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Voting for direct democracy: Evidence from a unique popular initiative in Bavaria

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Voting for direct democracy
Evidence from a unique popular initiative in Bavaria*

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Abstract

We analyze a constitutional change in the German State of Bavaria where citizens, not politicians, granted themselves more say in politics at the local level through a constitutional initiative at the state level. This institutional setting allows us to focus on revealed preferences for direct democracy and to identify factors which explain this preference. Empirical results suggests support for direct democracy is rather related to dissatisfaction with representative democracy in general than with an elected governing party.

Keywords: Direct democracy; Voting; Initiative; Parties.

JEL classification: D72, H70

Political science classification: Direct democracy; Political behavior; Comparative politics; Party influence.

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1 Introduction

Look at opinion surveys by leading pollsters and you will find that contemporary citizens are relatively dissatisfied with the political system and interested in more direct democratic participation, possible even much more direct participation. The interpretation, evaluation and discussion of such survey results on representative versus direct democracy has been largely an elite affair and political consequences are rarely drawn. This is comprehensible because stated support for direct democracy in opinion surveys need not reflect actual preferences for direct democratic participation. Hypothetical situations and erroneous self-reflections combined with moral satisfaction (Who will state that she/he is against democratic participation?) may introduce bias and make it difficult to draw concrete policy conclusions.

Ironically but coherent with the prevailing view of representative democracy, citizens have seldom been allowed to decide themselves directly on extensions of direct democratic participation rights. While political scientists and political economists have explored many facets of direct democracy, no empirical investigation so far exploits revealed preferences for direct democracy by looking at a direct democratic decision to implement more direct democracy. Our contribution attempts to fill this literature gap.

We analyze a constitutional change in the German State of Bavaria in 1995 where citizens, not politicians, granted themselves more say in politics at the *municipal level* through a constitutional initiative at the *state level*. The constitutional change was accepted by a majority of Bavarian citizens and introduced important direct democratic instruments for municipalities, including municipal-level initiative petitions (*Bürgerbegehren*) and municipal-level initiative elections (*Bürgerentscheid*) which did *not* exist prior to 1995. The ruling party in the state legislature and government campaigned against the large extension of direct participation rights.¹ This unique institutional setting allows us to focus on revealed preferences for direct democracy instead

¹Overwhelming public pressure on this matter forced the ruling party to give up their general position against citizen participation and they subsequently campaigned for their own proposition which included a weakened version of citizen participation.

of analyzing opinion surveys, i.e. we focus on actual behavior of citizens in a real political decision with real consequences regarding the extension of direct democracy. Thereby, we extend the literature on preferences for direct democratic participation.

Dissatisfaction with representative democracy is often advanced as a reason for the support of more direct democracy. The institutional setting allows us to explore factors which drive revealed preferences for more direct democratic participation at the local level. Importantly, we can distinguish between dissatisfaction with representative democracy in general and distrust in the governing political party, in particular. Empirical results for over 2000 Bavarian municipalities show that support for direct democracy is *not* positively associated with suspicion and a lack of support of the elected governing party as common perception might suggest. Rather, stronger electoral support for the governing party at the state level is related to relatively lower demand for direct democracy. This result is suggestive for the view that dissatisfaction with politics is not linked to a specific elected governing party but rather to representative democracy in general with complements the existing literature on interpretations for support of direct democracy.

The remainder of this paper is structured as follows: Section 2 describes the related literature. Section 3 presents the institutional setting and the initiative for the extension of direct democracy. We discuss the data and the empirical strategy in Section 4 and present empirical results in Section 5. Section 6 offers concluding remarks.

2 Literature

In many countries, regions and local jurisdictions citizens rely increasingly on initiatives and referendums to take political matters into their own hands. Numerous studies analyzed the effects that direct democratic participation and decisions have on policy outcomes (see, among others, Noam (1980); Frey (1994); Feld and Matsusaka (2003); or recently Matsusaka (2005); Matsusaka (2008); Matsusaka (2010) for overviews). However, empirical evi-

dence is comparatively scarce on the support for the introduction of direct democratic instruments, in particular with respect to revealed preferences for direct democratic participation rights. Historically, the extension of direct democratic participation rights seems to be associated with discontent with politicians in general (Piott (2003)), who then grant more participation rights in an effort to appease voters. We contribute to the literature on the demand for direct democracy by analyzing a decision of voters (instead of politicians) to grant themselves more direct democratic participation.

Opinion polls in numerous countries show strong, almost overwhelming, demand of citizens for more direct influence on policy decisions (Bowler and Donovan (1994)). According to surveys of the International Social Survey Program in 2004 over 60 percent of survey respondents in the United States, Canada, Great Britain, and Spain agree or strongly agree that “referendums are a good way to decide important political questions”. In Austria, Germany and Switzerland support is over 80 percent. Other national and international pollsters offer similar numbers. Such support indications are usually based on opinion polls. Due to potential bias of surveys, the literature on the public approval of direct democracy is inconclusive (see, e.g. Dalton et al. (2001); Donovan and Karp (2006); Bowler et al. (2007)). Craig et al. (2001) show that survey answers for the extension of direct democracy differ markedly by the way the question is asked: If citizens make a distinction between the political elite and themselves, i.e. “Us versus Them”, large majorities agree with direct democracy while support is markedly weaker when asked about normal people’s capacity of participating. According to Dyck and Baldassare (2009) support for direct democracy varies on whether the survey questions the abstract institution rather than concrete details and Collingwood (2012) shows that support is lower when respondents are initially asked questions on ballot propositions. Bowler and Donovan (1994) show that higher educated people are more aware of ballot propositions and have a stronger opinion on them. Thus, it is, unfortunately, not clear that opinion polls for more direct democracy actually correspond to citizen preferences for it and whether they over- or understate actual preferences. Instead of focusing on hypothetical

support for direct democracy in opinion polls, our contribution analyses an actual ballot proposition for more direct democracy that lead to an important real constitutional change.

