

## Political Inequality in Affluent Democracies: The Social Welfare Deficit

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DRAFT—Comments welcome

I examine the relationship between public opinion and social spending in thirty affluent democracies over the past three decades. I find that governments' responsiveness to citizens' preferences was highly skewed in favor of affluent citizens, who were generally less supportive of the welfare state than poor citizens were. This bias in responsiveness reduced the equilibrium level of social spending in most countries by 10-15%. Separate analyses of subsets of country-years differentiated by political culture, democratic consolidation, electoral and policy-making institutions, national wealth, and economic inequality produced significant evidence of severe disparities in responsiveness in every case. These findings suggest that political inequality is rampant in contemporary affluent democracies.

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## **Political Inequality in Affluent Democracies: The Social Welfare Deficit<sup>1</sup>**

The preeminent scholar of modern democracy, Robert Dahl (1971, 1), argued that “a key characteristic of a democracy” is “the continuing responsiveness of the government to the preferences of its citizens, considered as political equals.” This understanding has inspired a great deal of empirical research over the past half-century examining the relationship between citizens’ policy preferences and the policy choices of elected officials (e.g., Miller and Stokes 1963; Page and Shapiro 1983; Bartels 1991; Stimson, MacKuen, and Erikson 1995; Soroka and Wlezien 2010). According to one prominent scholar (Shapiro 2011), this research has generated “evidence for strong effects of public opinion on government policies,” providing “a sanguine picture of democracy at work.”

Alas, in recent years scholars of American politics (e.g., Gilens 2005; 2012; Bartels 2008; 2016b; Gilens and Page 2014) have produced striking evidence that the apparent “strong effects” of aggregate public opinion in these studies mask severe inequality in responsiveness to the preferences of affluent, middle-class, and poor citizens—a conspicuous violation of Dahl’s stipulation that government should respond to the preferences of citizens “considered as political equals.” As Martin Gilens (2012, 1) put it, “The American government does respond to the public’s preferences, but that responsiveness is strongly tilted toward the most affluent citizens. Indeed, under most

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<sup>1</sup> Previous versions of the analysis reported here were presented at the University of California-Berkeley, Nuffield College (Oxford), the University of Wisconsin-Madison, Vanderbilt University, the 22nd International Conference of Europeanists, Sciences Po, Diego Portales University, UCLA, Ohio University, Northwestern University, and Rutgers University. I am grateful for criticism and advice from participants on those occasions and from Christopher Achen, Nate Breznau, Martin Gilens, Hanspeter Kriesi, David Lewis, Benjamin Page, Efrén Pérez, G. Bingham Powell, Mitchell Seligson, Stuart Soroka, and Christopher Wlezien.

circumstances, the preferences of the vast majority of Americans appear to have essentially no impact on which policies the government does or doesn't adopt."

One possible interpretation of these findings is that the American political system is anomalous in its apparent disregard for the preferences of middle-class and poor citizens. In that case, the severe political inequality documented there would presumably be accounted for by distinctive features of the United States such as its system of private campaign finance, its weak labor unions, or its individualistic political culture. On the other hand, it might be the case that severe political inequality is endemic in affluent democracies, and that detailed studies of other countries would produce similar results. Unfortunately, research on disparate responsiveness in other democratic systems is at a very early stage. Thus, the broader relevance of the U.S. evidence is by no means clear.

My aim here is to test the extent to which policy-makers in a variety of affluent democracies respond to the preferences of their citizens considered as political equals. My analysis focuses specifically on the relationship between public opinion and government spending on social welfare programs, including (for example) old age pensions, health, education, and unemployment benefits. These programs represent a major share of government spending in every affluent democracy (Wilensky 2002) and, arguably, an important source of public well-being (Radcliff 2013). As Gøsta Esping-Anderson (1990, 106) argued in an influential study of welfare state structures, "expenditures present a circumspect and possibly misleading picture of welfare-state differences. If what we care about is the strength of social rights, equality, universalism, and the institutional division between market and politics, social-spending levels may camouflage more than they reveal." Nevertheless, significant variation across countries and over time in social spending levels is likely to be both politically salient and economically and socially significant.

Another advantage of focusing on social spending is that it figures prominently in the comparative literature on the political impact of public opinion in affluent democracies, with major scholarly works suggesting that social spending is significantly influenced by citizens' preferences. For example, one prominent account of *Why Welfare States Persist* concluded that "mass policy preferences are a powerful factor behind welfare state output" (Brooks and Manza 2007, 141). Another influential study of "dynamic representation" concluded that "the people ultimately decide" on changes in government spending (Soroka and Wlezien 2010, 182), adding that "representation" is "not the preserve of the attentive few or of a well-heeled elite" (Soroka and Wlezien 2010, 165). Thus, there is good reason to expect significant governmental responsiveness to the preferences of citizens in this domain—and even some reason to expect responsiveness to the preferences of citizens considered as political equals, notwithstanding the contrary evidence from the United States.

The availability of consistent, concrete data regarding both social spending and related public opinion provides unusual scope for systematic analysis of policy responsiveness. My analysis employs data on citizens' views about social spending and the welfare state from three major cross-national survey projects—the International Social Survey Programme (ISSP), the World Values Survey (WVS), and the European Values Survey (EVS).<sup>2</sup> In combination, these three sources provide relevant opinion data from 160 surveys conducted between 1985 and 2012 in 30 countries, including most of the established democracies of Western Europe and the English-speaking world, as well as newer democracies in Eastern Europe, Latin America, and Asia.<sup>3</sup>

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<sup>2</sup> Information and data are available from the respective project websites: <http://www.issp.org/>; <http://www.worldvaluessurvey.org/wvs.jsp>; <http://www.europeanvaluesstudy.eu/>.

<sup>3</sup> The complete list of surveys appears in Table A1. The sample is unbalanced, with as many as eight or nine surveys in some countries (Germany, Great Britain, Spain, Sweden, and the United States) but only one or two in others (Estonia, Iceland, Israel, and Mexico). Additional country-

In Section 1 of this paper I offer theoretical motivation for focusing on the responsiveness of policy-makers to citizens' preferences as a test of political equality. I provide a brief overview of existing research in this area, emphasizing some key distinctions in the literature—perhaps most importantly, the distinction between policy *responsiveness* and policy *congruence*.

In Section 2 I use survey data from the ISSP Role of Government modules to document a substantial, persistent unmet demand for social spending among citizens in affluent democracies. This “social welfare deficit” seems to provide *prima facie* evidence that the responsiveness of policy-makers to citizens' preferences in this domain is insufficient to produce congruence between preferences and policy—at least in the estimation of citizens themselves.

In Section 3 I merge survey data on citizens' views about social spending and the welfare state with data on governments' actual social expenditures in an effort to assess the extent to which policy-makers in affluent democracies respond to public opinion. My primary measure of policy outcomes in each country-year is total public social spending per capita (in 2010 U.S. dollars, at purchasing power parity); spending data are taken from the OECD's Social Expenditure (SOCX) Database.<sup>4</sup>

In Section 4 I examine whether policy-makers respond to the preferences of citizens “considered as political equals.” For each country-year, I tabulate separate measures of opinion for citizens at the top and bottom of the income distribution and repeat my analyses of policy responsiveness allowing for the possibility that affluent and poor citizens have unequal influence.

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years are excluded from my analysis because corresponding data on social spending or economic conditions are unavailable.

<sup>4</sup> The average level of social spending in the 141 country-years in my analysis is \$6,182 per capita; the range is from \$312 per capita (in South Korea in 1990) to \$12,051 per capita (in Norway in 2007). Descriptions of variables and summary statistics appear in Table A2.

In Section 5 I outline a non-linear model of policy-making in which the same explanatory factors considered in Section 4 are reconfigured to shed light on the process of dynamic equilibration through which levels of social spending shift in response to “effective demand” in each country-year reflecting public opinion and other factors. In addition to illuminating the process of policy responsiveness, this non-linear model provides a clearer statistical test of the relative political influence of affluent and poor people in the domain of social spending.

In Section 6 I provide some rudimentary analyses of potential variation in patterns of policy responsiveness across affluent democracies. I differentiate countries on the basis of broad political cultures, comparing the “social democracies” of continental Europe and Scandinavia with the “liberal democracies” of the English-speaking world and Asia. I also compare countries with different political institutions, allowing for distinct patterns of policy responsiveness in countries with federal or centralized systems and proportional or majoritarian electoral systems. Finally, I provide separate analyses of country-years differentiated on the basis of national wealth and economic inequality in order to assess whether these economic factors have a discernible impact on the relative political power of affluent and poor citizens.

My findings suggest two very important caveats to Brooks and Manza’s (2007, 141) claim that “mass policy preferences are a powerful factor behind welfare state output.” First, mass policy preferences do not seem to be powerful enough to produce welfare policies that comport with those preferences. Both direct evidence from citizens’ own assessments and indirect evidence from observed patterns of policy-making suggest that affluent democracies spend much less on social programs than they would if policy-makers were fully responsive to citizens’ preferences in this domain. And second, the apparent impact of public opinion in this domain seems upon closer inspection to reflect a highly unequal distribution of political influence, with policy-makers responding powerfully to the preferences of affluent citizens but not at all (or

even negatively) to the preferences of poor citizens. In a domain where affluent and poor citizens often express very different views, this disparity in apparent influence has substantial implications for welfare state policies as well as for our understanding of democratic politics.

### 1. Policy Responsiveness as a Test of Political Equality

As Sidney Verba and Gary Orren (1985, 15) noted more than thirty years ago, “Political equality cannot be gauged in the same way as economic equality. There is no metric such as money, no statistic such as the Gini index, and no body of data comparing countries.” Thus, until recently, scholarship on political inequality has generally focused on readily observable differences in citizens’ resources and behavior as *proxies* for unobservable differences in political influence. For example, Verba, Kay Schlozman, and Henry Brady (1995, 14) motivated their monumental study of political participation, *Voice and Equality*, by stipulating that “inequalities in activity are likely to be associated with inequalities in governmental responsiveness” (cf. Schlozman, Verba, and Brady 2012). Unfortunately, however, social scientists know rather little about the extent and consistency of the association between political participation and political influence.<sup>5</sup>

In the past fifteen years, a variety of scholars employing a variety of data and research designs have attempted to measure “inequalities in governmental responsiveness” more directly. Lawrence Jacobs and Benjamin Page (2005) showed that policy-makers’ views about foreign policy were significantly influenced by business leaders and experts, but not by the opinions of ordinary citizens. My own analyses of U.S. senators’ roll call votes found that they were influenced by the preferences of

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<sup>5</sup> Direct assessments of the impact of participation on political influence have produced mixed results. For example, U.S. senators seemed to pay more attention to the views of constituents who contacted them or their staffs, but not to the preferences of those who turned out to vote (Bartels 2008, 275-280).

constituents in the top one-third of the income distribution but not at all by the preferences of low-income constituents (Bartels 2008, chap. 8; 2016b, chap. 8). Patrick Flavin (2012, 29) found that “citizens with low incomes receive little or no substantive political representation (compared with more affluent citizens) in the policy decisions made by their state governments.” Elizabeth Rigby and Gerald Wright (2013) found that political parties in the states were generally unresponsive to low-income preferences. At the national level, Martin Gilens (2005; 2012) used hundreds of specific policy questions in opinion surveys to show that the likelihood of subsequent policy shifts was strongly related to the views of affluent citizens, but not to the views of middle-class or poor citizens when those groups’ policy preferences diverged.

While each of these analyses has significant limitations, the convergence of results from independent studies employing different data and research designs is impressive; and the remarkable extent of bias they portray casts considerable doubt on “a sanguine picture” of American democracy. By comparison, it is hard to point to credible empirical support for the hypothesis that policy-makers are influenced equally, or approximately equally, by the preferences of affluent and poor citizens. Studies purporting to cast doubt on the reality of biased responsiveness have either been too underpowered to make much of their null results (Bhatti and Erikson 2011) or motivated by a quite different question—*who gets their way* rather than *whose preferences matter* (Soroka and Wlezien 2008; Enns 2015; but see Gilens 2009; 2015).

Scholars of political representation have long recognized a crucial distinction between the concepts of *proximity*—how close or far a representative is from the preferences of her constituents—and *responsiveness*—how much their preferences influence her behavior (Achen 1978). From the standpoint of collective representation, one might similarly ask how close or far a policy outcome is from the preferences of citizens or, alternatively, how much citizens’ preferences influence the outcome. The former is a descriptive feature of the political system; outcomes may reflect citizens’

preferences for a variety of reasons having nothing to do with their own political influence. The latter is a measure of political power in the sense proposed by Achen (1978, following Nagel 1975). While it is interesting to know *who gets their way*, political inequality as I use the term here is a matter of *whose preferences matter*.

Attempting to infer responsiveness from proximity (or, for that matter, proximity from responsiveness) is empirically perilous. In the realm of social spending, for example, policy-makers may respond at the margin to public preferences for spending increases or decreases, yet continue to spend much less (or much more) than citizens want. On the other hand, spending may be roughly consistent with citizens' preferences in an absolute sense (perhaps because policy-makers and citizens' preferences are similarly shaped by economic and social conditions) but unresponsive to shifts in those preferences if and when they occur. The former situation reflects responsiveness but not proximity; the latter situation reflects proximity but not responsiveness.

Critics of the literature on biased responsiveness often conflate this distinction, assuming that "inequality in representation" requires disparities in proximity across groups. Since disparities in proximity across groups in turn require differences in the preferences of those groups, the implication is that "where preferences are identical, there is no basis for inequality" (Soroka and Wlezien 2008, 319).<sup>6</sup> Leaving aside the empirical question of whether the preferences of relevant groups are (even approximately) identical (Gilens 2009), this view leaves no meaningful distinction between Dahl's notion of "continuing responsiveness of the government to the preferences of its citizens, considered as political equals" and what Gilens and Page (2014, 573) referred to as "democracy by coincidence, in which ordinary citizens get

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<sup>6</sup> If the preferences of different groups are nearly identical, it may be impossible to discern statistically how much each group's preferences matter. But that is a practical problem of inference, not evidence that their preferences matter equally.

what they want from government only when they happen to agree with elites or interest groups that are really calling the shots.”

The theoretical distinction between *responsiveness* and *proximity* has important implications for research design. Perhaps most importantly, it underlines the importance of assessing the relative influence of different groups’ political preferences *simultaneously* within the framework of a reasonably realistic model of the policy-making process. Soroka and Wlezien’s (2010, 165) claim that “representation” is “not the preserve of the attentive few or of a well-heeled elite” was based on an analysis relating policy shifts in the United States and Canada *separately* to the preferences of distinct income, education, and partisan groups—assessing, for example, whether policy “reflects the preferences” of low-income citizens in an analysis where the preferences of middle- and high-income citizens are ignored, then assessing whether policy “reflects the preferences” of middle-income citizens in an analysis where the preferences of low- and high-income citizens are ignored, and so on (Soroka and Wlezien 2010, 161-167). The results of such analyses obviously cannot tell us which, if any, of these groups’ preferences actually *influenced* policy, or to what extent. If governments only *seem* to be responsive to the views of ordinary citizens because those views happen to coincide with the preferences of privileged elites, affluent citizens, or powerful interest groups, then the *appearance* of popular political influence is illusory.

