selective incentives. The same principle applies to public servants: if people interact with or hear about corrupt public servants, they will be less confident that these will do their job without getting extra paid and think that institutions are not trustworthy in controlling these practices. For example, in a country

⁷See Levi and Stoker (2000: 498) for a review of these two approaches and to what extent they complement each other

⁸The quality of governance was defined in the introduction chapter as: the traditions and institutions by which authority in a country is exercised, which includes: "the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them" (Kaufmann et al. 2010: 4)

where doctors are seen as corrupt, people can still trust doctors to save their life in a surgery, but they know that they would have to pay extra to get high quality services. This follows Hardin's (2002) argument that trust is selective: one can trust her friend to take care of her children but not her business. Feelings that institutions are inefficient in stopping corruption can lead to general distrust in the entire political system. However, in countries where corruption is mostly seen in politics and less in public services, political trust in politicians and political institutions is expected to be influenced by its level more than trust in public institutions and services.

Judicial efficiency, or rule of law as the World Bank's researchers call it, is another aspect of good governance that relates mostly to the procedural quality of the institutions (e.g. the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence) than the competence of their agents. It is possible that interactions with police forces or courts' personell contribute to citizens' evaluations of judicial system, but, overall, the judicial effectiveness refers to how efficient institutions' rules and procedures are in protecting individual and civil rights. If the level of crime and violence is high and people feel that courts' decisions are not fair, they will have less confidence in the judicial system to stop these practices. An immediate thought when one talks about judicial system goes to courts and police; hence the judicial efficiency is expected to be mostly related to people's trust in courts and police than in civil services or political system. However, the general uncertainty and danger that people feel under low judicial efficiency makes them trust less any other institution in the country.

The third aspect of the quality of governance that can affect institutional trust is regulatory quality, or how efficient government's policies and regulations are for the development of the private sector (e.g. trade policy, business law, discriminatory taxes and tariffs). In countries with low regulatory quality, people think that the existent regulations are not in their interest or that other regulations should be promoted, so they lose trust in the governmental actors in charge with implementing them. Regulatory quality depends on the competence and good intentions of legislative representatives in proposing these regulations. Thus, trust in the political institutions involved (e.g. government, parliament, political parties) is expected to be affected more than trust in public institutions (e.g. police, civil services, or judicial system).

The only aspect of good governance that is directly linked to the competence of political and public actors is bureaucratic efficiency, or government effectiveness as the World Bank's researchers call it. This refers to the quality of the civil service, policy formulation and implementation, thus its conditional effect on political trust is mostly based on people's perception of public officials' competence given the outcomes delivered or the

interaction people have with them. Under low bureaucratic efficiency, the political institutional practices and mechanisms can also be blamed for not selecting better agents or punishing the incompetence of those who are already in the system. Given the rigid system of hiring and promoting personnel in public institutions, in countries with inefficient bureaucracy people are more likely to distrust public servants/services and the entire political system. However, the government effectiveness is expected to affect citizens' confidence in public institutions more than their confidence in political institutions.

All four aspects of good governance mentioned above do not exist independently, but each of them is related to the other three. Inefficient bureaucracy can make people use corruptive measures to receive better services (Montinola and Hardin 2004) and the regulatory quality cannot be implemented if the judicial system is performing poorly in securing business property and individual rights. Additionally, corruption can lead or is supported by an inefficient judicial system (Montinola 2009), and business regulations cannot be implemented with an efficient bureaucratic apparatus. Hence, it is difficult to find a country with big differences in the performance of the four components. This also means that from a theoretical point of view, people can distinguish between their trust for specific institutions, but empirically, the differences can become a bit blurry for ordinary citizens. Therefore, the governance efficiency in one aspect may affect people's confidence in governance performance in the other areas and especially the trustworthiness of the overall governance system. However, expectations are that trust in one public service area is especially affected by the governance performance in that area and less by the institutional quality in other areas. Confidence in political institutions can also be seen as a repercussion of people's trust in other public institutions since they have the means to change the institutional procedures and set-ups that design these public institutions.

In a nutshell, I expect bad governance to erode political institutions trustworthiness, but the levels of trust in different political and public institutions are expected to vary according to the level of performance in different governance sectors. If bad governance affects people's trust in one institution, their trust in other institutions is also partially affected. Overall, general political trust is higher if the quality of governance is higher. Next section examines these expectations empirically and in the following section I discuss the implications of these propositions for improving good governance and political trust, considering that there is a recursive relationship between them (Della Porta and Vannucci 1999; Hetherington 1998) and the effort of rebuilding trust is higher than what it took to erode it in the first place (Hetherington and Rudolph 2008).

2.3 Research design

The arguments developed above suggests that trust in different political and public institutions vary across different levels of the quality of governance. In order to put these proposition to test, data on individual level confidence in public and private institutions from a considerable high number of countries is required.⁹ The World Value Survey data includes survey questions on political confidence in public (e.g. civil service, police, army, justice system) and political institutions (e.g. government, parliament, political parties) in more than 50 countries in the fifth wave. Given the data available for the other individual or macro level variables in the models, the analysis includes data from 41 countries. Because of the interest in the effect of macro indicators (i.e. quality of governance) on individual trust, I use multilevel models where individuals are clustered within the 41 countries in the sample. All models include the same independent variables, outlined below. The exact wording of the survey items can be found in Appendix B.

Previous studies used the survey questions on confidence in public and political institutions to create indices of general political trust (Hakhverdian and Mayne 2012; Norris 1999b). In this analysis, each of these survey questions is used separately as a dependent variable. The World Value Survey includes several questions on people's confidence in national or international political and public institutions. Since the focus of the theoretical argument is on domestic institutions and several items were measured only in some countries, I chose three items for trust in political institutions (police, justice system and civil service) and three for trust in public institutions (government, parliament and political parties). Trust for each of these six institutions is measured on a four-point scale (confidence in that institution: 1. none at all, 2. not very much, 3. quite a lot, 4. a great deal). Thus, the models of trust in these institutions are ordered logit models using adaptive quadrature (Rabe-Hesketh et al. 2002, 2005).

Examining the correlation between the dependent variables, the confidence in one institution is positively related to the confidence people have in other institutions, but the strength of these associations vary across countries and dyads of institutions: the lowest correlation 0.178 is between confidence in justice system and political parties in Thailand, the highest 0.780 is between confidence in political parties and parliament in Romania or between government and parliament in Georgia. At a first glance people's confidence in political institutions is weakly correlated with their confidence in public institutions. Additionally, the confidence in one political institutions is highly associated

⁹ This type of analysis involves multilevel modelling which offers unbiased and efficient estimates if a high number of countries are used (Stegmueller 2013)

with confidence in the other political institutions, but not the same applies within public institutions. However, these patterns are more frequent in developing countries than in advanced industrial democracies. Future research could explore these relationships further and identify possible contextual or cultural factors to explain them.

The main independent variables are the four indicators of quality of governance and the index of overall governance calculated as the mean of these four indicators. Several studies found a recursive relationship between corruption and trust (Della Porta and Vannucci 1999; Hetherington 1998; Morris and Klesner 2010) and one can assume that the same type of relationship is between other aspects of governance and institutional confidence. Thus, I used the one-year-lagged indicators of governance to separate the direct effect of the quality of governance on institutional trust. Considering that the theoretical expectations were about the eroding effect of bad governance, high values of the governance macro indicators show a low quality of different aspects of governance. The six models of different forms of institutional trust (e.g. in police, parliament) include each of these five indicators separately. Thus, I ran 30 different models testing the link between each aspect of governance performance and trust in particular institutions. The correlation between the macro indicators is higher than .9 and the Cronbach's alpha is .99, which indicates that these measures are almost identical. Some could say that these indicators are just different measures of the same concept - good governance, but as I pointed out in the theoretical section, these sectors of good governance are highly connected, so the performance in one affects the other sectors, but they are represented by institutions and organizations with different functions in the governance process.

The other independent variables in the analysis had been previously used in studies of political trust. At the individual level, interpersonal trust was found to be highly influential in people's confidence in political institutions (Zmerli and Newton 2008). If people distrust their neighbors, friends or family, they are less likely to trust institutions. Studies also showed that political trust is important for how much people trust the others in the country, but the recursive relationship between political and social trust is not the focus of this analysis. Given that the quality of governance had been found to affect interpersonal trust (Rothstein and Stolle 2008) including a measure of the former in the analysis excluded the hypothesis that the quality of governance affects political trust because of the effect it has on interpersonal trust. Future research could explore further how much of good governance's effect on interpersonal or political trust is direct and how much is conditioned by its effect on the other type of trust.

Individuals' ideology or postmaterialist values are other important individual level predictors of institutional trust. Right-wing people are more inclined to support political

institutions compared to those on the left which are more skeptical (Miller and Listhaug 1999). Inglehart (1999) argued that the new post-materialist values oriented toward individual autonomy explain the declining level of confidence in political institutions in advanced industrial democracies. Education was found to have either negative (Canache and Allison 2005; Chang and Chu 2006), positive (Anderson et al. 2005), or no effect on confidence in institutions (Anderson and Tverdova 2003). Hakhverdian and Mayne (2012) argued that education in fact mediates and moderates the influence of corruption on institutions' support. Income was used as a proxy for individual evaluations of economic performance of the government or their own material well-being, which were found to have a positive effect on trust in government (Mishler and Rose 1997). Several sociodemographic characteristics as gender, age, or marital status were used to account for other individual level differences in trust for political institutions.

But, as Levi and Stoker (2000) said citizens' trust or distrust is primarily a reflection of their political lives, not their personalities nor even their social characteristics. Their disagreements about the trustworthiness of politicians and government reflect their varying political perceptions and values, and the influence of their local social and political contexts. The context, or country-characteristics in this analysis, were measured by the democratic experience, economic development level, and the electoral system. People trust political institutions more once they get used with the democratic principles (McAllister 1999) and the initial strong support for democratic institutions disappears after a "honeymoon effect" in new democracies (Catterberg and Moreno 2006). Previous results about the role of economy for political trust found a positive effect (Chanley et al. 2000), but Hetherington and Rudolph (2008) argued that strong economies increase trust less than the poor economies diminish it. Given the strong link between economic development and the quality of governance (Gradstein 2004; Kaufmann et al. 2007b; Kurtz and Schrank 2007) for a summary of the disagreement in the literature over the direction of this relationship), including an indicator of the economic development level in the analysis excludes the hypothesis that the quality of governance affects political trust because of the effect it has on the level of economic development or vice-versa.

2.4 Results

I begin the empirical analysis by establishing whether the measures of individual confidence in political and public institutions are varying across the countries in the sample using the baseline models for all six dependent variables. In Table 2.1, a quick look at the first row showing the level 2 (country-level) variance in confidence in the null models

indicates that there is variance in trust across countries but also among institutions. Citizens' confidence in political parties or government is more homogenous across countries than their confidence in the justice system. Thus, contextual factors could have a bigger impact on individuals' confidence in the justice system than in the political system, though the difference is not that large.¹⁰

Table 2.1: The level-2 variance of confidence in political and public institutions

	Political Institutions			Public Institutions		
	Parliament	Government	Political Parties	Justice System	Police	Civil Services
Null Model	0.593	0.430	0.332	0.643	0.551	0.465
M1	0.557	0.401	0.298	0.566	0.425	0.407
M1 + Corruption	0.473	0.339	0.332	0.533	0.295	0.366
M1 + Bureaucracy	0.458	0.332	0.244	0.507	0.281	0.329
M1 + Judicial	0.425	0.335	0.236	0.471	0.248	0.335
M1 + Regulations	0.554	0.392	0.294	0.573	0.366	0.392
M1 + QoG	0.468	0.342	0.255	0.520	0.277	0.350
% of level 2 variance explained						
M1	6	7	10	12	23	12
M1 + Corruption	20	21	0	17	46	21
M1 + Bureaucracy	23	23	27	21	49	29
M1 + Judicial	24	16	21	17	42	18
M1 + Regulations	7	9	11	11	34	16
M1 + QoG	21	20	23	19	50	25

Note: M1 model includes all individual level predictors - age, education, gender, income, marriage status, social trust, postmaterialist values, ideological position - and the control macro level variable: economic development, democratic experience, plurality electoral system, majoritarian electoral system. The proportion of variance explained in each model is calculated as the change in level 2 variance in the Null Model.

Before discussing the impact of the governance features on institutional confidence, I present the results for the other independent variables. The sign and significance of the effect of age and gender differ among models of confidence of different institutions - e.g. age has a negative effect on confidence in the justice system and a positive for the rest of the institutions; men trust the parliament more than women, but they have less confidence

¹⁰Calculating the ICC=(level-2 variance/(level-2 variance+ $\pi^2/3$)) for these models, 9% of the variance in confidence in political parties is at the country level compared to 17% of the variance in confidence in the justice system.

in the other institutions. Education has a negative, statistically significant role in people's confidence in all institutions except the parliament and civil servants. As expected, people with higher education find the institutions less trustworthy than those with less education. Higher income makes people trust more public institutions like civil services, justice system or parliament, but its positive effect is not statistically significant for explaining confidence in government, political parties or police. Married people are more likely to see the institutions as trustworthy, but the effect is not statistically significant in models of confidence in parties or civil services. People that trust other people and place themselves on the right side of the ideological spectrum are in general more likely to trust any of the institutions in the analysis (their coefficients are statistically significant). Postmaterialist values make people trust more civil services and parties and less the other institutions, but their effect is not statistically significant in models explaining people's confidence in the parliament and justice system. The only systematic results are that social trust and ideology have the biggest role in people's confidence in political institutions, while the other individual level predictors have either contradictory or statistically insignificant effects for some of these institutions.

At the country level, democratic experience or the electoral system have no statistically significant effects in any of the 30 models. If democratic experience has a negative effect in all cases, the sign of the plurality or majoritarian electoral system coefficients varies with the governance indicators used and within models of institutional confidence. A higher level of economic development makes people see the institutions less trustworthy, but the statistical significance of its indicator in these models also depends on the governance indicators used or which institution the model is for.¹¹

The numbers in the second row in Table 2.1 indicates that these individual and macro level predictors explain 7% of the level 2 variance of confidence in parliament and government, between 10 and 12% of the country-level variance of confidence in political parties, civil services or justice system, and up to 22% of the confidence in police. Including the quality of governance predictors, the new models explain between 6% and 50% of the level-2 country variation in people's confidence in political institutions.

Contrary to the results from previous studies and the high interest of scholars in corruption as a key predictor of people's confidence, the level of corruption in the country has the lowest explanatory power after regulatory quality which however did not have a statistically significant effect on institutional trust.¹² As expected, bureaucratic performance

¹¹The tables with these results can be provided upon request.

¹²The explanatory power of corruption is compared with the power of the other governance indicators when accounting for the unexplained variance after measuring the impact of the other explanatory

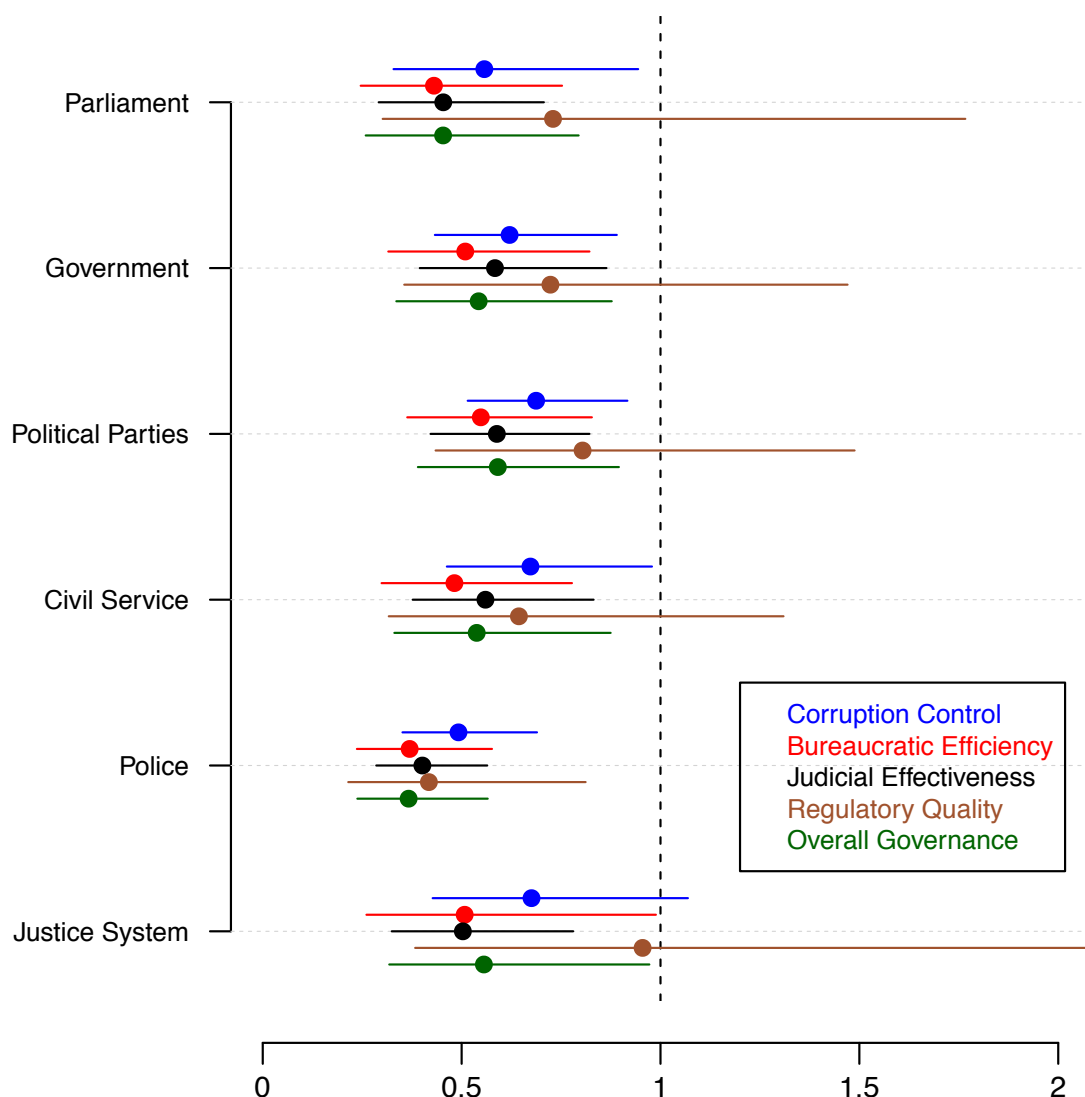
has the highest explanatory power on explaining trust in civil services, while the level of judicial efficiency explains a higher proportion of the variation of confidence in police or justice system than in the other institutions. Overall, all four governance features have a higher predicting power in models for trust in public institutions than political ones. This is a good indication that quality of governance is important not only for how people see the political actors in the government, but mostly for how they perceive the other actors involved in the governance process. To what extent people's view of political vs. public institutions is then included in their political attitudes and decisions is a research question worth exploring in the future.

The magnitude of the impact of bad governance on institutional trust from all 30 models is summarized in Figure 2.1. I decided to transform the coefficients (log odds) and present the odds of having higher confidence in institutions rather than a lower confidence for a better understanding of their impact. As the lines and dots get closer to 1, the impact of the quality of governance indicators, marked with different colors, gets smaller or statistically insignificant. All five indicators of bad governance have a negative effect on how trustworthy the institutions look. Values smaller than 1 of the odds of having higher rather than lower confidence indicate that as governance worsens the probability of trusting is smaller than the probability of not trusting or trusting less.

A quick look at their 95% confidence intervals might indicate that the impact of each of the four aspects of governance and overall quality of governance does not differ among and between the models of confidence in public and political institutions except for the statistically insignificant coefficient of regulatory quality. If we look only at the point estimate of their effect (i.e. the colored dots), lower corruption control has the smallest effect on individual trust among all aspects of governance in all models of confidence in different institutions. The quality of bureaucracy and the judicial system have instead the highest impact on citizens' confidence in all six institutions. Overall, the highest impact of the quality of governance is on confidence in police and it also has the highest contribution to its explained variance (in Table 2.1). The impact of the quality of governance on the confidence in the other two public institutions - justice system and civil services - is also higher than the impact they have on the trustworthiness of political institutions.

variables or the overall variance explained by the six models in the analysis

Figure 2.1: The odds of having high rather than lower confidence in political and public institutions and their 95% confidence intervals



Note: the full dots represent the estimated odds of having high confidence in institutions rather than having lower confidence from models of the confidence in different political and public institutions (y axis) as dependent variable and indicators of quality of governance as key independent variable (x axis). The horizontal lines represent the 95% confidence intervals of the exponential coefficients. All models include age, gender, education, income, marriage status, ideological self placement, trust in other people, postmaterialist values, economic development level, democratic experience and electoral system.

All in all, the differences in the impact and explanatory power of all five indicators of the quality of governance in models of confidence in institutions seem tiny and insignificant. However, the picture of the effect of quality of governance on trust in the ordered logit models is only complete with a discussion of the predicted probabilities of institutional

trust, which calculation includes not only the coefficient of the predictor of interest but also the cut points for each category. Thus, in the next pages I examine whether different features of governance make people have different probabilities of being in one of the four categories of the dependent variables: 1. none at all, 2. not very much, 3. quite a lot, 4. a great deal.

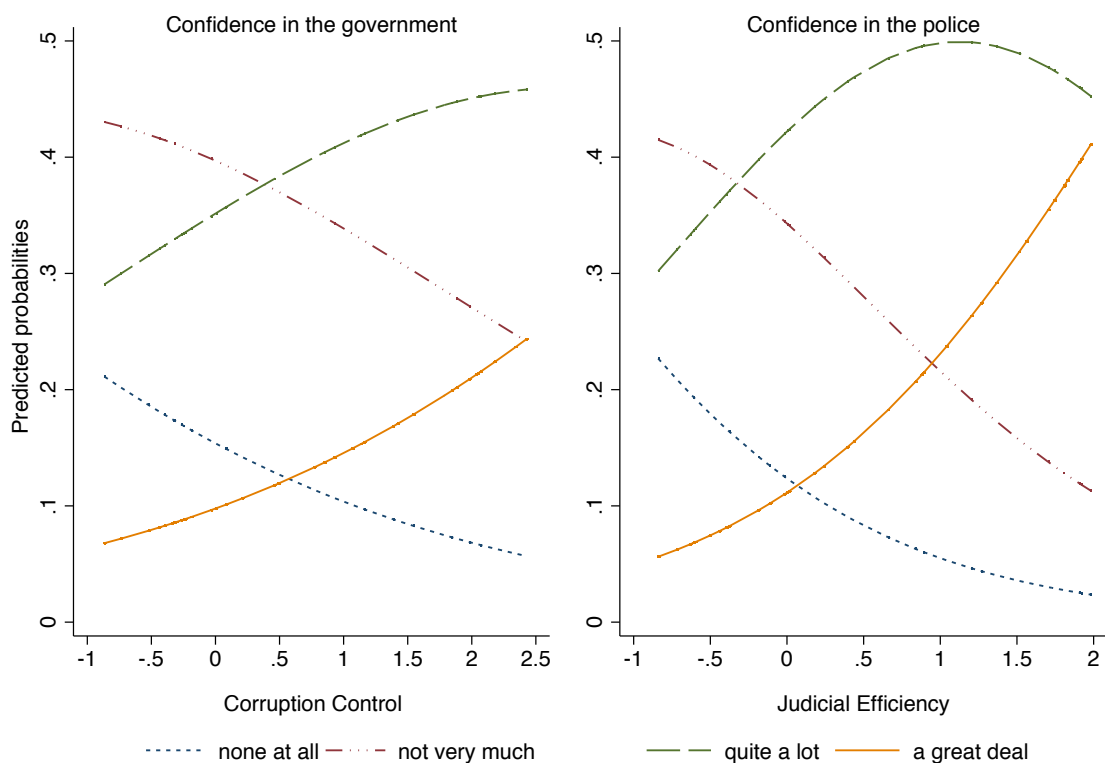
In Figure 2.2, I plotted the predicted probabilities of finding the government and the police trustworthy.¹³ Among the aspects of governance, I chose to look at judicial efficiency and corruption. This figure is an illustration of the different role the quality of governance plays on trust in public and political institutions of an individual with country-averaged socio-demographic characteristics and trust in others, in countries with mixed electoral system, average economic development and democratic experience. When the level of judicial efficiency in the country is high, she has a 43% probability of trusting the police quite a lot and a probability of 44% of expressing a great deal of confidence in the police. However, things look different when corruption control is at its observed maximum in this dataset: she has a 43% probability of saying that she trusts the government quite a lot, but the probability of trusting the government a great deal is only 24%. Under bad governance (i.e. poor corruption control or great judicial efficiency) the probability of having low confidence the government or police is around 65%. However, the good aspect is that the probability of declaring distrust gets to less than 5% when governance performance improves to its observed maximum in this dataset. Judicial efficiency has a stronger impact (at least for confidence in the police) than corruption control (for confidence in government) since the probability of expressing high distrust is reduced by half at a moderate level of judicial efficiency (it has a value of 0 on a 4 point scale) while corruption control has to improve to 1 to have the same effect on confidence in government.

