Managing Democracies in Turbulent Times:

Trust, Performance, and Better Governance in Modern States

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Glossary
Preface

The challenges facing modern democracies of our times are many and incorporate the social, economic and political spheres. In face of growing local needs of citizens, momentous regional developments of societies and global economical changes in a borderless and market-oriented world, such challenges become the rule of life for political leaders, for bureaucrats and for the ordinary people anywhere on the globe.

During the first decade of the 21st century our world has become a turbulent living sphere. Democracies have been confronted with nature-made and human-made crisis of a kind unknown in the past. Vicious terror attacks and additional threats to world security, alarming market failures, disengagement and reengagement of national entities, as well as natural disasters of various types became a great challenge to governments. There are strong indications of lack of cohesiveness in our social fabrics to effectively resist the potentially harmful threats to our lives in the free world. A major indication for this lack of cohesiveness, that is so necessary in times of threat, is the lack of trust in political systems as well as greater skepticism about the effectiveness of democratic mechanisms in many countries. In our view, the goal of increasing trust in democracies is crucial for better management of the democratic state. It is one of the fastest growing challenges for academics, politicians, policy makers, bureaucrats, and future generations of active citizens in our nations.

This book tries to offer some intellectual avenues for strengthening trust in democratic institutions as well as for improving trust and cooperation between the main actors in the democratic setting, i.e., politicians, bureaucrats and citizens, without compromising on the need to reinforce well-performing and effective governance. It discusses the main challenges facing modern democracies of our times. It suggests both theoretical and practical framework for dealing with some of the urgent problems that governments confront today. The originality of the book mainly builds on a two-fold rationale for restoring trust in the democratic state. We see trust as a main part of the chain that links political order and administrative wisdom, and propose models and empirical data about ways to better understand it and rebuild it.
More specifically, the book suggests that bureaucratic agencies are, normatively and practically, major proxies of democracy. This argument may seem at odd with mainstream literature which view the public sector as a key reason for inefficiency and reduced trust. Furthermore, bureaucratic systems are often understood as hierarchal structures which can hardly advance democratic behavior. The economic literature adds more arguments in support of reducing the role of the public sector. On the other hand, there are claims that in many modern democracies decision making processes are dominated by professional elites holding neo-liberal views thus marginalizing politicians and citizens. Such an analysis provides further justifications, though from a different angle, to the idea of reducing the power and involvement of public administrators in policy making. Yet, this book suggests an integrative approach which shows how these developments can be used to leverage trust and stability of democratic systems.

The book will also try to develop a trust-based theory for the reconciliation between bureaucratic mechanisms of the modern state and the values of democratic government. The theory will be supported by various empirical studies conducted by the authors. These studies indicate that bureaucratic agencies are usually more trusted by the public than elected officials. The analysis explores the complex relations between a variety of variables influencing, and influenced by, trust in administrative agencies and in democratic mechanisms. Based on this analysis, the book will offer mechanisms for re-structuring bureaucratic agencies in a way that will restore trust in the public sector and the democratic system.

Framework of the Book

The book is arranged in six chapters. First we set the stage for the discussion by describing core pathologies of modern states and recent transformations that make it necessary to re-evaluate managerial tools for running it more effectively. We deal with the process of globalization, de-centralization, decline of the universal welfare state, dominance of the competitive model and free market economy, the ethos of open democracy and problems of trust. We also deal with citizens’ role in government in times of the overwhelming technological revolution and management under
Chapter 2 deals with risks and challenges ahead and with major threats to modern democracies. We discuss the threats to the democratic order, lack of responsiveness to social demands, lack of trust in the political representative system, declining bureaucratic performance in the eyes of citizens, the bypassing strategy in government, alternative politics and anti-politics orientations.

Chapter 3 proceeds to explain the core stones for managing the democratic state in our times. These are different than what used to be the rules a generation or two before. We believe that this process is caught between politics and administration and thus we elaborate on the tension between politics and administration, the problem of political control over the bureaucracy, the tension between professionalism and decentralization, and the dominance of bureaucracy in policy making processes.