Extensive literature highlights the discrepancy between outcomes of opinion surveys and true preferences for politically important topics. The absence of reflected attitudes on certain issues can lead to improvised answers in surveys as well as opinions may change in relatively short periods of time (Zaller and Feldman (1992); Diamond and Hausman (1994)). Preceding questions, the interview manner, and the context all influence the answers and may lead to different survey outcomes or seeming preference indication of survey respondents (Diamond et al. (1993); Hanemann (1994); List (2002)). Proposed policies in surveys tend to be considered hypothetical and real costs and policy consequences are only partly taken into account or even unknown. Such hypothetical bias combined with moral satisfaction can cause the survey result to be widely inaccurate (Kahneman and Knetsch (1992); Diamond and Hausman (1994); Neill et al. (1994); Cummings et al. (1997); Murphy et al. (2005)). Regarding prevailing norms, this may be particularly true for surveys on direct democracy.

Focusing on actual referendum decisions provides a way to elicit revealed voter preferences directly. Referendums permit citizens to judge legislative proposals, rank them against the status quo, and they entail real policy outcomes (e.g. Schneider et al. (1981); Hersch and McDougall (1988); Bohnet and Frey (1994); Frey (1994); Frey 1997; Garrett (1999); Brunner et al. (2013); Stadelmann et al. (2013)). Voters in referenda put more time into thinking about a ballot decision and their incentive to state true preferences is higher as their decisions entail real consequences. Schlaepfer et al. (2004) and Schlaepfer and Hanley (2006) compared preferences in surveys conducted before the awareness of a referendum arises with decisions in the referendum and find that preferences indicated in surveys are largely incompatible with referendum outcomes. By analyzing a referendum on the introduction of direct democracy, we avoid challenges of surveys and obtain a direct measure for revealed preferences of voters regarding the support for direct democracy.

Uninformed voters tend to abstain from voting in referendums. Thereby, referendums oversample the informed population (Osborne and Turner (2010); Stadelmann and Torgler (2013)). However, informed answers are also over-represented in surveys as ill-informed survey respondents often do not answer questions such that both, referenda and surveys, bias the outcome towards the opinion of informed voters (Althaus (1996)). As open public debates precede an actual referendum decision, information uncertainty is generally lower than for survey respondents (Frey (1994); Lupia (1994)) and abstaining from a referendum is more closely associated with true indifference. Moreover, information is more easily accessible in referendums than in surveys and voters generally tend to be better informed when they can participate more directly in political decisions (Feld and Kirchgaessner (2000); Benz and Stutzer (2004)).

As in any political process, particular groups may try to influence referendum decisions through campaigning (Lupia (1994); Eichenberger and Serna (1996)). Bohnet and Frey (1994) and Frey (1994) argue that referenda fulfil individual preferences and are able to break the cartel of politicians directed against voters. Nevertheless, government and politicians may influence how citizens vote in referenda. Bowler and Donovan (1994) suggest that endorsements by political parties and politicians serve as a channel of information and that they have an influence at the ballot (see also Lupia (1994); Nalebuff and Shachar (1999)). Moreover, partisanship increases the probability of forming opinions by statements of the political elite (Bowler and Donovan (1994); Eichenberger and Serna (1996); Stadelmann and Torgler (2013)). Results by Trechsel and Sciarini (1998) suggest an impact of political elites on voting outcomes in referenda and Smith and Tolbert (2001) argue that political party affiliation is the most important influence on voting decisions. For ballot initiatives, parties tend to become involved when the issue affects the party's ideology and parties attract voters by taking a side to withdraw voter support from another party (Smith and Tolbert (2001)). Jenssen and Listhaug (2001) note that during referendums voters may take positions on an issue based on party cues. Our setting allows us to contribute to this

literature by taking account of party positions with respect to an extension of direct democracy and we can analyze the influence of parties on revealed preferences for direct democracy. Thereby, we extend the literature on the reasons for support of direct democracy by investigating whether suspicion of elected governing party explains actual support for direct democracy (see, e.g. Gerber (1999) or Dalton et al. (2001)) or rather dissatisfaction with representative democracy in general.

3 Institutional setting

3.1 Direct democracy at the state level and political parties

Germany implemented a party-centered representative democracy at the national level after 1945. However, direct democratic participation rights such as popular initiatives and referenda have been included in some State (*Länder*) constitutions. In particular, the State of Bavaria grants comparatively extended direct democratic participation rights to its citizens. In 1946, a two-stage legislation with initiatives and popular votes had been implemented for decisions at the state level. A popular initiative (*Volksbegehren*) constitutes an attempt of citizens to change or adapt a law or constitutional amendment. It is addressed to the State Parliament (*Landtag*). Before the initiative gets submitted to voters for a decision in a popular referendum (*Volksentscheid*), two signature requirements need to be fulfilled: In a first step, 25,000 signatures of eligible voters are required to have the legal admissibility of the initiative formally tested. In a second step, 10 percent of the electorate have to sign the initiative up to 14 days before it is submitted to the State Parliament. The State Parliament has the right to formulate a counterproposal to the initiative. If the State Parliament rejects the initiative or submits a counterproposal, a popular vote in a referendum is necessary. The proposal with the relative majority is accepted in the referendum and

becomes law.² Constitutional amendments need to fulfill a quorum of a 25 percent approval of eligible voters. Until 2014, 19 referenda were held in Bavaria at the state level.

The political party landscape in Bavaria is influenced by the conservative Christian Social Union (CSU) which held an absolute majority in the State Parliament and Government from 1962 until 2008 without interruption and regained an absolute majority of seats in 2013. The party only competes in the State of Bavaria. Its spectrum of supporters is broad and ranges through all strata of society (Pappi (2011)). The Social Democrats (SPD) represent the party for the working class at the federal level in Germany, however, the working class votes in the same proportions for the SPD and the CSU in Bavaria. The Greens and the Liberals (FDP) enjoy electoral support at the state and municipal level in Bavaria. In state level elections their vote share lies between approximately 6 to 8 percent and 2 to 8 percent the Greens and the Liberals, respectively³ Since 1998 the Free Voters (Freie Wähler), a conservative party next to the CSU gained between 4 and 10 percent in state elections.

