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Federal and Happy?

Examining federalism, decentralization and citizens' satisfaction

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Abstract

Federalism settles decision-making power to state levels close to the citizens. This political decentralization should enable political output being as responsive and corresponding as possible to the diverse demands and needs, thus, resulting in politically happy citizens. As such, federalism and decentralization may represent a polity of good governance. Based on the theoretical literature and previous empirical studies the paper undertakes a large N, cross-section analysis of the relationship between federalism and political satisfaction. The empirical result shows that federalism as well as decentralization appear not to have a statistically significant relationship with political satisfaction. Neither the pro- nor the contra-argument in federal theory survives empirical scrutiny.

Keywords

Federalism, Decentralization, Happiness, Political Satisfaction, Good Governance, Public Choice

50 Shades of Federalism

For a shorter version of some of the ideas, see <https://50shadesoffederalism.com/theory/does-federalism-foster-happiness-reviewing-political-decentralization-and-citizens-happiness/>.

A) Introduction

Happiness¹ or rather political satisfaction is a cardinal objective of politics.² Political systems around the world use different state structures to meet this normative goal. Federalism settles decision-making power to state levels close to the citizens. Political decentralization should enable political output being as responsive and corresponding as possible to the diverse demands and needs, thus, resulting in politically happy citizens. As such, federalism and political decentralization may represent a strategy for good governance. However, the question arises whether the argument holds.

Vincent Ostrom once asked if „federalism [does] make any difference in the way that people are governed?“ (Ostrom 1973:198). The answer has significant implications for political practice since the idea of having differing state orders is based on the presumption that these formats of governance achieve different primacies. Several scholars approached Ostrom’s question, thus, from the aspect of political satisfaction and delivered strong, but ambivalent reasoning when it comes to the potential federal effect on happiness and its direction. While the pro-federal side highlights i.a. the already mentioned argument of proximity, the sceptical perspective stresses several potential deficits resulting from federal structures (e.g., gridlock, corruption, and regional pork-barrel politics).

Going beyond arguments in favour or opposing federalism, Riker demanded in his book *Federalism* to produce „testable and tested generalizations“ (Riker 1964:Preface xi). When it comes to empirical testing, our knowledge of the relationship between state order and happiness remains limited. Although studies have delivered valuable insights into this relationship, research rests on a small foundation. Large N-studies and studies accounting for countries of the Global South are especially rare. This paper adds to the literature by presenting new empirical findings from a cross-section analysis of data from the World Value Surveys (WVS).

After reviewing and discussing the theoretical work on federalism and happiness, the paper reviews the state of research and, thereby, discusses the suitability of happiness indicators. Previous studies relied on life satisfaction as proxy for happiness. The paper argues that life satisfaction is a less pertinent measure than satisfaction with the political system, since conclusions on the effect of state order are harder to draw. The paper aims to contribute empirically to those associations by tackling the questions: which happiness indicator is more pertinent – life satisfaction or satisfaction with the political system? Does federalism and political decentralization make a difference in the political satisfaction of citizens, and does it differ from unitarist democracies?

The preliminary empirical demonstrations contained in this paper will be conducted in following stages: In the first short step, the level of correlation between life satisfaction and political satisfaction will be determined. The result shows a positive, but very weak correlation suggesting that political parameters have little influence on subjective «life satisfaction». Thus, the paper

¹ As practiced in the literature this paper uses the terms »happiness«, »satisfaction« and »well-being« synonymously and interchangeably.

² “[...] let us discuss what it is that we pronounce to be the aim of Politics, that is, what is the highest of all the goods that action can achieve. [2] As far as the name goes, we may almost say that the great majority of mankind are agreed about this; for both the multitude and persons of refinement speak of it as Happiness (εὐδαιμονία), [...]” (Aristotle, EN 1095a; also cf. Pol. 1.1252a) translated by H. Rackham (1934).

investigates if and how the variables «life satisfaction» and «political satisfaction» are related, revealing their association and how it impacts on interpretation. Convergent validity between «life satisfaction» and «political satisfaction» is low, while face and content validity are high for satisfaction with the political system. As such, research must reorient to similar indicators, such as satisfaction with the political system, to capture the linkage.

In the second step, the paper examines the relationship between federalism/decentralization and happiness. The paper approaches the research question via a quantitative cross-sectional examination. The multivariate regressions of the analysis include member states of the OECD and 30 countries around the world covering all world regions except Africa – due to data availability. The empirical finding of the paper's analysis shows that federalism as well as decentralization appear not to hold a statistically significant relevance towards political satisfaction – proving neither the pro- nor the contra-argumentation in federal theory. As such, the results represent a challenge for previous political thought and/or demand more refined empirical work.

This paper is structured as follows: in Section 1 the paper presents the political thought on channels through which decentralization could possibly affect political satisfaction and sets the hypotheses based on those considerations. The last part of the section reviews previous studies on this linkage. Section 2 discusses the research design and introduces the data to test these hypotheses. Section 3 reports and discusses the preliminary empirical results. Section 4 concludes the paper.

B) Theory and Arguments

1. Conceptualizing Federalism and Dezentralization

The Gordian knot of federal studies and its most fundamental challenge is the search for a useful, but comprehensive definition of federalism. Classic theories envision merging sovereigns delegating limited powers to a central level in order to achieve collective goods like common defense, free trade, or a common currency (Riker 1964), but the ontology of the federal idea incorporates a lot more than that. The concept of federalism *eo ipso* is therefore in permanent substantial debate. To this day, there is no consensus on how to delimit federalism in an adequate and applicable form (Gamper 2005, Hueglin 2013, De Cabo Martín 2013, Palermo/Kössler 2017:2, Popelier 2021). The difficulty thereby is the herculean task to catch all federal features and variations and simultaneously include all current federal countries while excluding all cases fulfilling one or more federal criteria, but which are not federal in their entirety. The concept of federalism is, hence, not complete. This crucial problem does not only affect theory, which depends on conceptual clarity, but also empirical work requires a clear definition to apply methods comparatively. Kincaid (2011) concludes that due to the multiple forms of federalism, it is „impossible for one definition to fit all cases exactly and for generalizations to be set forth without exceptions” (Kincaid 2011:XXI, also see King 1982:71 et seq.). Although no universal agreement on denotation of federalism is found, a classification of state orders around the globe is necessary and inevitable.

