The Sustainability of Democracy: The Impact of Electoral Incentives on the Input and Output Legitimacy of Democracies

Ellen M. Immergut, Tarik Abou-Chadi, and Matthias Orlowski

Abstract

International and domestic developments—both economic and ideational—create challenges for contemporary democracies, such as adapting their welfare states, recalibrating their agricultural policies, and reacting to the phenomenon of growing numbers of immigrants. These challenges are not just technical but political. For changes in policies generally mean redirecting public benefits away from current recipients to emerging challengers. Policy recalibration thus poses a distinct problem for democracy, because recalibration entails a reallocation of resources and recognition from established interests and influential voters to newly mobilizing voters and interests. When successful, policy recalibration demonstrates the responsiveness of democracies to new issues, new citizens, and changes in the world. At the same time, policy recalibration indicates governmental effectiveness in addressing these challenges. For, without effective executive pressure, political agreement on the reallocation of the costs and benefits of public policies rarely occurs. Consequently, one can think of policy recalibration as the place where input and output legitimacy meet. Governments respond to citizen demands and preferences, but also guide and mediate in the adjudication of these interests and preferences. Indeed, policy recalibration is a concrete function of government without which democratic polities cannot renew their relevance for citizens and residents. Consequently, the politics of policy recalibration is critical to the sustainability and renewal of democracy. In this essay, our central question is whether some institutions of political representation are more favorable for policy recalibration than others and how their interactions with institutions of interest intermediation intervene in the distribution of costs and benefits of calibration.

E.M. Immergut (✉) • T. Abou-Chadi • M. Orlowski
HU-Berlin, Unter den Linden 6, 10099 Berlin, Germany
e-mail: ellen.m.immergut@sowi.hu-berlin.de

V. Schneider, B. Eberlein (eds.), *Complex Democracy*,
DOI 10.1007/978-3-319-15850-1_16

1 Introduction

International and domestic developments—both economic and ideational—create challenges for contemporary democracies, such as adapting their welfare states, recalibrating their agricultural policies, and reacting to the phenomenon of growing numbers of immigrants. These challenges are not just technical but political. For changes in policies generally mean re-directing public benefits away from current recipients to emerging challengers. Policy recalibration thus poses a distinct problem for democracy, because recalibration entails a reallocation of resources and recognition from established interests and influential voters to newly mobilizing voters and interests. When successful, policy recalibration demonstrates the responsiveness of democracies to new issues, new citizens, and changes in the world. At the same time, policy recalibration indicates governmental effectiveness in addressing these challenges. For, without effective executive pressure, political agreement on the reallocation of the costs and benefits of public policies rarely occurs. Consequently, one can think of policy recalibration as the place where input and output legitimacy meet. Governments respond to citizen demands and preferences, but also guide and mediate in the adjudication of these interests and preferences. Indeed, policy recalibration is a concrete function of government without which democratic polities cannot re-new their relevance for citizens and residents. Consequently, the politics of policy recalibration is critical to the sustainability and renewal of democracy. In this essay, our central question is whether some institutions of political representation are more favorable for policy recalibration than others and how their interactions with institutions of interest intermediation intervene in the distribution of costs and benefits of calibration.

Our analysis draws on the contributions of Gerhard Lehmbruch to our understanding of the politics of policy-making. It is no coincidence that his chair at Konstanz was named *materielle Staatstheorie*, for Gerhard Lehmbruch has always been deeply interested in the substantive outcomes of political structures and processes: What is the material consequence of different political institutions and structures of interest representation? How do the dynamics of political and societal bargaining set developmental paths? How is political behavior affected by conflicting incentives for cooperation and competition, as well as ideational frameworks? Furthermore, we will draw on his combination of a structuralist and dynamic-processual political analysis, which we argue is the key to understanding contemporary democratic politics in multi-level governance systems. We feel the dynamic aspects of Lehmbruch's thinking have been insufficiently appreciated, and that his writings on consensus democracy, his theory of corporatism, and his contributions to historical institutionalism should not be treated as three separate and unrelated strands of structural analysis. Instead, we will try to show that it is precisely the mutual embeddedness of corporatist interest intermediation, on the one hand, and the political dynamics of party competition within constitutional structures, on the other, that can explain both policy stability and change.

In terms of democratic and institutional theory, our analysis is part of an ongoing effort to bridge the gap between behaviorist and institutional traditions. As has

often been pointed out, the behaviorist approach assumes that in a healthy democracy, individuals will form interest groups when new problems arise, and that governments will respond to group pressure with new policies. As David Truman (1971[1951]: 320) puts it, 'The total pattern of government over a period of time presents a protean complex of criss-crossing relationships that change in strength and direction with alterations in the power and standing of interests, organized and un-organized'. Thus, the pluralist perspective always assumed functionalist and automatic policy recalibration—as long as particular scope and boundary conditions were met; namely open political communication, basic political and civil rights, multiple memberships in associations, and the ability of 'potential interests' to mobilize in order to protect the rules of the game. Surprisingly, pluralist theory did not really take up what one could call the 'paradox of pluralism', namely that if there are differences in the 'power and standing of interests' and if some are organized while others are 'un-organized', why is it that pluralist theory assumes a democratic equilibrium of interests? But, this precisely is the point of departure for the research program of Gerhard Lehmbruch.