Soroka and Wlezien (2010, 161) noted that more direct attempts to assess the political influence of specific sub-groups are “complicated by very high multicollinearity resulting from the substantial parallelism in preferences” across groups within each country. True enough; but the appropriate response to that analytical challenge, in my view, is not to sidestep it but to meet it as best we can, accepting uncertain evidence for what it is worth and hoping that a variety of studies in different settings employing different research designs will gradually provide a

persuasive picture of the contours of political inequality in democratic political systems.<sup>7</sup>

Detailed studies of individual countries similar in design to Gilens' (2012) study of the United States are currently underway in Germany (by Lea Elsässer and Armin Schäfer), Sweden (by Mikael Persson and Mikael Gilljam), and Switzerland (Rosset 2016). Studies of this sort will provide considerable insight regarding the ubiquity of political inequality in affluent democracies. Here, I provide a more superficial but broader examination of biases in responsiveness in a single policy domain across dozens of political systems.

Much of the cross-national literature on political representation focuses on *congruence* rather than *responsiveness*, and on broad ideological positions rather than specific policy issues (e.g., Huber and Powell 1994). Nathalie Giger, Jan Rosset, and Julian Bernauer (2012, 55) extended this paradigm to consider unequal representation in 21 democracies in the first decade of the 21st century. They found that “in the majority of countries, being relatively poor is associated with lower levels of government congruence.”

Few studies have examined disparities in responsiveness in specific policy areas cross-nationally. In the work closest in spirit to mine, Yvette Peters and Sander Ensink (2015) related social expenditures in 25 European democracies to support for redistribution among high- and low-income citizens (controlling for government ideology and GDP growth). They interpreted their findings as reflecting “differential

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<sup>7</sup> Of course, the effect of multicollinearity in this context depends not only upon the correlation between the preferences of affluent and poor citizens but also upon the total amount of observed variability in preferences across country-years. The correlations between the preferences of affluent and poor citizens in my analyses range from  $R=.83$  in the case of social spending preferences to  $R=.85$  in the case of welfare state values. Nonetheless, as we will see, the data seem to be quite informative regarding the relative impact of affluent and poor citizens' preferences on social spending.

responsiveness”; however, their statistical results actually seem to imply that high-income preferences had *no* effect on spending (.010 with a standard error of .038), while low-income preferences had a *negative* effect (–.088 with a standard error of .048). These results are puzzling and, taken in isolation, probably not very informative regarding the extent of political inequality in social spending.

In contrast, my own unpublished analysis of immigration in Europe (Bartels 2016) produced “some surprising evidence of egalitarian responsiveness” by policy-makers to the preferences of their citizens. Employing cross-national data on public opinion and immigration flows in 24 countries from 2002 to 2014, I found that inflows of new immigrants were strongly responsive to citizens’ support for immigration—and that the opinions of affluent and poor citizens seemed to be roughly equally consequential. As far as I know, this is the *only* study providing positive evidence of egalitarian responsiveness to the preferences of affluent and poor people (rather than mere failures to reject the null hypothesis of egalitarian responsiveness due to inadequate statistical power). Whether the anomalous results reflect the peculiar politics of immigration in contemporary Europe or flaws in the data or analysis or merely a statistical fluke remains to be seen.

Finally, an unpublished paper by Michael Donnelly and Zoe Lefkofridi (2014) provided a broader analysis of the relationship between high- and low-income citizens’ preferences and subsequent policy changes in fifteen distinct policy domains. They, too, concluded that policy is “tilted toward the preferences of the wealthy.” However, their analysis pooled fragmentary data from all fifteen policy domains and 36 European countries (ranging from France and Germany to Malta and Albania) in a single regression analysis with constant coefficients, ignoring the fact that preferences

and (especially) policy changes were measured quite differently in each domain.<sup>8</sup> Given the likely heterogeneity of responsiveness to public preferences across these various domains, settings, and policy outcomes, it seems hard to know how much stock to put in this highly amalgamated analysis.

## 2. Evidence of a “Social Welfare Deficit”

Periodically since 1985, the International Social Survey Programme’s (ISSP) Role of Government modules have included a battery of questions tapping respondents’ views about spending on a variety of specific government programs. The battery of spending questions was introduced as follows:

Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area.

Remember that if you say “much more,” it might require a tax increase to pay for it.

Respondents were asked whether they wanted more or less spending on each of eight programs: the environment, health, police and law enforcement, education, defense, old age pensions, unemployment benefits, and culture and the arts. I focus here on the four programs that cohere most clearly (both theoretically and empirically) in a common dimension of support for social welfare spending: pensions, health, education, and unemployment benefits.

By way of illustration, Table 1 shows the distribution of responses to each of these questions for a single country and year, the United States in 2006. The most striking pattern here is the strong net public support for increases in social spending. In the cases of education and health, more than 80% of the survey respondents wanted to

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<sup>8</sup> Donnelly and Lefkofridi’s measures of policy outcomes ranged from police officers per capita to “environmental policy intensity and scope” to ratios of tax rates and nuclear energy production.

spend more (or “much more”), while only 4-6% wanted to spend less. In the case of old age pensions, almost two-thirds of the respondents supported increased spending. Even in the case of unemployment benefits, which were much less popular than the bigger-ticket social welfare programs, supporters of increased spending outnumbered those who wanted to spend less by more than two to one, producing a significant net public demand for additional spending.

\*\*\* *Table 1* \*\*\*

This substantial public demand for additional social welfare spending is by no means limited to a single country or a single year. Here, I quantify spending preferences using a simple scale ranging from zero (for respondents who want to “spend much less” in a given policy domain) to 100 (for respondents who want to “spend much more”). A score of 50 represents an equal balance between demands for spending increases and decreases, while a score in excess of 50 indicates a net demand for spending increases.<sup>9</sup> Averaging the four separate measures of demand for spending on pensions, health, education, and unemployment benefits provides an overall measure of *social spending preferences*.<sup>10</sup> Figure 1 summarizes the average net demand for social welfare spending—demand in excess of the neutral value of 50 on the 0-to-100 scale—in each of the 25 countries included in my analysis of the ISSP data.<sup>11</sup> In

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<sup>9</sup> The length of the scale is, of course, arbitrary. However, the midpoint on the scale (for respondents who want to “spend the same as now”) is meaningful, corresponding to satisfaction with the perceived status quo spending level.

<sup>10</sup> Specific measures of demand for spending on pensions, health, and unemployment benefits can be related to subsequent spending shifts in those specific domains; however, analyses along those lines (not reported here) generally support Brooks and Manza’s (2007, 143) claim that “Politicians tend to incorporate mass opinion into social policymaking in a global fashion, rather than adjusting each specific domain to match precisely citizen preferences.”

<sup>11</sup> In countries with multiple ISSP surveys, Figure 1 reports the average net demand across waves, with fixed effects for the first three waves to capture general shifts in spending preferences over time in the OECD as a whole.

every country, the figure indicates significant demand for increased social spending. The average values range from 10 or more in the “best” cases (France, the Netherlands, and Switzerland) to more than 25—the equivalent of a unanimous public desire to “spend more” in all four social policy domains—in the “worst” cases (Chile, Ireland, Israel, Portugal, and Poland).

\*\*\* *Figure 1* \*\*\*

In four countries—Australia, Germany, Great Britain, and the United States—the ISSP spending questions have been asked four times over a period of two decades or more. Repeated measurement of spending preferences using similar study designs and identical questions makes it possible to track the magnitude of the social welfare deficit over time in these four countries. The results are presented in Figure 2. In three of the four countries, net unmet demand for social welfare spending increased substantially over time. Only Great Britain saw a significant decline, from very high levels under Conservative prime ministers Margaret Thatcher and John Major to a much lower level after nine years of Tony Blair’s Labour government.

\*\*\* *Figure 2* \*\*\*

Lest these four countries be considered anomalous, it is also possible to track unmet demand for social welfare spending in a broader set of fifteen countries over the decade between the mid-1990s and the mid-2000s.<sup>12</sup> Again, the results produce no evidence of convergence between spending preferences and policies. Indeed, the average net demand for social spending in these countries *increased* by about 10% between the mid-1990s and the mid-2000s; increases outnumbered decreases by nine to six.

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<sup>12</sup> Australia, Canada, the Czech Republic, France, Germany, Great Britain, Ireland, Japan, New Zealand, Norway, Poland, Spain, Sweden, Switzerland, and the United States.

According to Soroka and Wlezien (2010, 173), it is “not surprising” to observe discrepancies between citizens’ preferences and policies at any given time due to fluctuations in partisan control of government and other factors: “substantial disjunctures with public preferences in the short term can exist even as policy reflects those preferences over the long term.” However, *persistent* mismatches between preferences and policies over periods of ten or twenty years seem much harder to account for within the framework of dynamic representation, which implies that responsiveness by public officials to citizens’ demands—and recognition of that responsiveness by citizens—should erode “substantial disjunctures ... over the long term.” The large, persistent social welfare deficits evident in the ISSP data suggest that one or both of these reciprocal connections must often fail in practice.

### 3. Policy Responsiveness

The ISSP survey data demonstrate that most citizens in affluent democracies over the past thirty years have wanted their governments to spend more—often much more—on a variety of major social programs. Moreover, these preferences for additional spending have generally persisted over long periods of time. How does that fact square with Soroka and Wlezien (2010, 128) claim that “When the public wants more social spending policymakers usually provide it”?

The key to resolving this apparent paradox is to bear in mind that responsiveness is a matter of degree. Even a “responsive” policy-making process may fail to reflect public preferences, even over long periods of time, if the *extent* of responsive is inadequate. Indeed, this sort of persistent incongruence between public preferences and policy is evident in Soroka and Wlezien’s own data. At one point, they presented a graph relating annual changes in social spending in the U.S. to public spending preferences (based on responses to questions similar in form to those employed here) in the preceding year (Soroka and Wlezien 2010, 128). The correlation between the two

series over the 33 years covered by their analysis is  $R=.61$ , suggesting a consistent pattern of responsiveness. However, the two series are substantially offset in the graph in order to make them overlap, with a net spending preference of zero implying an annual *decline* in social spending of about \$35 billion (2000 dollars) and a net spending preference of more than 20 (corresponding to a net demand of more than 10 in my Figure 1) required to maintain social spending at its current level (adjusted for inflation, but with no allowance for population growth or growth in per capita income). The relationship is one of fairly consistent *marginal* responsiveness, but persistent incongruence between preferences and policy.<sup>13</sup>

In this section, I attempt to shed light on the *extent* of policy responsiveness to public opinion in the realm of social spending. I begin, in the spirit of the literature on dynamic representation, with a simple description of the relationship between public support for social spending in each country-year and subsequent changes in actual spending levels. Are policy changes correlated with citizens' spending preferences? In order to allow time for policy changes to be implemented, I consider changes in spending over the two years following each ISSP survey.<sup>14</sup>

The statistical results presented in the first column of Table 2 summarize the simple bivariate relationship between public support for social spending and subsequent changes in spending (Model 1). The parameter estimate of .349 implies

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<sup>13</sup> Most studies of dynamic representation measure public preferences and policies on incommensurate scales, providing no clear way to assess the degree of congruence between what citizens want and what they get. The specific survey questions employed by Soroka and Wlezien (2010)—in which preferences for “more” or “less” government spending in a given domain are implicitly calibrated to current spending levels—do provide indirect evidence regarding (in)congruence, but their analyses did not exploit that fact.

<sup>14</sup> Since some surveys were conducted toward the end of the indicated calendar year, and since national policy-making processes vary considerably in their timing, it seems unrealistic to require that public demand for social spending in year  $t$  be translated into additional spending in year  $t+1$ . Thus, I allow policy-makers in year  $t+1$  to respond to demand in year  $t$ , producing changes in spending in year  $t+2$  relative to those in year  $t$ .

that a difference of 6 points (one standard deviation) in aggregate public support for social spending was associated with an expected difference of about two percentage points in incremental spending over the next two years. On its face, this association seems to provide solid evidence that “budgetary policy responds to public preferences” (Soroka and Wlezien 2010, 142).

\*\*\* *Table 2* \*\*\*

Figure 3 provides a graphical representation of this relationship between spending preferences in each country-year and subsequent shifts in spending. One normatively attractive feature of the relationship is that the regression line seems to imply that a net public demand of 0—a balance between public preferences to increase social spending and to decrease social spending—would produce a stable level of spending, in contrast with the eroding level of spending implied by Soroka and Wlezien’s (2010, 128) analysis. On the other hand, it is clear from the scatterplot that the positive relationship between spending preferences and subsequent increases in spending is attributable in large part to just two country-years, Chile and Ireland in 2006. Excluding these two country-years from the analysis reduces the slope of the regression line by more than half (as reflected by the dashed line in Figure 3); the adjusted  $R^2$  statistic falls from .14 to .01.<sup>15</sup> Thus, the solid evidence of responsiveness presented in the first column of Table 2 turns out to be rather less solid than it seems.

\*\*\* *Figure 3* \*\*\*

The more elaborate statistical analysis reported in the second column of Table 2 (Model 2) sheds some additional light on the bivariate relationship between public preferences and budgetary policy. Model 2 includes a variety of factors that might be

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<sup>15</sup> The regression parameter estimate with these two observations excluded is .143 (with a standard error of .114).

expected to affect social spending regardless of public opinion, including the dependency ratio (the population of retirement age relative to the population of working age), national wealth (as measured by the natural log of GDP per capita), and short-term changes in GDP and unemployment (Wilensky 2002). Once these factors are taken into account, the apparent effect of public demand on spending two years later is reduced by about 40%.<sup>16</sup> That fact suggests that the bivariate relationship between public preferences and policy—such as it is—is in large part spurious, with shifts in spending driven by considerations that shape the preferences of both citizens and policy-makers.

One possible reason for policy-makers to resist public demands for increased social spending is that the public support for spending increases apparent in Table 1 (and more broadly in Figure 1) may be offset by concerns about the fiscal cost of an expansive welfare state. Indeed, evidence from the ISSP Role of Government surveys themselves suggests that public enthusiasm for social welfare spending coexists with a strong contrary impulse to curb government spending. In the context of a battery of questions focusing on “some things the government might do for the economy,” respondents were asked whether they favored or opposed “cuts in government spending.”<sup>17</sup> In response to this question, the same respondents who expressed substantial support for additional spending on the social programs that make up the lion’s share of their governments’ budgets also expressed substantial enthusiasm for cuts in government spending.<sup>18</sup> Indeed, the distribution of responses to the budget-

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<sup>16</sup> In this specification, excluding Chile and Ireland in 2006 leaves no evidence at all of responsiveness to public opinion; the regression parameter estimate for social spending preferences with these two observations excluded is  $-.025$  (with a standard error of  $.078$ ).

<sup>17</sup> The other items in the battery asked about controlling wages and prices, financing projects to create new jobs, reducing regulation of businesses, supporting industrial research and development, supporting declining industries to protect jobs, and reducing the work week.

<sup>18</sup> The apparent contradiction between public enthusiasm for cuts in government spending and strong support for *increases* in spending on specific social programs is heightened by the

cutting question is, if anything, even more skewed than for the questions on spending for specific government programs. Averaging across countries and years, about two-thirds of the respondents said they favored cuts in government spending, many “strongly”; only 10% were opposed.