3.2 Introducing direct democracy at the local level

While the Bavarian constitution grants extended direct democratic participation rights at the state level, the situation at the local level has been entirely different until 1995. In 1951, the incorporation of so called *Bürgerbegehren* (initiative at the local) and *Bürgerentscheid* (referenda at the local level) was not ratified by the state legislature (see Bierl (1995) and Bayerischer Landtag (1995d) S. 308 for details). In the following 40 years, multiple motions to implement direct democracy at the local level by smaller parties were all

²In 2000, the Bavarian state election law (*Landeswahlgesetz*) was changed due to a decision of the Bavarian Constitutional Court. If a referendum and a counterproposal are submitted, voters have now more than one vote and in case more than one option wins a majority of the votes a tie-break vote is necessary (Bayerisches Gesetz- und Verordnungsblatt Nr. 15/2000, p. 365).

³After a term in the State government the Liberals did not manage to win any seats in the 2013 election.

inhibited by the CSU.⁴ The CSU advanced numerous arguments against direct democratic participation at the local level against the Greens and other supporters of direct democracy, e.g. that a minority might overrule a majority and that municipalities would lose their ability to govern. CSU officials expressed concern that direct democracy at the local level would not match with the system of representative democracy (CSU Parteitag (1982)) and that local direct democratic decisions would be “hijacked by demagogues and pied pipers” (Bayerischer Landtag (1995c) S.1511).⁵ The CSU won an outright majority in both, the state election of 1994 and 1998, with 52.8 percent and 52.9 percent, respectively. Inbetween the two state elections, in 1995, direct democracy at the local level was only introduced through a popular initiative at the state level.

In 1995, a year after the election, the citizens association for “More Democracy” (*Mehr Demokratie in Bayern e.V.*) formulated an initiative to introduce direct democracy at the local level through a constitutional amendment. The initiative passed the signature requirement with 13.7 percent of the electorate and was submitted to the State Parliament. The proposition was considered citizen-friendly with extensive participatory and decisive rights as well as low hurdles (see Bayerischer Landtag (1994a); Bayerischer Landtag (1994b)). Parliamentary criticism towards the initiative was targeted at missing quora of approval, the non-exclusion of certain policy areas from a referendum, and certain politicians argued that “all this would serve special interests” (Bayerischer Landtag (1995d) S. 311).

The governing party CSU formulated a counterproposal (see Bayerischer Landtag (1995a)) which introduced important steps against the extension of direct democracy at the local level. In particular, it included a quorum

⁴Famous examples for attempts to expand direct democracy includes failures to advance direct democratic proposals in 1981, 1985, 1987, and 1991 (Bayerischer Landtag (1991) S. 400)

⁵The protocol of the plenary session in 1995 states: “Der Bürgerentscheid ist eine Spielwiese für Volksverführer und Demagogen. Die vom Volk gewählten Vertreter in den kommunalen Parlamenten sollen entmachtet und die Mehrheiten von aktionistischen Minderheiten terrorisiert werden.”

requirement and subject exclusions within a legislative instead of a constitutional framework (Bayerischer Landtag (1995b) S. 889) which would have made it prone to arbitrary changes ex-post. A rigorous debate in parliament followed and the counterproposal was accused as a “bluff package” (Bayerischer Landtag (1995b) S. 893). With the majority CSU voting for its own counterproposal while the opposition voted for the initiative in the State Parliament, the initiative was not directly ratified (64 votes for the initiative, 89 against it) and the counterproposals as well as the initiative had to be put to a referendum. In the public debate ahead of the referendum, opposition parties, in particular the Greens, supported the initiative of More Democracy as did some other 50 small associations.⁶ However, CSU dominated large municipal head organizations “Landkreistag”, “Städtetag”, and “Gemeinde-tag” for counties, cities and municipalities all rejected the initiative in favor of the counterproposal. The referendum took place on October 1, 1995. The counterproposition was clearly rejected by the voters with only 38.7 percent supporting it. A majority of 57.8 percent of voters supported the initiative. 3.4 percent rejected both amendments. The new constitutional amendment was implemented directly afterwards on November 1, 1995, giving Bavarian municipalities the most extensive direct participation rights in Germany.⁷ In 2010, 15 years after the implementation, Bavaria counted over 1700 local initiatives and 900 local referenda.⁸

This institutional setting permits us to analyze the extension of direct democracy through a direct democratic process. Citizens themselves initiated a constitutional reform at the state level to extend direct democratic participation at the local level. Past attempts to extend direct democracy through

⁶The Social Democrats also officially supported the initiative. Informal interviews and personal conversations with former social democratic mayors, however, make us believe that this position was rather taken in opposition to the governing CSU than out of support for more citizen participation.

⁷In 1999, the Bavarian Constitutional Court declared the missing constraints of the direct democratic process at the local level as unconstitutional. Since then, local referenda are only successful when they achieve a quorum of approval which depends on the population size of the municipality.

⁸Anecdotal evidence suggests that other German states modelled extensions of direct democratic participation rights from Bavaria.

representative democracy all failed as the governing party blocked them. We can, thus, analyze how support for the governing party and other factors drive citizens to vote for more or less direct democratic participation, i.e. instead of relying on opinion polls to measure potential support of direct democracy, we analyze revealed preferences for a real constitutional proposal. As the initiative of More Democracy aimed at extending participation rights at the local level, we collected data for all municipalities in Bavaria.

4 Data and empirical strategy

4.1 Descriptive statistics

The state of Bavaria consists of 2056 municipalities, including 25 county-free cities. We obtained official election results of the More Democracy initiative (*Volksbegehren*) from the Bavarian State Office for Statistics (*Bayerisches Landesamt für Statistik und Datenverarbeitung*). On the level of the individual municipality, we observe revealed preferences for direct democracy by approval rates of the initiative as well as approval rates for the counterproposal advanced by the State Parliament.