As one of us has argued elsewhere (Immergut 1998), Gerhard Lehmbruch's work on the theory of corporatist interest representation—including his cooperation with Philippe Schmitter—constitutes an irrevocable challenge to Truman's equilibrium approach to interest representation, one that marks the beginning of historical institutionalism (Lehmbruch 1979a, b, 2001). Corporatist theory challenges Truman's claim that citizens will automatically mobilize when faced with new problems, and that governments will respond even-handedly to these pressures, such that public policy, to paraphrase Lehmbruch's words, can be considered as a 'vector sum of interest group pressures,' (Lehmbruch 1979c: 50). Instead, corporatist theory points out that: (1) interest groups are endowed with varying organizational and political resources; (2) these organizational structures and structured access to political decision-making are the products of state policies; (3) once established, these structures and structured relationships are relatively stable over time, and hence can be considered as historic legacies. Furthermore, Lehmbruch argues that states may attempt to instrumentalize the organizations of interest intermediation, such that the transmission of interests may actually be going in the direction from state to society, and not as in pluralist theory, from society to the state.

Nevertheless, despite this criticism of interest intermediation from the point of view of democratic theory, Lehmbruch acknowledges that corporatist interest-intermediation may be instrumentally and effectively used as a strategy of governance. Hence, while criticizing the pluralist view that a vector sum of interests can be set equal to the public good, he argues that internal procedures and elections in interest associations provide some measure (albeit an imperfect one) of democratic accountability to members such that reliance on interest associations for the drafting of policies may be defended as a pragmatic way to include the public, and as an effective means of insuring policy implementation (for a discussion see Immergut 2011). In this way, his work provides an opening for the reconciliation of

behaviorism with institutionalism through an institutionally-informed behaviorism at both a normative and analytic level.

This essay particularly builds on Gerhard Lehmbruch's analysis of corporatist structures and their relationship to constitutional structures and partisan dynamics (Lehmbruch 1967, 1979b, 1984). Inspired by Lehmbruch and Schmitter, scholars have paid a great deal of attention to the organizational resources of corporatist groups. But too little attention has been paid to Lehmbruch's suggestion that different political systems, party constellations or even specific governmental configurations generate distinct political logics, and that some of these constellations may be more responsive or effective than others. Constitutional structures and partisan dynamics constitute a framework within which corporatist bargaining and interest group pressures—but also the demands of voters—play out. Furthermore, Lehmbruch's analysis of these governmental configurations is not simply structural but dynamic and behavioral. For example, not only have German constitutional structures changed over time, but their political dynamics—and particularly whether competitive or consensual bargaining ensues—depends upon the interplay of the institutional structures with political majorities and both electoral and interest group behavior (Lehmbruch 1985, 1990, 2000, 2002).

In the following sections, we will illustrate the value of Lehmbruch's combination of structuralist and behaviorist analysis with some ongoing research in a current project on 'Electoral Vulnerability and Policy Recalibration'.[1] Our approach has been to select a series of problems that a number of democratic polities have identified, and then to examine the political factors that set the parameters for policy change. In terms of institutionalist theory, our approach differs from analyses of institutional change that focus on gradual transformation of institutions through re-negotiation, re-interpretation and changing adherence to institutional rules. By contrast, the changes we examine here require explicit legislative change. Thus, in the terms proposed by Thelen, Streeck and Mahoney, old rules are eliminated and replaced with new ones, such that we are dealing here with 'displacement' (Thelen 1999; Streeck and Thelen 2005; Mahoney and Thelen 2010). Nevertheless, our work is very consistent with their theoretical perspective, in that we understand institutions as intervening variables that affect the dynamics of strategic bargaining and political persuasion amongst societal and political actors. Institutions are not viewed here as static structures, but as rules whose impact depends upon their interaction with political contexts, and the ideas and strategies of societal stakeholders.

[1] German National Science Foundation Project, Grant Number IM 35/3-1.

2 Democracy and Policy Recalibration

As argued above, policy recalibration is a necessary, ongoing process, critical to sustaining democracy. While there is a broad literature relating policy changes to phenomena of big transformations such as globalization and internationalization, which create economic and ideational pressure for national governments to adapt their policies, these approaches do not account for the cross-national and cross-temporal differences one can observe empirically (Soysal 1994; Swank 2002; Sassen 2008). By contrast, our approach relies on a new-institutionalist conceptualization of the policy-making process and thus puts an emphasis on political-institutional configurations. Specifically, we conceptualize, measure and evaluate the role of electoral pressure in setting the terms of consensus bargaining, which we argue to be a key element in successful policy-recalibration.