It is worth noting that budget-cutting preferences were only weakly related to social spending preferences at the aggregate (country-year) level ( $R=-.25$ ). The countries with the greatest enthusiasm for budget-cutting include some, like France and Japan, with relatively low levels of net demand for social spending but also some, like Hungary and Portugal, with high levels of unmet demand for spending. The countries with the lowest average levels of support for budget-cutting—Finland, Denmark, and Britain—had moderate levels of unmet demand for social spending.

Is there any evidence that policy-makers were responsive to their citizens’ budget-cutting preferences? Models 3 and 4 in Table 2 parallel Models 1 and 2, but with budget-cutting preferences included along with spending preferences as potential influences on social spending. Both analyses provide some evidence of responsiveness to budget-cutting preferences, though the estimated effects are rather imprecise and smaller in magnitude than those for spending preferences.<sup>19</sup> Meanwhile, the apparent impact of spending preferences on actual spending is not much affected by including budget-cutting preferences in the analysis.

Table 3 presents additional statistical analyses paralleling those in Table 2, but with a broader measure of public support for the welfare state. In their influential

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proximity of these questions in the ISSP surveys: the spending battery consistently appeared just six questions after the item about cutting government spending. Thus, within a matter of two or three minutes the same survey respondents who were fervent budget hawks became strong supporters of increased spending on a variety of major social programs.

<sup>19</sup> Model 4 suggests that an increase of 6 points (one standard deviation) in spending preferences would increase social spending two years later by about 1.1%, while an increase of 10 points (one standard deviation) in budget-cutting preferences would *decrease* social spending two years later by about 0.5%.

analysis of *Why Welfare States Persist*, Brooks and Manza (2007, 39-41) measured “mass policy preferences” using two more questions included in the ISSP Role of Government surveys. One of these questions asked, “On the whole, do you think it should or should not be the government’s responsibility to provide a job for everyone who wants one?” The other asked, “On the whole, do you think it should or should not be the government’s responsibility to reduce income differences between the rich and the poor?” In order to distinguish the more general attitudes toward the welfare state tapped by these questions from the specific, concrete policy preferences tapped by the domain-specific spending questions, I shall refer to Brooks and Manza’s “mass policy preferences” as a measure of *support for the welfare state*.<sup>20</sup>

\*\*\* *Table 3* \*\*\*

Brooks and Manza (2007, 36) showed that these attitudes toward the welfare state were strongly correlated with countries’ welfare state spending (measured as a percentage of GDP). As Lane Kenworthy (2009) and Nate Breznau (2014) have pointed out, it is hard to know what to make of this correlation. Cross-national differences in welfare state effort tend to be rather stable over long periods of time, making it very difficult to discern whether supportive public attitudes are a cause or an effect of government policy. I shall attempt to shed some light on that causal ambiguity. In the meantime, however, it seems plausible to suppose that broad welfare state values may be more relevant than specific policy preferences in shaping social spending.

The statistical analyses presented in Table 3 allow for the possibility that policy-makers responded to these broad “*embedded preferences ... grounded in a country’s social structure, major institutions, and the collective memory of citizens*” (Brooks and

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<sup>20</sup> My index of *welfare state support* is a simple average of responses to the two items, rescaled to range from zero (for respondents who “disagree strongly” with both items) to 100 (for respondents who “agree strongly” with both items).

Manza 2007, 7) rather than to specific, concrete preferences for more or less spending in any given domain at any given time. More prosaically, they also allow for the possibility that the *measure* of spending preferences derived from the ISSP survey data fails, for one reason or another, to reflect politically relevant aspects of public opinion regarding social spending.

Model 5 presents the simple bivariate relationship between public support for the welfare state and subsequent changes in social spending. In contrast to the parallel relationship for social spending preferences in Model 1, there is virtually no correlation between public support for the welfare state and subsequent shifts in policy. However, allowing for the same set of additional influences on social spending as in Model 2 actually bolsters the apparent impact of public opinion on policy (Model 6). This analysis implies that a difference of 12 points (one standard deviation) in aggregate public support for the welfare state was associated with an expected difference of 1.2 percentage points in incremental spending over the next two years.

Finally, Models 7 and 8 examine the combined effects of public support for the welfare state and for government budget-cutting on subsequent shifts in social spending. As with Models 5 and 6, adding demographic and economic factors to the analysis (in Model 8) produces much clearer evidence of a relationship between public support for the welfare state and actual social spending than in the simpler analysis focusing solely on public opinion (Model 7). Indeed, this version of the analysis accounts for shifts in social spending slightly better than the parallel analysis (Model 4) employing concrete social spending preferences. Moreover, allowing for the greater variability across country-years in public support for the welfare state, the implied effect of public opinion on policy is slightly larger in magnitude. These results suggest that welfare state support is a reasonably good proxy for social spending preferences in accounting for policy changes.

Substituting welfare state support for spending preferences as a measure of public opinion has the practical advantage of expanding considerably the range of cases available for analysis. While the ISSP data on spending preferences cover 51 country-years, cross-national data on public attitudes toward the welfare state are rather more plentiful. Here, I employ data from the World Values Survey (WVS) and European Values Survey (EVS) to further explore the relationship between public opinion and social spending in affluent democracies. These surveys include an item roughly comparable to the ISSP items on the government's responsibility to provide jobs and reduce income differences. WVS/EVS survey respondents were invited to place themselves on a 1-to-10 scale with one endpoint labeled "Government should take more responsibility to ensure that everyone is provided for" and the other endpoint labeled "People should take more responsibility to provide for themselves." Responses to this item provide a measure of welfare state support for 106 country-years, including 89 for which ISSP data are unavailable.<sup>21</sup>

The analyses presented in Table 4 use the WVS/EVS opinion data to explore the robustness of the relationship between public opinion and social spending in affluent democracies. On the whole, these analyses cast additional doubt on the notion that "mass policy preferences are a powerful factor behind welfare state output" (Brooks and Manza 2007, 141). The bivariate relationship (Model 9, in the first column of Table 4) is positive but statistically unreliable; welfare state support alone does almost nothing to account for shifts in social spending. Adding the same demographic and economic factors as in Tables 2 and 3 (Model 10) reduces the standard error of the analysis substantially (producing an adjusted  $R^2$  statistic of .50), but the estimated effect of public support for the welfare state is perversely negative.

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<sup>21</sup> The World Values Survey includes data from many other countries, but my analysis is limited to the affluent democracies for which spending and other data are available from OECD.

\*\*\* *Table 4* \*\*\*

Model 11 introduces a different sort of statistical control, with fixed effects for each of the 30 affluent democracies for which I have data. This (admittedly blunt) allowance for stable national differences in political culture, governmental capacity, and economic and social conditions again produces a perversely negative (and statistically unreliable) estimate of the effect of public support for the welfare state. Finally, Model 12 includes both demographic and economic variables and country fixed effects; here, the estimated effect of public support for the welfare state is once again positive, but once again modest in magnitude and statistically unreliable.

Taken together, the various statistical analyses presented in Tables 2, 3, and 4 provide strong evidence of regularities in social policy-making. Higher levels of national wealth (as measured by GDP per capita) are consistently associated with substantial increases in social spending, while higher levels of social spending significantly dampen the enthusiasm of policy-makers for further increases. (That equilibrating tendency plays a key role in the dynamic model of policy-making outlined in Section 5.) Short-term changes in unemployment rates are consistently associated with changes in spending (with a 1% increase in unemployment producing an increase of about 1% in social spending). Somewhat less consistently, higher levels of demographic dependency (as measured by the ratio of retirement-age to working-age people) seem to be associated with higher levels of social spending.

What these analyses do *not* provide is much clear statistical evidence of policy responsiveness to the preferences of citizens. The strongest-looking evidence of responsiveness (in Table 2) turns out to hinge crucially on just two unusual country-years, and erodes further when demographic and economic factors are included in the analyses. Parallel analyses focusing on public support for the welfare state rather than specific spending preferences (in Table 3) are likewise sensitive to the inclusion of

control variables, and the apparent effects of public opinion are even more variable (and statistically imprecise) when the analyses are replicated in a broader set of country-years (Table 4). If “mass policy preferences are a powerful factor behind welfare state output” (Brooks and Manza 2007, 141), they must matter in ways that are not well captured in these analyses.

#### **4. Disparities in Responsiveness**

So far, I have treated public preferences in each country-year as an undifferentiated force influencing (or failing to influence) subsequent shifts in social spending. However, the U.S. evidence of disparities in responsiveness to the preferences of affluent, middle-class, and poor people suggests that the implicit assumption in analyses of this sort—that all citizens’ views are equally consequential in the policy-making process—may be quite unrealistic. In this section I provide a more flexible analysis of responsiveness allowing for the possibility that the political influence of citizens is correlated with their economic circumstances.

Of course, the substantive implications of disparities in responsiveness will depend in significant part on the extent to which the preferences of affluent and poor citizens diverge. If poor citizens have the same preferences as affluent citizens do, even a very class-biased policy-making process might turn out to give them what they want, albeit by coincidence. One might—and I would—attach considerable theoretical and moral significance to the class bias, nonetheless. But from a practical standpoint, it would have little impact on policy outcomes. On the other hand, if affluent and poor citizens have very different preferences, a political system skewed in favor of the affluent will tend to produce policies that fail to reflect the preferences of the poor, compounding procedural inequality with substantive biases in policy outcomes.

Here, I measure high-income preferences and low-income preferences in each country-year by regressing survey respondents’ social welfare preferences on their

positions in the national income distribution.<sup>22</sup> Figure 4 shows the average level of support for social spending among high-income and low-income respondents in each country-year covered by the ISSP surveys. In every case, majorities of both affluent and poor citizens favored increased spending on major social programs, with average support ranging from 52.7 to 87.5 on the 0-to-100 scale. However, it is clear from the scatterplot that, in most cases, affluent people were distinctly less enthusiastic about spending increases than poor people were. On average, this gap in preferences amounted to 7.3 points—a bit more than one standard deviation in the cross-country distribution of preferences. In the most extreme case (the United States in 1985), affluent people were almost 15 points less supportive of social spending than poor people were. On the other hand, in just two cases (Hungary in 1990 and Korea in 2006) affluent people were slightly *more* supportive of social spending than poor people were.

\*\*\* *Figure 4* \*\*\*

Figure 5 shows the average levels of support for the welfare state among high- and low-income respondents in each ISSP survey. The cross-national variation in opinion is considerably greater for welfare state values than for social spending preferences, especially among affluent citizens. The disparities in preferences between affluent and poor citizens are also much greater, ranging from 5.6 points (in Chile in 2006) to almost 40 points (in New Zealand in 1997). In most cases, the disparities in preferences between affluent and poor citizens were largest in the countries where the overall level

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<sup>22</sup> In each country-year, I used the most detailed available measure of respondents' family incomes (or, if necessary, the respondents' own incomes) to estimate their place in the income national distribution. I then regressed each measure of social welfare preferences on income percentiles separately in each country-year. The predicted preferences at the 1st and 100th income percentiles are my measures of low- and high-income preferences, respectively, for each country-year. (I also examined quadratic relationships between preferences and income, but they generally did little to improve upon the simple linear regressions.)

of public support for the welfare state was lowest, including the U.S., New Zealand, and Canada. However, large disparities in preferences also appeared in some countries with high levels of overall support, including the Netherlands, Sweden, and France.

\*\*\* *Figure 5* \*\*\*

Figure 6 shows the distribution of welfare state preferences among affluent and poor citizens in the WVS/EVS surveys. Here, the disparities in preferences between those at the top and those at the bottom of the income distribution are generally smaller than in the ISSP surveys—perhaps because the WVS/EVS question about the government’s responsibility “to ensure that everyone is provided for” does not refer explicitly to reducing income differences between the rich and the poor in the process. Nonetheless, there are only a handful of country-years (one in Sweden, two in Spain, and two in South Korea) in which affluent citizens expressed as much or more support for the welfare state as poor citizens did. In the remaining 95% of the cases, affluent people were less supportive of the welfare state than poor people were. The average difference in support between those at the top of the income distribution and those at the bottom was 12 points, and in ten cases the difference was more than 20 points.<sup>23</sup> Moreover, the average magnitude of the disparity in preferences between affluent and poor people increased substantially over time, from about 9 points in 1990 to 15 points in 2012.<sup>24</sup>

\*\*\* *Figure 6* \*\*\*

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<sup>23</sup> It is interesting to note that the ten largest disparities between the opinions of affluent and poor people come from ten different countries—Chile, the U.S., Australia, Hungary, Germany, Slovenia, Poland, Estonia, the Czech Republic, and Sweden.

<sup>24</sup> This estimate of change over time is derived from a linear regression analysis of the difference in preferences between high-income and low-income people in each country-year on the date of the survey with fixed effects for countries; thus, it is not a reflection of changes in the set of countries included in the WVS/EVS or of specific political or economic conditions in 1990 or 2012.

With differences in opinion of this magnitude, significant disparities in the political influence of affluent and poor citizens are likely to translate into significant differences in policy outcomes. But *are* policy-makers more responsive to the preferences of affluent citizens than to the preferences of the poor?

Table 5 presents the results of analyses paralleling those in Table 2, but with separate estimates of policy responsiveness to the spending preferences of affluent and poor citizens. In the simplest version of the analysis, Model 13, the sum of the separate coefficients for high-income spending preferences and low-income spending preferences is similar in magnitude to the single coefficient for spending preferences in Model 1 in Table 2; but the coefficient for high-income preferences is 6.5 times as large as the coefficient for low-income preferences.<sup>25</sup> With demographic and economic factors included in the analysis, in Model 14, the sum of coefficients is again similar in magnitude to the single coefficient in Model 2 in Table 2; but the coefficient for high-income preferences is 3.2 times as large as the coefficient for low-income preferences. While these separate parameter estimates for high- and low-income preferences are quite imprecise, they suggest that policy-makers probably responded much more strongly to the preferences of affluent citizens than to the preferences of poor citizens.

\*\*\* *Table 5* \*\*\*

Models 15 and 16 include separate measures of budget-cutting preferences among affluent and poor citizens in addition to the separate measures of social spending

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<sup>25</sup> Since “high-income” and “low-income” spending preferences in each country-year are the endpoints of a linear relationship, we can think of each citizen’s influence on policy as being proportional to a weighted average of these two endpoints. So the parameter estimates of .286 and .044 in Model 13 imply that a citizen at the 75th percentile of the income distribution had almost four-fifths as much influence as someone at the top of the income distribution ( $.286 \times .75 + .044 \times .25 = .226$ ), while someone at the 25th percentile had a little more than one-third as much influence as someone at the top of the distribution ( $.286 \times .25 + .044 \times .75 = .104$ ).

preferences. The resulting estimates of the impact of high-income spending preferences are slightly larger than in the first two columns, while the estimates of the impact of low-income spending preferences are slightly smaller (indeed, in the third column, negative). Meanwhile, budget-cutting preferences seem to have their own independent effect on policy, with again some (albeit less) apparent bias in responsiveness toward the preferences of high-income people.