Chapters 4 and 5 further identify the politics-administration conflict as a bureaucracy-democracy paradox. Whereas chapter 4 presets the theoretical anchors for this paradox, chapter 5 suggests empirical findings from two substantially different democracies, Israel and the USA, to support some of the theoretical principles suggested earlier. We will present various theories of bureaucracy and democracy, explain the paradox between these realms and suggest a basic model for empirical study. This will be followed by exploration of a ten years longitudinal study in Israel and a study of the US and New Jersey. These chapters will end with an analysis and implications of the basic model and a comparative view.

Chapter 6 closes the discussion by offering conceptual integration of ideas and insights into the road to better governance. We will try to integrate the conceptual and empirical frameworks to suggest lessons and potential reforms and remedies for the time to come.

**Target Readers**

Who is the audience for this book? Two major groups of readers are targeted – academics and practitioners, mainly those dealing with the business of government, administration, and policy
making. We believe that most of the chapters in this book are relevant to individuals from both
groups. For academics and researchers much benefit is in the conceptual chapters and in the
empirical evidences presented to support the ideas and models. But the general message of the
book, that managing the democratic state becomes a heavier and more complicated task, much
more demanding and challenging than ever before in history, is by itself a call for practical action.

Like most books of this kind, we anticipate that the first call for change will be launched from
academia and from the intellectual stratum of society. This book is thus aimed at scholars of public
administration, business management, political science, and other social sciences interested in the
nexus between management, democracy, and state order. It is also intended for young students,
who will bear responsibility in the future for the development of our societies. An inclination towards
better management of state agencies, as well as about various stakeholders who take part in this
action may prove the best path to better governance in the future.

But we also see much practical benefit in this book. We hope that readers will also include
politicians, public administrators, active citizens, and other partners of government - those who
share the burden of making the states run in an effective and efficient way. That is why we believe
that CEOs of the business sector should also be interested in this book. These individuals who
constitute the managerial elite of our nations also carry the responsibility to advance knowledge on
generic management strategies in state halls, vis-à-vis the bureaucratic code of action in
governments. Finally, we hope that citizens themselves may also find the book enlightening and
contributory to the formation of strong communities and by so doing, directly influence the quality of
life of as many as possible.
February 2011 will be remembered in the history of modern nations as the doom-day of Arab regimes in many places across the Middle East. Revolutions in Tunisia, Egypt, Libya, Yemen, and other Muslim countries reflected the deep crisis of citizens' mistrust in old political arrangements, authoritarian institutions, and corrupted dictatorships. Mistrust in governance and a continuous frustration from lack of social and administrative reforms sent thousands of people to the streets, willing to risk their lives for liberty and a chance for better life, in any type of a more open and liberal state. While we write these lines, the outcomes of this revolutionary process are still not clear. But the wheel of change has started to move in what seemed only few weeks ago a different planet of political order.

It is a common wisdom in contemporary political science that modern democracies cannot operate effectively without mutual trust between the various players and institutions. Going back to 16th and 17th liberal thinking, the essence of the democratic state is to solve social conflicts resulting from lack of trust between individuals by establishing a social contract between citizens and the government (Dunn, 1988; Ely, 1980). Trust is a major condition for effectively managing social, economic and political affairs (Baier, 1986; Offe, 1995; 1999; Ostrom, 2005; Walker and Ostrom, 2009; Warren, 1996; 1999). In representative democracies citizens delegate authorities to government and follow the rules only if they have sufficient trust in their representatives as well as in the major players in the public sector. Furthermore, inter organizational and inter personal relations within the public sector are effectively managed when players trust each other (Bouckaert and Van de Walle, 2003; Glaser and Hildreth, 1999; Putnam, 1993; Simonsen and Robbins, 2000). On the other hand, there are arguments that high trust in democratic institutions or even in politicians may be counter-productive to the stability and maintenance of the democratic order (Hardin, 1999; Ingelhart, 1997; 1999).
The first part of the introduction will discuss the complex relations between trust and democracy and the different approaches to this question. Based on this discussion we will adopt the approach that although trust may be an ambiguous concept, it is a major condition for any kind of social cooperation because it is a vital tool for managing risks under uncertainty. Since political relations and public sector decision making in modern democracies have to do a lot with risk management and uncertainty, trust is a major component in securing these institutions and mechanisms.

This book agrees with the view that modern democracies in the 21st century are characterized by a deep trust crisis between citizens and their governments as well as between players in the public sector (Offe, 1995; Warren, 1996). This fundamental crisis may be the deepest of its kind ever recorded in history of democracies (Ingelhart, 1997). It reflects on every aspect of social, political and economic relations and thus strongly influences the ability to manage and govern the democratic state effectively.