Carl Friedrich's (1963 et 1968) definition of federalism as a process of federalizing and Elazar's (1987) often-cited self-rule plus shared rule describe elementary characteristics but remain imprecise for further usage in empirical investigations. However, Elazar's approach „is valuable for

three reasons: it is uncontested, it brings us to the core of what federalism is about and it does not pin systems down to a particular set of institutions” (Popelier 2021:33). Nevertheless, in order to operationalize the concept of federalism, political scientists applied what Pinder named the Hamiltonian tradition (Pinder 2007:2): states are classified according to constitutive institutional features as unitary, federal or confederal. Like many other scholars Rodden/Wibbels (2002) identify „some important features [that federations have] in common - above all, they possess institutions that protect the autonomy of subnational governments while limiting the authority of the center” (Rodden/Wibbels 2002:495). However, the Hamiltonian approach prevalently resulted in several different compilations of defining features. Most promising seems to be the list provided by Ronald Watts (1996, 2007 et 2008). According to Watts, federal systems have (1) two orders of government acting directly on their citizens; (2) a formal constitutional distribution of legislative and executive authority and the allocation of revenue sources ensuring some areas of genuine autonomy for each order; (3) representation of distinct regional views within the federal policy-making institutions, usually provided by the particular form of the federal second chamber; (4) a supreme written constitution not unilaterally amendable and requiring the consent of a significant proportion of the constituent units through assent of their legislatures or by referendum majorities; (5) an umpire in the forms of courts or provision for referendums to rule on disputes between governments; (6) processes and institutions to facilitate intergovernmental collaboration for those areas where governmental responsibilities are shared or inevitably overlap (Watts 1996, 2007 et 2008:7, cf. Swenden 2006:9, cf. Popelier 2021:17).

Swenden adds two additional requirements: (7) federal states are by definition democratic and (8) do not allow unilateral secession (Swenden 2006:10).

Although Watts’ definition of a federal system *inter alia* enables empirical analysis going beyond case studies, Popelier (2021:20) identifies nine general problems regarding the Hamiltonian tradition:

1. The cherry-picking problem; 2. The circular reasoning fallacy; 3. The lack of universal validity; 4. A biased selection of model federations; 5. A barely hidden sense of superiority; 6. The epistemological obstacle and the embarrassment of intermediate constructs; 7. Denial of political reality: the federal construct as a package deal; 8. The risk of missing out: the problem of rigid definitions; 9. The absence of a global/local perspective.

In addition, Riker (1969) already argued that formal federal constitutional provisions were not as important as their implementation and operation. Thus, finding clear classifications for federalism may remain incomplete. Even more since federalism means diversity. Against this background, scholars identified numerous federal designs and assigned them to diverse typologies. „Die Unterscheidungen etwa zwischen zentralem und dezentralem, unitaristischem und regional differenziertem, inter-state und intra-state, dualem und verflochtenem, kooperativem oder kompetitivem Bundesstaat beziehen sich allein auf das föderative Regelsystem oder sogar nur auf dessen Einzelmerkmal. [...] Für eine Erklärung möglicher Wirkungen föderativer Strukturen auf Politikerergebnisse leisten diese Typologien nicht sehr viel, [...]“ (Benz 2002:19).³ Accordingly, federal

³ Author’s translation: “The distinctions between central and decentralized, unitarian and regionally differentiated, inter-state and intra-state, dual and interconnected, cooperative or competitive federal state relate solely to the federal regulatory system or even only to its individual characteristics. [...] These typologies do not contribute much to explain possible effects of federal structures on policy outcomes.”

systems in nature differ from each other and do not follow a one-size-fits-all approach. As such, the federal conceptualization problem seems to be cast in iron. Also, whether democracy is necessary for a federal design – as Swenden added to Watts’ original typology – is likewise in discussion. Since federalism is a state setting, it per se does not integrate any rule of government into its narrow concept. However, scholars argue that the federal state is more than the unitarian one „in harmony with the ideal of modern democracy [...] as a means of realizing the maximum of liberty compatible with order” (Sidgwick 1903:436ff. et 1919:426-39/530-50, cf. Bosco 2020:123). Moreover, “[f]ederal values and principles in any case correspond to and inhere in liberal democracy and are — at least theoretically — mutually reinforcing.” (Burgess 2013:9). Stepan (2001:ch.15) also underscores the crucial distinction between democratic and nondemocratic federal states.

Closely interrelated to the concept of federalism is decentralization. Like the discussion in the conceptualization of federalism, decentralization is not determined by a final definition. For several scholars, federalism expresses the «right to decide» while decentralization refers to the «right to act» (Bellamy 1996, Döring 2000, Keman 2000) and that federalism is not mere a degree of de- or centralization, but also the incorporation of regional units in the national legislature (King 1982:19, 77 et 146). However, decentralization represents aspects of federal practice (cf. Burgess 2013) and as such, decentralization can be understood as „the shift of [political, fiscal or administrative] authority towards regional or local government and away from central government” (Hooghe et al. 2020:197, cf. Hooghe et al. 2016). Based on a Kelsenian perspective (cf. 1961:316), Dardanelli (2019) reconsiders that federal statehood can be conceptualized as a section on a de-/centralisation continuum – marked by differences of kind with unitary states (cf. Dardanelli 2020). Braun (2000) and Keman (2000) identified unitarist nations with a high degree of decentralization and federalist countries with high centralization. It is plausible that – although being considered most often as two different concepts – the effect of both phenomena, federalism and decentralization, is similar. Accordingly, it necessitates asking whether there is an empirical linkage between the effects of decentralization and federalism. Do the two factors influence into the same direction in the same strength? However, Voigt/Blume (2008) and Biela/Hennl (2010) argue that effects of federalism and decentralization on performance are distinct. Yet, „[s]owohl die Empirie des Föderalismus als auch dessen Abgrenzung zu Modellen der Dezentralisierung, Dekonzentration und Devolution von Staaten sind höchst umstritten.“ (Sturm 2018:441).⁴

Another difficulty in this connection is an antipodean distinction of federalism and unitarism. Several scholars underline that the categories «federal» and «unitary» are too broad to cover the variation in contemporary states with regard to their territorial organisation of state activity (Kaiser/Ehlert 2009). Nevertheless, “[it] might be useful for broad albeit blunt comparisons across the two types of systems, but its reductionist character minimizes the tremendous variation within each category” (Rodden/Wibbels 2002:501).

While acknowledging previously mentioned theoretical complications, this paper will conduct its analysis based on the operationalization of Watts (as expanded by Swenden). This decision has been made due to the usefulness and utility for the feasibility of a comparative analysis. Moreover,

⁴ Author’s translation: “Empiricism of federalism as well as its demarcation from models of decentralization, deconcentration and devolution of states are highly controversial.”

the study attempts to distinguish between variations of the state orders and for the world region of the particular country.

2. Happiness

Modern research on happiness in the sphere of politics begins in the 1970s and 1980s (Easterlin 1974, Scitovsky 1976, Morawetz et al. 1977, Ng 1978, Martin/Lichter 1983, Headey/Krause 1988) and was driven by economists and the ordinal utility perspective. Federal studies added a new component to the subject – the role of states and power. Governance was identified being a key factor in determining the wellbeing of its citizens, especially through formal institutions, social resources and public policies (March/Olsen 1989, North 1990, Weaver/Rockman 1992, Dahl 1998, Lijphart 1999, Peters 1999, Crepaz/Koelbe/Wilsford 2000, Reynolds 2001, Lane/Ersson 2005:163 f., Kim/Kim 2012).

