

STUDIES IN PUBLIC CHOICE

Louis M. Imbeau
Editor

Do They Walk Like They Talk?

Speech and Action in Policy Processes



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Foreword

The Language of Democracy Between Words and Facts

The semantic of the two terms defining *representative democracy* is different. The meaning of the substantive (*democracy*) univocally refers to citizens choosing those in charge of running the government. Its descriptive adjective (*representative*), however, is unfortunately equivocal, if we take into account the distinction between *representative* and *responsible* government. Among the founding fathers of the modern political economy, John Stuart Mill is one of those who maintained that the role of elections is to signal the preferences of citizens. In his 1863 words, the role of the assembly of representatives was not only to watch and control the government, but also “to be the nations’ Committee of Grievances, and its Congress of opinions” where “every person in the country may count upon finding somebody who speaks his mind . . . where those whose opinion is overruled, feel satisfied that it is heard.” Eighty years later and moving toward a more pessimistic view of voters’ opinions, Joseph A. Schumpeter reckoned that elections serve primarily to choose a government and only incidentally to reflect voters’ opinions, thus leading to the notion of *responsible* government (Mueller 2003: 264; Przeworski et al. 1999).

Yet, both views share a common trait: the link connecting voters’ evaluation to politicians’ promises and behaviors. It is a communicative link explicit in Mill’s and inevitably implicit in Schumpeter’s views: its absence would reduce elections to little more than a lottery. Hence, the need for a deeper reflection on the logic of modern democratic speech. Hence, the contribution of this valuable collection of essays.

I met the topic decades ago in a science-fiction story where a bumptious scientist shows his disappointment with contemporary politicians winning their day by using the same rhetoric devices used in old Athens and Rome. Indeed, in all the ancient societies where a modicum of assembly life was present – be they North American natives or Celtic warriors¹ – rhetoric was highly appreciated.

¹ Their famous condemnation of the Romans is still well known: “They make a desert, and call it peace.” On this, see Finer (1997).

The good scientist neglected that “what technology giveth, technology taketh away”²: today media have put back on the stage the relevance of deliberative oratory,² at the same time contributing to a standardization of language with its implications, both positive and negative.

One of the first modern writers explicitly to address the relationship between language and politics – the core of the research line pursued in this volume – was George Orwell in a short 1946 essay, *Politics and the English Language* (Orwell and Angus 1968), where he reaches the drastic conclusion that “political language – and with variations this is true of all political parties, from Conservatives to Anarchists – is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind.”

He was obviously influenced by his own experience, as shown by the example he provides of how “some comfortable English professor,” defending Stalin’s political style, would camouflage the straight proposition “I believe in killing off your opponents when you can get good results by doing so.” I hope not to be a corruptor by reproducing Orwell’s tragically nice suggestion of how this camouflage might be expressed:

While freely conceding that the Soviet regime exhibits certain features which the humanitarian may be inclined to deplore, we must, I think, agree that a certain curtailment of the right to political opposition is an unavoidable concomitant of transitional periods, and that the rigors which the Russian people have been called upon to undergo have been amply justified in the sphere of concrete achievement.

More interesting are two related propositions. The first one concerns the remark that “if thought corrupts language, language can also corrupt thought.” A point well illustrated three years later in his *Nineteen Eighty-Four*, especially in the fancy Appendix on the logic of the Newspeak (quoted by Thomas De Koninck in his contribution to Chapter 2 of this volume), the language important to Big Brother to reduce the words in order to shirk individual mental capacities. The second proposition – of a more positive and falsifiable nature – suggests that the decline of language “must ultimately have political and economic causes.”

As regards *political causes*, Orwell wrote that

the great enemy of clear language is insincerity. When there is a gap between one’s real and one’s declared aims, one turns as it were instinctively to long words and exhausted idioms, like a cuttlefish spurting out ink. In our age there is no such thing as ‘keeping out of politics’. All issues are political issues, and politics itself is a mass of lies, evasions, folly, hatred, and schizophrenia. When the general atmosphere is bad, language must suffer. I should expect to find – this is a guess which I have not sufficient knowledge to verify – that the German, Russian and Italian languages have all deteriorated in the last ten or fifteen years, as a result of dictatorship.

² I was told at home that passages of Barack Obama’s presidential address re-echoed tones of Pericles, as reported by Thucydides. On Greek tradition, see Kennedy (1963).

After more than half a century, an informal testing does not reject the hypothesis: I was told by a professor of Roman Law that reading a German contribution in that field reveals immediately the influence of Nazi ideology, and the same applies to Italy.³ Luckily enough, the polar case of dictatorship implies that in democratic setting the problem is often less dramatic, in ordinary times at least.⁴

The *economic causes* have to be read through the working of the markets (not so innocent themselves, as Albert Breton shows in his own contribution to this volume), which are driven in turn by technological innovations. Accordingly, account has to be taken of how the pervasiveness of contemporary media affects human interaction, both simplifying the language and developing group idiolects.⁵

In 1961, the French philosopher Michel Foucault foresaw that humankind was going to be destroyed by language, because of the growing dissociation between *les mots* and *les choses*. Although it has luckily been a premature prophecy so far, we can try to apply it to our theme by coming back to the initial dichotomy between representative and responsible government. Reading Karl Popper, it seems that the latter has a better chance to survive than the former. In what probably has been his last contribution, Popper (1998) clarifies a point of his interpretation of democracy and emphasizes that democracy “is not the rule of the people, but rather the rule of law that postulates the bloodless dismissal of the government by a majority vote.” In that line, the purpose of democratic elections is not the old, traditional one of choosing the best rulers, but that of solving the “practical, almost technical” problem of dismissing a bad government by a majority vote: the election day is the political “Day of Judgment . . . a day when a responsible government stands to account for its deeds and omissions, for its successes and failure, and a responsible opposition criticizes this record and explains what steps the government ought to have taken, and why.”⁶

It follows that what matters is not promises, but achievements. In Foucault’s terms, we have a language of facts (*les choses*), not a language of words (*les mots*). Conversely, under the proportional rule many words are needed to keep the loyalty of those who feel satisfied that their opinion is heard! Interestingly

³ Apart from the emphatic writing, the Fascist legacy of a ‘barrack language style’ is still surviving among otherwise polite people.

⁴ Even in difficult times, democracy finds its own antidotes. In a recent TV interview, the Israeli writer David Grossman said that in writing his novels he is always trying to escape the political/military language prevailing in his country.

⁵ A signal in that direction is provided by the recent publication of an English dictionary reporting the four thousands words used by teen-agers.

⁶ Popper submits that under the proportional rule with its coalition governments, a small party “may topple the government at any time. All this grossly violates the idea that lies at the root of PR: the idea that the influence exercised by any party must correspond to the number of votes it can muster.” For a convergent view in terms of voters’ entrapment, see Galeotti 2003.

enough, François Pétry and Benoit Collette found more research-studies on the fulfillment of electoral promises for plurality countries than for proportional ones.⁷

Whatever the questions the reader has in mind on the working of democracy, reading the book is an important step toward understanding the logic of modern democratic speech – how far facts and words are from each other – and makes it fascinating because of the combination of issues examined and countries considered.

Roma

Gianluigi Galeotti

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⁷ In Italy – where the State lottery yielded more money than the property tax (recently abolished) – there is no information of the kind discussed by Etienne Charbonneau.

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Part I
Introduction

Chapter 1

Dissonance in Policy Processes: An Introduction

Louis M. Imbeau

Abstract Policy dissonance – defined as a discrepancy or lack of harmony between what policy makers say or publish and what they do in terms of finance, regulation, administration, or coercion – is the object of four different political economic literatures: forecasting errors, time inconsistency, electoral pledges, and the partisan cycle hypothesis. This introduction reviews these four literatures. It then proposes two conceptual approaches to the inclusion of speech in political economic explanations – speech as the expression of preferences and speech as a policy tool – to raise the issue of rationality and bounded rationality, the issue of the function of policy speech – information, persuasion, or manipulation – as well as the issue of the tradeoffs between the democratic demand for transparency and the efficiency requirement of secrecy. The introduction concludes with the description of the contribution of each chapter to the understanding of dissonance in policy processes.

There seems to be a deep suspicion vis-à-vis politicians and bureaucrats in democratic societies. Citizens find it hard to give credence to what their political elites tell them. This suspicion is such that many observers do not hesitate to speak of a crisis of democracy which, to be solved, calls for an understanding of the relationship between speech and action in policy processes. One way of dealing with this problem is to demand transparency, i.e., a strict correspondence between speech and action, what may be called “policy consonance.” The defenders of this viewpoint think that politicians should tell what they do and do what they say. Yet there are situations when transparency thus conceived does more harm than good and where *policy dissonance* seems to be preferable, as Albert Breton and his colleagues showed in a recent book (Breton et al. 2007). This alternative way of looking at this problem recognizes the presence, and the potential utility, of dissonance in policy processes, trying to understand the conditions under which it manifests itself.

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The concept of dissonance was first developed in the social sciences when social psychologist Leon Festinger (1962) forged the concept of *cognitive dissonance* to mean an individual's perception of an incompatibility between two conflicting emotions, beliefs, attitudes, or behaviors. The concept specifically referred to the individual's discomfort with the situation in which she found herself. The concept of *policy dissonance* does not have a similar connotation as it relates not to the perception of the policy actor speaking and acting but to the perception of the observer who witnesses the conflict or the discrepancy between speech and action. This is somewhat like in music where a dissonance is a chord in which one note is perceived by the listener as not "in harmony" with the others thus calling for a "resolution," which involves moving from the dissonant note to one that is in harmony with the chord being played. Therefore policy dissonance is a situation where the policy analyst observes that all the components of a given policy are not congruent or "in harmony" with each other.

This book is about a specific type of policy dissonance, i.e., the relationship between speech and action in the political economy or more precisely in policy processes. To be sure, speech actually is action; or, more precisely, speech is a form of government activity, a list of which should also include fiscal activity (spending, taxing, borrowing), regulatory activity (conceiving, adopting, or amending laws, regulations, and international agreements), administrative activity (creating, changing, or terminating administrative bodies), coercive activity (enforcing law and raging war), and event activity (holding press conferences, dissolving parliament, sending missions abroad, etc.) (Imbeau 1996: 3). Therefore, to raise the question of whether policy makers "walk like they talk" is to ask whether there is any relationship between these forms of their activity and what they officially say or publish.

This introduction reviews four forms of policy dissonance that one finds in the political economic literature and identifies various approaches to the study of dissonance in policy analysis before describing the content of each chapter.

1.1 Policy Dissonance in the Political Economic Literature

One finds at least four ways of addressing the issue of policy dissonance in the political economic literature: forecasting errors, time inconsistency, electoral pledges, and the partisan hypothesis.

There is policy dissonance when a sensible difference exists between what a government announces as its future revenues and expenditures and what it actually realizes. In their analyses of forecast errors (errors in forecasting government revenues and spending in the budget), researchers have tried to separate uncertainty effects (errors due to unexpected events) from strategy effects (systematically biased forecasting made, for example, by a minister of finance in order to mislead his greedy colleagues by underestimating revenues or overestimating spending). Most of these studies focused on the American States (Feenberg et al. 1989; Mocan and Azad 1995; Auerbach 1999; Rider 2002;

Campbell and Ghysels 1995) but one also finds studies documenting the case of American cities (Rubin 1987), the British case (Paleologou 2005), the Swedish case (Ohlsson and Vredin 1996), or the Canadian case (David and Ghysels 1989; Campbell and Ghysels 1997). This literature identifies two potential sources of forecast errors: uncertainty and strategic manipulation. The limitations of forecasting instruments used by budget officers make it impossible for a budget forecast to be void of error as it is impossible to predict the state of the economy one year ahead. Therefore, errors are unavoidable in revenue and expenditure forecasts. Moreover, politicians may want to overestimate or underestimate their future revenue or expenditure depending on the objectives they pursue. They may underestimate their revenue if they want to calm down the appetites of the pressing demanders of public spending, but they may overestimate it if they want to announce important spending increase or tax cuts without an increased deficit for electoral purposes. The empirical literature on this issue is unanimous in finding that forecast errors follow economic cycles but the issue of the effect of partisan and electoral cycles is debated.