The analyses reported in Table 6 parallel those in Table 3, except that the variables measuring overall welfare state values and budget-cutting preferences are replaced by separate variables measuring affluent and poor citizens' welfare state values and budget-cutting preferences. Again, the parameter estimates reflecting responsiveness to affluent citizens' views have the expected signs (positive for welfare state values, negative for budget-cutting preferences), plausible magnitudes, and fair precision (with *t*-statistics ranging in magnitude from 1.4 to 1.9). However, the parameter estimates reflecting responsiveness to poor citizens' views are all perversely signed (negative for welfare state values, positive for budget-cutting preferences), and statistically "insignificant." Here, too, the results suggest that poor citizens had essentially no influence on social spending in affluent democracies.

\*\*\* **Table 6** \*\*\*

Table 7 reports the results of analyses paralleling those in Table 4, but with separate measures of support for the welfare state among high- and low-income people in each country-year covered by the WVS/EVS data. In every case, the apparent effect of affluent people's views on subsequent shifts in social spending is substantial (though not always sufficiently precisely estimated to be "statistically significant"), while the apparent effect of poor people's views is negative. The persistence of this pattern across the four distinct analyses, regardless of the presence or absence of demographic and economic control variables or fixed effects for countries, is

noteworthy. These results echo those presented in Tables 5 and 6 in suggesting that the dramatic inequalities in responsiveness documented by Gilens (2012) and others in the U.S. are endemic in affluent democracies, posing a major challenge to the ideal of political equality.

\*\*\* *Table 7* \*\*\*

## 5. The Policy-Making Process: Dynamic Equilibration

The statistical evidence reported in Tables 5, 6, and 7 implies that social spending in contemporary affluent democracies responds to the preferences of their most affluent citizens, but that the preferences of less affluent citizens have little, if any, impact on policy outcomes. In this section I attempt to shed clearer light on the nature of that disparate responsiveness by embedding the statistical evidence in a more explicit dynamic model of the policy-making process. The model represents *changes* in social spending in any given country over any given two-year period as the results of a process of *dynamic equilibration* between the “effective demand” for spending and the prevailing spending level:

$$(1) \ (\Delta \text{Spending}_{i,t+2}) = \lambda[(\text{Effective demand}_{it}) - (\text{Spending}_{it})] + \delta_{i,t+2}$$

“Effective demand” represents an equilibrium rate of social spending in country  $i$  in year  $t$  based on a variety of political, economic, and other factors. Policy-makers may act (or not) to reduce the gap between the effective demand for spending and the actual spending level at any given time. The parameter  $\lambda$  in Equation 1 reflects the extent to which any gap between effective demand and the current level of spending is, in fact, reduced over the subsequent two years. Positive values of  $\lambda$  imply that social spending is likely to increase when the effective demand exceeds the prevailing

spending rate and to decrease when the prevailing spending rate exceeds the effective demand.<sup>26</sup>

Equation 2 relates the “effective demand” for social spending in each country-year to prevailing national conditions. The equilibrium rate of spending is assumed to reflect, in part, the public attitudes toward the welfare state captured in the ISSP and WVS/EVS survey data. It may also be affected by demographics (measured here by the dependency ratio of retirement-age people to working-age people), national wealth (measured by the natural logarithm of GDP per capita), and durable features of each country’s history, culture, geography, and political structure (captured by fixed effects for countries):

$$(2) \text{ (Effective demand}_{it}) = \beta_1(\text{Public opinion}_{it}) + \beta_2(\text{Dependency ratio}_{it}) + \beta_3(\text{GDP/capita}_{it}) + \alpha(\text{Country}_i)$$

In order to allow for possible disparities in responsiveness to the views of affluent and poor people, Equation 3 further specifies the relevant public opinion in each country-year as a weighted combination of the views of high-income and low-income citizens:

$$(3) \text{ (Public opinion}_{it}) = (\text{High-income opinion}_{it}) + \omega(\text{Low-income opinion}_{it})$$

The parameter  $\omega$  in Equation 3 represents the relative weight attached to the views of low-income citizens. If  $\omega = 1$ , the opinions of affluent and poor people (and, by assumption, those in between) are equally important in determining the effective demand for social spending in any given country-year; if  $\omega = 0$ , the poorest people have

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<sup>26</sup> This framework is essentially an error correction model (Engle and Granger 1987), with “equilibration rates” corresponding to the error correction rate and the terms in square brackets representing the equilibrium relationship between social spending levels and public preferences and other political and economic factors.

no influence at all (and, by assumption, those in between have correspondingly less influence than those at the top of the income distribution).<sup>27</sup>

Finally, short-term changes in economic conditions (GDP and unemployment) may produce changes in social spending independent of the equilibrium relationship between “effective demand” and actual spending at any given time:

$$(4) \quad \delta_{i,t+2} = \gamma_1(\Delta\text{GDP/capita}_{i,t+2}) + \gamma_2(\Delta\text{Unemployment}_{i,t+2}) + \varepsilon_{i,t+2} .$$

These additions to the model are intended to capture the impact of “automatic stabilizers” in contemporary welfare states that may produce changes in spending in direct response to changing economic conditions, with no explicit decisions by policy-makers. For example, if workers who lose their jobs are automatically eligible for unemployment benefits, changes in unemployment rates will produce more or less immediate changes in social spending independent of any effort by policy-makers to respond to public opinion as it existed before the change.

Substituting Equation 3 into Equation 2 and Equations 2 and 4 into Equation 1 produces a non-linear relationship between year-to-year changes in social spending and the same explanatory variables included in the analyses reported in Tables 6 and 7. That non-linear relationship forms the basis for the analyses presented in Table 8. Indeed, the non-linear regression parameter estimates in Model 25 are simply an algebraic rearrangement of the linear regression parameter estimates in Model 24 in Table 7. All of the explanatory variables are the same, and in sum they account for

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<sup>27</sup> Given this parameterization, and the fact that high- and low-income preferences are defined by a linear regression of policy preferences on relative income levels, the implied responsiveness of policy-makers to the preferences of *middle*-income citizens is  $\beta_1(1+\omega)/2$ . The implied average level of responsiveness to the preferences of citizens in the *top half* of the income distribution is  $\beta_1(3+\omega)/4$ , while the implied average level of responsiveness to the preferences of citizens in the *bottom half* of the income distribution is  $\beta_1(1+3\omega)/4$ .

changes in social spending exactly as well (with a standard error of 4.61) with the same number of free parameters.

\*\*\* *Table 8* \*\*\*

The reconfiguration of variables and parameters in Model 25 sheds clearer light on the process of *dynamic equilibration* by which policy-makers act (or not) to reduce the gap between the effective demand for social spending and actual spending at any given time. The “responsiveness” parameter represents the extent to which any gap between effective demand and current spending is, in fact, reduced by spending changes over the subsequent two years (net of “automatic” responses to subsequent changes in economic conditions). The parameter estimate of 20.96 suggests that about 20% of the gap between effective demand and actual spending in any given country-year is likely to be eliminated by policy changes over the next two years.<sup>28</sup>

Another advantage of the non-linear dynamic framework over the ordinary regression analyses reported in Tables 5, 6, and 7 is that it facilitates more direct assessment of disparities in responsiveness to the preferences of affluent and poor citizens in the policy-making process. The “low-income influence ratio” in Table 8 (corresponding to the parameter  $\omega$  in Equation 3) captures directly the influence of the poorest citizens in each country-year *relative to* the most affluent citizens, ranging from none at all (a parameter value of zero) to equal per capita influence (a value of one) to greater-than-equal influence (a value greater than one). Moreover, the standard

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<sup>28</sup> All of my non-linear regression analyses include fixed effects for countries. Although these national differences in effective demand for social spending are seldom “statistically significant,” their importance is highlighted by comparing the parameter estimates for spending per capita in Models 22 and 24 in Table 7, bearing in mind that the parameter estimates for spending per capita in Table 7 correspond directly to the parameter estimates for “responsiveness” in Table 8. In effect, ignoring national differences in effective demand produces a substantial downward bias in the estimated responsiveness of policy-makers to gaps between effective demand and current spending.

error of the corresponding parameter estimate captures directly the appropriate extent of statistical uncertainty about poor citizens' relative influence, given the assumptions of the model and the limitations of the available data.

The estimated low-income influence ratio in Model 25 implies, remarkably, that low-income citizens' preferences had *less than no influence* on social spending. This is a direct reflection of the negative estimated impact of low-income views in the linear regression in Model 24 in Table 7. However, the reconfiguration of parameters in the non-linear model of dynamic equilibration provides the additional insight that this disparity in responsiveness is much too large to be attributed to the vagaries of a small sample; given the standard error of the estimated ratio, the null hypothesis of equal influence ( $\omega=1$ ) has a *t*-statistic of 6.4.

A minor extension of the non-linear framework makes it possible to bolster this analysis by integrating the separate data from the WVS/EVS and ISSP surveys. While there is no strong reason to expect the distinct items measuring welfare state values in the two sets of surveys to perform identically, we can make a plausible allowance for the difference in measurement by adding a scale factor  $\zeta$  to capture the relative impact of opinion as measured in the ISSP surveys by comparison with the WVS and EVS surveys:

$$(5) \text{ (High-income opinion}_{it}) = (\text{WVS/EVS high-income opinion}_{it})(W_{it}) + \zeta(\text{ISSP high-income opinion}_{it})(1-W_{it})$$

$$(6) \text{ (Low-income opinion}_{it}) = (\text{WVS/EVS low-income opinion}_{it})(W_{it}) + \zeta(\text{ISSP low-income opinion}_{it})(1-W_{it})$$

The weight variable  $W_{it}$  in these equations takes the value 1.0 in 89 country-years with WVS/EVS surveys only, zero in 35 country-years with ISSP surveys only, and 0.5 in 17

country-years with both measures of welfare state values.<sup>29</sup> Thus, the (scale-adjusted) measures from both surveys are simply averaged when both are available.

This adjustment increases the effective sample size for my analysis of dynamic equilibration by one-third, from 106 to 141, while adding just one additional parameter, the ISSP scale factor  $\zeta$ . The resulting parameter estimates appear in the second column of Table 8 (Model 26). The estimated scale factor (.61) and its standard error (.14) imply that a one-unit shift in the ISSP measure of opinion (combining separate survey items on government's responsibility to create jobs and equalize incomes) was rather less consequential than a one-unit shift in the WVS/EVS measure (tapping government's responsibility "to ensure that everyone is provided for"). Despite this down-weighting of the ISSP measure, combining the two sets of data produces even more striking evidence of disparate responsiveness, with the estimated low-income influence ratio declining from  $-.54$  to  $-.86$  (and the  $t$ -statistic for the null hypothesis of equal influence increasing from 6.4 to 8.1). However, the rest of the parameter estimates are generally quite similar in magnitude to those in Model 25—a reassuring indication that the patterns of policy-making reflected here are not too sensitive to the precise set of country-years included in the analysis.

Models 27 and 28 provide two additional checks on the robustness of my analysis. Model 27 excludes two distinct outliers in the distribution of social spending shifts, Poland in 1990-92 and South Korea in 1996-98. These country-years saw increases in real social spending per capita of 44.9% and 38.9%, respectively. (The five next largest two-year increases in social spending range from 18.5% to 24.7%.) In the case of Poland, the run-up in spending coincided with the transition from communism to democracy. (A partly free parliamentary election was held in 1989, Lech Walesa became the first

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<sup>29</sup> The analyses employing ISSP data in Tables 2, 3, 5, and 6 include only 51 observations rather than 52 because the 1991 ISSP survey in Ireland did not include the questions tapping social spending preferences and budget-cutting preferences.

popularly elected president in 1990, and the first fully free parliamentary election occurred in 1991). In South Korea, social spending surged in 1998 (and again in 1999) following the election in 1997 of opposition presidential candidate Kim Dae-jung following 36 years of uninterrupted conservative rule. Excluding these cases from the analysis reduces the apparent responsiveness of policy-makers by about one-fifth (from 18.93 to 15.06) will increasing still further the apparent disparity in responsiveness to the preferences of affluent and poor citizens (from  $-.86$  to  $-1.09$ ).

Model 28 includes the same 141 observations as Model 26; but in this case the observations are weighted by population. The country-years included in my analysis vary in population by more than three orders of magnitude, from Iceland (in 1999) with fewer than 300,000 people to the United States (in 2011) with more than 300 million. As a purely descriptive matter, it seems worth knowing whether the dramatic disparities in responsiveness revealed by my statistical analyses are merely artifacts of anomalous policy-making processes in small countries or whether they reflect the experience of most citizens of contemporary affluent democracies. The results for Model 28 clearly support the latter interpretation. While the estimated low-income influence ratio is somewhat less negative in the weighted analysis than in the unweighted analysis, it is still negative—and sufficiently precise to effectively rule out even approximate parity in the influence of affluent and poor citizens.<sup>30</sup>

## 6. Cross-National Variation

My analyses provide substantial evidence that citizens' influence on social spending in contemporary OECD countries has been modest in magnitude and highly biased by disparities in economic resources. However, these analyses all impose the

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<sup>30</sup> The  $t$ -statistic for the null hypothesis of equal influence ( $\omega=1$ ) is 5.6. If “approximate parity” is taken to mean that the poorest citizens have at least half as much political influence as the most affluent citizens in this domain ( $\omega=.5$ ), the relevant  $t$ -statistic is 3.7.

unrealistic simplifying assumption that policy responsiveness worked similarly in each of the 30 countries (and 141 country-years) in my sample. There are a variety of good reasons to expect significantly different patterns of responsiveness in countries with significantly different political histories, cultures, and institutions (e.g., Esping-Andersen 1990; Powell 2000; Alesina and Glaeser 2004). Given the limitations of my sample and data, it is fruitless to hope for much precision in assessing the implications of these differences for policy responsiveness. Nonetheless, in this section I provide a few simple comparisons of patterns of responsiveness in distinct subsets of my data. In each case, I look for significant differences in the overall *extent* of responsiveness to public opinion and in *equality* of responsiveness as measured by the relative impact of low-income preferences.

In Table 9, I replicate the analysis reported in Model 26 for subsets of the full set of country-years sharing similarities of political culture or geography. Model 29 focuses on established democracies, excluding from the analysis ten country-years in which democratic systems were less than a decade old.<sup>31</sup> One might suppose that established democracies would be more responsive to public opinion, and perhaps also more egalitarian. However, the data suggest just the opposite; excluding new democracies reduces the apparent responsiveness of social spending to public opinion by about half (comparing the corresponding estimates from Model 29 and Model 26), while more than doubling the already-large disparity in political influence between affluent and poor people.

\*\*\* *Table 9* \*\*\*

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<sup>31</sup> My measure of democratic consolidation is derived from the “*TENSY*” and “*EIEC*” variables in the December 2012 version of the World Bank Database of Political Institutions (Beck et al. 2001). “Established” systems are those coded as democracies (“*EIEC*”>5) for ten years or more. The cases excluded by this criterion include three from the Czech Republic (before 1999), two each from Mexico (before 2009) and Poland (before 1999), and one each from Chile (before 1998), South Korea (before 1996), and Slovenia (before 2000).