As our main variable of interest, we analyze the CSU vote shares in the prior state election of 1994, $VS^{CSUState}$. The closeness of the 1994 state election and the 1995 state-wide initiative contributes to ruling out changes in party loyalty over time. Moreover, the CSU obtained virtually the same state-wide support in 1998 as in 1994 and at the municipal level support levels are highly correlated for the two elections. We also gathered CSU vote shares in municipal elections in 1990, $VS^{CSULocal}$. Since the CSU does not run in all municipal elections, we code a dummy indicating whether the CSU appeared on the ballot. Furthermore, we collected information on voter turnout in the state election, the preceding municipal election and the initiative which allows us to measure general interest in politics, political culture, and citizen engagement. Turnout for the state-level initiative measures the effect of voter mobilization on revealed preferences for direct democracy at the local level.

The effect of a municipality’s support for the opposition party GRUENE – which was the main advocate for more direct citizen engagement – is captured by the GRUENE vote share in the state election. Moreover, we have information on the number of parties running in the municipal election and whether the directly elected mayor is a member of the CSU or not.

We capture demographic, socio-economic and other differences among municipalities by the following variables: *Log(Population)* size distinguishes between urban municipalities and more rural areas. The age distribution is captured by the variables *Share young* (under 18 years) and *Share elderly* (over 65 years). The strength of the economy is proxied by the rate of *Employment* and the municipal financial situation is reflected by the level of *Per Capita Debt*. We include the share of *Catholics* which stems from the 1987 census to measure conservatism and control whether a municipality is a *University Town*. Interest heterogeneity within the municipality is accounted for by the amount of *In-migration* from East Germany and neighboring states between 1987 and 1995. With the *Share of Agricultural Soil Surface* we have a variable to proxy preferences for conservative parties. For all these variables, the unit of observation is always a municipality, giving us 2056 observations in total.

Table 1 shows descriptive statistics for all variables used in the analysis. Average approval for the initiative by *More Democracy* is greater than 50 percent, reflecting the fact that the initiative was successful.⁹ The CSU is the dominant party on the state level, garnering on average almost 60 percent of the vote in the 1994 election. On the municipal level, the CSU faces stronger competition by local parties and conservative citizen groups¹⁰ and is less successful with an average vote share of 22.4 percent. As the party stands for election in just 56 percent of the municipalities, this implies an average vote share of about 40 percent conditional on running. Osborne and Turner

⁹Note that the average weighs all municipalities equally, i.e. independent of population size. We therefore observe a difference between average approval in our sample (54.2 percent) and the official result of the initiative (57.8 percent).

¹⁰Some local groups affiliate with the state CSU such that there is only no registered list bearing the term “CSU”

(2010) suggest that in common value environments referenda lead to higher welfare than a social planner because indifferent voters do not participate in the ballot. Turnout for the initiative by *More Democracy* was at 37.9 percent on average. This corresponds to other referenda in Bavaria¹¹ and similar participation rates are observed in countries with extensive direct participation rights such as Switzerland. Turnout is highest in local elections (roughly 80 percent) and about 10 percentage points lower in state elections.

Table 1: Summary Statistics: Initiative for Direct Democracy

Variable	Mean	Std. Dev.	Min.	Max.	N
Share Yes for Direct Democracy	0.541	0.089	0.239	0.764	2031
CSU Vote Share (State Election)	0.585	0.09	0.255	0.832	2031
CSU Vote Share (Municipal Election)	0.222	0.214	0	0.806	2031
CSU Runs	0.556	0.497	0	1	2031
GRUENE Vote Share (State Election)	0.052	0.023	0.008	0.211	2031
CSU Mayor	0.471	0.499	0	1	2031
Number of Parties	3.569	1.554	0	13	2031
Turnout Initiative	0.38	0.068	0.15	0.798	2031
Turnout (State Election)	0.690	0.055	0.426	0.907	2031
Turnout (Municipal Election)	0.812	0.057	0.6	0.995	2026
Log(Population)	1.052	0.828	-1.565	3.933	2031
Per Capita Debt	581.668	466.03	0	8889.951	2031
Share Employed	0.2	0.147	0.008	1.383	2028
Share Young	0.222	0.025	0.118	0.294	2031
Share Elderly	0.142	0.028	0.057	0.385	2031
In-Migration 1987-1995	0.123	0.082	-0.206	0.729	2031
Share Catholic	0.746	0.264	0.035	0.988	2031
University	0.003	0.059	0	1	2031
Share Of Agricultural Soil Surface	0.565	0.161	0.025	0.921	2031

4.2 Empirical strategy and expected effects

To estimate ceteris-paribus effects of CSU strength and other factors on the preference for direct democracy, we employ a multiple regression approach. Hence, we estimate the following model

¹¹Total turnout was 43.8 percent for a change in the waste disposal law in 1991 or 39.9 percent for a constitutional reform and abolishment of the Senate in 1998. Recent turnout for referendums in 2013 was higher because state elections were held the same day.

$$PreferencesDD_i = \alpha + \beta_1 \cdot VS_i^{CSUState} + \beta_2 \cdot VS_i^{CSULocal} + X_i' \gamma + \theta_k + \epsilon_i \quad (1)$$

where $PreferencesDD_i$ is the approval rate for the initiative, α is a constant. β_1 is the central coefficient of interest capturing the effect of $VS_i^{CSUState}$, i.e. the vote share of the CSU in the state election. β_2 captures the influence of the CSU strength in a municipality. X_i' is a vector of control variables, θ_k is a fixed effect for administrative region k ($k = 0, 2, \dots, 6$) and ϵ_i is an error term. Administrative region fixed effects capture economic, demographic, social and cultural differences between regions (e.g. Upper Franconia vs. Swabia). The unit of observation is the individual municipality, indexed by i ($i = 1, 2, \dots, 2031$). We always estimate robust standard errors.

