

The Opinion-Policy Disconnect: Cross-National Spending Preferences and Democratic Representation

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I measure discrepancies between preferred and perceived levels of government spending in eight policy areas in 23 countries using spending questions included in the International Social Survey Programme's Role of Government module. These discrepancies are large, ubiquitous, and persistent, especially for big-ticket social welfare programs. Citizens in every country in every year wanted additional government spending on health, education, old age pensions, the environment, and law enforcement. On average, disparities between preferred and perceived spending levels were slightly smaller in plurality systems than in proportional representation systems, but the differences were quite inconsistent across policy areas. The tendency of governments to spend much less than their citizens want on a variety of major programs does not seem to be attributable to countervailing public preferences for government budget-cutting, but does seem to be attributable in significant part to limitations of national economic capacity. These results suggest that conventional studies of policy responsiveness, which relate marginal shifts in opinion to marginal shifts in policy, may overlook substantial chronic mismatches between public preferences and policy. They likewise suggest that conventional studies of ideological congruence, which compare the positions of citizens and parties on broad ideological scales, may shed little light on the extent of congruence between public preferences and specific concrete policies.

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To what extent do policy choices in democratic political systems reflect the policy preferences of citizens? This fundamental question of democratic theory has been approached from a variety of angles and generated a substantial scholarly literature. However, it is surprisingly difficult to point to authoritative empirical assessments of the extent of congruence between preferences and policies in democratic systems, much less to analyses that convincingly account for variation in policy congruence in different countries, at different times, or in different policy areas.

My aim in this paper is to suggest a way to gauge policy congruence using survey data on citizens' spending preferences. The data I employ come from 36 surveys conducted in 23 countries as part of the International Social Survey Program (ISSP), an international collaborative project that has produced annual social surveys since 1985.² These data seem to me to be underutilized by scholars of democratic representation, since they provide unusually concrete measures of ordinary citizens' policy preferences regarding an unusually broad array of major government programs in a diverse set of democratic political systems.

My approach departs from previous scholarly work on democratic representation primarily by focusing closer attention on the extent to which specific policy outcomes

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² Information and data are available from the ISSP website, <http://www.issp.org/data.shtml>.

comport with citizens' policy preferences. From that perspective, the key feature of the ISSP data on spending preferences is that survey respondents are asked whether they favor *more* or *less* spending on a variety of major government programs. By using current policy as a baseline for comparison, these questions facilitate unusually straightforward assessments of whether current spending in any given area is too high, too low, or about right. The resulting measures of policy congruence are inevitably subjective, in the sense that citizens are comparing their own spending preferences to their *perceptions* of current policy, which may be quite vague or inaccurate. Nevertheless, substantial discrepancies between what citizens want and what they think they are getting seem important and troubling from the perspective of a democratic theory in which policies are supposed to reflect public opinion.

My analysis reveals a surprising degree of incongruence between what citizens say they want and what they think they are getting—an opinion-policy disconnect. It also provides a rudimentary exploration of the bases of that surprising lack of congruence. Because the ISSP data facilitate consistent measurement of policy congruence across a considerable range of countries and policy issues, I can compare levels and patterns of congruence in political systems with different institutions and economic and social contexts.

As it turns out, differences in political institutions, which loom large in existing cross-national scholarship on ideological congruence, seem to be of quite modest importance in accounting for cross-national variations in policy congruence. Contradictions between citizens' simultaneous preferences for increases in spending on specific programs and general budget-cutting likewise seem to be mostly beside the point. The most consistent predictor of national performance with respect to policy congruence seems to be national economic capacity, which provides policy-makers in

rich democracies with the economic wherewithal to meet a larger fraction of their citizens' spending demands than in less rich democracies.

These findings seem to me to raise significant questions both for democratic theorists and for scholars of comparative policy-making. Why do policy-makers' spending priorities depart so significantly and consistently from citizens'? How do these disparities persist despite the much-vaunted disciplining force of electoral competition? Would different political institutions produce greater policy congruence? And, perhaps most importantly, would citizens be better off if they did?

Policy Responsiveness and Policy Congruence

I use the term “policy congruence” to refer to the extent of correspondence between government policies and the policy preferences of average citizens. This usage departs from that of Wlezien and Soroka (2007, 804), whose survey of the literature on “The Relationship Between Public Opinion and Policy” defines “congruence” in terms of reciprocal dynamic responsiveness: “The central questions in the study of the opinion-policy nexus are, *To what extent is policy development congruent with changes in public preferences for policy?*, and *To what extent do public preferences for policy react to policy change?* These questions are best addressed using an analysis of time-series data on both public preferences and policy—we refer to this here as the congruence approach.”

Wlezien and Soroka's perspective on the “central questions in the study of the opinion-policy nexus” reflects the substantial scholarly influence of the work of Stimson, MacKuen, and Erikson (1995; Erikson, MacKuen, and Stimson 2002) on “dynamic representation.” Stimson and his colleagues painstakingly constructed

comprehensive time series of public opinion and public policy in the post-war United States and examined how ups and downs in the public's general "policy mood" contributed to conservative or liberal shifts in policy. Bartle, Dellepiane, and Stimson (2008) have constructed an analogous time series of broad public "preferences for government activity" in Britain. Other scholars have used time series data on opinion and spending in specific policy areas to examine dynamic representation in the United States (Hartley and Russett 1992; Wlezien 1995), Canada (Soroka and Wlezien 2004), and Britain (Soroka and Wlezien 2005).

All of these works focus, in significant part, on the *responsiveness* of policy to shifts in public opinion. However, it should be obvious that *responsiveness* and *congruence* are two different things. 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 but unresponsive to short-term fluctuations in those preferences. The former situation reflects responsiveness but not congruence; the latter situation reflects congruence but not responsiveness.

The distinction between *responsiveness* and *congruence* is highlighted by the fact that scholars of responsiveness typically measure opinion and policy on distinct, incommensurate scales. For example, one of Bartle, Dellepiane, and Stimson's (2008) figures displays a striking covariation between public preferences and government spending in Britain since the 1950s; but since public preferences are measured by left-right responses to a host of different policy questions in opinion surveys and government spending is measured by public expenditures as a proportion of GDP, the analysis provides no leverage for assessing the extent of *absolute* congruence between

preferences and overall spending, much less between preferences and spending for specific government programs.

The connection between opinion and policy is even less direct in Brooks and Manza's (2006) study of "Social Policy Responsiveness in Developed Democracies." Brooks and Manza measured public attitudes toward the welfare state using two questions periodically included in the same ISSP surveys I employ here—one asking whether or not it should be the government's responsibility to provide a job for everyone who wants one, and the other asking whether or not it should be the government's responsibility to reduce income differences between the rich and the poor. They showed that responses to these questions were positively correlated with countries' welfare state spending (measured as a percentage of GDP). Kenworthy (2007) noted that cross-national differences in welfare state effort are quite 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. For my purposes here, however, the more relevant limitation of Brooks and Manza's analysis is that it provides no way to gauge the extent of correspondence between citizens' preferences and welfare state spending. Would citizens be better represented if their governments spent vastly larger or smaller shares of GDP on welfare state programs? Survey data of the sort Brooks and Manza use to tap public attitudes toward the welfare state offer no real leverage on questions of that sort.