Subsequently, the inevitable question then is what does a variation in state order effect? Does it make a difference when a country is federal or unitarist or whether it is more or less de-/centralized? Previous studies demonstrated that the general performance of de- and centralization is embedded in the political, institutional, economic and social context of a country (Rondinelli et al. 1989, Litvack et al. 1998). However, political thought provides generalized arguments covering dis- and advantages of the governance principles of unitarism/centralization and federalism/decentralization. Plausibility and logic are inherent in both ways of thinking, making the association even more puzzling and stimulating. The two theoretical perspectives and standpoints are reviewed in this section.

3. Federalism makes citizens happy

Federal theory strengthening the federalism-happiness association builds its argumentation on the key concepts of voice, closeness and best practice. Voice as one major element in federalism pronounces preference heterogeneity and takes up various roles in this regard (cf. Hirschman 1970, Schmidt 1995, Escobar-Lemmon 2001). Coming from competitive federalism theory, foot voting is one of those means of voice to improve the political environment and politics overall. When citizens notice that other constituencies do a better job, they either try to push their own officials towards more matching policies or simply move to the constituency they see performing better. „This [federal] competition may lead to a reduction of waste, fraud, and abuse, and to more efficient representation of community interests, lest the community lose residents, businesses and part of its tax base to competitors” (Volden 2002:352). Beside the mobility-argument, theoretical notions focus on voice in form of political involvement and active participation of citizens in subnational units holding decision-making power. In this regard, the reasoning presumes that federalism stimulates the political activity of citizens. Because decisions are made in proximity of the citizens concerned, their incentive to be part of the process and to integrate their opinion into the outcome is higher. This stimulus, in turn, supports the incentive to inform oneself and the active and well-informed citizen, hence, improves the quality and sophistication of political decisions (cf. Elazar 1993, Härtel 2012).

Against this background, this tendency becomes strengthened by the fact that: „die Kosten [auf lokaler Ebene], sich zu informieren und am politischen Prozess teilzunehmen deutlich tiefer [sind]“ (Thoeni 1986).⁵ Decentralized government also helps electorates discipline local officials, thereby solving agency problems. Enhanced information puts voters „in a better position to sanction poor performance or rent-seeking, perhaps even clarifying the tax-benefit link and reducing the problem of fiscal illusion” (Besley/Case 1995, cf. Rodden 2003:701). In this regard, federalist thinkers argue that democratic quality and good governance crystalizes from the quality of input and output of politics (cf. Scharpf 1970 et 1993, Offe 1986). Good governance is argued to be a place of feedback, response and reaction. As such good governance becomes visible in situations of tensions and disagreement and it is vital when practical politics and all branches of government are aware of those tensions (Nolte 2021). Accountability and responsiveness of politicians should originally be at higher levels in federal settings (cf. Lookwood 2005, Yushkov 2015) leading to the implication that federalism boosts the quality of democracy. Much of the literature on federalism and democracy claims that political decentralization is beneficial for democratic development, especially the larger and the more diverse a society is (cf. Gibson 2004, Lane/Ersson 2005).

Closeness is seen in the higher familiarity of sub-national decision-makers with local and regional circumstances increasing the chance for issue- and citizens-oriented solutions. Thereby, subnational officials’ sensitivity to local conditions and needs is key. The striking distance to communal problems and as such high degrees of closeness to citizens make it possible to create pertinent political alternatives to centralized programs. Moreover, this closeness can often lead to more pragmatic and simplified solutions to central complex bureaucratic procedures. The involvement of a high number of different actors from different levels of government and non-governmental institutions in policy implementation may additionally lead to increased legitimacy and may mirror familiarity of dealing with multiple normative levels.

Moreover, federalism is postulated to be a learning system with alternative policies implemented in regional jurisdictions, where decisions with local or regional character can be more easily changed and adjusted than in centralized countries enabling «laboratory federalism» and a competition over best policies and practice (Tarr 2001, Sturm 2018). Those regional jurisdictions can function as sandboxes to test new policy solutions giving failing or succeeding return signals. The federal structure also allows individual regional progress before all subunits endorse major policy change – making implementation at multiple speeds possible. Fukuyama (2005) argues that in developed countries decentralisation actually improves statehood and enables the state to be better organised, more efficient and more open to societal, economic and administrative experimentation.

Federalism, thus, means „smaller, directly accountable, self-governing political units, more responsive to the individual citizen, and from the desire to give expression to primary group attachments” (Watts 2007:1 et seq.). As such, federalism opposes levelling and may avoid incremental legitimization deficits (Guggenberger/Offe 1984) while also holding a greater ability for autocorrection. In other words, politics and policies are closer to the citizen and may be more target effective and efficient. If so, the argument in theory states that citizens in federal systems are more

⁵ Author’s translation: „The costs [at local levels] to inform oneself and to take part in the political process is significantly lower.”

satisfied and happier with politics, express more trust in political institutions and show high approval towards the political system.

In comparison with unitarism, Benz (1985) outlines that centralized problem solving is rather not confronted with coordination problems as federal settings are, but the demand of information processing and the difficulty factoring in all interests increases disproportionally. „Zentrale Einheiten tendieren dazu, die Bedürfnisse der kleinräumigen Einheiten und deren besondere Problemlagen zu vernachlässigen, sie sind darüber hinaus für den betroffenen Bürger und für nicht organisierte Gruppen in der Regel nur schwer zugänglich. Die Gefahr, daß Legitimationsdefizite für das staatliche Handeln auftreten, ist bei zentralisierten Handlungsformen wesentlich größer als bei dezentraler Problembearbeitung.“ (Benz 1985:248).⁶ This circumstance even intensifies in a growing differentiation of living conditions, individualisation, societal diversity and problems (cf. Inglehart 1990, Inglehart/Oyserman 2004, Santos/Varnum/Grossmann 2017, Beugelsdijk/Welzel 2018, Reckwitz 2018, Minkov/Welzel/Schachner 2020). Increased subnational autonomy may respond to such a social trend more adequately than other forms of political order. Decentralization in this sense means collectivization of politics antipodal to a uniform, standardized approach explicitly taking care of preference heterogeneity, pluralism and diversity.

H1: Federalism increases citizens' political satisfaction.

4. Federalism makes citizens unhappy

Federal governance involves drawbacks and downsides. Riker (1969) sees federalism as a non-equilibrium state and because of permanent federal bargaining as a generally unstable form of governance. Federalism may not make any particular difference in terms of public policy (Riker 1975:143; Lane/Ersson 1996: 112f.). Furthermore, scholars criticize a federal design for being a political wastage by multiplying parliaments and the number of politicians as well as for imposing constraints on national governments keen to implement their political projects (Wachendorfer-Schmidt 2000). In this context, the high costs of political consent play a major role. In order to reach a decision – in terms of preparation, reaching agreement, and implementation – the costs are rising with the number of actors, slowing down decisions and creating delays. The goal of minimizing the costs of political consent favors unitarist settings (cf. Buchanan/Tullock 1965). In a worst-case scenario, a federal configuration more likely leads to gridlocks, scattered regionalism and ungovernability compared to unitarism. Thus, citizens in federations may more likely feel frustrated and less satisfied with politics than citizens in centralized states.

