

Direct Democracy versus Representative Democracy

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Direct Democracy versus Representative Democracy

Definition

Direct Democracy: A type of democracy in which the power to govern lies directly in the hands of the people rather than being exercised through their representatives.

Definition

Representative democracy (also indirect democracy, representative republic, or psephocracy): A type of democracy founded on the principle of elected officials representing a group of people

- Nearly all modern Western-style democracies are types of representative democracies; for example, the United Kingdom is a **constitutional monarchy**, Ireland is a **parliamentary republic**, and the United States is a **federal republic**.

Direct Democracy versus Representative Democracy

- From a practical point of view, it seems to be clear that society has to choose a representative either to make decisions or to implement the mandate of the society. Two theories of representation have traditionally been distinguished:
 - **the theory of similarity**: a representative should resemble what she represents.
 - **the theory of substitution**: a representative is a substitute or replacement for something that is absent.

Direct Democracy versus Representative Democracy: Voting System

Both, in direct and representative democracy, citizens have to express their opinion/vote. Therefore, a voting system has to be used.

Definition

A **voting system** consist of two components: the messages (the information/opinion asked to the citizens) and the procedure used to aggregate the messages sent by the voters in order to make a decision.

Direct Democracy versus Representative Democracy: Voting System

- Examples:
- Referendums:
 - Standard Referendum: Messages are yes or not and the aggregation procedure is majority voting.
 - On Thursday 23 June 2016 a UK-wide referendum was held on the issue of the United Kingdom's continuing membership of the European Union. This referendum resulted in a majority voting to leave the EU by 52% of voters as opposed to 48% of voters who voted to remain.
 - The 1980 and 1995 referendums on the secession of Québec.
 - In 2011 British Columbia held yet another referendum against a newly imposed consumption tax.

Direct Democracy versus Representative Democracy: Voting System

- Multiple choice referendum:
 - Three-way referendum (Orestis Troumpounis and Dimitrios Xefteris): Three available options: Remaining in the EU, Exiting without a deal, Leaving the EU with the negotiated deal. The aggregation procedure being “Borda count” (voters rank the three options, and for each ballot, the rule assigns 2 points to each voter’s first option, 1 to their second, and 0 to their third. The option with most points wins).

Direct Democracy versus Representative Democracy: Voting System

- Messages: In Switzerland, for example, multiple choice referendums are common, in Sweden, in 1957 and in 1980, offered voters three options; in 1977, a referendum held in Australia to determine a new national anthem was held in which voters had four choices; in 1992, New Zealand held a five-option referendum on their electoral system; and in 1982, Guam had one of six options, with an additional blank option for anyone(s) wishing to (campaign and) vote for their own seventh option.
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 - Aggregation procedure: Multiple choice referendum poses the question of how the result is to be determined.
 - If no single option receives the support of an absolute majority (more than half) of voters resort can be made to the two-round system or the alternative vote. In 2018 the Citizens' Assembly considered referendums in Ireland, with 76% supporting allowing more than two options, and 52% favouring AV in such cases.

Direct Democracy versus Representative Democracy: Voting System

Multiple choice referendum:

- Other people regard a non-majoritarian methodology like the Borda count.
 - In the Swedish case, in both referendums the 'winning' option was chosen by the Single Member Plurality ("first past the post") system. In other words, the winning option was deemed to be that supported by a plurality, rather than an absolute majority, of voters.
 - Although California does not have deliberate multiple-choice referendums, it does have so many yes-or-no referendums at each Election Day that the State's Constitution provides a method for resolving conflicts when two or more inconsistent propositions are passed on the same day. This is a de facto form of approval voting—i.e. the proposition with the most "yes" votes prevails over the others to the extent of any conflict.
 - Another voting system that could be used in multiple-choice referendum is the Condorcet rule.

- Voting systems can be seen as:
 - An social preference through which to select alternatives: **Social Welfare Functions** (Borda, Condorcet rule...) or
 - Directly as choices of one or several alternatives: **Social Choice Functions** (Plurality, two-round system,...)

- An aggregate preference through which to select alternatives.
- **Social Welfare Functions.** In Chapter V of Social Choice and Individual Values, after proving his General Possibility Theorem, Kenneth Arrow restated this fundamental result in the following terms: "The only methods of passing from individual tastes to social preferences which will be **satisfactory** and which will be defined for a wide range of sets of individual orderings are dictatorial".

DD versus RD: The Theory of Similarity: Social Choice Functions

- Directly as choices of one or several alternatives.
- **Social Choice Functions.** Through the work of Gibbard (1973) and Satterthwaite (1975), the analysis of social choice functions was proven to be the most appropriate formalism to discuss strategic issues. They show that the only methods of choosing one alternative out of at least three alternatives which will be satisfactory and which will be defined for a wide range of sets of individual orderings are dictatorial

- Therefore, something that it is well understood is that collective decision-making mechanisms can only satisfy interesting lists of desiderata if the sets of individual orderings of definition are somewhat restricted. Meaning that they do not always perform well.
- Arrow's intuition is that people must have some "similarity as the basis of social welfare judgments".
- For example, when preferences over alternatives are single peaked, as discussed by Black a few years before Arrow's work. That condition requires a similar assessment of the position of alternatives by different agents even if they finally do not agree on how to rank them. Under that condition, it is possible to obtain positive results regarding social welfare functions for many economic problems.

