Representing the rich
Economic and political inequality in established democracies
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CHAPTER 2

Real but Unequal Representation in Welfare State Reform

2.1 INTRODUCTION

To assess the quality of democratic governance, it is important to examine the link between public opinion and policy outcomes. In the introductory chapter, I discussed two separate but closely related literatures that focus on the opinion-policy link. The first literature is concerned with general representation, where the central question is whether citizen attitudes actually impel policymakers to alter existing policies in line with citizen wants. The second literature asks whether policy representation is unequal, in the sense that high-income citizens have more influence on subsequent policy changes than do low- and middle-income citizens.

This chapter explores both of these questions in a sample of twenty established democracies, focusing on the area of welfare state policymaking. The welfare state is an important subject for the study of representation, since it is the policy area which accounts for a larger share of the government budget than any other (Organization for Economic Cooperation and Development, 2019c), and it figures prominently on the agenda of both public and political

In terms of unequal representation, the welfare state is significant because this is the area with the largest preference gaps between rich and poor citizens (Soroka and Wlezien, 2008; see also chapter 4 of this dissertation). This means that equality or inequality in representation has major consequences for the direction of policy. It also has the statistical advantage of allowing me to estimate the relative influence of different income groups without prohibitive collinearity.

Both general and unequal representation are hotly debated among scholars of welfare policy. These debates remain unresolved, in part due to serious empirical constraints. Among the most significant has been the difficulty of matching valid and systematic measures of citizen attitudes towards particular social policy reforms to measures of downstream change in social policy regulations sufficient to support meaningful causal inferences about representation. The most careful of existing studies have linked attitudinal patterns of particular groups to change or incidence of policy in subsequent years (e.g. Soroka and Wlezien, 2009; Bartels, 2015). But even those studies work with very rough measures of policy change, such as changes in government spending. Such measures are likely to suffer from what is known as the “dependent variable problem,” where spending metrics do not fully coincide with regulatory and legislative changes in social policies about which citizens actually express preferences. Large shifts in spending per capita can and do swing free of actual policy changes – for instance, when entitlement spending rises with higher take-up during economic downturns.

In this chapter I partially overcome such empirical challenges by matching public attitudes regarding social policy to better estimates of change in the actual generosity of such social policy. The former is accomplished by focusing on several waves of the multicountry International Social Survey Programme (ISSP) and its questions about social policy provisions with respect to unemployment assistance, pension provisions and healthcare assistance. These data provide leverage to validly and reliably measure support for these features of the welfare state, across the spectrum of respondents’ household incomes for a considerable cross-section of countries and time periods. Equally important, I match these data to measures of changes in the programmatic generosity of the same policy areas, relying on generosity measures from the Comparative Welfare Entitlements Database (CWED) (Scruggs, 2014).

Based on such empirical improvements, my principal expectations are twofold. First, I expect that attitudes on average are associated with measures of subsequent policy generosity, even if such attitudes are less associated with subsequent spending. Second, I expect that wealthier citizens influence actual social policy development more strongly than do poorer citizens, on grounds that wealthier citizens can find both formal and informal footholds.

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23 For the prominence of the welfare state on the political agenda, see the data compiled within the Comparative Agendas Project (Baumgartner, Green-Pedersen and Jones, 2006).
to pressure policy change. The analysis finds support for these hypotheses in a range of models, specifications and estimators linking individual attitudes to subsequent changes in unemployment-, pension- and healthcare-related generosity. I provide evidence that citizen preferences are not expressed in vain but tend to show up in subsequent shifts in the policy provisions of welfare states. However, not all citizens are equal in such political expression: the poorest tend to have no statistically significant influence on subsequent policy changes, whereas the wealthiest do. The political economy of welfare state reform in established democracies can thus best be characterized as manifesting real but unequal representation for its citizens.

2.2 PREVIOUS RESEARCH

There is long-standing debate among policymakers, activists and academics about the nature of political representation in the development of the welfare state. The debate involves two related controversies, which I have referred to as general and unequal representation. Given that I have already discussed these topics at some length in the introductory chapter, I will provide a relatively brief literature overview here.

The first major controversy concerns the extent to which policymaking is responsive to political demands of citizens. In developed democracies, some modicum of representation should be broadly present, but in welfare state policymaking and elsewhere this turns out to be far from obvious. On the one hand, plenty of research supports the intuition that public opinion tends to translate into policy change, in line with median voter theories (Downs, 1957) and pluralist accounts of the policy process (Schattschneider, 1960; Dahl, 1961; Lindblom, 1968). For many polities and policy areas, studies have unearthed (causal or associational) links between public opinion and aggregate policy outputs in democracies (Page and Shapiro, 1983; Jacobs, 1993; Burstein, 1998; Erikson, Mackuen and Stimson, 2002; Brooks and Manza, 2007; Hobolt and Klemmensen, 2008; Soroka and Wlezien, 2009; Rasmussen, Reher and Toshkov, 2019).24

On the other hand, substantial scholarship has questioned these findings. Some scholars have judged citizen attitudes as so diffuse and vague, or vaguely known, as to be very blunt instruments in policymaking (Bourdieu, 1979; Herbst, 1998). Major critiques of pluralism, further, have articulated why popular positions are blocked, where politics is instead the province of organized special-interest groups, lobbies and elites in policy areas including social policymaking (cf. Lowi, 1969; Block, 1977; Jacobs and Shapiro, 2000). A related view

24 For connections to welfare state politics, see Huber and Stephens (2001) and Taylor-Gooby (1993).
emphasizes the relative autonomy of the state, where citizen-voter pressures for welfare state policies are eclipsed by the prerogatives of state actors and state institutions (Evans, Rueschemeyer and Skocpol, 1985; Weir, Orloff and Skocpol, 1988; Skocpol, 1992). Consistent with these voices is empirical skepticism that views any association between citizen attitudes and aggregate social policy outcomes as (spurious) correlation rather than causation (Myles, 2006; Kenworthy, 2009).

A second and related debate concerns whether there is income inequality in representation. Welfare state scholars have long studied how economic privilege can increase political influence, a view that sits comfortably with the power resources tradition of welfare state research (Korpi, 1983; Esping-Andersen, 1985; Allan and Scruggs, 2004). In line with this, recent research in the United States finds evidence that attitudes of the wealthiest citizens are reflected in subsequent policy shifts more than are attitudes of median or poorer citizens in many policy areas, including social policy (Gilens, 2012; Gilens and Page, 2014; Bartels, 2016). Other scholars have found income-based inequalities in representation in cross-national contexts, though the evidence is still scarce (Rosset, Giger and Bernauer, 2013; Peters and Ensink, 2015; Elsässer, Hense and Schäfer, 2017). And recent work has explored how attitudes across the income spectrum relate to subsequent changes in welfare state spending, revealing in a cross-section of countries modest skews in favor of the wealthiest citizens (Bartels, 2015).

Some scholars, however, contend that the wealthiest citizens are not necessarily better represented in social policymaking than their poorer counterparts. The pluralist perspective expects that policy can be influenced by almost any segment of the income spectrum, by virtue of political engagement through groupings such as religious organizations, unions, or other poor people’s movements (Truman, 1951; Dahl, 1961; Piven and Cloward, 1979). Some empirical research suggests, further, that median-income citizens often agree with their richest counterparts, producing a portrait of less unequal representation (Enns, 2015; Branham, Soroka and Wlezien, 2017; cf. Gilens, 2015).

Progress or partial resolution of both debates is constrained by important empirical limitations. A first problem is that the research designs linking survey data to data on policy outcomes have limited degrees of freedom and over-time variation, which severely hampers causal inferences about representation. For instance, an attractive strategy has been to pool many surveys within a single country, linking variation in opinions across time and issues to subsequent policy changes. But this strategy limits variation in welfare state policymaking and between polities – beyond the United States, for example, with its distinctive institutions and historical legacies. Yet, cross-national comparisons have focused on (at most) country-
year observations and policy output in levels, in very limited pairings that lack sufficient control for inferential threats such as endogeneity and omitted variable bias.

Endogeneity is particularly problematic in such research (Myles, 2006; Brooks and Manza, 2007). There are strong theoretical and empirical reasons to expect welfare policy outcomes to influence attitudes towards the welfare state and not just the other way around (Jæger, 2006; Gingrich and Ansell, 2012). Specifying the dependent variable in levels allows only very summary techniques to redress possible reverse causation (e.g. through Hausman tests, as in Brooks and Manza (2007), and modeling some lag between attitudes and subsequent policy output). By this logic, a few scholars have provided significant improvements by focusing on multicountry survey material matched to subsequent spending changes (Wlezien and Soroka, 2012), including welfare spending (Bartels, 2015, 2016). But this does constrain the observations available to estimate within and between correlation between attitudes and policy change.