The CSU campaigned for its own counterproposal and was the only party campaigning against the initiative. Support for direct democracy depends on trust in politicians. If citizens generally trust the governing party's performance and cues, and if dissatisfaction with government is low, we expect coefficient $\beta_1 < 0$ (and also $\beta_2 < 0$), i.e. CSU strength should then have, ceteris paribus, a negative influence on approval for the initiative. If, on the other hand, the electorate is dissatisfied and suspicious of the governing party (Bowler, Donovan, and Karp 2007), they may demand more direct control, i.e. the influence of the CSU vote share would then be positive.¹² Traditionally, elections at the municipal level are less influenced by trust to a specific party compared to state elections where parties matter relatively more than individuals. Thus, we expect the (absolute) municipal CSU vote share to have a smaller influence on the state level initiative for direct democracy than the (absolute) state CSU vote share, i.e. $|\beta_1| > |\beta_2|$.

Turnout at the state level initiative measures the effect of mobilization within

¹²It could be argued that the electorate may vote for the initiative because voters might have an interest in setting the political agenda. However, this argument leaves open the question why a higher strength of the CSU (or other parties) should be associated with more demand for direct democracy if not because of discontent with the governing party. Importantly, discontent with the governing party does not need to result in lower support for it in elections as electoral support depends on the alternatives offered by other parties.

municipalities for direct democracy. The effect of overall mobilization on support for direct democracy is theoretically ambiguous as it is unclear whether supporters or opponents of direct democracy are easier to mobilize with campaigning, such that support for direct democracy and turnout for the initiative are jointly determined. However, low turnout in previous state election can be interpreted as sign of dissatisfaction with politics in general, such that we expect a negative relationship between turnout in the state election and support for direct democracy. The same expectation holds for turnout in the preceding municipal election, though, the absolute effect should be lower as individual politicians matter more than parties at the local level.

When analyzing approval for direct democracy and interpreting the effects of party strength, we need to control for a number of other variables which may influence support for direct democracy and support for the governing party at the same time. The strength of the opposition GRUENE which supported the initiative should have a positive influence on voting for the initiative of *More Democracy*. The “New Politics” theory (Inglehart 1990) suggests that support for direct democracy should be more common among the younger, more urban, better educated and less conservative population. Therefore, we expect *Share young*, *Log Population*, *University* to have a positive influence on the dependent variable and *Share elderly* and *Share Catholic* to have a negative effect on revealed preferences for direct democracy. Economic factors such as debt levels and employment opportunities as well as in-migration may affect support for the governing party and for direct democracy but the sign of their effect is theoretically ambiguous.

5 Results

5.1 Baseline results

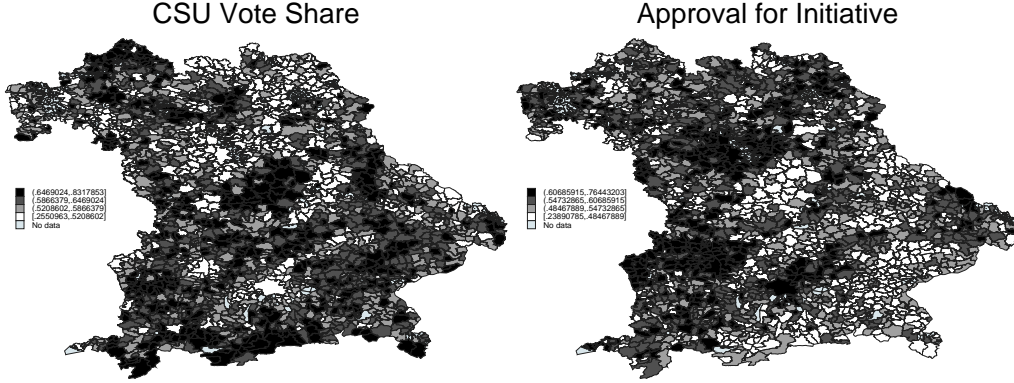
Figure 1 and Figure 2 highlight the motivation and a central result of our contribution. Figure 1 shows revealed preferences for more direct democracy at the local level and the CSU strength across all municipalities in Bavaria. A

negative relationship between CSU strength and approval for direct democracy is directly discernible. Municipalities with higher support for the CSU typically had substantially lower approval rates for direct democracy. As the CSU was and still is the governing party and campaigned actively against the extension of direct democracy, we interpret this as first evidence against the dissatisfaction hypothesis regarding governing parties, i.e. municipalities with higher support for the governing CSU trusted their representatives and voted relatively more against the extension of direct democracy. The relationship becomes even clearer when looking at the scatterplot in Figure 2 which visualizes the negative correlation between the CSU vote share and approval for direct democracy in the referendum. The overall level of support for an extension of direct democracy is high but it correlates strongly and negatively ($\rho = -0.6208$ and $p\text{-Value} = 0.000$) with the strength of the governing party. Table 2 presents econometric evidence. All models include fixed effects for the seven administrative regions.

Specification (1) gives the baseline model with the yes share for the Direct Democracy initiative, *PreferencesDD* as dependent variable and the CSU vote share in the preceding state level election, $VS_i^{CSUState}$, as the single explanatory variable. Ceteris paribus, the CSU strength in a municipality has a negative effect on the approval for direct democracy in the referendum. The point estimate suggests that for each percentage point increase in the CSU vote share in the state election, approval for the initiative by More Democracy goes down by 0.65 percentage points. This is a substantial association when taken at face value: Although the initiative was with 57.8 percent clearly accepted, a difference in approximately 1.35 standard deviations in the CSU vote strength might have sufficed to prevent the extension of direct democratic participation in Bavarian municipalities. We will show that the sign and the magnitude of the estimated relationship is robust and potentially causal.