A major question of this book is how to integrate the challenge of better managing modern democracies with the challenge of restoring trust in government. In order to do so, the book analyzes the origins of the trust crisis in our times and its main implications and outcomes. It applies theoretical models that are later evaluated empirically and may help to improve our understanding of the scope of the problem and the variables related with it. Based on this analysis, we explain the possible structural changes which may lead to better governance and hence restore trust in government. Essentially, these mechanisms are built on the idea that the bureaucratic sector can serve as a bridge between citizens and the political system which suffers the most from the trust crisis.

The specific strategies, suggested in the book, point to the importance of empowering citizens to participate in decision making and turning them to partners instead of passive customers. Thus, one of the strongest tools in the battle of restoring trust is enhancing citizens' involvement in governmental policy making. This book is a strong supporter of the view that favors somewhat slower bureaucratic processes, as long as a major effort is invested in maximizing citizens' engagement in the art of ruling. We are optimistic, but we are realistic as well. The book
will therefore aim to integrate interdisciplinary theoretical knowledge with empirical findings from Israel and the USA and to shed light on the ongoing struggle of managing the democratic state more effectively in turbulent times.

**Trust and Democracy: Definitions, Concepts and Approaches**

Trust is a concept which is widely used in the academic and popular discourse on politics, economy and society, yet it is surrounded by a conceptual vagueness. It is hard to find a generally accepted working definition of trust and its measurement (Bouckhart et al., 2002; Cleary and Stokes, 2009; Lewis and Weigert, 1985; Luhmann, 1998). Furthermore, researchers are divided in evaluating the importance and necessity of trust for the stability of political systems in general and democratic systems in particular (Cleary and Stokes, 2009; Hardin, 1998; Cook, Hardin and Levi, 2005). In this section we review the main approaches to trust and its relations to democracy and explain the contribution of this book to the debate.

Although trust is often regarded an ambiguous concept, it is commonly agreed that it is intimately linked to risk and expectations. Trust is used as a substitute for risk and to reduce uncertainty and social complexity by anticipating the future (Baier, 1986; Coleman, 1990; Hardin, 1998; Luhmann, 1998; Sztompka, 1999). For Sztompka (1999) "trust is a bet on the future contingent actions of others", and for Coleman (1990) "it is the expectation of gain or loss which determines whether one will grant trust or not". Trust is considered to be a relative, rather than absolute, concept depending on certain conditions and context. If there are no expectations, choice or uncertainty, then measuring or using trust may be meaningless. Luhmann (1998) distinguishes between confidence and trust, where confidence refers to a more or less taken for granted attitude that familiar things will remain stable. This means that in cases where no alternatives are considered, people are in situation of confidence (Giddens, 1996).

Although most research on trust deals with interpersonal trust, i.e., trust between people (Bouckhart et al., 2002; Cook et al., 2005; Hardin, 1998), this book concentrates on institutional trust, i.e., trust in institutions and public servants. These two types of trust may be related as suggested for example by the political culture approach which will be discussed later (Almond and...
Verba, 1963). On the other hand, based on his definition of trust, which requires an exchange between two or more individuals, Hardin suggests describing citizen's view towards a government bureaucracy as a belief about "government reliability" rather than trust in government (Cook et al., 2005). Farrell (2009) suggests modifying Hardin's account of trust by referring to the concept of class-based trust, i.e., people may form expectations about others based on specific classes they belong to and the relations between these classes. This may be enough knowledge to ground trust relationships meaning that under this class-based account, individuals can indeed trust each other without previously having known each other. In a similar vein, Margaret Levi (1997) and John Ferejohn (1999) agree that trust matters, but for them the real action is in the factors that create conditions for trust, i.e., fairness, transparency and efficiency. These authors focus on trustworthiness rather than trust. This focus can be further strengthened when considering the process through which trust attitudes are formed. People attitudes towards government, including public trust in institutions, are not just based on what could happen in the future, but even more so on actual performance or experience (Bouckhart et. al., 2002; Miller and Listhaug, 1999). Indeed, the micro-performance hypothesis according to which the quality of government service delivery will increase trust is clearly based on experience and present perceptions. This hypothesis also stands at the core of the research model developed in this book.