A second empirical shortcoming involves the weak concordance between the substance of attitudes and of political outcomes. Some studies look for correlation between attitudes about broadly described welfare provisions and policy efforts, such as total social expenditures and transfers. Given the differences in politics governing different welfare state policies, say pensions versus unemployment insurance, such combinations are very rough.

A bigger problem, however, is that even the best studies matching attitudes to particular social policy efforts have focused on spending measures of such efforts. This allows substantial coverage over time, countries and social policy dimensions, but suffers from what the welfare state literature has dubbed “the dependent variable problem” (Allan and Scruggs, 2004; Green-Pedersen, 2004; Clasen and Siegel, 2007; Kühner, 2007; Stiller and Van Kersbergen, 2008). This problem is “a noticeable absence of reflection on how to conceptualize, operationalize and measure change within welfare states” (Clasen and Siegel, 2007, p. 4). Changes in spending reflect many developments other than the generosity of social protection, for instance higher unemployment in downturns that can increase spending even where actual protection and insurance stay the same or drop. As James Allan and Lyle Scruggs point out, “[a]s long as the percentage growth of dependents in a program (e.g., the unemployed) exceeds the percentage per-capita reduction in benefits, aggregate social spending will be higher” (Allan and Scruggs, 2004, p. 498). The problem is doubly perverse for studies looking at spending as a share of GDP, where macroeconomic downturns mean a drop in the denominator of measures of welfare effort (e.g. Peters and Ensink, 2015).
More direct measures of benefit generosity would make much more sense. One might focus on net replacement rates, as in data gathered by the Organization for Economic Cooperation and Development (2005, 2014) and elsewhere (Van Vliet and Caminada, 2012), or composites that also gauge other aspects of generosity, such as eligibility, waiting times and benefit duration.25 Such measures in fact exist, such as Gøsta Esping-Andersen’s “decommodification” measures (Esping-Andersen, 1990) or the more refined composites developed by Lyle Scruggs and colleagues in the CWED (Scruggs, Jahn and Kuitto, 2017). To date, however, these measures have never been explored in relation to political representation.26

2.3 APPROACH AND HYPOTHESES

I address the abovementioned shortcomings in the study of policy representation by matching high-quality survey data gauging support for particular welfare policies to high-quality country-year data on such policies in subsequent years. These data provide improved leverage in addressing controversies about both general representation and unequal representation in social policy spending and generosity. To guide the analysis, I focus on four hypotheses.

The first two hypotheses concern whether citizen attitudes in the aggregate influence welfare policymaking. Although changes in public sentiments may require significant time to play out in political life, the many pathways linking citizen wants to legislative and executive functions in any democratic party-system ought to yield a positive connection between public opinions and subsequent policy changes. This leads to a first hypothesis:

Hypothesis 1a: The mean or median level of citizen support for a given aspect of welfare policy reform in a given country and year should correlate positively with subsequent policy change in that country.

The focus here is on subsequent change in policy effort, as opposed to levels of policy outcomes, since I want to gauge whether citizen support for more or less protection yields subsequent retrenchment or expansion in policy provisions. What “subsequent” means is an uncertain empirical issue concerning how long it takes for citizen sentiments expressed in a given year to percolate into political pressure and policy change. Note also that the hypothesis encompasses all democratic settings and all social policy dimensions. One might expect public attitudes to correlate with policy developments more strongly in some countries than others, or with respect to some faces of social policy more than others. But in the present

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25 Net replacement rates measure how much money an individual or household receives in welfare benefits as a share of their former earnings.
26 A partial exception to this can be found in Scruggs' own work (Allan and Scruggs, 2004; Scruggs and Hayes, 2017). However, the link with public preferences remains implicit in this research.
analysis I do not have strong theoretical priors on these issues, and treat differences across countries and aspects of social policy as empirical questions.

What is crucial to this hypothesis (and those below) is that I compare attitudes on a given policy and country to subsequent changes within that same policy and country. Indeed, attitudes might vary across faces of social policy in any given country and at any given time. For instance, in a given country and year, citizens might support more generous unemployment-related social benefits while also supporting a reduction in respect to pension benefits. The first hypothesis would then imply policy expansion with respect to unemployment-related benefits, and the opposite with respect to pension benefits. These results can also be pooled across policy areas, such that hypothesis 1a predicts a general pattern of (net) representation.

The second expectation is that a distinction should be made between subsequent change in social policy spending as opposed to change in measures of generosity. Citizen attitudes are likely to be more vague and less strongly felt with respect to broad spending measures than with respect to actual generosity in policy-program benefits. Changes in spending reflect economic and conjuncture-related developments that are separate from the substance of social policy benefits; as noted above, there are many macroeconomic conditions where spending on a program will rise or fall even if the substantive benefits provided do not change or are altered in the opposite direction to spending shifts. In contrast, changes in substantive policy generosity directly capture provisions and benefits that can be accessed (or not) by citizens, and should reflect, in a way less muddied by background economic developments, citizen attitudes about and policy choices toward social policy. Such reasoning supports a second hypothesis:

Hypothesis 1b: The mean or median level of citizen support for a given aspect of welfare policy reform in a given country and year should correlate more strongly with subsequent change in benefit generosity than in spending in that country.

The remaining hypotheses concern the second controversy about inequality in political representation. I take seriously the unresolved character of this controversy, but I expect some inequality in representation in line with earlier scholarship on the best-studied patterns in U.S. experience. Differences in political institutions in non-U.S. political systems might dampen the kinds of differences in representation based on income that have been unearthed in the American context. But even in more inclusive democratic systems conferring better representation in social policymaking, wealthier citizens have more information, cognitive advantages in engaging politics, ties to elite networks, and structural power as investors and employers (Block, 1977; Gallego, 2007; Carroll, Fennema and Heemskerk, 2010; Marien,
Hooghe and Quintelier, 2010). These considerations underlie my main expectation of income inequality of representation in social policymaking:

Hypothesis 2a: Support among high-income citizens for a given aspect of welfare policy reform in a given country and year should correlate more positively with subsequent change in that country than does support among low-income citizens.

This hypothesis does not specify “high income” and “low income.” I treat these also as empirical questions, focusing on various measurements as explained below. The hypothesis also does not specify a priori that high- and low-income citizens should take different positions. Of course, high-income citizens are usually disproportionate net contributors to social policy, and low-income citizens disproportionate net beneficiaries, such that wealthier individuals likely prefer less expansion and more contraction in welfare generosity than do their poorer counterparts (Meltzer and Richard, 1983; Kenworthy and Pontusson, 2005; Page, Bartels and Seawright, 2013; Beramendi and Rehm, 2016). But this is orthogonal to the focus on actual representation – that the attitudes of the rich should get more policy traction than do the attitudes of the poor. More relevant is that differences in representation might show up only when rich and poor attitudes clearly diverge, a possibility I explore empirically below.

As with the first two hypotheses, the expectation is that representation of high- and of low-income citizens plays out differently for spending than for benefit generosity. I expect some inequality in political representation, however welfare effort is measured. But for the reasons articulated above – that attitudes focus more on the substance of benefits than on spending per se, and that spending reflects macroeconomic shifts as much as such benefit substance – inequalities in representation should show up more strongly in subsequent changes in social benefit generosity than in spending. Hence the final hypothesis:

Hypothesis 2b: With respect to change in benefit generosity more than in spending, support among high-income citizens for a given aspect of welfare policy reform in a given country and year should correlate more strongly with subsequent change in that country than does support among low-income citizens.

Hypothesis 2a and 2b are, like 1a and 1b, general with respect to the timing of “subsequent” change, or the countries or aspects of welfare state policy where unequal representation is hypothesized to emerge. Differences across time-lags in policy change, between countries, or across faces of social policy are empirical questions for the analysis.
2.4 DATA AND METHODS

To analyze the hypotheses above, I combine multiple datasets on citizen attitudes with multiple datasets on policy changes. The combination reveals matched empirical variation in both attitudes towards welfare state development, and in closely related policy outputs with respect to spending and generosity – all across distinct topics or aspects of welfare policy, across a substantial cross-section of countries, and across multiple time periods. Such data allow me to explore the association between a particular group’s expressed preference for more or less of a particular aspect of welfare policy in a given country and year on the one hand, and the subsequent change in policy generosity for that same aspect of policy within the same country-year on the other hand.