While federalism aligns attention handling of conflicts, party democracy is based on competition and confrontation between different parties (Lehmbruch 2000, Benz 2021, see also «Strukturbruchthese»). This makes it more difficult for regional executives to negotiate with national

⁶ Author's translation: "Central levels tend to neglect the needs of smaller units and their specific situations, moreover, they [central levels] are generally difficult to access for the citizens concerned and for non-organized groups. The danger that legitimacy deficits arise for state action is much greater with centralized forms of action than with decentralized ones."

executives from an opponent party (Sturm 2018:447). Moreover, „regionally oriented parties can obstruct the development of coherent central policies in favor of the particularistic needs of decentralized elites” (Rodden/Wibbels 2002:502). As such, federalism creates potential inefficiencies and federal politics may thus be underperforming resulting in displeased citizens.

Additionally, the argument on the linkage between „decentralization and enhanced accountability require[s] hefty assumptions about the quality of the local democratic process and the information available to voters” (Rodden 2003:701). To some extent, this is also true for preferences and concrete acting of voters and politicians, because decentralization also could lead to «state-capture» by local interest groups and increased corruption (Rodden/Rose-Ackerman 1997, Bardhan/Mookherjee 2000, Treisman 2001, Fukuyama 2005:97). The alleged advantage of federalism in responsiveness and accountability may in practice be non-existent or even reversed. Rodden (2006:363) explains that especially in terms of shared rule, federalism can create a situation in which responsibility is unclear and contested. Rodden (2004:494) also claims that via „adding layers of government and expanding areas of shared responsibility, it might facilitate blame shifting or credit claiming, thus reducing accountability.” For the voter a federal constellation, hence, may be confusing and electoral punishment might not take place or hit the wrong officials. Banting (1987) backs the notion that a federal structure can be non-transparent and adds the feature of reform-resistance. For the US case, for instance, academics point out that American federalism was also about institutionalizing racism (Riker 1964: Chapter 4, Rodden 2006:368).

Moreover, citizens themselves hold only limited resources to invest in monitoring state governance. It is plausible that multiple levels of government prevent citizens from thorough oversight over government activities and that instead a single, central government might enable voters a proper governmental check (Franzese 2001). In this connection, pro-federal arguments make the assumption of engaged and active voter-consumers in federations, but what happens in a federal order without such ideal citizens? Perrson/Tabellini (2000) argue that uninformed or indifferent citizens allow for considerable agency slack. Local officials then may not only exert low effort, but also even exploit chances for theft and other forms of corruption – and because federalism is open to ongoing renegotiation it invites a variety of opportunistic behaviors in those. In addition, citizens may even lose incentives „to demand good government or closely monitor government behavior” (Rodden 2019:2), when the government funds its activities through rents from natural resources (Ross 2004, Van der Ploeg 2011), foreign aid (Moore 1998; Morrison 2009) tariffs, or other forms of «taxless finance» like bank charters or land sales (Wallis 2005). This might be true for the demand of «better» democracy and democratization as well. On the other hand, the lack of professionals and insufficient administrative or technical capacities at local/regional levels may result in services being delivered less efficiently and effectively than by a central management and economy of scale. Additionally, responsibilities may be transferred to subnational levels without being endowed with the adequate (financial) resources. In all, federalism holds obstacles impeding good governance and, thus, happier citizens. Consequently, it is possible that a lower quality of democracy and more discontented citizens are found in federations than in political centralized countries.

H2: Federalism decreases citizens’ political satisfaction.

5. State of Research

Overall, the literature suggests that the impact of political decentralization on satisfaction is an empirical question since both state orders do hold theoretical pro and con arguments. Early qualitative and quantitative case studies show that citizens are more satisfied with and place greater confidence in local and state governments rather than with/in central governments (Farnsworth 1999, Kincaid/Cole 2000 et 2010). A majority of citizens sees also more advantages than disadvantages in federalism (Kincaid/Cole 2015) and a vital civic culture fosters governance performance (Rice 1997, cf. Putnam 2000). For Switzerland Frey/Stutzer (2000) identify that local autonomy increases happiness.

Several large-N cross-section analyses find that inter alia fiscal decentralization in form of „greater revenue and spending decentralization increase well-being, while a beneficial influence of political autonomy emerges only through its interplay with general government spending.” (Bjørnskov/Drehe/Fischer 2008:147), Voigt/Blume (2012) detect that citizens in federal countries are happier than in unitarist systems, Ligthart/van Oudheusden (2014) ascertain that fiscal decentralization fosters trust while Kuete/Mignamissi/Kuete (2022:604) find that “federalism and local autonomy improve the happiness of the population”.

Rather ambivalent results from cross-country and multi-level analyses in this matter show that i.a. federalism in form of political decentralization seems to support democracy, but fiscal decentralization does not (Lane/Errson 2005). Furthermore, the influence of political decentralization on citizens’ satisfaction with the state of the education system and of health services varies on the dimensions of self-rule and shared rule (Díaz-Serrano/Rodríguez-Pose 2012). In the case of Indonesia fiscal decentralization is significantly associated with citizen happiness, while political decentralization is not (Sujarwoto/Tampubolon 2015).⁷ In Chile fiscal decentralization also affects happiness positively, but the effect depends on the «satisfaction group»⁸ the individuals belong to (Letelier/Sáez Lozano 2020).

A time-series-cross-section analysis asking concretely for the linkage between political decentralization and «well-being» using the European Social Survey for the period 2002-2014 shows that the effect of political decentralization is moderated by the quality of national governance (Rodríguez-Pose/Tselios 2019). „In countries with high governance quality, political decentralisation results in a greater satisfaction with health provision, while in lower quality governance countries, a more decentralized government can increase the overall satisfaction with life, the economy, government, democracy and the provision of education, but not necessarily with health-related services.” (Rodríguez-Pose/Tselios 2019:69). In terms of fiscal federalism, the cross-section multilevel analysis from Letelier/Sáez Lozano (2020) finds that fiscal decentralization in education and housing appears to have a negative effect on well-being, but this effect is positive in the cases of health and culture and recreation.

⁷ Take note that political decentralization is measured by the presence of an elected mayor.

⁸ Meaning the answer of the respondents on a 10-scale of life satisfaction. Due to methodological reasons the individuals’ answers were classified in only five life satisfaction groups.

As seen in the overview of Tab.1 and Tab.2 (see Appendix), all those studies show either a positive federal influence on happiness, an indecisive one or no effect. Interestingly, no study demonstrated a purely negative relation between federalism and happiness.