Models 30 and 31 juxtapose the “social democracies” of continental Europe and Scandinavia with the “liberal democracies” of the English-speaking world and Asia.<sup>32</sup> On average (and allowing for differences in national wealth), social spending per capita is about \$2,000 higher in social democracies than in liberal democracies. However, comparing the statistical results from Models 30 and 31 suggests that social spending in social democracies is about one-third *less responsive* to the preferences of affluent citizens than in liberal democracies, and, if anything, even *less responsive* in relative terms to the preferences of poor citizens. The gap in spending between these two sets of countries is accounted for by distinctive country-specific intercepts in the regression analyses, *not* by differences in the extent or nature of their responsiveness to public opinion (or, for that matter, demographics or short-term changes in economic conditions).

Model 32 includes all European democracies, including the formerly communist countries of Eastern Europe (the Czech Republic, Estonia, Hungary, Poland, and Slovenia) and a few liberal democracies (Great Britain, Ireland, and Switzerland) along with the social democracies in Model 30. This broader set of countries displays somewhat more overall responsiveness to “effective demand” for social spending, with the prevailing gap between effective demand and current spending reduced by more than 28% in any given two-year period. However, there is even less evidence here than in Model 30 of responsiveness to public opinion, and similar evidence of profound disparity in the apparent political influence of affluent and poor citizens.

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<sup>32</sup> The distinction between “social democracies” and “liberal democracies” is derived from Esping-Andersen (1990) via Pontusson (2005), but applied more broadly here. The social democracies in Model 30 include Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Italy, the Netherlands, Norway, Portugal, Spain, and Sweden. This grouping adds Iceland and Portugal to Esping-Andersen’s (1990) “social democratic” and “Christian democratic” countries. (Neither of these sets of countries is sufficiently well represented to be analyzed separately.) The liberal democracies in Model 31 include Chile, Great Britain, Ireland, and South Korea along with Esping-Andersen’s (1990) examples—Australia, Canada, Japan, New Zealand, Switzerland, and the United States.

In Table 10 my focus shifts from political cultures to formal political institutions. Models 33 and 34 juxtapose patterns of policy equilibration in federal systems and those with centralized national policy-making systems.<sup>33</sup> Studies of modern welfare states suggest that federalism generally tends to inhibit social spending by adding veto points to the policy-making process (Hicks and Swank 1992; but see Obinger, Leibfried, and Castles 2005). My analysis provides little support for that notion: federal systems seem to have been about as responsive as more centralized systems, overall. However, federal systems do seem to have been substantially less responsive—indeed, utterly unresponsive—to public opinion, specifically. In contrast, centralized systems seem to have been much more responsive to public opinion, but only to the preferences of affluent citizens.

\*\*\* *Table 10* \*\*\*

Models 35 and 36 similarly juxtapose countries with more proportional electoral systems and those with winner-take-all electoral rules.<sup>34</sup> Proportional representation is often thought to lead to greater political responsiveness and higher levels of social

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<sup>33</sup> My distinction between *federal* and *centralized* systems is based on the “*AUTHOR*” variable in the World Bank Database of Political Institutions, which codes whether states or provinces have authority over taxing, spending, or legislating. Federal systems include Australia, Austria, Belgium, Canada, the Czech Republic, Finland (after 2000), France, Germany, Italy, Mexico, Spain, Switzerland, and the United States.

<sup>34</sup> My distinction between *proportional* and *plurality* electoral systems is derived from the “*PR*,” “*PLURALTY*,” and “*HOUSESYS*” variables in the World Bank Database of Political Institutions. I group mixed systems in which most seats in the lower house were allocated by proportional representation (the Czech Republic, Germany, Hungary after 1990, Italy after 2005, Poland after 2006, Spain, and Switzerland) with those in which all legislators were elected by proportional representation (Austria, Belgium, Denmark, Estonia, Finland, Iceland, Ireland, Israel, Italy before 1994, the Netherlands, Norway, Poland before 2007, Portugal, Slovakia, Slovenia after 1997, and Sweden). Mixed systems in which most seats in the lower house were allocated by plurality rule (Australia, Italy 1994-2005, Japan, South Korea, Mexico, New Zealand after 1992, and Slovenia before 1998) are grouped with those in which all legislators were elected using a winner-take-all rule (Canada, Chile, France, Great Britain, Hungary before 1991, New Zealand before 1993, and the United States).

spending (Milesi-Ferretti, Perotti, and Rostagno 2002; Persson, Roland, and Tabellini 2007; but see Kang and Powell 2010). While the latter relationship is evident in the contemporary democracies considered here—the average level of social spending per capita is 40% higher in the most proportional systems than in the most majoritarian systems—it is far from obvious whether that difference is actually attributable to electoral institutions. Allowing for differences in national wealth and dependency ratios erases much of the apparent difference in spending patterns, while fixed effects for countries obliterate the rest (not surprisingly, given the paucity of institutional changes within countries).

In any case, the results of my analysis suggest that social spending policies were, if anything, *less* responsive to public opinion in proportional systems than in plurality systems and, more specifically, *less* responsive to the preferences of low-income people. While proportional systems may have been more responsive to other factors influencing the overall social demand for welfare spending (as evidenced by the greater overall responsiveness in Model 35 than in Model 36, 29.09 versus 17.46), the apparent impact of affluent public opinion was distinctly weaker (.11 versus .24) while the apparent impact of low-income opinion was more strongly negative (−.17 versus −.11).

Finally, Table 11 focuses on cross-national differences in economic circumstances. Models 37 and 38 compare patterns of policy-making in the most affluent country-years (with real per capita incomes in excess of \$30,000) and less affluent country-years (with real per capita incomes of less than \$30,000). We have already seen that national wealth figures prominently in the politics of social spending, with higher levels of GDP consistently associated with larger welfare states, even in analyses with fixed effects for countries. But is responsiveness to public opinion itself a luxury good, more prevalent when the economic resources necessary to cater to the preferences of ordinary citizens are relatively plentiful? A pattern of that sort might be expected in

light of the more general relationship between economic development and the durability of democratic regimes (Przeworski et al. 2000, chapter 2).

\*\*\* *Table 11* \*\*\*

As it turns out, a comparison of the results from Models 37 and 38 provides no real evidence of greater or more egalitarian responsiveness to public opinion in wealthy country-years than in those that are somewhat less affluent. The relative influence of poor people may have been slightly greater in affluent country-years, but the statistical evidence on that point is extremely weak—and in any case the absolute disparity in influence between affluent and poor people in both sets of country-years is much more striking. Conversely, the overall impact of public opinion on policy may have been greater in less affluent country-years, but here, too, the statistical evidence is much too imprecise to be decisive. To a rough approximation, increases (and occasional decreases) in wealth seem to have had little impact on the politics of social spending in contemporary affluent democracies.

Models 39 and 40 compare patterns of policy-making in the most unequal country-years (those with post-tax-and-transfer Gini coefficients in excess of 30) and in less unequal countries (those with Gini coefficients below 30). It certainly would not be surprising to find that the most economically unequal country-years in my sample are also the most politically unequal. As a matter of simple arithmetic, greater economic inequality increases the disparity in the economic resources that affluent and poor people can bring to bear in the political process. Less obviously, economic inequality may contribute to the development and maintenance of cultural understandings that justify inequality and bolster the political position of the affluent (Jost et al. 2003).

And of course, much of the existing evidence of disparities in responsiveness comes from a country with a notably high level of economic inequality, the United States.<sup>35</sup>

Surprisingly, however, a comparison of Models 39 and 40 provides no evidence of greater political inequality in times and places with greater economic inequality. Indeed, if anything, the reverse is true: the estimated low-income influence ratio is even more unfavorable in country-years with post-tax-and-transfer Gini coefficients less than 30 (Model 40) than in those with higher levels of economic inequality (Model 39). Nor do less economically unequal political systems seem to be more responsive to public opinion. These differences are far from being “statistically significant”; nonetheless, they represent an unexpected rebuff to straightforward intuition regarding the likely political implications of economic inequality.

Obviously, the differentiated analyses of policy responsiveness presented in Tables 9, 10, and 11 capture just a few of the many dimensions of political, cultural, institutional, and economic variation that might plausibly affect the relationship between citizens and their governments with respect to social spending. Perhaps most importantly, they make no explicit allowance for the potential impact of policy-makers’ own preferences on policy outcomes or for changing patterns of responsiveness due to electoral replacement.<sup>36</sup> Moreover, the statistical imprecision of many of the results presented in these tables underlines the limitations of the data employed here for

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<sup>35</sup> Among the 30 countries in my sample, only Chile and Mexico have higher levels of economic inequality than the United States.

<sup>36</sup> Government ideology may be relevant both as an additional force influencing social spending and as a factor conditioning the impact of affluent and poor people’s preferences. John Griffin and Brian Newman (2016) showed that U.S. presidents’ budget proposals tend to reflect the spending preferences of whites and affluent people more closely than those of blacks and poor people. However, that pattern varies significantly by party: “Democratic presidents represent racial and income groups equally, but Republicans’ proposals are much more consistent with the spending preferences of whites and high-income earners.” It is unclear whether these partisan differences in *congruence* reflect differential *responsiveness* to citizens’ views or presidents’ own policy preferences or some combination of these and other factors.

analyzing patterns of responsiveness in distinct subsets of my sample of affluent democracies. Nonetheless, two points seem worth noting.

First, applying the statistical model of policy change laid out here to variously defined subsets of affluent democracies produces some notable deviations from the overall pattern of responsiveness documented in Model 26. Given the limitations of the available data, few of those deviations are statistically reliable. However, overall responsiveness was probably somewhat greater—and the effects of (affluent) public opinion and demographic pressure correspondingly weaker—in European democracies and those with proportional representation than elsewhere. Federal systems seem to have been even more anomalous with respect to the effects of both (affluent) public opinion and demographic dependency. These differences suggest that political cultures and institutions may condition social policy-making in important ways.

On the other hand—and more importantly given the substantive focus of the present analysis—the striking pattern of biased responsiveness evident in Table 8 seems to hold with remarkable consistency across the range of affluent democracies included in my analysis. It is clearly not attributable to any single country or cluster of countries, or to (at least) the specific institutional arrangements that have figured most prominently in the scholarly literature on comparative representation. Indeed, *none* of the subsets of country-years considered in Tables 9, 10, and 11 provides any evidence of positive responsiveness of governments to the preferences of low-income citizens; every one of the twelve distinct estimates of my “low-income influence ratio” is negative and sufficiently precise to confidently reject the hypothesis that governments are as responsiveness to the preferences of poor people as they are to the preferences of affluent people.<sup>37</sup> Thus, while much more careful comparisons remain to be done, it

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<sup>37</sup> The twelve distinct *t*-statistics for the null hypothesis of equal influence ( $\omega=1$ ) in Tables 9, 10, and 11 range from 2.8 (in proportional democracies) to 8.7 (in centralized democracies). Even

seems hard to avoid the *provisional* conclusion that, in this policy domain, affluent democracies are more similar than different in their disparate responsiveness to the preferences of their citizens.

## 7. Political Inequality and the Social Welfare Deficit

Having provided a good deal of empirical analysis of policy responsiveness, I turn in conclusion to a consideration of the implications of that responsiveness for social welfare policies. To what extent does the biased responsiveness of democratic systems to the preferences of their citizens actually affect social spending? The model of dynamic equilibration underlying the statistical results presented in Tables 8-11 provides a natural framework for specifying and estimating the counterfactual implied by these questions—a system in which policy-makers were equally responsive to the social spending preferences of affluent and poor citizens alike.

Within the framework of dynamic equilibration, responsiveness operates on what I have termed “effective demand”—the product of citizens’ preferences and social and economic conditions against which policy-makers balance current policy. It is important to recall that this “effective demand” for spending increases or decreases is distinct from the *public* demand for social spending captured by the questions in the ISSP surveys. My analysis suggests that equilibrium levels of social spending do reflect, in part, public preferences. However, equilibrium levels of spending also reflect separate tendencies for policy-makers themselves to tailor social spending to demographic pressures (as measured by the dependency ratio between people of retirement age and people of working age), economic capacity (as measured by GDP per capita), and the durable national customs and conditions captured in my analysis by fixed effects for countries. Indeed, most of the variation in effective demand

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the hypothesis that poor people’s preferences are *half* as influential as those of affluent people ( $\omega=.5$ ) can be consistently rejected, with *t*-statistics ranging from 2.0 (in federal systems) to 6.3.

implied by my analysis is attributable to the sensitivity of policy-makers to these factors rather than to variation in public preferences.<sup>38</sup>

“Fixed effects” are often treated as a technical nuisance in analyses of this sort, unreported and unremarked upon. However, their magnitudes are a matter of considerable substantive importance. Figure 7 makes this point by illustrating graphically the implications of the country-specific intercepts in Model 26 in Table 8. The figure shows the variation across countries in effective demand for social spending net of variation attributable to differences in wealth, demographics, and public opinion. At one extreme, the figure suggests that typical OECD levels of wealth, demographic dependency, and popular support for the welfare state would produce effective demand for social spending in excess of \$10,000 per capita in Poland, Finland, France, and Norway. At the other extreme, the same typical conditions would produce effective demand of less than \$5,000 per capita in Mexico, South Korea, and Israel.

\*\*\* *Figure 7* \*\*\*

It is worth bearing in mind that these estimates are just that—estimates, contingent upon the statistical model and data that produce them. For example, Poland and Mexico are the two poorest countries included in my analysis; assessing how their policy-making processes would work if they were as wealthy as a typical OECD country requires heroic extrapolation. Estimated country-specific intercepts are especially likely to be unreliable when they are based on just one or two surveys (as in Mexico and Israel).

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<sup>38</sup> The standard deviation (across country-years) of the economic capacity component of effective demand (based on the parameter estimates presented in Model 26 in Table 8),  $(.75 \times \ln(\text{GDP}))$  is .25; the standard deviation of the demographic component of effective demand,  $(1.69 \times \text{Dependency})$ , is .09; the standard deviation of the public preference component,  $(.0111 \times (\text{High-income opinion} - .86 \times \text{Low-income opinion}))$ , is .07.

On the other hand, the magnitudes of fixed effects may shed some light on the relative importance of measured and unmeasured factors affecting social spending on affluent democracies. In their analysis of *Why Welfare States Persist*, Brooks and Manza (2007, 145) argued that “the United States is not an outlier with regard to welfare state responsiveness to mass opinion” and that “low levels of public support for the welfare state are a central reason behind the market-oriented character of the American political economy.” Indeed, my data suggest that the U.S. spent about 17% less (per capita) on social programs than other OECD democracies with comparable levels of wealth, unemployment, and demographic dependency. But how much of that shortfall is attributable to “low levels of public support for the welfare state”?

A calculation based on the parameter estimates from Model 26 suggests that the difference in effective demand for social spending attributable to a 3.7-point difference in income-weighted public support for the welfare state (the difference between the U.S. average of 35.1 and the overall average of 38.8) is about 4%, accounting for about one-fourth of that 17% shortfall in social spending. In that sense, my findings provide some support for Brooks and Manza’s contention regarding the importance of public opinion. On the other hand, the difference in effective demand attributable to the difference between the U.S. intercept (.824) and the average of the 29 other country-specific intercepts (.903) is about 8%, accounting for about half of the U.S. shortfall in social spending. Thus, the durable features of American politics and society captured by the U.S. intercept in my analysis appear to be twice as consequential as public opinion in accounting for “the market-oriented character of the American political economy.”