A high probability of being in the "not very much" and "quite a lot" categories rather than in the "a great deal" or "none at all" categories under bad governance, can be seen as a sign of skepticism regarding the performance of the government and police (this also applies to other institutions). This form of skepticism is replaced with "a great deal" of confidence when judicial efficiency increases and only slightly reduced when corruption control is at its best. Scholars argue that democracies need active, vigilant and skeptical citizenry (Hardin 1999; Mishler and Rose 1997; Warren 1999). Figure 2.2 shows that citizens do not easily express their full confidence in institutions under very good governance, but they also do not fully distrust political institutions

¹³I chose to plot the predicted probabilities of having confidence in institutions from only two out of 36 models.

under very bad governance. When the quality of governance (i.e. corruption control or judicial efficiency) drops, citizens are more likely to place themselves on the middle of the 4-point trust-distrust scale than declaring a complete lack of confidence in political and (mostly) public institutions. This raises questions regarding the applicability of the continuous scale to measure political trust. If people are more likely to trust less than to fully distrust institutions, is trust and distrust the ends of the same scale;¹⁴ and how symmetrical the relationship between the two is? Hardin (2002) argued that there is an asymmetric relationship between trust and distrust and one person who trusts less the political institutions does not automatically distrust more the same institutions.

Figure 2.2: The predicted probabilities of having confidence in the government and the police over the observed range of corruption control and judicial efficiency



Note: The marginal predicted probabilities calculated for all continuous individual variables at their country mean and aggregate level variables at the grand mean, dichotomous variables are considered 0 except for social trust which takes the value 1, representing trust in other individuals. The right side of the x-axis indicates highly efficient corruption control and judicial effectiveness.

¹⁴See Van De Walle and Six (2013) for a different approach of this research question

2.5 Conclusion

In this chapter, we saw that bad governance erodes the magnitude of trust in political institutions and also increases the probability of distrusting these institutions. However, the change in the strong confidence in institutions is not entirely translated in the level of distrust or lack of confidence people have in these institutions. The small difference in the magnitude of the effects of different features of good governance, which also have strong correlations, makes it difficult to conclude which of good governance elements are essential for political confidence. The difference in the probabilities of expressing full or only partial trust or distrust indicates that a high level of skepticism regarding governments (i.e. medium level of trust but not a low level of distrust) persists even in countries with highly efficient control of corruption, while high judicial efficiency makes people have strong confidence in the police. An obvious concern then is what consequences these aspects have on individual attitudes and preferences and the performance of electoral democracy.

Some political scientists argue that trust is important for the existence of democracy and political leaders' ability to implement policies (Chanley et al. 2000; Levi 1998), though skeptical citizenry is essential in representative democracy (Hardin 1998; Mishler and Rose 2005; Sztompka 1999). For the particular discussion on bad governance and trust, the following previous empirical findings are relevant: "declining trust in government reduced support for government action to address a range of domestic policy concerns" (Chanley et al. 2000: 239) and the power of performing economies in rebuilding political trust is comparably smaller than the eroding effect of bad economic times (Hetherington and Rudolph 2008). If the low level of political trust and increasing level of distrust under bad governance makes people less supportive of government's policies, we expect citizens also to indicate lower support for all policy measures governments need to take in order to improve the quality of governance, which would then lead to a persistent state of bad governance and high institutional distrust. A more positive picture is that in countries with high judicial efficiency, people's probability of having high confidence in public institutions gets to almost 90%, but not the same results are obtained when one looks at how improving corruption control changes individuals' confidence in political institutions.

In the circumstances described above, how should the process of trust-rebuilding look like? When interpersonal trust is betrayed, the trustee can re-establish the relationship by building an image of reliability based on their competence (Buameister and Jones 1978). Thus, at the institutional level, improving the quality of bureaucracy, judicial

system or corruption control implies that the actors involved in public institutions need to look competent and perform better in order to increase citizen's confidence. Following the theoretical argument built in the first sections of this chapter, efficient practices of selecting and punishing the institutions' agents are also relevant in regaining citizens' confidence. Assessing the performance of public servants and implementing a system of accountability for their performance seem easier to implement in public institutions than political ones, thus the trust-repair process may be better applied for individuals confidence in the former than the latter. Considering the high correlation between the aspects of good governance it is difficult however to point out a particular aspect that should be improved first in order to increase public confidence in institutions.

The trust repair process could start from improving bureaucratic efficiency because the actual level of trust is not expected to have a recursive effect on this aspect of governance compared to its snow-ball effect on corruption and judicial efficiency. Scholars argued that individuals' with low level of distrust can engage in corruptive practices as an alternative of dealing with actors/institutions that they do not trust (Sztompka 1999) This behavior then leads to even more corruption in the country and thus higher levels of distrust. One could also argue that distrusting citizens will engage more in criminal activities which then leads to declining judicial efficiency. However, the behavior of public servants or the bureaucracy practices is not expected to be affected by how much support or confidence citizens' have towards them.

3 Welfare state preferences under bad governance

In the previous chapter, I showed that trust in political and public institutions is conditioned by good governance. People trust political parties, the police, government, or civil services less under bad governance, either because of the past performance of these institutions and their actors' competence, or because they expect them to fail again in the future. One could wonder whether this affects citizens' policy preferences or attitudes. Rose (1991) (cited by Edlund (1999b)) argued that "only if the state is trusted to be caring and effective does it make sense for people to put their welfare in the hands of officials armed with the power of law and the resources of the fisc" (210). Empirical studies showed that political trust does not explain general preferences towards welfare state (Edlund 1999b, 2006; Svallfors 1999, 2002), but popular support for welfare state depends indeed on the state's capacity to deliver high quality public goods and services (see Edlund (2006) for a good review of this argument).

In this chapter I examine whether people have different preferences toward welfare state if they live in countries with bad or good governance. Building upon theories of welfare preferences from the political science literature (i.e. the governmental protection, marginal utility of welfare state, and thermostat model of public preferences theories), and the economic models of redistribution (i.e. measures of income mobility, risk aversion, beliefs in the existence of equal and fair opportunities for all) I analyze both individuals' preferences for social welfare policies (i.e. social benefits programs) and their attitudes towards income redistribution and equality under different levels of quality of governance. According to the social protection hypothesis, citizens want more governmental protection under uncertain conditions (e.g. economic crisis or natural disasters) (Blekesaune 2007; Dallinger 2010) and same reaction is expected under bad governance, which promotes feelings of uncertainty. At the same time, an uncertain future under bad governance makes people less confident in the social mobility process, so people may ask for more income redistribution to assure themselves in the future (Alesina and Giuliano 2009; Benabou and Ok 2001). However, there are voices arguing that only an efficient state can be made responsible for citizens' welfare, and the extra costs bad governance implies make people want less social welfare policies Rothstein (1998) .

In the next section, I summarize briefly the previous research on factors that make people want more welfare state policies or income redistribution. The following section uses these arguments to examine why people are expected to want more or less redistribution and social benefits under bad governance. The fourth part of the chapter describes the research design and analysis. Based on the empirical results showing a gap in people's

attitudes for income equality and social welfare policies under bad governance, the chapter ends with a question mark on the policy strategies that political actors should adopt under bad governance and the implications of these results on political representation and accountability.

3.1 Past Research

Searching for previous studies on welfare state attitudes, I found two different literatures on either attitudes towards welfare state policies or income redistribution that seem to communicate poorly with each other despite their similar interests and sometimes identical measures of the dependent variables¹⁵. Both approaches focused on welfare state and individuals' attitudes towards it, but the scholars examined different aspects of this phenomenon. As Alesina and Giuliano (2009) described it, welfare state can either be about redistributive policies, social programs or both: "some aspects of the welfare state (think of the progressivity of the income tax) are primarily redistributive, others provide primarily, but not exclusively, social insurance (think of unemployment compensations), others (such as health insurance financed by progressive taxation) have both components (...). [and,] in theory, one can conceptually distinguish the two, [e]mpirically it is not so simple" (4). Political science scholars focused especially on the second aspect of welfare state – the social benefits and services people expect from the government-, while the economists paid particular attention to the redistributive aspects of the welfare state – meaning the income equality and social mobility.

The comparative studies on welfare state preferences used three different types of factors to explain why in some countries people want more welfare policies than in others: institutional characteristics of welfare policies (Andreß and Heien 2001; Busemeyer and Weschle 2009; Edlund 1999a; Esping-Andersen 1990; Jæger 2006a; Korpi 1980; Linos and West 2003; Svallfors 1997), level of income inequality (Blekesaune and Quadagno 2003; Moene and Wallerstein 2001), or economic conditions (Blekesaune 2007; Borre and Scarbrough 1995; Cutright 1965). First, supporters of the regime hypothesis claimed that the features of welfare regimes are the highest in social democratic regime; second highest in conservative regime and lowest in the liberal regime (see Jæger (2006a) for a review of this literature). Larsen (2007) argued that these differences in welfare attitudes among the three regimes are the results of the influence of different regime characteristics on public

¹⁵For example, Blekesaune (2007) and Alesina and Giuliano (2009) are from different research traditions, but used the same variable from World Value Survey dataset to measure preferences for welfare state policies or income redistribution.

perceptions of the poor and unemployed. Social democratic welfare regimes dominated by universal benefits and services and liberal welfare regimes dominated by selective benefits and services lead to different public discussions about the welfare state's recipients and their deservingness, which then have consequences for judgments about deservingness and support for welfare policies.

Scholars of egalitarian theories of welfare attitudes disagree on whether the level of inequality in the country matters for the actual level of demand for social benefits. Some argue that higher income inequality increases support for redistribution (Meltzer and Richard 1983; Roberts 1977; Romer 1975). Others argued that greater inequality increases pro-welfare support when benefits are targeted to the employed, but decreases support when benefits are targeted to those without earnings (Moene and Wallerstein 2001), and egalitarian nations have higher average support for welfare state policies toward the unemployed, but not for the sick and the old Blekesaune and Quadagno (2003).

Studies of the impact of economy on welfare state preferences found that the level of economic development or unemployment shape citizens' preferences for welfare policies. Scholars who believed in the governmental protection hypothesis argued that in times of economic downturn people want the government to take responsibility to provide for its citizens (Blekesaune 2007; Dallinger 2010) and empathy increases when the level of unemployment is high in the country. This happens because people are aware of the risk of becoming unemployed themselves, but at the same time the level of public concern for those who are unemployed increases in these moments (Blekesaune and Quadagno 2003: 424). Other studies contradicted this view arguing that in times of economic austerity individuals are self-interested and are less concerned about the disadvantaged (Alt 1979; Durr 1993). It is only in times of economic prosperity and security that people start thinking at the needs of the others and support a liberal policy agenda "because they find the visual reminders of poverty around them particularly unpleasant" (Durr 1993: 159).

At the individual level, two different approaches argued that its either the self-interest or the ideological values that make people more or less supportive toward welfare state (Edlund 1999a; Hasenfeld and Rafferty 1989; Jacoby 1994; Jæger 2006b). The self-interest perspective stated that people who are more likely to depend on the welfare state benefits are pro-welfare state policies, while ideology approach suggested that people's political values and beliefs guide their opinions towards welfare state, and left-wing people are more likely to support welfare state policies than right-wing people.

Economic models of redistribution expect the confidence in social mobility, the risk aversion, or the level of fairness to explain preferences for income redistribution. One of the

main points of economic theorists of redistribution was that preferences for income redistribution depend not only on where the individuals are today, but also where they will be in the future (Alesina and Giuliano 2009; Benabou and Ok 2001). The adepts of the prospects for upward mobility hypothesis, for example, stated that if people think they will be better off in the future, they will ask for less redistribution in the present. Other scholars argued that people are risk averse and demand protection when the perceived level of risk is higher.¹⁶

The previous two economic approaches focus on economic self-interest as the main determinant of redistribution preferences. However, these preferences are also shaped by individuals' beliefs about the causes of inequality, fairness considerations, and altruism. Citizens have been shown to be inequity averse and "be willing to give up some material payoff to move in the direction of more equitable outcomes" (Fehr and Schmidt 1999: 819). This behavior can be either selfish when people think that they are unfairly disadvantaged and selfless when people think that unfair factors such as luck, birth, connections and/or corruption lead to income differences between individuals (Alesina and Angeletos 2005; Fong 2001). Previous research found a connection between the judgment of deservingness and support for welfare policies: people are less adverse to social protection programs if they think that disadvantaged had no control over their situation (Larsen (2007) using Van Oorschot (2000)'s criteria list). Larsen (2007) argued that among the five criteria of deservedness (i.e. control, need, identity, attitude and reciprocity), control over their neediness (whether the welfare recipients are to blame for their situation) shapes people's support for welfare state.

3.2 Theoretical expectations

When it comes to the role of quality of governance in shaping individuals' attitudes towards social welfare, the governmental protection hypothesis suggest that popular support for the welfare state depends on the quality of governance. Knowing that bad governance lowers life satisfaction (Helliwell 2003; Helliwell and Huang 2008), interpersonal trust (Rothstein 2009; Rothstein and Uslaner 2005) and political support (Anderson and Tverdova 2003), one could argue that people need higher protection under bad governance.

Another perspective could be that bad governance impedes welfare policies from being efficiently implemented and thus they do not meet the public demand. Inglehart (1990)'s

¹⁶See Rodrik (1998) for the compensation hypothesis, and Iversen and Cusack (2000) for a deindustrialization hypothesis; and Rehm (2009) for an analysis of how the risk at the occupational level affects redistributive preferences

theory of marginal utility of welfare state suggests that there is less demand for the same if the welfare policies were implemented successfully and the thermostatic model of public preferences states that “the public adjusts its preferences for more spending downward (upward), when appropriations increase (decrease)” (Wlezien 1995: 981). Under bad governance people ask for more welfare policies because the policy outcome is not as satisfying as in countries with good governance. For example, in countries with a high level of corruption disadvantaged people who support welfare state may receive fewer social benefits because the inefficient system redistributes these to its corruptive clients.

Under bad governance the future is less certain than in countries with well performing institutions, so people feel unprotected in case of employment cuts or they can think that without connections and money one cannot get a well paid job. This makes them think that the prospects of upward mobility are more limited than under good governance. Bad governance can also make people demand more redistribution or welfare policies because of the extra risks when government is inefficient in implementing efficient policies, or the bureaucratic and judicial sectors do not apply properly these policies. In addition, under bad governance, the likelihood of being the victim of an inefficient institutional procedure or being treated unfairly is higher than under good governance. Corruption has been already shown to “flout[s] rules of fairness and give[s] some people advantages that others don’t have” (Uslaner 2008) and “raise the support for redistributive policies that intend to correct the inequality and injustice generated by corruption” (Alesina and Angeletos 2005: 1227). A quick look at these arguments shows that people want more social welfare under bad governance, but a reasonable decision when the services are not efficient is to stop paying for them. So one can expect people to be less willing to pay taxes for these services.

To make sense of these explanations, I use the two logics of the formation of redistributive preferences: people make up their mind relying on the calculus of equity (people are in favor of redistribution because they are disadvantaged) or the calculus of insurance (people are in favor of income redistribution because they want to insure themselves against certain risks that threaten their income stream) (Rehm 2005). Given this distinction, I argue that bad governance increases the demand for social welfare state policies because of the equity aversion, but there is a tradeoff between the costs of inefficiency people are willing to pay and the social insurance they aim for.

Bad governance inflates the equity aversion because of the increased level of uncertainty and injustice in the country, which makes people feel insecure and expect protection for

themselves or the disadvantaged ones in the society.¹⁷ When it comes to the redistributive aspect of welfare state, people evaluate the ratio between the costs of inefficient public and political institutions under bad governance and the risks that bad governance can imply for their own income stream. If the extra costs of financing an inefficient system are higher than the expected benefits the system leads to, people will ask for less income redistribution. Citizens are seen in this case as rational actors who take decisions based on the expected future benefits, and studies have already confirmed that “public opinion on government spending represents a relatively high degree of rationality and apparently reasonable judgments on the part of individual citizens” (Jacoby 1994).

3.3 Research design

The empirical analysis evaluating the above propositions needs both measures of calculus of equity and calculus of insurance. The World Value Survey includes questions on views of government responsibility to provide for their citizens or reduce income inequality. The former indicator was used to measure the attitudes towards welfare state (Blekesaune 2007), and when used as an indicator of preferences for redistribution it appeared highly correlated with fairness and social mobility (Alesina and Angeletos 2005). Thus, it is a fair indicator of how much equity matters for the respondents. The second question was used as a measure of preferences for redistribution (Fong 2001) and refers more to how redistributive the tax system is to reduce the inequality between poor and rich and thus can be used as a measure of how much people want to insure themselves from becoming/staying poor. Individual level data come thus from the World Value Survey waves 3-5. I selected all countries which used the two measures in the fifth wave, and additional countries from the third and fourth wave, which were not included in the fifth wave.¹⁸ The Worldwide Governance indicators for quality of governance are available only from 1996,¹⁹ and data for the other macro indicators were not available for all countries and years included in the analysis initially, so the analysis is restricted to 59,182 individuals in 61 countries. Appendix A presents the countries included in the analysis, and the exact wording of the survey items can be found in Appendix B.

¹⁷A study in Spain showed that people prefer to finance an inefficient public system than to exist and privatize it (Calzada and Del Pino 2008)

¹⁸Including all countries from all three waves would increase the chances of heteroskedasticity in the model given that several surveys from the same country would be considered independent from each other. I compare the results of my analysis with results from a parallel analysis using all countries and robust standard error.

¹⁹Before 2002, the indicators were calculated every two years, so I used the results from 1996 for 1997, 1998 for 1999 and 2000 for 2001.

I examine the impact of quality of governance as an aggregate measure of all four indicators of governance. Each aspect of governance may have a separate impact on preferences for redistribution, but it is the overall effect of the level of governance in the country that matters. In a country with high regulatory quality, but inefficient control of corruption, for example, people are expected to want more redistribution because of the high level of corruption, but at the same time ask for less redistribution because of high regulatory quality. The overall level of redistribution citizens want in the end depends then on both the effect of corruption and regulatory quality; hence the decision of using the average of all four indicators.

Considering the country specific characteristics found to condition citizens' preferences for welfare state and redistribution presented in the theoretical section, the analysis examines the role of quality of governance given the actual welfare regime measured by the actual level of social spending, economic conditions, or democratic experience. All country-level variables are centered around their grand mean. At the individual level, ideology is represented by respondent's self-placement, while respondent's income and subjective social class measure his/her self-interest. The analysis also includes age (Busemeyer and Weschle 2009), gender (Edlund 1999a; Svallfors 1997) and education (Andreß and Heien 2001) that have been shown to influence public preferences for welfare state. All individual level dependent variables are centered around their country mean.

Given the interest in the contextual effects on individual attitudes and the hierarchical structure of the data with individuals clustered within countries, I use multilevel models for both models of preferences for social welfare and income redistribution. Both dependent variables are measured on a ten point scale with high values indicating pro social welfare or income equality preferences, and I assume them to be continuous. More than 8% of the unexplained variation in both models is at the aggregate level (8% for preferences for social welfare and 9.96% for income inequality, respectively). Quality of governance alone explains almost 5.2% of the level-2 variance of social welfare preferences and 23% of the variance of attitudes towards income redistribution.

3.4 Results

Table 3.1 presents two intercept varying multilevel models of preferences for social welfare and income redistribution attitudes. Model 1 includes only the individual level predictors, while the second model includes also the macro indicator of quality of governance. At the individual level, most of the variables are highly statistically significant and in the expected direction in both the A and B models. Individuals support less the welfare state

(either as social equity or income equality) when they are middle age and highly educated, have better income, a higher social position, and conservative ideological dispositions. Age is a predictor only of preferences for government protection, and marital status only of the attitudes towards income inequality.

Looking at the log-likelihood measures in Model 2a and 2b, the level of quality of governance is a better predictor of preferences for income equality than of social welfare. Bad governance is found to increase the demand for social welfare - or government protection, but at the same time it dampens people's preferences for a more equally distributed income. Including bad governance in the second model reduces the level 2 unexplained variance by 8% for social welfare preferences and by up to 22% of the income inequality attitudes. Bad governance has not only a stronger predicting power in models of income redistribution than in models of social welfare preferences, but also a stronger effect. One point drop in the quality of governance is associated with a half a point decrease in preferences for income redistribution and only a quarter a point increase in social welfare preferences (on a ten point scale).

One could argue that people asking for less income redistribution but wanting more governmental protection when bad governance worsens are ambivalent. Scholars have associated pro welfare attitudes with egalitarian (Feldman 1988; Kinder 1983) which makes these results confusing. However, as Feldman and Zaller (1992) found in their study of Americans' justification for their support for the welfare state, people use pragmatic or humanitarian arguments more than explicitly egalitarian ones to justify welfare state policies. In this case, the humanitarian motives of pro social welfare attitudes can be exacerbated by feelings of uncertainty and insecurity generated by bad governance, which are not directly related to values of equality. Also, anti income redistribution preferences under bad governance can represent citizens' refusal to pay higher taxes and support a big inefficient government.

As it was mentioned in the literature review section, other macro indicators have been found to shape individuals preferences for redistribution and social welfare policies: welfare system, economic conditions, or democratic experience. Some of these variables have been found to be highly correlated with the quality of governance, thus I tried to separate the effect of the institutional performance from the effect of economic conditions or actual level of governance on preferences for redistribution or social welfare. In Table 3.2, I control for the government expense, economic development, level of unemployment and economic experience in models of preferences for both social welfare policies (models a) and income equality (models b).

Table 3.1: Multilevel models of preferences for social welfare (Models 1a and 2a) or income redistribution (Models 1b and 2b)

	Model 1a	Model 1b	Model 2a	Model 2b
Fixed Effects				
Intercept	6.112*** (0.109)	5.107*** (0.119)	6.164*** (0.109)	4.997*** (0.108)
Age	-0.003*** (0.001)	-0.001 (0.001)	-0.003*** (0.001)	-0.001 (0.001)
Age ²	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Male	-0.106*** (0.023)	-0.089*** (0.023)	-0.106*** (0.023)	-0.089*** (0.023)
Education	-0.053*** (0.006)	-0.093*** (0.006)	-0.053*** (0.006)	-0.093*** (0.006)
Income	-0.100*** (0.006)	-0.102*** (0.006)	-0.100*** (0.006)	-0.102*** (0.006)
Married	-0.017 (0.026)	-0.049 (0.026)	-0.017 (0.026)	-0.049 (0.026)
Ideology	0.121*** (0.005)	0.133*** (0.005)	0.121*** (0.005)	0.133*** (0.005)
Unemployed	0.087** (0.039)	0.002 (0.039)	0.086** (0.039)	0.003 (0.039)
Retired	0.124*** (0.046)	0.107** (0.045)	0.126*** (0.046)	0.104** (0.045)
Quality of Governance			0.251** (0.122)	-0.526*** (0.122)
Random Effects				
Level2 Variance	0.674	0.822	0.639	0.631
Level1 Variance	7.680	7.430	7.680	7.430
Log-likelihood	-144469.715	-143496.957	-144468.832	-143489.896
Deviance	288939.431	286993.913	288937.665	286979.792
AIC	288963.431	287017.913	288963.665	287005.792
N	59182	59182	59182	59182
Groups	61	61	61	61

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

The actual level of government spending is a predictor of social welfare attitudes, but does not affect individuals' demand for income redistribution. When I control for the economic level measured by the actual level of GDP per capita, the quality of governance is not a predictor of social welfare attitudes anymore (in Model 3a), but it still has a negative statistically significant effect on preferences for income redistribution (in Model 3b). Considering the high correlation between quality of governance and economic development and the contrary findings in the literature (Huynh and Jacho-Chávez 2009; Kaufmann et al. 2007a, b; Kurtz and Schrank 2007), it is important to separate the financial aspects of economic development from the highly effect of well performing institutions. Therefore, I use the unemployment level as an indicator of economic conditions, which though correlated with the level of economic development is exogenous to the quality of governance. In models 4a and 4b, the quality of governance is again a strong predictor of attitudes towards income redistribution or social welfare. For each one point decline in bad governance on a 4-point scale, individual attitudes towards social welfare/income redistribution increase/decrease by almost half a point accordingly.

Looking at the effect of other macro indicators in these models (Table 3.2), a higher level of government expense makes people ask for more governmental protection or income redistribution (its coefficient is statistically significant only in models of social welfare preferences). For 10% extra government spending, people become 0.3 more pro social welfare on a ten point scale. Living in an older democracy makes people more inclined towards social welfare, but less towards income redistribution, though the coefficient of polity indicator is not statistically significant in any of the models. When it comes to economic conditions, the coefficients of economic development and unemployment confirm the two types of arguments. On one side, lower economic development makes people ask for more social protection and income redistribution, but in conditions of high unemployment citizens ask for less social welfare or income equality. However, the coefficients of both unemployment and economic development are not statistically significant in these models.

The country-level characteristics included in Model 3a explain 13.64% of the level-2 variance of preferences for welfare state compared to 5.2% in Model 2a where only bad governance was included. For attitudes towards income redistribution, Model 3b explains 21% of the country-level variance compared to 22% of variance accounted only by bad governance in Model 2b. Once again, bad governance has a stronger role in shaping individual attitudes towards income redistribution than those towards welfare states, while the other country-level indicators (especially the actual level of government expenses) have a higher impact on explaining pro-welfare than pro-redistribution attitudes.

