Abstracts for the Danish Public Choice Workshop 2018

Thomas Barnebeck Andersen (SDU) with Peter Sandholt Jensen (SDU)

Preaching Democracy

We use variation in religious doctrine produced by the unexpected Second Vatican Council (1962-65) to investigate the impact of religion on democratization. The Council, which transformed the Catholic Church from defender of the *ancien régime* into a leading apostle of religious freedom, human rights, and democracy, represents the most significant example of institutionalized religious change since the Protestant Reformation. We adopt a difference-in-difference approach to estimate the Council’s impact on democracy. Furthermore, we provide historical narratives on how the post-conciliar Catholic Church influenced the democratization process in different national contexts. Our research substantiates that the Church played a decisive role in third wave democratization.

Christian Bjørnskov (Aarhus) *with Niclas Berggren (IFN)*

Do Voters Dislike Liberalizing Reforms? New Evidence using Data on Satisfaction with Democracy

Since the early 1980s a wave of liberalizing reforms has swept over the world. While the stated motivation for these reforms has usually been to increase economic efficiency, some critics have instead inferred ulterior motives and a desire to enrich certain (already rich) people at the expense of others. This critique, coupled with the claim that many of the reforms have been undertaken during different crises so as to bypass potential opponents, suggests that people will dislike the reforms and even be less satisfied with democracy as such. We test this hypothesis empirically, using panel data from 30 European countries in the period 1993–2015. The dependent variable is the average satisfaction with democracy, while the reform measures are constructed as distinct changes in four policy areas: government size, the rule of law, openness and regulation. Our results indicate that while reforms of government size are not robustly related to satisfaction with democracy, reforms of the other three kinds are – and in a way that runs counter to the anti-liberalization claims. Reforms that reduce economic freedom are generally related to satisfaction with democracy in a negative way, while reforms that increase economic freedom are positively associated with satisfaction with democracy. Another finding is that voters react more negatively to left-wing governments introducing reforms that de-liberalize. It thus seems as if the hypothesis of a general negative reaction towards liberalizing reforms taking the form of reduced satisfaction with democracy does not stand up to empirical scrutiny, at least not in our European sample.

Otto Brøns-Petersen and Søren Havn Gjedsted (Cepos)

Climate Change or Institutional Change: Which are More Important?

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Søren Havn Gjedsted with Henrik Christoffersen and Karsten Bo Larsen (Cepos)

Trust in the Public Sector Performance: the Importance of Economic and Political Factors

We analyze trust in the public sector performance - measured in terms of taxpayers’ expectations of getting the necessary help and service they need – by using data from a general mass survey of Danish citizens conducted in 2015. The main findings are: 1. There is a strong correlation between the level of trust in public sector performance and the level of trust in democracy (local politicians) as well as generalized trust. 2. The service level has no influence on the level of trust in the performance of the public sector. 3. People with higher income, higher education and who are employed by in the private sector, have a lower level of trust in the performance of the public sector. 4. People living in municipalities with a right wing mayor have a higher level of trust. 5. Males have higher level of trust in the performance of the public sector and trust increases with age. 6 Ethnical Danes have the lower trust compared to immigrants and their descendants. 7. Individuals who live in a municipality with many inhabitances have a low level of trust.

Jerg Gutmann (Hamburg) with Christian Bjørnskov (Aarhus) *and Andreas Freytag (Jena)*

Coups, Regime Transition, and the Dynamics of Press Freedom

This paper explores the dynamics of press freedom around events that threaten the incumbent regime. While democracies on average allow much larger press freedom, our theoretical starting point is that democracies and autocracies have similar incentives to protect the basic structure of the regime. As such, democracies may rationally react to coup attempts by reducing press freedom and increasing repression to the extent that such reactions are consistent with constitutional provisions. We estimate the dynamics of press freedom around both failed and successful coups and find that while press freedom is quite stable, successful coups lead to substantial reductions in press freedom. We also find that democracies tend to react to failed coup attempts by reducing press freedom less than autocracies.

Peter Nannested (Aarhus)

Strategic Tax-Setting in Danish Municipalities 2007 - 2017? A First Look at the Evidence

The present paper’s aims are threefold. In the first place it aims at contributing to the discussion on the extent of sub-central tax autonomy in Denmark raised by Blom-Hansen (2013). Secondly, in doing so, it also aims at contributing to a more general discussion on the potentials and limitations of purely institutional approaches and explanations. In the third place, it aims at closing a gap in the empirical literature on strategic tax-setting in Danish municipalities.

Therese Nilsson (Lund) *with Andreas Bergh and Irina Mirkina (Lund)*

Can social protection expenditures cushion the inequality effect of globalization?

This paper examines whether social expenditure cushions the effect of globalization on within-country inequality, and whether this relationship varies across OECD and non-OECD countries. Using several measures of social protection from OECD and the World Bank, we analyze separately the role of education, health, and welfare expenditure. The results confirm previous findings that economic globalization — especially trade flows — associates with higher income inequality, while social expenditure sometimes seems to reduce inequality. We find no evidence that various kinds of social protection expenditure moderate the adverse effect of globalization on inequality.

Martin Paldam (Aarhus) *with Erich Gundlach (Hamburg)*

Democratization

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Stefan Voigt (Hamburg) with Christian Bjørnskov (Aarhus)

Terrorist Attacks and States of Emergency

The relationship between terrorist activities and emergency constitutions has never been explored systematically. This paper is a first step to change that. We first inquire into the determinants that trigger the declaration of a state of emergency subsequent to a terrorist attack and take first steps to evaluate the effectiveness of emergency constitutions in preventing further attacks. It turns out that countries already under a state of emergency are more likely to suffer from terrorist incidents challenging the effectiveness of emergency declarations. We also find evidence suggesting that emergency constitutions reflect the historical threat environment. Confining the models to democratic countries only, we find that a strong civil society is significantly correlated with fewer terrorist events. Finally, emergencies are less likely to be declared in election years, supposedly because governments believe them to be unpopular, and more likely to be declared when the emergency constitutions simultaneously makes it easy to declare and allocates substantial additional powers to the executive. Once a state of emergency is declared, it in general leads to substantially more government repression.

Rasmus Wiese (Groningen) *with Maite Lameris and Richard Jong-a-Pin (Groningen)*

Put Your Money Where Your Mouth Is: Validating Political Ideology using a Real-Effort Distribution Experiment

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Lasse Aaskoven (Copenhagen) *with Jacob Nyrup (Oxford)*

Performance and Promotions in an Autocracy: Evidence from Nazi Germany

Scholars on autocracies are increasingly debating whether and under which circumstances autocratic regimes are able to reward good economic performance by regime subordinates. In this article we investigate this issue using the case of subnational economic performance within one of the most notorious autocratic regimes in World history, Nazi Germany. By using the career tracts of the regional leaders of the German Nazi Party, the Gauleiters, from 1936 to 1944, we explore whether good economic performance mattered for appointments within the Nazi state. The results show some evidence in favour of subnational economic performance increasing the chance of receiving a regime-wide promotion but only in the years before World War II. Promotions within the increasingly powerful Schutzstaffel (SS) seems to be associated with better subnational

economic performance in the agricultural sector. Potentially relevant personal characteristics such as young age and experience from fighting in World War I seems to have increased the likelihood of receiving a promotion, while seniority within the Nazi Party seems to have had no positive effect on the likelihood of receiving a regime-wide promotion. Autocratic regimes, even in the absence of any formal accountability mechanisms, such as elections, might thus under some circumstances be able to reward better economic performance. The results furthermore suggest the fruitfulness of looking at promotions within different power spheres of an autocratic regime.