Soroka and Wlezien's (2004; 2005) analyses of opinion-policy dynamics employ survey data on citizens' relative spending preferences analogous to those I employ here. Since preferences for more or less spending are expressed with reference to current policy, these data seem amenable to straightforward interpretation in terms of policy congruence. If the balance of public opinion at any given time favors large

increases or decreases in spending in some policy area, that would seem to suggest a significant lack of congruence between current policy and public demand. However, Soroka and Wlezien employ mean-centered measures of spending preferences in their statistical analyses of responsiveness, in effect discarding the persistent skews in spending preferences that I interpret as evidence of incongruence. As a result, they, too, are left with fundamentally incommensurate measures of opinion and policy.

Occasionally, scholars have measured absolute congruence between the preferences of citizens and leaders by asking identical policy questions of both. For example, Page and various colleagues (Page and Barabas 2000; Jacobs and Page 2005; Page and Bouton 2006) used a series of parallel surveys of American citizens and foreign policy leaders conducted by the Chicago Council on Foreign Relations to assess congruence in views on a variety of important foreign policy issues, including internationalism, foreign aid, defense spending, and the use of military force. They found that “On many different foreign policy issues there are large gaps between the preferences of citizens and leaders: gaps of 30, 40, and even 50 percentage points,” and that these gaps sometimes persist for decades (Page and Barabas 2000, 359). Moreover, when the views of policy-makers shifted over time, they seemed to shift in response to the preferences of business leaders rather than ordinary citizens (Jacobs and Page 2005). These findings suggest that significant discrepancies between the preferences of citizens and policy-makers may be common. Unfortunately, comparable data are lacking for other countries and policy domains.

Ideological Congruence and Policy Congruence

Congruence in the sense I have in mind here has figured centrally in another, largely distinct scholarly literature focusing on the extent of correspondence between the ideological views of citizens and their governments. That literature is animated by the conviction that, as Powell (2000, 163) put it, “When the parties in the government or policy-making coalition are close to the citizens on the left-right scale, elections are performing well as instruments of democracy. The further away from the citizens, the less successful the performance of elections in creating *representational congruence* between voters and policymakers.”

Powell (2000, 162) justified his focus on “the left-right scale” on the grounds that a general ideological continuum is “the most widely available single measure of the preferences of citizens in different countries” and that it “seems to meet reasonably well our need to capture comparably the general stances of citizens and the general policy orientations of the parties that compete for policymaking positions.” However, nothing in his argument—or in the empirical methods employed by scholars working in this research tradition—seems to require analyzing congruence with respect to broad ideology rather than specific policy issues. Moreover, the increasing scope and sophistication of cross-national survey research arguably makes the issue of data availability less pressing than it once was.

A more fundamental operational difference between the literature on ideological congruence and the approach I employ here is that scholars of ideological congruence have invariably constructed measures of congruence from separate measures of the positions of citizens and political parties. In contrast, I propose exploiting the format of the spending preference questions asked in ISSP and other surveys to generate

measures of policy congruence directly from survey respondents' reports of how their own spending preferences compare to the policy status quo.

Scholars of ideological congruence have used a bewildering variety of approaches to measure the degree of correspondence between "the general stances of citizens" and "the general policy orientations of the parties that compete for policymaking positions." For example, Powell (2000; Huber and Powell 1994) compared survey respondents' self-placements on an ideological scale with experts' assessments of the ideological positions of political parties. Blais and Bodet (2006) and Golder and Stramski (2007) compared survey respondents' self-placements on an ideological scale with the same survey respondents' placements of parties on the same scale. Kim and Fording (1998; 2002; 2003) inferred party positions from content analyses of campaign manifestos, then inferred the ideological views of citizens from their voting behavior, assuming that each citizen voted for the party closest to her own ideological position. Powell (2007) provided a comprehensive survey and assessment of the advantages and disadvantages of these various approaches.

With each of these approaches, additional assumptions are required to translate *party* positions into "policymaking positions." As Powell (2000, 173) noted, "Little direct evidence tells us how to make these estimates." For majoritarian systems, analysts have typically assumed that the ideology of the government is identical to the ideology of the majority party. For proportional representation systems, the ideology of the government is usually assumed to reflect a seat-weighted (or portfolio-weighted) average of the ideologies of all the parties in the governing coalition. In some analyses, minority party influence is inferred from institutional features of the policy-making process such as the presence or prominence of legislative committee systems.

Assumptions of this sort regarding the translation of party positions into policy are especially problematic for comparing congruence in different institutional settings—a major focus of the cross-national literature on ideological congruence. When estimates of the ideological location of policy outputs in majoritarian and proportional representation systems are based on fundamentally different assumptions, it is very difficult to tell whether any apparent differences in congruence between these systems are real or artifactual. For example, if citizens and governments look more congruent in proportional representation systems than in majoritarian systems, is that because proportional representation systems are really more effective, or simply because averaging the (seat-weighted or portfolio-weighted) ideological positions of several parties makes governments in proportional representation systems look more moderate in theory than they turn out to be in reality?

Thus, while the literature on ideological congruence provides an impressive model of careful cross-national comparison, the empirical tests of ideological congruence it provides turn out to require a good deal of guesswork. By comparison, the approach proposed here dispenses with heroic assumptions by the analyst regarding the content of public policy—but at the cost of accepting citizens' own assessments of how their policy preferences compare to the status quo.

Measuring Policy Congruence

My analysis of policy congruence is based on data from the 1985, 1990, and 1996 ISSP surveys. These three rounds of ISSP surveys are the focus of my analysis because they devoted particular attention to the Role of Government, including a variety of

questions tapping citizens' preferences regarding government spending on eight specific programs: the environment, health, police and law enforcement, education, defense, old age pensions, unemployment benefits, and culture and the arts.³ Table 1 lists the countries in which each wave of the Role of Government module was administered and the number of respondents in each survey.⁴ The set of participating countries increased from six in the first (mid-1980s) wave to 22 in the third (mid-1990s) wave. The latter set includes most of the established democracies of Western Europe and the English-speaking world, as well as several new democracies in Eastern Europe. Five countries—Australia, Britain, Germany, Italy, and the United States—are represented in all three waves.

*** Table 1 ***

Each of these surveys included a battery of spending questions 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 the eight specific programs included in the spending battery.

³ The Role of Government module was also included in the 2006 ISSP survey, but the data from that survey have yet to be released.

⁴ The ISSP data set also includes surveys conducted in Cyprus, Northern Ireland, and the Philippines, and with the Arab minority population in Israel; however, those surveys are excluded from my analysis.

My analysis focuses on comparisons of relative spending preferences across policy areas and political systems. The key quantity of interest for each policy area—my measure of *policy congruence*—is the degree to which the government’s actual spending approximates the level of spending preferred by the average citizen.⁵ The average level of public support for spending increases (or decreases) measures the net level of unmet demand, given current spending. When demands for spending increases significantly outnumber demands for spending decreases, policy congruence could be improved by increasing the level of actual spending. Conversely, when demands for spending decreases significantly outnumber demands for spending increases, policy congruence could be improved by reducing the level of actual spending.

Scholars who have analyzed spending questions of the sort included in the ISSP Role of Government model have typically measured aggregate spending opinion by simply subtracting the percentage of citizens saying they want to spend less (or much less) from the percentage saying they want to spend more (or much more). Here, I adopt a slightly more elaborate strategy for translating the distribution of individual survey responses for each spending item into a summary measure of aggregate opinion. Responses for each spending item in each country are recalibrated to reflect the *zone of acceptance* that survey respondents use to judge whether the government should continue to “spend the same as now” in any given policy area.

⁵ Slightly more formally, the *average* discrepancy between citizens’ preferred spending levels and actual policy is minimized when actual spending matches the *average* preferred level of spending. In Achen’s (1978) typology of alternative measures of representation, *proximity* denotes the average distance between citizens’ preferences and actual policy and *centrism* denotes the distance between the average citizen’s preference and actual policy; my notion of *policy congruence* is synonymous with Achen’s *centrism*.