Independent variables

Citizen attitudes are gathered from a single multicountry, multiwave dataset, the International Social Survey Programme (ISSP) time-series cross-section data, in particular the ISSP’s repeated Role of Government modules, included in four waves so far (in 1985, 1990, 1996 and 2006). These modules contain questions on social policy preferences. The most useful, repeated questions ask respondents whether they want to see more or less government spending in different areas of welfare policy protection. From this, I use the questions about three areas in particular: pensions, unemployment and healthcare.

These repeated questions have several benefits for the analysis. They yield broad coverage spanning a relatively long time period encompassing substantial trends in welfare state policymaking, and spanning a range of democratic polities in North America, Europe and Asia. In addition, they address well-defined arenas of social policy about which citizens can be expected to have opinions, and they are phrased in terms of changes relative to a status quo: whether respondents want more or less spending on unemployment, pension programs or health. Although a nominal focus on spending is ambiguous, it connotes level of generosity (even if actual changes in spending need not covary with actual policy generosity in terms of accessibility or benefits provided). For lay citizens confronted with such a survey question, more complicated fiscal calculation is much less likely than a simple judgment of whether the substantive program should be more or less generous in terms of its benefits and conditionality. As Esping-Andersen bluntly put it, “it’s difficult to imagine that anyone struggled for spending per se” (Esping-Andersen, 1990, p. 21). Hence, the survey questions gauge support for generosity or program-size relative to the status quo ante, and can be matched to subsequent changes in actual spending or metrics of generosity.

27 The specific wording is: “Listed below are various areas of government spending [health / old age pensions / unemployment benefits]. 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.”
To gauge preferences for increased or decreased welfare provisions at different levels of the income distribution, I first recoded the answer categories such that strongly agreeing to an increase in spending was given a score of 100; agreeing was scored 50; neither agreeing nor disagreeing was scored 0; disagreeing was scored -50; and strongly disagreeing was given a score of -100 (see also Wlezien and Soroka, 2012). Since the precise position of low incomes and high incomes is somewhat arbitrary, I focus on four different but common conceptions of low versus high income: the first versus third terciles; the first versus fifth quintiles; the tenth versus ninetieth percentiles; and the fifth versus ninety-fifth percentiles.

The measurement of attitudes across levels of income relies on ISSP measures of household income. These income measures are not without their problems, mainly arising from variation in question wording across participating countries. Some countries ask for gross income and others ask for net income; some ask for monthly income and others ask for annual income; and some describe sources of income in the question whereas others do not (Hoffmeyer-Zlotnik and Warner, 2013). This diversity complicates comparisons of the same income groups across countries. For the study of inequalities in representation, however, this is a modest obstacle, because I compare rich and poor within the same country in a standardized way— a comparison that should not be biased by differences in the income question. I expect the measure to systematically and meaningfully capture how different income segments in a country-year perceive social policy relative to one another. 28

To gauge general spending preferences, I focus on two measures: the preference of respondents at the fiftieth income percentile and the average preference of all respondents combined, the latter not dependent on the survey’s income measures. For the measures across the income spread of the ISSP samples, I calculate scores at the various percentiles by regressing the recoded questions on household income and its squared term (using probability weights) and taking the resulting predicted scores at the indicated points in the income distribution. This approach follows Martin Gilens (2012, pp. 61–62) and addresses the fact that different ISSP countries have different income categorizations.

To give a descriptive overview of the opinion measures, Figure 2.1 presents the sample means for the tenth, fiftieth and ninetieth income percentiles pooled across all sampled countries. This reveals clear and expected differences between low and high incomes: low-income respondents want more generous social policies than do high-income respondents. Also, general demand for increased welfare effort is most pronounced for healthcare and pensions.

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28 Roughly one-in-six respondents have a missing value on household income. These respondents tend to be slightly less educated and less likely to be employed than their non-missing counterparts. Hence, household income of these respondents is likely below average. But spending preferences of those with missing values are almost identical to the sample as a whole. As a result, I do not expect non-response to bias the results, except through attenuation bias by constraining the sample’s full income variation (results available upon request).
In the case of unemployment, high-income respondents wish to see slightly less spending or welfare effort, low incomes wish to see slightly more, and the mean for the fiftieth percentile (as well as the overall mean) is close to zero. Comparing the different policy areas also shows that the differences between low and high incomes are largest for unemployment (twenty-eight percentage points between the tenth and ninetieth percentiles) and pensions (twenty-three percentage points), and smaller for healthcare (thirteen percentage points).

![Figure 2.1: Mean spending preferences of low and high incomes by policy area (error bars indicate one standard error above and below the mean)](image)

**Dependent variables**

The dependent variables consist of policy changes regarding the welfare state. One set of measures involves changes in government spending on healthcare, pensions and unemployment, measured separately so as to be matched to the specific breakdown of the ISSP questions, and with the spending measures taken per capita (Organization for Economic Cooperation and Development, 2016). I focus on public and mandatory private spending in 2010 U.S. dollars with purchasing power parity. The second set of measures is based on the CWED and addresses substantive policy generosity (Scruggs, Jahn and Kuitto, 2017). The CWED contains several measures of welfare state replacement rates, benefit duration, benefit eligibility and coverage or take-up rates with regard to sickness, pensions and unemployment. Improving on Esping-Andersen’s concept of “decommodification,” the CWED combines these measures into indices of welfare state generosity for each of three policy areas: pensions,
unemployment, and sickness. I look at precisely these policy-specific measures of generosity because they parallel the spending measures and can be matched to the ISSP questions about pensions, unemployment and healthcare provisions. The fit between the ISSP survey topics and the CWED generosity topics is one-to-one for pensions and unemployment assistance. But the overlap is less than one-to-one for healthcare and sickness: the ISSP questions focus on healthcare, while the CWED focuses on sickness provisions – the former being a broader palette of provisions than just sickness-related benefits tied to employment. Still, sickness benefits are an important component of healthcare and can plausibly proxy for the broader realm of health policy. But the analysis, both pooled and disaggregated by topic, allows for an empirical exploration of these issues.

I operationalize policy outcomes by focusing on changes in spending and in generosity in these particular policy areas that can then be paired to the ISSP questions about healthcare, pensions and unemployment. I focus on changes rather than levels of policies because I am interested in how attitudes about reform relate to subsequent reform, both of which involve changes, not levels. In particular, the analysis explores whether the political system is responding to attitudes about welfare policy change (the explanatory variable of interest), not attitudes about a general level or kind of social policy form. And whether there is responsiveness to such attitudes should be gauged not in terms of the status quo ante level of policy but in terms of reform, expansion or retrenchment relative to a status quo ante – a change, hence.

Therefore, if respondents express a preference for increased spending, and in the years after the survey was conducted the policy becomes more generous, I take this as evidence of representation for that group or person. Equally, there is representation in situations where a group expresses a preference for decreases and policy becomes less generous in subsequent years. As discussed above, I have no strong a priori reasons to presume that it takes a particular time for public positioning to translate (or not) into actual policy changes. The baseline models look at the average change in the four years following the survey for each feature of social policy. For unemployment insurance (UI), for instance, the baseline measure of average change is: \((\text{UI}_{(t+1)} - \text{UI}_t) + (\text{UI}_{(t+2)} - \text{UI}_t) + (\text{UI}_{(t+3)} - \text{UI}_t) + (\text{UI}_{(t+4)} - \text{UI}_t))/4\). As robustness checks, I consider other time periods.

The correlation between changes in spending per capita and changes in generosity is not strong, which is not surprising given that spending patterns reflect not just substantive policy orientation but also macroeconomic developments with no clear relation to such orientation. The overall correlation is 0.20, varying from 0.08 for healthcare to 0.50 for pensions. The correlation between levels of spending and levels of generosity is not much

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29 I lose a dozen observations which are measured during the first three years following the survey but not the fourth. I include these by calculating the average for the first three years for these observations.
higher \((r = 0.26)\). According to the CWED-based measures, the most generous countries in terms of benefit levels are those known to have an extensive welfare state: Norway and Sweden, followed by the Netherlands and Finland. The Anglo-Saxon and Asian countries are at the bottom. On the other hand, the Scandinavian countries are in the middle of the pack in spending per capita, joined by the United States and Japan. For any judgment of representation over modest periods of time, however, it is changes in generosity or spending that matter, not simple background levels.

Figure 2.2 provides a snapshot of the country-means of the average change in generosity in the four years following the survey. This smooths over all the variation across time and across issue areas (unemployment, pensions, healthcare/sickness), but it summarizes the substantial variation between countries. The welfare state clearly becomes more generous in some countries (South Korea, Portugal) and less generous in others (Sweden) by the CWED benefit-generosity metric. The trends broken out by policy area (not shown) vary somewhat, underscoring the importance of estimating not just the pooled composite but also area-specific models.