Time inconsistency is another type of policy dissonance. It has been studied exclusively by economists. Here, one considers a decision maker who chooses a policy according to the expectations of economic agents. For example, in order to stimulate investments in a given sector of the economy, a decision maker may announce a tax reduction on returns from investments in that sector. He is therefore ready to assume a loss of revenue in order to reach his objective. The investor, anticipating increased revenues, decides to concentrate her capital in the targeted sector. The policy is a success. When time comes to tax the revenues drawn from these investments, it is not optimal anymore for the decision maker to apply the announced policy as the wanted effects have already been achieved. The optimal policy is time inconsistent. There is dissonance between the speech at the adoption stage (policy announcement) and the action at the implementation stage. Is this a problem? Crettez and Michel (2001) quote the contradictory results of two studies on this issue. On the one hand, Oudiz and Sachs (1984) conclude that, in the realm of the international coordination of economic policies, there is not much discrepancy between the outcomes of the time-consistent and the optimal policies. On the other hand, Cohen and Michel (1987) find the opposite in the realm of unemployment. But if time inconsistency is a problem, how can it be solved? Through a commitment on the part of the government to follow a consistent policy and the construction of the reputation of the decision maker as a “person of his word,” the credibility of the decision maker becomes the credibility of the policy (Backus and Driffill 1985a, b). An alternative solution is the adoption of permanent rules – like a constitutional rule, following the Bundesbank model – which serve as substitutes for a policy that a decision maker would continually adjust to changing conditions (Kydland and Prescott 1977).

A third type of policy dissonance one finds in the literature concerns the relationship between partisan speech and party–government action. Two families of works can be identified: the content analysis of party platforms

with the impressive contribution of the *Comparative Manifesto Project* (CMP) (Klingemann et al. 1994; Budge et al. 2001), which has coded “2347 party manifestos issued by 632 different parties in 52 nations over the postwar era” (Laver et al. 2003: 311), and the numerous empirical tests of the partisan cycle hypothesis.

The CMP has raised two main issues about the relationship between speech and action. The first is the capacity of the content of electoral platforms – coded on a left–right scale – to predict which parties will eventually enter a government coalition. The results are ambiguous as they show that several different coalitions can emerge from a given distribution of political parties in the policy space. However, they show that parties that are closer to each other in terms of the content of their speeches have more chance of forming a coalition and that the party that includes the position of the median voter has more chance of being part of the coalition. The second issue pertains to government activity. The CMP shows that in most countries there is a link between the electoral platform of a party and the policies adopted by that party when in government. This is true also for parties forming the opposition. This result seems to support the interpretation that electoral platforms contribute to set the agenda for the government more than they constitute a mandate for the winning party to implement its program (Budge and Hofferbert 1996).

Research on the partisan cycle hypothesis also pertains to this third type of policy dissonance. These studies typically measure the direction and strength of the relationship between the ideological orientation of governments – which essentially is a measure of speech – and their action, measured most of the time through public spending. This huge literature has been the object of a meta-analysis which concluded that 71% of the 693 statistical tests published on this relationship between 1976 and 1997 do not reject the null hypothesis. In other words, most of the tests disconfirm the partisan cycle hypothesis thus affirming that dissonance is dominant (Imbeau et al. 2001). The meta-analysis further shows that support for the partisan hypothesis varies with the sector of government intervention (it is higher in total and social spending), the period under study (it is higher after 1973), and the method used (it is higher in multivariate designs). Furthermore, the partisan hypothesis has been almost unanimously disconfirmed when predicting public deficits: governments of the left do not have higher debts or larger deficits than governments of the right. In this case, it has been suggested that budget deficits should not be related to the left–right content of party speeches but to another dimension, fiscal conservatism, that does not correspond to the traditional ideological continuum as parties of the left may be more or less fiscally conservative than parties of the right. Indeed, it has been shown that governments of the right often have larger deficits or higher debts than governments of the left (Imbeau 2004a, b).

It is easy to see from this review that efforts at comparing speech and action in order to identify occurrences of consonance and dissonance are widespread in the public policy literature. These works show that dissonance frequently occurs. Politicians show dissonance in their budgetary previsions, in certain

domains of economic policy, as well as in electoral platforms. In this volume, we want to add to this literature by considering dissonance in policy processes where a variety of approaches are possible.

1.2 Approaches to Policy Dissonance

The analysis of policy makers' speech has been the *enfant pauvre* of political economy research despite the fact that policy makers devote most of their time and energy discoursing. Indeed the political economy literature has traditionally focused on government fiscal, regulatory, and administrative activity. This is understandable given our proclivity to assume completely informed rational actors in our theories. In such a context, speech is only noise and it is irrelevant to understanding policy making. However, once this assumption is relaxed to consider incomplete information and bounded rationality, then speech appears to be at the center of political economic explanations. Preferences are no more objectively given – or exogenous – but they are related to beliefs and to normative choices made by actors – they are endogenous – beliefs and choices we may want to grasp through speech analysis. A first approach to the inclusion of speech in political economic explanations is then to look at it as a potential expression of a speaker's preferences.

This book is about politicians and bureaucrats and the way they use language. Political and policy speeches have three main functions: information, persuasion, and manipulation. Thus politicians and bureaucrats speak to inform, i.e., to convey information about what is or about what they think should be. But this information is not always true and complete (Is it ever?!). Sometimes, politicians and bureaucrats give false or incomplete information, either rhetorically to induce their listeners “to act in some way they would not otherwise act” (Dahl 1963: 40) – this is persuasion – or heresthetically to set up the situation in such a way that their listeners “will feel forced by circumstances [to act in some way] even without any persuasion” (Riker 1986: ix) – this is manipulation. Then, we are justified to ask ourselves: “When ‘they’ talk, is their objective to inform, or is it to persuade or to manipulate?” This brings us to a second possible approach: speech as a policy tool.

The “tools approach” emerged in the policy literature in the 1980s after a gestation of several decades starting with the contributions of several American political scientists in the 1940s and the 1950s.¹ Scholars argued that policy studies had gone in the wrong direction when they defined policy in terms of areas or in terms of problems. Rather, they suggested, “we should concentrate on the generic tools of government action, on the ‘techniques’ of social intervention” (Salamon 1981: 256). Soon, speech appeared to be among the most important tools of government. Bardach (1980), for example, looked at three

¹ For an account, see Howlett and Ramesh 2003: 88–91.

types of instruments: enforcement, inducement (including speech), and benefaction. Hood (1986) and Hood and Margetts (2007) saw four types: nodality (the use of information), authority, treasure, and organization. Among the 15 tools he enumerated, Salamon (2002) included “public information.” With this new sensitivity to government instruments came new research questions: What are the factors leading to the choice of a particular tool? What are the consequences of such a choice? Looking at speech as a policy tool raises the issue of the objectives decision makers have when they use it and of its impacts, particularly in democratic societies, on voters and taxpayers.

For this book is about voters, taxpayers, and other potential targets of public speech. As noted above, many observers see a problematic hiatus between democratic elites and the masses in the lack of trust of the latter toward the former. The commonsense approach to policy speeches is based on the prejudice that politicians and bureaucrats do not tell the truth and therefore it is a waste of time to give attention to what they say. However, democratic theory suggests a more balanced view as it raises several questions. Should policy makers always tell the truth and all the truth? What are the benefits and costs of transparency? How can we resolve the apparent contradiction between the democratic demand for transparency and the efficiency requirement of secrecy in many policy areas (budget preparation, monetary policy, foreign policy, security, etc.)? Under which conditions is secrecy acceptable in a democratic society? To what extent may deception and lies lead to a breach of trust or to power abuse? What are the most efficient institutional mechanisms to prevent such abuse? How do citizens react to what they are being told? Are they the rational actors that we like to conceive of in our theories who can decipher the hidden content of messages and act accordingly, or are they the defenceless victims of evermore abusing rhetors and manipulators?

Finally, this book is about social science and the treatment of official speeches in political economy research. From an epistemological perspective, exploring the congruence of speech and action raises many issues of knowledge, among which is the difficult problem of the relationship between ontology, epistemology, and methodology – i.e., the relationship between the nature of reality, the ways we can approach this reality, and the tools that are available to the analyst – that we often face when we want to analyze speeches. Should we assume that speech and action are fundamentally different realities or should we consider speech as a form of action? What is the theoretical and methodological status of both speech and action in politico-economic explanations? Are they part of the *explanandum* or the *explanantes*? Can we validly infer preferences from speeches, and, if so, under which conditions? Do speeches matter at all? How do methods of content analysis and discourse analysis compare? Is a cross-fertilization of quantitative and qualitative approaches possible?

From an empirical perspective, the field of investigation is vast. Here are some of the questions that could be broached:

- Fiscal conservatism in speeches vs fiscal discipline in budget balance: Is an improvement (deterioration) of the budget balance preceded by more (less) fiscally conservative speeches?
- Revenues and spending forecasted in budget speeches vs realized budget outcomes: Is there a systematic bias? If so, how can we explain it?
- Electoral pledges vs actual realizations: Do governments follow up on their electoral pledges?
- Ideological stance in party publications vs spending and revenues of party governments: Do parties of the right and the left speak different languages? How can we validly classify a government as of the left or of the right? Is there a systematic difference between governments of the right and of the left in terms of their policy?

This book does not address each of these questions but it covers a large spectrum of perspectives (from economics and political science to philosophy and law), a wide array of policy fields (fiscal policy, budget preparation, legislative activity, treaty making, party politics, social security systems, public lottery), and quite a number of countries (the United States, Canada, France, Italy, Turkey, and the EU). It is divided into two parts. The first part comprises four chapters presenting perspectives from philosophy, economics, and political science on the general theme of the relationship between speech and action in policy processes. The second part includes ten empirical chapters each addressing an aspect of the issue in one country. Let us now turn to describing each chapter more precisely.

1.3 Anatomy of the Book

In Chapter 2, Thomas De Koninck adopts a philosophical perspective to argue that the quality of political life depends on language, i.e., on “the capacity to hold genuine rational debates” or on “the very faculty of expressing and communicating human thought.” He reminds us of the ravages of mindlessness. For him, the fight for human rights starts with the fights against lies. It is therefore important that “there remain instances in society where truth and justice are served.” He goes one step further to argue that, in addition to discerning the true and the false, one needs to be concerned with the irrelevant. Hence the first task of an educator is to guard against inhumanity, i.e., “everything that chains reason, shuts it, or closes it upon itself” as the future of democracy “hangs on the quality of the formation of its citizens.” He concludes on a plea for culture presenting “the use of words in a spirit of constructive dialogue” as the best way to prevent and control violence.

In his chapter, Albert Breton shows how the application of neo-classical economic assumptions can help understand one specific use of public speech that he calls “information shrouding,” i.e., the “filtering, concealment, and even falsification of information by governmental suppliers of goods and services.”

From a discussion of information shrouding in the private sector, Breton identifies two necessary conditions for shrouding to appear: (1) the suppliers should have the ability to influence the cost of searching information related to the value of a good or service; (2) the suppliers should have the capacity to segment market participants into clusters so as to engage in price discrimination. Then the argument is enlarged to the public sector where the same phenomenon is shown to exist under similar conditions. Suppliers of government goods and services filter, conceal, and even falsify information, either explicitly or implicitly, as a way of increasing the price assumed by citizens to gather information about a given good or service, or about government performance, thus segmenting the public into a few clusters, one of which the government can exploit to its advantage. For example, Breton argues that the “terrified cluster” of American voters that the Bush administration was able to create through the shrouding of information concerning the existence of weapons of mass destruction in Iraq, the connivance between Saddam Hussein and Al Qaeda, the imminence of new terrorist attacks, etc., was large enough to make possible for the White House to direct large sums of money toward particular interests and to assure the re-election of the president despite information about corruption, incompetence, and scandals. Several other illustrations of this mechanism convey the idea that information shrouding is widespread both in the private and in the public sectors.

Vincent Lemieux in Chapter 4 argues that political parties are particularly prone to manifesting a deepening gap between their speeches and their practices. Indeed, among political organizations, political parties are most likely to be blamed for having practices that do not coincide with their rhetoric, mainly for three reasons: (1) parties are multi-sectored organizations, as they have to take position on problems related to the entire political spectrum while other organizations focus on more specific issues; (2) parties’ speeches and activities are more widely publicized; (3) parties compete among themselves. Lemieux devotes the core of his chapter to a typology of the functions of speeches relative to action and to identify correcting measures for the main negative impacts related to each function. These functions are displaying, concealing, legitimizing, contesting, and contradiction solving. Speech serves to display or to conceal parties’ practices, to legitimize its own practices or to contest the legitimacy of another party’s practices, and to solve apparent or real contradictions among practices. Each of these functions having negative impacts on the reputation of parties or on the working of democracy, Lemieux proposes correcting measures, such as making electoral promises on processes rather than results (displaying function), more transparency (concealing function), smaller government (legitimizing function), favoring a proportional electoral system (contesting function), recognizing one’s own limits (contradiction-solving function). For Lemieux, the discrepancy between political parties’ speech and action is one of the causes for their lack of credibility and for the decline of electoral participation.