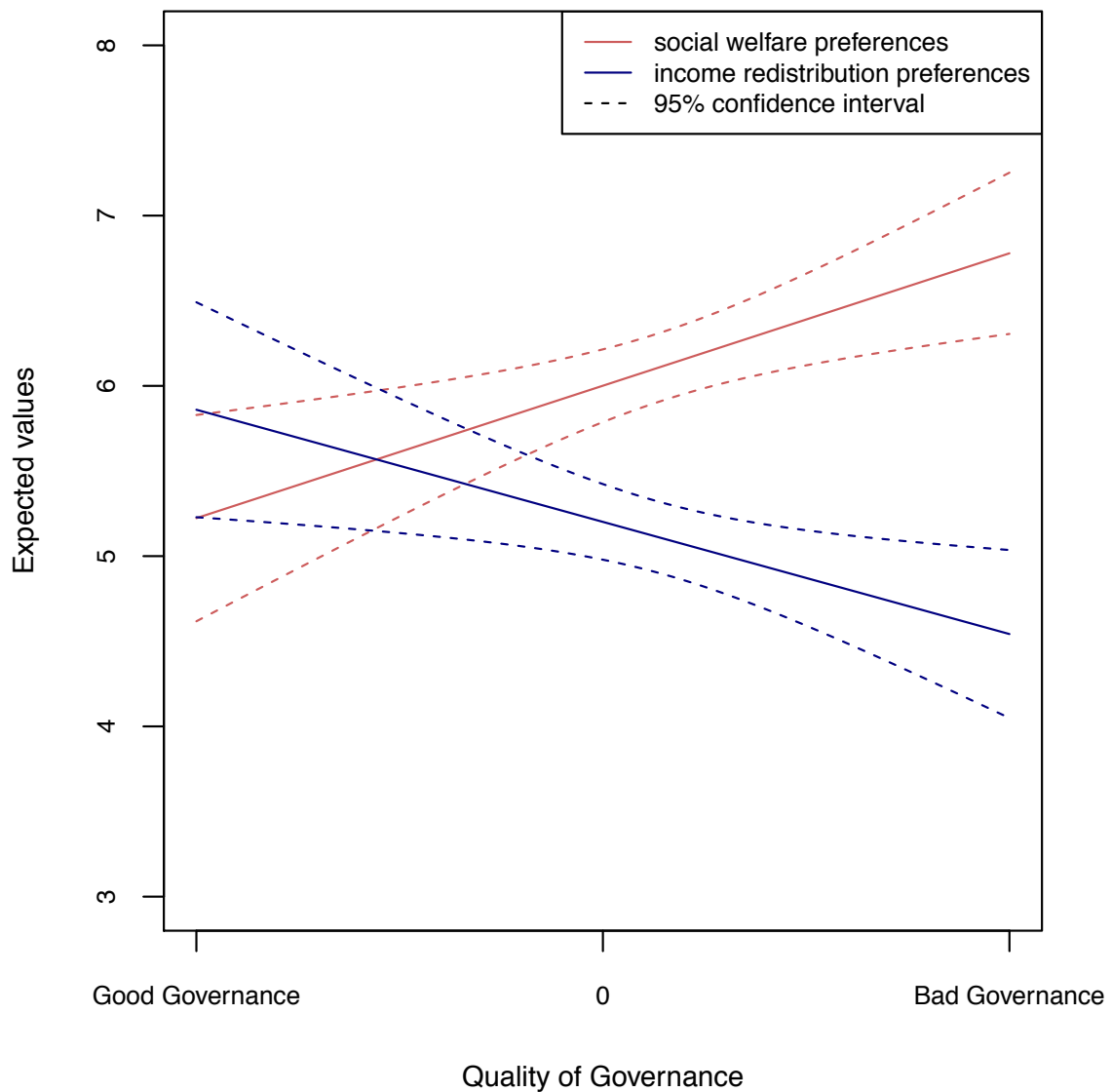
Table 3.2: Multilevel models of preferences for social welfare (Models 3a and 4a) or income redistribution (Models 3b and 4b)

	Model 3a	Model 3b	Model 4a	Model 4b
Fixed Effects				
Intercept	6.169*** (0.115)	4.985*** (0.121)	6.220*** (0.109)	5.016*** (0.113)
Age	-0.003 (0.001)	-0.000 (0.001)	-0.003 (0.001)	-0.000 (0.001)
Age ²	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Male	-0.106 (0.023)	-0.089 (0.023)	-0.106 (0.023)	-0.089 (0.023)
Education	-0.053 (0.006)	-0.093 (0.006)	-0.053 (0.006)	-0.093 (0.006)
Income	-0.100 (0.006)	-0.102 (0.006)	-0.100 (0.006)	-0.102 (0.006)
Married	-0.017 (0.026)	-0.050 (0.026)	-0.017 (0.026)	-0.050 (0.026)
Ideology	0.121*** (0.005)	0.133*** (0.005)	0.121*** (0.005)	0.133*** (0.005)
Unemployed	0.086** (0.039)	0.003 (0.039)	0.086** (0.039)	0.003 (0.039)
Retired	0.124*** (0.046)	0.103** (0.045)	0.124*** (0.046)	0.104** (0.045)
Quality of Governance	0.273 (0.255)	-0.585 (0.270)	0.518*** (0.170)	-0.439 (0.177)
Government Expense	0.038*** (0.013)	0.013 (0.014)	0.033*** (0.013)	0.013 (0.013)
Democracy	0.010 (0.011)	-0.003 (0.012)	0.007 (0.011)	-0.004 (0.011)
Economic Development	-0.165 (0.142)	-0.077 (0.150)		
Unemployment			-0.005 (0.020)	-0.014 (0.020)
Random Effects				
Level2 Variance	0.582	0.650	0.595	0.648
Level 1 Variance	7.680	7.430	7.680	7.430
Log-likelihood	-144472.802	-143497.279	-144475.421	-143499.171
Deviance	288945.604	286994.558	288950.842	286998.343
AIC	288977.604	287026.558	288982.842	287030.343
N	59182	59182	59182	59182
Groups	61	61	61	61

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

The results in the previous two tables showed that bad governance makes people inconsistent or ambivalent towards welfare state. They want more governmental protection, but expect to pay fewer taxes when governance worsens. Figure 3.1 illustrates this graphically.

Figure 3.1: Expected levels of preferences for social welfare and income redistribution across the observed range of the quality of governance



Expected values calculated based on the regression models 4a and 4b in Table 3.2 . Individual level variables are held at their country-mean, while the country-level variables at the grand mean. Level2 variance is set to 0. Right side values on the x-axis indicate lower quality of governance

It presents the expected values of attitudes towards social welfare policies and income redistribution of an average person across the observed range of quality of governance. If

in countries with highly performing government (i.e. with a value of 2 in the Worldwide governance dataset) people have similar preferences for both income redistribution and social welfare support from government, as governance gets worse individual preferences diverge to more than 2 points difference between them. In countries with the highest bad governance in the dataset, people place themselves on the two opposite extremes of a ten-point scale representing individual welfare state attitudes, with a value of 4.5 for preferences of income redistribution and a value of 6.8 for preferences of governmental support. In this context, people are pro social welfare policies, but against income equality.

Rose (1991) claimed that people should put their welfare in government's hands only when the latter is trusted to be caring and effective. Rothstein (1998) argued that popular support for welfare state depends on state's capacity to deliver high quality public goods and services. The analysis in this paper, however, showed that people still want the government to take responsibility for them even under bad governance, but they are more skeptical when it comes to redistribution. At first side this behavior may seem irrational, considering that people want more social services but at the same time want to contribute less. Several arguments can explain these results.

First, people may have answered the two survey questions independently without considering that asking for more governmental protection implies higher taxes and income redistribution. They may have expressed two selfish wishes: to receive government services but without extra costs. The question at this point is thus, why would people do that only, or mostly, in countries with bad governance? One possible answer is that bad governance leads to different political cultures. High levels of bad governance was found to make people less happy (Helliwell 2003; Helliwell and Huang 2008), with less trust in institutions and people (Rothstein 2009; Rothstein and Uslaner 2005), and thus people may become self-oriented and want more benefits and less taxes without considering the extra costs that this can have on others.

An alternative explanation is that people use different pragmatic or humanitarian motives to answer these two survey questions. People use humanitarian motives to answer to the question on government's responsibility to provide for its citizens especially under bad governance where they feel that the level of uncertainty and fairness affects mostly those people that cannot provide for themselves. To answer the survey question on income equality, people focus on the pragmatic aspects of redistribution instead, and under bad governance they know that inefficient institutions have higher distortionary cost of taxation, thus they prefer less income redistribution. As discussed in the theoretical section of the chapter, people are inequity averse, and different reasons from self-interest focused

on social mobility to more sociotropic ones as feelings of fairness or altruism make them support social welfare policies.

A third possible explanation is that inefficient governance offers a distorted picture of the welfare state system. Initial policies are not implemented or are wrongly implemented and citizens do not receive the expected outcomes but pay the same price. If the welfare policies were implemented successfully, Inglehart (1990)'s theory of marginal utility of welfare state suggests that people would ask less for the same, while the thermostatic model of public preferences predicts that people would adjust their preferences downward. Given that the costs are high but the services bad, people ask however for lower taxes and thus less income redistribution.

3.5 Conclusion

In this chapter, I examined the link between the quality of governance and welfare state attitudes. Based on the previous literature on preferences for social welfare and income redistribution, bad governance was expected to lead to higher preferences for governmental protection and income equality because people are risk-averse, want to secure their position in case of crisis and believe in equal and fair opportunities. At the same time, the governance inefficiency was expected to make people less willing to finance bad services or leave their welfare in the hands of incompetent, untrustworthy actors. The empirical evidence shows that people ask for more governmental protection when bad governance worsens, but want less income equality/redistribution. These diverse preferences for welfare state policies create then a significant gap between how much protection (social benefits) people expect from the government and how much taxes they accept for this under bad governance. The gap in support for social welfare and income redistribution can be assigned to the negative consequences of bad governance along with the high level of political distrust seen in chapter 2.

An immediate concern of these consequences is the discrepancy between individual preferences and the policies they may support. With a high preference for social benefits policies, people will ask for this type of policies more under bad governance than under good governance. In order to support this demand, governments need to make cuts from other areas or increase taxes, but the support for income redistribution is low. If we also consider that bad governance requires more redistribution since money is lost along the way through corrupt practices or bad regulations, it is even harder for voters to support welfare state policies.

This context dominated by the divergence between individual preferences and government policies can be a reason why people do not trust political actors in countries with bad governance. They never feel that their interests are considered in public policies either when government reduces income redistribution or promotes more welfare state policies. As a result, they may also feel less represented or think that politicians cannot be held accountable for these differences between their wishes and real policies. Worse is that this inconsistency can be used by irresponsible office-seeking politicians that promise social programs without mentioning redistribution measures in electoral campaign, but which play the card of low income redistribution afterwards.

4 Does bad governance make citizens feel less represented?

In the previous two chapters, bad governance was found to erode institutional trust and make people have conflicting attitudes towards welfare state. Previous studies also showed that people are less happy (Bok 2010; Helliwell 2006) and have less support for democracy (Magalhães 2013) or the political system (Anderson and Tverdova 2003) under bad governance. These findings raise questions regarding the level of representation or accountability under bad governance. Seeing that public policies can not satisfy their redistributive preferences, and that politicians and public servants are not trustworthy can make people think that their interests are not represented and they do not have the power to keep their representatives accountable.

In this chapter, I examine thus the individual perceptions of political representation and accountability under different levels of quality of governance. An important part of the analysis is focused on the difference between procedural representation – through elections –, and substantive representation – by political parties –, and how political institutions or quality of governance affects how citizens feel about each of them. The design of the institutions impacts how performing electoral democracy is in representing fairly citizens' vote options, while the quality of governance conditions how performing political parties are in representing their voters' preferences in the policy implementation and delivery. In order to test the above proposition, I refer to Rohrschneider's (2005) research²⁰ and compare the role of good governance with the role institutions have been showed to have on accountability and representation. The empirical analysis tests not only the direct effect of the quality of governance on perceptions of representation and accountability, but also examines how individual level predictors (e.g. being a strong partisan or election winner) can moderate these effects. Hence, the next section summarizes the past research on determinants of representation and accountability, and of their reflection in citizens' perceptions. Borrowing some of the theoretical arguments from Rohrschneider (2005), I then underline the mechanisms through which quality of governance conditions citizens' perceptions of representation or political accountability and test empirically these relationships.

²⁰Rohrschneider (2005) addresses a similar research question in his article: how institutional quality affects perceptions of representation. Compared to his approach, I extend the research to perceptions of accountability, considered a form of representation from above and ex post (Andeweg and Thomassen 2005), and include in the analysis also developing countries and not only advanced industrial democracies. My country sample is 33, compared to only 13 countries in his analysis, which makes the multilevel modeling more appropriate (Stegmueller 2013)

4.1 Past research

Elections are the most fundamental function of democracy.²¹ Citizens have the chance to choose a party to represent their interests and preferences, and at the same time keep their representatives accountable for their performance in the office. One of the various theoretical models used to analyze elections was the responsible government model, which presents politics as an interaction between principals (i.e., citizens, voters) and agents (i.e., candidates for electoral offices, elected officials).²² It claims that voters have policy preferences over a range of salient issues and they vote for a representative by relating their own preferences to those offered by the partisan competitors and choosing the most compatible programmatic offer (Adams 2001; Jones and McDermott 2004; Ranney 1982; Thomassen 1994). Victorious parties implement the electoral promises highlighted in their party programs with an eye on the evolving preferences of their voters. At the subsequent election, voters hold parties accountable for their performance during the electoral term based upon their effort and performance. Scholars focused more on how well elections manage to ensure political representation and accountability in a political system and less on whether people think elections lead to representation, or they punish or reward the party they previously voted for in response to its past performance.

Representative democracy requires that all citizens' preferences are represented in the legislation. One may look for congruence between voters and policy makers in terms of their socio-demographic characteristics (i.e., descriptive representation) or decisions (i.e., policy representation); or assess whether MP's act as "delegates" or "trustees" of citizens (Andeweg and Thomassen 2005; Dalton 1985; Holmberg 1989; Mansbridge 2003; Rehfeld 2009; Samuels and Shugart 2003). Representative linkages between citizens and their representatives can also be examined from a procedural (i.e., the seats parties win should be proportional to the party votes for those parties) or substantive (i.e., citizens' issue preferences should correspond to the positions their parties take in the legislative) perspective (Dalton et al. 2011; Powell Jr 2004; Thomassen 1994). Most of the studies of political representation tried to assess to what extent political reality is consistent with a normative ideal (Thomassen 1994) by examining the distribution of policy makers, the proportionality between votes and seats, ideological congruence between voters and MP's or government's policies, or the extent to which public and elites' views converge on significant issues.

²¹Part of this section was also included in my CSES working paper *"Perceptions of representation and accountability in a comparative perspective"*, written during my secondment with the CSES Secretariat at the Center for Political Studies, University of Michigan.

²²See Powell (2000) for a different, but complementary perspective on citizen control over political actors via elections.

Democracy and elections promote (or should promote) not only political representation but also mechanisms by which citizens keep the incumbent accountable for its decisions (Andeweg and Thomassen 2005; McAllister 2005). Scholars of the responsible government model of representation argued that the accountability mechanisms are meant to keep parties responsible for their performance in government, to prevent individuals in government to “feel freer to act in ways that serve only their own narrow goals” (Mayhew 2004). Another view was that the chain of delegation in parliamentary systems (voters delegate to parliament who in turn delegate to government MP’s) enables voters to punish or reward parties both for their performance in government and their performance in parliament (Andeweg and Thomassen 2005).

Previous theories promoted a tradeoff between representation and accountability in a political system. It is said that some systems lead to higher representation while obfuscating accountability, while other systems optimize accountability but undermine political representation (Lijphart 1999; Powell 2000). If this is true, in countries where institutions promote a high level of accountability, the degree of representation is smaller, and people act accordingly, having perceptions of low representation but keeping parties accountable for their past performance. Scholars of representation paid particular attention to how institutions condition the role of elections in the nation. Consensus democracies give voice to many parties and ensure proportional representation, which leads to a stronger link between voters and their representatives. Majoritarian democracies exclude small parties from legislatures and cabinet formation, but produce more single-party governments and a dominating executive. Thus, majoritarian systems lead to a higher clarity of responsibility and emphasize the accountability function of elections (Blais and Bodet 2006; Golder and Stramski 2010; Huber and Powell 1994; Jones and McDermott 2004; Powell 2000).

Previous studies also found an association between the nature of the political system and the degree of perceived accountability and representation. Some researchers said that the proportional-type design promotes both the representation and the accountability perception (Aarts and Thomassen 2008). Others concluded that there is a weak correlation between elections with proportional outcomes and the aggregate perception of party representation, but no statistically significant relationship between accountability and the distribution of candidate choice afforded by the electoral system (McAllister 2005). A more optimistic view was that the ease of identifying a party which represents voters’ opinions increases with the number of political options available to voters (Schmitt and Wessels 2005) ; or that the positive relationship between proportionality and feelings of representation is mediated by the polarization of the party system (Blais et al. 2011).

Proportional representation (PR) systems were found to increase the number of parties in the parliament and lead to a higher ideological congruence between the electorate and their representatives (Golder and Stramski 2010; Lijphart 1999; McDonald and Budge 2005; Powell and Vanberg 2000). In contrast, majoritarian systems promote two-party systems and a better clarity of responsibility of parties in the cabinet or opposition. Researchers claimed that representation is higher in PR systems than in majoritarian ones, and the ability of voters to hold political actors accountable increases in majoritarian systems. Studies showed that people are more likely to feel represented by a party in contexts with a high number of political options available (Schmitt and Wessels 2005). A higher number of parties in a country increase the political diversity and the ideological congruence in elections. Political accountability decreases instead as the number of parties gets higher. The responsibility of political actions and decisions in the legislature becomes blurred when more than two parties are involved. Thus, one may expect that the proportion of voters thinking that elections are a means to representation is higher when the number of parties increases, while those voters with an accounting behavior are underrepresented. One may argue that it is not only the number of legislative parties, but also the number of parties in the cabinet that matter for representation or accountability (Bawn and Rosenbluth 2006). It has been argued that one-party cabinets ensure more clarity of responsibility and limit the congruence between voters and implemented policies (Duch and Stevenson 2008). The interests of the majority are promoted, while the minority issues are ignored, thus people may feel less represented in countries with single party cabinets, but they are more likely to punish or reward the political actors that are either in power or opposition.

When it comes to the role of the quality of governance on perceptions of representation and accountability, the research is pretty scarce. Rohrschneider's (2005) study is an example, focused on citizens' perceptions of representation. The author argued that the procedural integrity of the arbitrating institutions provide citizens with information about the capacity of the entire regime to account for their interests. These arbitrating institutions (e.g. bureaucracies or courts) are the ones that facilitate citizens' contact with the institutions, hence citizens incorporate this information when they evaluate the representational capacity of their national parliament and governments. The role of the quality of governance in shaping individuals perceptions of representation was found to be higher than the influence of the regime type (Rohrschneider 2005).

4.2 Theoretical expectations

I argue that the link between the quality of governance and perceived accountability is a bit more complex than what Rohrschneider (2005) argued. First of all, the representation process involves both the substantive representation and procedural representation. Rohrschneider (2005)'s study looked at peoples' perceptions of the former, but there are reasons to believe that quality of governance has different roles for these two types of representation. Secondly, a complete picture of how governance performance constrains representation should include also citizens' perceptions of accountability. It could be that people do not find their interests represented by political actors, but they know that they still have control over the decisions these take because they can hold them accountable. Given the previously-tested trade-off between representation and accountability, it is important to establish whether bad governance erodes both or just one of them. Thirdly, the impact of the quality of governance on individual perceptions depends on individuals' characteristics. Strong partisans or winners of recent elections are more likely to feel represented despite the performance of the governance system.

Perceptions of procedural representation - or whether elections ensure that citizens' views and interests are represented in the new legislature or by the new cabinet - are linked to people's perceptions of the mechanical effects of elections. If they think that these are fair they will be more likely to believe in representation. Thus, the electoral rules and procedures are expected to condition peoples' views of procedural representation, as long as these are aware of the effects/consequences of these rules. Electoral corruption or allegations of electoral corruption also are expected to shape individual perceptions of representation. If people believe that the results of the elections are decided by a small group of corrupt politicians or public servants, they will be more likely to distrust that elections lead to representation. If the governance system is not efficient in controlling these practices - either because of inefficient, corrupt bureaucrats or bad performing judicial system, people under bad governance will perceive elections as less representative.

Substantive representation, on the other hand, depends on how efficient the political system is in transposing citizens' views into public policies. The performance of politicians and public officials in doing that makes it more likely for people to feel represented than the procedural rules imposed by the regime type. Thus, any negative intervention in the policy formation and implementation process - either in the way policies are designed or how they are applied - can erode people's confidence that there is a party to represent their interests or that governments and parliaments enable the representation of their interests. Bad governance is associated with these disruptions in the policy formation

process - either because politicians are corrupt and have other interests when they propose and vote policies proposals, or because the implementation process is done by inefficient bureaucrats. Inadequate government regulations also can make people feel that political actors do not offer them the means to achieve their interests. It could also be that due to contradictory policy preferences under bad governance, as the ones in chapter 3, people feel that their interests are not represented or that there is no party that can implement them. Overall, bad governance is expected to erode peoples' feelings that they are represented by any party in the country.

Political accountability is important for improving bad governance. With a high distrust in politics and feeling unrepresented, people need to know that they can replace inefficient politicians and public officials with new ones. In a study of economic voting in new democracies, Duch (2001) claimed that individuals with low political trust think that the political accountability process does not bring a change or improvement in the system, but old rent-seeking politicians are replaced with new ones more eager to benefit from public funds. It could also be that inefficient arbitrating institutions do not offer people the means to keep officials accountable and electoral corruption makes it less likely for incumbents to be replaced since they are the ones that control the results of the elections. Thus, under bad governance people perceive political accountability as low either because they do not identify the mechanisms to apply it, or because they do not believe in its efficiency.

If different institutional features are associated with a trade-off between representation and accountability which is expected to be reflected also in individuals' perceptions, good governance is expected to promote both perceived representation and accountability. However, the effect of the quality of governance on these perceptions is expected to be moderated by individual characteristics. Bad governance has a smaller effect if people support the incumbent or have strong partisan feelings towards a party. In this sense, Anderson and Tverdova (2003) showed that the effect of corruption on voters' attitudes towards the political system are shaped by their partisan attachment to the incumbent. Also, previous studies on election losers' consent argued that the election winners are more satisfied with the way democracy works than those who lost (Anderson et al. 2005; Blais and Gélinau 2007; Craig et al. 2006). Thus, I expect bad governance to have a lower eroding effect on perceptions of representation and accountability for citizens' with strong partisan feelings or who voted for the incumbent.

4.3 Research design

In the first two empirical analyses of this dissertation, I used the World Value Survey dataset. Unfortunately, this dataset does not include items measuring perceived representation or accountability, but the second module of the Comparative Studies of Electoral System was especially designed to examine “the contrast between the view that elections are a mechanism to hold government accountable and the view that they are a means to ensure that citizens’ views and interests are represented in the democratic process” (CSES 2013). Initially, the dataset included information from 42 countries, but the survey questions of interest were not applied in all countries and the data available for the macro indicators were not available for all countries, so at the end I ran the analysis in 33 developing and advanced democracies. The countries included in the analysis are presented in Appendix A.

The CSES module two includes three survey questions about representation, which can be used to measure perceptions of representation via elections, parties, or leaders. For the purposes of this chapter, the question on whether elections ensure that the views of voters are represented is used as a measure of perceived procedural representation and the survey question about the parties in the country representing respondents’ views reasonably well is considered an indicator of perceived substantive representation. To measure perceived accountability, I adapted McAllister’s (2005) approach and used the item questioning whether whom people vote for makes a difference. Some could argue that this item measures instead the internal efficacy more than the political accountability, so the discussion of the results will also take this aspect into consideration. The exact wording of these survey items and the other variables in this analysis are available in Appendix B. All three items of procedural and substantive representation or political accountability were measured or recoded as dichotomous variables with 1 indicating that people perceive them in the country and 0 otherwise. This means that all models included in the analysis will be logit models. Given the hierarchical structure of the data and the interest on macro-micro interaction, I use multilevel logit models.

As in chapter 3, the key independent variable is the overall quality of governance with high values indicating poor performance. Given the interest of measuring the role of governance relative to the influence of institutional features, I also included the macro indicators of these features (number of electoral parties, electoral system, the relationship between executive and legislative, federal states, cabinet type and direct democracy) and ran separate models with Lijphart’s indices for executive-parties, federal-unitary and cabinets-direct democracy dimensions of consensus democracies. All these indicators

come from Vatter and Bernauer's (2010) dataset. Other control variables are socio-demographic characteristics: age, education, income and gender, political participation, strong partisanship and election winner, and the democratic experience of the country (these indicators were previously included in other models of representation and accountability by McAllister (2005) or Blais et al. (2011)).

One of the conditions of multilevel models is that the dependent variable varies across countries. In Table 4.1, we see that the level-2 variation is 8%, 15% and 7% of the total variance of procedural representation, substantive representation and political accountability, respectively.²³ Substantive representation varies more across country than procedural representation or political accountability. The context is thus more important in explaining how well represented people feel by parties than via elections or how accountable they think political actors are. All models in the analysis include the individual level predictors and the democratic experience. Separate models include either quality of governance (Model 1 + QoG in Table 4.1), institutional features (Model 1 + Institutions in Table 4.1) or both (Model 1 + Institutions + QoG in Table 4.1). The discussion about the magnitude and direction of the coefficients will be based on the former. Given that accounting for all institutional features that were found to explain representation and accountability (in models called M1 + Institutions 1 in Table 4.1) increases the number of level 2 predictors by 8 with only 33 level-2 cases, I also used indices of consensus democracies as their substitutes in models called M1 + Institutions 2 in Table 4.1.