If current spending is within the *average* citizen's zone of acceptance, my measure of relative spending preference will fall between -1 and +1. A value greater than +1 implies that current spending is low enough to fall outside the average citizen's zone of acceptance, leading her to want to "spend more." Conversely, a value less than -1 implies that current spending is high enough to fall outside the average citizen's zone of acceptance, leading her to want to "spend less." A value of zero implies that current spending exactly matches the average citizen's preferred level of spending. This method, which is described in more detail in the Appendix, is intended to capture variations across countries and policy areas in the sensitivity of citizens to under-spending or over-spending. However, readers inclined to be suspicious of statistical legerdemain should be reassured by the fact that the resulting estimates of unmet demands for spending are very strongly correlated with those produced by simply averaging the raw survey responses.⁶

The Extent and Persistence of Incongruence

Table 2 shows the distribution of responses to each of the spending preference questions in the ISSP surveys, averaged across countries and survey years. The most striking pattern here is the strong public support for spending increases in most

⁶ I have compared the relative spending preferences reported in Table 3 with alternative measures constructed by assigning equally-spaced values to the raw survey responses and computing averages. In seven of the eight policy areas the cross-national correlations between the two measures range from .96 to .998. For health spending preferences the corresponding correlation is .86. The discrepancy between the two measures in this case mostly reflects the high ratios of "spend much more" responses to "spend the same as now" responses in two countries, Poland and Bulgaria. This pattern of responses reflects an unusual sensitivity to

policy areas. Averaging across the various policies, almost half of the citizens surveyed wanted to spend more (or even “much more”); another 30% indicated that they were satisfied with current spending levels, while only 15% wanted to spend less (or “much less”). For the big-ticket social welfare items on the list—health, education, and pensions—the responses are even more lopsided, with clear majorities favoring spending increases and only 3-6% favoring spending decreases. These responses provide considerable *prima facie* evidence that actual spending on major government programs in the putatively democratic political systems included in the ISSP surveys are inconsistent with the spending preferences of their citizens.

*** Table 2 ***

Table 3 reports the estimated levels of aggregate unmet demand for government spending in each policy area in each country and year, inferred using the model of survey responses outlined in the Appendix. Almost 80% of these net demands (227 out of 288) are positive, meaning that current spending was lower than the average citizen desired. In 159 cases (55%) net demand exceeded +1, meaning that current spending was low enough to fall below the average citizen’s zone of acceptance, leading her to want to “spend more” (or “much more”). In 61 cases (21%) net demand exceeded +2, implying that current spending was more than twice as far from the average citizen’s preference as was necessary to trigger a “spend more” response. In contrast, there were only 21 cases (7%) in which the average citizen wanted to “spend less” (net demand less than -1).

*** Table 3 ***

under-spending on health among citizens in those two countries—even greater than is suggested by simply averaging the raw survey responses.

The extent of citizens' dissatisfaction with government spending levels varies greatly across policy areas. The average absolute deviations, reported in the second column of Table 4, range from less than 1.0 for unemployment and culture and arts to 2.7 for health expenditures. Not surprisingly, given the distributions of survey responses reported in Table 2, the largest deviations are for health, education, and old age pensions. For each of these programs, citizens in every country included in the ISSP surveys wanted substantially more government spending than they were getting. Thus, the average absolute deviations for these programs are equal to the average *net* demands reported in the first column of the table. In two policy areas, defense and culture and arts, the average net demand was negative—the average citizen in most countries wanted *less* spending in these areas, not more.

*** Table 4 ***

The extent of public dissatisfaction with government spending levels also varies greatly across countries. Table 5 ranks the 23 countries included in my analysis on the basis of average policy congruence, from Switzerland at the top (with an average absolute deviation between preferred and perceived spending of .70) to Russia at the bottom (with an average deviation of 2.66). The table also reports the average net demand for increased spending in each country. In the worst-performing countries—Russia, Bulgaria, and Poland—absolute deviations reflected under-spending in every one of the eight policy areas represented in the ISSP surveys. In contrast, the average net demand for spending in Switzerland was almost exactly zero, suggesting that deviations from preferred spending levels in that country represented an equal mix of

under-spending (on education, pensions, the environment, and health) and over-spending (primarily on defense, and to a lesser extent on culture and the arts).

*** Table 5 ***

In eight of these countries—Australia, Britain, Germany, Hungary, Israel, Italy, Norway, and the United States—repeated administration of the ISSP Role of Government module in surveys conducted several years apart makes it possible to assess the persistence of discrepancies between public preferences and government spending patterns. Figure 1 tracks the level of net unmet demand for additional spending in each policy area in each of these eight countries. In general, the figure suggests a great deal of stability in policy incongruence. It is certainly possible to point to instances in which discrepancies between preferred and perceived spending declined significantly between surveys. However, there are about as many instances in which incongruence *increased* significantly, and the average level of congruence was virtually identical in earlier and later surveys.⁷

*** Figure 1 ***

The persistent mismatches evident in Figure 1 between preferred and perceived spending levels in specific policy areas over periods of five or ten years are hard to account for within the framework of dynamic representation. That perspective

⁷ For example, unmet public demands for spending on police and law enforcement declined significantly in Italy but increased significantly in Britain and Germany. Overspending on defense decreased substantially in Hungary but increased substantially in Italy. Overall, in the 13 instances in which it is possible to compare levels of congruence in successive surveys in the same country, the average absolute deviation was 1.43 in the first survey and 1.42 in the second survey—an insignificant 1% improvement.

implies that responsiveness by public officials to citizens' demands—and recognition of that responsiveness by citizens—should tend to erode significant discrepancies between spending preferences and policy. But the patterns of substantial persistent unmet demand in the ISSP data suggest that one or both of these reciprocal connections must often fail in practice.

Political Institutions

The primary focus of the scholarly literature on ideological congruence in comparative politics has been on the role of political institutions in promoting or impeding congruence between citizens' preferences and government policies. For example, Powell (2000) used the alternative “visions” of majoritarian and proportional democracy to structure his analysis of “congruent representation,” while Blais and Bodet (2006) and Golder and Stramski (2007) used new data and measurement strategies to question the assertion that proportional representation fosters closer congruence between citizens and policy-makers.

The ranking of countries with respect to overall policy congruence in Table 5 suggests no obvious institutional recipe for achieving close correspondence between citizens' preferences and policy. Among the best-performing systems, for example, Switzerland is a complex federal system with party lists, proportional representation, and a weak executive; Canada is a majoritarian parliamentary system; Austria and France both have separately elected presidents and legislatures, the former with party lists and proportional representation and the latter with run-off elections in single-member districts.

Table 6 reports the results of more systematic comparisons of policy congruence in countries with different political institutions, including proportional representation (PR),⁸ plurality elections,⁹ and presidential systems.¹⁰ An additional set of comparisons gauges policy congruence in seven post-communist systems.¹¹ In each case, the table reports the difference in average absolute deviations in each policy area between countries with the indicated institution and the other countries represented in the ISSP surveys. (Thus, negative parameter estimates reflect greater congruence between preferences and policy in countries with the indicated institution.)