Figure 8 summarizes what is at stake in the disparities in responsiveness to the preferences of affluent and poor citizens reported in Model 26 in Table 8. Here, counterfactual effective demands for social spending are computed by substituting *equal* responsiveness to low- and high-income preferences for the *biased*

responsiveness reflected in the parameter estimates in Model 26: the relative weights of 1.00 for high-income preferences and  $-.86$  for low-income preferences are replaced by equal weights of  $.07$  for both high- and low-income preferences, preserving the total estimated impact of preferences on spending but equalizing the implied influence of citizens across the income spectrum. Figure 8 shows the estimated impact of biased responsiveness on effective demand for social spending in each country-year.

**\*\*\* Figure 8 \*\*\***

These projections suggest that biased responsiveness to public preferences is a major factor in the politics of modern welfare states, depressing the effective demand for social spending by an average of 13%. There is a good deal of cross-national variation in the impact of biased responsiveness due to differences in the extent of class conflict in support for the welfare state. (If the opinions of affluent and poor people were identical, responding less to the former and more to the latter would have no impact on effective demand for social spending.) In South Korea, the country with the lowest level of class conflict in support for the welfare state, biased responsiveness probably depressed effective demand for social spending by less than 2%. In Estonia, the country with the largest gap in preferences between affluent and poor people, the reduction in effective demand was more than 20%.

That is not to say that real social spending would have been 13% higher on average if policy-makers responded equally to the preferences of affluent and poor people. In the dynamic model of policy-making underlying the statistical analyses in Tables 8-11, “effective demand” is a target rather than a policy outcome. In any given two-year period, the gap between actual spending and effective demand was likely to be reduced, but only by 15 or 20 percent. Thus, a 13% increase in effective demand would be expected to increase actual spending over the next two years by an additional 2-3%. That increase would in turn reduce the gap between effective demand and current

spending by 15 or 20 percent, producing slightly smaller increases in spending in subsequent periods. Nonetheless, the cumulative effect of these incremental increases in real spending would be a substantial long-term expansion of modern welfare states.<sup>39</sup>

Obviously, my analysis has greatly simplified the complexity of social welfare policy-making in thirty different countries over a period of three decades. While I have attempted to convey the robustness or fragility of my statistical findings by reporting the results of a variety of analyses employing different explanatory variables and country-years, statistical analyses based on such a small and heterogeneous sample must be taken as suggestive rather than definitive. Nonetheless, the evidence presented here seems to me to provide suggestive evidence for four important conclusions.

First, as a purely descriptive matter, citizens in affluent democracies generally say they want their governments to spend more than they already do on a variety of major social welfare programs. Public demand for additional social spending is substantial (in some cases, overwhelming) and tends to persist (or even increase) over time. While there may be good reasons to discount these spending preferences—for example, because the same citizens often express practically contradictory demands for government budget-cutting—they nevertheless provide strong *prima facie* evidence of *subjective* incongruence between public opinion and social welfare policy.

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<sup>39</sup> The extent to which a 13% increase in “effective demand” for social spending would increase actual spending depends in part on the extent to which increases in spending would dampen public support for the welfare state over time. However, regressing public support for welfare state values on logged social spending per capita, logged GDP per capita, and country fixed effects provides little evidence that incremental social spending would depress public support for the welfare state. In Brooks and Manza’s (2007) terms, welfare state values are “embedded preferences.”

Second, while there is a “statistically significant” bivariate relationship between citizens’ demands for more social spending and changes in actual spending over the next two years, there is rather less to that relationship than meets the eye. For one thing, the strength of the relationship hinges crucially on just two country-years in which very high levels of public support for spending increases were followed by very rapid increases in spending (Figure 3). Moreover, much of the apparent connection between citizens’ preferences and subsequent spending increases seems to be spurious, with shifts in public demand driven by the same factors that directly induce policy-makers to alter spending—most importantly, imbalances between current spending and national economic capacity. And finally, the *magnitude* of the relationship between preferences and policy changes is too modest to erase what I have referred to as a “social welfare deficit,” even in the long run.

Third, and most importantly for my purposes here, my analysis provides remarkably strong and consistent evidence of substantial disparities in responsiveness to the preferences of affluent and poor people. Insofar as policy-makers respond to public preferences, they seem to respond primarily or even entirely to the preferences of affluent people. Indeed, allowing for the effective political influence of citizens to vary with income, the influence attributed to poor citizens is not just less than that attributed to affluent citizens, but consistently *negative*. This apparent evidence of hyper-inequality may turn out to be an artifact of peculiar patterns of measurement error (Achen 1985; Gilens 2012, 253-258) or other problems of data or model specification. In the meantime, however, my findings suggest that severe disparities in responsiveness are rampant in contemporary affluent democracies, not limited to the United States.

Fourth, my rudimentary comparisons of patterns of responsiveness in countries with different political cultures, institutions, and economies provide rather little indication of significant variation in the relationship between public opinion and social

welfare policy. Of course, given the limitations of the available data, none of these comparisons is very precise, and more powerful analyses may reveal important cross-national differences attributable to these or other factors. Nonetheless, it is striking that *every one* of the various subsets of country-years examined in Tables 9, 10, and 11 produces a perversely negative estimate of the relative influence of low-income people by comparison with high-income people.

These findings seem to me to underscore a variety of important questions facing contemporary scholars of democratic politics. Why does policy responsiveness to citizens' social welfare preferences seem to be so limited, despite the strong presumption in the scholarly literature that electoral competition will ensure popular control of salient public policies (Bawn et al. 2012; Achen and Bartels 2016)? How do affluent citizens manage to exert (if indeed they do manage to exert) much more effective influence in the policy-making process, achieving substantial reductions in social spending relative to the levels apparently preferred by the public as a whole (Hacker and Pierson 2010; Gilens 2012)? What changes, if any, in democratic processes or political institutions would produce greater correspondence between citizens' preferences and social welfare policies (Huber and Powell 1994; Powell 2000)? And would citizens actually be better off if they got their way (Radcliff 2013; Kenworthy 2014)?

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**Table 1**  
**Support for Social Spending in the United States, 2006**

Total N=1,518. (Other, don't know, and missing responses for individual items omitted.)

	<i>Old age pensions</i>	<i>Health</i>	<i>Education</i>	<i>Unemployment benefits</i>	<i>Social spending (average)</i>
Spend much more (100)	24.2%	36.1%	41.2%	10.5%	28.0%
Spend more (75)	41.0%	44.4%	42.4%	25.1%	38.2%
Spend the same as now (50)	27.6%	13.6%	12.6%	49.6%	25.8%
Spend less (25)	5.6%	4.6%	3.0%	12.8%	6.5%
Spend much less (0)	1.7%	1.3%	0.8%	2.1%	1.5%
Net unmet demand (-50 to +50)	+20.1	+27.4	+30.0	+7.3	+21.2

**Table 2**  
**Public Opinion and Social Spending: ISSP**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
Social spending preferences	.349 (.140)	.206 (.116)	.309 (.142)	.182 (.112)
Budget-cutting preferences	---	---	-.093 (.057)	-.046 (.044)
Dependency ratio <i>(65+/20-64)</i>	---	5.70 (19.40)	---	4.49 (19.18)
GDP per capita ( <i>ln</i> )	---	9.29 (3.41)	---	8.49 (3.43)
Spending per capita ( <i>ln</i> )	---	-8.36 (2.20)	---	-8.05 (2.26)
$\Delta$ GDP per capita (%)	---	.13 (.31)	---	.14 (.31)
$\Delta$ Unemployment (%)	---	1.09 (.41)	---	1.07 (.41)
Intercept	-17.05 (9.39)	-33.13 (28.74)	-7.94 (11.34)	-22.52 (28.62)
<i>Standard error of regression</i>	4.79	3.91	4.75	3.93
<i>Adjusted R<sup>2</sup></i>	.14	.43	.16	.42
<i>N (countries)</i>	51 (25)	51 (25)	51 (25)	51 (25)

**Table 3**  
**Welfare State Support and Social Spending: ISSP**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
Welfare state support	.033 (.049)	.104 (.046)	.044 (.052)	.099 (.041)
Budget-cutting preferences	---	---	-.143 (.066)	-.069 (.045)
Dependency ratio <i>(65+/20-64)</i>	---	2.45 (20.75)	---	.58 (19.99)
GDP per capita ( <i>ln</i> )	---	11.16 (2.73)	---	10.01 (2.87)
Spending per capita ( <i>ln</i> )	---	-10.18 (2.15)	---	-9.54 (2.23)
$\Delta$ GDP per capita (%)	---	.05 (.32)	---	.07 (.30)
$\Delta$ Unemployment (%)	---	1.08 (.39)	---	1.04 (.40)
Intercept	4.28 (3.18)	-28.39 (21.44)	13.41 (4.91)	-16.70 (22.17)
<i>Standard error of regression</i>	5.22	3.93	5.06	3.91
<i>Adjusted R<sup>2</sup></i>	-.01	.42	.05	.43
<i>N (countries)</i>	51 (25)	51 (25)	51 (25)	51 (25)

**Table 4**  
**Welfare State Support and Social Spending: WVS and EVS**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(9)</b>	<b>(10)</b>	<b>(11)</b>	<b>(12)</b>
Welfare state support	.083 (.089)	-.077 (.068)	-.092 (.106)	.102 (.107)
Dependency ratio <i>(65+/20-64)</i>	---	39.65 (12.89)	---	32.71 (25.47)
GDP per capita ( <i>ln</i> )	---	7.25 (4.54)	---	11.43 (7.12)
Spending per capita ( <i>ln</i> )	---	-11.86 (1.53)	---	-20.06 (6.47)
$\Delta$ GDP per capita (%)	---	.08 (.27)	---	-.28 (.39)
$\Delta$ Unemployment (%)	---	1.23 (.32)	---	.80 (.46)
Intercept	2.73 (3.73)	27.62 (43.78)	Country- specific	Country- specific
<i>Standard error of regression</i>	7.40	5.27	6.69	4.70
<i>Adjusted R<sup>2</sup></i>	.01	.50	.19	.60
<i>N (countries)</i>	106 (30)	106 (30)	106 (30)	106 (30)

**Table 5**  
**Differentiated Public Opinion and Social Spending: ISSP**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(13)</b>	<b>(14)</b>	<b>(15)</b>	<b>(16)</b>
High-income social spending preferences	.286 (.168)	.152 (.116)	.305 (.185)	.172 (.094)
Low-income social spending preferences	.044 (.160)	.048 (.162)	-.018 (.178)	.022 (.137)
High-income budget-cutting preferences	---	---	-.199 (.079)	-.164 (.059)
Low-income budget-cutting preferences	---	---	.110 (.082)	.132 (.076)
Dependency ratio <i>(65+/20-64)</i>	---	4.36 (18.33)	---	3.34 (16.98)
GDP per capita ( <i>ln</i> )	---	9.30 (3.31)	---	9.29 (2.77)
Spending per capita ( <i>ln</i> )	---	-8.25 (2.15)	---	-8.00 (2.00)
$\Delta$ GDP per capita (%)	---	.14 (.31)	---	.17 (.30)
$\Delta$ Unemployment (%)	---	1.08 (.41)	---	1.06 (.42)
Intercept	-14.86 (9.53)	-33.13 (28.26)	-5.28 (10.70)	-31.94 (22.43)
<i>Standard error of regression</i>	4.82	3.95	4.71	3.90
<i>Adjusted R<sup>2</sup></i>	.13	.42	.17	.43
<i>N (countries)</i>	51 (25)	51 (25)	51 (25)	51 (25)

**Table 6**  
**Differentiated Welfare State Support and Social Spending: ISSP**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(17)</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>
High-income welfare state support	.272 (.091)	.089 (.056)	.330 (.097)	.152 (.069)
Low-income welfare state support	-.381 (.126)	-.010 (.102)	-.459 (.123)	-.122 (.106)
High-income budget-cutting preferences	---	---	-.272 (.127)	-.186 (.072)
Low-income budget-cutting preferences	---	---	.105 (.112)	.105 (.076)
Dependency ratio (65+/20-64)	---	2.15 (21.35)	---	-.09 (18.25)
GDP per capita ( <i>ln</i> )	---	10.68 (2.86)	---	8.97 (2.64)
Spending per capita ( <i>ln</i> )	---	-9.58 (2.33)	---	-7.81 (2.03)
$\Delta$ GDP per capita (%)	---	.06 (.33)	---	.14 (.30)
$\Delta$ Unemployment (%)	---	1.08 (.39)	---	1.01 (.41)
Intercept	20.97 (5.74)	-25.94 (22.49)	35.72 (7.94)	-12.16 (22.27)
<i>Standard error of regression</i>	4.82	3.96	4.40	3.86
<i>Adjusted R<sup>2</sup></i>	.13	.41	.28	.45
<i>N (countries)</i>	51 (25)	51 (25)	51 (25)	51 (25)

**Table 7**  
**Differentiated Welfare State Support and Social Spending: WVS and EVS**

Two-year changes in real social spending per capita (%). Ordinary least squares regression parameter estimates with standard errors (clustered by country) in parentheses.

	<b>(21)</b>	<b>(22)</b>	<b>(23)</b>	<b>(24)</b>
High-income welfare state support	.346 (.172)	.127 (.093)	.196 (.163)	.250 (.133)
Low-income welfare state support	-.265 (.128)	-.199 (.063)	-.266 (.114)	-.135 (.090)
Dependency ratio (65+/20-64)	---	34.77 (13.74)	---	39.37 (21.25)
GDP per capita ( <i>ln</i> )	---	5.52 (4.75)	---	13.87 (7.59)
Spending per capita ( <i>ln</i> )	---	-10.60 (1.94)	---	-20.96 (6.36)
Δ GDP per capita (%)	---	.07 (.27)	---	-.20 (.38)
Δ Unemployment (%)	---	1.20 (.30)	---	.90 (.43)
Intercept	6.42 (2.42)	37.44 (43.21)	Country-specific	Country-specific
<i>Standard error of regression</i>	7.14	5.19	6.60	4.61
<i>Adjusted R<sup>2</sup></i>	.08	.55	.21	.62
<i>N (countries)</i>	106 (30)	106 (30)	106 (30)	106 (30)

**Table 8**  
**Political Inequality in Policy Responsiveness**

Two-year changes in real social spending per capita (%). Non-linear regression parameter estimates with standard errors (clustered by country) in parentheses.