Do political parties keep their campaign promises once elected? What are the methodologies used by different scholars to demonstrate that political parties

keep (or do not keep) their campaign promises? Are these methodologies valid and reliable? These are the questions that François Pétry and Benoît Collette ask in Chapter 5 reviewing the empirical literature on this issue. Their analysis focuses on 18 scholarly publications of the last 40 years that report quantitative measures of election promise fulfillment. To answer their first question the authors report that parties fulfilled 67% of their promises on average for the period and the cases reviewed (the United States, Britain, Canada, Greece, and the Netherlands). Researching the answer to their second question, they found that three methods are used in this literature: (1) correlation matching roll call votes with pre-election party preferences, (2) correlation matching public spending with election platform emphases, (3) pledge counting. Answering their third question, Pétry and Collette find that only 5 of the 21 studies under review meet all 4 of their criteria for validity.

The next ten chapters present empirical studies of the walk–talk relationship. The authors of the first five chapters raise the issue of the relationship between speech and action in fiscal policy.

In Chapter 6, Francesc Pujol measures US presidents' stated preferences concerning fiscal discipline between 1920 and 2002. His method is straightforward: He read and coded each Presidential State of the Union Address and Presidential Federal Budget Message delivered to the Congress from 1920 to 2002, looking for normative and positive arguments, the former related to various economic theories of fiscal policy and public debt, and the latter stating concrete budgetary practices justifying or contesting the presence of deficits. He thus finds that the insistence on fiscal policy issues follows economic cycles, is greater at the beginning of a presidential mandate, and is higher after 1980. He further documents the undisputed attachment of American presidents to fiscal discipline, an attachment that proved to be stronger prior to 1930 and in the 1990s, with a few exceptions related to the presidential mandates of Roosevelt, Kennedy, Johnson, Nixon, and Ford. Pujol concludes on the high internal coherence he found in public speeches and on the potential of speech analysis as a tool systematically to measure politicians' preferences concerning fiscal discipline.

In Chapter 7, Emma Galli, Veronica Grembi, and Fabio Padovano evaluate the erosion of electoral accountability of the “governors” of the Italian Regions at three political moments: (1) the election, (2) the inaugural speech of the governor, (3) the governor's first important policy decision, i.e., the long-term regional budget (DPEFR). Using content analysis they assess the position of each governor on a left to right distribution in the inaugural speeches and in the budget documents. They then analyze the correlation between the distributions of (1) the electoral results and the inaugural speeches and (2) the inaugural speeches and the budget documents, under the assumption that greater similarity can be interpreted as greater accountability. The analysis detects some erosion of accountability from the elections to the inaugural speeches and a more important one from the inaugural speeches to the budget documents. A series of ANOVA tests suggests that the region's relative economic position and dependency on transfers from the central government partly explains such loss of accountability.

In an effort to understand better the relationship between government inaugural addresses and budgetary choices in France, Martial Foucault and Abel François in their chapter ask the question “Do politicians practice what they preach?” To answer their questions, they content-analyzed the 17 inaugural speeches delivered by French prime ministers since the inception of the Fifth Republic (from 1958 to 2001) and compared these expressed priorities to actual budget choices through a regression analysis. They conclude that French governments are cynical (there is no relationship between their expressed priorities and their budgetary choices), except in the areas of agriculture and of transport and public works where the authors find inconsistency as governments chose to decrease their spending in those fields after having made them a priority in their speeches.

Do governments manipulate their revenue forecasts? This is the question that Jérôme Couture and Louis Imbeau raise in Chapter 9. Comparing public revenue forecasted in the budget speech of provincial governments in Canada to the actual revenue reported in provincial public accounts, they show that more than half of the time there is an underestimation of revenue in budget speeches, the range going from an underestimation of 25% of actual revenue to an overestimation of 20%. Then they ask whether the uncertainty – related to forecasting instruments, available data, and the sheer difficulty of predicting the evolution of the economy – suffices to explain the variation over time and space. Their regression analyses show that political factors also contribute to the explanation. Among these factors are election year, strength of the right, and dependence on federal transfers.

The objective of Chapter 10 by Louis Imbeau is to explore the relationship between speech and action in the budgetary process of provincial governments in Canada. Imbeau asks the following question: Does the fiscal conservatism (or liberalism) expressed by politicians in their policy speeches correspond to the fiscal discipline (or indiscipline) they manifest when they improve (or deteriorate) their budget balance? In his search for an answer, he explores the conditions under which dissonance is useful for the general welfare. He proceeds in two steps. First, he proposes a conceptualization of power relationships in the policy process to identify the conditions of a benevolent dissonance in fiscal policy. Second, he proposes an empirical investigation of the model measuring fiscal discipline in action and fiscal conservatism in speeches and shows that indeed provincial premiers in Canada often lack transparency but that this dissonance is very often beneficial for reaching the goal of properly financing public services.

The next two chapters emphasize the use of speech in legislatures, the US Senate in Chapter 11 and the Canadian provincial legislative assemblies in Chapter 12.

Chapter 11 by Jean-François Godbout and Bei Yu investigates the relationship between legislative activity and legislative speech in the US Senate from the 101st to 108th Congresses (January 1989 to January 2005). The analysis measures the link between the quantity of speech used on the floor by particular senators and their individual level of legislative productivity, i.e., the number of bills they

introduced or co-sponsored by senators. The analysis controls for numerous aspects of legislative organization, such as committee leadership and party leadership positions. Additional controls such as party affiliation, majority status, ideology, and proximity to an election are also added to determine whether certain context-specific factors have an impact on the amount of floor speeches. Godbout and Yu show that there is indeed a relationship between speech and action in the American Senate. However, this relationship is mitigated by ideology (liberals speak more) and by the distribution of partisanship in the Senate (senators in the minority obstruct more by increasing their level of floor activity). They also report that in later congresses, after the Republican Revolution of 1994, conservative senators have become more like their liberal counterparts.

Do political parties align their policy speeches on their ideology once in power? This is the basic question Jean Crête and Nouhoun Diallo ask in their chapter. Analyzing the content of the 37 inaugural speeches delivered by Quebec Premiers in the National Assembly from 1960 to 2006 they assess the ideological position of each speech on a left–right continuum. These results seem to contradict the basic tenet of the convergence school as the spread of ideological positions gets wider as we move over time. Furthermore, the authors find that the content of the inaugural speeches corresponds to the ideological position a party occupies in the policy space, even though there is often an important variation from one year to the next within a given party government. Finally, when comparing the content of the party platforms to that of the inaugural speeches, Crête and Diallo find that there is congruence between the two: the ideological content of an inaugural speech tends to reflect the ideological content of the electoral platform of the premier’s party.

In the last three empirical chapters, the authors explore the relationship between speech and action regarding conflicting policy objectives in US state public lotteries (Chapter 13), in the formation years of the European Union (Chapter 14), and in social security reform in Turkey (Chapter 15).

In Chapter 13, Étienne Charbonneau content-analyzed the annual reports of eight US state lottery agencies so as to assess whether they were fiscally or socially focused. He finds that six of them leaned toward fiscal concerns, three toward social concerns. After a comparative qualitative analysis (QCA), the author comes to the conclusion that no combination of factors including internal and external fiscal pressure, earmarks for gambling or for the general fund, could explain the difference in the observed outcome. He further notes that two paths of action suggest that speech is used strategically by lottery agencies.

In Chapter 14, Jean-Michel Josselin and Alain Marciano explore the ambiguities of the speeches about the political union of Western Europe in the late 1940s and early 1950s to show that, as predicted by the principal–agent theory, the lack of a clear contract between the principals (would-be member states of the EU) and their agents (European institutions) paved the way for the European Court of Justice to make decisions against the will of the member states. Indeed, in a principal–agent relationship, a principal’s speeches have an important impact on an agent’s actions. Interpreting a corpus of several speeches and draft treaties,

Josselin and Marciano describe the birth of the idea of a European constitutional contract and show how attempts at deepening political integration failed in the fifties. Despite this failure, the authors argue that the institutional direction that the project of political union has taken is ambiguous because the discourse and its formal transcription cannot select between the two models of federation and confederation.

Ahmet Sürdem analyzes the discursive construction of social security reforms in Turkey in Chapter 15. Using a semiotic network approach he analyzes the discourse of 12 participants to the decision-making process regarding social security reform to show that the apparent convergence of populist and technocratic discourses is matched with important structural differences.

In their conclusion, Louis Imbeau, Steve Jacob, and François Pétty summarize the findings presented in the chapters of the volume before presenting three models of policy speech and action, finally, to conclude that dissonance is not always pathological.

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Part II
Disciplinary Perspectives

Chapter 2

The Power of Words: A Philosophical Perspective

Thomas De Koninck

Abstract The evolution of societies is primarily determined not by political regimes, nor by modes of production, as some people still believe, but by culture (or its opposite), which proves a far more powerful determinant in the end. Sufficient proof of this is provided by the impact today of the new technical powers of communication that are effectively restructuring our whole social life, including economics and politics. Since the power of ideas and the power of words are so intimately related, we try here to see why this is so and to what extent.

What could be more powerful than the word? In his *Encomium of Helen*, Gorgias celebrates it, with good reason, as “that mighty sovereign, which, with an insignificant and perfectly invisible physical reality, achieves the most amazing results” (Gorgias 1960). St James wrote, “the man who never says a wrong thing is a perfect character, able to bridle his whole being” (James 1960). The Analects of Confucius conclude with the sentence, “Without knowing the force of words, it is impossible to know men.” And everyone must be familiar with the response of the Master to the question: To administer the government, what will you consider the first thing to be done? “The Master replied, ‘What is necessary is to rectify names’” (*Confucian Analects* 1892).

Bossuet explained as follows to King Louis XIV why he had to be severe while teaching him the rules of grammar: “We do not blame the fault itself so much as the failure of attention which is its cause. That failure of attention now makes you confound the order of words; but if we let that bad habit grow and become stronger, once you come to handle, no longer words, but things themselves, you will disturb their whole order. You speak now against the laws of grammar; you will then scorn the precepts of reason. Now you misplace the words, then you will misplace the things” (Roy 1991).

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Hence it is that the evolution of societies is primarily determined not by political regimes, nor by modes of production, as some people believe, but by culture (or its opposite), which proves a far more powerful determinant in the end. Sufficient proof of this is provided by the impact today of the new technical powers of communication that are effectively restructuring our whole social life, including economics and politics.

The basic reason for that is the power of ideas, famously rendered in the following conclusion of John Maynard Keynes's *The General Theory of Employment, Interest and Money* (London, 1936): "The ideas of economists, and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few Years back. [. . .] Soon or late, it is ideas, not vested interests, which are dangerous for good or evil."

The reflection I propose to share with you has two main parts, entitled respectively "Mindlessness" and "A Case for Culture."

2.1 Mindlessness

So great is indeed the power of words that, throughout history, tyrants, dictators, totalitarian regimes and certain bureaucracies have invariably feared them above all, as much as they have feared thought and the truth; a sign of this is the fact that intellectuals gifted with words – such as poets, philosophers, journalists – never fail to be the first to be considered suspect and even barbarously eliminated, as a consequence, whenever possible. In *Pour sortir du xx^e siècle*, Edgar Morin recalled the example of Mao Zedong who, thanks to his propaganda, succeeded in making the naive from the West believe that China had definitively suppressed famine, even while people had been and were in fact dying in droves from a succession of famines – including, it is now believed, the worst famine in history. He took advantage of "the key illusion that problems of freedom of expression, of political plurality, are altogether secondary with regard to demographic, food or economic problems" (Morin 1981; Margolin 1997).

For totalitarian regimes, language must be reduced and narrowed. Rémi Brague explains it well when he writes, in his preface to *Éthique de solidarité*: "Since it is incapable of transforming reality, ideology acts on words naming that reality [. . .]. For language is the first link between humans, it is, as it were, the blood of social life. To poison it is to poison the latter. Perverting language is consequently the primary factor of the destruction of the real civic society [. . .]." From then on invasion is called "liberation," the state of exception is named "normalization;" "peace, democracy, liberty, justice" mean that the party now holds power (Brague 1983).

George Orwell made the same point admirably in 1984: “If one is to rule, and to continue ruling, one must be able to dislocate the sense of reality.” That is called “reality control” in ordinary speech (“Oldspeak”), whereas in the new language (“Newspeak”) whose aim is to narrow minds, it is called doublethink, which means “the power to hold two contradictory beliefs in one’s mind simultaneously, and accepting both of them.” Such statements as the following need hardly surprise, then: “It’s a beautiful thing, the destruction of words.” And “Don’t you see that the whole aim of Newspeak is to narrow the range of thought? In the end we shall make thought crime literally impossible, because there will be no words in which to express it.” Indeed “Orthodoxy means not thinking – not needing to think, Orthodoxy is unconsciousness.” The good thing about the proles is that “being without general ideas” they could only focus on petty specific grievances, with the result that “the larger evils escaped their notice” (Orwell 1954).