*** Table 6 ***

For PR and presidential systems all the apparent differences in congruence reported in Table 6 are fairly small, and none is estimated with sufficient precision to approach conventional levels of statistical significance. There are stronger indications of superior policy congruence in plurality systems, especially with respect to spending on health, the environment, pensions, and defense. The magnitude of the apparent advantage of plurality systems in each of these policy domains is considerable, amounting to one-third to one-half of the average overall discrepancy between preferences and policies reported in the first column of the table. The differences in

⁸ Proportional representation systems include Austria, Bulgaria, the Czech Republic, Ireland, Israel, Italy, Latvia, Norway, Poland, Slovenia, Spain, Sweden, and Switzerland.

⁹ Plurality systems include Australia, Britain, Canada, France, and the United States. Countries not classified as proportional representation systems or plurality systems (Germany, Hungary, Japan, New Zealand, and Russia) have mixed systems.

¹⁰ Presidential systems include Austria, Bulgaria, France, Ireland, Poland, Russia, Slovenia, and the United States.

congruence between post-communist and other countries reported in the last column of the table are even more considerable, with post-communist countries generating a great deal more dissatisfaction with their spending policies, especially in the areas of health, pensions, and education.

The analyses reported in Table 6 are based on simple comparisons of policy congruence in countries with different political institutions. As with the corresponding comparisons reported by scholars of comparative ideological congruence, they take no account of other political, economic, or social differences among these countries that may confound comparisons focusing solely on political institutions. While such comparisons represent a useful first cut, they are very far from being definitive. For example, the apparent advantage of plurality systems (represented here by Australia, Britain, Canada, France, and the United States) in producing policy congruence may have more to do with favorable economic and political circumstances in those particular countries than with the actual effects of their electoral systems. Even more obviously, the poor performance of post-communist systems with respect to policy congruence may reflect economic and social disadvantages rather than any specific institutional legacy of communism.

The analyses reported in Table 7 represent a rudimentary attempt to disentangle the effects of political institutions and other factors that might account for cross-national differences in policy congruence. Each cell of the table presents the estimated impact of the indicated political institution derived from a multiple regression analysis relating absolute deviations between preferences and policies to each country's wealth (as measured by the log of GDP per capita), elderly population

¹¹ Post-communist systems include Bulgaria, the Czech Republic, Hungary, Latvia, Poland,

(the proportion of citizens over the age of 65), and unemployment rate, as well as indicator variables for each wave of the ISSP Role of Government survey to capture possible temporal variations in preferences or policies.

*** Table 7 ***

Taking account of differences in these characteristics erases much of the apparent impact of political institutions on policy congruence. Plurality electoral systems look less superior than in Table 6, with strong congruence on defense and environmental spending partly counterbalanced by substantial under-spending on education. And post-communist regimes actually look better than other countries with respect to policy congruence, once their economic and social circumstances are taken into account. However, this comparison is particularly fragile, since it is based on only three post-communist systems (the Czech Republic, Hungary, and Poland),¹² and their apparent advantage is concentrated in just two policy areas, law enforcement and unemployment.

These comparisons are not sufficiently detailed or clear-cut to warrant any firm conclusions regarding the relative merits of alternative political institutions. However, they do suggest that institutional variation—at least with respect to the specific political institutions emphasized to date in the comparative literature—is probably *not* a key factor in accounting for the substantial cross-national variation in policy congruence evident in Table 5. Moreover, they suggest that the familiar practice of simply comparing levels of ideological congruence (or other indicators of political

Russia, and Slovenia.

¹² Bulgaria, Latvia, Russia, and Slovenia are all missing data for one or more of the control variables included in the analyses reported in Table 7.

performance) in countries with different electoral systems may be quite misleading when those countries also differ in a host of other plausibly relevant respects.

Budgetary Pressures and Economic Capacity

The spending preference data from the ISSP surveys suggest that democratic governments spend much less than their citizens want on a variety of major programs. I have portrayed this mismatch between preferences and policy as a failure of democratic representation. However, another way to view it is as a triumph of responsiveness to an even stronger public demand for fiscal discipline. The intensity of that demand is evident in the distribution of responses to a question included in the ISSP Role of Government surveys on cuts in government spending, which are summarized in the last row of Table 2.

The ISSP question on cuts in government spending was asked as part of a battery focusing on “some things the government might do for the economy,” along with questions about controlling wages and prices, financing projects to create new jobs, reducing regulation of businesses, and the like. The distribution of responses to this question is, if anything, even more skewed than for the questions in the battery 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.

The apparent contradiction in public opinion between strong support for cuts in government spending and strong support for *increases* in spending on specific programs is heightened by the proximity of these questions in the ISSP surveys: the first item in 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 went from being enthusiastic budget hawks to being strong supporters of spending more on most of the programs that make up the lion's share of their governments' budgets.

These responses suggest that the unmet demands for spending documented in Table 3 may simply reflect the best efforts of policy-makers to balance contradictory public demands for spending increases and budget cuts. In that case, policy-makers could hardly be faulted for failing to spend as much as citizens want on specific programs—or for failing to cut overall spending as much as citizens would like.

However, if that was the case, we would expect to find the greatest unmet demands for spending increases in the countries with the greatest unmet demands for budget cuts, and more generous spending policies in countries with less severe political pressures for budget-cutting. If anything, the reverse is true. Figure 2 displays the cross-national relationship between budget-cutting preferences and unmet demands for spending on each of the eight programs in the ISSP survey. The only case in which there is a (modest) positive relationship is for spending on culture and the arts. The strongest relationship—between budget-cutting preferences and health spending preferences—is actually negative: unmet demand for health spending is generally greatest in countries where public pressure for budget-cutting is least intense.¹³

¹³ I measured budget-cutting preferences in each country by rescaling the ordinal responses to the budget-cutting item in the ISSP surveys using the same approach described in the Appendix for the spending items. Public demands for budget cutting were greatest in France (7.29), Latvia (6.18), and Spain (5.41) and least in Britain (.36), Bulgaria (1.00), the Czech Republic (1.26), and Sweden (1.62).

***** Figure 2 *****

The relationships between net demand for spending in each policy area and budget-cutting preferences are summarized in the bivariate regression parameter estimates reported in the second column of Table 8. These statistical results confirm the visual impression conveyed by the scatterplots in Figure 2. The apparent effects of budget-cutting preferences are modest, and none approaches conventional levels of statistical significance.

***** Table 8 *****

The parameter estimates reported in the third column of Table 8 are derived from additional regression analyses employing statistical controls for national income (logged GDP per capita), the proportion of citizens over the age of 65, unemployment, post-communist regimes, and temporal variation in relative spending preferences across the three waves of the ISSP Role of Government survey. Again, the results provide no reliable evidence of a positive relationship between budget-cutting preferences and spending preferences in any policy area. If anything, once these other factors are taken into account, there is some evidence of a *negative* relationship between budget-cutting preferences and unmet demands for greater government spending in the areas of health, pensions, and unemployment benefits.

If under-spending on government programs is not attributable to popular demands for budget-cutting, what *is* it attributable to? One plausible suspect is insufficient national economic capacity, as measured here by logged GDP per capita. Poorer countries obviously have less wherewithal to satisfy citizens' demands for spending on government programs than richer countries do. If that fact is less salient

to citizens than it is to policy-makers, the result may be a chronic divergence between public preferences and actual spending patterns in relatively poor countries.

Figure 3 displays the cross-national relationship between unmet spending demands in each policy area and national economic capacity. These relationships are a good deal stronger than the corresponding relationships with budget-cutting preferences in Figure 2, and they are consistent with the notion that richer countries are better able to meet their citizens' demands for government programs. Unmet demand for spending are always lower—and for some programs *much* lower—in richer countries than in poorer countries. Moreover, while the poorest countries represented in the figure (Poland, Hungary, and the Czech Republic) often have especially high levels of unmet demand, negative relationships are generally evident even within the subset of richer countries in the right half of each panel.