The concept of policy recalibration reflects the state of the art of research on the welfare state, but we believe it to be equally applicable to other areas of policy. After decades of debate about whether the welfare state was in crisis or by contrast absolutely impervious to all attempts at retrenchment or change, analysts now view welfare state politics as being characterized by incremental changes to cope with budgetary restrictions, but also in order to 'restructure', 'recalibrate' or to 'modernize' welfare state policies so as to better cope with 'new social risks' and to address new priorities such as 'activation' (Pierson 1998; Taylor-Gooby 2004; Armingeon and Bonoli 2007; Ferrera 2008; Häusermann 2010; Kumlin and Stadelmann-Steffen 2014). Thus, we use the term 'recalibration' to mean policy change intended to re-adjust an existing policy in light of changed circumstances or goals, regardless of whether the particular policy change is very limited or sweeping in scope. Further, the direction of policy change is a matter for the policy analyst, it is not meant as a prescriptive term.

2.1 The Need for Policy Recalibration

We have chosen to investigate policy recalibration in the areas of pension, citizenship and agriculture, because in all three areas there is an evident need for some form of policy recalibration—even though the extent and direction of needed policy-change is politically-contested. In the area of pension reform, countless studies have come to the conclusion that with population aging and the transition to post-industrial economies, there is a need to re-adjust pay-as-you-go pension systems, as the relationship of pensioners receiving benefits is rapidly increasing in relation to the number of working-age contributors. Proposed solutions include cutting benefits, increasing retirement ages, and restructuring pension systems to include greater scope for collective or individual funded pensions—often termed the second and third pillar of pension schemes (Immergut et al. 2007). At the same time, some governments have increased pension benefits and raised retirement ages (or rescinded cuts made by previous governments). Thus, it is possible to measure policy change in the direction of policy recalibration by measuring cuts in benefits

and pension privatization—or their opposite. Analogously, as international migration has substantially increased, political debates have turned to the need to adjust citizenship laws and measures for incorporating immigrants. Political elites recognize the importance of attracting immigrants, but it is not necessarily politically popular to introduce measures for liberalizing citizenship laws. Thus, we observe policy changes in the area of citizenship that we can measure both in the direction of liberalizing citizenship (reducing the residency requirement, for example) and in re-nationalizing or re-ethnicizing citizenship (introducing cultural citizenship tests). Finally, in the area of agriculture, a policy concern is how to trim or even eliminate agricultural subsidies in developed economies, which serve as barriers to trade for less-developed agricultural economies and thus impede economic development. At the same time, programs of agriculture subsidies cause ecologically-wasteful behaviors and thus impede transition to more environmentally-sound agricultural regimes. Again, we can measure the extent to which various governments have decreased or increased their agricultural subsidies, and whether they promote ecologically-sound agricultural measures.

2.2 Electoral Incentives and Policy Change

Approaches to analyzing institutional and policy change vary with the regard to whether and how they consider the impact of the electorate and electoral incentives on policy change. Gradual institutional change has tended to be considered from the elite level, rather than from the perspective of voters and electoral factors. The focus is on the veto potential of political institutions and societal stakeholders, and the room for administrative discretion of implementing bureaucracies, as well as policy entrepreneurs (Mahoney and Thelen 2010). This is understandable, given the explanatory focus on gradual change such as 'drift', 'layering' and 'conversion'. However, if we turn to 'displacement', which requires legislative change, we are in the territory of legislative politics, and it stands to reason that electoral incentives and pressures from voters may be highly relevant.

At the opposite extreme, we have the blame-avoidance perspective, which has tended to assume that voters will block change, as policy change tends to affect policies from which voters benefit (Pierson 1996). Although more recent work on blame avoidance considers the distribution of costs and benefits and the extent to which they are visible, obfuscated or made less transparent by automatic stabilizers in more depth, it, too, tends to neglect the role of the electorate (Weaver 2010; Bauer et al. 2012). Indeed, explicit studies of the impact of policy change on the electorate are rare (for a notable exception see Giger 2011, 2012).

A third group focuses on the role of party and interest group bargaining in effecting institutional and policy change (Murillo and Martínez-Gallardo 2007; Lindvall 2010). These authors (as do we) consider policy change as a subset of institutional change, and emphasize particularly dynamic interactions. For example, on Häusermann's (2010) view, complex configurations of policy entrepreneurs, fractions within parties and relevant societal stakeholders are the key ingredients

for cobbling together legislative compromises that effect significant policy change, even at the cost of vested interests. Tellingly, the extent to which such compromises are likely depends on specific aspects of the structure of political representation and interest intermediation. The separation of powers, i.e., the institutional veto points, determines which parties need to be included in any modernizing compromises. If counter-majoritarian institutions necessitate a compromise between government and opposition, internal and cross-party dynamics—in particular the coalitional flexibility of party fractions—condition political bargaining and the likelihood of policy change, such as a recalibration of social benefits between labor market 'insiders' and 'outsiders'. Finally, the degree to which interest associations (e.g., unions or employer associations) are highly aggregated, will make it more difficult to forge a modernizing coalition. The analysis of complex bargaining configurations with its attention to political veto points, party constellations and interest intermediation fits very neatly into the analytic framework we propose here, but we think that more attention can be paid to the ways in which electoral incentives and voter pressures affect the dynamics and outcomes of such bargaining processes.