In a brilliant article dating back to 1959, which he still judges fundamental today, George Steiner underscored how the Nazis succeeded in destroying the German language, incorporating into it the very lexicon and syntax of the inhuman. “Languages [he wrote] are organisms. Infinitely complex, but organisms nevertheless. They have in them a certain life force, and certain powers of absorption and growth. But they can decay and they can die.” They have “great reserves of life. They can absorb masses of hysteria, illiteracy, and cheapness. [...] But there comes a breaking point. Use a language to conceive, organise, and justify Belsen; use it to make out specifications for gas ovens; use it to dehumanize man during twelve Years of calculated bestiality. Something will happen to it. [...] Something will happen to the words. Something of the lies and sadism will settle in the marrow of the language. Imperceptible at first, like the poison of radiation sifting silently into the bone. But the cancer will begin, and the deep-set destruction” (Steiner 1985).

We see there, then, how those who most hate both culture and liberty make their essential interdependence evident. To deny one without denying the other is in fact impossible.

The stereotyped languages of our bureaucracies and of a certain business world – instead of “firing people,” you “rationalize,” you “consolidate, you “restructure” – bring out the same convergence. Vaclav Havel has justly denounced in those languages and in those other forms of anonymous, impersonal power, the same irrational automatism and the same inhumanity as in contemporary totalitarian systems (Havel 1989). The visceral hatred of language and of culture, which characterizes them just as much, does not leave room for doubt in that regard.

Milan Kundera stigmatized it all magnificently as so much “totalitarian kitsch.” Although less manifest at first, mental intoxication and emotional intoxication are no less mortal – they are doubtless more damaging still – than physiological intoxication; for every form of intoxication discernment is a matter of life and death. The Greek verb *krinein* (meaning “to separate,” “to judge,” “to decide”), whence are derived “critique,” “criterion,” and so on,

refers back in the first place to a most fundamental physiological function, which is the elimination of noxious substances from the organism: if our kidneys cease to “criticize” we die. The latin verb *cernere*, contained in the word “discernment,” follows the same pattern of meanings: one must separate the good from the bad at all levels. *Excrementum* has the same root; a full and just perception of this in Kundera’s works is altogether remarkable: “kitsch is the absolute denial” of *excrementum* “in both the literal and the figurative senses of the word; kitsch excludes everything from its purview which is essentially unacceptable in human existence.” Now, “if there is no difference between the sublime and the paltry [. . .], then human existence loses its dimensions and becomes unbearably light.” “Kitsch is a folding screen set up to curtain off death.” “In the realm of totalitarian kitsch, all answers are given in advance and preclude any questions. It follows, then, that the true opponent of totalitarian kitsch is the person who asks questions.”

It is obvious here, in a word, that awareness essentially consists in discerning, in being able to judge, and therefore to reject what is bad. There is on the other hand no Either/Or, “Entweder/Oder” in dreams, as Freud observed (Kundera 1984; Freud 1942).

In regard to propaganda, we used to think that it might be true or false, failing to foresee a third possibility, very aptly described by Aldous Huxley as “the development of a vast mass communications industry, concerned in the main neither with the true nor the false, but with the unreal, the more or less totally irrelevant.” We had failed to take into account “man’s almost infinite appetite for distractions” (Huxley 1983; Winter 2002; Miller 1988, 1990). The “dream” world of publicity wields an incalculable influence today, while saying practically nothing that makes sense, being subservient to immense financial interests. So do the media by favoring the spectacle of violence, or what Germans call *Schadenfreude*, delighting in other people’s miseries through scandal mongering, slander, or cheap gossip. The entire arsenal of means of communication can serve here: films, songs, every conceivable form of image, recordings of all sorts, in order to produce, through editing and whatever effects one chooses, the illusion of reality, charging it, as was pointed out by Pierre Bourdieu: “with political and ethical implications that are apt to provoke strong, often negative sentiments, such as racism, xenophobia, hatred mixed with fear of the foreigner,” and their predictable social effects (Bourdieu 1996; Kant 1963).

Judea Pearl, the father of Daniel Pearl, the Wall Street journalist who was executed in Pakistan in 2002, raises the right questions when he denounces ethnic hate and anti-Semitism as now causing the deaths of millions of people. We are witnessing, he says, the most important progression of racial hatred in the history of humanity. How is this possible? It is difficult not to be perturbed, as he is suggesting, by the fact that the press and the media play such a considerable role in the diffusion of that hatred (Pearl 2003; Sontag 2003).

Even within the discourse of ideas, an element of surprise, of sensationalism, will be used to stave off what threatens to become intellectual boredom for

many, playing the role of a means of conviction. The art will consist in hiding or disguising the real message. What is exploited to the core is the classic difficulty of discerning between the sophist and the honest person – between the wolf and the dog, to quote Plato’s well-known simile in his dialogue the *Sophist* (231 a). Beyond the affectation of competition, we witness instead a homogenization of contents and of the types of information sought for, as well as the fostering by the media of a tyranny of public opinion, one of the most important natural vices of democratic societies according to Tocqueville.

What can be more natural indeed, in such a perspective, than to gradually eliminate, as much as possible, well formulated discourse from television. Pierre Bourdieu rightly protested against whatever favored such an elimination, abstaining, for example, from visual illustrations, “as a manner of affirming the autonomy of analytic and critical discourse” and avoiding to obfuscate the line of “argument and demonstration” (Bourdieu 1996).

The fight in defence of human rights – the fight for the right to have rights – begins with the fight against lies, and to give back to words their true meaning. We are otherwise reduced to a form of slavery. Whoever takes over power by eliminating the criterion of truth turns language into a pure instrument of propaganda, of downgrading. As Plato observed in the *Republic*, injustice has recourse to persuasion and brutal strength, under the guise of a scarcely veiled intimidation. The manipulation of words, the absence of any sense, can reduce anyone to the status of a non-person. Degradation settles in as soon as the word loses its dignity, which is to tell the truth, to be the means whereby truth and reality are revealed and made manifest. Suffice it to recall Kafka’s *The Trial*: someone comes to arrest you, without your knowing why, ever: your words will have no impact at all, and after much verbiage you will be executed. To quote George Steiner once more, “The arrest of Joseph K., the opaque tribunals, his literally bestial death, are the alphabet of our totalitarian politics. The lunatic logic of the bureaucracy which the novel sets out is that of our professions, litigations, visas, fiscalities, even in the lighter greys of liberalism” (Steiner 1996). Those who decide are too often apt to follow blindly those who precede them on the way to the precipice, without even attempting to look ahead, as illustrated by the set phrase *mouton de Panurge*, after a story in Rabelais where the rest of the sheep in a herd stupidly jump off a cliff after another sheep – “comme vous sçavez, estre du mouton le naturel, tousjours suivre le premier, quelque part qu’il aille” (Rabelais 1942).

Hence the extreme importance that there remain instances in society where truth and justice are served. But what to do if even these are corrupt? When medias and institutions are in the hands of corrupt people, submitting everything to market values or transforming all values into merchandise, Juvenal’s question proves as necessary as it was in Ancient Rome: *quis custodiet ipsos custodes?* (“Who guards the guards themselves?”).

And finally, we now have, in addition, “plastic words” to deal with. Everyone should read Uwe Poerksen’s remarkable denunciation of these. Examples he provides are “identity,” “development,” “transportation,” “modernization,”

“communication,” “energy,” sexuality,” “information.” He calls such words “the master key to the everyday,” adding that “they are handy, and they open doors to enormous rooms. They infiltrate entire fields of reality, and they reorder that reality in their own image.” The trouble being that “since science abandoned Latin,” it has drawn into itself, from it and from folk languages deriving from it, “concepts from these languages, altered them, and then released them in their new form back into the common language, where they then had enormous effects.” Needless to say, “amorphous plastic words are the elemental building blocks of the industrial state” (Poerksen 1995).

2.2 A Case for Culture

Any educator has the primordial task of guarding against inhumanity, of denouncing it, and of attempting to remedy against it, as did Socrates. How can one be just? The French philosopher Alain spoke of that profound justice, “a wholly inner wisdom,” over which no one has power. Few have stigmatized as skilfully as he did what he called “the Merchants of sleep,” namely everything that chains reason, shuts it, or closes it upon itself, against what is truly human. “All political power, he wrote, acts through minds and on minds. Armies are armed by opinion. As soon as citizens refuse to approve and to believe, cannons and machine guns can no longer operate.” Journalism, “medias of the light,” “shadow makers” are apt to render us insensitive to reality, anaesthetizing us to the point of unconsciousness. As with all forms of narcissism, moreover, “the deification of humanity by itself leads to the destruction of humanity and of civilization.” There are multiple forms of narcissism, from dictatorships to the “urban” perceiving itself as beyond nature. Genuine culture awakens us to the world and to others, unties the mind, cures it from the obsession and the madness that make one see a thing constantly under the same angle, fortifies judgment, which is “the only power that makes a human being truly free.” One must therefore give everyone access to genuine culture (Alain 1942).

The original institution of democracy is no less instructive. The Greek word *demos*, “people,” had first meant “the poor.” According to Aristotle, the true difference separating oligarchy from democracy was not numbers, but wealth and poverty, freedom being “for everyone.” In Athenian democracy, the poor had access to political dignity, since they could have a direct hold on power through speech. All citizens could speak in the people’s assembly, the *ekklesia*, which was the genuine organ of decision. Now such equality for all citizens was deemed superior by reason of their very diversity. The essence of Aristotle’s argument in favor of democracy is based precisely on that diversity within unity, witness the following remarks: “For each individual among the many has a share of excellence and practical wisdom, and when they meet together, just as they become in a manner one man, who has many feet, and hands, and senses, so too with regard to their character and thought. Hence the many are

better judges than a single man of music and poetry; for some understand one part, and some another, and among them they understand the whole.” And again, “[. . .] The many (to plêthos) might fairly answer that they themselves are often better and richer than the few – I do not say individually, but collectively” (Plato 1955; Aristotle 1996).

The advantage we have today over democracy in ancient Athens is that we are no longer burdened by the exclusion of women, of slaves, and of people of foreign extraction from the title of citizens that alone gave to the poor the right to speak in the general Assembly. As Benjamin Barber brings out forcefully, our human strength resides in our capacity for community, which makes the ideal of participation the most realistic stand for a world at grips, as is ours, with what Clifford Geertz calls the vertigo of relativism (Barber 1998).

Heraclitus saw clearly that harmony is in truth founded on contrariety, on the adjustment of opposites. His examples were the bow and the lyre (see DK 22 B 51), but he would add, “the hidden attunement (harmoniê) is better than the obvious one” (B 54, Kahn translation). By the lyre, he meant the instrument itself, but it also suggests music, which offers the best example, probably, of such a law of opposites. In a symphony the opposition between the instruments must be as clear as possible, with each one preserving its own resonance with a view to the harmony of the whole, to the unity that will draw everything to itself. Peace is likewise invariably to be conquered by hard-fought struggles, through the tension and the maintained unity of contraries, just as, for that matter, life itself. The consensus obtained through debates and democratic actions has nothing in common with the unity imposed by a demagogue. A further advantage of having everyone participate in democracy is that we then also respect the evolution of identities, and the profoundly dynamic character of human existence, lived in constant suspense.

But for all this to be, we must have speech. As the title of a classic of contemporary philosophy proclaims, we “do things with words” (Austin 1962). What can be easier than to destroy someone’s reputation, his or her entire life even, by whispering something gravely slanderous in somebody’s ear? How is it, we must ask again, that a few sounds of no apparent consequence wield such power? And yet, as we pointed out at the outset, how much the common good is served by the power of words is equally obvious: institutions concerned with justice, indeed political power itself, all depend on it.

In fact, the language proper to the speaking animal that we are does refer spontaneously to the just and unjust, to good and evil. So much so that once such words lose their meaning, barbarism is close at hand. Logos alone offers an alternative to violence. In a famous lecture on ethics, Wittgenstein went so far as to say, “Ethics, if it is anything, is supernatural,” and “the tendency of all men who ever tried to write or talk of Ethics was to run against the boundaries of language.” Therefore, “Ethics so far as it springs from the desire to say something about the ultimate meaning of life, the absolute good, the absolute valuable can be no science.” Ethical statements are not verifiable in the same way statements about chairs and tables are. As Wittgenstein says again, “no

statement of fact can ever be, or imply, a judgement of absolute value.” In the latter case, in other terms, we need to have recourse to conscience. Still, we cannot exchange, or argue, about good and evil, just and unjust, without words and the universal concepts to which those words refer (Wittgenstein 1965).

For words are the expression par excellence, of the universal, the intelligible, all that transcends the senses. We are par excellence awake thanks to words: discernment, necessary distinctions are made manifest through words. As Fernand Dumont wrote, “There is culture because human persons have the faculty to create another universe than that of necessity. Language is its highest incarnation. We speak to go beyond what is already there, to accede to a conscience that transcends the body qua thing and the other qua object” (Dumont 1995; Eliot 1962).