***** Figure 3 *****

Table 9 reports the results of regression analyses relating unmet demands for government spending in each policy area to national economic capacity. The bivariate regression parameter estimates in the second column of the table underscore the disparity in congruence between richer and less rich countries. In assessing the magnitudes of these disparities, it is worth noting that the difference in logged GDP per capita between the richest country represented in the ISSP surveys (Norway in 1996) and the average country is 0.45; thus, the parameter estimates imply that increasing every country's economic capacity to the level of Norway's would reduce the average level of net unmet demand for government spending by more than half (from 1.07 to $1.07 - 1.35 * .45 = .46$).

*** Table 9 ***

The parameter estimates reported in the third column of Table 9 are derived from regression analyses including budget-cutting preferences, the proportion of citizens over the age of 65, unemployment, post-communist regimes, and indicator variables for each wave of the ISSP Role of Government survey as control variables. Controlling for these factors greatly reduces the precision of the parameter estimates representing the impact of national economic capacity in each policy area, but the average magnitude of the parameter estimates is only slightly diminished. The contribution of economic capacity to reducing under-spending is probably very substantial in three policy areas (law enforcement, health, and defense) and appreciable in three others (culture and the arts, pensions, and education). These results seem to provide additional support for the notion that discrepancies between spending preferences and policy are significantly exacerbated by differences in the sensitivity of citizens and policy-makers to economic constraints on government spending.

Spending Preferences and Democratic Representation

Citizens in a variety of more or less democratic political systems want their governments to spend more than they already do on a variety of major programs. In many of these cases, there is substantial and sometimes overwhelming public support for spending increases. And these unmet demands for spending often persist over considerable periods of time.

One possible response to these facts is to deny that citizens mean what they say about spending on government programs. This response seems especially tempting in

light of the glaring contradiction between citizens' fervent preferences for more spending in a variety of major policy areas and their simultaneous fervent desires for cuts in government budgets. Perhaps the persistence of this glaring contradiction disqualifies citizens' spending preferences from serious consideration by policy-makers. However, that conclusion creates substantial difficulties for conventional analyses of democratic representation as well as for the alternative approach outlined here. On one hand, if spending preferences are meaningless it seems hard to attach much significance to *changes* in those preferences over time, as analysts of dynamic responsiveness do. On the other hand, if public preferences regarding specific, highly salient government programs are meaningless, it seems hard to put greater faith in responses to much more general and abstract questions about political ideology, as analysts of comparative ideological congruence do.

In any case, contradictory public desires for budget-cutting seem tangential to this story in two respects. First, my analysis provides no evidence that under-spending is attributable to public demands for budget cutting. If anything, the cross-national statistical relationship between budget-cutting preferences and under-spending is slightly negative. Second, even if we grant that policy-makers' fiscal capacities are much more limited than their citizens' appetites for government spending, it does not follow that citizens' *relative* preferences for more or less spending in different policy areas are meaningless or unworthy of respect. The tabulations of net unmet demand for government spending reported in Table 4 reveal a great deal of variation across the eight policy areas tapped in the ISSP surveys. In general, citizens seem to want a great deal more spending on health, education, pensions, and the environment, but less spending than they are already getting on defense and the arts. Moreover, the time trends in unmet demands in specific

countries presented in Figure 1 suggest that these discrepancies in relative spending priorities tend to be quite persistent. In principle, there is no reason why existing revenues could not be reallocated to produce greater correspondence between citizens' spending priorities and their governments'. In practice, it seems clear from the data presented here that policy-makers routinely flout the spending priorities expressed by their constituents.

Of course, whether greater correspondence between citizens' spending priorities and their governments' would actually be a good thing is another matter. However, that seems to be the normative premise underlying much contemporary scholarship on representation, responsiveness, and congruence. From that perspective, the extent of citizens' dissatisfaction with government spending patterns evident in the ISSP surveys represents a significant challenge to democratic legitimacy—and a significant puzzle for scholars of democratic politics.

Appendix:

Inferring Policy Congruence from Responses to the ISSP Spending Questions

The Role of Government module included in the 1985, 1990, and 1996 ISSP surveys included a series of questions asking respondents whether they wanted to spend more, less or “the same as now” on each of a variety of major government programs. If we take these questions literally, they provide a convenient basis for direct measurement of policy congruence. If citizens say they want to “spend the same as now,” current policy—at least as they see it—is presumably congruent with their preferences, or nearly so. If they say they want to spend less (or much less), the government would seem to be spending more (or much more) than they would prefer. If they say they want to spend more (or much more), the government would seem to be spending less (or much less) than they would prefer.

Of course, for any given program in any given country it is likely that some citizens will say that current spending is too high while others say it is too low. When citizens’ preferences differ substantially it is impossible for policy-makers to satisfy everyone. Thus, the best we can hope for is that policy-makers will minimize discrepancies between citizens’ preferences and actual policy by choosing a *centrist* policy (Achen 1978), producing a rough balance of dissatisfaction between those wanting more and those wanting less. The measure of congruence proposed here captures that idea by assessing how far the *average* response of citizens in a given country for a given policy departs from a congruent “same as now” response.

More specifically, I assume that each survey respondent compares the actual spending level S_j for a specified government program with her preferred spending level θ_{ij} . If S_j is sufficiently close to θ_{ij} —within a symmetric *zone of acceptance* defined by an unobserved threshold τ_j (that is, iff $(\theta_{ij} - \tau_j) \leq S_j < (\theta_{ij} + \tau_j)$)—the respondent reports that she wants to “spend the same as now.” If the actual spending level falls below the zone of acceptance (iff $S_j < (\theta_{ij} - \tau_j)$), the respondent reports that she wants to “spend more” (or “much more”). If actual

spending falls above the zone of acceptance (iff $(\theta_{ij} + \tau_j) \leq S_j$), she reports that she wants to “spend less” (or “much less”).¹⁴

In implementing this model, I assume that the unobserved threshold of acceptance τ_j for a given spending item is constant for all the survey respondents in a given country; however, the threshold may vary across countries and spending categories due to differences in overall spending levels, the relative salience of specific issues in specific countries, and the like. While it is obviously impossible to measure absolute spending preferences in real dollar terms using the ordinal responses to the ISSP spending questions, the model proposed here provides a basis for estimating the discrepancy between average preferences and actual spending *relative to* the unobserved threshold of acceptance τ_j . Insofar as the magnitude of τ_j reflects the sensitivity of citizens in a given political system to departures from preferred spending levels in the specified policy area, it is a natural metric for normalizing the latent spending preferences.

The translation of ordinal survey responses into estimates of aggregate unmet demand for government spending is illustrated in Table A1 for a single country—Australia—and a single policy area—environmental spending. The first column of the table reports the ordered probit results relating the responses of Australian survey respondents to the environmental spending question to indicator variables for each relevant wave of the ISSP survey. The latent probit scale is normalized by setting the intercept (representing the average environmental spending preference of Australian respondents in the 1996 survey) to zero and the variance of preferences to one. However, since there is no reason to expect either average preferences or the variance of preferences to be constant across countries or policy areas, this conventional normalization produces results that are useless for purposes of comparison.