However, several studies do not consider the performance of unitarist states or are limited to a temporal snapshot. In addition, many studies are concerned with single cases and either omit potential counter-evidence and/or investigate only a subset of federal systems. Most studies use western countries only, due to data availability understandable, but it leads to the problem of selection bias. Without doubt, previous works contributed crucially to our understanding. Yet, theory gives plausible concern that the relationship is not as one-sided as empirics suggest, especially when including federations outside of Europe and North America. „The [...] discussion makes it obvious that the expected net effects of federalism on governance indicators are far from crystal clear.” (Voigt/Blume 2012:235). Missing out of a critical number of comparative studies with larger samples, the paper aims to contribute by delivering new findings (with higher external validity).

5. Happiness Indicator

Many authors argued that levels of life satisfaction (happiness) function as an adequate proxy for welfare (Frey/Stutzer 2000, cf. Voigt/Blume 2012). When it comes to the dependent variable «happiness» the paper holds the concern that indicators such as life satisfaction may not reflect the concept of the theory in the most fitting way. The nexus between state order and happiness may be best caught by «satisfaction with the political system» instead of many other indicators. An interviewee answering the question of life satisfaction, (subjective) well-being, (subjective) trust or confidence, etc. may not have the political order in mind or may not identify this power setting as primary influential. Additionally, Aristotle argued that a reflective rather than a momentary perspective was more likely to give a concerted valuation of what constituted the good life (cf. EN 1098a). Questions such as „Taking all things together, how happy would you would you say you are these days...?”, „Taken all together, how would you say things are these days: ‘very happy’, ‘pretty happy’, ‘not too happy’ or ‘very unhappy?’” or „How satisfied are you with your life these days?” should, thus, be treated with caution. In addition, it is questionable whether the variable of subjective well-being can be compared across a heterogeneous set of countries. Diener and Oishi (2006) point out that cultural factors such as the desirability of pleasant emotions or self-criticism influence reports of subjective well-being – nations such as Japan have lower scores on «subjective well being» than one might expect based on observable factors such as income.

Certainly, life satisfaction, well-being or trust may serve well as an indirect measure of this relationship, but a query on the political system should achieve a more adequate inference. The reason lies in the direct confrontation of the interviewee with her political system and the stimulated thinking about it may take other political systems (neighbouring or prominent countries, etc.) into consideration as well. Hence, «satisfaction with the political system» may be more reliable and have higher validity than other proxy. Subsequently, the measure «satisfaction with the political system» shows a stronger theoretical correspondence with the underlying concept of the linkage between federalism/decentralisation and happiness, indicating high face validity. As such, the

suggested operationalization seems to be a better translation of the construct than the other indicators. Simultaneously, «satisfaction with the political system» summarizes the meanings of the concept of the linkage plausible and, thus, demonstrating content validity. Based on the aforementioned arguments, it is, however, doubtful that «life satisfaction» and «satisfaction with the political system» do meet convergent validity. Since the political component is missing for the indicator «life satisfaction» the paper questions that the two measures be on par on the same underlying concept at the same level.

Although not applied in federal happiness studies, the paper holds a similar concern regarding the indicator «satisfaction with democracy» („How satisfied are you with the way democracy works in your country”, etc.). Thereby, the reasons are twofold. First, scholars showed that „the satisfaction with democracy item taps multiple dimensions of political support and that the substantive content represented by the item varies across both individuals and nations.” (Canache et al. 2001:506, also: Seligson 2001, Norris 1999, Rose/Mishler/Haerpfer 1998). People “may rate «satisfaction with the working of democracy» as satisfaction with economic performance, with the protection of civil liberties, with public service provision, or with the maintenance of law and order.” (Baviskar/Malone 2004:3). As such, „these empirical characteristics limit the capacity of analysts to derive meaningful inferences from study of this item.” (Canache et al. 2001:506,). Second, federal studies are interested in the effect of federalism and decentralization; the question towards the satisfaction with democracy does hardly contribute to, but rather blurs the concepts heavily, especially concerning countries of the Global South. Certainly, an optimal survey question asks concretely for those two phenomena.

C) Research Design

Since the project is interested in the explanatory power of state orders the research design is factor-centric (Gschwend/Schimmelpfennig 2011:7 et seq.). The goal is to estimate the direction and size of the state order-effect, that is federalism and decentralization respectively - in other words, does federalism and decentralization in- or decrease happiness and to which extent. Doing so, the paper applies a large N, cross-sectional OLS-analysis⁹ by using decentralization and federalism as independent variables in several regressions.

⁹ Ordinary least-squares (OLS) models assume that the analysis is fitting a model of a relationship between one or more explanatory variables and a continuous or at least interval outcome variable that minimizes the sum of square errors, where an error is the difference between the actual and the predicted value of the outcome variable. The most common analytical method that utilizes OLS models is linear regression (with a single or multiple predictor variables). Zdaniuk, B. (2014). Ordinary Least-Squares (OLS) Model. In: Michalos, A.C. (eds) Encyclopedia of Quality of Life and Well-Being Research. Springer, Dordrecht. https://doi.org/10.1007/978-94-007-0753-5_2008

1. Data and Operationalization

Based on the WVS data and the Better-Life-Index of the OECD, the paper will work in all regressions with federal democracies only.

For the first cross-section regressions the source of data is the Better-Life-Index of the OECD covering the year 2020 (Tab. 4). The Better-Life-Index includes 37 OECD as well as 3 non-OECD countries – the non-OECD countries were excluded by the paper due to data issues. In the models, «happiness» is characterized by life satisfaction, which respondents valued on a scale from 0-10 relative to the best and worst possible lives. The state order variable is binary (0 unitarist, 1 federal) and was added by the author.

For the subsequent cross-section analyses the source of data is the seventh wave (W7) of the WVS covering the years 2017-2020. The representative sample of the survey allows inferences and conclusions being reasonably extended from the sample to the entire population. The paper urges four survey questions for the analysis – namely: „How satisfied are you with how the political system is functioning in your country these days?“, „How interested would you say you are in politics?“, „Scale corruption in [my country] - pay a bribe, give a gift, do a favor to other to get things?“, „To what degree are you worried about the following situations? Losing my job or not finding a job?“.

The question in regard of satisfaction with how the political system is functioning purposes as dependent variable since a strong correspondence between this measure and the underlying concept and research question is apparent, indicating high face validity. The questions tackling political interest, perceived corruption and job worries serve as control variables and rival explanations. In the analysis the paper operates with the aggregated mean value of the respondents' answers.

Additionally, the analysis includes GDP per capita (ppp) and the Gini-Coefficient to account for economic wealth and wealth distribution being potentially highly influential in this context. The data is mostly taken from the World Bank for the year 2018 (exceptions and their source: see appendix). The variables «Fundamental Rights» and «Direct Democracy» are integrated from the Global State of Democracy indices for the year 2018 (description: see appendix) and control for the degree of participation options and social/liberal rights. The Fragile States Index provides the «Fragility»-variable based on the year 2018 and measures the individual state's stability. The dummy variables for electoral and governing systems relate to the official countries' information (e.g. proportional, presidential, etc.) and account for effects resulting from these structures.