2.3 Conceptualizing Electoral Incentives as Electoral Vulnerability

In order to explain the scope for policy recalibration, we argue that we need to look more carefully at the claims of the 'blame avoidance' school and at the relationship between electoral systems and political preferences. First, the policy preferences of voters are often multi-dimensional. For any given policy area, it is difficult to know whether voters preferences will block reform, or in which direction these preferences will shape reforms. Thus, we should not consider the electorate merely as 'blockers' and we cannot assume that a public opinion average reflects the group of voters that may be relevant to a particular legislator or its political party. Second, there is no reason to believe that electoral pressure is a constant. The threat of being ousted from office by voters should vary across electoral systems, and over time within any particular electoral system. It should depend upon a number of factors, such as the closeness of elections, the willingness of voters to punish politicians they do not like, and the degree to which this punishment will painfully affect parliamentary majorities and the resulting distribution of 'office'. Third, although the blame avoidance literature has mentioned parties, it has not systematically investigated the role of interest intermediation in the relationship between voters and politicians. But it is precisely these interest intermediaries that communicate the record of politicians and the meanings of policies to voters. Further, these intermediaries can make strategic use of electoral pressure to wrest concessions from policy-makers in policy negotiations. Thus, there should be an interaction between the electoral vulnerability of politicians and the strategic role of interest intermediaries.

Based on these considerations, we propose to conceptualize the impact of electoral pressure and electoral incentives in terms of the probability of politicians being ousted from office. That is, their 'electoral vulnerability'. As we cannot measure the individual electoral vulnerability of each politician involved in policy-legislation in large numbers of countries over long periods of time, we focus on the electoral vulnerability of governments. We assume that the parties participating in the government will behave differently depending upon the results and consequences of the last election. We hypothesize that members of the government will feel more electorally-vulnerable, the greater the impact the last election had on parliamentary majorities and government composition. We also believe that greater perceived electoral vulnerability will affect legislative behavior as members of the government will be more fearful of voter punishment.

In order to develop an exact measure of electoral vulnerability, we have built upon the literature on political competition, in particular on works by Bartolini and Strøm. According to Strøm (1989), political competition depends upon three elements: 'Contestability' refers to the ease with which challengers can contest elections, and will depend upon institutional entry barriers to political competition, such as percent barriers, disproportionality of the electoral formula, and party financing. 'Conflict of interest' in his scheme refers to the propensity of parties to compete or to cooperate, which in turn depends upon ideological polarization and the extent to which election results are a zero-sum game, as these aspects affect both the difference that an election result makes for the voter and for the party. 'Performance sensitivity' refers to the ability of voters to oust a government, and in particular to the 'uncertainty of future electoral contests' (Strøm 1989: 281). Bartolini (1999, 2000) presents a comparable scheme, but adds the dimension of 'availability' which refers to the existence of voters willing to switch parties if dissatisfied, and he modifies the other dimensions somewhat. Like Strøm, 'contestability' is based on hurdles to political contestation, but refers mainly to the proportionality of the electoral system. 'Decidability' would be the approximate equivalent to conflict of interest, and is defined by the ideological spectrum represented by the party system and on the presentation of clear party platforms. 'Vulnerability' refers to the ability of voters to punish governments, but is defined not in terms of uncertainty of electoral contests but by whether an alternate coalition could come to power. Bartolini's 'vulnerability' is similar to Murillo and Martínez-Gallardo's (2007) concept of 'legislative advantage'. They also define competition in terms of legislative polarization, which is somewhat similar to Bartolini's 'decidability'.

Following this previous literature, we focus on what seems to us to be the key aspect of electoral vulnerability: the ability of voters to threaten politicians with the loss of office. We divide electoral vulnerability into two dimensions: (1) the demand side aspect of the 'electoral pressure' emanating from voters, and (2) the supply side 'political protection' coming from the size of the governing majority. Electoral pressure is comprised of the willingness of voters to switch parties, the disproportionality of the electoral system, and the extent to which governments reflect electoral results. This dimension is similar to 'availability' and 'performance

sensitivity'. As voters become more willing to switch parties and their punishment becomes more effective (vote switches result in seat switches, and seat switches affect the governing coalition) politicians should be under more electoral pressure. However, in contrast to 'contestability' but like 'conflict of interest', we see disproportionality as allowing more effective voter punishment, despite the fact that it also raises entry barriers to political participation and contestation. Therefore, our measure of electoral pressure increases with disproportionality. If the proportion of electoral winners in government increases, this is an indication that seat switches have a direct effect on political office, and hence electoral pressure increases. We do not consider broader aspects of 'political competition' ('decidability'), such as the ideological range of the party system, the clarity of party platforms, or the dimensionality of party competition in any way, but restrict our analysis to electoral vulnerability narrowly defined.