To ensure that these results are not driven by demographic or socio-economic differences between municipalities which affect CSU strength and preferences for direct democracy at the same time, we add control variables in specifica-

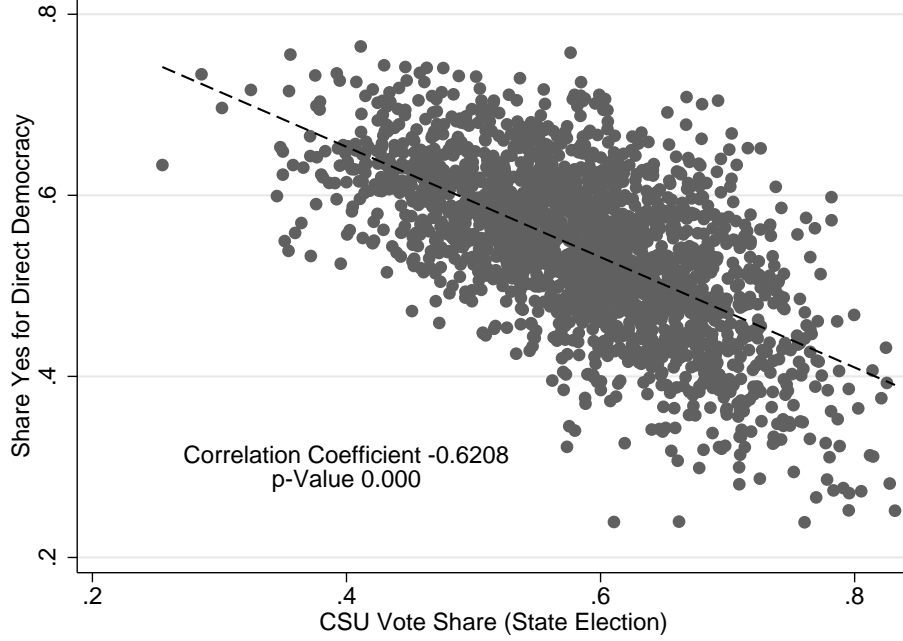
Figure 1: State election strength of governing party and results of initiative for direct democracy in Bavarian municipalities



tion (2). We observe that the literature's expectation regarding the control variables broadly tend to hold: a higher share of elderly and catholics is negatively associated with approval of more direct democracy at the local level. More urban municipalities show higher levels of support for direct democracy. A municipality's financial situation, having a university and the share of employed are not significantly related to support levels. Importantly, qualitative and quantitative results for the CSU strength at the state election a year prior to the initiative remain virtually identical when compared to specification (1).

Specification (3) adds the CSU vote share at the previous municipal election, $VS_i^{CSU_{Local}}$ and whether it runs as a party while specification (4) controls for political variables related to parties and support for the initiative. CSU strength at both levels (state and local) has a negative influence on support

Figure 2: Revealed preferences for direct democracy and strenght of governing party



for direct democracy. A *ceteris paribus* increase in the CSU vote share in the state election of one percentage point is associated with a 0.594 percentage points lower support for direct democracy and for each percentage point increase in the CSU vote share in the municipal election, approval declines by 0.082 percentage points. As anticipated, $|\beta_1| > |\beta_2|$, i.e. the influence of the CSU strength at the state level is larger than at the municipal level. The null hypothesis of equality of the two coefficients is rejected with a p-value of 0.000.

In specification (4) the vote share of the Green Party (GRUENE) is a positive predictor of voting for direct democracy. The Greens were the strongest advocates among state parties of more direct citizen participation at the local level in Bavaria. As mayors are directly elected in Bavaria, it could be expected that they do not have any significant influence on support for direct democracy which is fully consistent with our findings. Mayors are already

Table 2: Explaining the Initiative Outcome

	(1)	(2)	(3)	(4)	(5)	(6)
	Share Yes	Share Yes	Share Yes	Share Yes	Share Yes	Share Yes
Specification	OLS	OLS	OLS	OLS	IV	IV
CSU Vote Share (State Election)	-0.650*** (0.017)	-0.607*** (0.021)	-0.594*** (0.021)	-0.570*** (0.022)	-0.791*** (0.159)	-0.809*** (0.167)
CSU Vote Share (Municipal Election)			-0.082*** (0.017)	-0.057*** (0.020)		-0.025 (0.031)
CSU Runs			0.031*** (0.008)	0.023*** (0.009)		0.007 (0.015)
GRUENE Vote Share (State Election)				0.203*** (0.078)	0.001 (0.169)	-0.024 (0.175)
CSU Mayor				0.002 (0.003)	0.001 (0.003)	0.002 (0.003)
Number of Parties				0.003** (0.001)	0.005*** (0.001)	0.004*** (0.002)
Turnout Initiative				-0.104*** (0.029)	-0.090*** (0.032)	-0.086*** (0.032)
Turnout (State Election)				-0.169*** (0.039)	-0.163*** (0.041)	-0.160*** (0.041)
Turnout (Municipal Election)				-0.035 (0.033)	-0.050 (0.036)	-0.053 (0.036)
Log(Population)		0.011*** (0.002)	0.012*** (0.002)	0.005* (0.003)	-0.001 (0.005)	-0.000 (0.005)
Per Capita Debt		-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Share Employed		-0.023** (0.010)	-0.021** (0.011)	-0.021* (0.011)	-0.017 (0.011)	-0.017 (0.012)
Share Young		0.045 (0.090)	0.037 (0.090)	0.035 (0.090)	0.277 (0.201)	0.294 (0.202)
Share Elderly		-0.375*** (0.067)	-0.376*** (0.067)	-0.409*** (0.064)	-0.276** (0.118)	-0.264** (0.119)
In-Migration 1987-1995		0.009 (0.021)	0.008 (0.021)	-0.008 (0.021)	-0.022 (0.025)	-0.025 (0.024)
Share Catholic		-0.022** (0.009)	-0.018** (0.009)	-0.018** (0.009)	0.013 (0.026)	0.018 (0.026)
University		-0.002 (0.019)	-0.000 (0.017)	-0.002 (0.016)	-0.001 (0.018)	-0.002 (0.017)
Constant	0.900*** (0.010)	0.925*** (0.024)	0.916*** (0.024)	1.079*** (0.036)	1.136*** (0.051)	1.140*** (0.053)
Administrative Region Fixed Effects	yes	yes	yes	yes	yes	yes
First Stage F-Test (p-Value)	- -	- -	- -	- -	30.60 0.000	29.45 0.000
N	2031	2028	2028	2023	2023	2023
R ²	0.52	0.55	0.55	0.58	0.55	0.55