![Figure 2.2: Average change in welfare state generosity in the years following the ISSP](image-url)

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30 Both spending per capita and generosity are clearly related to spending per beneficiary, for which data is too limited to be useful as a dependent variable.

31 For countries in multiple ISSP waves, Figure 2.2 shows the average of \((t+1)\)-to-\((t+4)\) changes after each wave.
Bringing the above data together to match measures of attitudes to measures of policy changes allows judgment of the extent to which citizen support for welfare expansion (retrenchment) is translated into actual policy expansion (or rollbacks). This can be imagined in terms of broad country-level differences in a given policy area, where one looks at, say, the attitudes of the wealthiest ninetieth percentile towards unemployment protection, in relation to subsequent policy change in such protection. For the full exploration, however, I want to exploit the more fine-grained character of the data: valid measures of attitudes towards welfare policy change and actual subsequent policy change for a given country-topic-year. This means that policy attitudes and subsequent policy change for a citizen group (e.g. median income group vs. poorest vs. richest) can be measured in a given country with respect to a given welfare policy topic for a given year. This provides substantial leverage to gauge policy responsiveness to group demands on issues of welfare policymaking.

To get the most out of this leverage, the baseline analysis focuses on a pooling of all the information for a given country-topic-year. This is possible so long as I focus on how the expressed attitudes for a given country-topic-year relate to subsequent policy change for that same country-topic-year. And such pooling is meaningful because the policy measures are based on standardized measures of group attitudes and of subsequent policy development. The attitudes are gauged by standardized survey answers within a single survey instrument (ISSP), and the outcomes focus on standardized changes in spending or generosity: for spending, I focus on changes in expenditures per capita; and for generosity, I focus on changes in z-score composites of generosity. Hence, one can compare an association (or lack of association) between group attitudes and subsequent policy for a given group-country-topic-year with the association (or lack of association) between group attitudes and policy for another group-country-topic-year. The principal advantage of such pooling is twofold: it allows me to paint a broad portrait of responsiveness in the welfare state, and it yields sufficient degrees of freedom to include substantial country-year controls without excessive collinearity, thereby facilitating more valid econometric estimation of responsiveness.

Although the pooling of all observations provides the most complete view of representation in social policymaking, one can also look at particular subsets of the data. Doing so is meaningful, however, only to the extent that the data include sufficient variation on a given dimension to allow comparisons and statistical control without excessive multicollinearity between parameters estimated. Within such constraints, the data provide sufficient country-year variation to allow meaningful analysis of responsiveness with respect to individual topics or aspects of social policy – that is, judging the extent of representation for either unemployment insurance, pension provisions, or health/sickness (where the unit of analysis
is country-year for each of these policy areas). The downside of focusing on a given policy realm is that the data have fewer degrees of freedom, but there is enough variation to yield meaningful analysis to clarify how responsiveness might vary by aspect of social policy. Unfortunately, the data are more constrained for exploring variation within a particular country. Ideally, one could also focus on topic-year variation within a given country, but such variation is modest enough to generate prohibitively high multicollinearity. In other words, in the currently available data, the “between” variation across countries and topics is much more substantial than the “within” data across time (or across topics within a given country). This means that one can say less than one would like about the role of institutions where most variation is between rather than within countries. Nonetheless, the analyses below do consider and discuss such specifications focused on institutional and other possible country-level factors. And more fundamentally, all the models presented below consider country-level clustering, for instance through country-level random intercepts.

Focusing on either the full country-topic-year variation or the country-year variation for a given topic, hence, I follow an estimation strategy to generate valid inferences about how attitudes relate to subsequent policy reform. This strategy involves estimation of representation that controls for possible confounding factors, which are those that correlate with both the measured citizen attitudes and changes in welfare state effort. These controls include the ex ante level of social policy generosity (matched to each country-topic-year), to control for the “thermostat-model” possibility that past policy may influence subsequent attitudes (Soroka and Wlezien, 2009). Other controls include GDP per capita (measured in constant 2010 U.S. dollars) in a country, annual growth in GDP per capita per country, unemployment rate, and dummies for both the policy area and survey wave. To address omitted variable bias, the baseline focuses on these controls measured at the time of the survey (which I label “t”) rather than later periods. In the appendix, descriptive statistics for the dependent, independent and control variables are presented in Table A2.1, while Table A2.2 lists the countries and years used in the analysis.

Equally important, the specifications support meaningful causal inferences about general and unequal representation in light of common threats to such inference. I include three sets of specifications. The first set pools the three areas of policy (unemployment, pensions and healthcare), focusing in the baseline on two-level random intercept models, country-topic-year (level 1) and country (level 2) – thereby explicitly taking account of the possible country-level clustering of policymaking experience. For these models, I include dummies for survey waves and the policy topics (health policy as excluded dummy).

32 I also explicitly examined this thermostat issue, focusing on how the previous year (or previous four years) of spending or generosity affects subsequent attitudes in the ISSP data. This yields significant associations for the spending measures, but not for the generosity measures (results available upon request). Controlling for such simultaneity is hence particularly important for the spending-based estimations, less so for the generosity-based estimates.
The second set of baseline specifications disaggregates the three policy topics, focusing on two-level random intercept models (country-year (level 1) and, again to address the country-level clustering, country (level 2)) for each policy area. For both the pooled and disaggregated models, I test for general representation by focusing on the median or overall opinion (in separate models). And I test for unequal representation by focusing in the baseline estimations on the roles of low- and of high-income attitudes in a single model, so as to consider their relative correlation with subsequent policy change. This is the simplest way to address how rich versus poor might have distinct effects – with the one having an association, controlling for the influence of the other.\footnote{This is preferable, hence, to models that take rich and poor attitudes separately, without controlling for the others’ influence. And it yields less collinearity than models combining median-income attitudes with high-income or low-income attitudes – generating prohibitively high multicollinearity (with variance inflation factors between 17 and 26).} Furthermore, all these models have robust-clustered standard errors (clustered by country, the level 2 variable) to address remaining country-specific correlation of errors and heteroscedasticity of errors.

Finally, a third set of specifications focuses on important alternatives to the pooled and disaggregated baseline models. Importantly, these alternative specifications include different measures of unequal representation, such as direct measures of arithmetic differences between rich and poor attitudes. But the alternative models also include different specifications with respect to controls, embedding of the multilevel data, and alternative estimators.

\section*{2.5 FINDINGS}

I present the findings, taking each of the three sets of estimations in turn. I shall devote the most attention to the first set of estimates, the baseline pooled results. I lay out in the discussion not only the basic quantitative results, in the next subsection, but also some historical examples drawn from those results in the following subsection. In view of space constraints, the remaining two estimation steps involve minimal discussion in text of the policy-specific subsamples and of various alternative specifications. I hence signal the basics and relegate the fuller results to online appendices.

\textbf{Baseline pooled results}

Table 2.1 presents the results of pooled estimation (country-topic-year) of changes in CWED generosity of unemployment, pensions and health/sickness provisions. The random intercept models use as the dependent variable the average change in welfare generosity in the four years following the survey, allowing direct testing of hypothesis 1a and 2a. Before turning to the variables of interest, note that most control variables have little discernible
effect on changes in welfare state generosity, although such controls do perform in expected
directions and are close to significance in some specifications (e.g. looking at unemployment
and pensions, as opposed to also healthcare). The most significant controls are the dummies
for the different policy areas (unemployment and, to a lesser extent, pensions), suggesting
that the four-year change in generosity was more positive in those areas than in healthcare.
The dummy for the second wave of the ISSP (around 1990) also has a significant, positive
effect, while the generosity level has a slightly negative effect.

Most important, the main results corroborate hypotheses 1a and 2a. With respect to
hypothesis 1a on general representation, both measures of overall preferences – the median
and full-sample mean – have substantial and significant positive effects on changes in welfare
state generosity. For instance, an increase in overall spending preferences by one standard
deviation (24.27) increases the change in generosity by 1.27 points, about a third of its standard
deviation. Welfare reform is clearly, by this reckoning, anchored in citizen demands.

With respect to hypothesis 2a, models 3 through 6 suggest a clear pattern of unequal
representation: each low income measurement (the fifth percentile, the tenth percentile, the
lowest quintile and the lowest tercile) has a negative but generally insignificant association
with changes in generosity, while each high income measurement (the ninety-fifth percentile,
the ninetieth percentile, the highest quintile and the highest tercile) has a positive and
significant effect. For instance, an increase in the spending preferences of the ninetieth
income percentile by one standard deviation (26.63) increases the change in generosity by
1.44 points, about forty percent of its standard deviation.