Thus, two main alternatives to the concept of institutional trust, which may also better catch what we really mean when using this term, are reliability and trustworthiness. It follows that although there is no common acceptable conceptualization of trust, there is a wide agreement that some components, if not all, of what we mean by the term trust are important for understanding political interactions and that uncertainty and risk must exist in order to be able to assess trust.

Based on this conclusion, we can now elaborate the discussion on the relations between trust in government and democracy. This discussion is developed in two dimensions. First, we consider the extent to which the concept trust in government is relevant in democracies. Second, we discuss the various approaches regarding whether trust in government is a necessary condition for democratic stability.
Given that uncertainty and risk are essential conditions for the existence of (dis)trust, we may compare totalitarian and democratic regimes based on the level of uncertainty and risk embodied in their activity. A common view suggests that in totalitarian regimes, governments act as they please and therefore the total relation between citizens and government can be grasped by measuring trust. In democracies, however, since the freedom to act is in practice very limited, trust may explain little (Bouckhart et al., 2002; Cleary and Stokes, 2009). Yet, a careful look into the mechanism of democratic systems may suggest a different perspective. Prezeworski (1991) suggests that the essential element of democratic systems which also guarantees their stability is the uncertainty that characterize them regarding the relations between rules and outcomes. Since there are many rules, alternatives and players in the democratic scene, citizens cannot be certain about the specific impact of a given set of rules and players on outcomes. Furthermore, inherent in the structure of representative democracies is the division between a ruling majority and the minority. Since any one may be at a certain stage part of minority, there are obvious uncertainty and risks as far as the future intentions and behavior of the majority is concerned. On the other hand, in totalitarian regimes, citizens are relatively certain that the people who rule the country will try to maintain their power regardless of the means required to do so, and the relations between rules and outcomes are quite evident. It follows that in democracies there are numerous sources of uncertainty and risks which make the measurement of trust in government most meaningful.

The exact role of trust in government in democracies is analyzed by two main approaches: the political-culture and the constitutional approach (Parry, 1976). The approaches differ in identifying the grounds and origins of political trust, i.e., whether political trust is grounded on a more pervasive trust in society at large or whether the basis of trust is embodied in the operation of political and constitutional arrangements.

The political-culture approach, supported by rationales developed in the context of social capital theory, suggests that mass attitudes and social norms matter for democratic outcomes, and that widespread inter-personal trust is one of the most important social norms (Almond and Verba, 1963; Inglehart, 1988). The mediating factor in this theory is civic culture understood as a pattern of political attitudes conducive to democratic forms of government. The political-culture literature
contains several working hypotheses about the relationship between interpersonal trust and democracy. Trust encourages moderation in political conflicts and fosters cooperation among citizens; it strengthens legitimacy to democratic institutions and may lead political elites to make necessary compromises.

The strong ties between trust and democracy are also evident in social capital theory which provides similar emphases to those of the political culture approach. Social capital, understood as social networks and the norms of reciprocity and trustworthiness that arise from them (Putnam, 2000), trumpet the ability of interpersonal trust to foster cooperation among citizens. The essential element in both approaches is social norms of reciprocity which create the grounds for trust in democracy (Cohen and Rogers, 1995; Sandel, 1996; Rosenblum, 1998; Warren, 2001). Thus, the political culture approach and social capital theory regard distrust as a kind of political alienation and as something that threatens the stability of the system.

Critics of the political culture approach suggest that trust is not the only, and probably not even the most important, source of social and political cooperation, and when considered at the aggregate trust is usually better viewed as a symptom of deeper structural or political problems, rather than a cause or a problem in its own right (Cleary and Stokes, 2009; Cook et al., 2005; Hardin, 2002). Margaret Levi (1997) argues that cooperation, at least in the domain of compliance with government regulations, can be achieved through transparency and perceived fairness, rather than trust.

These arguments are the core characteristics of the constitutional approach to trust (Bouckaert et al, 2002). According to this approach, political trust results from procedural measures which help to redress mistakes and abuse of power; agreement on all aspects of the political system and trust in government is not necessary to guarantee stability of the democratic system; conflict can be creative; a politician does not have to be good as long as he/she is accountable; creating trust can be done by ameliorating the means for redress and accountability, more openness, better information, i.e., by improving a system's performance. Cleary and Stokes (2009: 334) suggest the following summary of the constitutional approach to trust:
"Institutional trust is a product of the quality of democracy, rather than a cause; the only form of institutional trust that might actually cause democratic responsiveness is a belief, grounded in skepticism, that government can be trusted when it is monitored closely and held accountable."