And this explains in turn the very great importance of those disciplines which help to sharpen the mind, or, to put it in Newman’s carefully chosen terms, “to give the mind clearness, accuracy, precision; to enable it to use words aright, to understand what it says, to conceive justly what it thinks about, to abstract, compare, analyse, divide, define, and reason, correctly.” Well before learning logic in a more formal sense, the young must benefit from what Newman, again, called “a discipline in accuracy of mind” (Newman 1976). Such arts are essential to the formation of persons, as well, since they too awaken critical thought. “To read, to write, to count – the teaching of those three acts reaches out into the most profound and subtle works of the mind,” wrote Paul Valéry (1974).

Frequent contact with great works of art, those of poets especially, opens higher horizons and refines the mind. Metaphors, a special gift of poets, afford a good example of this. Speaking of Plato, Iris Murdoch wrote perceptively, “Of course he used metaphor, but philosophy needs metaphor and metaphor is basic; how basic is the most basic philosophical question” (Murdoch 1977). Metaphors, in fact, train the mind to grasp connections hitherto unnoticed between realities very distant one from the other in appearance, “just as in philosophy also an acute mind will perceive resemblances even in things far apart,” as Aristotle observed in his Rhetoric (Aristotle 1991). And such a rapport, one might add, with Proust this time, “is in the world of art analogous to the unique rapport of the law of causality in the world of science” (Proust 1987).

While our native tongue is of course our best access to language itself, to *logos*, our access to it in writing awakens and enriches to an inestimable extent not just language but our thought and our freedom as well, our search for meaning, our life itself at its most intimate and best. As regards meaning, one could hardly exaggerate the great importance of poets and of other artists whose chief material is words. The reason for this is simple and was admirably expressed by Iris Murdoch: “Words are the most subtle symbols which we possess and our human fabric depends on them” (Murdoch 1970). Indeed they signify far more distinctly than things ever can. Above all, human thought finds expression in language primarily, specifically in what is called ordinary language. All attempts to construct a univocal language allegedly proper to

rational knowledge “show forth a contrario the originality of tongues,” as Claude Hagège rightly insists (Hagège 1985). One of the most remarkable contributions of cognitive science, in the works of Jerry Fodor notably, is that it has succeeded in proving anew the existence of a language of thought (*lingua mentis*) (Fodor 1975). Likewise, Paul Grice gave new blood to philosophy of language, linguistics, and cognitive sciences by demonstrating afresh the priority of intentions in communication, of “intending to say” and therefore of thought over language (Grice 1989).

In point of fact, even if they have recourse to other symbols, scientists also need ordinary language in order to understand what they are doing and to communicate their knowledge to others. They are, furthermore, moral agents, like everyone else. In Iris Murdoch’s excellent terms, once again, “the most essential and fundamental aspect of culture is the study of literature, since this is an education in how to picture and understand human situations. We are men and we are moral agents before we are scientists, and the place of science in human life must be discussed in words. This is why it is and always will be more important to know about Shakespeare than to know about any scientist: and if there is a ‘Shakespeare of science’ his name is Aristotle” (Murdoch 1970).

The contrast between the fluidity and evanescence of the sensible world and the invariance, on the contrary, of universals contained in words, has never ceased to amaze philosophers, East and West, down to this day. “Natural language, by which I mean purely biological language, perishes in action,” observed Alain. Whereas it is clear that, as the superb first chapter of Hegel’s *Phenomenology of Spirit*, entitled “Sense-Certainty,” brings out well, words refer to universals, even when they try to point, for example, to “this” singular thing. “This,” and “this individual,” “here” and “now” are all universals that can be said of countless individuals or situations. “Now” is a universal that is said of every “now,” past, present, and future, everyone of them equally elusive, for that matter – as this actual now, for instance, which is never the same – while the written word “now” remains there on the page, unchanged. To quote Hegel, “When I say ‘a single thing’, I am really saying what it is from a wholly universal point of view, for everything is a single thing; and likewise ‘this thing’ is anything you like. If we describe it more exactly as ‘this bit of paper’, then each and every bit of paper is ‘this bit of paper’, and I have only uttered the universal all the time.” In order for expressions such as “this” or “that” to mean this particular thing “here” before me I need to point it out. As Hegel put it again, language has thus indeed “the divine nature of directly reversing the meaning of what is said” (Alain 1960; Hegel 1977). I mean this thing before me, but what comes out of my mouth is inescapably a universal.

To conclude, then, it should be obvious that our first access to intelligibility, the very life of the intellect, the most mature, richest life it behoves us to experience – with the exception of love – is to be found in the infinite nuances of ordinary language. It should be no less obvious, furthermore, that the quality of political life depends on it. We have underscored how dependent democracies are on the capacity to hold genuine rational debates. Their future hangs

therefore on the quality of the formation of its citizens, on their ability to discern what is merely demagogic. In the absence of rational debates, under one form or another, every democracy threatens to degenerate into demagoguery. History has demonstrated, time and again, that the decline of language, of the very faculty of expressing and communicating human thought in a given society, entails an increase of violence. The best way to prevent and control violence is the use of words in a spirit of constructive dialogue. The more articulate and authentic those words prove to be, the better the future for all of us.

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Chapter 3

Information Shrouding and the Governmental Supply of Goods and Services: An Economic Perspective

Albert Breton

Abstract The chapter develops a hypothesis to account for the easily observed fact that the shrouding of information – such as the concealment, distortion, and falsification of information – is a feature of the supply side of both the private and public sectors.

Consumers and citizens need information to make decisions. In some circumstances, suppliers – business enterprises and public sector actors – can raise the cost of searching for the information required by demanders to choose efficient courses of action by shrouding information. When engaging in activities that make searching less attractive to citizens is expected to be profitable, suppliers will contemplate undertaking information shrouding.

Assuming that the net benefits to private and public suppliers are positive, these suppliers will shroud information only if by so doing they can also segment market participants and citizens into clusters, with the members of at least one of these clusters having demand curves for the good and/or service suppliers are offering that, in the relevant range, has a price elasticity that is greater than one. Sometimes and for some goods and/or services, the emergence of exploitable clusters appears to be almost spontaneous; at other times and for other goods and/or services, the emergence of exploitable clusters requires the investment of resources by suppliers.

3.1 Introduction

All decisions, however small, require information. The acquisition of information, in turn, is the product of what George Stigler (1961) has called “search,” an activity which absorbs time, effort, and other costly resources. The information on which decisions are based and choices made is therefore always imperfect. My purpose is to analyze the origins and the effects of a particular kind of imperfection, what I will call shrouding – such as the filtering, concealment, and

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the falsification – of information by governmental suppliers of goods and services. However, because the practice of shrouding by private market suppliers is perhaps just as widespread and possibly more tractable than that in the public sphere, I will begin by examining some forms of shrouding that take place in the marketplace.

In two important papers on advertising, Phillip Nelson (1970, 1974) has suggested that goods be classified either as *inspection* goods¹ – goods whose worth or value can be appraised or judged at the time of purchase – or as *experience* goods – those whose worth can be evaluated only after use.² Acquiring information on inspection goods is less costly than obtaining it on experience goods, simply because if the worth of one of the latter turns out to be wanting, additional costly search will be required to achieve maximum utility.

The activities of appraising and evaluating commodities in Nelson’s world take place on the demand side of the market, though because he is concerned with the *indirect* informational effects of advertising – indirect, as advertising is assumed to contain no precise information about products – suppliers play an important role in his analysis because they are assumed to be promoting the worth of their products through advertisements that emphasize the dependability and reliability of the suppliers – their long-life as business enterprises, their size, the renown of some of their clients, and so on. In the presence of inspection goods and with repeat purchases of experience goods there can therefore be no shrouding of information by suppliers. Information is still imperfect, but individual consumers can be assumed to act as neoclassical theory rationalizes their behavior.

Michael Darby and Edi Karni (1973) have argued that in addition to inspection and experience goods, there are also *credence* goods and services, whose worth can be verified neither by inspection nor by experience. Surgery and automobile repair are examples. Because it is difficult – sometimes impossible – to establish whether surgery or repair are needed, “fraud” is possible: unnecessary appendectomies and hysterectomies can be performed and perfectly good transmissions and brakes can be replaced.³

In the Darby and Karni paper, the “optimal” amount of fraud is derived from an analysis of the amount of excess repair services an “expert buyer” – one who knows “the actual production function relating the ultimate service flow to the repair inputs” (70) – is induced to purchase when dealing with a supplier who is capable of increasing the flow of repair services (there is no queue) and who seeks to make the marginal return from additional repair services as large as the marginal cost of lost business consequent on the expert buyer

¹ Nelson calls them goods that possess “search qualities” – or search goods. I use Stigler’s (1987, 244) nomenclature for the Nelson goods.

² Nelson’s initial results have been formalized, expanded, and reinforced by Milgrom and Roberts (1986).

³ Hahn (2004), using the apparatus developed by Milgrom and Roberts (1986), argues that advertising of the sort Nelson (1974) had in mind can reduce fraud.

withdrawing his or her good will. Darby and Karni's main concern is the institutional responses of competitive markets to the possibility of fraud and how, in equilibrium, these market forces generate an "optimal" amount of fraud through monitoring.⁴

Inspection goods, experience goods with advertising, and credence goods and services with market monitoring in the models of Nelson, Milgrom and Roberts, and Darby and Karni are goods and services whose supply is market regulated to generate optimal outcomes. My concern is different. I focus on goods and services – that I will call *shroudable* – whose supply can be manipulated by suppliers in competitive markets in such a way as to beget equilibrium outcomes that are less than optimal.

I will argue, using well-known propositions of microeconomic theory, that if two conditions obtain suppliers will engage in information shrouding. These conditions, which are necessary, are first that shrouding must be capable of raising the cost of search for those who inhabit the demand side of markets and public sectors; and second that shrouding must make it possible for private and public suppliers to segment demanders and citizens into groupings, classes, or clusters, and that in at least one of these clusters members be characterized by demand curves, which in the relevant range have price elasticities of demand that are greater than one.

This hypothesis, though it focuses primarily on the "talk" component of the "walk-talk" dichotomy, is nonetheless related to the "walk" dimension. If the hypothesis makes a contribution to this important topic, it is in the formulation of the (necessary) conditions under which "talk" permits "walks" that are to the selfish advantage of the "talkers" and their associates. If the hypothesis sheds no more than dim light on the topics addressed during the Conference's sessions on "Do They [the Politicians and other Public Officials] Walk Like They Talk," it is because of the different methodologies used. Neo-classical economics is based on the idea that actors are always motivated to exploit available opportunities, subject to specified constraints. That is what the private and public suppliers do in this paper. In microeconomic analysis, the motivations are always clear-cut; they are less precise in the real world, in the discussions during the Conference's sessions, as well as in the illustrative cases I examine below.

In the next section, I offer a simple hypothesis that accounts for the existence of shrouding in markets. In Section 3.3, I present three examples of market shrouding, describe what the three cases have in common, and adduce evidence that the three cases are indeed cases of shrouding. In Section 3.4, I enlarge the hypothesis proposed in Section 3.2 for market shrouding to account for what we observe in the public sector. Then, in Section 3.5, I offer five examples of shrouding in the public sector. Section 3.6 concludes the paper.

⁴ The existence of experience and credence goods and services had been recognized by Arrow (1963/1971) in a framework of market failure and of trust and rules as remedies for the failures.

3.2 A Simple Hypothesis

There are two *necessary* conditions for shrouding to exist.⁵ The first pertains to the ability of suppliers to influence the cost of searching for information related to the worthiness of goods and services, and the second, which is complementary to the first, relates to the capacity of suppliers to segment market participants into different classes, groups, or clusters so as to be able to engage in price discrimination.⁶ To put the matter differently, suppliers will shroud information if they expect that doing so will increase the cost of searching for information *and* if they expect that these cost increments will allow them to identify clusters of buyers that can be exploited via price discrimination.

Shrouding requires that the cost of searching for needed information be “high,”⁷ that, in other words, it be difficult for consumers to obtain information either because doing so requires technical knowledge that buyers do not have the means to acquire, or because media reports are inaccurate or simply erroneous due to a lack of space or to journalistic incompetence, or because suppliers can rig information without anyone being aware that this is being done, or because of any other similar or related reasons. In other words, suppliers can sometimes raise the cost of search by spending a “small” volume of resources to that end; in other circumstances, the expenditure needed to obtain that result will have to be “large.” Suppliers will only allocate resources to increase the cost of search if doing so is expected to be profitable. It follows that if raising the cost of search calls for the expenditure of an increment of resources greater than what these same suppliers can expect to garner, shrouding will not exist.

Shrouding is also used to segment market participants in clusters so as to be able to engage in price discrimination.⁸ We know from conventional microeconomics that all variants of monopoly pricing – of which price discrimination is one – require that, in the relevant range, demand curves be elastic – the price elasticity must be greater than one.⁹ In other words, information shrouding is a

⁵ I do not address the matter of sufficiency. The two necessary conditions I discuss are, in all likelihood, not sufficient. It is not necessary to insist that little is known about sufficiency in much of economic theory.