While the binary variable «Federalism» relates to those countries identifying as federal in their constitutions, «Political Decentralization» is measured according to the Regional Authority Index (which is the sum of $n_selfrule$ and $n_sharedrule$ for the year 2018). Both, federalism and decentralization are used as predictors for the hypotheses.

The final dataset consists of 30 countries in total. According to world regions the sample contains following proportions: 40% Asian, 20% Latin American, 20% European, 6.6% Central American, 6.6% North American, 6.6% Oceanian countries. Federal countries make up to 30% of the sample.

D) Preliminary Results

1. Correlation between life satisfaction and political satisfaction

The correlation analysis of life satisfaction and political satisfaction shows a statistically significant ($p < 0.01$), but low level of Pearson correlation between the two variables ($r \leq 0.2$). This result hints towards a little influence of political parameters on subjective «life satisfaction». Corresponding to the argumentation in the Happiness-indicator section, the paper finds empirically a low convergent validity between «life satisfaction» and «political satisfaction», while face and content validity of the state-order-effect-concept is theoretically high for satisfaction with the political system. Accordingly, research must reorient to indicators, such as satisfaction with the political system, to catch the linkage best.

2. Cross-sectional analyses

1. The bivariate model (Tab. 3) based on Better-Life-Index of the OECD shows the independent variable «federalism» being statistically significant on the association with life satisfaction. However, in the multivariate regression with the control variables of the Better-Life-Index federalism does not reach statistical significance, although the independent variable shows a positive direction and a substantive potential. To put it differently, the H_0 cannot be rejected successfully - based on model and sample, there is a high probability that federalism does not affect life satisfaction.

2. Changing the primary data source to the World Value Surveys (information: see appendix), the first OLS-models (Tab. 4 and Fig.1) apply federalism and decentralization as the independent variables, while life satisfaction is commonly used in the literature as the dependable variable. Both models share the same control variables. The Decentralization model demonstrates statistical significance on the relationship with life satisfaction, although the effect seems to be rather limited. Albeit indicating a substantive potential (once again), the Federalism model does not hit statistical significance. Based on model and sample, there is a high probability that decentralization affects life satisfaction positively, while federalism is not affecting life satisfaction.

3. Using the same data as the previous regression, but switching the dependable variable to political satisfaction (Tab.5), both independent variables show similar a similar strength and the same positive direction as in the models of Tab.4. However, in these analyses both independent variables do not reach statistical significance. Based on model and sample, there is a high probability that federalism and decentralization do not affect political satisfaction. However, adjusted R^2 points toward a model explanation size of more than 70% for the examined variance, which can be seen as a hint, that the explanatory power of the model as a whole is suitable examining this linkage. In comparison, the «life satisfaction» models of Tab.4 have about 40%. To put it differently, the chosen independent variables of the models of Tab.5 are good in predicting political satisfaction.

Tab.3 Regression Life Satisfaction - Federalism

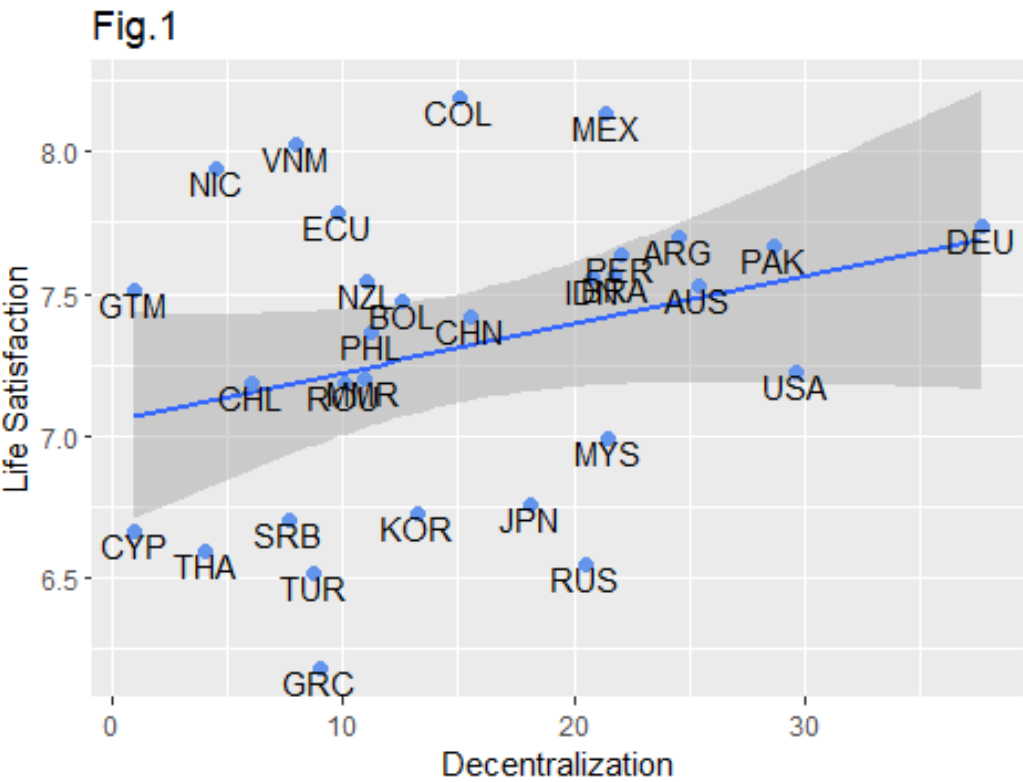
	<i>Dependent variable:</i>	
	Life Satisfaction	
	(1)	(2)
Constant	6.479 ^{***} (0.124)	-9.273 [*] (4.798)
Federalism	0.596 ^{**} (0.268)	0.305 (0.195)
Quality of support network		0.056 [*] (0.031)
Voter turnout		0.014 [*] (0.007)
Employment rate		0.035 [*] (0.020)
Years in education		0.078 (0.077)
Water quality		-0.0002 (0.019)
Air pollution		0.017 (0.023)
Life expectancy		0.063 (0.041)
Feeling safe walking alone at night		0.009 (0.012)
Homicide rate		0.059 ^{**} (0.027)
Observations	37	37
R ²	0.124	0.711
Adjusted R ²	0.099	0.599
Residual Std. Error	0.670 (df = 35)	0.447 (df = 26)
F Statistic	4.953 ^{**} (df = 1; 35)	6.381 ^{***} (df = 10; 26)