The second dimension of electoral vulnerability—political protection—refers to the imperviousness of governments to electoral pressure, and this is measured by the size of the government majority. This dimension thus corresponds to 'vulnerability' and 'legislative advantage'.

2.4 Electoral Vulnerability and Interest Intermediation

As interest intermediaries are critical for the perception of policy change by the public, we expect the impact of electoral vulnerability on policy change to vary according to the degree of interest intermediation in a particular policy sector, country and point in time. In our view, interest intermediation does not just entail the organizational density, aggregation and monopoly of particular interest associations, but also the specific pattern of control of policy decision-making, ideational framing and agenda-setting by sets of interest associations. Thus, we go back to the broader definition and concept of interest intermediation as conceived of by Lehmbruch, which includes the nesting of interest intermediation within constitutional and party systems, and analyze the interaction of interest intermediation with political contexts.

Our three areas vary significantly in the degree and type of interest intermediation, and this is in fact one reason why we selected these cases. Pension politics are a classic case of corporatist intermediation. Unions and employer associations are highly involved in pre-legislative bargaining on pension reforms. But this is true only in corporatist countries, and even in classic corporatist countries, the membership densities and importance of the social partners in the drafting of policies is undergoing change. Thus, we condition our expectations on the degree of corporatism. Under conditions of high corporatism—i.e., high interest intermediation—we expect increased electoral vulnerability to improve the negotiating position of unions, who can alert voters to the cuts and restructuring being made to their pensions. Consequently, we expect fewer cuts and restructuring when electoral vulnerability is high, and more cuts and restructuring when electoral vulnerability is low. The second policy area, agriculture, is a classic case of what Lehmbruch

(1984: 3) has termed 'sectoral corporatism'. In this case, agricultural interests are highly organized, but consumers are generally not (although this is beginning to change). Indeed, if agricultural organizations were included in most measures of corporatism, it would be very difficult to draw a distinction between corporatist and non-corporatist countries, as agricultural interests tend to be densely organized in most advanced industrial countries—but, paradoxically, much less so in developing countries, where indeed agricultural production tends to be taxed rather than subsidized. Hence, we expect variations in the degree of interest intermediation to be based on the extent to which agricultural interests are the dominant reference group for legislators. In all countries, agricultural reforms pit highly organized agricultural interests against diffuse consumers, but ones that are increasingly aware of environmental issues and concerned about food safety and treatment of animals, and are starting to be mobilized by public interest groups. As agricultural interests are often geographically-concentrated, it is important to consider whether the case at hand has a single-member district electoral system and concentrated or dispersed agricultural interests. If agricultural interests are highly concentrated and a single-member district voting system is in place, higher electoral vulnerability should improve the bargaining power of organized agriculture, and cuts in agricultural subsidies should be impeded. By contrast, under conditions of proportional representation or if agricultural interests are geographically-dispersed, higher electoral vulnerability should make it good politics to show the public that measures are being taken to reduce subsidies and improve the environmental sustainability of agriculture. Finally, in the case of citizenship politics, the degree of interest-intermediation should vary with the political salience of the immigration issue. At times of lower salience, unions and employer associations—to some extent joined by public interest groups promoting the rights of migrants—will be the key interest associations involved in immigration issues. When political salience increases, however, often as result of party strategies, including right-wing populist entrants to political competition, interest associations lose their monopoly of the issue to the general electorate. Consequently, under conditions of high salience, electoral vulnerability should make it impossible to introduce legislation liberalizing citizenship.

3 The Impact of Electoral Vulnerability on Policy Recalibration

We constructed a data set in order to assess the electoral vulnerability of all governments in 16 West European nations and additionally in nine OECD countries from 1980 to 2005 in order to evaluate these hypotheses empirically (for details see Immergut and Abou-Chadi 2014). The results, which are summarized in Table 1, show that electoral vulnerability does indeed affect the prospects for policy recalibration, and that it does so in interaction with interest intermediation and representative institutions. In the area of citizenship, we have found that high electoral pressure indeed precludes citizenship liberalization (Abou-Chadi 2012). Regardless

Table 1 Comparison of the three studies

Findings	Citizenship	Agriculture	Pensions
Policy recalibration	Liberalization of citizenship laws	Cuts to subsidies	Cuts and privatization of pensions
Partisanship	Left parties want to liberalize	Left and green parties want to cut and increase sustainability	Right-of-center parties cut more frequently
Open veto point	Blocks liberalization	Impedes cuts	Impedes cuts
Increasing electoral vulnerability with high intermediation	High electoral vulnerability trumps intermediation	Impedes cuts	Impedes cuts
Increasing electoral vulnerability with low intermediation	No liberalization	Promotes cuts	Promotes cuts

of political partisanship, no parties push the issue of citizenship liberalization at times of heightened electoral pressure. But if the level is low or medium, electoral pressure interacts with the party constellation, as well as the veto points and veto player constellation. Conservative parties are willing to support citizenship liberalization if they are part of the government as a pivot party; in opposition at a veto point, however, they veto liberalization proposals. Thus, there are two paths to citizenship liberalization: multi-party coalition governments containing a conservative pivot party; or left-of center governments not facing an open veto point, a conservative veto player in government or high electoral pressure. Electoral pressure and party competition mediate in parties' decision whether to concede to the pragmatic policy need to liberalize citizenship or to either use the issue for electoral gain or fear that the issue will be used against one's party.