⁶ In Section 3.4, I defend the use of the word ‘clusters’ in the discussion of public sector shrouding. For reasons of symmetry, I use that word throughout.

⁷ I will use this word to refer to the situation that obtains when the cost of searching for an additional “unit” of information exceeds the benefits that one would derive from that extra unit, such that none more is acquired. The cost may be high because the time, energy, and other resources that would have to be committed to searching is too large or simply because consumers (citizens) are not aware that information is being shrouded and consequently make decisions on false information.

⁸ For a good discussion of the theory of price discrimination and of its uses, see Philips (1981).

⁹ The marginal revenue (MR) of a seller is equal to the price (P) of the product she sells multiplied by $(1 + 1/\text{the elasticity of demand})$ or $MR = P(1 + 1/\varepsilon)$, where ε is the elasticity of demand. If that elasticity is less than one, an increase in price will generate a negative marginal revenue.

marketing device that is used to artificially manipulate information about the characteristics of goods and services thus creating the conditions that make discrimination possible. Price discrimination requires that there be clusters of buyers with different elasticities of demand, that these clusters can be constructed and/or identified at a reasonable cost, and that the demand curves of members of at least one of these clusters be greater than one in the relevant portion of the curve.¹⁰ It also requires that members of these different clusters not be able to transact with each other in the good or service sold. Price elasticities can vary among clusters with such factors as income, availability of substitutes, urgency of demand, and others.

If the cost of ascertaining the “correct” information must be “high,” and if at least one cluster whose members have demand functions whose price elasticity in the relevant range is greater than one must exist, it follows that if search costs cannot be sufficiently increased and/or if buyers in all clusters are characterized by price elasticities in the relevant portion of the demand curve that are less than one, shrouding will not be observed.

3.3 Shrouding in the Marketplace Illustrated

The three cases discussed in this section (as well as those in the next section) are intended to illustrate how information shrouding affects decision-making by consumers (and in Section 3.5, by citizens).¹¹ Here, I look at three cases of shrouding in the marketplace: wild salmon, extended warranties, and airline travel.

3.3.1 *False Labeling: Wild Salmon*

The distinction one finds in the literature between inspection, experience, and credence goods and services raises the question of whether there are goods sold in the marketplace that do not belong to these classes. The answer, which I have already revealed, is that there are. Marian Burros (2005) reports that “tests performed . . . on salmon sold as wild by eight New York City stores, going for as much as \$29 a pound, showed that the fish at six of the eight were farm raised. Farmed salmon, available year round, sells for \$5 to \$12 a pound in the city.” The shrouding of information is possible given that “wild and farmed salmon fillets and steaks look similar because farmed fish are fed artificial coloring that makes them pink, but that coloring can be measured in laboratory testing.” In

¹⁰ If there is only one cluster whose members’ demand curve has a price elasticity greater than one, we have monopoly pricing.

¹¹ Shrouding and brainwashing, though they no doubt belong to the same family of activities used to manipulate individuals, are two different phenomena. For a model of brainwashing, see Breton and Dalmazone (2002, 46–58).

the same article, Burros reports that Laura Fleming, a spokeswoman for the Alaska Seafood Marketing Institute, said that “the most obvious clue [that the salmon is not wild] is flavour, but by th[e] time [that this is experienced] it’s too late.” The practice of false labeling is widespread – salmon and many other variety of fish are neither inspection, experience, or credence goods – they are shroudable goods.

In a way the “wild” salmon case is a prototype applicable to a large variety of commodities such as products that are said to be “organic,” or eggs that are sold as having been laid by hens that have ranged in the great outdoors, and so on. In the case of salmons, Burros was able to have laboratory tests performed to establish whether they were wild, but such tests may not be available for all shroudable goods and services.

It appears that a considerable fraction of the general public has come to believe that wild salmon is more healthy than farmed salmon. That belief is based on information diffused by the media based on reports that farmed salmon is fed pellets of *concentrated* fish products that contain variable amounts of PCBs (polychlorinated biphenyls), dioxins, and dieldrin (an insecticide), whereas wild salmon feeds on what nature has to offer in its rivers, lakes, and oceans. If ordinary farmed salmon contains toxins of various sorts, experts and those who read them know that wild salmon often contains large quantities of mercury and other toxic elements. Unless one has been informed that organic salmon – necessarily farmed – is better than wild salmon for health, one is a candidate for shrouding.¹²

If the number of candidates is sufficiently large, fishmongers will try to segment the market into clusters – based, let us say, on income levels – in the hope of inducing consumers whose demand curve, at the high discriminatory price, has an elasticity larger than one, to buy as wild salmon that which is in effect farmed salmon.¹³

3.3.2 *Glossing: Extended Warranties*

Consumers Union – the publisher of *Consumer Reports* – has “long advised [its readers] against extended warranties” (*2007 Buying Guide*, 8), with the exception of a few products. The rationale behind the recommendation is firstly that an

¹² Organic salmon is salmon that has *not* been fed chemical pesticides or fertilizers, hormones and antibiotics.

¹³ In the wild salmon illustration, shrouding is over the quality of the product as consumers can be assumed to care little about how quality is produced. In the case of some other products – *ethical* goods are an example – the mode of production is the focus of attention even when quality is invariant among modes. For example, some consumers will refuse to buy goods produced by using child and/or forced labour even if the quality of the product is high. In cases such as ethical goods, shrouding would be over the mode of production. I am grateful to Pierre Salmon for bringing these goods to my attention.

extended warranty of two years (say) on a product that already has a warrantee of one year (say) by the manufacturer is, in effect, an extended warrantee of one year as the two warranties run concurrently during the first year. Secondly, the data accumulated by Consumers Union indicates that the cost of the extended warranty is, on average, much in excess of the cost of repair.

In the *2007 Buying Guide* (8–9), Consumer Reports (CR) recounts four cases of what it calls “hard ball sales tactics,” what I call shrouding. The stores are identified – P. C. Richard & Son, Sears, Best Buy, and Lowe’s – and the products listed – room air conditioner, gas range, side-by-side refrigerator, and dishwasher – to make each of what CR identifies as “the scenario” more concrete and more understandable, it tells us the exact gloss or falsehood. To illustrate, in the case of the dishwasher at Lowe’s, the prospective buyer is told by a salesman who is trying to sell an extended warranty that “the quality isn’t there anymore . . . everything is being made in Mexico, and God only knows what they’re doing down there”. CR adds that “only 13% of three-year-old dishwashers . . . have been repaired.”

If sales personnel can segment the market by generating glosses or falsehoods, it will be able to exploit consumers who for one reason or another can be pushed to a segment of their demand curve where the elasticity is greater than one, and can be victims of price discrimination.

3.3.3 Deception: Airline Travel

A third and last example of shrouding in the marketplace is provided by air travel. Shrouding of information by firms in this industry takes the form of advertisements that are misleading in that what is advertised is often not available in quantities sufficiently large to guarantee supply to a meaningful fraction of readers of the advertisements. The same is true regarding the disposal of travel points. It is always difficult, indeed often impossible, to know how much it will cost to travel from one point to another. Travel agents were an important factor in eliminating some of the effects of shrouding and, as a consequence, the airline companies discontinued the practice of paying these agents for doing the job of selling their product.

The terms of sale for air fares are subject to conditions presented at the bottom of advertisements usually in long-line, small-type formats, sometimes all in block letters, using a syntax that makes an understanding of the restrictions difficult to fathom: these pertain to the fares themselves, which are devised to vary according to the time of travel (the hour of the day and the day of the week and month), seat availability for point-travel that is unknown but very limited, and so on.

Airline companies know that the market can be segmented into clusters of travellers who need or want to travel on particular dates and who therefore have a demand curve for air travel whose elasticity is greater than one and can consequently be charged prices that are discriminatory.

As these three stories illustrate, information shrouding can take many forms, indeed many more than the stories report. I hope they also make clear that shrouding is not an all or nothing phenomenon – no shrouding or complete shrouding – it is a variable that can be normalized to take any value that is larger than zero (a very small amount of it) and as large as one (complete shrouding).

3.4 The Simple Hypothesis Enlarged

In the public sphere, as in the marketplace, there are two complementary conditions that are necessary for information shrouding to take place: a first pertains to search costs and a second to the segmentation of the citizenry into clusters.¹⁴ Also, as in the marketplace, search costs can be raised through a variety of techniques: falsification, misrepresentation, ambiguity, secrecy, selective emphasis, and so on. In the illustrative cases of shrouding discussed in the next section, I identify the techniques used, often in the sub-titles. This case-by-case discussion should make clear that the behaviors of public sector actors in many ways mimic those of private sellers.¹⁵

Because the variables – the goods and services provided by governments – over which segmentation is undertaken are often Pigou-type externalities (1932, Part II, Chapters II and IX), Samuelson-type public goods (1954), Musgrave-type merit goods (1959, Chapter 1), and/or Breton-type non-private goods (1974, Appendix 1) segmentation will, in general, be more complicated in the public sphere than in the marketplace. The reason for this is simple. Externalities, public goods and related phenomena, as well as the very nature of the collective decision-making mechanisms, create some degree of interdependence between citizens. Segmentation necessarily cuts through networks of interdependence in arbitrary ways.

This has two consequences which are basic for an understanding of the necessary conditions for shrouding. A first consequence of interdependence is that public sector actors will want to engage in information shrouding on issues that are of interest to, and/or are a preoccupation for, a large number of citizens. Public sector actors will want to avoid being overly divisive (however, see below on probabilistic voting). In other words, public sector actors will seek to raise the cost of searching for information on matters that are or can become important for large segments of the population.

¹⁴ The literature – see for example Congleton (1991) and Salmon (2002) – often calls the kind of groupings I have in mind “coalitions,” which gives the impression that the groupings are alliances. The groupings that segmentation begets are seldom, if ever, alliances. For that reason I prefer the word “clusters.”

¹⁵ The number of players in the public sector is very large. There are obviously politicians and bureaucrats, but there are also judges, central bankers, military personnel, police officers, and many others. Because none should be excluded from the hypothesis, I use the words “public sector actors” as an all-inclusive expression.

As is the case in the marketplace, the second necessary condition for shrouding in the public sector relates to the possibility of segmenting the citizenry – of creating clusters on the demand side of the public sector. But interdependence is also relevant in respect of this second condition. Because of interdependence the number of clusters that any one government will try to create will be small. To put the matter succinctly, the first necessary condition for shrouding – that the cost of searching for information that would reveal the true state of nature be “high” – is more effectively achieved when only a few but large clusters are created.

To see why this must be so, we must recognize that once they inhabit a cluster created by information shrouding, the inhabitants of that cluster become, to borrow Salmon’s (2002) felicitous expressions, “monomaniacs.”¹⁶ These are individuals who have preference functions in which many policy issues most likely enter as arguments but who, because of information shrouding by public sector actors, give such weight to one (possibly a few) of these issues that they behave as if their preference function had only that issue as argument.

The effectiveness of information shrouding in the creation of clusters of monomaniacs will depend on the elasticity of the function that “transforms” *potential* monomaniacs into *actual* monomaniacs. If that elasticity is small (less than one), the rate of transformation will also be small, and the elasticity will be smaller if public sector actors must attract citizens from other clusters of monomaniacs rather than from the non-monomaniac population at large. In other words, generating monomaniacs will be constrained by the fact that the marginal rate of transformation of potential into actual monomaniacs will usually be declining.¹⁷ Issues and concerns over which shrouding can take place can be substitutes to, or complements for, each other. In the first case, the elasticity of the transformation function will be small; it will be larger in the second. For any given degree of rivalness, the smaller the number of alternative clusters of monomaniacs and the larger the non-monomaniac population, the greater the ease of creating a larger cluster of monomaniacs and of raising the cost to citizens of searching for information.

The forgoing has implications for one of the most important predictions of the theory of probabilistic voting. That theory tells us that for (say) a governing party (call it “a”), expected electoral support is equal to “a”’s subjective probability that citizen “j” will grant it her or his vote, with the probabilities summed over all “j” (= 1, . . . , J) citizens. A central implication of this proposition is that *all* citizens count in the decisions made by “a.” If a move by “a”

¹⁶ Salmon (2002, 72) writes: “. . . that the main mechanisms which may transform otherwise sensible persons into sincere extremists are those that involve a drastic narrowing of the person’s vision or concern”. Though I am not concerned with extremists and extremism, I feel justified in using the word “monomaniac” in that I provide a “mechanism” which can lead to a “dramatic narrowing” of one or more concerns of one or more persons. Congleton (1991) calls these people “zealots,” a word that does not reflect the sort of people I have in mind.