4.4 Results

A look at the proportion of level-2 variance explained by the quality of governance alone in model M1+QoG in Table 4.1 indicates that bad governance has a significant impact on individual perceptions of substantive representation, a moderate impact on perceived procedural representation and almost no effect on political accountability. The explanatory power of governance on perceptions of substantive representation is bigger than the explanatory power of the three dimensions of consensus democracies (in model M1+ Institutions 2 in Table 4.1) and comparable with the explanatory power of the eight different indicators of institutional design (M1 + Institutions 1 in Table 4.1). For procedural representation, bad governance explains 17% of its country-level variation while the three institutional indicators account for 22% of that variance. Including both institutional features and the quality of governance, in model M1 + Institutions + QoG, explains

²³To calculate the proportion of total variance at level 2 we use the following formula: the ICC=level-2 variance/(level-2 variance+ $\pi^2/3$)

almost three quarters of level-2 variance of substantive representation and almost half of the political accountability variance. As expected, the quality of governance is relevant more for substantive representation than for procedural representation.

Table 4.1: The level 2 variance of perceived representation and accountability

	Procedural Representation	Substantive Representation	Political Accountability
Null Models	0.285	0.585	0.251
M1	0.321	0.549	0.261
M1+QoG	0.265	0.251	0.252
M1 + Institutions 1	0.213	0.191	0.147
M1 + Institutions 2	0.251	0.275	0.17
M1 + Institutions 1 + QoG	0.207	0.155	0.132
M1 + Institutions 2 + QoG	0.244	0.196	0.16
% of level 2 variance explained			
M1+QoG	17	54	3
M1 + Institutions 1	34	65	44
M1 + Institutions 2	22	50	35
M1 + Institutions 1 + QoG	36	72	49
M1 + Institutions 2 + QoG	24	64	39

Note: M1 model includes all individual level predictors - age, education, gender, income, marriage status, participation, strength partisanship, election winner. M1 + Institutions 1 includes in addition the democratic experience and the institutional features: number of parties, electoral system, number of electoral parties, electoral system, the relationship between executive and legislative, federal states, cabinet type and direct democracy. M1 + Institutions 2 reduces these institutions to the three dimensions of Lijphart consensus democracies. The proportion of variance explained in each model is calculated as the change in level 2 variance in Model M1.

Before discussing about the magnitude and direction of the effect of the macro indicators, I briefly present the impact of individual level predictors in Table 4.2. Table 4.2 includes models of perceived procedural representation (PR), substantive representation (SR) and political accountability (PA) with separate indicators of institutional features (in models PR 1, SR 1, and PA 1) or with the indices of consensus democracy (in models PR 2, SR 2, PA 2). Almost all socio-demographic characteristics have a statistically significant effect on all three dependent variables. Age has a negative effect on procedural representation and political accountability (or internal efficacy) and a positive effect on substantive representation. As people get older they believe more that there is a party to represent their interests and less that elections lead to representation or that it matters who wins

them. Citizens with lower education believe less in substantive representation and accountability, but education does not have a statistically significant effect on procedural representation. Men are less likely to believe in procedural representation and political accountability. Higher income makes people more likely to have positive perceptions of representation and accountability. Those who participate more into politics are more inclined to believe that there is a party that represents their interests and that it matters who wins the elections, but less likely to believe that elections lead to higher political representation.

The strongest individual level predictors of individual perceptions are the strength of partisanship and vote for one of the parties in the government. The impact of partisanship is especially strong for perceived substantive representation and less for procedural representation or electoral accountability. The odds of believing that there is a party that represents them are 2.4 times higher for strong partisans than for weaker partisans. Being on the winning side of the elections increases individuals' likelihood of believing that elections lead to representation, that it matter who wins the elections and also that there is a party to represent them. The strongest impact of being the election winner is on procedural representation: the odds of believing in elections are 75% higher for election winners than for losers. Later, we will see how being the election winner and having strong partisanship is conditioned on or mediates the impact of bad governance.

Bad governance has an eroding effect on all three perceptions of representation or accountability (Table 4.2). However its effect is statistically significant in models of substantive representation (SR1 and SR2), statistically significant at 1% level in the model of political accountability (PA1) and not statistically significant for procedural representation (models PR1 and PR2).

The results in Table 4.2 do not meet the theoretical expectations that there is a trade-off between representation and accountability in countries with majoritarian or consensus institutions. High electoral disproportionality characteristic to majoritarian electoral systems leads to smaller perceptions of representation and accountability, though its coefficient is only statistically significant in models of perceived accountability. This outcome may be explained by the previous findings that PR systems have contradictory effects that wash out the net impact of PR on congruence (Blais and Bodet 2006) In addition, a higher number of parties reduces citizens' likelihood of perceiving higher representation and increases perceptions of accountability, though its coefficient is only statistically significant at 1% level in models of perceived procedural representation.

Table 4.2: The logit multilevel models of perceived political representation and electoral accountability

	PR 1	PR 2	SR 1	SR 2	PA 1	PA 2
Intercept	-0.067 (0.434)	-0.585*** (0.157)	-1.676*** (0.381)	-1.638*** (0.146)	0.937*** (0.356)	1.018*** (0.137)
Age	-0.006*** (0.001)	-0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)
Low education	0.058 (0.036)	0.058 (0.036)	-0.145*** (0.041)	-0.145*** (0.041)	-0.147*** (0.043)	-0.146*** (0.043)
High education	0.024 (0.035)	0.023 (0.035)	0.085** (0.041)	0.085** (0.041)	0.309*** (0.048)	0.309*** (0.048)
Male	-0.119*** (0.024)	-0.119*** (0.024)	0.030 (0.028)	0.030 (0.028)	-0.095*** (0.031)	-0.095*** (0.031)
Strength partisanship	0.258*** (0.012)	0.258*** (0.012)	0.861*** (0.015)	0.862*** (0.015)	0.261*** (0.015)	0.261*** (0.015)
Political participation	-0.009 (0.011)	-0.009 (0.011)	0.172*** (0.014)	0.173*** (0.014)	0.148*** (0.016)	0.148*** (0.016)
Election winner	0.555*** (0.027)	0.555*** (0.027)	0.403*** (0.031)	0.402*** (0.031)	0.382*** (0.034)	0.384*** (0.034)
Income	0.017* (0.010)	0.017* (0.010)	0.040*** (0.011)	0.040*** (0.011)	0.045*** (0.012)	0.046*** (0.012)
Democratic experience	0.003 (0.003)	0.004 (0.003)	0.005** (0.002)	0.005** (0.003)	-0.002 (0.002)	-0.000 (0.002)
Bad Governance	-0.139 (0.154)	-0.150 (0.151)	-0.356*** (0.135)	-0.480*** (0.136)	-0.222* (0.126)	-0.174 (0.124)
Electoral disproportionality	-0.030 (0.026)		-0.027 (0.023)		-0.055** (0.021)	
Number of parties	-0.110* (0.066)		-0.073 (0.058)		0.078 (0.054)	

table continues on the next page

Note: PR = Procedural Representation; SR = Substantive representation; PA = Political Accountability

	PR 1	PR 2	SR 1	SR 2	PA 1	PA 2
Executive dominance	0.010 (0.025)		0.030 (0.022)		0.005 (0.020)	
Federation	-0.041 (0.119)		-0.089 (0.104)		-0.108 (0.097)	
Bicameralism	-0.035 (0.082)		0.024 (0.072)		0.051 (0.067)	
Cabinet Type	-0.036 (0.231)		0.606*** (0.203)		-0.197 (0.190)	
Direct democracy	0.093* (0.053)		0.025 (0.046)		0.056 (0.043)	
Executive-parties		0.006 (0.093)		-0.012 (0.084)		0.301*** (0.077)
Federal-unitary		-0.009 (0.104)		-0.076 (0.094)		-0.011 (0.085)
Cabinets-direct democracy		0.048 (0.096)		0.119 (0.087)		-0.067 (0.079)
Level-2 Variance	0.207	0.244	0.155	0.196	0.132	0.160
Log-likelihood	-19579.454	-19582.051	-15654.283	-15657.991	-13797.838	-13800.624
Deviance	39158.909	39164.102	31308.566	31315.983	27595.675	27601.249
AIC	39196.909	39194.102	31346.566	31345.983	27633.675	27631.249
N	30537	30537	30537	30537	30537	30537
Groups	33	33	33	33	33	33

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

Among the other institutional features considered in these models, only the cabinet type (oversized/minority cabinets) has a statistically significant effect on perceived substantive representation and the coefficient of direct democracy is statistically significant at 1% level. Oversized or minority cabinets characteristic to consensus democracies make people more likely to find a party that they think represents their interests, but at the same time they reduce the perceived procedural representation and accountability. Direct democracy has a general positive role in individual perceptions, while federal states erode these perceptions. If the executive dominates the legislative people feel better represented and believe more in the external efficacy of their vote choice.

Looking at the effect of the institutional features separately can give a distort picture of how consensus and majoritarian democracies promote either representation or accountability given the correlation between their features and the high number of macro indicators for only 33 level-2 cases. Using Lijphart's indices for executive-parties, federal-unitary, and cabinets-direct democracy dimensions of consensus democracies in models PR 2, SR 2 and PA 2 increases the degrees of freedom at level 2 and also indicates how the regime type and not separate institutional features affect individuals' perceptions.

Only the executive-parties dimension of consensus democracies has a statistically significant effect on feelings of accountability [or internal efficacy] , but in the opposite direction than the theory would predict. In countries seen as consensual on the executive-parties dimension, people are more likely to think that they can hold their representatives accountable [or that their vote matters] and that elections lead to representation, but surprisingly this could erode their belief that there is a party that represents their interests. As argued in the theoretical section of this chapter, the institutional design has a stronger role regarding the mechanics and procedures that lead to perceived procedural representation than to the substantive representation. The federal-unitary dimension of consensus democracies has a negative effect on both perceptions of representation and accountability. But, the cabinets - direct democracy dimension of consensus democracies has the expected impact: more consensual, inclusive cabinets and democratic procedures promote both forms of representation and reduces political accountability.

All in all, it seems that institutional design does not have the expected impact on people's perceptions of representation and accountability, while the quality of governance affects mostly the perceptions of substantive representation and less for procedural representation or political accountability. The next step is to test whether the main individual predictors of representation and accountability - being the election winner and having strong partisan feelings towards a party - moderates the eroding effect of bad governance. Initially I assumed that testing for the moderating impact of individual level predictors

on the effects of macro indicators did not require random slopes multilevel models since I was not seeking to explain the across country variation of the magnitude of these individual level predictors. Anderson and Tverdova (2003) had a similar approach while testing the moderating effect of partisanship on the impact of corruption on regime support. However, running the models with the interaction term between these predictors and bad governance indicated that the coefficients of these interaction terms have the same sign as the coefficients of bad governance, but the opposite sign than the coefficients of election winner and strength of partisanship. This means that being the election winner or having strong partisanship does not lessen the eroding impact of bad governance, but on contrary, bad governance dampens the role of these individual characteristics on people's perceptions of representation and accountability. Thus, the initial assumption that the impact of these individual level predictors does not vary across country may not be justified empirically.

Table 4.3: The variance of the impact of partisanship and election winner status on perceived representation and accountability

	Procedural Representation	Substantive Representation	Political Accountability
Partisanship	0.004	0.083	0.014
Election winner	0.187	0.054	0.159
Partisanship - 2	0.004	0.079	0.012
Election winner - 2	0.157	0.039	0.107
% Random coefficients' variance explained			
Partisanship	1	4.82	14.29
Election winner	16.04	27.78	32.70

Note: The first two rows show the variance of the random effects of individual level predictors in models identical to PR 2, SR 2 and PA 2 in Table 4.2, but with random slopes for the individual level predictors. The next two rows show the variance of the random effects in models PR 3, SR 3 and PA 3 in Table 4.4

In order to see if the impact of the key individual level predictors vary across countries, I ran the models PR 2, SR 2 and PA 2 from Table 4.2 again including separately the random coefficients of partisanship strength and election winner and compared the results accordingly. The likelihood ratio tests of these models indicate that the coefficient of election winners varies across countries in all three models of perceptions of procedural representation, substantive representation and political accountability.²⁴

²⁴The models with random coefficients and the likelihood ratio tests are available upon request

Table 4.4: Multilevel models of perceptions of representation and accountability with the interaction effects between bad governance, partisanship and voting for election winners

	PR 3	SR 3	PA 3
Intercept	−0.469*** (0.177)	−1.682*** (0.164)	1.105*** (0.128)
Age	−0.006*** (0.001)	0.006*** (0.001)	−0.004*** (0.001)
Low Education	0.061* (0.036)	−0.145*** (0.041)	−0.141*** (0.043)
High Education	0.028 (0.035)	0.081** (0.041)	0.308*** (0.048)
Male	−0.123*** (0.025)	0.026 (0.028)	−0.096*** (0.031)
Strength Partisanship	0.266*** (0.026)	0.991*** (0.083)	0.242*** (0.038)
Political Participation	−0.006 (0.011)	0.175*** (0.014)	0.151*** (0.016)
Election Winner	0.295** (0.130)	0.277*** (0.079)	0.073 (0.112)
Income	0.016 (0.010)	0.040*** (0.011)	0.044*** (0.012)
Democratic Experience	0.002 (0.003)	0.005** (0.002)	0.000 (0.002)
Executive-parties	−0.016 (0.091)	−0.017 (0.079)	0.292*** (0.063)
Federal-unitary	0.034 (0.101)	−0.069 (0.087)	−0.047 (0.070)
Cabinets-direct democracy	0.104 (0.095)	0.136* (0.082)	−0.072 (0.066)
Bad Governance	−0.110 (0.165)	−0.468*** (0.146)	−0.062 (0.111)
Bad Governance × Partisanship	−0.002 (0.021)	0.088 (0.067)	−0.055* (0.031)
Bad Governance × Winner	−0.226** (0.102)	−0.156** (0.062)	−0.275*** (0.089)
Country level Variance	0.324	0.253	0.131
Partisanship Variance	0.004	0.079	0.012
Winner Variance	0.157	0.039	0.107
Log-likelihood	−19478.700	−15522.372	−13754.909
Deviance	38957.399	31044.745	27509.818
AIC	39001.399	31088.745	27553.818
N	30537	30537	30537
Groups	33	33	33

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

However, in Table 4.3, the variance of partisanship strength's impact in models of procedural representation and political accountability is pretty small, so the differences in the magnitude of the effects of partisanship are not that high across country. Being on the winner side in elections matters more for individuals' perceptions of representation and political accountability in some countries than in others. The variance of its effect is however considerably smaller in models of perceptions of substantive representation.

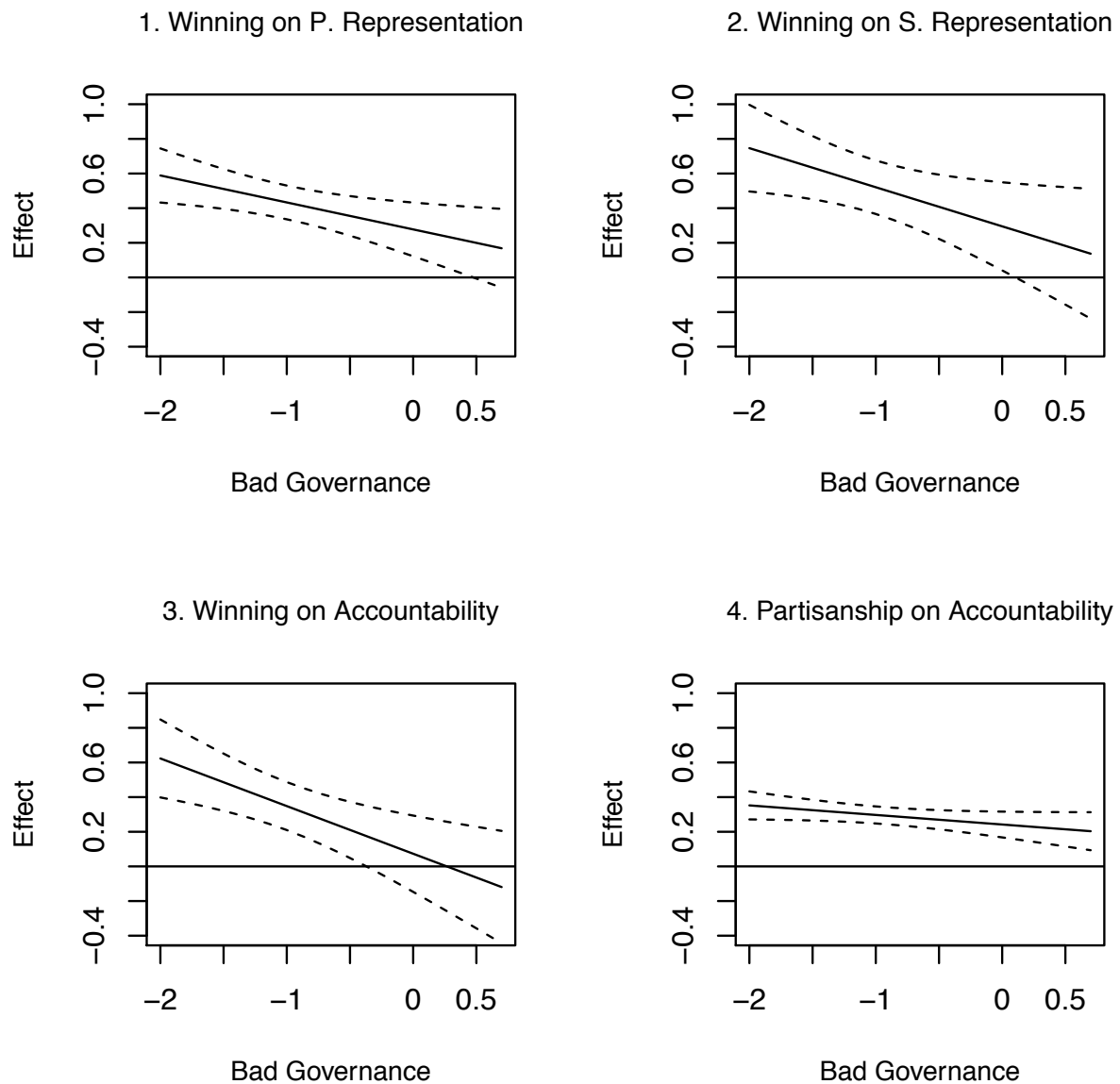
The results in the second part of the Table 4.3 show that bad governance explains the level 2 variance of the impact of being an election winner on individual perceptions better than the variance of the magnitude of partisanship's effect. In Table 4.4 the interaction term between bad governance and being the election winner is statistically significant for all models. The results show that under bad governance partisan feelings or being the election winner do not have the same strong positive effect on representation or accountability as in countries with good governance.

Figure 4.1 is a good summary of the impact of the key individual level predictors on individuals' perceptions at different levels of bad governance, based on the results in models where the interactive term of bad governance with individual level predictors is statistically significant. An immediate evidence in the first three graphs is that in countries where the quality of governance is really bad, being on the winning side or not does not change the way people see representation or electoral accountability (the confidence intervals of their log-odds include 0). Partisanship has almost the same effect across the observed range of quality of governance (this could be explained by the fact that its interactive term was statistically significant at 1% level and in Figure 4.1 I calculated its 95% confidence interval).

For those who voted with one of the parties in the government, the odds of believing in procedural representation are 2.11 times the odds of not believing that elections lead to representation when the level of good governance is high (i.e. bad governance = -2). In countries with an average quality of governance (i.e. bad governance = 0), the winners' odds of believing in procedural representation are 34% higher than the odds of not believing that elections lead to representation.

In the second graph, being an election winner has a similar impact on substantive representation. Under good governance, the election winners' odds of having a party that represents them is 1.80 times the odds of saying that they do not feel represented by any party in the country. In countries with an average quality of governance (i.e. bad governance = -2), the winners' odds of believing in substantive representation are 25% higher than the odds of saying that there is no party to represent their interests.

Figure 4.1: The effect of partisanship or election winner status on perceived political representation or electoral accountability and their 95% confidence intervals across the observed range of bad governance



The effect of the individual predictors is calculated as the log-odds of these predictors at different levels of bad governance. I used the coefficients of the individual predictors and of their interaction with bad governance in Table 4.4. For example: the effect of winning on procedural representation in countries with bad governance = -1 is : $0.295 + (-1) * (-0.226)$. Their random effects is assumed to be 0. Dashed lines represent the 95% confidence intervals of the log-odds. High values on the x-axis represents bad governance

Regarding political accountability, election winners have almost the same odds of believing in it as in believing in substantive representation under high governance performance, but the effect almost disappears when the quality of governance declines to its average value (i.e. bad governance=0).

All in all, my initial expectations that winning the elections and having strong partisanship were contradicted by the empirical findings. It seems that feelings of representation and accountability are contingent on good governance. Bad governance has such a negative impact that even those who got what they wanted in elections do not believe that elections lead to representation or accountability. This can be explained by the unpredictable environment that bad governance produces which does not offer voters the feeling that the election results or overall political context are stable or in their interest. Bad governance, however, does not affect partisanship's role in how people perceive representation or accountability.

4.5 Conclusion

In this chapter, we saw that bad governance has an eroding effect on representation and accountability and that it especially damages how people feel towards party representation. This means that it is not the view of the procedures of the electoral democracy that bad governance damages, but the image of the political actors involved in the process. Institutional design instead has a higher role in perceived procedural representation, though its effect differs from what the theory has predicted. Thus, when we talk about how to insure better representation, we should look at the institutional design for representation via elections and governance performance for substantive representation.

The results in this chapter along with the empirical findings from the previous two chapters raise questions regarding the popular support for democracy in countries with bad governance. If bad governance erodes people's trust in public and political institutions, makes them have discrepant preferences for welfare state, and drops their perceptions of representation and accountability even when they are the election winners, one could expect it to also make citizens look for alternatives or even support democratic regimes less. And, Magalhães (2013) already showed that a low level of quality of governance reduces people's support for democracy. This makes good governance a condition not only for economic development as the World Bank and other international organizations promote it, but also for democracy. But then, a new worth exploring question is whether authoritarian leaders in countries with good governance can give people the false impression that they are represented and accountable to. Zmerli and Newton (2008), for

example, showed that trust leads to positive attitudes toward democracy only in already democratic regimes and that in authoritarian regimes trust makes people be more satisfied with the regime. Future analysis will indicate whether good governance is enough to keep people content in authoritarian regimes and make them feel represented even when they are not.

5 The moderating effect of corruption on voting behavior

In the last three chapters, we saw that bad governance erodes political confidence, makes people have divergent preferences for social welfare policies and income redistribution and feel less represented by political parties. The immediate question is whether the consequences of bad governance on perceptions, trust, and preferences are reflected then in voters' actions or decisions. This chapter examines thus the role of quality of governance on how people make vote decision. Among the four features of good governance, I chose to focus on corruption in this chapter because one of the aims of this dissertation is to examine whether the social culture of bad governance is not in fact the one making people behave differently under bad governance, and the only data available for such a concept was on cultures of corruption (Fisman and Miguel 2007).

Corruption and bad governance erode individuals' trust in political institutions and politicians and increase the discrepancy between voters' welfare state preferences; thus, voters perceive political decisions as unfair and believe less in political actors' promises and policy plans. Hence, they are expected to factor ideological promises less in their vote decision. Feeling unrepresented by political parties in the country and alienated from politics because of the low trust make people be less attached even to their preferred party. Hence, they are expected to vote less based on their party sympathies. When it comes to the influence of the quality of governance on economic voting, I expect voters to consider government's performance as irrelevant when the alternative is replacing it with new money-hungry politicians. I test these propositions, considering at the same time the alternative hypotheses that the magnitude of ideological and economic vote are conditioned by the political institutions in the country.

In this chapter, I also explore whether the impact of corruption on voting behavior is not an artifact of cultural habits and norms in political behavior. One could argue that in countries with low corruption, people are more trusting, consistent with their welfare preferences, and feel more represented because they are less corrupt themselves, while in countries with high corruption, the socialization, culture, and history of bad governance made people behave in a corruptive way and this is then reflected in their trust in institutions, perceptions of representation and electoral behavior, respectively. I examine this proposition by using a country level indicator of cultural corruption and measure its impact on voting behavior in an absolute sense or relative to the effect of the Worldwide indicator of corruption.

The rest of the chapter proceeds as following. In the next section, I review the literature on the consequences of political corruption on electoral behavior and summarize previous arguments on how institutions affect ideological or economic voting. Using arguments and results from the previous three chapters, I then present the theoretical expectations of how corruption affects the impact of ideological proximity, government evaluations or party sympathy on vote decision. In the analysis section, I test these expectations empirically and examine the role of cultural corruption in explaining the link between voting behavior and corruption. In the last section of this chapter I discuss the positive implications of the results.