Notes: Heteroscedasticity-robust standard errors in parentheses. Significance Levels: * p < 0.10, ** p < 0.05, *** p < 0.01.

under direct control independently of their parties.¹³ However, the number of competing parties in a municipal election proxies dissatisfaction with the political system in general and is, consequently, positively related to sup-

¹³An alternative explanation is that the effect of the CSU mayor is already captured by her/his party.

port for direct democracy. Turnout for the initiative has a negative impact on approval rates, suggesting that those groups opposing direct democracy were more successful in mobilizing voters to go to the polls.¹⁴ As expected, turnout in the state election and in the municipal election are both negatively correlated with approval for direct democracy but only turnout at the state level has a statistically significant effect. Again, the inclusion of these political control variables does not affect the statistical significance of our main variable of interest, the magnitude of the effect remains unchanged and CSU strength in state election has an absolutely higher effect than CSU strength in municipal election, i.e. $|\beta_1| > |\beta_2|$ (p-value = 0.000). Dissatisfaction rather seems to be related to the political system in general than with the elected governing party, i.e. the governing party could have been weakened in the preceding election.

Not only the magnitude of the CSU vote share is important but also its explanatory power. This can best be seen by comparing the R^2 of the regressions in columns (1)-(4). CSU strength at the state level generates an R^2 of already 53 percent in column (1). More importantly, this R^2 rises only marginally once a large vector of control variables is added in columns (2)-(4). The strength of the ruling party is hence the single best predictor of voting in the initiative for an extension of direct democracy. This result also suggests that party cues are an important predictor even in a direct democratic decision.

State and municipal elections took place before the vote on the initiative. To address potential endogeneity concerns, we implement an instrumental variable approach in specifications (5) and (6) of Table 2. We instrument the CSU vote share in the state election with the share of agricultural soil surface in the municipality. Historically, the CSU has been a party of rural areas and farmers. The identification idea is that the conservative CSU was traditionally strong in areas with more agriculture. This is confirmed by the

¹⁴We are aware of the endogeneity of this variable. Still, we think that reporting this interesting correlation is of value to the reader. Reassuringly, results remain entirely stable when dropping turnout for the initiative from the model.

first stage regressions with an F-Test value of more than 30. The identifying assumption for the second stage to work is that the share of agricultural soil surface influences approval for direct democracy through no other channel than CSU strength. If one accepts this assumption, then instrumental variable estimates are consistent and have a causal interpretation. The results are reassuring: Coefficients of CSU vote share are estimated quite precisely, quantitatively in the same ballpark but slightly larger (in absolute value) than in the OLS approach. With the IV specification, it is estimated that a one percentage point increase in CSU strength leads to an approval rate that is 0.79-0.80 percentage points lower.

5.2 Robustness checks

The baseline results are robust to a variety of alternative specifications as shown in Table 3. All robustness tests include the full set of control variables as well as administrative region fixed effects.

Table 3: Robustness: Initiative Outcome

	(1) Share Yes	(2) Share Yes	(3) Share Yes	(4) Share Yes	(5) Share Yes
Sample / Specification	Population < 2000	+ County Free	$VS^{CSU} > Mean$	$0.45 < VS^{CSU} < 0.55$	Only CSU Local
CSU Vote Share (State Election)	-0.594*** (0.035)	-0.565*** (0.021)	-0.609*** (0.046)	-0.553*** (0.081)	
CSU Vote Share (Municipal Election)	-0.049 (0.040)	-0.072*** (0.017)	-0.074** (0.029)	-0.091** (0.039)	-0.132*** (0.023)
CSU Runs	0.018 (0.018)	0.031*** (0.007)	0.032** (0.013)	0.037** (0.017)	0.063*** (0.010)
GRUENE Vote Share (State Election)	0.228 (0.150)	0.220*** (0.077)	0.324*** (0.124)	0.077 (0.134)	0.745*** (0.094)
CSU Mayor	0.001 (0.005)		0.001 (0.004)	0.005 (0.005)	0.002 (0.003)
Number of Parties	0.005* (0.003)		0.003* (0.002)	0.002 (0.002)	0.000 (0.001)
Turnout Initiative	-0.184*** (0.050)	-0.095*** (0.029)	-0.198*** (0.048)	-0.033 (0.048)	-0.147*** (0.036)
Turnout (State Election)	-0.102* (0.061)	-0.177*** (0.038)	-0.243*** (0.059)	-0.043 (0.059)	-0.192*** (0.045)
Turnout (Municipal Election)	-0.107** (0.054)	-0.019 (0.032)	0.010 (0.052)	-0.139** (0.055)	0.006 (0.038)
Administrative Region Fixed Effects	yes	yes	yes	yes	yes
Baseline Controls	yes	yes	yes	yes	yes
N	775	2048	1045	554	2023
R ²	0.55	0.58	0.47	0.39	0.41

Notes: Baseline controls include all other variables employed in Table 2 and an intercept. Heteroscedasticity-robust standard errors in parentheses. Significance levels: * p < 0.10, ** p < 0.05, *** p < 0.01.

Specification (1) looks at the subsample of 775 municipalities with fewer than 2000 inhabitants to ensure that results are not driven by small municipalities

(the unweighted average support for direct democracy across municipalities is 54.2 percent but overall support was 57.8 percent). Specification (2) includes country-free cities into the sample. For these 25 cities, we are lacking mayoral election results as well as the number of parties running for the municipal council, which is why we excluded them in the baseline specification. Here, we include them to show that they do not bias the general results. In both specifications the influence of CSU strength at the state and the municipal level remains statistically significant, the absolute magnitude remains comparable and the influence of strength at the state level is higher ($|\beta_1| > |\beta_2|$).