DD versus RD: The Theory of Similarity

- Also in the case that Arrow calls the idealist position, where all agents share the same view regarding what is correct, but differ in the information they have. Then, it is sufficient to obtain positive results that the changes in the information of an agent that carry an improvement of some alternative, do not imply changes in the preferences of any other agent for that alternative in the opposite direction. Hence, we are confronting the possibility of strong disagreement among individuals when evaluating situations with some form of basic collective agreement.

DD versus RD: Majority Preference Relation

- Majority voting seems a very natural social decision process:
- Pairwise comparisons. The term "majority" simply means "more than half." As it relates to a vote, a majority vote is more than half of the votes cast.
- Condorcet domains are sets of linear orders with the property that, whenever the preferences of all voters belong to this set, the majority relation of any profile of preferences with an odd number of voters
 - is **transitive** and satisfies all other conditions demanded by Arrow's impossibility theorem
 - **belongs to the Condorcet domain**

DD versus RD: Some Challenges with Direct Democracy

However, there are several things that seems to be complicated:

- Voters may have to reveal a lot of complicated information about their preferences.
- It is known that people do not form their opinions until immediately before the vote. Tellingly, they often abandon those views just as quickly.
- If they are not asked for much information, there may be many voting procedures or referendums have to be run (depending on the number of alternatives, with 4 alternatives 6 binary comparisons/referendums are required).

Why Referendums Aren't as Democratic as They Seem

- Voters must make their decisions with relatively little information, forcing them to rely on political messaging, which puts power in the hands of political elites rather than those of voters:
- Barberà and Nicoló (2019) have a paper in which some group of agents (called informed agents) have information regarding the alternatives, and this information affects the preferences of the voters over the alternatives. It is not clear if the informed agents have incentives to reveal the information truthfully.

Why Referendums Aren't as Democratic as They Seem

- Even if voters do have information, it may be a complex policy choice that even experts might spend years struggling to understand them.
- The voters follow the guidance of trusted authority figures or fit the choice within a familiar narrative (ideological or beliefs).
- Voters may also cope with complex issues driven by their emotions.
- Sometimes governments organize referendum in order to avoid being accountable for unpopular decisions, or to have legitimacy to implement them.

DD versus RD: Representative

- Representative democracy can be viewed as a way to overcome some of the above mentioned problems of direct democracy.
- A considerable part of the literature on representation in Political Science uses the argument that politicians have better capacity than citizens to make decisions.
- Politicians have better information than the ordinary citizen.
 - Roemer (1994), Cukierman and Tommasi (1998) and Jensen (2009) consider model where policy-motivated candidates are better informed (about how the economy works, how different policies are correlated with the results, the relevant conditions for the choice of policies).
- Reduction of the risk of the so-called 'Tyranny of the majority', that is, a democratic majority might impose their will on a minority. Different interests necessarily exist in different classes of citizens.
 - "The idea that somehow any decision reached anytime by majority rule is

Dissatisfaction of the Electorate with the Performance of Elected Representatives

- Several empirical works are noteworthy in the field of the use of direct democracy as an instrument of control against the actions of elected politicians.
- Frey (1994) and Matsusaka (2010) shows that in those American states where direct democracy is available, it is more likely that the preferred policy by most of the citizens is chosen.
- Feld and Kirchgässner (2001) found evidence that enlarging the power of the people using direct democratic procedures is a more promising way to reduce public debt than employing special procedural rules within the government.

Dissatisfaction of the Electorate with the Performance of Elected Representatives

- Sanz (2015) discovers that direct democracy leads to a reduction in public spending due to the fact that citizens are able to enforce lower spending on special interests.
- Besley and Coate (2008) provide a model that demonstrates that referendums and initiatives by citizens are useful to avoid that the political results on specific issues end up differing excessively from what the majority desire, as a consequence of the possible aggregation of themes implied by the representative democracy.
- If there exists potential representative having a preference relation resembling the social one but such a person is not running as a candidate we have that the elected candidate can be far from representing the society.

DD versus RD: When do they coincide?

- Correa-Lopera (2019) shows that for DD and RD to coincide there must exist a Condorcet winner and politicians should have opposite preferences over alternatives. She presents a model in which agents have to make several independent binary decisions over multiple issues, and there are 2 candidates competing for being in office.

DD versus RD: Are they complementary?

- Direct and representative democracy can be complementary and not substitutes. Having expert making decisions seems to be a sensible thing but it is also clear there is some need of control over the performance of the politicians and also that citizens feel that they are active part of the society.