5.1 Past research

One of the aspects of governance which usually comes to mind when one mentions wrongdoing is corruption. In the electoral behavior literature, corruption was associated with low level of trust and support for the incumbent or political system. Previous studies showed that corruption reduces the electoral turnout, alienating and disengaging citizens from electoral politics (Davis et al. 2004; Slomczynski and Shabad 2012), and incumbents, are only slightly punished for allegations of corruption (Hibbing and Welch 1997; Peters and Welch 1980). Some authors even argued that governments are punished for the rise of corruption only when economy prospers (Choi and Woo 2010; Klačnja and Tucker 2013; Shabad and Slomczynski 2011; Slomczynski and Shabad 2012; Zakaria 2013). A more optimistic view was that information about corruption had become one of the criteria voters use to evaluate the incumbent party (Fackler and Lin 1995), but corrupt governments still have public support because of the benefits they offer to their clientelistic networks (Manzetti and Wilson 2007).

However, electoral behavior researchers have not examined how corruption or bad governance affects voters' strategies when they make their vote decision. Most of the information in how people make their vote decision comes from the comparative electoral behavior literature and the research on the macro determinants of voting behavior come from the political institutions literature. At least three different perspectives on voting behavior have been promoted: one centred on issues and the ideological positions of parties, a backward-looking mechanism focused on past performance of the government (and possibly other relevant actors) and a party sympathy based one.²⁵ Voters evaluate par-

²⁵The rest of the literature review section was also included in the draft chapter *"Policy-based voting and the type of democracy"* co-authored with Gabor Toka and included in the book project *"Elections and representative democracy: representation and accountability"* edited by prof. Jacques Thomassen and forthcoming at Oxford University Press

ties' policy programs and choose the one closest to them on the left-right ideology scale. The other perspective is that voters evaluate retrospectively parties' activity and decide to reward or punish them accordingly. It can also be that voters do not look at ideology or performance, but they just vote the party they like the most. Studies explaining the magnitude of these strategies across country focused mostly on explaining the first two.

In an ideological vote model, a well-defined political arena with clear ideological distance between parties has found to make people consider the ideological position and use the prospective approach in making their decision (Brug and Eijk 1999; Ensley 2007; Freire et al. 2009; Granberg and Holmberg 1988; Knutsen and Kumlin 2005; Lachat 2008; Tóka 2002; Van der Eijk et al. 1999, 2005). Besides an objective differentiation of policy alternatives, policy-based voting is also affected by the perceptual agreement on the ideological positions in the country: "[I]n the absence of any agreement about what parties stand for, individual voter's choices that are guided by policy preferences will together be indistinguishable from random noise" (Brug and Eijk 1999: 137). Thus a general high level of agreement on parties' positions has been thought to offer voters more incentives to include them into their vote decisions (Van der Eijk et al. 1999, 2005).

Economic voting, applied as a sanction or selection model, follows voters' perceptions regarding the responsibility parties have/had in politics, based on which they judge the past performance. Some scholars claim that a clear image of whom to associate the failure or success with offers more incentives to people to use government's evaluations (Hellwig 2001; Huber and Powell 1994). Others argued that diffuse responsibility involves more complicated inferences about party competence based on the same amount of information, which might get too costly for an economic vote (Duch and Stevenson 2008). Distribution of responsibility and the share of responsibility on economic policy of each party condition the level of economic vote for that party and the overall importance of economic voting in different contexts (Anderson 2006, 2000; Duch and Stevenson 2008; Hellwig 2001; Powell Jr and Whitten 1993; Whitten and Palmer 1999).

When it comes to the political institutions that affect ideological or economic voting, the accountability criterion of the majoritarian vision of democracy fits the "clarity of responsibility" requirement in retrospective, (economic) performance-oriented voting models, while extensive parliamentary representation of minor parties might offer more incentive for a prospective, ideological or issue-based, policy-oriented vote. Similarly, a concentration of executive power in single-party majority cabinets and an executive dominating the executive-legislative relationship offers a higher clarity of responsibility among members, thus an invitation for stronger economic voting (Duch and Stevenson 2008; Hellwig 2001; Huber and Powell 1994; Powell Jr and Whitten 1993). In contrast, executive

power-sharing in broad multiparty coalitions and executive-legislative balance of power in consensus democracies create a widely shared responsibility, and thus a weaker foundation for performance-based voting among citizens. While the greater ideological and issue distances between parties – which should be promoted by multipartism under list PR (Cox 1990) – lead to a stronger clarity of policy alternatives, and thus a likely stronger impact of policy preferences on the vote (Granberg and Holmberg (1988), (Heath et al. 1991: 33, 44), Rusk (1987) for within-country; and Van der Brug et al. (2008), Van der Eijk et al. (1999), (Tóka 2002) for cross-national evidence).

All in all, previous research has focused mostly on the role of institutional design in economic and ideological vote. Regarding the institutional constraints on party sympathy-based vote, one could also argue that political institutions such as electoral systems or the number of parties constrain the effect of party sympathies on vote choice. A high number of parties offers a higher variety of options and people may like more than one party, so the sympathy towards the incumbent weighs less in voters' decision because of the positive feelings they have towards the other parties. Also, an electoral system that leads to high disproportionality is expected to erode the effect of party sympathies since it increases the probability of strategic voting when people do not vote for the party they like, but with the party that has higher chances to win and can be beneficial to them. In the next section, I explore how the quality of governance can affect the ideology, government evaluations and party sympathy-based vote.

5.2 Theoretical expectations

The agreement between voters and their representatives is based on trust. Political actors are chosen to represent the interests of their citizens, who then trust the incumbent to implement the policies they advocate for. The ideological voting models are based on the assumption that voters choose the party that is closer to their ideological position. However, when corruption increases, the policy positions of the parties/candidates appear ambiguous. Following their interest, corrupt politicians act sometimes contrary to their ideological positions. And, voters become uncertain about incumbents' position given that they have doubts about their sincerity. In spatial voting models, uncertainty leads to a divergent equilibrium and “appears to have been sufficiently pervasive and important to rival issue distances as a determinant of electoral choices” (Bartels 1986). This means that, everything else equal, when uncertainty increases because of corruption, the magnitude of issue-based, ideological vote decreases. In other words, people consider other factors in their decision and look less for the party closer to their ideo-

logical position. Public's resentment towards politics erodes their confidence in parties' ideological programs because the system overall is seen as unfair and unpredictable. Also, the principal-agent relationship between citizens and politicians is broken, and the former do not believe in the latter's discourse and promises or that the new selected representatives will not look only for their own interest. Thus, voters are expected to have fewer expectations that parties will implement the electoral programs since past promises were not followed during the term.

As I already mentioned in the introduction chapter of this dissertation, in the traditional instrumental model of psychology of trustworthiness, the level of institutional trust is dictated by the degree to which public authorities serve individuals' interests (Tyler 1998). Political trust - A trusts B to do x - is seen as an "encapsulated interest": it is conditioned on A's expectations towards the legitimacy, technical competency, performance, and willingness to sanction the untrustworthy behavior of B (Khodyakov 2007). Corruption then erodes people's trust and their expectations in a future with the same politicians in charge of the public affairs. They now expect a high level of shirking or rent seeking from every political actor or public servant. Voters are reluctant at changing the incumbent with new hungry-for-money politicians, who will spend the first months/years in office trying to compensate for the time they did not have access to public money. As Duch (2001) pointed out, voters with a low level of political trust believe a pure sanctioning strategy does not stop the rent seeking or shirking behavior and hence do not factor incumbents' performance in their vote decision (897). Thus, voters' evaluations of government performance are expected to weigh less in vote decision as corruption increases.

Institutional trust may also be seen as a type of interpersonal trust: trust in institutions as political parties or the cabinet depends on the affective and social bonds with each of its personnel (Harré 1999: 260). This is especially possible in the new media era, where citizens have the illusion of a person-to-person relationship with members of political parties and government because of their media appearances. The generalized feeling of distrust associated with a high level of corruption makes people distant themselves from each political actor and increases the general apathy towards politics. Voters are skeptical about politics and politicians and less supportive even to their favorite party. Even if voters like a party/candidate, they will have their doubts about a future with them. This can be seen as: I could like you as a friend, but still not trust you to take care of my child or money. Thus, party sympathies are expected to weigh less in voters' decision as corruption increases.

To sum up, corruption erodes political trust and citizens adapt their voting behavior accordingly. A high level of corruption will make people skeptical of choosing politicians

based on their ideological or policy promises, or supporting even their own favorite party and replacing the incumbent with new rent-seeking politicians. But, the above hypotheses are only one part of the analysis in this chapter. The second part examines how much of corruption's effect on voting behavior is because of the governance performance or is just a manifestation of the social culture in the country. Fisman and Miguel (2007) found that in countries with high corruption the social cultural norms favor corruption and/or have a low cultural tolerance to corruption. They exploited a natural experiment - the stationing of thousands of diplomats from around the world in New York City - and showed that diplomats from countries with high corruption have significantly more parking violations than those from countries with good governance. This is a good indicator of diplomats's underlying propensity of engaging in corrupt behavior (i.e. abuse the entrusted power for private gain) even when they are outside their own country. Fisman and Miguel (2007) concluded that this corrupt behavior is embodied in the social cultural norms in the country and diplomats keep following even when they do not need to.

I will call this aspect of corruption - cultural corruption (Fisman and Miguel (2007) refer to it as the culture of corruption) and use Fisman and Miguel's (2007) indicator in the analysis. Cultural corruption has repercussion on individual behavior and cancel out the theoretically expected relationships between corruption and individual behavior in this chapter or in the other chapters of this dissertation. If citizens follow the social norms of corruption, they either do not perceive the actual level of corruption or they overestimate the level of corruption. This would then have consequences on their level of trust, social preferences, perceptions of representation or voting behavior independent of the actual level of corruption in the country. Since the focus on this chapter is on the latter, if what affects individual behavior is cultural corruption, then the expected relationships between corruption control and voting behavior will disappear once we account for the role of cultural corruption on voting behavior. Fisman and Miguel (2007) showed however that once the legal enforcement against diplomats' illegal parking was active, unpaid violations dropped sharply. Thus, I expect the legal aspects of control of corruption to still affect individual behavior, preferences and decisions in spite of the cultural corruption in the country.

5.3 Research design

The previous section presented the main theoretical expectations about the moderating effects of corruption on voting behavior. In order to evaluate them empirically I needed a dataset with measures of citizen's vote choice, their evaluations of government

performance, ideological position and party sympathy. The CSES module two used in the previous chapter included all these variables. In addition, CSES module three was released in May 2013 and also included the variables of interest. Thus, I could use 68 election studies for parliamentary elections in 38 countries from Module 2 and 3 data²⁶. However, one of the aims for this chapter was to measure how much of the expected relationship between corruption and individual behavior is because of cultural corruption. And, the Fisman and Miguel's(2007) dataset on the unpaid parking tickets of UN representatives was available only for 148 countries between 1997 and 2002. This restricted the second part of the analysis to only 28 election-studies from the second CSES module.

For the first part of the analysis, the pooling all 68 election studies in one analysis could lead to problems regarding the independence of level-2 residuals given that I used two or three election studies from the same country. This was a compromise necessary to increase the level 2 statistical power of the multilevel models given the number of cross-level interaction terms included in the analysis. One option is to select just one election study per country and run the models for 28 countries. However, including cross-level interaction effects of three macro variable with three individual level predictors reduces the level 2 degrees of freedom by 12. The second option is to include country dummies for all 22 countries, but this would reduce the statistical power at level 2 even more.

In order to test whether corruption has a moderating effect on strategies of voting for the incumbent, I use models of vote for the party of the chief of the executive. Therefore, the response variable is vote for the chief of the executive, coded 1 if the respondent voted for the party of the president (in presidential regimes) or prime minister (in parliamentary or semi presidential regimes), and 0 otherwise. Logit random intercept multilevel models are used to test the direct effect of corruption on vote decision. Random slope models with cross-level interaction between vote predictors and the macro indicator of corruption measure its moderating effects on the role of individual-level predictors.

²⁶From 90 election studies included in both CSES modules, I selected only those in parliamentary elections (presidential – Russia(2004) and France(2002)). Several independent variables and institutional macro indicators of electoral disproportionality (Hong Kong(2008), Philippines(2004, 2010), Thailand(2007), Taiwan(2001)) or control of corruption(Hong Kong(2008))were not available in all electoral studies, which reduced to 66 the number of studies in the analysis. Age coded as categorical in Taiwan(2002) and Kyrgystan(2005) was dropped. Data on party evaluations not available for Belarus(2008), Switzerland(2007), Hong Kong(2008), Iceland(2009) and Thailand(2007), no data available for government performance in Peru(2006), no data on ideological distance from chief executive party in Switzerland(2003), Hong Kong(2004) and Taiwan(2004). Income data not available for Belgium(2003), Latvia(2009) and South Africa(200). For Bulgaria(2001), Denmark(2001), Norway(2001), Poland(2001), Taiwan(2001) the level of corruption in 2000 is used as a proxy for the level of corruption in 2001. Germany is divided between Germany East and Germany West. A detailed list of the countries included in the analysis is available in Appendix A.

All models include the main predictors of vote choice - government evaluations, ideological proximity, incumbent party sympathy - and the control variables - age, education, gender, urban status and income - at the individual level. At the macro level, the variables considered are the key macro indicator of corruption, country's democratic experience, and institutional characteristics that have been found to increase corruption and affect the magnitude of ideological and economic vote: number of parties and electoral system measured by the disproportionality index. The control variables for country level are used to account also for the strong correlation between different aspects of a political system, new democratic regimes, and corruption. The individual level variables are centered at the their country mean, while the macro level predictors at the grand mean to facilitate the interpretation of the intercept and the slope parameters in multilevel models, and for more conservative tests of the statistical significance of the interaction effects (Enders and Tofghi 2007). The description of the variables in the models is included in Appendix B.

An examination of the level 2 (country-level) variance of the outcome variable in the baseline model (a random intercept model with no additional predictors) indicates that there is residual heterogeneity in the vote choice model at level 2, thus vote for the incumbent varies across country. Voters support the incumbent more in some countries than in others, but only 14% of the variance of the vote for the incumbent in the data is at the country level.²⁷ Also, several different tests show that the impact of the individual level predictors - party evaluations, ideological proximity, and government performance - on vote decision vary across country, which allows me to run multilevel models with random slopes for these individual level predictors.²⁸

The analysis is divided into two parts. In the first part, I test the effect of direct effect of corruption on vote for the prime minister party, then examine its effect on the impact of ideological proximity to the PM party, government evaluations and party sympathy towards the PM party - measured on a like-dislike scale - on vote decision, and compare it with the effect of institutional features. The second part of the analysis examines whether the results in the first part of the analysis still stand when I keep only one electoral study per country in the analysis, or when I include the impact of cultural corruption in the model.

²⁷Using a logit multilevel model constrains the level 1 variance to $\pi^2/3$, so the intra-class correlation (ICC) in the baseline model is equal to .14.

²⁸These tests can be provided upon request.

5.4 Results

Table 5.1 presents four different multilevel models of vote for the chief executive party. Comparing first model (M1) with a similar model without corruption included, shows that corruption explains only 1.6% of the unexplained cross level variation in the incumbent vote. The statistically insignificant coefficient plus the small decrease in the deviance, AIC, and log likelihood shows that corruption is not a good predictor of individual voting decision. Living in a country with high corruption does not make people vote against the incumbent more than in countries with less corruption. However, Corruption is expected to play a role in voters' decision by moderating the effects of ideological proximity of the respondent from the chief executive's party, individual sympathy toward the incumbent, or government performance evaluations on vote choice.

Comparing the variance of the random effects of each of these predictors in a model without their interaction terms with the ones in the second model (M2) in Table 5.1 which includes the cross-level interaction between the main vote predictors and macro level corruption shows that corruption explains 7% of the cross-country variation of economic vote magnitude, 25% of the level 2 variation of ideological vote magnitude and 31% of the level 2 variance of the magnitude of incumbent sympathy-based vote. However, corruption is not the only macro predictor that explains the magnitude of effects of these vote predictors. As we saw in the literature review section, institutional design was found to affect them too. The third model (M3) in Table 5.1 includes thus the cross level interactions of the institutional macro variables - number of parties and electoral disproportionality index - with the vote predictors of interests. The level 2 variance of the magnitude of economic vote decreases by 14%, but the change in the variance of the magnitude of ideological or party sympathy-based vote is less than 1%

Examining the results in Table 5.1, we see that the key individual level vote predictors have a positive impact on the voter's decision to support the incumbent. As voters' evaluations of the incumbent party or its past performance increase, they are more inclined to keep the incumbent in office. A high proximity of voters to the chief executive party makes voters more inclined to vote for it. Older people and people with higher income are more supportive of the incumbent, while men and people with higher education have a higher probability of voting against the incumbent. Among the institutional variables considered, only the number of parties has a statistically significant interaction with government performance evaluations. A high number of parties makes people weigh government performance less in their vote decision, but institutional design does not affect ideological or party sympathy-based vote.

Table 5.1: Multilevel models of voting for the chief executive's party

	M1	M2	M3
Intercept	−2.029*** (0.217)	−2.199*** (0.213)	−2.034*** (0.202)
Age	0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.001)
Low Education	0.063 (0.042)	0.067 (0.043)	0.067 (0.043)
High Education	−0.160*** (0.033)	−0.166*** (0.034)	−0.166*** (0.034)
Male	−0.044* (0.026)	−0.049* (0.027)	−0.049* (0.027)
Income	0.036*** (0.010)	0.038*** (0.011)	0.038*** (0.011)
Strength Partisanship	−0.036*** (0.012)	−0.052*** (0.012)	−0.052*** (0.012)
Government Performance Evaluations	0.493*** (0.024)	0.507*** (0.053)	0.498*** (0.052)
Ideological Proximity	0.255*** (0.008)	0.280*** (0.019)	0.279*** (0.019)
PM party Evaluations	0.592*** (0.007)	0.642*** (0.025)	0.639*** (0.024)
Democratic Experience	0.006 (0.004)	0.008** (0.003)	0.004 (0.003)
Corruption	−0.183 (0.170)	0.197 (0.171)	0.064 (0.172)
Number of parties			−0.197** (0.077)
Elect Disproportionality			0.038 (0.030)
Random effect (Variance)			
Country level	1.016	1.064	0.949
Government Performance Evaluations		0.139	0.128
Ideological Proximity		0.019	0.019
Party Evaluations		0.037	0.035

continued on the next page

	M1	M2	M3
Cross-level interactions			
Gov performance \times Corruption		0.112* (0.058)	0.123** (0.060)
Gov performance \times Nr. parties			-0.063** (0.032)
Gov performance \times Elect. Disp			-0.001 (0.013)
Ideol proximity \times Corruption		-0.077*** (0.021)	-0.068*** (0.022)
Ideol proximity \times Nr. parties			-0.013 (0.012)
Ideol proximity \times Elect. Disp			-0.004 (0.005)
PM party sympathy \times Corruption		-0.136*** (0.027)	-0.123*** (0.028)
PM party sympathy \times Nr. parties			-0.023 (0.015)
PM party sympathy \times Elect. Disp			-0.005 (0.006)
Log-likelihood	-19198.652	-18466.373	-18456.954
Deviance	38397.303	36932.746	36913.908
AIC	38423.303	36982.746	36979.908
N	52886	52886	52886
Groups	68	68	68

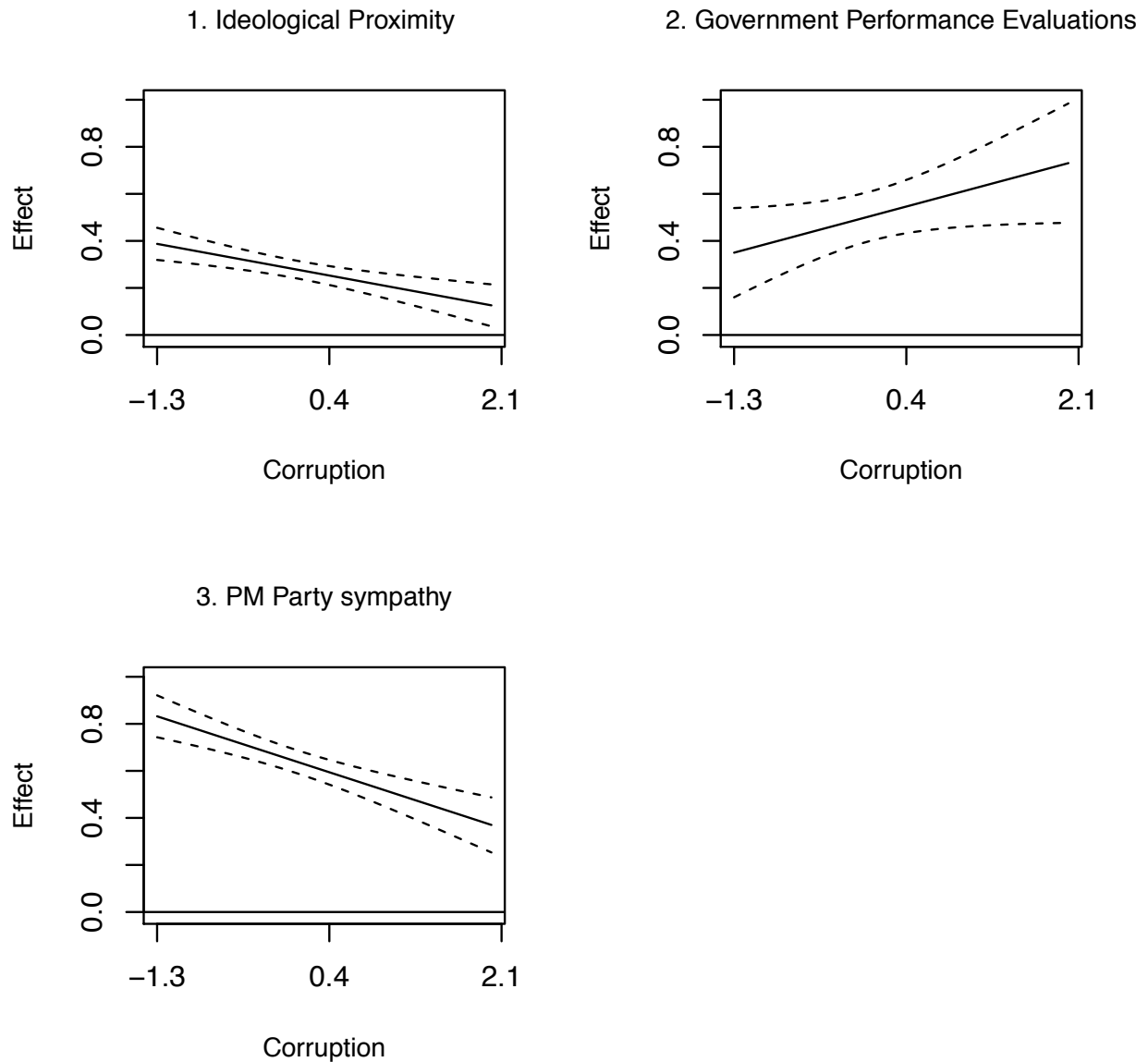
***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

The positive impact of party sympathy and ideological proximity are however reduced by corruption (negative statistically significant cross-level coefficients). Voters are skeptical about the future and policy promises and party sympathy toward the chief executive's party - highly liking the incumbent - has a smaller influence in their vote decision when corruption increases. Evaluations of government performance, however, are more important in countries with higher level of corruption than in countries with efficient corruption control (their coefficient is positive, but not statistically significant). Contrary to the theoretical expectations, voters value more a good performance when the political environment is hostile than under good governance. One explanation could be that voters do not apply a sanctioning but a selecting strategy when they vote for the incumbent in corrupt countries and a good performance indicates that the incumbent is capable of performing well despite the hostile environment. Another explanation comes from psychological theories of trust which argue that people comply themselves in a corrupt behavior when trust is low (Sztompka 1999). So, when corruption is high in the country they adapt corrupt practices which makes them get the public services wanted but for which they pay a higher price. Individuals evaluate then the services as being efficient and they are happy with government's performance and reward it in elections.

For a better understanding of the moderating effect of corruption on individuals' voting behavior, I plotted the log-odds of individual predictors across the observed range of corruption in Figure 5.1. The effects of ideological proximity, government performance evaluations and the level of sympathy towards the prime minister's party are moderated by the level of corruption in the country. As the results in Table 5.1 show, voting decisions based on individuals' proximity to the prime minister's party or their sympathy towards this party are stronger in countries with low corruption than high corruption (graphs 1 and 3 in Figure 5.1). Government's performance evaluations matter more in countries with high corruption than in countries with lower corruption, but the difference is not that strong and only significant at 1% level.

In countries with the lowest level of corruption in the dataset (corruption=-1), one unit increase in the ideological proximity from the prime minister party increases the odds of voting for the prime minister party by 46%, everything else constant. In a country with an average level of corruption (i.e. corruption=0) the odds of voting for the incumbent increase by 32% for a unit increase in the ideological proximity from the chief executive party. When corruption reaches its highest observed level the same change in ideological proximity leads to an increase of 13% in the odds of voting for the prime minister party, everything else constant.

Figure 5.1: The effects of individual level predictors on vote choice and their 95% confidence intervals across the observed range of corruption



Note: The effect of the individual predictors is calculated as the log-odds of these predictors at different levels of corruption. I used the coefficients of the individual predictors and of their interaction with corruption in M2 in Table 5.1, all the other variables held at their country or grand mean, accordingly. Their random effects is assumed to be 0. Dashed lines represent the 95% confidence intervals of the log-odds. High values on the x-axis represents high corruption

When people's evaluations of government performance improve by one unit, their odds of voting for the incumbent double in countries with the highest levels of corruption and increase by 44% in countries with the lowest level of corruption in the dataset. In countries

with an average level of corruption, the odds of voting for the incumbent increase by 66% for a unit increase in the evaluations of the government performance.