Analyzing municipal samples with differential strength of the CSU at the state level does not affect the statistical significance nor the magnitude of the CSU strength on support for direct democracy (specifications 3 and 4). In particular, for municipalities where the CSU was close to the 50 percent benchmark (column 4), its effect remains quantitatively similar to other specifications which lends support to the hypothesis that dissatisfaction with the political system is not directly related to the governing party.

It is interesting to note that when only estimating the influence of the CSU strength at the local level (specification 5), i.e. without including the CSU vote share in the state election, the coefficient β_2 remains negative and statistically significant, it increases slightly in absolute size but remains comparable to specifications where $VS_i^{CSUState}$ is also included.

5.3 Refinements

Empirical evidence so far suggests that political dissatisfaction is rather related to the political system than to governing elected party. In Table 4 we investigate further differential hypotheses to support this interpretation.

Mobilization for and approval of the initiative for an extension of direct democracy are jointly determined. If the governing party was able to cast doubt on the benefits of direct democracy and if it mobilized people against

Table 4: Refinements: Initiative Outcome

	(1) Share Yes	(2) Share Yes	(3) Share Yes	(4) Share Yes	(5) Share Yes
Sample / Specification	Turnout > Mean	Turnout ≤ Mean	Interaction	Interaction	Interaction
CSU Vote Share (State Election)	-0.612*** (0.029)	-0.545*** (0.032)	-0.235** (0.100)	-0.558*** (0.025)	-0.663*** (0.041)
CSU Vote Share (Municipal Election)	-0.047* (0.026)	-0.086*** (0.032)	-0.054*** (0.020)	-0.057*** (0.020)	-0.060*** (0.020)
CSU Runs	0.014 (0.011)	0.037*** (0.014)	0.021** (0.009)	0.023*** (0.009)	0.024*** (0.009)
GRUENE Vote Share (State Election)	0.110 (0.096)	0.220* (0.125)	0.204*** (0.078)	0.203*** (0.078)	0.203*** (0.078)
CSU Mayor	0.002 (0.004)	0.003 (0.004)	0.002 (0.003)	0.019 (0.018)	0.002 (0.003)
Number of Parties	0.006*** (0.002)	0.001 (0.002)	0.003** (0.001)	0.003** (0.001)	-0.014** (0.006)
Turnout (State Election)	-0.260*** (0.056)	-0.215*** (0.045)	-0.158*** (0.039)	-0.167*** (0.039)	-0.164*** (0.039)
Turnout (Municipal Election)	-0.036 (0.051)	-0.022 (0.044)	-0.028 (0.033)	-0.035 (0.033)	-0.042 (0.033)
Turnout Initiative			0.394*** (0.147)	-0.105*** (0.029)	-0.104*** (0.029)
Interaction Turnout * CSU Vote Share			-0.874*** (0.252)		
Interaction CSU Mayor * CSU Vote Share				-0.029 (0.031)	
Interaction Number of Parties * CSU Vote Share					0.028*** (0.010)
Constant	1.159*** (0.053)	1.008*** (0.054)	0.867*** (0.070)	1.071*** (0.037)	1.141*** (0.041)
Administrative Region Fixed Effects	yes	yes	yes	yes	yes
Baseline Controls	yes	yes	yes	yes	yes
N	1023	1000	2023	2023	2023
R ²	0.63	0.53	0.58	0.58	0.58

Notes: Heteroscedasticity-robust standard errors in parentheses. Significance Levels: * p < 0.10, ** p < 0.05, *** p < 0.01.

the initiative, we would expect that in municipalities with a relatively high turnout, CSU strength should play a relatively higher role compared to municipalities with a relatively lower turnout for the initiative. Specifications (1) and (2) provide support for this view and specification (3) estimates an interaction effect between turnout and ruling party strength. Lower levels of turnout moderates the effect that CSU strength has on revealed preferences for direct democracy.

Having a mayor of the ruling CSU party in a municipality has, *ceteris paribus*, no effect on support for direct democracy as mayors are already directly elected. Consequently, we would also expect that CSU mayors should not moderate the influence of CSU strength in the state level on revealed preferences for direct democracy. Specification (4) shows that this is the case.

On the contrary, political competition at the local level expressed by the

number of parties should have the moderating effect (specification 5). *Ceteris paribus*, more parties at the municipal level are a sign for general political discontent and are associated with support for more direct democracy. More local political competition in interaction with support for the CSU at the state level has a positive influence on voting for the initiative. This is consistent with the control function of direct democracy at the local level: While people may trust the ruling party at the state level, relatively more distrust of politics in general is associated with more demand for direct democratic participation as strength of the governing party increases (positive interaction term with negative baseline effect of CSU vote share).

6 Conclusions

Direct democratic participation is a hot policy issue in many countries around the world and citizens seem to be interested in more direct democracy when looking at opinion surveys on the subject. Nowadays, almost no politician argues openly against more citizen participation prior to elections but promises for direct democracy are seldom fulfilled after elections.

Voters in Bavaria decided in a constitutional initiative at the state level in 1995 to grant themselves more direct democratic participation rights at the local level. This unique setting allows us to directly analyze revealed preferences for direct democracy instead of relying on opinions surveys. Employing revealed preferences complements other analyzes which employ opinion surveys and questions regarding the extension of direct democracy. It allows new and different insights because the decision we analyze is binding and has been implemented after the referendum. In particular, the institutional setting allows us to explore factors which drive revealed preferences for more direct democratic participation at the local level and we can explore whether dissatisfaction representative democracy or rather dissatisfaction with the governing party at the state (and often at the local level too) is related actual voter support for direct democracy.

Empirical results show that support for direct democracy at the local level is

negatively associated with support for the elected governing party. In fact, electoral support for the governing party at the local level in the previous state election is the strongest single predictor for the actual extension of direct democracy. Robustness analyses and testing differential hypotheses lead to the same result. Our results provides tentative support to the view that that dissatisfaction with politics is not linked to a specific elected governing party. Rather it seems to be the case that dissatisfaction with representative democracy in general is a driving factor for voting for direct democracy.

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