Figure 2.3 displays the predicted values of the dependent variable by spending preferences
of the tenth, fiftieth and ninetieth income percentiles, corresponding to models 2 and 4 in
Table 2.1.34 Other variables are held at their means. Preferences of low-income respondents are
thus shown to have no discernable effect on the dependent variable, while the preferences
of median and high-income respondents do have an effect. Figure 2.3 illustrates that the
standard errors are substantial, where the limited number of observations yields large
confidence intervals. Although this highlights the need to consider other specifications
before drawing conclusions, it is clear that the most general baseline estimates focused on
generosity support the view from hypotheses 1a and 2a that welfare policymaking entails real
but unequal representation.

---

34 As the summary statistics reveal (Table A1.1 in the appendix), the range of tenth-percentile preferences extends above
that shown in Figure 2.4, while the range of ninetieth-percentile preferences extends below it. For comparability, a com-
mon range is displayed for all graphs, thereby excluding a handful of observations.
Table 2.1: Random intercept models of changes in welfare state generosity (average of change from t+1 to t+4 relative to t)

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (All)</th>
<th>Model 2 (P50)</th>
<th>Model 3 (P5 / P95)</th>
<th>Model 4 (P10 / P90)</th>
<th>Model 5 (Quint. 1 / 5)</th>
<th>Model 6 (Terc. 1 / 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall / median</td>
<td>0.052***</td>
<td>0.051***</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>preferences</td>
<td>(0.018)</td>
<td>(0.017)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low income preferences</td>
<td></td>
<td></td>
<td>-0.036</td>
<td>-0.041</td>
<td>-0.013</td>
<td>-0.057</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.041)</td>
<td>(0.043)</td>
<td>(0.030)</td>
<td>(0.043)</td>
</tr>
<tr>
<td>High income preferences</td>
<td>-</td>
<td>-</td>
<td>0.078***</td>
<td>0.084***</td>
<td>0.059***</td>
<td>0.099***</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(0.029)</td>
<td>(0.032)</td>
<td>(0.020)</td>
<td>(0.036)</td>
</tr>
<tr>
<td>Generosity (t)</td>
<td>-0.133*</td>
<td>-0.133*</td>
<td>-0.141*</td>
<td>-0.141*</td>
<td>-0.135</td>
<td>-0.136</td>
</tr>
<tr>
<td></td>
<td>(0.082)</td>
<td>(0.081)</td>
<td>(0.083)</td>
<td>(0.083)</td>
<td>(0.084)</td>
<td>(0.084)</td>
</tr>
<tr>
<td>Logged GDP (t)</td>
<td>-2.174</td>
<td>-2.235</td>
<td>-1.844</td>
<td>-1.850</td>
<td>-1.945</td>
<td>-1.963</td>
</tr>
<tr>
<td></td>
<td>(1.724)</td>
<td>(1.732)</td>
<td>(1.573)</td>
<td>(1.581)</td>
<td>(1.648)</td>
<td>(1.646)</td>
</tr>
<tr>
<td>Growth (t)</td>
<td>-0.055</td>
<td>-0.056</td>
<td>-0.045</td>
<td>-0.047</td>
<td>-0.051</td>
<td>-0.065</td>
</tr>
<tr>
<td></td>
<td>(0.214)</td>
<td>(0.210)</td>
<td>(0.213)</td>
<td>(0.210)</td>
<td>(0.216)</td>
<td>(0.213)</td>
</tr>
<tr>
<td>Unemployment (t)</td>
<td>-0.034</td>
<td>-0.033</td>
<td>-0.021</td>
<td>-0.021</td>
<td>-0.020</td>
<td>-0.030</td>
</tr>
<tr>
<td></td>
<td>(0.167)</td>
<td>(0.165)</td>
<td>(0.141)</td>
<td>(0.142)</td>
<td>(0.148)</td>
<td>(0.141)</td>
</tr>
<tr>
<td>Pension policy</td>
<td>1.208*</td>
<td>1.260*</td>
<td>1.488***</td>
<td>1.523***</td>
<td>1.359***</td>
<td>1.507***</td>
</tr>
<tr>
<td>(ref. = health)</td>
<td>(0.677)</td>
<td>(0.695)</td>
<td>(0.661)</td>
<td>(0.674)</td>
<td>(0.640)</td>
<td>(0.688)</td>
</tr>
<tr>
<td>Unemp. policy</td>
<td>3.029***</td>
<td>3.057***</td>
<td>3.282***</td>
<td>3.370***</td>
<td>3.162***</td>
<td>3.314***</td>
</tr>
<tr>
<td>(ref. = health)</td>
<td>(1.213)</td>
<td>(1.237)</td>
<td>(1.170)</td>
<td>(1.195)</td>
<td>(1.207)</td>
<td>(1.246)</td>
</tr>
<tr>
<td>Wave 2</td>
<td>1.209*</td>
<td>1.239*</td>
<td>1.117*</td>
<td>1.117*</td>
<td>1.078*</td>
<td>1.079*</td>
</tr>
<tr>
<td>(ref. = wave 1)</td>
<td>(0.568)</td>
<td>(0.567)</td>
<td>(0.479)</td>
<td>(0.472)</td>
<td>(0.496)</td>
<td>(0.425)</td>
</tr>
<tr>
<td>Wave 3</td>
<td>0.580</td>
<td>0.582</td>
<td>0.558</td>
<td>0.553</td>
<td>0.475</td>
<td>0.522</td>
</tr>
<tr>
<td>(ref. = wave 1)</td>
<td>(1.217)</td>
<td>(1.207)</td>
<td>(1.166)</td>
<td>(1.164)</td>
<td>(1.173)</td>
<td>(1.131)</td>
</tr>
<tr>
<td>Wave 4</td>
<td>0.289</td>
<td>0.272</td>
<td>0.230</td>
<td>0.209</td>
<td>0.139</td>
<td>0.156</td>
</tr>
<tr>
<td>(ref. = wave 1)</td>
<td>(1.146)</td>
<td>(1.121)</td>
<td>(1.094)</td>
<td>(1.081)</td>
<td>(1.112)</td>
<td>(1.049)</td>
</tr>
</tbody>
</table>

Wald $\chi^2$ 57.16 46.63 51.09 49.12 71.92 55.44

$N$ 130 130 130 130 130 130

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$ (two-tailed)

Figure 2.3: Predicted values of changes in welfare state generosity by preferences of low, median and high incomes (dotted lines indicate 95% confidence intervals)
This support for hypotheses 1a and 2a contrasts with what we see if we turn to spending patterns. Table 2.2 presents how attitudes correlate with the second measure of policy change: spending per capita. I run random intercept models using as the dependent variable the average change in spending in the four years following the survey. The first two models again contain measurements of overall opinion, first via the average preferences of all respondents and the second via preferences at the fiftieth income percentile. Models 3 through 6 then focus on the various measures of low and high incomes.

Table 2.2: Random intercept models of changes in spending per capita (average of change from t+1 to t+4 relative to t)