The most remarkable moderating effect of corruption is on the impact of party sympathies on vote choice. In countries with the highest level of corruption in the dataset, a one unit increase on the like-dislike scale in favor of the prime minister party increases the odds of voting for the incumbent by 45%, but in countries with the lowest level of corruption the odds more than double (they are 2.25 times higher than before the positive change in the sympathy) for the same increase in the sympathy towards the incumbent.

All in all, the results in Table 5.1 and Figure 5.1 show that a high level of corruption dampens the effect of ideology and party sympathy on support for the incumbent, while positive government evaluations increase slightly citizens' probability of voting for this. Institutional design is found to condition only the role of the economy in voters' decision. In the next part of the analysis whether these results remain the same when the analysis is restricted to only 28 election studies (one per country) and we control for the social culture of corruption in the country.

5.5 The effect of cultural corruption on voting behavior

The second part of the analysis focuses on the impact of the culture of corruption in voting behavior. Table 5.2 includes model M3 from Table 5.1 again under the name M4, this time only for the 28 countries included in the second CSES module as a robustness check for the previous findings. In order to see whether cultural corruption has a direct impact on vote choice, I include in model M5 Fisman and Miguel's (2007) measure of the number of tickets UN representatives had not paid as an indicator of how permissive towards corruption the social culture in a country is, and in model M6 its interactions with the individual level predictors - ideological proximity of the respondent to the chief executive's party, government evaluations and the sympathy towards the incumbent.

Comparing the results in model M3 in Table 5.1 based on the sample of 68 election studies in 28 countries with the results from same model applied only on the sample with 28 level-2 observations (M4 in Table 5.2), the only difference is in the magnitude and statistical significance of the interaction between government performance evaluations and corruption. This becomes statistically insignificant when only one election study per country is included. However, the direction of the moderating effect of corruption on economic vote remains the same. Another difference is that, high electoral disproportionality reduces the magnitude of ideological voting and its effect is statistically significant at 1% level.

Table 5.2: Multilevel models of voting for the chief executive's party and cultural corruption

	M4	M5	M6
Intercept	−2.223*** (0.356)	−2.399*** (0.313)	−2.395*** (0.313)
Age	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)
Low Education	0.188*** (0.064)	0.187*** (0.064)	0.187*** (0.064)
High Education	−0.134** (0.054)	−0.134** (0.054)	−0.134** (0.054)
Male	−0.016 (0.042)	−0.016 (0.042)	−0.016 (0.042)
Income	0.017 (0.017)	0.017 (0.017)	0.017 (0.017)
Strength Partisanship	−0.032 (0.020)	−0.032 (0.020)	−0.032 (0.020)
Government Performance Evaluations	0.491*** (0.082)	0.493*** (0.082)	0.486*** (0.083)
Ideological Proximity	0.273*** (0.030)	0.272*** (0.030)	0.270*** (0.030)
PM party sympathy	0.611*** (0.039)	0.611*** (0.039)	0.613*** (0.040)
Democratic Experience	0.009 (0.007)	0.014** (0.006)	0.014** (0.006)
Number of parties	−0.052 (0.112)	−0.144 (0.104)	−0.146 (0.105)
Electoral Disproportionality	0.019 (0.054)	−0.041 (0.052)	−0.042 (0.052)
Corruption	0.020 (0.281)	0.547* (0.295)	0.554* (0.305)
Cultural Corruption		−0.021*** (0.007)	−0.021*** (0.008)
Random effect (Variance)			
Country level	0.799	0.628	0.627
Government Evaluations	0.127	0.129	0.127
Ideological Proximity	0.020	0.020	0.019
PM party sympathy	0.038	0.037	0.037

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	M4	M5	M6
Cross-level interactions			
Gov Performance \times Corruption	0.053 (0.089)	0.054 (0.090)	0.006 (0.115)
Gov Performance \times Cultural Cor			0.003 (0.004)
Gov Performance \times Nr. parties	-0.090* (0.050)	-0.090* (0.050)	-0.080 (0.052)
Gov Performance \times Elect. Disp	-0.022 (0.023)	-0.023 (0.023)	-0.017 (0.024)
Ideol proximity \times Corruption	-0.079** (0.032)	-0.078** (0.032)	-0.089** (0.042)
Ideol proximity \times Cultural Cor			0.001 (0.001)
Ideol proximity \times Nr. parties	-0.027 (0.019)	-0.027 (0.019)	-0.025 (0.020)
Ideol proximity \times Elect. Disp	-0.014* (0.008)	-0.014* (0.008)	-0.013 (0.009)
PM party sympathy \times Corruption	-0.122*** (0.043)	-0.121*** (0.043)	-0.109** (0.055)
PM party sympathy \times Cultural Cor			-0.001 (0.002)
PM party sympathy \times Nr. parties	-0.040 (0.025)	-0.041* (0.025)	-0.044* (0.026)
PM party sympathy \times Elect. Disp	0.001 (0.011)	0.001 (0.011)	-0.001 (0.011)
Log-likelihood	-7392.358	-7388.376	-7387.935
Deviance	14784.716	14776.753	14775.869
AIC	14850.716	14844.753	14849.869
N	20074	20074	20074
Groups	28	28	28

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

In Model M5 in Table 5.2, cultural corruption appears to have a negative, statistically significant impact on vote choice even after controlling for level of corruption control in the country. In countries with a strong social culture of corruption, voters tend to vote less for the incumbent. Experiencing others or their own corrupt(ive) behavior, people tend to punish more the incumbent for that no matter what measures of corruption control the incumbent has taken. But the impact of control corruption does not affect their voting behavior - the interaction terms of cultural corruption with government performance evaluations, ideological proximity to the prime minister's party or voters sympathy for the PM party are not statistically significant. Also, cultural corruption in model M6 does not change the impact of corruption control on the same predictors' effects. Citizens vote less based on ideology or party sympathies in countries with high corruption than under good governance no matter how pro or against corruption the social culture is. The results in Table 5.2 must be read with precaution, given the high number of level-2 predictors and cross-level interactions for a sample with only 28 countries. However, when the indicators of institutional design are excluded from the analysis, in order to reduce the number of level-2 predictors and cross-level interactions, there is no change in the direction of significance of the coefficients of corruption, control corruption or their interactive terms with the individual level predictors

5.6 Conclusion

There is no doubt that political corruption affects individual behavior and how people position themselves towards politics. The results from the last four chapters indicated that clearly: corruption erodes peoples' confidence in institutions though a low level of corruption does not assure high levels of confidence, as part of bad governance it makes people want more social welfare but with lower income redistribution, declines even election winners' perceptions of representation and accountability and moderates ideology, government performance evaluations, and party sympathy -based vote.

However, there is no direct relation between the level of corruption in the country and the individual decision of voting for the incumbent. One explanation could be that people do not believe that changing the incumbent is a solution. As Duch (2001) argued, when individuals do not trust politicians, they are more reluctant to change the incumbent with new self-seeking politicians, who would change the status-quo only for their interest. One could also argue that incumbents should be held accountable for the changes in corruption control and not the actual level of corruption, but fighting corruption takes time and voters may not see the results.

However, citizens were found to vote less for the incumbent if the social culture in the country is pro corruption. This seems to contradict previous beliefs that clientelistic practices and receiving any benefits from corrupt incumbents increase voters' support for the incumbent. Clientelistic practices can lead to a higher cultural corruption which, the results in this chapter show, dampens people's probability of voting for the prime minister party. This may, however, depend on how people see corruption. Studies showed that the way people perceive corruption – whether it is illegal or not, or they see it as a immoral practice - changes their attitudes towards allegations of political corruption (Canache and Allison 2005), and consequentially their decisions on whether to punish the government for it.

Contrary to previous perceptions that ordinary citizens are ignorant and they do not respond to politics adequately, the results in this chapter show that voters change their behavior to high corruption. Under bad governance, individuals do not immediately become amorphous into politics. They lose their confidence, feel less represented but seem to be active when it comes to their decisions. They believe less in ideological promises and surprisingly use less simple cues, such as their sympathy for the incumbent, when they vote. In addition, they appreciate incumbents' good performance and are still objective about the level of representation or accountability even when they are on the winning side of the elections.

6 It's not only the economy, stupid! Good governance matters in elections

In the last section we saw that corruption plays a role in voters' decisions, but its effect is not direct. Previous chapters also showed that the quality of governance affects voter's lives, preferences, confidence in institutions and feelings of representation. Following this evidence, the aggregate electoral results are expected to be affected by the changes in good governance. Elections are citizens' means to express disagreement with the situation in their country, and their contentment or distrust with the quality of governance is expected to be reflected in their support for the incumbent. Yet, the consensus in political science literature is that national politics and elections are all about the economy and not time-consuming strategies for improving governance effectiveness. Voters are seen as ignorant and unskilled to assess the quality of governance and punish the incumbent accordingly. And, politicians promise economic prosperity more often than efficient bureaucracy or better regulatory practices, especially because of its higher perceived electoral potential.

Building on previous literature on accountability, governance and contextual effects, I examine whether good governance matters in elections and how strong its impact is relative to the effect of the economy. The expectations are that incumbents are held accountable not only for economic performance, but also for the quality of governance during the electoral term. In the next section, I review previous studies on what affects incumbents' electoral support. The following section presents different arguments on why voters are expected, or not, to keep the government accountable for the performance of the institutions. Then, these hypotheses are tested empirically, examining the effect of different aspects of good governance on electoral outcome relative to economic growth.

6.1 Past research

Previous literature on political accountability has looked mostly at the role of the economy in elections, and showed that voters reward the incumbent for good times and punish it for poor economic performance accordingly (see Lewis-Beck and Nadeau (2011), Anderson (2007), or Kiewiet and Lewis-Beck (2011) for a review of the economic vote literature). The incumbent is also said to be held accountable for fiscal policies, war casualties (De Mesquita and Siverson 1995) or natural disasters (Gasper and Reeves 2011; Healy and Malhotra 2009). If so, one could also expect that politicians are liable also for the well functioning of political institutions. Pattie and Johnston (2001) argued that government

performance had been assessed in voting literature by economic performance, but other retrospective evaluations apart from the economic growth are important in individual vote decision. The quality/performance of public institutions is one of them.

Scholars found that evaluations of education standards, National Health Service standards, level of crime, the prosperity of their area, or health care affect voters' support for the incumbent and/or its popularity (Bartle 2003; Clarke 2009; Erikson et al. 2002; Hobolt et al. 2012; Johnston and Pattie 2001; Miller and Wattenberg 1985). Other studies have looked at the influence of governance in elections at the local level. (James and John 2007) and Boyne et al. (2009) showed that local governance performance, ranging from crime rates and school performance league tables to measures of bureaucratic efficiency, matters in British local elections. People exhibit negative bias: they punish the poor performing local incumbents, but do not reward them for improvements in governance. Oliver and Ha (2007) found that the evaluations of local government performance correspond with incumbent support in American suburban elections, but "the overall impact of retrospective evaluations are comparatively small because, unlike in national politics, most suburban voters seem pretty happy with their communities" (400).

When it comes to the role of governance in national elections, most of previous studies focused on control of corruption. Some scholars argued that the government is punished for the rise of corruption (Fackler and Lin 1995; Hibbing and Welch 1997; Peters and Welch 1980), while others were skeptical about the role of corruption and allegations of corruption in throwing the rascals out (Manzetti and Wilson 2007; Shabad and Slomczynski 2011). Regarding other aspects of governance (e.g. bureaucracy performance, regulatory practices, or judicial efficiency in elections), the studies on the impact of these governance features on electoral support are almost non-existent. References to these aspects have been included in voters' assessment of overall government performance in the Comparative Studies of Electoral Systems' (CSES 2000) survey item on the most important issue in the country and government's performance on that matter, where respondents often mentioned the performance of bureaucracy or judicial system.

6.2 Theoretical expectations

The "responsible party government model" is based on the assumption that voters control the incumbent politicians based on their judgments of performance, and use their votes to punish or reward them for past performance (Jones and McDermott 2004; Ranney 1982). In the voting behavior literature, this has been mostly used to explain the economic vote (Fiorina 1981; Hibbing and Alford 1981; Lewis-Beck and Stegmaier 2000).

Studies have looked at either macroeconomic indicators (e.g. economic growth, inflation, unemployment) or voters' household economic conditions, and showed that electors "vote the rascals out" of office and choose a better option when economy declines. Voters can, however, blame the government for other issues that affect their life and daily activity.

As the results from the last four chapters and previous studies showed, good governance does affect people life and they react to it. Contextual effects scholars argue that people are attentive to the environment surrounding them, and form opinions and evaluations based on personal observation, informal interaction and mass media (Books and Prysby (1991), Cox (1969); see also Marsh (2002) for a critical review of contextual effects). Voters observe public officials and institutions, and evaluate their performance. They experience the outcomes of good or bad governance in schools, hospitals, or other public institutions and learn from media about the performance of institutions in other communities. In a country with a high level of corruption, people consider officials corrupt, and believe "even people whom the law requires to act in the service of the public cannot be trusted" (Teorell 2009). In contexts with inefficient bureaucracy, individuals deal with red tape and incompetent public officials, hear about the ease of implementing public policies, and conclude that the bureaucratic system does not work. For those voters who try to build a business, governmental regulations and the ease of dealing with administrative issues give them cues to evaluate governance performance. Citizens also can infer about the quality of governance by learning about the level of crime and judicial efficiency, or how performing the schools, hospitals, public transportation or communication systems are.

Individuals may or may not know which actors, organizations, or institutions are responsible for the governance performance, they may or may not differentiate between the central government and non-governmental organizations' role, but if they react to the quality of governance, they will blame the actors who have political legitimacy or can be held accountable. In the new governance mode, central government is still one of the actors that citizens elect directly, and studies showed that people manifest a stronger preference for the organization and control of public services in the hands of elected bodies (Miller and Dickson 1996). Despite the increasing devolution process, central government still has the decision power over many social and economic issues, and voters can sanction it for the quality of its institutions.

There are arguments, however, that voters do not have all information necessary to assess the quality of government and the clarity of responsibility within the political system conditions their ability of identifying whether the incumbent is to be blamed for the existent conditions. It is often suggested that democratic accountability and

the delegation process are problematic because agents and principals have conflicting interests and principals lack information about their agents' activities (Strøm 2000). Some scholars, nevertheless, claim that the paradox of ignorance (i.e. the claim that the rational voter is uninformed about economic and political issue) exaggerates the degree of voter lack of political knowledge (Aidt 2000). Others argue that voters use cues efficiently to make reasonable decisions and evaluate officials' activity (Lupia 1998)

Scholars showed that voters are able to assess the real economic conditions and make evaluations of economic performance (Kramer 1971; Lewis-Beck and Stegmaier 2000; Sanders and Gavin 2004). While some studies on governance found little correlation between the subjective and objective measures of government performance (Swindell and Kelly 2000; Van Ryzin 2008), other studies suggest that citizens were accurate in their predictions of the conditions of public services in their community (Ostrom 1999), and conceptually similar subjective and objective indicators were found to be statistically associated (Parks 1984). Nevertheless, new developments in public policy and administration theories of governance indicate that the decentralization of decision power to non-governmental actors (private or public-private collaborations) makes it even harder for voters to distinguish the role of political actors in promoting good governance (Chhotray and Stoker 2008; Rhodes 1997; Richards and Smith 2002; Tuohy 2003). However, national and local political actors are the only ones who have decision power, and can change the public service providers.

Despite the contradictory arguments on electoral accountability of governance, there are reasons to believe that governance matters in elections, and voters should pay attention not only to the economy, but also to the quality of governance in a democratic system. Declines in good governance are expected to erode electoral support for the incumbent, while an enhancement of its performance to bring more votes to the party/parties in power. The electoral support of all four aspects of governance (i.e. corruption control, bureaucratic efficiency, judicial effectiveness and regulatory quality) is expected to vary. Voters and mass media pay attention more to some aspect of governance than others, so their consequences on electoral outcome are expected to differ respectively. For example, political unscrupulousness is a more engaging topic for both media and voters than bureaucratic efficiency, while regulatory quality is of interest mostly for citizens involved in a business. I also expect that, if significant, the role of the quality of governance in getting the incumbent reelected is comparable to the role of economic performance. The economy may be the key to assure popular support, but voters cannot enjoy the benefits of a prosperous economy if the institutions and governance mechanisms are not performing well. And even if the incumbent would receive voters' appreciation for their economic

performance, they would be punished for the difficulties and drawbacks voters encounter when interacting with the political and public institutions.

6.3 Research design

In order to test empirically for the effect of governance on election outcomes, one needs data for vote share of the incumbent and corresponding indicators of quality of governance for two consecutive elections. Incumbent support is calculated from the ParlGov database (Döring and Manow 2010), which provides the election results for 38 European and OECD countries between 1900 and 2012. The response variable is change in vote share for the incumbent between two consecutive elections. For elections when the prime minister party was in a pre-electoral alliance or the party split during the electoral cycle, I would have to disentangle its vote share from the vote share of the alliance in order to calculate the dependent variable for these elections. Considering the level of measurement error these calculations could add to the dependent variable, I decided to drop those elections from the dataset. Given that the available indicators for governance performance are between 1984 and 2011, the analysis includes only 154 parliamentary elections in 29 countries. Because of the nature of the data, each case is an election in country c at time t . I cannot use panel data analysis because of the elections missing in several countries, but I still have to control for the dependence between multiple elections in the same country. To do that, I use the Huber-White standard error clustered according to country.²⁹

In this chapter, governance is measured using the International Country Risk Guide (ICRG 2012) indicators of bureaucracy efficiency, corruption, business regulation, and judicial effectiveness, which correspond to the four aspects of good governance used in the previous chapters. The ICRG indicators are calculated based on the evaluations of the Political Risk Group (PRG) editors using pre-set questions about the political risk in each country. This dataset has indicators available for all elections between 1984 and 2011, which includes more cases than the World Bank indicators of good governance, available only from 1996. Appendix B describes the PRG indicators.

In order to measure support for the incumbent, I used the change in vote share for prime minister's party from last elections. Similar results were obtained when I calculated support for the incumbent as change in overall vote share for the coalition parties in the cabinet. If there were several cabinet changes during the term, I considered the change in vote share for the prime minister of the last cabinet formed before the elections. The key

²⁹See Moulton (1986) and Wooldridge (2003) for several applications of cluster-sample methods and Hellwig and Samuels (2008) for an example of using cluster standard error in economic voting models

independent variables are point change in corruption, bureaucratic efficiency, business regulation, judicial effectiveness, and overall quality of governance between elections.³⁰ High values of these variables indicate an improvement in good governance, and thus a decrease of the political risk in the country.

Compared to the volatile leading indicators of economic conditions (e.g. unemployment, inflation), quality of governance is a slowly changing dimension of government performance. In the sample, the level of corruption remained constant in over 53% of electoral cycles in the analysis, while the overall governance in 13% of cases. The biggest drop in overall governance was -0.75 in Poland (from 1997 to 2001), while the biggest improvement was 1.25 in Hungary (from 1994 to 1998). Using change in governance in one electoral cycle/term and not in the year before the elections offers a higher variance of this variable, and a higher certainty that voters had time to notice those changes. Given that the impact of change in governance on electoral results can be influenced by the level of governance at the beginning of the electoral term, a variable measuring the level of governance in the previous elections - past good governance - is included in the model. Because of the strong association between governance and economic development (Gradstein 2004; Kurtz and Schrank 2007) I also control for the level of economic development.

The other control variables included follow the literature on the main determinants of electoral support for the incumbent. Thus, I include economic growth as the year percent change in real GDP in the election year to account for the positive consequences of the economy on incumbents' electoral support. To address potential differences in government support due to the democratic quality, I control for democratic experience. The number of years of democracy is preferred to the polity rating measure, since the latter includes other aspects of institutional quality that could be directly linked to governance indicators. I also control for whether the incumbent is a coalition, and if the election took place after the economic recession in 2008. To take into account the stable base of political parties given the partisanship and social cleavages in the country, I include previous vote share for the incumbent in the previous elections. Powell Jr and Whitten (1993) argued that using the results from previous elections gives identical coefficients in models using incumbent vote share or change in incumbent's vote share as dependent variable. These models measure then how change in governance alters the base of support of the incumbent.

³⁰ I also tested these models using change in governance during the cabinet's electoral term, considering that in case the cabinet was named in power later in the electoral cycle and could not be blamed for the governance performance of the whole electoral cycle, but the results were not significantly different.

6.4 Results

All five OLS models explaining change in vote share for the chief executive (prime minister parties) are included in Table 6.1. Each model includes the indicators of change in the five features of governance - control of corruption, business regulations, bureaucratic effectiveness, judicial efficiency and overall good governance, and an identical set of control variables. The coefficient estimates seem to support our expectations that incumbents benefit out of good governance and improvement in good governance - all coefficients are positive, thus an improvement in governance brings more votes to the government. A rise in overall governance gives incumbents an advantage in the next elections, and this effect is statistically significant for the electoral support of both prime minister party and coalition parties. Thus, PM parties receive on average 6% more votes for one point increase in governance effectiveness, or almost 2% for one standard deviation rise in good governance.

Among all features of governance in the analysis, corruption control is the only statistically significant one. One of the immediate explanations is that scandals of corruption are highly publicized by media and capture citizens' attention faster than debates about bureaucracy or business regulations. It could also be that the opposition discourse against the government is more forceful when it comes to corruption and the blame is directly linked to the cabinets' members. A prime minister's party can increase, on average, their support in future elections by almost 2.7% of votes, if corruption decreases by one point, or by 1.8% for one standard deviation drop in corruption, keeping everything else constant.

A quick look at the control variables included in the analysis shows that a 10% economic growth brings on average 5.7% more votes to the incumbent. Previous studies estimated a similar impact of economy on electoral results. Incumbents with a large base - a high absolute vote received in the last elections (previous share) and high level of governance performance (past good governance) - lose electoral support easier in the next elections. Looking at the positive statistically significant coefficient of economic development, one can say that, all else being equal, incumbents have an advantage in prosperous democracies. All the other control variables in the model do not have statistically significant coefficients, but if they were, their effect would have been as expected: in a coalition, the prime minister party is more vulnerable and can lose more of its previous support, incumbents lose more votes after 2008 than before the financial crisis and in older democracies.

Table 6.1: Ordinary least square regression of change in vote share of the Prime Minister's party

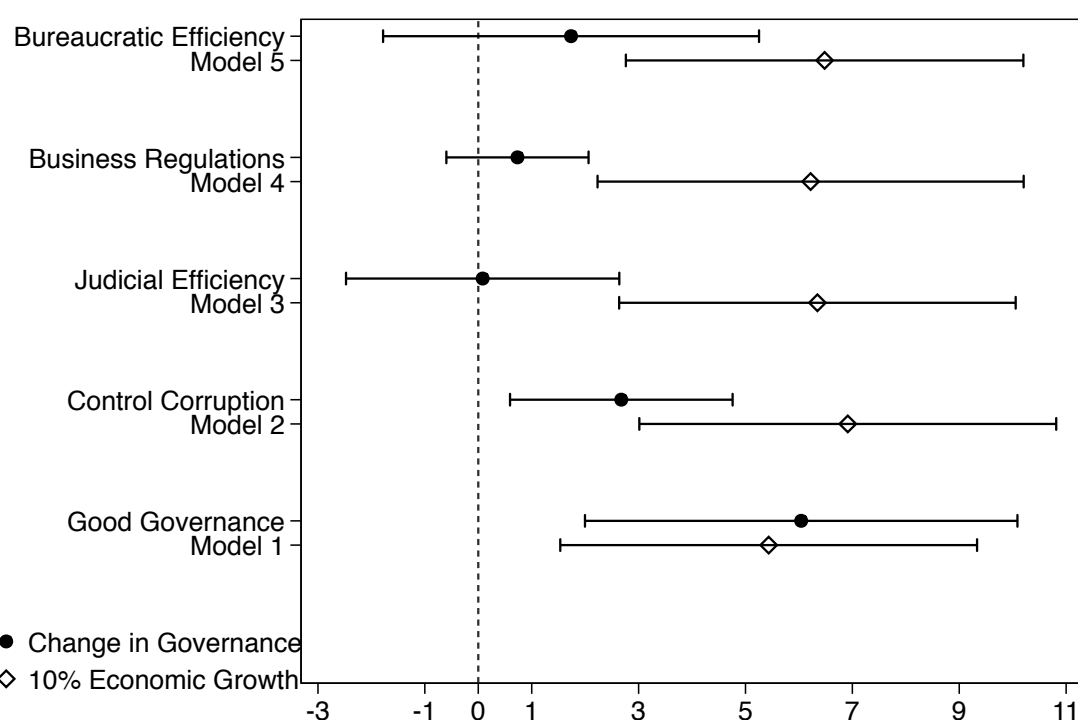
	Model 1	Model 2	Model 3	Model 4	Model 5
Previous Vote Share	-0.269*** (-0.082)	-0.251*** (-0.078)	-0.247*** (-0.081)	-0.223*** (-0.078)	-0.246*** (-0.085)
Economic Growth	0.543*** (-0.191)	0.691*** (-0.191)	0.635*** (-0.182)	0.622*** (-0.195)	0.648*** (-0.182)
Democratic Experience	-0.00197 (-0.017)	-0.0139 (-0.016)	-0.00409 (-0.015)	-0.016 (-0.013)	-0.00883 (-0.021)
Coalition	-0.525 (-1.466)	-1.05 (-1.409)	-0.289 (-1.497)	-0.444 (-1.505)	-0.357 (-1.738)
Recession	-2.89 (-2.047)	-3.859* (-2.142)	-3.667* (-2.082)	-2.923 (-2.036)	-3.241 (-2.090)
Economic Development	4.192*** (-1.384)	3.216** (-1.366)	3.363** (-1.284)	2.994* (-1.651)	3.345*** (-1.205)
Past Good Governance	-2.031 (-1.322)				
Change in G. Governance	6.043*** (-1.981)				
Past Corruption Control		-0.5 (-0.574)			
Change in C. Control		2.677** (-1.020)			
Past Judicial Effectiveness			-1.317 (-0.939)		
Change in J. Effectiveness			0.082 (-1.252)		
Past Business Regulations				0.166 (-0.563)	
Change in B. Regulations				0.733 (-0.651)	
Past Bureaucratic Efficiency					-0.559 (-1.346)
Change in B. Efficiency					1.736 (-1.722)
Intercept	-26.67** (-11.870)	-23.92* (-13.810)	-22.08* (-12.680)	-26.67* (-13.170)	-25.93* (-12.710)
Observations	154	154	154	154	154
R ²	0.332	0.319	0.266	0.26	0.263

***: $p \leq .01$; **: $p \leq .05$; *: $p \leq .10$

Note: Similar results are obtained when we estimate the same model for change in vote share for the cabinet parties, or when we consider the change in governance during the cabinet's term, and not the electoral cycle.