Note: * p<0.1; ** p<0.05; *** p<0.01

**Tab.4 Regression Life Satisfaction -
Decentralization/Federalism**

	<i>Dependent variable:</i>	
	Life Satisfaction	
	(1)	(2)
Constant	9.831*** (2.198)	10.542*** (2.535)
Decentralization	0.023** (0.011)	
Federalism		0.349 (0.274)
Direct Democracy	0.363 (0.544)	0.512 (0.649)
Corruption	0.165 (0.148)	0.183 (0.166)
Worries Losing/Finding Job	0.061 (0.309)	0.024 (0.346)
GDP per capita (PPP)	-0.00004*** (0.00001)	-0.00004*** (0.00001)
Gini-Coefficient	0.020 (0.019)	0.015 (0.022)
Fragility	-0.028** (0.011)	-0.029** (0.011)
Fundamental Rights	-0.902 (0.978)	-0.646 (1.051)
Proportional	-0.122 (0.244)	-0.160 (0.273)
Parliamentary	-0.207 (0.217)	-0.270 (0.241)
Political Interest	-0.651 (0.463)	-0.777 (0.494)
Observations	30	30
R ²	0.632	0.577
Adjusted R ²	0.408	0.319
Residual Std. Error (df = 18)	0.405	0.435
F Statistic (df = 11; 18)	2.813**	2.233*

Note: * p<0.1; ** p<0.05; *** p<0.01



**Tab.5 Regression Political Satisfaction -
Decentralization - Federalism**

	<i>Dependent variable:</i>	
	Political Satisfaction	
	(1)	(2)
Constant	15.309*** (3.420)	15.678*** (3.808)
Decentralization	0.022 (0.017)	
Federalism		0.243 (0.411)
Direct Democracy	-0.931 (0.847)	-0.887 (0.975)
Corruption	-0.825*** (0.230)	-0.785*** (0.249)
Worries Losing/Finding Job	-0.373 (0.481)	-0.374 (0.520)
GDP per capita (PPP)	-0.00003* (0.00002)	-0.00004* (0.00002)
Gini-Coefficient	-0.086*** (0.030)	-0.088** (0.033)
Fragility	0.001 (0.016)	-0.001 (0.017)
Fundamental Rights	0.201 (1.522)	0.411 (1.579)
Proportional	-0.408 (0.380)	-0.484 (0.410)
Parliamentary	-0.581 (0.338)	-0.622 (0.361)
Political Interest	0.545 (0.721)	0.429 (0.741)
Observations	30	30
R ²	0.813	0.800
Adjusted R ²	0.699	0.677
Residual Std. Error (df = 18)	0.631	0.653
F Statistic (df = 11; 18)	7.120***	6.537***

Note: * p<0.1; ** p<0.05; *** p<0.01

In terms of this result, the paper argues for three thoughts. First, a cross-section analysis brings the advantage of being able to integrate time-invariant variables, which is especially important in order to cover highly plausible rival explanations of the research question. Second, in order to achieve a robust finding, survey samples must include a higher number of countries (and continuous time spans) – then evaluation results are less fluctuating due to meaningful sample differences. Therefore, future studies should continue for this form of analysis with the perspective of more refined and embracing data availability. Third, the impact of state order may be difficult to break down, because positive and negative effects may be at work at once and cancelling each other v. Accordingly, empirics should unearth details on the linkage – e.g. in which fields the state order may be of dis- or advantage.

In sum, the paper found no support for a causal connection between federalism/decentralization and happiness, except for the Decentralization model (Tab.4). However, the Decentralization model (Tab.4) operates with life satisfaction as dependable variable, which is the criticized Happiness-indicator in the theory section of the paper. Hence, neither federalism nor unitarism produce happier consumer-voters than the other state order.

E) Conclusion

Normatively, a good state is a state that is able to maximize the political satisfaction of its citizens and the „[...] effizienteste Staatsordnung ist [...] diejenige, die die Staatsdiener am engsten an die Wünsche des Souveräns, also der Bürger bindet“ (Tullock 1977:35).¹⁰ Certainly, on the first sight a federal democracy may seem as a viable option to fulfil these purposes. Yet, political thought provides reason that the relationship may not be as clear as it might look. Beside the positive narrative listing all the federal advantages, there is also crucial theoretical concern stating several potential deficits on the federalism-happiness linkage. A unitarist democracy holds benefits that might lead to outperforming a federation.

The paper approaches this research question by multivariate cross-section analyses with a sample of a) 37 (OECD) countries from the Better-Life-Index and b) 30 countries based on the World Value Surveys. The findings of the quantitative investigations demonstrate a surprising association. Neither decentralization nor federalism do indicate any statistically significant pattern in connection with political satisfaction – neither a positive nor a negative one (sample b). This result does not provide support for either side in the literature – rejecting H1 and H2 – and additionally contradicts previous cross-section studies signposting a positive or at least ambivalent relationship. The reason may be, on the one hand, that those works rely on samples dominated by industrialized, western countries, and on the other hand, that they may be created on the basis of different observation years. As such, the paper makes note that a major difficulty for sufficient empirical work is data availability. In order to achieve a robust finding survey samples must include a higher number of countries and larger periods.

When changing the response variable «political satisfaction» to «life satisfaction», the Decentralization model with sample b does support a statistically significant relationship of the two

¹⁰ Author's translation: „The most efficient state order is (...) the one that binds the civil servants most closely to the wishes of the sovereign, thus the citizens.“

phenomena. However, in the theory section the paper argues life satisfaction not being the ideal proxy of the research question due to concerns of undertheorization.

The first limitation of the entire study is the lack of panel data on the individual respondents. Such data would be a major asset in the identification of key coefficients if unobserved fixed effects could be controlled with panel data. The paper's analysis may also indicate that the impact of state order is difficult to break down. Positive and negative effects of federalism and decentralization may be at work at once and cancel each other out. As such, the paper returns the federal happiness issue to political theory with the aim of initiating a new direction of discussion. Nevertheless, the paper brings new empirical insights into this matter and provides an updated evaluation with the latest available data. Yet, the question whether federalism is the state form of better governance remains not answered optimally. However, there are more questions to add: Is federal happiness an interaction effect with a certain degree of direct democracy? Is the size of the state apparatus influential? Is there a difference in citizens' political satisfaction levels in federal countries with more subnational units to ones with less?

Appendix

Tab.1 – Political Decentralization affecting Happiness

Study	Design	Result*	Indicators in Detail
Frey/Stutzer 2000	Case study (Switzerland)	+	Local autonomy; Happiness-question: “How satisfied are you with your life as a whole these days?”
Bjørnskov/Drehe/Fischer 2008	Cross-section (66 countries; WVS Wave 4)	+	Constitutional exclusive rights to legislate, share of non-central government employment spending in overall government employment expenses; Happiness-question: “How satisfied are you with your life these days?”
Rodriguez-Pose/Maslauskaitė 2011	Cross-section (27 countries, EVS Wave 4)	+	RAI; Happiness-question: “All things considered, how satisfied are you with your life as a whole these days?”
Diaz-Serrano/Rodríguez-Pose 2012	Cross-section (30 countries, ESS pooled Waves)	ambivalent	RAI; satisfaction of individuals with democracy, government, the economic situation and life satisfaction (extremely bad/dissatisfied to extremely good/satisfied)
Voigt/Blume 2012	Cross-section (80 countries, various sources)	+	Country’s local executives are elected, upper house right to block legislation, subnational share of expenditures, regularly and unconditionally transfers; happiness (Veenhoven 2004)
Sujarwoto/Tampubolon 2015	Case study (Indonesia)	x	Direct mayor election; Happiness-question: “Taken all together, how would you say things are these days: ‘very happy’,