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (All)</th>
<th>Model 2 (P50)</th>
<th>Model 3 (P5 / P95)</th>
<th>Model 4 (P10 / P90)</th>
<th>Model 5 (Quint. 1 / 5)</th>
<th>Model 6 (Terc. 1 / 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall / median preferences</td>
<td>0.184 (0.131)</td>
<td>0.160 (0.125)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Low income preferences</td>
<td>-</td>
<td>0.278 (0.317)</td>
<td>0.289 (0.343)</td>
<td>0.207 (0.295)</td>
<td>0.321 (0.343)</td>
<td>-</td>
</tr>
<tr>
<td>High income preferences</td>
<td>-</td>
<td>-</td>
<td>-0.018 (0.203)</td>
<td>-0.041 (0.233)</td>
<td>0.008 (0.195)</td>
<td>-0.088 (0.248)</td>
</tr>
<tr>
<td>Per capita spending (t)</td>
<td>-0.003 (0.002)</td>
<td>-0.003 (0.002)</td>
<td>-0.003 (0.002)</td>
<td>-0.003 (0.002)</td>
<td>-0.003 (0.002)</td>
<td>-0.003 (0.002)</td>
</tr>
<tr>
<td>Logged GDP (t)</td>
<td>-2.992 (8.064)</td>
<td>-3.333 (7.952)</td>
<td>-1.874 (8.429)</td>
<td>-2.139 (8.345)</td>
<td>-2.711 (8.062)</td>
<td>-2.487 (8.210)</td>
</tr>
<tr>
<td>Growth (t)</td>
<td>-0.616 (0.922)</td>
<td>-0.604 (0.923)</td>
<td>-0.716 (0.978)</td>
<td>-0.708 (0.976)</td>
<td>0.008 (0.940)</td>
<td>0.008 (0.958)</td>
</tr>
<tr>
<td>Unemployment (t)</td>
<td>-1.044** (0.415)</td>
<td>-1.035** (0.414)</td>
<td>-1.076** (0.474)</td>
<td>-1.075** (0.475)</td>
<td>-1.096** (0.455)</td>
<td>-1.075** (0.475)</td>
</tr>
<tr>
<td>Pension policy (ref. = health)</td>
<td>2.584 (1.930)</td>
<td>2.535 (2.019)</td>
<td>1.694 (1.785)</td>
<td>1.776 (1.823)</td>
<td>1.996 (1.752)</td>
<td>1.971 (1.795)</td>
</tr>
<tr>
<td>Unemp. policy (ref. = health)</td>
<td>2.711 (6.155)</td>
<td>1.848 (6.217)</td>
<td>3.542 (5.247)</td>
<td>3.252 (5.486)</td>
<td>2.657 (5.169)</td>
<td>2.800 (5.395)</td>
</tr>
<tr>
<td>Wave 3 (ref. = wave 1)</td>
<td>-0.282 (4.413)</td>
<td>-0.169 (4.410)</td>
<td>-0.478 (4.325)</td>
<td>-0.416 (4.331)</td>
<td>-0.162 (3.988)</td>
<td>0.011 (4.093)</td>
</tr>
<tr>
<td>Wave 4 (ref. = wave 1)</td>
<td>9.545*** (3.733)</td>
<td>9.736*** (3.667)</td>
<td>8.983*** (3.973)</td>
<td>9.095*** (3.924)</td>
<td>9.454*** (3.731)</td>
<td>9.340*** (3.845)</td>
</tr>
<tr>
<td>Constant</td>
<td>41.539 (82.622)</td>
<td>45.879 (81.408)</td>
<td>25.208 (89.570)</td>
<td>28.292 (88.651)</td>
<td>36.476 (84.778)</td>
<td>32.317 (86.713)</td>
</tr>
<tr>
<td>Wald ( \chi^2 )</td>
<td>98.86</td>
<td>90.75</td>
<td>110.37</td>
<td>107.59</td>
<td>104.31</td>
<td>105.83</td>
</tr>
<tr>
<td>N</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td>130</td>
</tr>
</tbody>
</table>

*\( p < 0.10 \), ”\( p < 0.05 \)”, ”\( p < 0.01 \) (two-tailed)"

Overall, low-, median- and high-income preferences never have a clear or significant effect on changes in spending. The implication would be that income groups are equally ignored in their views towards the welfare state. These patterns go against hypotheses 1a and 2a, and tell a different story from that of the generosity measures, even when controlling for conditions
that might underlie the biasing effects of the spending-based measure (e.g. unemployment rates). But, of course, this contrast with the results focused on generosity measures is very much in line with the expectations captured by hypotheses 1b and 2b. I expect macroeconomic conditions and the substantive policy interest of citizens to render a weaker link between citizen attitudes and spending than that between citizen attitudes and substantive policy generosity. The contrasting patterns in Tables 2.1 and 2.2 support this view.

A final point based on the baseline results: they harbor an important pattern of (unequal) representation as being symmetrical, relevant to not only welfare state expansion but also retrenchment. Supplemental analysis shows, more generally, that in the cases where the positions of wealthy and poorer respondents differ significantly, the wealthy tend to win out. In the twenty-seven country-years of UI cases in which the ninetieth income percentile mostly favors less unemployment protection, the average change in generosity is -0.63 percent. And in the sixteen country-years of UI observations where the ninetieth percentile mostly favors more unemployment protection, generosity increases on average by 3.64 percent. The full picture from our data, hence, suggests real but unequal representation in social policy generosity, although not manifested so much in spending patterns.

**Historical examples drawn from the baseline statistics**

The various baseline results can be made more concrete by looking briefly at particular historical examples from the data. Given space constraints, I look at only three examples; they illustrate unequal representation across countries (the United Kingdom, South Korea, and Sweden), across social policy areas (UI and pensions), and across directions of substantial reform (policy retrenchment and expansion).

The first example from the dataset is the highly salient and major retrenchment of UI in Great Britain in the 1980s. Remember our dataset’s coding of attitudes towards increased UI: strongly supporting was scored 100; agreeing was scored 50; neither agreeing nor disagreeing was scored 0; disagreeing was scored -50; and strongly disagreeing was scored -100. With such coding, the 1985 ISSP survey for British respondents revealed big differences in the attitudes of poor, median, and rich respondents: the tenth percentile scored 36.7 (constituting substantial support for increased UI); the fiftieth percentile scored a mere 13.9 (on balance wanting more UI, although less than their poorer counterparts did); and the ninetieth percentile scored -5.2 (wanting on average a decrease in UI). As for actual policy change in Great Britain, the dataset shows that the subsequent four-year period was marked by a 3.1 percent decrease in UI, among the three biggest single-period decreases in unemployment generosity in the data.

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35 See online appendix 2B, Tables 2B.13 and 2B.14 and accompanying text for a more elaborate overview.
To put a bit of historical flesh on these bones, recall that this quantitative pattern describes an important episode in Thatcher-era British welfare retrenchment. Building on reforms that started in 1980 but continued throughout the 1980s, the Thatcher government took advantage of what Paul Pierson called “a considerable gap in between the lowest and top income groups in support for unemployment benefits,” where wealthy party backers and Tory elites widely embraced the idea that UI “produced a ‘why work?’ question” and needed to be scaled back (Pierson, 1994, pp. 105-107). The Thatcher government used its substantial parliamentary majority and executive authority to repeatedly retrench benefits – among other rollbacks phasing out earnings-related supplements in 1980 and 1988, lowering replacement rates in 1986, extending disqualification periods in 1986, tightening contribution conditions in 1988, and shifting the long-term unemployed to the means-tested Supplementary Benefit by 1989.

As Anthony Atkinson and John Micklewright (1991) noted, by the late 1980s the Conservative government had adopted no fewer than seventeen significant changes in the Unemployment Benefit, almost all unfavorable to benefit recipients (see also Pierson, 1994, p. 107). Linking this historical interpretation to the statistical analysis, we have a stark case where the rich, in their clear preference for UI retrenchment, enjoyed a level of representation in the Thatcher government that was not afforded to the median and especially not to the poorer electorate who wanted continued or expanded UI benefits. As regards policy generosity, hence, British unemployment policymaking was marked in the 1980s by clearly unequal representation.

Also interesting for the analysis, and in line with the statistical support for hypotheses 1b and 2b, the pattern in spending in the early-to-mid 1980s suggests a different story. As Allan and Scruggs note, increasing reliance by growing legions of unemployed citizens on whatever UI was available in the period meant that “social spending grew during the British recession of the early 1980s, even though the Conservative government slashed entitlements” (Allan and Scruggs, 2004, p. 498).

A second historical snapshot from the dataset concerns UI expansion in South Korea in the 2000s. The 2006 South Korea-UI data point reveals support for UI expansion of 29.0 for the tenth percentile, 25.9 for the fiftieth percentile, and 16.5 for the ninetieth percentile. Note that although there is clearly a familiar skew across the income spectrum in respondents’ support for UI expansion, even the wealthiest respondents preferred UI expansion rather than retrenchment. As for actual policy development, South Korean UI started in 2006 from a very low level of benefit generosity as shown by the CWED, but experienced no less than an 11.1 percent increase in the generosity score for UI in the period between 2007 and 2010 (t+1 to t+4 for 2006), among the highest single-period increases in the dataset.

Making such policy changes more concrete, the South Korean Ministry of Employment and
Labor reports major legislative changes in UI in the period between 2006 and 2011. For instance, after 2006 self-employed persons were allowed to join the Employment Insurance programs for income protection and job skills development, and in 2010–11, premiums were increased from 0.9 percent to 1.1 percent (South Korea Ministry of Employment and Labor, 2013). This pattern reveals a distinct South Korean story of representation, and in this particular case not necessarily a highly unequal one, but certainly one where the substantial increase in South Korea’s UI generosity was subsequent to the expression of support for expansion by not only the median and poorer citizens but also the wealthy. This pattern comports with the history of legislative and regulatory reform politics underlying the changes, originating from within the labor and finance ministries and not just from the social actors. And the chaebol-based employers’ associations recognized that their workers’ vulnerabilities might necessitate some government support. For instance, employers sparked and tolerated calls for expanding UI as, in part, the price of their explicit lobbying for labor-market deregulation (Peng, 2012).