¹⁷ At least as long as the function used to produce monomaniacs is linear homogeneous which seems a not unreasonable assumption.

increases the probability that any one “j” will vote for it, while not reducing the probability that “i” \neq “j” will vote for it, the move will be made. If public sector actors are able to create truly large coalitions of monomaniacs on which they can rely for electoral and other forms of support, they will simply disregard the non-monomaniacal segments of society. That is a phenomenon that one does indeed observe.¹⁸

The ability to raise the cost of searching for information will not be enough, however, for shrouding to take place. It will also be necessary that public sector actors be able to exploit to their benefit the cluster or clusters of monomaniacs they are creating. It will also be necessary, in other words, that a condition akin to that which must obtain in the marketplace if price discrimination is to be possible – namely that the price elasticity of demand in the relevant range be larger than one – also be present in the context of public sector supply. One possible formulation of this second necessary condition for information shrouding in the public sphere is that the elasticity of demand for what monomaniacs expect will be provided to them by the public sector actors they support be greater than one, allowing these public sector actors either to reduce part or all of the bundle of other goods and services provided these monomaniacs (and all others in society for whom, however, the public sector actors have no interest), or to increase the tax prices charged for these goods and services, or some combination of both.

As in the marketplace, if the costs of search cannot be raised to a high enough level and/or if the elasticity of demand for goods and services provided by governments is less than one, information shrouding will not take place.

3.5 Shrouding in the Public Sector Illustrated

For reasons that will become apparent later, I distinguish between explicit and implicit shrouding. The first is more direct and has a family resemblance to market shrouding, while the second is more roundabout. Again I provide examples that will serve to illustrate the theoretical propositions.

3.5.1 Explicit Shrouding

3.5.1.1 Falsification: Fear Mongering

We do not know why the US government went to war against Iraq – the very large number of conjectures purporting to rationalize the decision is proof

¹⁸ That was the electoral strategy pursued from 1995 to 2002 by the Ontario Progressive Conservative government of Michael Harris. It is also the strategy currently used by the federal Conservative government of Stephen Harper. The non-monomaniacs abandoned by the Harris strategy and by the Harper strategy were and are the populations of Ontario and of Canada’s larger cities.

enough of that assertion. Once begun, however, the war was used by the Administration as a device to, among other things, manipulate part of the budgetary process of the federal government to make it possible for the White House to siphon large sums of money toward particular interests. In Frank Rich's (2007) words "... there have been corruption, incompetence, and contracting or cronyism scandals in these cabinet departments: Defence, Education, Justice, Interior, Homeland Security, Veterans Affairs, Health and Human Services, and Housing and Urban Development."

The shrouding strategy used by the Administration consisted in cultivating fear in the population at large through continuous declarations regarding the existence of weapons of mass destruction (WMD) in Iraq, conflating Saddam Hussein with Al Qaeda, regularly announcing the imminence of terrorist attacks by manipulating an Advisory System devised by the Department of Homeland Security aimed at providing information regarding the risk of terrorist attacks, asserting the existence of negotiations between Hussein and the authorities of Niger that would make it possible for the first to purchase natural uranium from the second, and other events capable of generating fear in the population. The falsifications were successful. Until very recently, a majority of Americans effectively lived in fear of terrorist attacks. The Administration had been so successful in the shrouding of information that it had created a cluster of monomaniacs, which was virtually coextensive with the entire population of the country. With a single cluster of monomaniacs, we should expect monopoly pricing or something close to it. That makes it easy to understand not only Rich's (2007) reference to "corruption, incompetence, and [the] contracting or cronyism scandals" but also the mismanagement of the wars in Iraq and Afghanistan, the neglect of a destroyed New Orleans after hurricane Katrina, the large tax cuts to the benefit of the wealthier segments of society, and a number of other like decisions.

It is difficult for citizens to assume that when their political leaders address issues such as national security, terrorism, war, even economic growth and health care, they are not forthright. So when the US Administration declares that it has incontrovertible evidence that Saddam Hussein possesses WMD, which he is planning to use against his enemies including the people of the United States, it is difficult for the average citizen to think that their leaders are inventing "facts." When experts, such as Hans Blix (head of the United Nations Monitoring, Verification, and Inspection Commission-UNMVIC), and Mohamed ElBaradei (head of the International Atomic Energy Agency-IAEA) asserted that evidence of the existence of WMD and of plans to build such weapons could not be found, their words were not heard.¹⁹

¹⁹ The language I am using in this subsection implies that the Administration had "private information" about the real situation in Iraq before going to war and decided to falsify that information to get the public's support it felt it needed to go to war. It is virtually impossible to take a different view given the ongoing investigations and reports by the UNMVIC and the IAEA.

The effectiveness of the fear mongering was made possible by two things. First, by what can only be described as a virtually complete breakdown of one of the basic elements of the machinery of democratic government at the national level in the United States. The fact that for six years the Republican Party controlled the Senate, the House of Representatives, and the White House meant that the system was more or less void of checks and balances. In this connection, it is interesting to note that outside the United States, fear mongering was non-existent or muted and largely ineffective. This was true of Canada – a country within what could be called the “falsification ambit” of the United States. One of the reasons for this state of affairs is no doubt the fact that Canada and the countries of Europe (including importantly in this instance Britain) have parliamentary systems of government in which, because of the presence of one or more opposition parties in their parliaments, never totally lack checks and balances.²⁰ Second, with very few exceptions, during those six years, the mass media accepted to be subservient to the Administration and to participate in fear mongering.²¹ Eventually, the possibility that the United States could be defeated in Iraq and in Afghanistan, as more and more of the media increasingly reported, blunted the cultivation of fear. In early 2007 with a new Congress in place, checks and balances resurfaced and information shrouding and fear mongering began to diminish.

The foregoing is based on the tacit assumption that the cluster of monomaniacs, which shrouding has permitted, is sufficiently large to insure enough support for the fear mongers to govern and be re-elected. To examine the assumption and the consequence of removing it, I focus on a particular cluster, to wit the victims of fear mongering. I will call the cluster they form “the terrified cluster.” If the governing politicians could assume that the size of the terrified cluster of monomaniacs would remain unchanged, they could disregard the citizens that are outside that cluster. They cannot, however, make such an assumption because of the uncertainty that attaches to any future course of events.²² Consequently, they will attempt to shroud on other matters besides terror – possibly on fiscal imbalance or ethanol. If a government is in a minority position as was the case in Canada with the Paul Martin government and as is currently the case with the Stephen Harper government, one should expect to observe information shrouding on a number and on a variety of fronts. Indeed,

²⁰ It is also possible that the existence of public broadcasters in many of these countries means that the “Hug mechanism” (see next footnote) is blunted.

²¹ I am grateful to Simon Hug, who discussed the paper when it was presented at the Conference, for his analysis of the complex interaction between governmental falsification and the media. The latter serve two markets at the same time: a market of people (*usagers* in Hug’s analysis) consuming entertainment, news, analyses, letters to editors, etc.; and a market for advertisers. If the government’s falsification is sufficiently powerful and effective in that it shrouds true information almost completely, the media will find themselves obliged to diffuse the falsities in order to sell advertising – their very bread and butter.

²² I am grateful to Simon Hug for pointing to the role of uncertainty in the analysis of shrouding – a reality which was completely absent in the Conference’s version of the paper.

one should expect to observe a succession of fronts as the government discovers that on particular topics shrouding is not very effective.

3.5.1.2 Misinterpretation: Fiscal Imbalance

In their 1978 book, Breton and Anthony Scott argued that intergovernmental flows of funds in decentralized governmental systems are endogenous – they are the consequence of the assignment of expenditure and revenue powers and of related realities. These include (among others) the interpretation of assignments and of powers by the courts and therefore constitutional jurisprudence and constitutional conventions as understood by these same courts, concurrency and the meaning acquired over time by the notion of paramountcy, and the place and role that contracts – some of which Public Finance economists call “conditional grants” – have come to play as substitutes for a temporary or permanent reassignment of some powers.²³ Assignments, in turn, are the product of forces, which is the task of scholars to examine and analyze. Breton and Scott identified four, which they called “organizational variables,” and which Robert Inman and Daniel Rubinfeld (1997), in their excellent survey of the literature on federalism, accepted as *the* relevant variables to analyze assignments.²⁴ Breton and Scott also argued that it was almost impossible to imagine equilibrium assignments – that is assignments for which the driving forces were in balance – that did not entail intergovernmental flows of funds. Because powers can be misassigned in the short term, disequilibrium assignments can be associated with larger or smaller intergovernmental flows of funds than those that would obtain under an equilibrium assignment. Given the large number of instruments available to change the “real,” as distinguished from the “legal,” assignment of powers, the question of whether disequilibrium assignments, that is, whether misassignments can persist in the long term – and therefore whether *fiscal imbalances* can exist – is not an easy question to address.²⁵

²³ On intergovernmental contracts, see Scott (forthcoming).

²⁴ Inman and Rubinfeld (1997, 96–97) call the Breton-Scott organizational costs “transaction costs” and label them: “decision costs,” “monitoring costs,” “revelation costs,” and “moving costs,” a change in nomenclature that they do not defend. In the fifth (1980) and sixth (1987) editions of *The Public Finances. An Introductory Textbook*, Buchanan and Flowers, in their recommended “Supplementary Readings” at the end of the chapter on federalism, refer students to Breton and Scott (1978) as providing “a modern discussion of the economics of federalism,” which I take as an authoritative endorsement of the robustness of the theory. Musgrave et al. (1987, 506) make use of the Breton-Scott model to offer a “positive theory” of intergovernmental grants, which again I take as an endorsement of the Breton-Scott (1978) model.

²⁵ I note in passing that in my frame of reference, the expression fiscal imbalance is a semantic accident – a cute expression that got attached to what elsewhere in economics we call a disequilibrium!

In the last twenty years, much of the work on the assignment of powers and related issues in decentralized governmental systems whether federal or unitary has been on the forms and roles of competition among governments inhabiting different jurisdictional tiers, labeled vertical competition – an application of Pierre Salmon’s (1987) model of the forms and roles of competition among governments located on the same level, identified as horizontal competition. The theory of vertical competition that has emerged from that work is now known to be congruent with the 1978 work of Breton and Scott on organizational activities (see Breton, 2006, 91–95).

The fact that those who have participated in the public discussions on fiscal imbalance have made no serious references to the division of powers and/or to a failure of vertical competition is an indication, I suggest, that there is no fundamental disequilibrium in the assignment of powers in Canada and therefore no fiscal imbalance. There is a discussion of the division of powers in the Department of Finance’s document *Restoring Fiscal Balance in Canada* that accompanied the 2006 federal budget; but though the document focuses on important matters, it does not address the question of whether the situation is one of disequilibrium. It is easy to document that there have been serious exogenous shocks to the fiscal system in the last decade and a half, but nothing severe enough that that system has not been able to cope with. In such circumstances, references to fiscal imbalance is public shrouding.

Stephen Harper, when in opposition, was aware that seats from Quebec were necessary if he and his party were to cross Parliament’s aisle. He was also aware that a fair number of Quebecers believe that there is a large fiscal vertical imbalance in the Canadian federation. Many who hold to that view also think that the imbalance is a consequence of a disequilibrium division of powers in the Canadian federation – few, it would appear, think that the observed budgetary surpluses and deficits are the product of provincial “weakness-of-the-will” phenomenon or of a decision on the part of a number of provincial governments to be free-riders. In that frame of reference, Harper promised that if given a chance to form a government, he would rectify the imbalance.

The end of the story is revealing. The 2007 federal budget transferred a large amount of money to the government of the Province of Quebec directed specifically at the elimination of the fiscal imbalance. That sum was immediately used by Premier Jean Charest to cut income taxes in the province. That decision is not only evidence of shrouding – in this case of “collusive shrouding” by the federal and the Quebec governments – but supports the view taken in this subsection that the fiscal imbalance debate was a charade played with Quebec voters in mind.

3.5.1.3 Overstatement: Ethanol’s Virtues

On March 26, 2007, the Associated Press reported that President George Bush, meeting the Presidents and CEOs of General Motors, Ford, and DaimlerChrysler “touted the benefits of ‘flexible fuel’ vehicles running on ethanol and biodiesel.”

The press communiqué gave the impression that the US President wanted “flex-fuel” vehicles to achieve a “shift away from gasoline and reduce the nation’s reliance on imported oil.”