In the area of agricultural policy, the impact of electoral pressure interacts with the incentives for cultivating a personal vote arising from the electoral system and the mode of candidate selection, as well as the geographic concentration of agricultural interests. Single-member district systems provide incentives for distributive policies like agricultural subsidies, while in proportional representative systems, credit can be more easily taken for public goods, like environmental improvements achieved by cuts to agricultural subsidies. These electoral incentives, however, are conditioned by the concentration of agricultural interests. Targeting agricultural subsidies to a locally-concentrated constituency is a winning electoral strategy only in single-member district electoral systems, in which politicians are independent of party lists, and when agricultural interests are geographically concentrated. Similarly, under these conditions, cutting agricultural subsidies in favor of more free trade in agriculture and environmentally-sound agriculture is not an attractive electoral strategy. By contrast, in PR systems (or SMD systems with widely-dispersed agricultural interests, as well as all systems with low incentives for cultivating a personal vote), cutting agricultural subsidies can appeal to wider

constituencies and is thus electorally-attractive (Orlowski 2012). These structural incentives, in turn, are enhanced as electoral vulnerability increases.

Finally, in the area of pensions, electoral pressure interacts with the system of interest intermediation. In corporatist systems, where unions are relatively strong and enjoy an important role in pre-parliamentary policy negotiations, unions can benefit from heightened electoral pressure to take a hard line in negotiations. As a group with the credibility to defend their member's pensions, it is very threatening to politicians to lose the stamp of approval of unions for the necessity of making pension cuts or restructuring pension systems. Furthermore, employers are well-organized and prefer consensual negotiated solutions to pure 'power' politics. The threat of conflict is more effective at times when the electoral vulnerability of politicians is higher. As electoral pressure rises in corporatist systems, pension reforms become less likely (Immergut and Abou-Chadi 2014).

This link between electoral pressure and policy re-calibration was apparent in the 1995 reform of the pension system in Finland. After a series of incremental steps to cut pension obligations and increase pension contributions following the 1991 recession, the 1995 Social Democratic-led Lipponen 'Rainbow Coalition' government eliminated the flat-rate basic National Pension and made the calculation of pension benefits more stringent by lengthening the reference period of the benefit formula. As Kangas (2007) argues, the key to the passage of the reform were the restraint of the Left Party and Social Democratic dissidents, as well as the Center Party's inability to mobilize corporatist opposition to the laws. Kangas attributes this to the membership of the Left and Social Democratic parties in the governmental coalition, which closed the presidential veto point, and made these parties stakeholders in the reform. However, lowered electoral pressure provides additional explanatory power for the willingness of these parties to support the cuts. This large reform effort was enacted by a 72.5 % surplus majority government (high political protection) exposed to relatively low levels of political pressure as compared to its predecessors: several parties involved had already witnessed that loosing seats at the previous election would not necessarily keep them from joining the government coalition. Thus, reduced electoral vulnerability enabled more effective consociational and corporatist bargaining which in turn facilitated institutional change.

Whereas in a corporatist country, governments exposed to lower electoral pressure passed more significant reforms than governments exposed to higher levels of electoral pressure, this effect is reversed in pluralist systems because unions are weaker and less able to frame policy issues. They compete for framing with many other groups, such as taxpayers' associations and business groups. Thus, we can conceive of union and employer intermediation as being weaker than in corporatist systems, which makes it easier for politicians to frame pension reforms as pragmatic, necessary measures to ensure fiscal stability and control government debt. In such systems, politicians can take credit for pension reforms. In pluralist systems, increases in electoral vulnerability are indeed correlated with higher rates of pension reform. Thus, contrary to what is generally presumed, fear of voters does not preclude cuts to the welfare state, but depends upon the mobilization of

interests. Where unions can mobilize public attention, increases in electoral pressure strengthen their bargaining position. If they cannot play this role, electoral pressure makes politicians more sensitive to business interests and fiscally conservative voters. In corporatist systems, deliberation and persuasion is aided by lower levels of electoral pressure, whereas higher electoral pressure favors confrontation and power plays. In pluralist systems, higher levels of electoral pressure favor confrontation, as well, but the impact of political competition is to encourage cuts despite union protests.