			‘pretty happy’, ‘not too happy’ or ‘very unhappy’
Rodríguez-Pose/Tselios 2019	Time-series-cross-section (36 countries, ESS 2002-2014)	+	RAI (2009), Happiness-question: “how satisfied are you with the present state of economy in your country?”, “how satisfied are you with your national government?”, “how satisfied are you with the way democracy works in your country?”, “how satisfied are you with the state of education in country nowadays?”, “how satisfied are you with the state of health services in your country nowadays”, “how satisfied are you with life as a whole?”, “how happy are you?”)
Kuete/Mignamissi/Kuete 2022	Cross-section (143 countries, World Database of Happiness 2017 [Gallup World Poll])	+	Federalism (Treisman 2007: Binary variable based on 1995): as “those States whose constitutions endow subnational governments with residual authority to decide on matters not explicitly assigned to the central government, Autonomy (Fan et al. 2009: Binary variable) “on which the constitution assigns at least one policy area exclusively to subnational governments or give subnational governments’ exclusive authority to legislate on matters not constitutionally assigned to any level”, Happiness-question: happiness rating on a 0-10 scale with the worst possible life index at 0.

* ”+” - indicates a positive relationship, “-“ - indicates a negative relationship, “x” - indicates no relationship, “ambivalent” - indicates positive as well as negative relationship

Tab.2 – research related studies

Study	Result*	Result in Detail
Farnsworth 1999	+	Confidence in governments driven by ideology and partisanship than actual performance; "Do you have more faith and confidence in the federal government, the government of this state or the local government around here?" "Which level of government you have the least faith and confidence in: the federal government, the government of this state or the local government around here?"
Kincaid/Cole 2000	+	Trust and confidence in governments driven race and party identification; "Overall, how much trust and confidence do you have in the federal government, your state government, and your local government [respectively] to do a good job in carrying out its responsibilities?" "From which level of government do you feel you get the most for your money?"
Kincaid/Cole 2004	+	Federalism is as much a function of a «way of thinking» as it is of particular constitutional and structural arrangements; "Overall, how much trust and confidence do you have in the federal government, your state government, and your local government [respectively] to do a good job in carrying out its responsibilities?" "From which level of government do you feel you get the most for your money?"
Lane/Errson 2005	ambivalent	When federalism, as is common, is associated with fiscal decentralization, then we find no positive impact of federalism on democracy (FreedomHouse). It is only when federalism stands for political decentralization that federalism has an [not straightforward] impact on democracy.

Bjørnskov/Drehe/Fischer 2008	+	More spending or revenue decentralization raises well-being while greater local autonomy is beneficial only via government consumption spending.
Hessami 2010	+	The quality of institutions (levels of corruption and expenditure decentralization) has on average a significantly positive impact on well-being.
Kincaid/Cole 2010	+	Correspondence between public opinion and the structure and operation of federal governments and that public attitudes are influenced by the behavior of federal, state, and local governments as much or more as governments may be influenced by public opinion; “Is your state/province treated with the respect it deserves in the federal system of government?” “From which level of government do you feel you get the most/least for your money?” “Which level of government has too much power/needs more power today?”
Diaz-Serrano/Rodríguez-Pose 2012	+	Effect of fiscal decentralization on the perception of the state of the health and education system is unambiguously positive.
Voigt/Blume 2012	+	Subnational share of expenditures, transfers to subnational governments as a share of subnational government expenditures, and the unconditional right of lower government levels to a portion of the government revenues leads to fairly similar improvements in levels of reported life satisfaction
Ligthart/van Oudheusden 2014	+	Fiscal decentralization is positively associated with trust of citizens in government related institutions (confidence in national government, confidence in civil services, confidence in parliament, confidence in political parties)
Sujarwoto/ Tampubolon 2015	+	The findings suggest that decentralisation increases the happiness of citizens through the improved capacity of districts to deliver public services, rather than through the improved opportunities of citizens to engage in direct political participation.
Kincaid/Cole 2015	ambivalent	Public trust in the various orders of government is most associated with perceptions of regional equity and regional subordination; various survey questions

Letelier/Sáez Lozano 2020	ambiva- lent	While fiscal decentralization in education and housing appears to have a negative effect on well-being, this effect is positive in the cases of health and culture and recreation
Letelier/Sáez Lozano 2020	+	Fiscal decentralization does affect SWB positively. The effect depends on the satisfaction group in which individuals belong

* ”+” - indicates a positive relationship, “-“ - indicates a negative relationship, “x” - indicates no relationship, “ambivalent” - indicates positive as well as negative relationship

Regressions of table 3 are based on the data provided by OECD Better Life Index.

Regressions of table 4 and 5 are based on the subsequent sources: WVS Database (worldvaluessurvey.org)

Gini-Coefficient

152	CHL	https://knoema.com/atlas/Chile/topics/Poverty/Income-Inequality/GINI-index
320	GTM	https://knoema.com/atlas/Guatemala/topics/Poverty/Income-Inequality/GINI-index
392	JPN	https://knoema.com/atlas/Japan/topics/Poverty/Income-Inequality/GINI-index
410	KOR	https://knoema.com/atlas/Republic-of-Korea/topics/Poverty/Income-Inequality/GINI-index
458	MYS	https://knoema.com/atlas/Malaysia/topics/Poverty/Income-Inequality/GINI-index
554	NZL	https://knoema.com/atlas/New-Zealand/topics/Poverty/Income-Inequality/GINI-index
558	NIC	https://knoema.com/atlas/Nicaragua/topics/Poverty/Income-Inequality/GINI-index
104	MMR	newest available survey year 2017

Global State of Democracy indices

Fundamental Rights (C_A2): Fundamental Rights in the form of liberal and social rights support both fair representation and the vertical mechanism of accountability that the first attribute seeks to achieve. This attribute is composed of three subattributes: access to justice, civil liberties, and social rights and equality. The three subattributes were aggregated into the Fundamental Rights index using BFA.

Direct Democracy (C_SD53): V-Dem offers the only comprehensive data set in the form of the direct democracy index developed by David Altman (2016). It is based on observable variables on the formal opportunities for and actual use of different instruments of direct democracy at the national level. However, it seems pertinent to take into account whether mechanisms of direct democracy are available and used in a context where elections are generally respected as the main source of political power. To do so, the electoral indicator from BRRD is also used here.

Paper's Analysis Sample (in ISO 3166-1 alpha-2 standard)

ARG, AUS, BOL, BRA, MMR, CHL, CHN, COL, CYP, ECU, DEU, GRC, GTM, IDN, JPN, KOR, MYS, MEX, NZL, NIC, PAK, PER, PHL, ROU, RUS, SRB, VNM, THA, TUR, USA

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