*** Table A1 ***

¹⁴ Additional parameters are necessary to represent the thresholds distinguishing “spend more” from “spend much more” responses and “spend less” from “spend much less” responses. They

The second column of the table reports equivalent results for an alternative normalization based on the zone of acceptance defined by the unobserved threshold parameter τ_j . The thresholds separating “spend less” and “spend more” responses from “spend the same as now” responses are set to -1 and $+1$, respectively, with the other thresholds and parameter estimates rescaled accordingly. Thus, the average discrepancy between preferred and actual spending in each year is expressed in units defined by the threshold of acceptance employed by the Australian survey respondents in answering the environmental spending question. The rescaled discrepancy of .986 for the 1996 survey indicates that the average Australian respondent in that year wanted almost, but not quite, enough additional environmental spending to trigger a “spend more” response. By comparison, the average environmental spending discrepancy perceived by Australians in 1986 (.405) was well within the $(-1$ to $+1)$ zone of acceptance generating a “spend the same as now” response, while the average spending discrepancy in 1996 (1.360) was well outside that range, generating a “spend more” response.

While I assume that the zone of acceptance in which each respondent says she wants to “spend the same as now” is centered on her most-preferred level of spending, the estimated thresholds for “spend much less” and “spend much more” responses need not be symmetric. In the example presented in Table A1, the estimated threshold for “spend much less” responses is considerably closer to the zone of acceptance than the threshold for “spend much more” responses. The same is true for most of the government programs in the ISSP spending battery in most of the countries surveyed. Nevertheless, a considerable number of the estimated discrepancies between preferred and perceived spending levels reported in Table 3 are large enough to imply average spending preferences falling beyond the threshold separating “spend more” and “spend much more” responses. That fact is a testament to the extent of incongruence between spending preferences and policy evident in the ISSP data.

are suppressed here in the interest of clarity, but included in my empirical analyses of the ISSP survey data.

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Table 1: Countries and Survey Respondents in ISSP “Role of Government” Modules

	First wave (circa 1985)	Second wave (circa 1990)	Third wave (circa 1996)
Australia	1528	2398	2151
Austria	987	---	---
Britain	1530	1197	989
Bulgaria	---	---	1012
Canada	---	---	1182
Czech Republic	---	---	1100
France	---	---	1312
Germany	1048	3840	3470
Hungary	---	977	1500
Ireland	---	---	994
Israel	---	991	1043
Italy	1580	983	1104
Japan	---	---	1249
Latvia	---	---	1505
New Zealand	---	---	1198
Norway	---	1517	1344
Poland	---	---	1183
Russia	---	---	1691
Slovenia	---	---	1004
Spain	---	---	2494
Sweden	---	---	1238
Switzerland	---	---	2518
United States	677	1217	1332

Table 2: Distribution of Spending Preferences

Responses averaged across countries and years.

	Spend much more	Spend more	Spend the same as now	Spend less	Spend much less	Other, DK, missing
Environment	18.1%	36.5%	30.8%	4.8%	1.1%	8.7%
Health	29.6%	42.5%	18.4%	2.6%	0.6%	6.3%
Police and law enforcement	13.8%	34.9%	35.4%	6.1%	1.7%	8.1%
Education	23.9%	40.7%	25.2%	2.5%	0.6%	7.2%
Defense	7.0%	13.9%	31.3%	23.7%	15.8%	8.3%
Old age pensions	20.8%	38.5%	30.0%	2.9%	0.7%	7.2%
Unemployment benefits	9.3%	22.7%	37.4%	15.5%	6.8%	8.5%
Culture and the arts	6.3%	19.0%	37.5%	17.8%	10.0%	9.4%
(Average)	(16.1%)	(31.1%)	(30.8%)	(9.5%)	(4.7%)	(8.0%)
	Strongly against	Against	Neither in favor nor against	In favor	Strongly in favor	Other, DK, missing
Cuts in government spending	2.0%	7.9%	13.8%	32.1%	32.7%	11.4%

Table 3: Relative Spending Preferences by Country, Year, and Policy Area

Rescaled estimates from ordered probit analyses.

	Environment	Health	Police and law enforcement	Education
Australia 1986	.405	1.668	1.729	1.580
Australia 1990	1.360	1.663	1.540	1.643
Australia 1996	.986	2.333	1.685	1.806
Austria 1986	1.895	1.326	.123	.625
Britain 1985	.698	2.902	.754	2.034
Britain 1990	1.310	2.948	1.013	2.232
Britain 1996	.836	3.187	1.619	2.491
Bulgaria 1997	1.714	5.942	2.222	2.618
Canada 1996	.985	1.148	.433	1.518
Czech Republic 1996	1.702	2.571	.739	1.670
France 1997	.734	1.090	.654	1.600
Germany 1985	2.384	1.109	.499	.736
Germany 1990	3.012	1.866	.664	1.220
Germany 1996	1.370	1.341	1.321	1.127
Hungary 1990	2.946	5.530	1.239	3.036
Hungary 1996	1.851	4.679	1.774	2.536
Ireland 1996	1.061	2.495	2.111	1.373
Israel 1991	1.126	2.545	1.319	2.706
Israel 1996	1.573	2.935	1.416	3.197
Italy 1985	1.622	3.176	.962	1.483
Italy 1990	2.177	3.587	1.297	1.680
Italy 1996	1.490	2.941	.254	1.777
Japan 1996	1.848	2.006	.287	1.023
Latvia 1996	1.068	3.893	.720	2.796
New Zealand 1997	.623	3.101	2.625	2.253
Norway 1990	1.770	2.584	1.419	1.156
Norway 1996	.829	2.675	1.398	1.029
Poland 1997	2.154	6.522	2.267	2.713
Russia 1997	2.301	5.521	.445	3.212
Slovenia 1995	2.113	2.425	.602	2.682
Spain 1996	1.652	2.176	1.558	1.862
Sweden 1996	1.114	1.929	.934	1.271
Switzerland 1998	.486	.459	.106	1.056
United States 1985	.850	1.437	1.092	1.811
United States 1990	1.359	1.989	1.199	2.131
United States 1996	.950	1.744	1.234	2.206

Table 3 (continued)

	Defense	Old age pensions	Unemployment benefits	Culture and the arts
Australia 1986	.773	1.189	-1.106	-1.239
Australia 1990	-.419	1.081	-1.232	-.895
Australia 1996	.080	1.025	-.669	-.733
Austria 1986	-.929	1.003	-.624	-.762
Britain 1985	-.511	1.919	.599	-1.138
Britain 1990	-.949	2.117	.463	-.787
Britain 1996	-.368	1.988	.357	-1.616
Bulgaria 1997	2.133	2.463	1.996	1.283
Canada 1996	-1.522	.374	-.319	-.337
Czech Republic 1996	-.869	1.590	-.487	.306
France 1997	-1.634	.636	-.213	-.741
Germany 1985	-1.774	.891	.461	-.505
Germany 1990	-2.755	1.129	.517	-.190
Germany 1996	-1.902	.998	.572	-.377
Hungary 1990	-1.672	3.292	.696	1.520
Hungary 1996	-.025	2.989	.243	.988
Ireland 1996	-.086	1.696	.891	-.042
Israel 1991	1.239	1.851	-.494	.413
Israel 1996	1.702	2.265	-.196	.599
Italy 1985	-1.387	2.391	1.315	.400
Italy 1990	-1.695	2.643	1.259	.766
Italy 1996	-2.217	1.982	.982	.703
Japan 1996	-.954	1.327	.537	.548
Latvia 1996	.608	3.721	1.570	1.269
New Zealand 1997	-.668	.894	-.899	-.676
Norway 1990	-1.689	1.541	-.104	-1.209
Norway 1996	-1.024	1.240	.000	-1.393
Poland 1997	1.199	2.692	.719	1.085
Russia 1997	2.256	4.037	1.874	1.633
Slovenia 1995	-.290	1.350	.992	1.006
Spain 1996	-1.246	1.591	1.146	.879
Sweden 1996	-1.004	1.176	.694	-.721
Switzerland 1998	-2.328	.610	-.014	-.575
United States 1985	-.543	.781	.035	-.646
United States 1990	-.961	.942	.132	-.714
United States 1996	-.305	.996	.152	-.747

Table 4: Aggregate Unmet Demand and Policy Congruence by Policy Area

Estimates averaged across countries and years.