A third and final historical example drawn from our baseline models concerns Swedish pension-system retrenchment in the 1990s. Our data point for 1996 Swedish pensions captures positive citizen support – that is, a preference for expansion in the pension system – across the entire income spectrum of Swedes. But the level and unanimity of support was sharply declining with respondent income, with a score of 40.5 for the tenth percentile and 16.1 for the ninetieth percentile (11.7 for the ninety-fifth percentile). As for outcomes, our baseline estimate shows that the subsequent four years yielded a substantial 7.4 percent decline in CWED-measured generosity of pensions, among the largest pension retrenchments in the dataset. As this retrenchment goes against general citizen support for pension expansion, it rates as policy nonrepresentation, mainly for the poorer Swedes most supportive of expansion.

In actual policy history, however, this episode mainly provides further illustration of a pattern of unequal representation. The policy reforms after 1996 involved a major retrenchment of the Swedish pension system, particularly through the legislated move from a flat benefit system (FB) and earnings-related supplement (ATP) towards a defined-benefit pay-as-you go system (see Sundén, 2006). In the details, the reform was regressive beyond what our own data captures: whereas pre-reform pension contributions were borne by employers, post-reform they were evenly divided between employers and employees; and two thirds of Swedes, particularly those working fewer than forty years, would be losers of the new index rules, yielding a substantial reduction in redistribution (Anderson, 2001, p. 1079). As such, the reform clearly did not go against the (more tepid pro-expansion) wishes of the wealthiest citizens as much it did against the (more unanimous and stronger) wishes of the poorest. In Swedish political history, the mobilization behind the pension reform involved a grand
coalition among social actors and parties. The Swedish Employers Federation (SAF) had been calling for some years for radical pension reform on grounds that the old system eroded national savings, inflated nonwage labor costs, and reduced incentives to work (Anderson, 2001, p. 1077). And beyond the sustained support from the center-right and (neo-)liberal Moderate Party, Centre Party and Liberals, the center-left Social Democratic Party (SAP) and union federation (LO) also accepted the reforms as a painful necessity. With the costs of the pension system becoming onerous – growing from 4.3 percent of GDP in 1965 to more than 12.2 percent in 1992 – the SAP saw that “retrenchment was a painful necessity brought on by the economic crisis and an opportunity to preserve the basic structure and scope of the pension system by correcting its perceived weaknesses” (Anderson, 2001, p. 1077). These politics may constitute some nonrepresentation generally, but they are certainly consistent with our hypothesized unequal representation: with the lower support for pension expansion among the wealthy compared to the poor constituting a permissive condition for reforms skewed in favor of the demands and interests of wealthier Swedes.

These three historical examples provide only the briefest illustration of the broader statistical patterns of real but unequal representation (illustrating hypotheses 1a and 2a), but mainly with respect to generosity rather than spending measures (illustrating further, hence, hypotheses 1b and 2b). They also highlight the importance of considering details in the relationship between income and welfare reform, starting with the story of each welfare policy realm separately.

**Disaggregated results by policy area**

I now turn, hence, to the fuller disaggregation of the three policy realms underlying these pooled results. I focus on the generosity-based results, summarized in Tables 2.3–2.5: unemployment (Table 2.3), pensions (Table 2.4) and healthcare/sickness (Table 2.5). These are based on the same specifications as in the pooled results of Table 2.1, although here the data structure is country-year for each issue area, and to conserve space, the results for the controls are not reported.

The disaggregated results broadly corroborate the pooled generosity-based results on the inequality of representation, but they do reveal meaningful cross-issue variation with respect to general representation. The differential in responsiveness to low-income versus high-income groups shows up for each of the three social policy areas. A noteworthy difference is that the coefficient for low-income preferences is significantly negative in some models for sickness/healthcare (Table 2.5). The modest degrees of freedom demand extra caution in drawing inferences, but such a pattern suggests that policymaking yields healthcare
changes in the opposite direction to that embraced by the poorest citizens. Whatever the interpretation, the analysis suggests unequal representation favoring the rich over the poor across the distinct social policy realms of pensions, unemployment and healthcare.

The disaggregated results also suggest that the effects of overall or median preferences are stronger for pensions and unemployment (Tables 2.3 and 2.4, respectively), and weaker or nonexistent for healthcare (Table 2.5). This may reflect measurement shortcomings discussed above: that the ISSP measure of healthcare attitudes does not match up as fully with the policy-change measure (focused on sickness generosity) as do pension and unemployment measures. However, the weaker correlation between general attitudes and subsequent healthcare-related policy change might reflect substantive differences in politics across the issue areas. For instance, health-benefit politics may be subject to less mass-politics mobilization aggregating public opinion, or to more interest group lobbying that dampens the influence of public opinion than applies to unemployment or pension policymaking. Or perhaps the difference in responsiveness reflects variation in salience across issue-country-years proportionate to how much a political system responds to the pressure of public opinion (Lax and Phillips, 2012; Morales, Pilet and Ruedin, 2015; Rasmussen, Mäder and Reher, 2018). Unfortunately, the dataset’s coverage is too limited to allow exploration of these and other explanations, something I leave to future research.

Table 2.3: Random intercept models of changes in pension generosity, t+1 to t+4

<table>
<thead>
<tr>
<th></th>
<th>Model 1 (All)</th>
<th>Model 2 (P50)</th>
<th>Model 3 (P5 / P95)</th>
<th>Model 4 (P10 / P90)</th>
<th>Model 5 (Quint. 1 / 5)</th>
<th>Model 6 (Terc. 1 / 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall / median preferences</td>
<td>0.103** (0.048)</td>
<td>0.093** (0.046)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Low income preferences</td>
<td>-</td>
<td>-</td>
<td>-0.105 (0.073)</td>
<td>-0.121 (0.081)</td>
<td>-0.050 (0.070)</td>
<td>-0.121 (0.090)</td>
</tr>
<tr>
<td>High income preferences</td>
<td>-</td>
<td>-</td>
<td>0.163** (0.070)</td>
<td>0.182** (0.079)</td>
<td>0.115** (0.055)</td>
<td>0.186** (0.079)</td>
</tr>
<tr>
<td>Controls</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Wald χ²</td>
<td>22.53</td>
<td>23.66</td>
<td>39.23</td>
<td>42.20</td>
<td>36.67</td>
<td>35.70</td>
</tr>
<tr>
<td>N</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
<td>42</td>
</tr>
</tbody>
</table>

*p < 0.10, **p < 0.05, ***p < 0.01 (two-tailed)
The spending-based specifications generally yield nonsignificant results for each of the policy areas that are very similar to Table 2.2’s pooled results, so I shall not dwell upon these (see online appendix 2A, Tables 2A.7–2A.9). But it is worth reporting that with respect to pensions we do see a pattern of real and unequal representation. Attitudes among those in the fiftieth income percentile correlate with spending changes in pension programs; the ninetieth percentile correlates particularly strongly (statistically and substantively) while the tenth percentile does not. This pattern applies to both spending per capita and spending as a percentage of GDP. This pattern, importantly, also reflects that pensions are the policy area where the change in spending is correlated most strongly with the change in generosity. These findings add up to marginally stronger support for hypotheses 1a and 2a and also additional support for hypotheses 1b and 2b.
Alternative specifications
The last set of results involve the most important robustness and sensitivity checks: (1) alternative measures of policy changes as dependent variables; (2) different measures of support for social policies and inequalities in representation; (3) additional and alternative controls that might distinguish the politics of representation between countries; and (4) alternative estimators and embedding of the analysis of such representation. I summarize only briefly the most important alternatives, relegating fuller discussion and detail to online appendices.

A first set of alternative specifications explores different generosity measures, and different combinations of years of policy change. Most noteworthy is that the baseline results, both pooled and disaggregated, hold up to specifications of policy generosity focused only on replacement rates of unemployment, pension and sickness provisions – the components of CWED generosity measures that maximize coverage in terms of country-years matched to the ISSP data waves (yielding 161 country-topic-years, instead of 130 in the pooled baseline; online appendix 2A, Tables 2A.2–2A.5). Also, changing the time period of change to three or five years does not substantially change the effects, the former slightly decreasing the effect size of high-income preferences and the latter increasing it (online appendix 2A, Tables 2A.10–2A.13).

A second set of tests explores alternative approaches to measuring the attitudes of low-income and high-income citizens and the responsiveness of subsequent policy change to such attitudes. One alternative approach to the models above is to look at the share of respondents who support more spending minus the share of respondents who support less spending, for different income groups. The resulting variables correlate strongly with the main independent variables ($r = .99$) and yield very similar results, which is important in addressing the possibility that the reported models might inappropriately presume equal distances between answer categories. Another measurement approach for the independent variables would estimate separate models for low and for high incomes. In these results, high-income preferences have a stronger effect than low-income preferences, although in some specifications low-income attitudes also have significant (if lower) influence (online appendix 2B, Tables 2B.1–2B.2). Unlike the baseline, of course, such results take no account of the attitudes of low-income relative to high-income respondents.