	(25) <i>WVS/EVS only</i>	(26) <i>ISSP and WVS/EVS</i>	(27) <i>Spending change &lt; 25%</i>	(28) <i>Population-weighted</i>	
Responsiveness (%)	20.96 (6.36)	18.93 (5.23)	15.06 (5.44)	15.63 (3.88)	
Equilibrium spending ↑	Country-specific intercepts	.55 to 1.90	.04 to 1.30	-1.73 to -.80	.55 to 1.90
	Public opinion	.0119 (.0083)	.0111 (.0066)	.0114 (.0065)	.0136 (.0054)
	<b>Low-income influence ratio</b>	<b>-.54</b> (.24)	<b>-.86</b> (.23)	<b>-1.09</b> (.31)	<b>-.50</b> (.27)
	ISSP scale factor	---	.61 (.14)	.46 (.13)	.67 (.19)
	Dependency ratio (65+/20-64)	1.88 (.85)	1.69 (1.04)	1.64 (1.15)	1.98 (.83)
	GDP per capita ( <i>ln</i> )	.66 (.27)	.75 (.27)	.96 (.23)	.49 (.41)
	Spending per capita ( <i>ln</i> )	-1.00 (---)	-1.00 (---)	-1.00 (---)	-1.00 (---)
Δ GDP per capita (%)	-.20 (.38)	-.24 (.32)	-.01 (.23)	-.70 (.37)	
Δ Unemployment (%)	.90 (.43)	.76 (.35)	.82 (.29)	.32 (.33)	
<i>Standard error of regression</i>	4.61	4.45	3.93	3.49	
<i>Adjusted R<sup>2</sup></i>	.62	.57	.46	.67	
<i>N (countries)</i>	106 (30)	141 (30)	139 (30)	141 (30)	