	Average net demand	Average absolute deviation
Health	2.71	2.71
Education	1.89	1.89
Pensions	1.68	1.68
Environment	1.45	1.45
Defense	-.60	1.16
Law enforcement	1.15	1.15
Culture and arts	-.07	.82
Unemployment	.33	.68

Table 5: Aggregate Unmet Demand and Policy Congruence by Country

Estimates averaged across policy areas and years.

	Average net demand	Average absolute deviation
Switzerland	-.02	.70
Canada	.28	.83
Austria	.33	.91
France	.27	.91
United States	.71	1.04
Japan	.83	1.07
Sweden	.67	1.11
Germany	.57	1.20
Australia	.68	1.20
Ireland	1.19	1.22
Czech Republic	.90	1.24
Norway	.64	1.32
Slovenia	1.36	1.43
Britain	1.00	1.45
New Zealand	.91	1.47
Spain	1.20	1.51
Israel	1.51	1.60
Italy	1.23	1.67
Latvia	1.96	1.96
Hungary	1.98	2.19
Poland	2.42	2.42
Bulgaria	2.55	2.55
Russia	2.66	2.66

Table 6: Political Institutions and Policy Congruence

Bivariate regression parameter estimates (with standard errors in parentheses);
observations clustered by country; N=36.

	Average absolute deviation	PR	Plurality	Presidential	Post- communist
Environment	1.45	+0.09 (.26)	-.72 (.14)	+0.08 (.27)	+0.68 (.23)
Health	2.71	+0.46 (.56)	-1.00 (.49)	+0.47 (.79)	+2.48 (.57)
Law enforcement	1.15	-.00 (.23)	+0.05 (.22)	+0.07 (.27)	+0.14 (.28)
Education	1.89	-.04 (.30)	+0.04 (.25)	+0.29 (.30)	+0.99 (.22)
Defense	1.16	+0.22 (.29)	-.61 (.22)	-.17 (.32)	-.04 (.31)
Pensions	1.68	+0.37 (.35)	-.71 (.35)	-.03 (.45)	+1.40 (.37)
Unemployment	.68	+0.21 (.21)	-.29 (.22)	+0.11 (.30)	+0.50 (.27)
Culture and arts	.82	-.05 (.16)	+0.08 (.16)	+0.07 (.17)	+0.41 (.16)
Average	1.44	+0.16	-.40	+0.11	+0.82

Table 7: Political Institutions and Policy Congruence (with Controls)

Regression parameter estimates (with standard errors in parentheses), with controls for income, elderly population, unemployment, and survey waves; observations clustered by country; N=28.

	Average absolute deviation	PR	Plurality	Presidential	Post- communist
Environment	1.45	+0.44 (.16)	-0.66 (.18)	-0.08 (.19)	+0.76 (.81)
Health	2.71	+0.49 (.47)	-0.17 (.48)	+0.16 (.39)	-0.40 (1.49)
Law enforcement	1.15	-0.37 (.25)	+0.14 (.21)	+0.21 (.20)	-1.69 (1.05)
Education	1.89	-0.41 (.21)	+0.62 (.21)	+0.37 (.28)	-0.10 (1.17)
Defense	1.16	+0.71 (.26)	-0.83 (.25)	-0.34 (.28)	+0.68 (1.14)
Pensions	1.68	+0.57 (.25)	-0.28 (.34)	-0.17 (.21)	+0.05 (.96)
Unemployment	.68	+0.21 (.26)	-0.20 (.24)	-0.31 (.16)	-1.67 (.60)
Culture and arts	.82	-0.11 (.17)	+0.23 (.21)	-0.14 (.18)	+0.21 (.70)
Average	1.44	+0.19	-0.14	-0.04	-0.27

Table 8: Impact of Budget-Cutting Preferences on Aggregate Unmet Demand

Regression parameter estimates (with standard errors in parentheses), with and without controls for income, elderly population, unemployment, post-communist regimes, and survey waves; observations clustered by country.

	Average net unmet demand	Estimated impact of budget-cutting preferences	
		Without controls (N=36)	With controls (N=28)
Environment	1.45	-.021 (.082)	.034 (.125)
Health	2.71	-.236 (.153)	-.272 (.096)
Law enforcement	1.15	-.032 (.052)	.030 (.055)
Education	1.89	.033 (.083)	-.062 (.088)
Defense	-.60	-.047 (.135)	-.064 (.097)
Pensions	1.68	-.063 (.117)	-.177 (.051)
Unemployment	.33	-.060 (.090)	-.142 (.092)
Culture and arts	-.07	.144 (.133)	.113 (.161)
Average	1.07	-.035	-.068

Table 9: Impact of Economic Capacity on Aggregate Unmet Demand

Regression parameter estimates (with standard errors in parentheses), with and without controls for budget-cutting preferences, elderly population, unemployment, post-communist regimes, and survey waves; observations clustered by country.

	Average net unmet demand	Estimated impact of log GDP per capita	
		Without controls (N=30)	With controls (N=28)
Environment	1.45	-.98 (.21)	-.13 (.86)
Health	2.71	-3.25 (.61)	-2.69 (1.92)
Law enforcement	1.15	-.68 (.30)	-2.85 (1.29)
Education	1.89	-1.10 (.29)	-.79 (1.44)
Defense	-.60	-1.02 (.62)	-2.26 (1.54)
Pensions	1.68	-1.72 (.27)	-.82 (.91)
Unemployment	.33	-.35 (.18)	1.16 (1.38)
Culture and arts	-.07	-1.72 (.22)	-.98 (.87)
Average	1.07	-1.35	-1.17

Table A1: Inferring Relative Spending Preferences from Survey Responses

Ordered probit results (with standard errors in parentheses) for environmental spending preferences in Australia, and rescaled average preferences and response thresholds. Rescaled values = (probit values + .6194)/.6280. Log likelihood = -7591.0; Pseudo R-squared = .02; N = 5890.

	Ordered probit results	Rescaled preferences and thresholds
1986 survey (indicator variable)	-.3649 (.0342)	.405
1990 survey (indicator variable)	.2345 (.0339)	1.360
1996 survey (reference category)	0 * (--)	.986
Cutpoint 1 ("spend much less" / "spend less")	-2.022 (.040)	-2.233
Cutpoint 2 ("spend less" / "spend the same as now")	-1.247 (.029)	-1.000 *
Cutpoint 3 ("spend the same as now" / "spend more")	.009 (.025)	1.000 *
Cutpoint 4 ("spend more" / "spend much more")	1.139 (.029)	2.800
σ	1.000 * (--)	1.592

* Normalizing assumptions.