Yet another alternative specification deserves a bit more attention, because it addresses collinearity more fully without throwing away information on low-income respondents relative to high-income respondents: rich-minus-poor, in a given country-topic-year. Here, more positive (more negative) values capture situations in which high-income voters want more (less) welfare expansion than do low-income voters. The measure provides leverage to
test hypothesis 2a, that the rich are more influential than poor respondents. If they are, higher (lower) values of rich-minus-poor – where wealthier respondents want more increases (lower increases or more decreases) in welfare generosity than do their poorer counterparts – should correlate positively with actual change in generosity. Table 2.6 summarizes results of testing this possibility. Each cell captures the key result for distinct econometric models (for full results, see online appendix 2B, Tables 2B.3–2B.10). The odd rows show results of substituting this difference parameter for the low- and high-income parameters in the otherwise identical specifications from Tables 1 and 3–5. The even rows show results of such substitution plus controlling for median-income voters’ support for increased generosity. The results broadly corroborate the previous findings of unequal representation, which shows up more for generosity than spending measures (online appendix 2B, Tables 2B.11 and 2B.12).

Table 2.6: Rich-minus-poor support and change in welfare state generosity, t+1 to t+4

<table>
<thead>
<tr>
<th></th>
<th>P5 / P95</th>
<th>P10 / P90</th>
<th>Quint. 1 / 5</th>
<th>Terc. 1 / 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pooled (N = 130)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.073***</td>
<td>0.082***</td>
<td>0.054***</td>
<td>0.100***</td>
</tr>
<tr>
<td>(baseline specif.)</td>
<td>(0.027)</td>
<td>(0.031)</td>
<td>(0.021)</td>
<td>(0.034)</td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.054†</td>
<td>0.060†</td>
<td>0.041‡</td>
<td>0.081‡</td>
</tr>
<tr>
<td>(+ median pref.)</td>
<td>(0.030)</td>
<td>(0.034)</td>
<td>(0.020)</td>
<td>(0.036)</td>
</tr>
<tr>
<td><strong>Pensions (N = 42)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.160**</td>
<td>0.180**</td>
<td>0.112**</td>
<td>0.193**</td>
</tr>
<tr>
<td>(baseline specif.)</td>
<td>(0.066)</td>
<td>(0.074)</td>
<td>(0.050)</td>
<td>(0.075)</td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.141†</td>
<td>0.159†</td>
<td>0.092</td>
<td>0.164‡</td>
</tr>
<tr>
<td>(+ median pref.)</td>
<td>(0.069)</td>
<td>(0.078)</td>
<td>(0.057)</td>
<td>(0.082)</td>
</tr>
<tr>
<td><strong>Unemployment (N = 44)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.109*</td>
<td>0.123*</td>
<td>0.089</td>
<td>0.146*</td>
</tr>
<tr>
<td>(baseline specif.)</td>
<td>(0.053)</td>
<td>(0.059)</td>
<td>(0.057)</td>
<td>(0.070)</td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.086</td>
<td>0.097</td>
<td>0.071</td>
<td>0.132*</td>
</tr>
<tr>
<td>(+ median pref.)</td>
<td>(0.054)</td>
<td>(0.060)</td>
<td>(0.051)</td>
<td>(0.066)</td>
</tr>
<tr>
<td><strong>Health (N = 44)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.063*</td>
<td>0.071‡</td>
<td>0.064**</td>
<td>0.088**</td>
</tr>
<tr>
<td>(baseline specif.)</td>
<td>(0.031)</td>
<td>(0.034)</td>
<td>(0.027)</td>
<td>(0.035)</td>
</tr>
<tr>
<td>Rich minus poor</td>
<td>0.078*</td>
<td>0.088‡</td>
<td>0.072‡</td>
<td>0.107†</td>
</tr>
<tr>
<td>(+ median pref.)</td>
<td>(0.037)</td>
<td>(0.042)</td>
<td>(0.030)</td>
<td>(0.046)</td>
</tr>
</tbody>
</table>

Note: each cell represents the key result of a separate regression estimation (controls and full results not shown). “Baseline specification” is the same specification as in Tables 2.1 and 2.3-2.5; “+ median preference” is the baseline specification plus extra control for country-topic-year preference of median income respondents.

*p < 0.10; †p < 0.05; ‡p < 0.01 (two-tailed)

A third set of alternative specifications concerns the controls in the analysis. The baseline controls capture the most theoretically relevant sources of omitted variable bias. But I have considered other specifications in terms of measures, lags and timing, and also extra controls relevant to such bias – such as share of the population over sixty-five, ex ante level of general

39 Online appendix 2B also explores particular country-topic-years where the rich and poor take the most starkly contrasting positions on welfare generosity, and the wealthier positions in such situations carry the day. See Tables 2B.13 and 2B.14 and accompanying discussion.
spending, and citizen support for the welfare state generally or for austerity (Bartels, 2015, pp. 13–14). None of these dampen the reported effects of overall and high-income preferences. Another category of controls involves country-level political conditions potentially relevant to representation of citizen attitudes about welfare policymaking – beyond the country-level factors (e.g. GDP per capita) and country-level clustering in all of the specifications discussed in Tables 1–6. These extra controls include age and quality of democracy, institutions regulating electoral representation (e.g. proportional representation), the strength of left or right parties, and the strength of organized social actors (e.g. union density). These conditions often display little variation over time. Nevertheless, I considered them both as extra controls and in interactions to judge whether any of them might alter the degree to which citizen attitudes influence policy change. None of the runs achieved statistical significance. This can be interpreted as a substantive result, where the evidence for real but unequal representation holds regardless of political-institutional settings. It is more likely, however, that the modest over-time variation per country makes these very weak tests of institutional and political conditions in the politics of representation in welfare policymaking (see also Rasmussen, Reher and Toshkov, 2019). 40

A fourth and final set of alternative specifications involves alternative estimators. These include random intercept models with alternative embedding: alternative two-level models using country-topic and country-wave as clusters; and three-level models involving country, topic and year (online appendix 2D, Tables 2D.1–2D.5). I also considered random slope models (with attitude variables as the random coefficients) and ordinary least squares models with jackknifed standard errors. Although outlier analysis suggests that outliers are not influential, I also consider jackknife analysis to exclude particular country-topic-years, country-years or even countries (online appendix 2D, Table 2D.6). All these specifications yield stable support for hypotheses 1a and 2a with respect to generosity-based but not spending-based measures; hence, they also support hypotheses 1b and 2b.

2.6 CONCLUSION

This chapter has explored representation and its equality in welfare state development.

40 Online appendix 2C, Tables 2C.2–2C.3, shows results for electoral systems, age of democracy, the effective number of parties, the Gallagher index of disproportionality, the cabinet composition on a left-right scale, the percentage of left-wing parties in government, the percentage of right-wing parties in government, an index of federalism and union density. Tables 2C.4–2C.5 show, in addition, the (non-significant) interactions between attitudes and these political-institutional parameters. Lastly, Tables 2C.6–2C.7 consider alternative measurements of the macroeconomic control variables in the models.
The analysis has provided somewhat mixed but broadly supportive evidence for the central hypotheses that public opinion guides political outcomes, and that the preferences of the rich have more weight in the policy process than the preferences of the poor. Measures of welfare spending show only weak support for the hypotheses that social policymaking represents citizens generally, and wealthier citizens more than poorer citizens. Such support is limited to pension spending. By contrast, the analysis of the benefit-generosity measures unearths a stark pattern of real but unequal representation in welfare state reform. As argued throughout this chapter, I believe that the results for benefit generosity are likely to be more inferentially valid, as they better capture the regulatory and legislative program changes that citizens have in mind when they express support for more or less welfare state effort. From this point of view, the evidence is strong and important. However, since spending measures are also relevant gauges of welfare policy effort, I take seriously the mixed results in these specifications, and hence frame my end judgments as qualified support.

The analysis presented in this chapter is arguably the strongest evidence to date that unequal representation is not limited to the United States but also emerges in other established democracies. At the same time, this conclusion is limited in several ways. First, we do not yet know whether unequal representation arises in most or all established democracies, or whether the results are driven by a specific, most-likely subset of countries. Second, the analysis is limited to one policy area, albeit a broad and important one. Third, the causal mechanisms that bring about inequality in representation remain something of a black box. These are the points I will take up in the following chapters. In the next chapter, I analyze a wide range of policy issues in the least-likely context of the Netherlands, strengthening the geographical and policy-area generalizability of this chapter’s findings.