Pluralist Portugal provides an illustrative example for this mechanism. The most controversial issues of Portuguese pension politics concern privatization, in the form of the creation and subsidization of second and third pillar private pension plans, and the introduction of a wage-ceiling (*plafonamento*) above which employees would be free to choose whether to invest their pension contribution into social security or private pensions (Chuliá and Asensio 2007). Despite union objections, at a time of high political pressure in the late 1980s and early 1990s, a series of Portuguese governments introduced measures to introduce second and third private pillars as well as significant benefit cuts, such as an increase in the qualifying period and reference period for pension benefits, and increasing the retirement age for women. By contrast the 2002 government, subject to less electoral pressure because of the more tenuous link between government and electoral results, was unable to reach any agreement on introducing the age ceiling, despite general agreement on this point from the late 1980s. Thus, in a pluralist context, greater electoral pressure puts governments under greater pressure to effect reform, regardless of union opinion.

4 Conclusions

Many scholars have demonstrated that institutions of political representation and institutions of interest intermediation have significant effects on the politics of policy recalibration. Rather than modelling these effects as static, however, we show in this essay how the impact of institutions can only be understood in terms of interactions between institutions and political behavior. Voters' preferences reach politicians through electoral institutions, which change the incentives and risks of politicians. These incentives and risk structures are dynamic because they depend upon the exact distribution of votes at a particular point in time. Further, interest groups intermediate between politicians and voters, and as we have argued, the impact of this intermediation changes dynamically with the electoral vulnerability of politicians. As in Gerhard Lehmbruch's works, we see that only this dynamic-processual analysis of the institutional structures, which ensure the input legitimacy of democratic polities, allows us to understand when and how policy change is possible; change that is necessary in order to sustain the output legitimacy of these systems that is constantly challenged in an increasingly complex world.

The study of electoral vulnerability and its impact on policy-making provides a minimal and rational interpretation of both policy-preferences and electoral

incentives. We have not delved into the ideational aspects of policy-making—a major area of research for Gerhard Lehmbruch. Case studies could provide further insights into differences in how politicians or parties perceive the necessity for recalibration, evaluate possible solutions and interpret their electoral situation, given the objective shifts in votes, majorities and office upon which we base our analysis. The examination of electoral vulnerability can provide us with a vantage point for studying the empirical question (as Max Weber put it) of whether politicians will react similarly to the same objective electoral factors or whether psychological, cultural, or processual factors change their behavior. Thus, in contrast to what is often assumed, we do not see any necessary conflict between rationalist and ideational approaches to historical institutionalism. Political preferences may be a rational response to institutional givens, or they may emerge from processes of political contestation and interpretation. The common analytic arsenal of historical institutionalism remains the study of the interplay of ideas, interests and institutions.

References

Abou-Chadi, T. (2012, April 12–15). *Political and institutional determinants of citizenship policies*. Paper presented at the 70th Annual Conference of the Midwest Political Science Association, Chicago.

Armingeon, K., & Bonoli, G. (2007). *The politics of post-industrial welfare states: Adapting post-war social policies to new social risks*. New York: Routledge.

Bartolini, S. (1999). Collusion, competition and democracy: Part I. *Journal of Theoretical Politics, 11*(4), 435–470.

Bartolini, S. (2000). Collusion, competition and democracy, Part II. *Journal of Theoretical Politics, 12*(1), 33–65.

Bauer, M. W., Jordan, A., Green-Pedersen, C., & Héritier, A. (2012). *Dismantling public policy*. Oxford: Oxford University Press.

Chuliá, E., & Asensio, M. (2007). Portugal: In search of a stable framework. In E. M. Immergut, K. M. Anderson, & I. Schulze (Eds.), *The handbook of West European pension politics* (pp. 605–659). Oxford: Oxford University Press.

Ferrera, M. (2008). The European welfare state: Golden achievements, silver prospects. *West European Politics, 31*(1–2), 82–107.

Giger, N. (2011). *The risk of social policy: The electoral consequences of welfare state retrenchment and social policy performance in OECD countries*. London: Routledge.

Giger, N. (2012). Is social policy retrenchment unpopular? How welfare reforms affect government popularity. *European Sociological Review, 28*(5), 691–700.

Häusermann, S. (2010). *The politics of welfare state reform in Continental Europe: Modernization in hard times*. Cambridge: Cambridge University Press.

Immergut, E. M. (1998). The theoretical core of the new institutionalism. *Politics & Society, 26*(1), 5–34.

Immergut, E. M. (2011). Democratic theory and policy analysis: Four models of "policy, politics and choice". *dms – der moderne staat, 4*(1), 69–86.

Immergut, E. M., & Abou-Chadi, T. (2014). How electoral vulnerability affects pension politics: introducing a concept, measure and empirical application. *European Journal of Political Research, 53*(2), 269–287.

Immergut, E. M., Anderson, K. M., & Schulze, I. (2007). *The handbook of West European pension politics*. Oxford: Oxford University Press.

Kangas, O. (2007). Finland: Labor market against politics. In E. M. Immergut, K. M. Anderson, & I. Schulze (Eds.), *The handbook of West European pension politics* (pp. 248–296). Oxford: Oxford University Press.