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nl (dexp2=
{r}*({a}*Countries+{b}*((govri*govrhw+{s}*welfi*welfhw)+{c}*(govri*govrlw+{s}*welfi*welflw))
+{d}*deprat+{e}*lngdp-lnexp)+{f}*dgd2+{g}*dunemp2)
if dexp2<999&deprat<999&dunemp2<999&(govrh<999|welfh<999), cluster(country)
```

**Table 9**  
**Cross-National Variation in Political Inequality**

Two-year changes in real social spending per capita (%). Non-linear regression parameter estimates with standard errors (clustered by country) in parentheses.

		<b>(29)</b> <i>Established democracies</i>	<b>(30)</b> <i>Social democracies</i>	<b>(31)</b> <i>Liberal democracies</i>	<b>(32)</b> <i>European democracies</i>
	Responsiveness (%)	21.13 (3.52)	22.62 (5.68)	20.58 (4.89)	28.53 (6.79)
Equilibrium spending ↑	Country-specific intercepts	-.16 to .47	4.70 to 5.31	-4.23 to -3.65	.91 to 1.49
	Public opinion	.0055 (.0037)	.0072 (.0046)	.0109 (.0048)	.0040 (.0029)
	<b>Low-income influence ratio</b>	<b>-1.81</b> (.97)	<b>-1.33</b> (.60)	<b>-.61</b> (.32)	<b>-1.32</b> (.58)
	ISSP scale factor	.29 (.16)	.36 (.34)	.50 (.13)	.58 (.31)
	Dependency ratio <i>(65+/20-64)</i>	1.91 (1.01)	2.73 (1.28)	2.85 (.45)	.50 (.94)
	GDP per capita ( <i>ln</i> )	.81 (.17)	.34 (.27)	1.18 (.15)	.74 (.19)
	Spending per capita ( <i>ln</i> )	-1.00 (---)	-1.00 (---)	-1.00 (---)	-1.00 (---)
	Δ GDP per capita (%)	-.11 (.21)	-.23 (.21)	-.14 (.36)	-.24 (.33)
	Δ Unemployment (%)	.76 (.30)	.89 (.26)	1.13 (.88)	.68 (.36)
	<i>Standard error of regression</i>	3.69	3.07	4.18	4.13
	<i>Adjusted R<sup>2</sup></i>	.63	.63	.69	.57
	<i>N (countries)</i>	131 (29)	61 (13)	55 (10)	98 (21)

**Table 10**  
**Political Institutions and Political Inequality**

Two-year changes in real social spending per capita (%). Non-linear regression parameter estimates with standard errors (clustered by country) in parentheses.

		<b>(33)</b> <i>Federal</i>	<b>(34)</b> <i>Centralized</i>	<b>(35)</b> <i>Proportional</i>	<b>(36)</b> <i>Plurality</i>
	Responsiveness (%)	20.84 (10.73)	22.35 (7.51)	29.09 (8.55)	17.46 (6.45)
Equilibrium spending	Country-specific intercepts	-5.75 to -4.70	.23 to 1.24	.85 to 1.50	-5.36 to -4.65
	Public opinion	-.0024 (.0029)	.0136 (.0073)	.0038 (.0028)	.0140 (.0047)
	Low-income influence ratio	-.19 (.34)	-.83 (.21)	-1.57 (.92)	-.46 (.31)
	ISSP scale factor	1.29 (1.73)	.61 (.18)	.55 (.32)	.43 (.15)
	Dependency ratio <i>(65+/20-64)</i>	-.62 (.56)	2.42 (1.07)	.48 (1.01)	2.89 (.46)
	GDP per capita ( <i>ln</i> )	1.36 (.18)	.74 (.34)	.74 (.19)	1.29 (.28)
	Spending per capita ( <i>ln</i> )	-1.00 (---)	-1.00 (---)	-1.00 (---)	-1.00 (---)
	Δ GDP per capita (%)	.36 (.41)	-.39 (.44)	-.23 (.35)	.22 (.42)
	Δ Unemployment (%)	.97 (.35)	.61 (.60)	.69 (.37)	2.10 (.89)
	<i>Standard error of regression</i>	3.35	5.16	4.41	3.73
	<i>Adjusted R<sup>2</sup></i>	.30	.62	.56	.71
	<i>N (countries)</i>	64 (13)	77 (18)	86 (20)	55 (11)

**Table 11**  
**Economic Development and Political Inequality**

Two-year changes in real social spending per capita (%). Non-linear regression parameter estimates with standard errors (clustered by country) in parentheses.

		<b>(37)</b> <i>GDP/capita</i> <i>&gt; \$30,000</i>	<b>(38)</b> <i>GDP/capita</i> <i>&lt; \$30,000</i>	<b>(39)</b> <i>Post-transfer</i> <i>Gini &gt; 30</i>	<b>(40)</b> <i>Post-transfer</i> <i>Gini &lt; 30</i>
	Responsiveness (%)	17.62 (7.11)	17.36 (11.41)	24.24 (3.87)	15.62 (15.81)
Equilibrium spending ↑	Intercept	6.34 to 7.30	-5.46 to -3.17	-4.03 to -2.95	5.67 to 6.83
	Public opinion	.0084 (.0043)	.0113 (.0110)	.0115 (.0053)	.0099 (.0104)
	<b>Low-income influence ratio</b>	<b>-.62</b> <b>(.34)</b>	<b>-.85</b> <b>(.40)</b>	<b>-.77</b> <b>(.23)</b>	<b>-1.10</b> <b>(.71)</b>
	ISSP scale factor	.68 (.43)	.85 (.53)	.46 (.11)	.56 (.32)
	Dependency ratio <i>(65+/20-64)</i>	3.33 (1.30)	-7.99 (11.07)	1.38 (1.02)	2.54 (2.36)
	GDP per capita ( <i>ln</i> )	.15 (.44)	1.43 (.83)	1.17 (.16)	.23 (.57)
	Spending per capita ( <i>ln</i> )	-1.00 (---)	-1.00 (---)	-1.00 (---)	-1.00 (---)
	Δ GDP per capita (%)	-.24 (.31)	-.24 (.70)	-.27 (.20)	-.01 (.41)
	Δ Unemployment (%)	1.10 (.66)	.92 (1.04)	.51 (.27)	1.22 (.67)
	<i>Standard error of regression</i>	3.15	6.11	3.83	4.75
	<i>Adjusted R<sup>2</sup></i>	.47	.51	.69	.46
	<i>N (countries)</i>	79 (21)	62 (21)	70 (17)	71 (20)

**Table A1**  
**Country-Years**

Survey data from *International Social Survey Programme* and *World Values Surveys* and *European Values Surveys* (\*combined) merged with *OECD Social Expenditures* data, 1985-2015.

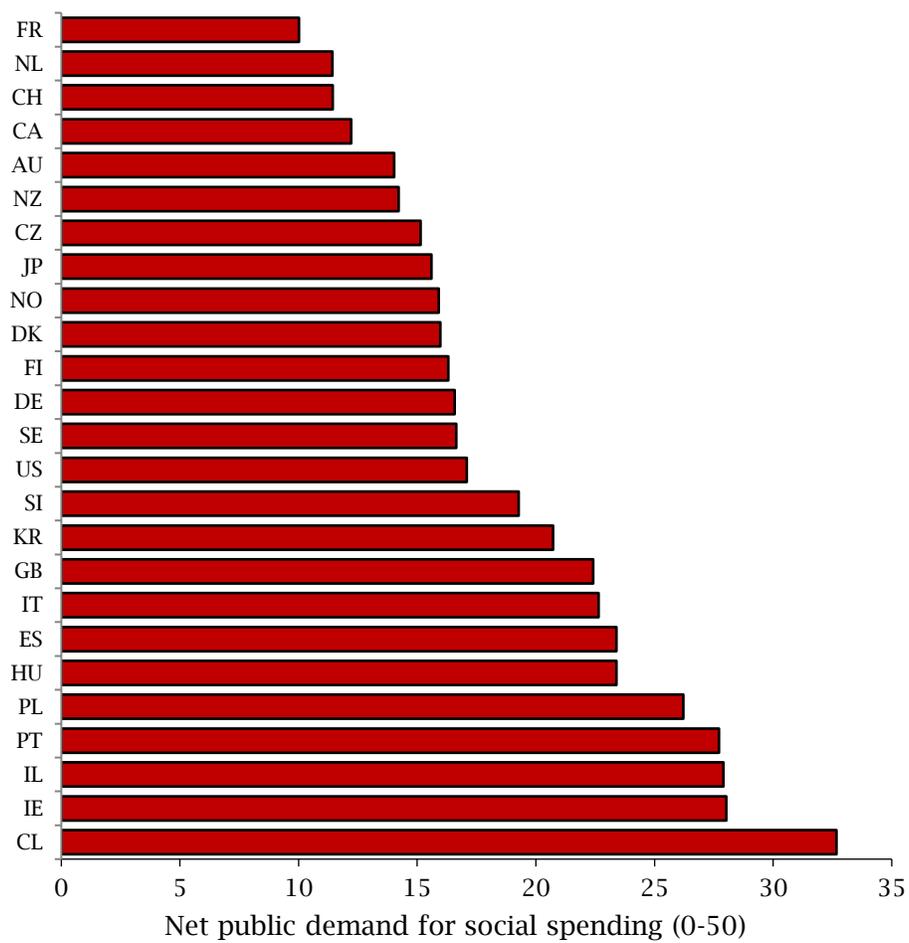
Australia (AU)	<i>1986, 1990, 1997, 2007</i>	1995, 2005, 2012
Austria (AT)	---	1990, 1999, 2008
Belgium (BE)	---	1990, 1999, 2009
Canada (CA)	<i>1996, 2006</i>	2000, 2006
Chile (CL)	<i>2006</i>	1996, 2000, 2006, 2011
Czech Republic (CZ)	<i>1996, 2006</i>	1991*, 1998, 1999, 2008
Denmark (DK)	<i>2008</i>	1990, 1999, 2008
Estonia (EE)	---	2011
Finland (FI)	<i>2006</i>	1990, 1996, 2000, 2005, 2009
France (FR)	<i>1997, 2006</i>	1990, 1999, 2006, 2008
Germany (DE)	<i>1985, 1990, 1996, 2006</i>	1990, 1997, 1999, 2006, 2008
Great Britain (GB)	<i>1985, 1990, 1996, 2006</i>	1990, 1999, 2005, 2009
Hungary (HU)	<i>2006</i>	1999, 2008, 2009
Iceland (IS)	---	1999, 2009
Ireland (IE)	<i>(1991), 1996, 2006</i>	1990, 1999, 2008
Israel (IL)	<i>2007</i>	2001
Italy (IT)	<i>1985, 1990, 1996</i>	1990, 1999, 2005, 2009
Japan (JP)	<i>1996, 2006</i>	1990, 1995, 2000, 2005, 2010
Mexico (MX)	---	2000, 2005
Netherlands (NL)	<i>2006</i>	1990, 1999, 2006, 2008
New Zealand (NZ)	<i>1997, 2006</i>	1998, 2004, 2011
Norway (NO)	<i>1990, 1996, 2006</i>	1996, 2007
Poland (PL)	<i>1997, 2008</i>	1990, 1997, 1999, 2005, 2008
Portugal (PT)	<i>2006</i>	1990, 1999, 2008
Slovenia (SI)	<i>2006</i>	1999, 2005, 2008, 2011
South Korea (KR)	<i>2006</i>	1990, 1996, 2001, 2005, 2010
Spain (ES)	<i>1996, 2007</i>	1990*, 1995, 1999, 2000, 2007, 2008, 2011
Sweden (SE)	<i>1996, 2006</i>	1990, 1996, 1999, 2006, 2009, 2011
Switzerland (CH)	<i>1998, 2007</i>	1996, 2007
United States (US)	<i>1985, 1990, 1996, 2006</i>	1995, 1999, 2006, 2011

**Table A2**  
**Descriptive Statistics**

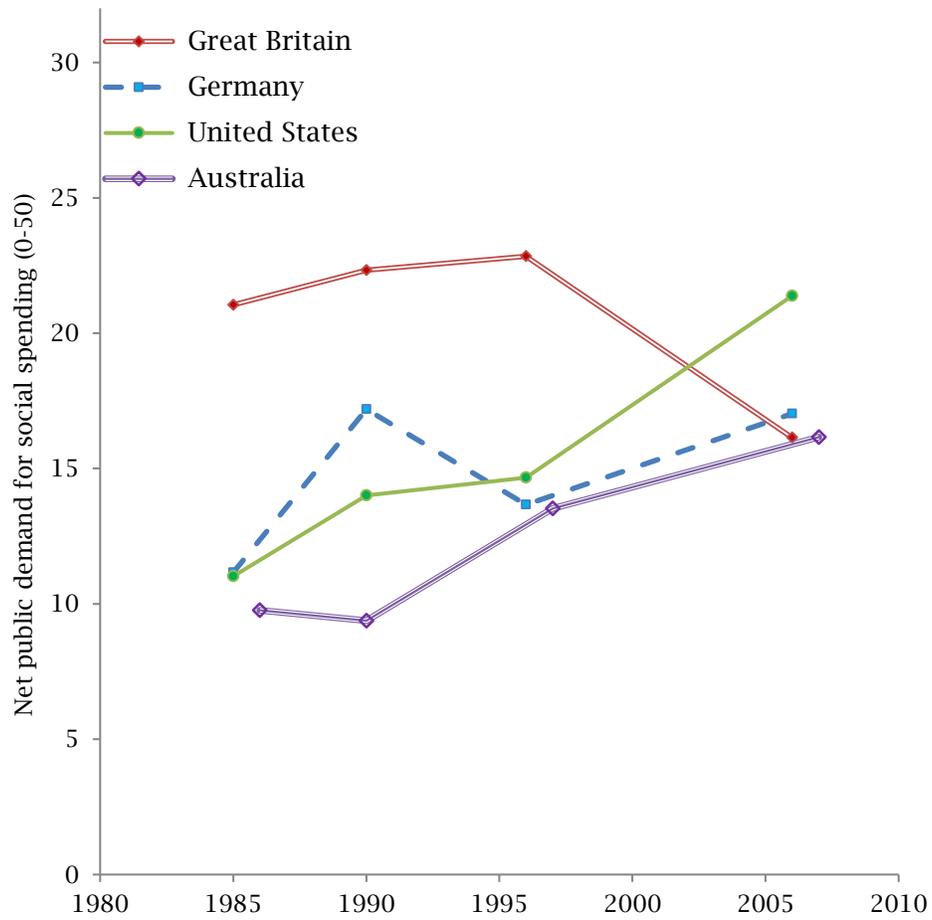
<b>Spending, economic, and demographic data from OECD (N=141)</b>	<b>Country-year mean (standard deviation) and range</b>
Social spending per capita ( <i>ln</i> )— <i>ln</i> (public social expenditures per capita, 2010 \$US)	8.59 (.62) 5.74 to 9.40
GNP per capita ( <i>ln</i> )— <i>ln</i> (GNP per capita, 2010 \$US)	10.30 (.34) 9.20 to 11.03
Dependency ratio—population of retirement age (65+)/ population of working age (20-64)	.235 (.051) .087 to .390
Δ Social spending (%)—Two-year percentage change in social spending per capita: $100 \times (\ln(\text{SocExp}_{t+2}) - \ln(\text{SocExp}_t))$	+6.6 (6.8) -5.1 to +44.9
Δ GDP per capita (%)—Two-year percentage change in GDP per capita: $100 \times (\ln(\text{GDP}_{t+2}) - \ln(\text{GDP}_t))$	+3.1 (4.4) -10.6 to +15.7
Δ Unemployment (%)—Two-year percentage change in OECD harmonized unemployment rate (% of labor force): $(U_{t+2}) - (U_t)$	+0.2 (2.4) -8.1 to +9.7
Population (millions)	43.97 (62.16) .28 to 311.72
Economic inequality—Post-tax-and-transfer Gini coefficient (from Standardized World Income Database)	30.0 (5.8) 18.0 to 51.5
<b>Public opinion data from ISSP surveys (N=51)</b>	<b>Country-year mean (standard deviation) and range</b>
Social spending preferences—Average support for government spending on health, education, pensions, and unemployment benefits (0 to 100)	67.2 (6.0) 57.6 to 82.7
High-income social spending preferences	63.6 (6.7) 52.7 to 80.5
Low-income social spending preferences	70.9 (5.8) 61.2 to 87.5
Budget-cutting preferences—Average support for cuts in government spending to bolster the economy (0 to 100)	68.9 (10.2) 45.1 to 90.2
High-income budget-cutting preferences	69.9 (11.0) 46.3 to 88.1
Low-income budget-cutting preferences	67.9 (10.2) 39.2 to 92.4
(continued)	

(Table A2 continued)	
<b>Public opinion data from ISSP surveys (N=52)</b>	<b>Country-year mean (standard deviation) and range</b>
Welfare state support—Average support for government's responsibility to provide jobs and reduce income differences (0 to 100)	64.0 (11.6) 40.2 to 83.4
High-income welfare state support	52.2 (14.5) 21.5 to 78.2
Low-income welfare state support	75.7 (9.7) 56.0 to 90.3
<b>Public opinion data from WVS/EVS surveys (N=106)</b>	<b>Country-year mean (standard deviation) and range</b>
Welfare state support—Average support for government's responsibility to ensure that everyone is provided for (0 to 100)	48.4 (12.0) 24.6 to 76.2
High-income welfare state support	42.5 (12.5) 17.6 to 78.8
Low-income welfare state support	54.3 (12.4) 22.2 to 80.9

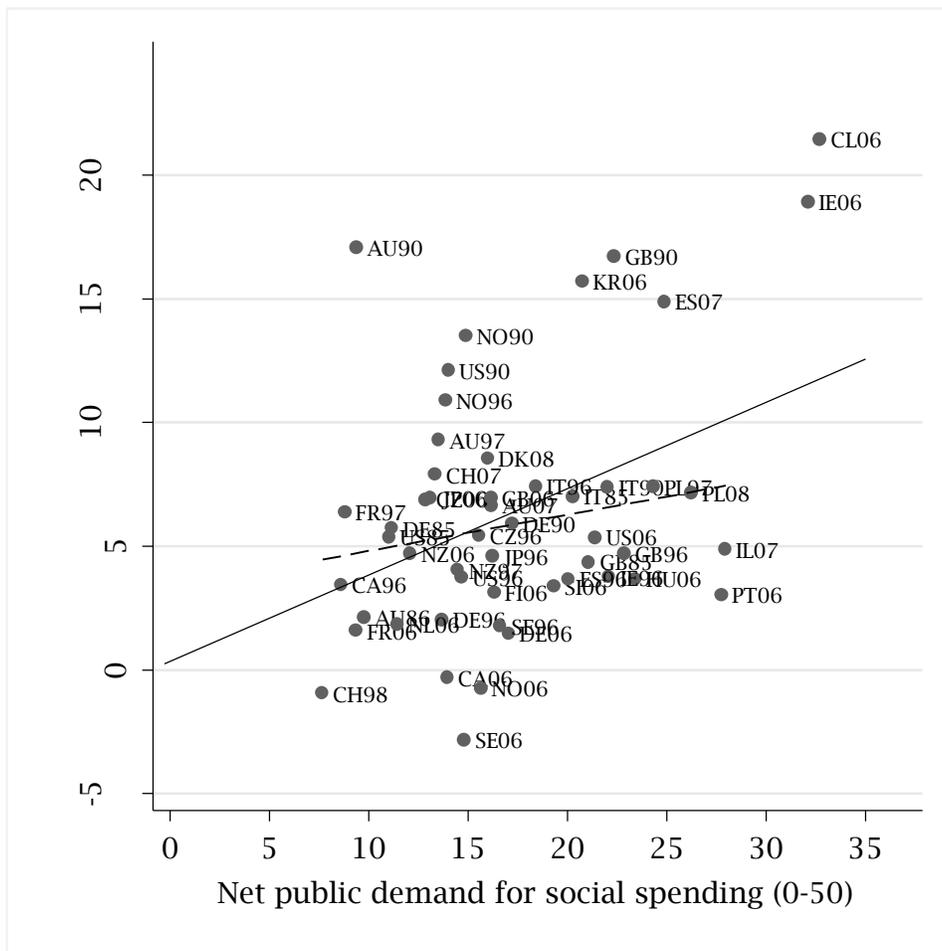
*Figure 1*  
**Net Public Demand for Social Spending in OECD Countries**



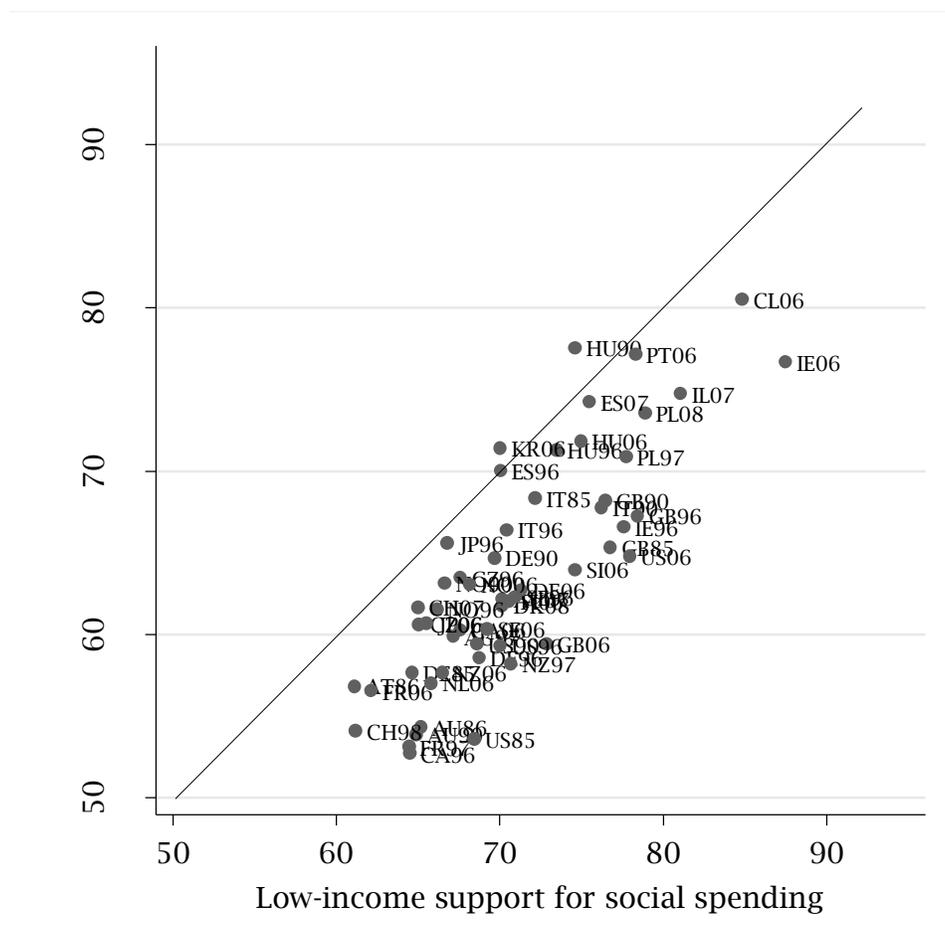
**Figure 2**  
**Persistence of Net Demand for Social Spending in Four Countries, 1985-2007**



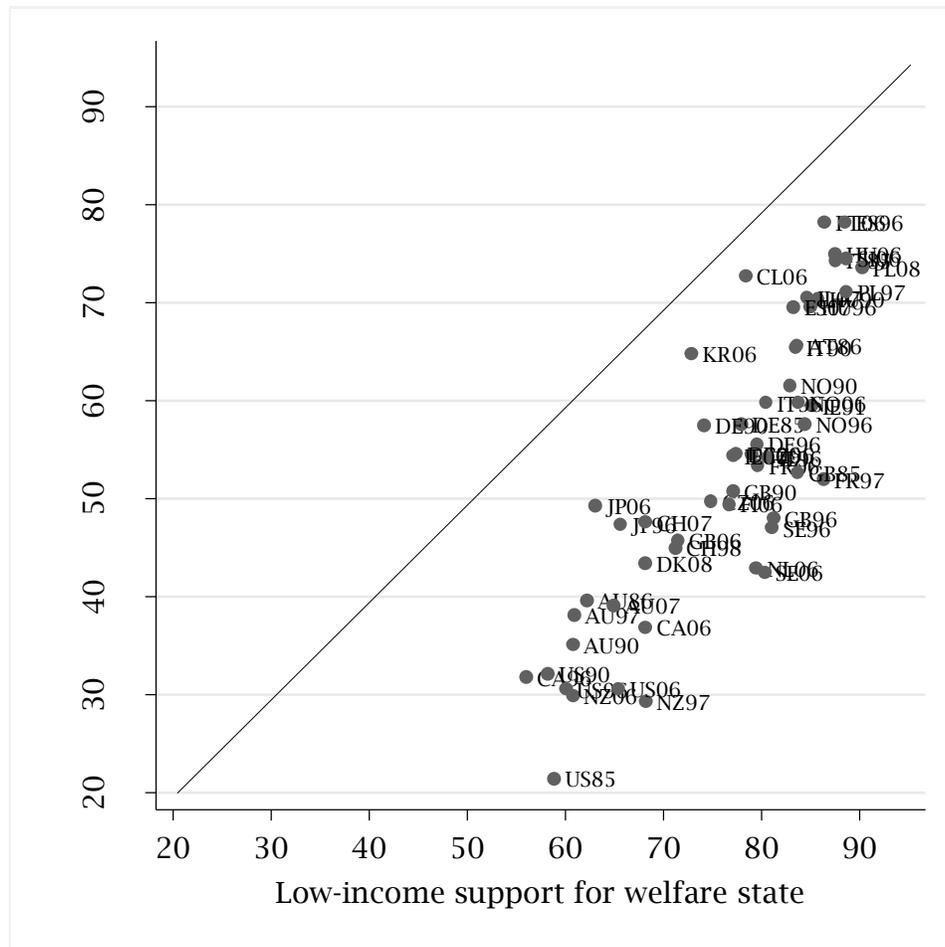
**Figure 3**  
**Social Spending Preferences and Policy Change**



**Figure 4**  
**High- and Low-Income Support for Social Spending in OECD Countries**  
 (International Social Survey Programme)

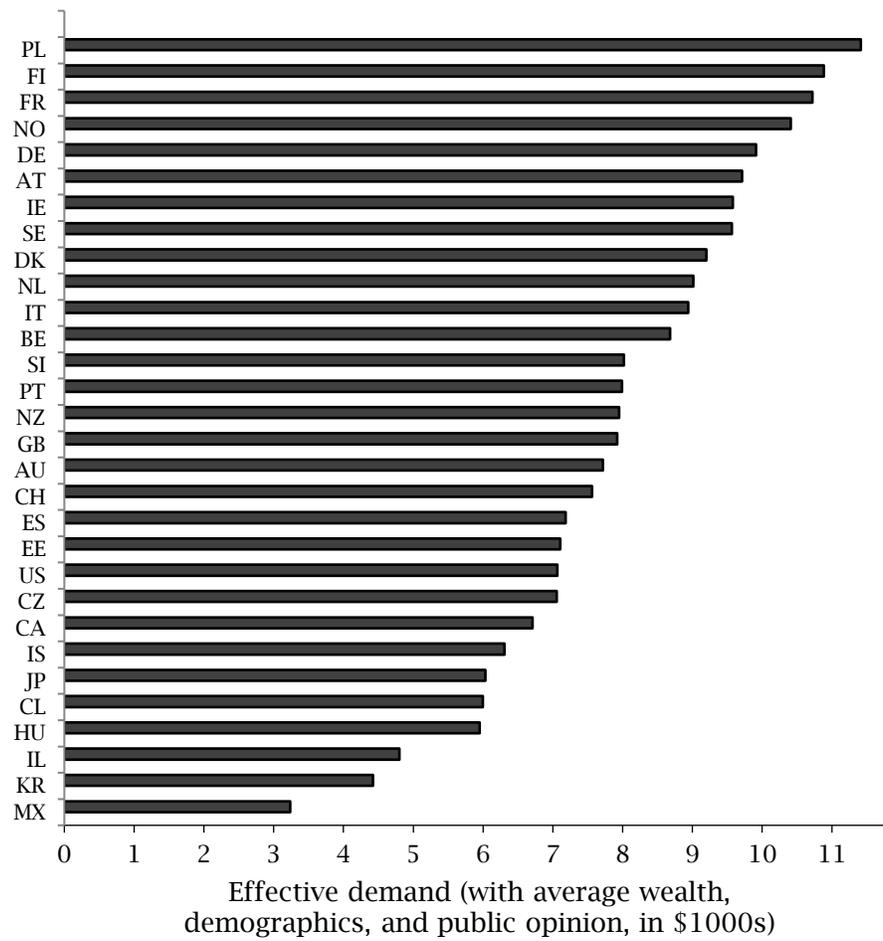


**Figure 5**  
**High- and Low-Income Support for the Welfare State in OECD Countries**  
 (International Social Survey Programme)





**Figure 7**  
**National Variation in Equilibrium Demand for Social Spending**



**Figure 8**  
**Estimated Reduction in Effective Demand for Social Spending**  
**Due to Biased Responsiveness to Public Opinion**