Figure 1: Persistence of Unmet Spending Demands

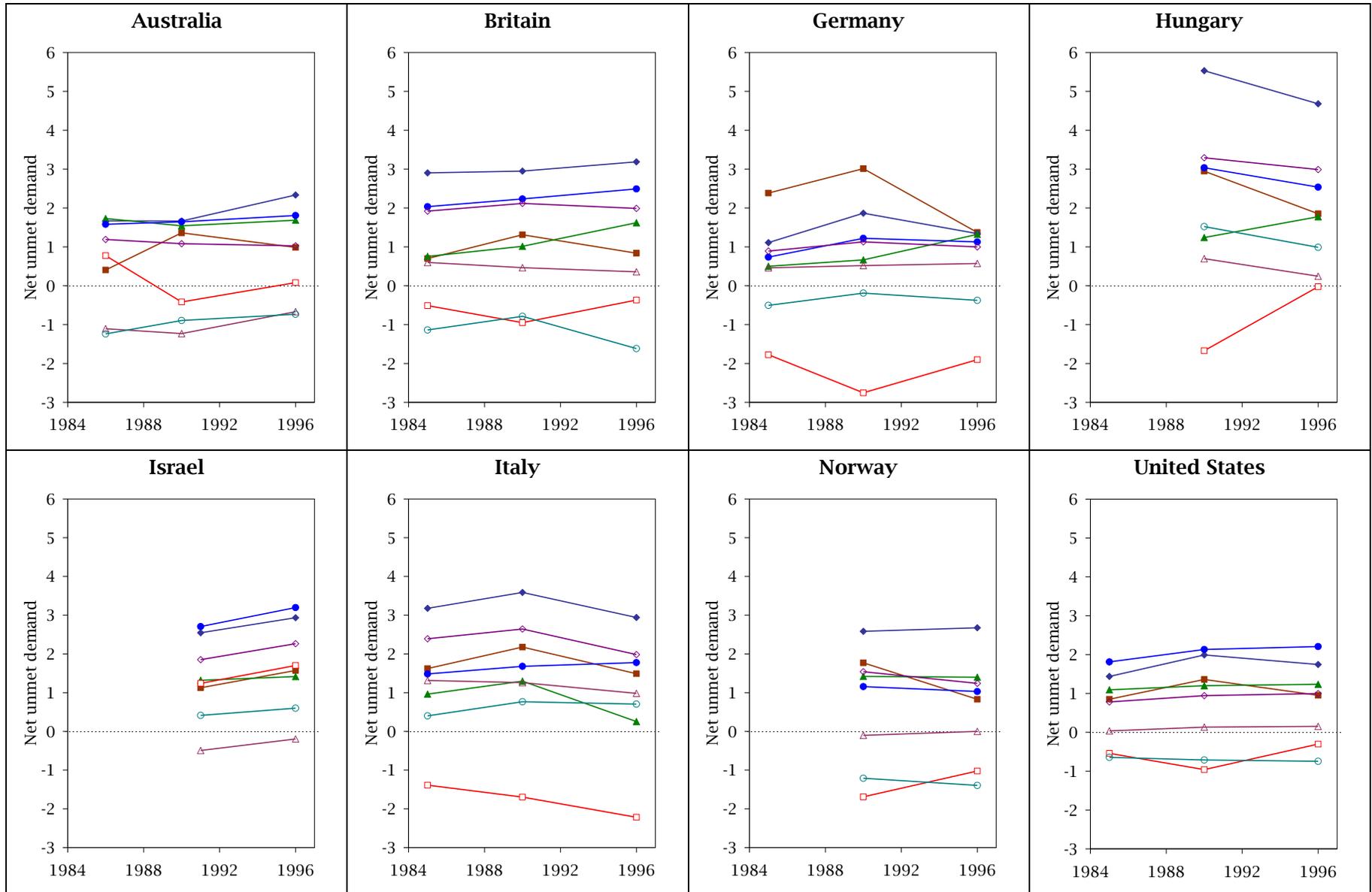


Figure 2: Budget-Cutting Preferences and Unmet Spending Demands

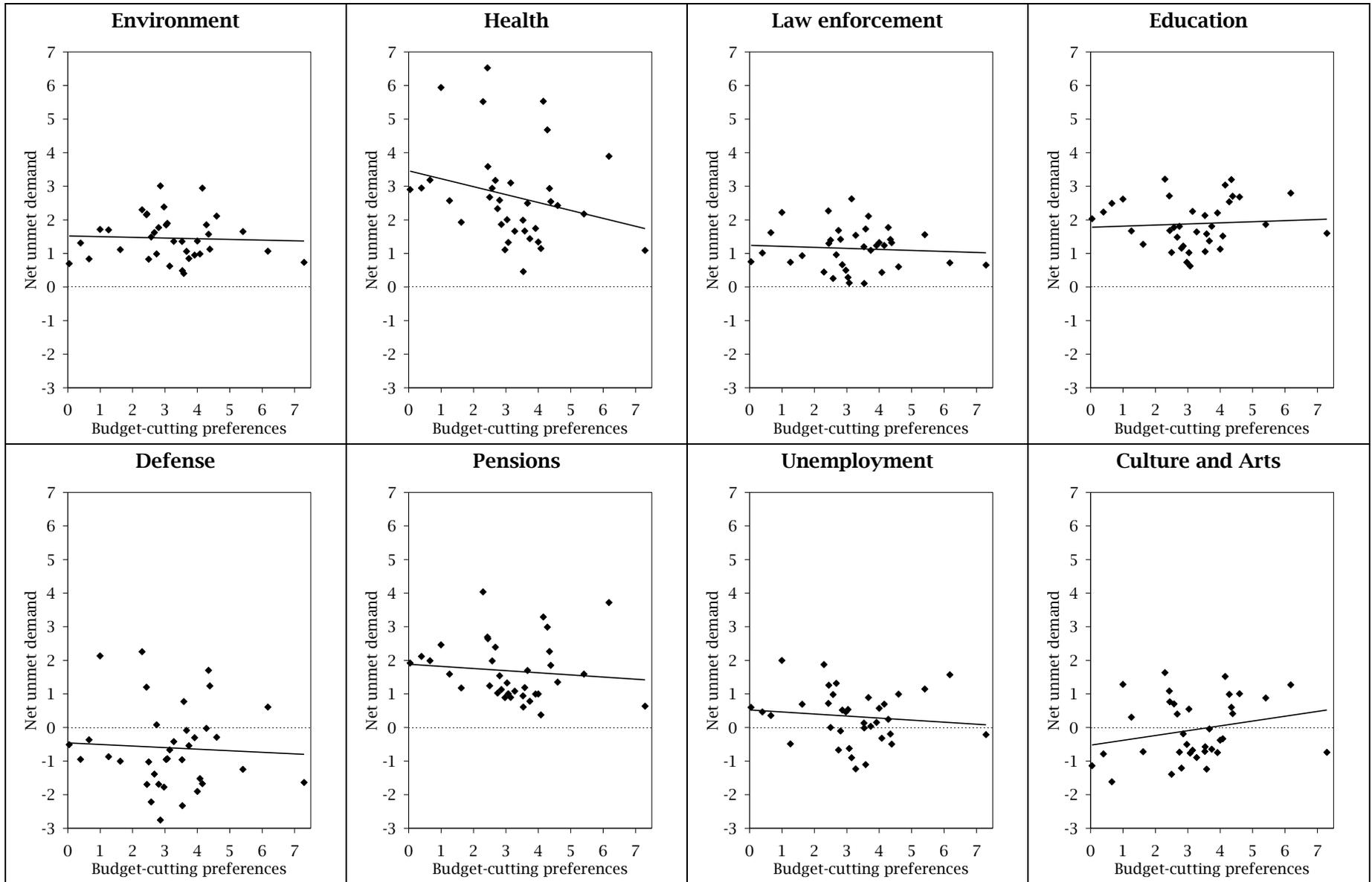


Figure 3: Economic Capacity and Unmet Spending Demands