Figure 6.1 presents graphically the change in incumbent's support for one point change in governance and 10% economic growth, based on the results extracted from Table 6.1. Using these measurements makes the comparison between the effect of governance and economy easier. As expected, some aspects of governance matter more in elections than others. Corruption is the element with the strongest impact among the features of governance, while business regulations have the smallest average effect. However, their joint effect (overall good governance) is an important predictor of the prime minister's electoral support in an absolute sense or relative to economic growth. Prime minister's party loses on average 5.4% votes for a 10% decline in economy, and around 6% votes for a point drop in the quality of governance (this comparison should take into account the fact that the 95% confidence intervals of these estimates overlap).

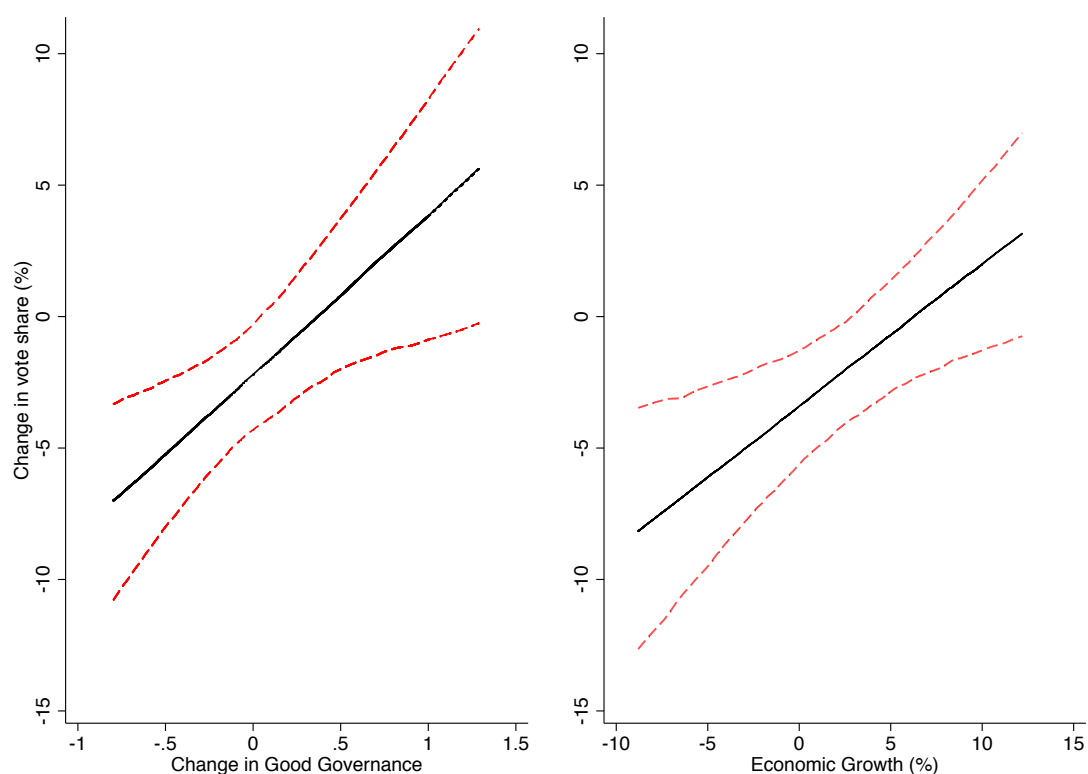
Figure 6.1: The coefficients of economic growth and change of quality of governance in five models of support for the incumbent and their 95% confidence intervals



The dot points represent the estimate coefficients of the percentage change in each governance indicators from last elections in a model predicting vote share for a prime minister party. The rhomb points represent the estimate coefficients of a 10% economic growth in Models 1-5. The horizontal lines indicate their 95% confidence intervals calculated based on robust clustered standard errors. The detailed results of all 5 models are presented in Table 6.1. Similar results are obtained when one uses percentage change in governance during the cabinet's term or when the dependent variable is change in vote share for all cabinet parties.

To have a better look at how change in governance and economy affects incumbent's results, I calculated the expected change in vote share for the prime minister across the observed change in good governance and economic growth. Figure 6.2 presents the expected change in vote share for the prime minister party in single party cabinets, with 34% vote share in previous elections, in countries with 50 years of democracy, an average level of economic development and overall governance in the previous elections, before the economic crisis in 2008. When there is a 3% economic growth (right-side graph in figure 6.2), an incumbent party with 34% electoral support in the previous elections can keep its support in the next elections if there is an increase in governance of more than 0.37 (the average expected value is almost 0, with a 95% confidence interval between -2.5 and 2.5%). In countries with almost no change in governance (the mean of point change in governance is 0.05, left-side graph in figure 6.2), the incumbent gets to keep its previous electoral support if the economic growth is higher than 6.5%.

Figure 6.2: Expected change in vote share for the prime minister's party across the observed range of change in good governance and economic growth



Expected values calculated for the observed range of change in good governance and economic growth using Clarify (King et al. 2000). The dotted lines represent the 95% confidence intervals of the expected values on the black line.

6.5 Error in change in censored governance indicators

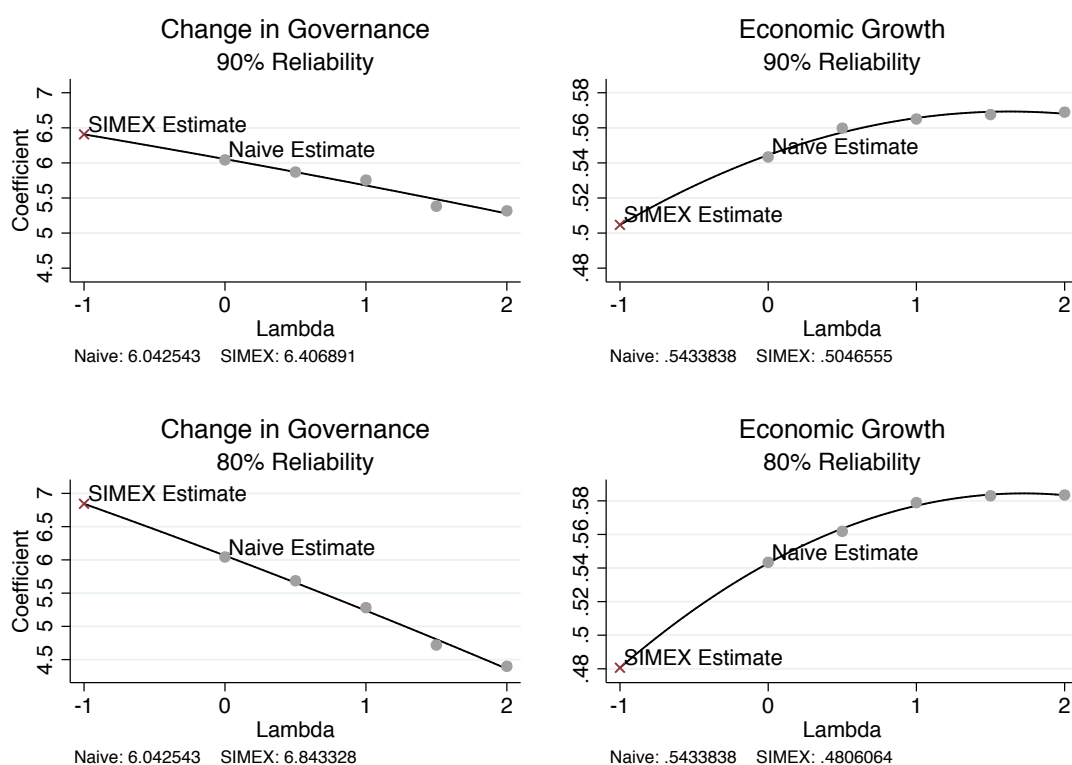
The ICRG indicators are scales from zero to six. This means that for high values of the governance indicator (four, five or even six on a six point scale) the change in governance cannot be more than two, one, or no change accordingly. For the latter, the ICRG editors would not report any positive change even if there would be one. One could argue that using censored indicators of governance in calculating the change in governance leads to measurement error, which then leads to biased coefficients. To see how the impact of governance and economy would differ if the indicators of change in governance would not be measured with error, I used the method of simulation extrapolation for fitting models with additive measurement error (SIMEX) (Hardin et al. 2003). I did not have any replicate measurements, so I considered two possible cases: when governance and change in governance are measured with 80% or 90% reliability. This was necessary in order to specify the error variance-covariance matrix, where the error variance is the variance of the indicator weighted by 100% minus the reliability levels.

Figure 6.3 shows the coefficient estimates for change in quality of governance and economic growth in Model 1 (Table 6.1) when quality of governance in the last elections and the change in governance between elections is measured with error. I calculate the coefficients of change in governance and economic growth for two situations: when the reliability of governance and change in governance is 80% (upper graphs) or 90% (lower graphs). I assume the covariance between the errors of both indicators to be 0. The estimated coefficients are calculated as a quadratic extrapolant of the scale factor λ_j (lambda), for how much extra measurement error is added to the error-prone variable. The dots represent the average of the estimated coefficients from 50 simulations for each scale factor λ_j (lambda). When $\lambda=0$, the estimate is the coefficient from a naïve regression, where we assume that our indicator was measured without error. When $\lambda=-1$, the estimate is the simex estimate correcting for the measurement error for 90% or 80% reliability. Higher values of lambda represent extra measurement error in change in good governance. The differences between the simex and naïve estimate are significantly smaller when one excludes the level of good governance from the model.

We can see that the estimated coefficients of change in good governance are higher when one controls for the measurement error, and the coefficients of economic growth are biased towards higher positive values when change in governance was measured with error. Using the simex method, however, does not solve the recent issues concerning the uncertainty in the estimation and nature of the governance indicators (Bovaird and Löffler 2003; Devarajan 2008). In a nutshell, the impact of governance in the elections is found to

be even higher than our model estimated in Table 6.1, if one assumes that quality of governance and change in good governance are measured with error and tries to control for that.

Figure 6.3: The coefficient estimates of change in good of governance and economic growth, and the effects of measurement error in variable change in good governance in models of support for the incumbent



The graphs show the coefficient estimates for change in quality of governance and economic growth in Model 1 (Table 6.1) when quality of governance in the last elections and the change of governance between elections is measured with error. I calculate the coefficients of change in governance and economic growth for two situations: when the reliability of governance and change in governance is 80% (upper graphs) or 90% (lower graphs). I assume the covariance between the errors of both indicators to be 0.

6.6 Conclusion

Domestic politics is not a closed circle game when it comes to governance. Elections are not only about economy or social issues, but also about the quality of political institutions. Despite the fact that governance is still a mysterious, fuzzy concept in voters' day-by-day life, incumbents lose their support when there is a decline in the overall quality of governance or a rise in corruption, and are rewarded when institutions perform better.

Politicians have then reasons other than aid conditionality or international pressure to focus on governance, since a point increase brings on average 6% more votes.

When the role of governance and the economy in elections are compared, a 10% economic growth offers incumbents almost the same electoral support as a point increase in the quality of governance. However, governance and economy are interconnected systems and a chief executive will have problems choosing to focus its resources only on promoting economic growth without considering governance, since economic development is contingent on good political institutions and, at the same time, fosters good governance. Thus, a comparison between economy and governance seems unreasonable and governments need to find a balance between the two if they want to stay in power.

When one talks about good governance, the first thought goes to political corruption. This is indeed one of the only features of governance that has a statistically significant effect in our models of electoral outcome, but its impact is a quarter of the overall governance effect. Based on the election results, one could say that politics is not only about corruption and, despite the prompt reaction of voters and mass media to corruption scandals, political misbehavior is just one aspect of governance that matters in elections. Other features of good governance – i.e. bureaucracy, business regulations or the judiciary system – have a joint effect on support for the incumbent. Their small independent effect can be explained by the low interest the average voter pays to each of them, separately. Business people, for example, have a special self-interest in how businesslike the bureaucratic system is or what business regulations are implemented. This can then affect their campaign contributions for the incumbent.

One risk researchers need to avoid in using aggregate level analysis is the ecological fallacy. This analysis does not make inferences about voters' perceptions of governance and how much this matter in vote decisions. Future research will show whether individual assessments of the quality of governance follow the changes ICRG or World Bank indicators measure and how much this matter for final vote decision. Governance evaluations can be a key independent factor explaining voting behavior or they can be incorporated in voters' evaluations of overall government performance, which many studies have already showed to be relevant in re-electing the incumbent.

The results showing that politicians should pay attention to governance if they want to keep their position have important implications for the general debate on electoral democracy. The aim is to have not only a democratic system focused on economic development, but a well-performing governance that assures transparency, accountability, efficient business regulations, a low level of crime and corruption.

7 Conclusion

This dissertation is an empirical study of the role of quality of governance on individual behavior in an absolute sense or relative to the role of political institutions. While such a project is valuable in its own, the focus on macro-micro interactions between the quality of governance and political behavior has significant implications for how one thinks about electoral democracy, political behavior, and contextual effects. This last section presents the findings of this dissertation, discussing especially their substantive and normative implications for electoral democracy, the limitations of this dissertation and how they were or can be addressed, and the contribution of this dissertation for comparative political behavior, political institutions, and contextual analysis research.

Not surprisingly, the results show that the quality of governance plays a significant role in people's life. Living under bad governance was found to have negative consequences on peoples' confidence in political institutions. Citizens also feel less represented and despite their higher need for social protection, are less willing to pay for more taxes under bad governance. Nevertheless, people have been found to react to these conditions: they vote less on ideological promises or partisan sympathies, but value more incumbent's good performance in their vote decision under bad governance, and when governance worsens incumbents are punished. Thus, focusing only on finding the best institutional design ignores a critical aspect of what the best political system is. How efficient political institutions are in generating and promoting good policies, how impartial and fair the interaction of political and public actors with citizens is, what kind of regulations of the private sector government supports, affects not only the economic development of that country but also people's life, preferences, and actions.

7.1 Implications

From a normative point of view, one of the most important negative consequences of bad governance on democratic performance is making people be less confident in political and public institutions and feel less represented by political actors. One of the immediate explanations of this result is that under bad governance people perceive political and public actors as incompetent, so they do not trust that they will deliver what the unwritten contract between citizens and their representatives implies. They can also think that the rules and regulations that do not allow these actors do perform well. In both circumstances, the psychological theory of trust predicts that the trust relationship between the truster (i.e. citizens) and the trustee (i.e. political agents) can be rebuild if the trustee

proves his competence again. Hence, one needs to promote better practices and adequate procedures and regulations, as well as competent political actors and bureaucrats in order to improve people's trust. Future research could explore further how this repair process works and how much improvement in good governance is necessary to change people's mind.

How important political trust is for the performance of democracy is still an unsolved issue in the political science literature. Some scholars argue that political distrust erodes the legitimacy of the system (Hetherington 1998), while others argue that skeptical citizens are in fact good for the improvement of the system (Norris 1999a). The results in other chapters of this dissertation support both approaches. On the one hand, we saw that people do adapt their decision to the context and are more skeptical about ideological promises or political sympathies under bad governance, which could be seen as a rational reaction to the context, but also a sign to the political actors that improvement is needed. On the other hand, people do feel less represented and think it does not matter who wins the elections, which is a sign of lower legitimacy for the political actors. However, since I was unable to empirically test the relationship between political trust and ideological vote, or political trust and perceived representation and accountability because the variables used were from different datasets, the above statements should be seen only as theoretical assumptions until research examines them empirically.

Another important finding for electoral democracy is that voters react to the political environment and change their voting behavior accordingly. Under bad governance, people factor less incumbent's policies and ideological position and even their sympathy for the government party in their vote decision. However, they reward a good performance more than they would do under good governance. This implies that ordinary voters try to take reasonable decisions given the conditions in the country. Interesting is, however, that people do that despite the fact that, under bad governance they are more likely to think that who wins the elections does not make a difference. One could argue that this is an irrational behavior and people should have fewer incentives to vote or change the incumbent if they think that no matter who wins the elections things do not change. I argue that people's perceptions of no external efficacy are a result of the inefficient system and a low level of political trust, but the fact that people still look for the lesser of two evils indicates that they actively try to find the right actors to change the system, and their competences more than politicians' policy positions are relevant then.

Another relevant finding with policy implications is that, as governance worsens people want more government protection but are less willing to pay higher taxes. Under bad governance, the gap between these preferences is that high that people seem to support

welfare state policies when they are asked about social protection, but they are against welfare state policies when it comes to paying taxes. This gap is not present in countries with efficient governance. Once again, citizens are seen to behave as rational actors who take decisions based on expected future benefits and who evaluate the ratio between the costs of inefficient public and political institutions under bad governance and the risks that bad governance can imply for their own income stream. They support less redistribution because the extra costs of financing an inefficient system are higher than the risks of needing financial help. However, people could have humanitarian reasons to support more social protection under bad governance if they feel that the level of uncertainty and fairness affects especially those people who cannot provide for themselves.

The gap in support for income redistribution and social protection should be of concern for politicians. It is difficult to provide policies that would satisfy citizens' preferences, and thus people under bad governance are not content with the policies implemented. This could explain why they factor less ideological and policy-based matters in their vote decision and why incumbents lose electoral support under bad governance than when governance excels. These results are also a good indicator of why people feel less represented in bad governance. With divergent preferences for welfare state policies, they feel that their interests are not considered when taxes increase to provide social protection, or social services are cut to reduce the level of income redistribution.

Politicians should also refocus some of their attention now dedicated to economic growth on good governance. As we saw in chapter 6, improvements in good governance matter as much as the economic growth for the vote share of the prime minister party. Even if the indicators of governance from that analysis would only measure changes in the perceptions of good governance, the results are still a good indicator of the fact that incumbents' electoral support is dependent on factors other than the economic growth and politicians should be attentive to the factors that generate these perceptions: e.g. media scandals on corruption, changes in business regulations or bureaucracy.

One aim of this dissertation was to compare the role of governance to the role of political institutions in explaining political behavior and the results as the ones above reflect that. Bad governance explains alone 22% of the country level variation of preferences for income equality, while including the institutional design indicators (e.g. democratic experience, government spending, economic development level) does not add much explanatory power to the model in chapter 3. The quality of governance is also a good predictor of feelings of substantive representation, as well as of the ideological vote and party effects in comparison to other political institutions in the majoritarian vs. consensus democracy contrast, that had been seen as well-established predictors of this type of political behavior before.

However, quality of governance does not always have a better or comparative effect than institutional design. Bad governance has a statistically significant effect on preferences for social welfare policies but it explains alone only 5% of its country-level variation and does not add up much to the explanatory power of the model after controlling for other institutional predictors. Also, the economic vote is better explained by the number of parties than quality of governance in chapter 5.

7.2 Limitations

This dissertation has however several limitations that need to be taken into account when considering its implications. First, the universe of cases differs from one analysis to another. Generally, the analysis on preferences and attitudes are done in both democratic and non-democratic countries in chapters 2 and 3, while the electoral behavior is examined in countries with free elections in chapters 4, 5 and 6. Even so, the countries included in these analyses differ because the survey questions were not administered in all countries in the World Value Survey or CSES studies and the macro indicators were not available for all of them either. I had to make a compromise between keeping the countries with common predictors and increasing the number of level 2 observations, which are essential for multilevel models and the variation of the outcome variables. Thus, the results should be generalized only for the countries in the analysis. These countries can be considered good proxies but unfortunately not representative for the other democratic and nondemocratic countries in the world. This is one of the main caveats of multilevel analysis where level 2 observations are countries: it is difficult to use a randomly selected sample of all countries in the world.

Even from the beginning, the macro indicators of quality of governance were seen as having limitations. In the introduction chapter, I stated the concerns raised in the literature regarding the worldwide governance indicators: they are not objective measures of governance but subjective assessments of what the governance is or should be about, and the assumptions underlying their measurement are unclear and can lead to error. First, if the governance indicators measure subjective evaluations of good governance than the results in this dissertation should be seen as: when the predominant perceptions of governance are low people will feel less represented, vote less based on ideological matters or party sympathy and ask for less redistribution but more social welfare programs. Additionally, if these predominant perceptions are lowered during an electoral term the incumbent loses electoral support. However, these perceptions could be influenced by the actual level of governance performance or by temporary events – as scandals or media attention on a

particular aspect of governance. Also, it is still unclear whether these perceptions are based on real institutional performance or general beliefs funded on the political culture in the country. Considering that the Worldwide governance indicators are calculated from 35 different sources which ran the experts or public surveys at different time during the year, the final indicator of governance is only partially biased towards a political scandal at some point during the year. Future research can examine how much influence these scandals have and whether their effect disappears after the media stops covering it.

The fact that governance indicators can be driven by the social culture in a country was discussed in chapter 5. I disentangled the effect of the cultural corruption from corruption control by using a measure of how much national delegates engage in corruptive behavior outside their country as a proxy of how much corruption is embodied in the cultural norm in that country. The impact of corruption on political behavior remains the same after controlling for cultural corruption, which indicates that corruption control affects individual behavior and attitudes independently of the social norms in the country.

The strong assumptions and the errors the indicators of quality of governance come with remain, however, important empirical limitations of this dissertation until better measures of quality of governance are created. In chapter 6, the simex methods showed that assuming that the ICPRG indicators are measured with less error would lead to a even stronger relationship between change in governance and political accountability. Developments of the simex methods for multilevel models could show whether the same applies to the link between governance and other aspects of political behavior in the other four chapters of this dissertation. But, the high correlations between the worldwide governance indicators of corruption control, regulatory quality, bureaucratic efficiency and judicial effectiveness make it difficult to identify empirically which aspects of governance have a stronger effect on political behavior and attitudes (in chapter 2 and 6). Hence, the operationalization of good governance should focus not only on finding better sources, but also a better division between governance features.

The theoretical arguments of this dissertation were based on two important assumptions: that people are attentive to the context around them and that they form evaluations over the performance of political and public institutions which are then reflected in different aspects of political behavior under investigation here. Scholars have showed that people's subjective evaluations are highly correlated with the objective indicators of governance (Ostrom 1999; Parks 1984), but how accurate this link is when it comes to institutional performance is worth investigating further. Also, examining how attentive people are to their environment and which aspects are factored in their perceptions is relevant not only for the research on the role of quality in citizens' life, but also for the contextual analysis

field since it offers a new perspective on the macro-micro interaction between institutions, political and public actors and citizens.

The results in this thesis raise questions about the consequences of individual behavior and attitudes on the quality of the governance in the country. I focused only on the role of governance performance in political behavior, but there is also the recursive effect of political behavior on the quality of governance. First, studies showed there is an interconnected link between trust and corruption (Della Porta and Vannucci 1999; Hetherington 1998; Morris and Klesner 2010). In chapter 2, we saw that bad governance this year is followed by a lower level of trust next year. The low level of trust this year can then increase the number of corruptive practices be more popular. This is like a vicious circle, expected also when it comes to the connection between good governance and representation and accountability. If people do not feel represented, they are expected to have fewer incentives to get involved into politics and militate for better governance. Also, when they want less redistribution but more social protection programs under bad governance, they will be less willing to accept more taxes and less social policies in order to redistribute the money to policies for governance improvement, and as a consequence governance would be getting worse.

7.3 Contributions

Despite its limitations, this dissertation makes an important contribution to contextual analysis, comparative political behavior and political institutions scholarship. Focusing on the macro-micro interaction between bad (good) governance and individuals' attitudes and behavior, this dissertation emphasizes the importance of contextual effects in thinking about individuals' political life, and shows that, along social composition and institutional design, the quality of governance is one of the key factors that conditions citizens' behavior and attitudes. In explaining current or future political phenomena, researchers need to have information not only about the regime type or social networks in the area/community, but also on how performing institutions and political actors are.