The theoretical framework elaborated in this book suggests a certain combination between the political culture and the constitutional approach. Institutional trust is an essential component of stable democracy regardless of its grounds. We follow the constitutional approach which views trust as a variable that reflects complicate conditions and thus can be strengthened by changing these conditions. Yet, interpersonal trust understood as class-based trust is also an important condition for creating trust. The mediating variable between interpersonal or class-based trust and democratic stability is the nature and performance of institutions. We thus turn to discuss trust and institutions.

**Trust and Institutions**

Trust is an important source of cooperation, yet not the only one. A main source of cooperation which has been highlighted in recent decades is institutions understood as the set of rules that shape the behavior of communities of actors by providing individuals with information about the likely consequences of their actions. Institutions are usually considered midlevel phenomena while trust involves micro-level expectations (Farrell, 2009). Hence research into the relationships between trust and institutions is in its early stages.

In analyzing these relations, Farrell (2009) suggests explaining midrange forms of trust, i.e., forms of trust that are neither purely individual, nor at the highly abstract level of generality that political culture accounts of diffuse interpersonal trust invoke. He argues that midrange expectations of this kind play a key role in most complex societies where broadly based impersonal institutions offer imperfect guidance as to what they should or should not do.

In order to do so, Farrell adopts Hart's (1994) distinction between the core of a law and the penumbra. The core of law is the area in which it has direct and uncontroversial effect while the penumbra is the shadow that the law casts over situations to which it may be relevant but is not unambiguously applicable. Given this definition, and recalling that trust always involves uncertainty
and risk, we may infer that situations within the core of an institution do not invoke trust in any significant sense, because there is no uncertainty. In the penumbra, however, institutions do not induce cooperation directly but, rather, provide guidelines that may allow actors to interpret a situation in particular ways, and thus to come to trust each other. Furthermore, institutions are so important to the understanding of trust since they translate differences of power between classes of actors into expectations over trustworthy and untrustworthy behavior between individuals (Farrell, 2009; Moe, 1990; Knight, 1992; 1995). Such differences of power are the source of uncertainty and risks in social relations thus making institutions a key intermediate variable between individuals and trust.

Here exactly we can suggest the main contribution of the theoretical framework elaborated in this book. We suggest complex models to discover the “black box” of the mediating role of specific institutions and the impact of the way they are perceived by citizens on trust. This will also allow us to connect trust to democratic stability as discussed in the previous section. The core idea in these models is that there are certain necessary institutional characteristics such as performance, transparency, fairness and participation which make institutions trustworthy and thus increase institutional trust.

**Good Governance, Open Democracy and Trust**

The core question addressed in this book relates to the potential conflict between good management and open democracy or what we term the bureaucracy-democracy paradox. The potential conflict is embodied in the common understanding that good management often requires hierarchal relations within organizations and prioritizing professionalism over de-centralization and democracy in the operation of bureaucratic systems. On the other hand, as explained above good management or good performance of administrative and political institutions are likely to lead to stable democratic mechanisms which will be reflected in the level of institutional trust.

Thus, we elaborate a theoretical framework which considers the various aspects of this paradox explaining the possible structural changes which may lead to better governance and hence restore trust in government. Essentially, these mechanisms are built on the idea that the
bureaucratic sector can serve as a bridge between citizens and the political system which suffers the most from the trust crisis. The specific strategies, suggested in the book, point to the importance of empowering citizens to participate in decision making and turning them to partners instead of passive customers. Thus, one of the strongest tools in the battle of restoring trust is enhancing citizens' involvement in governmental policy making.

The theoretical scope of this book, as has already been demonstrated in the previous sections, is wide enough to apply tools from economic theory, sociology, political economy and rational choice theory, political science, psychology and public administration. We believe that a fruitful integration between various disciplines can be much more efficient scientifically than the view that one discipline is superior to another. We thus promise a fascinating journey and hopefully most fruitful into the mechanisms of democracy, trust and institutions.

References