Kumlin, S., & Stadelmann-Steffen, I. (2014). Citizens, policy feedback, and European welfare states. In S. Kumlin & I. Stadelmann-Steffen (Eds.), *How welfare states shape the democratic public* (pp. 3–16). Cheltenham: Edward Elgar.

Lehmbruch, G. (1967). *Proporzdemokratie. Politisches System und politische Kultur in der Schweiz und in Österreich*. Tübingen: J.C.B. Mohr (Recht und Staat in Geschichte und Gegenwart, Vol. 335/336).

Lehmbruch, G. (1979a). Constitutional democracy, class conflict, and the new corporatism. In G. Lehmbruch & P. C. Schmitter (Eds.), *Trends towards corporatist interest intermediation* (pp. 53–61). Beverly Hills, CA: Sage.

Lehmbruch, G. (1979b). Liberal corporatism and party government. In G. Lehmbruch & P. C. Schmitter (Eds.), *Trends towards corporatist interest intermediation* (pp. 147–183). Beverly Hills, CA: Sage.

Lehmbruch, G. (1979c). Wandlungen der Interessenpolitik im liberalen Korporatismus. In U. van Alemann & R. G. Heinz (Eds.), *Verbände und Staat* (pp. 50–71). Opladen: Westdeutscher Verlag.

Lehmbruch, G. (1984). Concertation and the structure of corporatist networks. In J. H. Goldthorpe (Ed.), *Order and conflict in contemporary capitalism: Studies in the political economy of Western European nations* (pp. 60–80). Oxford: Clarendon.

Lehmbruch, G. (1985). Constitution-making in young and aging federal systems. In K. G. Banting & R. Simeon (Eds.), *The politics of constitutional change in industrial nations* (pp. 31–41). London: Macmillan.

Lehmbruch, G. (1990). Die improvisierte Vereinigung: Die dritte deutsche Republik: Unentwegter Versuch, einem japanischen Publikum die Geheimnisse der deutschen Transformation zu erklären. *Leviathan, 4*, 462–486.

Lehmbruch, G. (2000). *Parteienwettbewerb im Bundesstaat: Regelsysteme und Spannungslagen im politischen System der Bundesrepublik Deutschland* (3rd ed.). Wiesbaden: Westdeutscher Verlag.

Lehmbruch, G. (2001). Corporatism. In N. J. Smelser & P. B. Baltes (Eds.), *International encyclopedia of the social and behavioral sciences* (pp. 2812–2816). Amsterdam: Elsevier Science.

Lehmbruch, G. (2002). *Der unitaristische Bundesstaat in Deutschland: Pfadabhängigkeit und Wandel*. Köln: Max-Planck-Institut für Gesellschaftsforschung.

Lindvall, J. (2010). Power sharing and reform capacity. *Journal of Theoretical Politics, 22*(3), 359–376.

Mahoney, J., & Thelen, K. (2010). A theory of gradual institutional change. In J. Mahoney & K. Thelen (Eds.), *Explaining institutional change. Ambiguity, agency, and power* (pp. 1–37). New York: Cambridge University Press.

Murillo, M. V., & Martínez-Gallardo, C. (2007). Political competition and policy adoption: Market reforms in Latin American public utilities. *American Journal of Political Science, 51* (1), 120–139.

Orlowski, M. (2012, August 30–September 2). *The dynamics of electoral incentives: Electoral systems and agricultural support in OECD countries*. Paper presented at the American Political Science Association Annual Meeting, New Orleans, LA.

Pierson, P. (1996). The new politics of the welfare state. *World Politics, 48*(2), 143–179.

Pierson, P. (1998). Irresistible forces, immovable objects: Post-industrial welfare states confront permanent austerity. *Journal of European Public Policy, 5*(4), 539–560.

Sassen, S. (2008). *Territory, authority rights: From medieval to global assemblages*. Princeton, NJ: Princeton University Press.

Soysal, Y. N. (1994). *Limits of citizenship: Migrants and post-national membership in Europe*. Chicago: The University of Chicago Press.

Streeck, W., & Thelen, K. (2005). Introduction: Institutional change in advanced political economies. In W. Streeck & K. Thelen (Eds.), *Beyond continuity: Institutional change in advanced political economies* (pp. 1–39). Oxford: Oxford University Press.

Strøm, K. (1989). Inter-party competition in advanced democracies. *Journal of Theoretical Politics, 1*(3), 277–300.

Swank, D. (2002). *Global capital, political institutions, and policy change in developed welfare states*. Cambridge: Cambridge University Press.

Taylor-Gooby, P. (2004). *New risks, new welfare. The transformation of the European welfare state*. Oxford: Oxford University Press.

Thelen, K. (1999). Historical institutionalism in comparative politics. *Annual Review of Political Science, 2*, 369–404.

Truman, D. B. (1971[1951]). *The governmental process. Political interests and public opinion* (2nd ed.). New York: Alfred Knopf.

Weaver, R. K. (2010). Paths and forks or chutes and ladders? Negative feedbacks and policy regime change. *Journal of Public Policy, 30*(2), 137–162.