The results in this dissertation are relevant to the recent debate about good governance and economic development. As we saw in chapters 2 and 3, bad governance erodes popular confidence in political institutions and makes citizens feel less represented. Without political trust and representation citizens will support and comply less with government's pro-development policies and measures. Hence, well performing institutions, fair procedures and honest politicians are necessary not only for economic development and good democracy, but also for social support needed to promote them. Economic development

scholars should then consider citizens' attitudes and reactions to good governance when discussing the implications of the quality of governance in developing countries.

Good governance is important not only in developing countries but also in advanced democracies. And, as we saw in this thesis, its role in people's life is comparable to the role of political institutions. Comparative politics scholars have focused mostly on the design on the latter in an attempt of finding the best political system, but former's implications in political representation, welfare state preferences and electoral results indicate that the quality and performance of political institutions are as important as their rules and procedures. This has implications not only for electoral democracy but also for the new modes of governance (i.e. decentralization, devolution, public-private management). Decisions about decentralising public services or political responsibilities should be based on improving the quality of governance. Researchers need to identify the best practices for good governance, while politicians should include these in their policy programs, not only for their electoral survival, but also for citizens' happiness, representation, and satisfaction with welfare policies and redistribution process.

For political behavior and attitudes scholars, the results in this thesis offer a new explanation for the cross country variance. Individuals' attitudes and behavior are conditioned by political institutions, economic conditions, welfare system and the quality of governance. But, citizens were found to take reasonable decisions given the context they are in: they adjust their electoral behavior and preferences according to how efficient political actors and institutions are in meeting their expectations. It is then worth exploring whether this implies that individuals from a country with bad governance who move to a country with good governance will change their attitudes and behavior, and how long it takes for these changes to take place.

This dissertation also draws attention to the need of a unified theory of governance. We saw that good governance matters in citizens' life, but there are still unsolved issues regarding its' definition and measurement. Clear conceptualization and operationalization of quality of governance are essential for academic research and policy advice on how to reduce the negative consequences of bad governance in citizens' life.

Appendix A

Countries included in the empirical analyses

	Countries
Chapter 2	Australia (2005), Brazil (2006), Bulgaria (2006), Canada (2006), Chile (2006), Taiwan (2006), Cyprus (2006), Finland (2005), France (2006), Georgia (2009), Germany (2006), Ghana (2007), India (2006), Indonesia (2006), Italy (2005), Japan (2005), Mali (2007), Mexico (2005), Moldova (2006), Morocco (2007), Netherlands (2006), New Zealand (2004), Norway (2007), Peru (2006), Poland (2005), Romania (2005), Slovenia (2005), South Africa (2006), Spain (2007), Sweden (2006), Switzerland (2007), Thailand (2007), Trinidad and Tobago (2006), Turkey (2007), Ukraine (2006), Great Britain (2005), United States (2006), Burkina Faso (2007), Uruguay (2006), Zambia (2007)
Chapter 3	Albania (2002), Algeria (2002), Azerbaijan (1997), Argentina (2006), Australia (2005), Bangladesh (2002), Armenia (1997), Bosnia and Herzegovina (2001), Brazil (2006), Bulgaria (2006), Belarus (1996), Burkina Faso (2007), Canada (2006), Chile (2006), Colombia (1998), Croatia (1996), Cyprus (2006), Czech Republic (1998), Dominican Republic (1996), Egypt (2008), El Salvador (1999), Ethiopia (2007), Estonia (1996), Finland (2005), Georgia (2009), Germany (2006), Ghana (2007), India (2006), Indonesia (2006), Iran (2000), Italy (2005), Japan (2000, 2005), Jordan (2001), South Korea (2005), Kyrgyzstan (2003), Latvia (1996), Lithuania (1997), Mali (2007), Mexico (2000), Moldova (2006), Morocco (2007), New Zealand (2004), Nigeria (1995), Norway (2007), Pakistan (2001), Peru (2006), Philippines (2001), Poland (2005), Romania (2005), Russia (1995), Rwanda (2007), Slovakia (1998), Slovenia (2005), South Africa (2006), Zimbabwe (2001), Spain (2007), Sweden (2006), Switzerland (2007), Thailand (2007), Trinidad and Tobago (2006), Turkey (2007), Uganda (2001), Ukraine (2006), Macedonia (2001), Tanzania (2001), United States (2006), Uruguay (1996, 2006), Venezuela (2000), Zambia (2007)
Chapter 4	Albania (2005), Australia (2004), Bulgaria (2001), Brazil (2002), Quebec (2004), Canada (2004), Switzerland (2003), Chile (2005), Czech Republic (2002), Denmark (2001), Spain (2004), Finland (2003), France (2002), Great Britain (2005), Hungary (2002), Ireland (2002), Iceland (2003), Israel (2003), Italy (2006), Japan (2004), Mexico (2003), Netherlands (2002), New Zealand (2002), Peru (2006), Philippines (2004), Poland (2001), Portugal (2002, 2005), Romania (2004), Russia (2004), Slovenia (2004), Sweden (2002), United States (2004)

Chapter 5

Albania (2005), Australia (2004, 2007), Austria (2008), Brazil (2002, 2010), Bulgaria (2001), Canada without Quebec (2004), Quebec (2004), Canada (2008), Chile (2005, 2009), Croatia (2007), Czech Republic (2002, 2006, 2010), Denmark (2001, 2007), Estonia (2011), Finland (2003, 2007, 2011), France (2002, 2007), Germany East (2002, 2005, 2009), Germany West (2002, 2005, 2009), Greece (2009), Hungary (2002), Iceland (2003, 2007, 2009), Ireland (2002, 2007), Israel (2003, 2006), Italy (2006), Japan (2004, 2007), Korea (2004, 2008), Latvia (2010), Mexico (2003, 2006, 2009), Netherlands (2002, 2006, 2010), New Zealand (2002, 2008), Norway (2001, 2005, 2009), Peru (2011), Poland (2001, 2005, 2007), Portugal (2002, 2005, 2009), Romania (2004, 2009), Russia (2004), Slovakia (2010), Slovenia (2004, 2008), Africa de Sud (2009), Spain (2004, 2008), Sweden (2002, 2006), Turkey (2011), Great Britain (2005), United States (2004, 2008), Uruguay (2009)

Chapter 6

Australia (1990, 1993, 1996, 1998, 2001, 2004, 2007, 2010), Austria (1990, 1994, 1995, 1999, 2002, 2006, 2008), Belgium (1991, 1995, 1999, 2003, 2007), Bulgaria (1994, 1997, 2001, 2005, 2009), Canada (1993, 1997, 2000, 2004, 2006, 2008, 2011), Cyprus (1996, 2001, 2006, 2011), Czech Republic (1996, 1998, 2002, 2006, 2010), Germany (1990, 1994, 1998, 2002, 2005, 2009), Denmark (1988, 1990, 1994, 1998, 2001, 2005, 2007), Spain (1989, 1993, 1996, 2000, 2004, 2008), Estonia (2003, 2007, 2011), Finland (1991, 1995, 1999, 2003, 2007, 2011), France (1988, 1993, 1997, 2007), Great Britain (1992, 1997, 2001, 2005, 2010), Greece (1993, 1996, 2000, 2004, 2007, 2009), Hungary (1994, 1998, 2006, 2010), Ireland (1989, 1992, 1997, 2002, 2007, 2011), Iceland (1995, 1999, 2003, 2009), Italy (1992), Japan (1990, 1993, 1996, 2000, 2003, 2005, 2009), Lithuania (1996, 2000), Luxembourg (1994, 1999, 2004, 2009), Latvia (1993, 1995, 2002, 2006), Malta (1992, 1996, 1998, 2003, 2008), Netherlands (1989, 1994, 1998, 2002, 2003, 2006, 2010), Norway (1993, 1997, 2001, 2005, 2009), New Zealand (1990, 1993, 1996, 1999, 2002, 2005, 2008), Poland (1997, 2001, 2007), Portugal (1991, 1995, 1999, 2002, 2005, 2009, 2011), Slovakia (1994, 1998, 2006, 2010), Slovenia (1992, 1996, 2000, 2004, 2008), Sweden (1991, 1994, 1998, 2002, 2006, 2010)

Appendix B

Quality of Governance

Worldwide Governance Dataset

These indicators are used in Chapters 2-5 and their high values indicate low quality of governance in each of these chapters.

Bureaucratic effectiveness - measured by the government effectiveness indicator, on a scale from -2 to 2. Recoded so that high values indicate low bureaucratic effectiveness.

Regulatory quality - measured by the indicator with the same name, on a scale from -2 to 2. Recoded so that high values indicate low regulatory quality.

Judicial efficiency - measured by the rule and law indicator, on a scale from -2 to 2. Recoded so that high values indicate low judicial efficiency.

Corruption - measured by the corruption control indicator, on a scale from -2 to 2. Recoded so that high values indicate high corruption

Bad governance - overall quality of governance, calculated as the average of the above four indicators. High values indicate low quality of governance or bad governance.

International Political Risk Group Dataset

These indicators are used to calculate change in the quality of governance in Chapter 6.

Corruption control – the indicator measures the level of corruption within the political system. Corruption is seen as excessive patronage, nepotism, job reservations, 'favor-for-favors', secret party funding, and suspiciously close ties between politics and business. It is measured on a scale from 0 to 6, where a score of 0 points equates to very high corruption and a score of 6 to very low corruption.

Bureaucratic efficiency – measured by the Bureaucracy Quality ICRG indicator, it assesses the institutional strength and quality of the bureaucratic system, whether

the bureaucracy is autonomous from political pressure, has an established mechanism for recruitment and training and can govern without drastic changes in policy and interruption in government services. Initially measured on a scale from 0 to 4, it was recoded in a 0-6 scale, where low values represent high-risk countries.

Regulatory quality – measured by Investment Profile ICRG indicator - is an assessment of factors affecting the risk to investment that are not covered by other political, economic and financial risk components. The initial risk rating assigned is the sum of three subcomponents, each with a maximum score of four points and a minimum score of 0 points. A score of 4 points equates to Very Low Risk and a score of 0 points to Very High Risk. The subcomponents are: Contract Viability/Expropriation, Profits Repatriation and Payment Delays. The final indicator was recoded in a 0-6 scale, with high values for low-risk countries, thus a well-performing business regulation system.

Judicial effectiveness – is measured by Law and Order ICRG indicator. The Law sub-component is an assessment of the strength and impartiality of the legal system measured on a scale from 0 to 3, while the Order sub-component is an assessment of popular observance of the law, also measured on a scale from 0 to 3.

Overall Governance - calculated as the average of the above four indicators. High values indicate high quality of governance or good governance.

The variables in the empirical analysis in Chapter 2

The individual-level variables in this chapter are from the World Value Survey Dataset (WVS 2009)

Confidence in political and political institutions - measures the response regarding respondent's confidence in a number of political and public institutions: *"I am going to name a number of organizations. For each one, could you tell me how much confidence you have in them: is it a great deal of confidence, quite a lot of confidence, not very much confidence or none at all?"*: The police, Parliament, the civil services, the government, the political parties The initial 4-point scale (from 1= a great deal to 4 = none at all) was reverted so the high values would measure high trust.

Age - the age of the respondent in years.

Education - measured with a 1-8 scale, where 1 = inadequately completed elementary education, 8 = university with degree/higher education.

Gender - dichotomous variable, coded 0 for female and 1 for male.

Income - this variable gauges income in a 1-10 scale created by WVS team.

Marriage status - dichotomous variable, coded 0 for not married (i.e. single, divorced, widowed) and 1 for married.

Postmaterialist values - post-materialist Index 12-item computed by the WVS team: 1=materialist, 5= postmaterialist.

Social trust - dichotomous variable, measured by the WVS question: *Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?* [0=Can't be too careful, 1= most people can be trusted].

Ideological position - self-positioning on the left-right scale – measure with a WVS question that ask people to place themselves on a left-right scale from 1 to 10. Question wording: *In political matters, people talk of "the left" and "the right." How would you place your views on this scale, generally speaking?* [1=left, 10 = right].

Democratic experience - polity score developed by Polity IV Project (Marshall and Jaggers Marshall and Jaggers). The score varies from -10 (strongly autocratic) to +10 (strongly democratic).

Economic development - measured as the logarithmic transformation of GDP per capital in current prices in US Dollars (International Monetary Fund 2013).

Plurality electoral system - dichotomous variable, coded 1 if plurality is used as electoral rule to select any candidate in any house, or if there is competition for the seats in a one-party state, and 0 otherwise. The variable was taken from the Quality of Government Standard Dataset (Teorell 2013) under the name of `dpi_plurality`, which had taken it from the Database of Political Institutions (Beck and Walsh 2001)

Proportional representation electoral system - dichotomous variable, coded 1 if Proportional Representation (PR) is used as electoral rule to select any candidate in any house, and 0 otherwise. The variable was taken from the Quality of Government Standard Dataset (Teorell 2013) under the name of `dpi_pr`, which had taken it from the Database of Political Institutions (Beck and Walsh 2001)

Quality of governance - from Worldwide Governance Dataset, described above. I use all five indicators from the Worldwide Governance Dataset.

The variables in the empirical analysis in Chapter 3

The individual-level variables in this chapter are from the World Value Survey Dataset (WVS 2009)

Preferences toward social welfare policies - measures respondents' answer to the WVS question: *Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left; 10 means you agree completely with the statement on the right; and if your views fall somewhere in between, you can choose any number in between. Sentences: People should take more responsibility to provide for themselves vs The government should take more responsibility to ensure that everyone is provided for.* Recoded so that high values indicate high support for "government should take more responsibility to ensure that everyone is provided for".

Preferences toward income redistribution - measures respondents' answer to the WVS question: *Now I'd like you to tell me your views on various issues. How would you place your views on this scale? 1 means you agree completely with the statement on the left; 10 means you agree completely with the statement on the right; and if your views fall somewhere in between, you can choose any number in between. Sentences: Incomes should be made more equal vs We need larger income differences as incentives.* Recoded so that high values indicate high support for "incomes should be made more equal".

Age - the age of the respondent in years.

Age² - age squared.

Education - measured with a 1-8 scale, where 1 = inadequately completed elementary education, 8 = university with degree/higher education.

Male - dichotomous variable, coded 0 for female and 1 for male.

Income - this variable gauges income in a 1-10 scale created by WVS team.

Married - dichotomous variable, coded 0 for not married (i.e. single, divorced, widowed) and 1 for married. people? [0=Can't be too careful, 1= most people can be trusted].

Ideology - self-positioning on the left-right scale – measure with a WVS question that ask people to place themselves on a left-right scale from 1 to 10. Question wording: *In political matters, people talk of "the left" and "the right." How would you place your views on this scale, generally speaking? [1=left, 10 = right].*

Unemployed - dichotomous variable: 1=unemployed, 0=otherwise.

Retired - dichotomous variable: 1=retired, 0=otherwise.

Democratic experience - polity score developed by Polity IV Project (Marshall and Jaggers Marshall and Jaggers). The score varies from -10 (strongly autocratic) to +10 (strongly democratic).

Economic development - measured as the logarithmic transformation of GDP per capital in current prices in US Dollars (International Monetary Fund 2013).

Government Expense - general government total expenditure, measured as percent of GDP (International Monetary Fund 2013).

Unemployment - unemployment rate measured as percent of total labor force (International Monetary Fund 2013).

Quality of governance - from Worldwide Governance Dataset, described above.

The variables in the empirical analysis in Chapter 4

The individual-level variables in this chapter are from the Comparative Study of Electoral Systems Module 2 and 3 (CSES 2013)

Perceptions of procedural representation - measures respondents' answers to the CSES question: *Thinking about how elections in [country] work in practice, how well do elections ensure that the views of voters are represented by Majority Parties: very well, quite well, not very well, or not well at all?*. The initial variable was recoded in a dichotomous variable with 1 being very well and quite well and 0 not very well or not well at all.

Perceptions of substantive representation - measures respondents' answers to the CSES question: *Would you say that any of the parties in [country] represents your views reasonably well?*. The variable is dichotomous with 1=yes and 0=no.

Perceptions of political accountability - measures respondents' answers to the CSES question: *Some people say it makes a difference who is in power. Others say that it doesn't make a difference who is in power. Using the scale on this card, (where ONE means that it makes a difference who is in power and FIVE means that it doesn't make a difference who is in power), where would you place yourself?*. The initial variable was recoded in a dichotomous variable. Values 1,2,3 - were recoded into 1 and 4,5 into 0, thus 1 means that it makes a difference who is in power and 0 otherwise.

Election winner - dichotomous variable, coded 1 if the respondent reported that she voted for one of the parties in the cabinet and 0 otherwise.

Political participation - calculated as an index of different items of participation: persuade others, campaign activities, contact politician or official, protest or demonstration, work with others who share the same views. These items were coded 1 if the respondent participated in the activity and 0 if the respondent did not participate or did not answer to that survey question. Thus, the index can take values from 0 to 5, where 5 means that the respondent participated in all 5 types of activities and 0 if they did not participate in any. If there were missing values in all 5 items, the index was coded as missing for that respondent.

Age - the age of the respondent in years;

Education low - coded 1 for primary education or less and 0 otherwise;

Education high - coded 1 for university education or more and 0 otherwise;

Income - personal income, divided into quintiles (from 0=lowest to 4=highest) by election;

Male - coded 1 for men and 0 for women;

Strength partisanship - constructed based on responses to Q18 and Q18E in the CSES survey (*Q18* = “Do you usually think of yourself as close to any particular political party?” *Q18E* = “[IF PARTY IDENTIFIED IN PREVIOUS QUESTIONS] Do you feel very close to this [party/party bloc], somewhat close, or not very close?”). It is coded 1 for those who do not feel close to any party, while for those who declared themselves as close to a party the variable is coded 2 = “not very close”, 3 = “somewhat close” and 4 = “very close”.

Democratic experience – years from the first democratic elections after the last regime change. In case the country is under an authoritarian regime, democratic experience is 0.

Corruption - Indicator of corruption from the Worldwide Governance dataset, described above. High values indicate high level of corruption in the country.

Elementary variables obtained from Vatter and Bernauer (2010): average annual values at the country level from 1997 to the year of the election covered in CSES2:

Number of parties - the effective number of parliamentary parties, based on Laakso and Taagepera’s (1979) formula.

Executive dominance - constructed on the 11-element index by Siaroff (2003) with type of the electoral system and the ability of committee members to influence party positions left out.

Electoral disproportionality - measures the disproportionality of the electoral system using Gallagher’s (1991) formula.

Corporatism - constructed as the sum of the standardized scores of centralization of wage-setting arrangements (1-3), trade union density (0-100), and collective bargaining coverage rate (0-100). The variable is not used in the analysis, but it is part of the executive-parties dimension.

Federalism - codes whether the country is legally organized on a federal or a unitary basis, with 2 = federalism, 1 = unitary states with federative features, and 0 = unitarism.

Decentralization - fiscal decentralization, constructed as the share of state (regional)

and local tax revenue in the total (local + state + federal) tax revenue. The variable is not used in the analysis, but it is part of the federalism-unitarism dimension.

Bicameralism - a 4-point scale that measures the degree of bicameralism following Lijphart (1999): 1 = unicameralism: no second chamber; 2 = weak bicameralism: political congruence, power asymmetry; 3 = moderate bicameralism: political incongruence, power asymmetry; 4 = strong bicameralism: political incongruence, power symmetry.

Constitutional rigidity - constitutional rigidity, classifying countries on a 1-5 scale with respect to the legal requirements for changing the constitution. Source: Lundell and Karvonen (2003). The variable is not used in the analysis, but it is part of the executive-parties dimension.

Judicial review - a 4-point scale of the degree to which law can be reviewed by a constitutional court: from 1 = no judicial to 4 = judicial review, high activism. The variable is not used in the analysis, but it is part of the executive-parties dimension.

Oversized/minority cabinet - calculated as aggregate value over time of the share of oversized and minority coalitions (the yearly values are 0 for one-party cabinets and minimal winning coalitions and 1 for oversized and minority coalitions).

Direct democracy - index of consensual direct democracy calculated by adding points for the forms and the use of consensual direct democracy: 1 point for “uncontrolled referendums”; 0 for plebiscites, 0.5 for mandatory referendums; 0.5 for each variant of direct democracy when a quorum of participation is required and 1 when a qualified majority is required, and 1 point for actual use of this referendum types except plebiscites.

Summary indices for three empirical dimensions of differentiation between consensus and majoritarian democracies obtained from Vatter and Bernauer (2010) : average annual values at the country level from 1997 to the year of the election covered in CSES2

Executive-parties - constructed by adding up the standardized scores of number of parties, executive dominance, electoral disproportionality, and interest group corporatism. The result is standardized once again for comparison with other dimensions. The signs of executive dominance and electoral system are reversed so that higher values always indicate consensus democracy.

Federalism-unitarism - constructed by adding up the standardized scores of federalism, decentralization, bicameralism, and judicial review. The result is standardized

once again for comparison with other dimensions.

Cabinets-direct democracy - constructed by adding up the standardized scores of cabinet type and direct democracy. The result is standardized once again for comparison with other dimensions.

The variables in the empirical analysis in Chapter 5

The individual-level variables in this chapter are from the Comparative Study of Electoral Systems Module 2 and 3 (CSES 2013)

Vote for the chief executive's party - only coded for respondents who gave a valid answer regarding their vote in the last national election in the lower or upper house. It is coded 1 when their vote choice is the prime minister (for presidential systems) party, and 0 otherwise.

PM party sympathy : measured on a 0-10 scale where 0 = strongly dislike and 10 = strongly like as a response to Q9[a:i] in the CSES survey: *I'd like to know what you think about each of our political parties. After I read the name of a political party, please rate it on a scale from 0 to 10, where 0 means you strongly dislike that party and 10 means that you strongly like that party. If I come to a party you haven't heard of or you feel you do not know enough about, just say so. The first party is [PARTY A].* Responses are selected according to the party that has the Prime Minister in power.

Government performance evaluations - measures the response regarding respondent's evaluations of government performance in general Q6. *Now thinking about the performance of the [government in [CAPITAL]/president] in general, how good or bad a job do you think the [government/president in [CAPITAL]] has done over the past [NUMBER OF YEARS SINCE LAST GOVERNMENT TOOK OFFICE, BEFORE THE CURRENT ELECTION] years? Has [it/he/she] done a very good job? A good job? A bad job? A very bad job?* The initial 4-point scales (from 4=very bad to 1=very good) was reverted so the high values would measure positive evaluations.

Ideological proximity - measures respondent's proximity to the prime minister/president party and the respondent based on the formula: ideological distance = | respondent left-right self-placement – party left-right position|. Respondent's left-right self-placement is measured on a 0-10 scale where 0 = left and 10 = right as a response to Q24 in the CSES survey : *"In politics people sometimes talk of left and right. Where would you place yourself on a scale from 0 to 10 where 0 means the left and 10 means the right?"*. Left-right self-placement was substituted with a Progressive-Conservative self-placement in the Japanese survey (*"Regarding the government, sometimes the terms Progressive and Conservative are used. Please rank yourself on a 0-10 scale with 0 being most progressive and 10 being most con-*

servative.“). Party left-right position is also measured on the same type of scale as a response to Q11a-I in the CSES survey: *In politics people sometimes talk of left and right. Where would you place [PARTY A] on a scale from 0 to 10 where 0 means the left and 10 means the right?*). Progressive-Conservative scale used in the Japanese survey.

Age - the age of the respondent in years;

Education low - coded 1 for primary education or less and 0 otherwise;

Education high - coded 1 for university education or more and 0 otherwise;

Income - personal income, divided into quintiles (from 0=lowest to 4=highest) by election;

Male - coded 1 for men and 0 for women;

Strength partisanship - constructed based on responses to Q18 and Q18E in the CSES survey (*Q18* = “Do you usually think of yourself as close to any particular political party?” *Q18E* = “[IF PARTY IDENTIFIED IN PREVIOUS QUESTIONS] Do you feel very close to this [party/party bloc], somewhat close, or not very close?”). It is coded 1 for those who do not feel close to any party, while for those who declared themselves as close to a party the variable is coded 2 = “not very close”, 3 = “somewhat close” and 4 = “very close”.

Democratic experience – years from the first democratic elections after the last regime change. In case the country is under an authoritarian regime, democratic experience is 0.

Number of parties - effective number of legislative parties as originally outlined in Laakso and Taagepera (1979), calculated by Gallagher and Mitchell (2008).

Electoral disproportionality - the least squares index (LSq), which measures disproportionality between the distributions of votes and of seats as originally outlines in Gallagher (1991) , calculated by Gallagher and Mitchell (2008).

The variables in the empirical analysis in Chapter 6

Change in vote share of the prime minister - the difference in vote share of the prime minister's party between two consecutive elections, calculated based on the vote share in Parlgov dataset (Döring and Manow 2010)

Economic growth – calculated as percentage change in GDP per capita (International Monetary Fund 2013).

Economic development - GDP per capital in current prices in US Dollars (International Monetary Fund 2013).

Democratic experience - measured in years since the country had the first democratic election (Marshall and Jaggers Marshall and Jaggers)

Coalition - dichotomous variable, coded 1 if the government was a coalition and 0 otherwise.

Recession - dichotomous variable, coded 1 if the election took place after 2008, and 0 otherwise.

Previous vote share - vote share of the prime minister's party in the previous elections. From the Parlgov dataset (Döring and Manow 2010).

Past quality of governance - the quality of governance in the year prior to the elections based on the indicators of the quality of governance from the IPRG dataset, presented at the beginning of the Appendix B.

Change in the quality of governance - calculated as the difference between different indicators of quality of governance in the year of the election and the previous year.

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