Washington’s interest in ethanol from corn and other plant-based inputs goes back to a number of years. Researchers at the US Department of Agriculture have published reports (see Shapouri et al., 2002, 2004) that emphasize the efficiency of corn in producing ethanol, though the US Department of Energy (USDA) had earlier reported (ERAB, 1980, 1981) that the yield, measured in energy units, of producing ethanol using corn was negative. David Pimentel and Tad Patzek (2005, 66), reviewing the work of the USDA researchers as well as that of many others (listed in their paper) write that “numerous scientific studies have concluded that ethanol production does not provide a net energy balance, that ethanol is not a renewable energy source, is not an economical fuel, and its production and use contribute to air, water, and soil pollution and global warming.” The main source of disagreement is simply that the USDA researchers do not include many of the energy inputs used in ethanol production. Pimentel and Patzek provide what they claim is a complete list of the inputs necessary to produce ethanol as well as measures of the average contribution of each input to the output.²⁶

USDA’s efforts are supported by multinational agribusinesses, like the very large Archer-Daniels-Midland Company, that transform cereal grains into products that are then used in foods and beverages, as well as in industrial and animal feeds, and of course in ethanol. These companies make enormous profits as a result, in part, of the very large subsidies paid by the federal and state governments both to the cultivation of corn and to the production of ethanol (McCain, 2003). The increased demand for corn puts upward pressure on the price of corn, but average farmers benefit very little from the subsidy programs because corn is an input in the production of many farm products which these average farmers produce (see also Runge and Senauer, 2007). The main beneficiaries of the subsidy programs are the agribusiness conglomerates.

At the present time, sugarcane is much more efficient than corn and other plants grown in the United States in producing ethanol – possibly twice as efficient. Brazil is the country that produces most sugarcane-based ethanol – half the world’s total output while making use of only one percent of the country’s land mass. The United States maintains a tariff of 54 cents-per-(US) gallon on Brazilian ethanol, making clear that the talk on flex-fuel vehicle that can use ethanol and the rationale for the subsidy programs are nothing more than information shrouding on the part of the White House and the USDA.²⁷

²⁶ *Consumer Reports* (2006, 15–17) has also argued that the use of ethanol is, at present, inefficient.

²⁷ In Brazil the quantity of ethanol produced (e) is a function of the prices of crude oil (c) and of sugarcane (s), with $\partial e / \partial c > 0$ and $\partial e / \partial s < 0$. Ethanol is, in effect, produced to reduce the country’s dependence on foreign supplies of oil. I am grateful to Mariana Prado for this information.

Americans are increasingly worried about the consequences of their lifestyle of their dependence on foreign suppliers of oil and gas. Many are also worried about global warming and about what it could do to their country. They have made themselves perfect targets for information shrouding. To understand what ethanol can and cannot achieve in combating dependence on foreign sources of energy and global warming requires the possession of knowledge and a capacity to work with and interpret data that very few citizens have. The cost of acquiring information is therefore high.

The stage is thus set for the emergence of one or more clusters of mono-maniacs that will support the production of ethanol using corn, the transfer of large sums of their own money to agribusinesses, and paying higher prices for the goods they purchase that make direct and indirect use of corn and other plant-based products as inputs.

3.5.2 *Implicit Shrouding*

In the case of explicit shrouding of information by public sector actors, it is necessary that one or more “outside” sources be available to judge, evaluate, and appraise the “official” information. In the first of the above three cases, the outside source was the appearance of a mass media willing to provide more accurate information on the US wars; in the second case the outside source was an articulate model of the nature of fiscal balance and imbalance; and in the third case, the outside sources were scientific data and expertise. It seems that in the case of explicit shrouding, academic scholarship often has a crucial role to play in combating shrouding.

If it is difficult to obtain information in the case of explicit shrouding, it is much more difficult – in many cases impossible – when shrouding is implicit. There are two reasons for this. First, if secrecy can be enforced either because those who share in the secret are few and/or a strong network of trust or a forceful code of silence is accepted by the “insiders” (the classical example is *omertà*²⁸), then “outsiders” are not likely to access the information. Second, as we will see immediately, when all parties recognize that certain information must remain secret for one reason or another – national security, commercial rules of fairness, relations between a client and (say) her lawyer – then secrecy is likely to obtain.

In the public sector, the problems posed by “legitimate” secrecy complicate the analysis of information shrouding. I illustrate this by reference to two institutional features that one finds in governmental systems: (a) the nature and characteristics of access to information legislation, which, in one form or

²⁸ Cutrera (1900) writes that “omertà is a code of silence . . . that seals lips of men even in their own defence and even when the accused is innocent of charged crimes.” Quoted by Nelli (1981, 13–14).

another, now exists in virtually all democratic countries; and (b) the budget secrecy which is an attribute of budgetary processes of parliamentary systems of government. I look at these two realities in the Canadian context at a particular point in time because institutional details vary between systems and over time.

3.5.2.1 Access to Information

Consider Canada's *Access to Information Act* as currently (2007) formulated. Section 2. (1) states that "the purpose of this Act is to extend the present laws of Canada to provide a right of access to information in records under the control of a government institution in accordance with the principles that government information should be available to the public, that necessary exceptions to the right of access should be limited and specific and that decisions on the disclosure of government information should be reviewed independently of government." Sections 13 to 23 and Section 26 list exemptions to the public availability of information. There is no doubt that the Act is sometimes capable of forcing a governmental institution to make public information it would prefer to keep secret, but there is no doubt either that some of the exemptions to making information available can be subject to significant interpretations. Consider Section 18b. It reads: "The head of a government institution may refuse to disclose any record requested under this Act that contains information the disclosure of which could reasonably be expected to prejudice the competitive position of a government institution or to interfere with contractual or other negotiations of a government institution". Reasonable and legitimate? Yes, but also capable of considerable interpretational leeway.

3.5.2.2 Budget Secrecy

Another instance of legitimate secrecy that has attracted considerable attention on the part of political scientists is that related to the budgetary process of parliamentary systems. The process I look at is a stylized version of the one ruling in Ottawa during the Trudeau years (the 1970s and early 1980s). To appreciate the nature of the problem, one must distinguish between *external* and *internal* secrecy. The first pertains to the secrecy maintained vis-à-vis the public at large; the second to the exclusion of line ministers and of the Prime Minister from participation in the formulation of the budget. External secrecy poses no problem. Traditional explanations of budget secrecy focus on external secrecy and are based on the idea that without it insiders could benefit from a change in tax legislation at the expense of others. As Allan Maslove, Michael Prince, and Bruce Doern (1986) have already noted, that rationale rests on the view that information can be accessed by some people and not by others. For, as they correctly point out, "[i]f everyone were to receive a preview of a budgetary item at the same time, no unfair advantage would exist" (76). Maslove, Prince, and Doern's explanation for internal secrecy rests on an "announcement effect." In their words, the unveiling of a hitherto secret budget provides "an opportunity [to the government] to demonstrate effective economic management by announcing

policy initiatives to respond to economic problems and to take advantage of positive developments” (76). The 2007 budget of Minister of Finance James Flaherty (and many other budgets in past years) is proof enough that this cannot be the rationale for internal secrecy.

Neither the traditional nor the Maslove-Prince-Doern explanations can account for the “excess” power “given” to the Minister of Finance – an excess over that accorded to other ministers – which would simply vanish if budget secrecy was jettisoned. These explanations cannot account for the absence of budget secrecy in congressional government systems. More importantly, they do not recognize that what principally needs to be explained is the “exclusion of other ministers from the [revenue] budgetary process” (Hartle 1982, 2), not the exclusion of the public.

The question, then, is why budget secrecy? The answer is that, in the absence of secrecy, bargaining would be unstable. Why? Because any concession accorded by the Minister of Finance (call her F) to a line minister (call him M_j) would be an occasion for all M_i 's ($i \neq j$) to revise their own strategies. Budget secrecy, then, allows F to keep her bargaining strategies with different line ministers independent of each other, while making it rational for line ministers not to revise their own strategies when concessions are made by F to one or another particular line minister. The point is that in the absence of budget secrecy, F 's contingency plans would be easily estimated, inducing line ministers to adopt harder bargaining strategies. This would not only increase the frequency of bargaining breakdowns and the consequent need for prime ministerial intervention, but would destroy the possibility of stable Nash equilibrium outcomes. An interesting by-product of budget secrecy, incidentally, is that it legitimizes the assumption of a Nash process according to which one's strategy is not altered if others persist in their existing strategies – a situation not often encountered in the real world.

Budget secrecy, in other words, induces line ministers to adopt softer bargaining strategies in regards to expenditures than they would if the revenue budget process was wide open, which increases the incidence of Nash equilibrium outcomes. The possibility of a cabinet shuffle has a similar effect, except that it uses up some prime ministerial power. In principle, however, that possibility affects all ministers alike, including the Minister of Finance. As a consequence, if the incidence of Nash equilibrium outcomes is to increase – a result desired by the Prime Minister – the expectation entertained by the Minister of Finance that she will be shuffled must be smaller than that held by line ministers. But the Prime Minister cannot communicate that overtly to the Minister of Finance – a guarantee of tenure (even a very limited one) would undermine prime ministerial power. However, because over time and in the postulated context expectations will become rational, subjective and objective probabilities must eventually coincide. The Minister of Finance, albeit without being certain, can therefore assume by reference to “history” that she is less likely to be shuffled than line ministers. A testable implication of the theory of budget-making in parliamentary governments suggested in this paper, then, is that the average tenure in office of ministers of finance is greater than that of line ministers.

The power of the Minister of Finance, as measured by her capacity to adopt harder bargaining strategies, is directly related to that of the Prime Minister, increasing as that power increases. A reduction in the volume of prime ministerial power makes it possible for line ministers to adopt harder strategies without increasing the incidence of intervention. Popular wisdom, which blames the Prime Minister for “excessive” increases in the size of the government, is therefore correct. What it usually misses, however, is that the cause of that phenomenon is a deficiency in the power of the Prime Minister.

One must, however, recognize that internal budget secrecy, if it allows stable equilibrium budgetary outcomes, provides the Minister of Finance with opportunities for information shrouding, which often take the form of “trial balloons.” These are used to hide the intention of the Minister, to gauge the preferences of parts of the voting public and/or alter these preferences, to influence line ministers, and for other purposes.

Exemptions in access to information legislation and trial balloons in the budgetary process of parliamentary systems make possible increases in the cost of search. It is doubtful, however, that search costs can be raised sufficiently to allow the creation of clusters of monomaniacs. Hence the necessity to distinguish between explicit and implicit shrouding.

3.6 Conclusion

Though there are significant differences in the way information is shrouded – concealed, distorted, falsified, and so on – in the marketplace and in the public sector, the arguments advanced in this paper is based on the view that the forces which make shrouding rewarding to suppliers are essentially the same in the two sectors.

Consumers and citizens need information to make decisions. In some circumstances, suppliers – business enterprises and public sector actors – can raise the cost of searching for the information required by demanders to choose efficient courses of action by shrouding information. When engaging in activities that make searching less attractive to citizens is expected to be profitable, suppliers will contemplate undertaking information shrouding.

Assuming that the net benefits to private and public suppliers is positive, these suppliers will shroud information only if by so doing they can also segment market participants and citizens into clusters, with the members of at least one of these clusters having demand curves for the good and/or service suppliers are offering that, in the relevant range, has a price elasticity that is greater than one. Sometimes and for some goods and/or services, the emergence of exploitable clusters appears to be almost spontaneous; at other times and for other goods and/or services, the emergence of exploitable clusters requires the investment of resources by suppliers.

In the paper, I offer three examples of information shrouding in the marketplace and five examples in the public sector. The example should make the theoretical propositions easier to understand; they should also support the notion, implicit in the exercise, that shrouding is an important reality.

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Chapter 4

Party Rhetoric and Practice: A Normative Perspective from Political Science

Vincent Lemieux

Abstract Political parties have most of the time behavior which comply with their discourse, but in some circumstances they cannot avoid to face the problem of gaps between their rhetoric and their practice, which threaten to undermine their credibility. In the first part of the chapter we look at these gaps in focusing on five functions that rhetoric plays in relation to practice: the function of displaying, the function of concealing, the function of justification, the function of contestation and the function of correcting discrepancies. The gaps between rhetoric and practice could have beneficial effects when they are recognized and are subject to a corrective process. In the second part of the chapter some measures of self-correction by parties are proposed that could close the gap associated with each one of the five functions.

The purpose of this chapter is to present some comments on gaps between the discourse and the practice of political parties. This separation is one of the main reasons for the loss of credibility of political parties and for reduced electoral participation, a problem which affects how our political systems function. This is why there is a need to study the problem and to recommend corrective measures that can solve it.

Despite it being important, efforts to tackle the problem have mainly produced studies which criticized the gaps or which gave a summarized opinion about the issue. There have been few in-depth analyses of this subject and the majority of them were done before the year 2000 (see in particular Bok Etchegoyen Pratte Schwartzberg 1998).

It must be noted that political parties often have practices which comply with their rhetoric. There are also cases where the gap between parties' platforms and parties' practices has beneficial effects, mainly when it is recognized and is subject to a self-correction process. This self-correction process will be part of the corrective measures, which we shall suggest at the end of the chapter. However, we shall concentrate mainly on the gap between the rhetoric and

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the practices of parties, which is not acknowledged, by focusing on the functions that rhetoric plays in relation with the practices.

4.1 Why Should We Look at Political Parties?

The reason why we chose to consider political parties for examining the gap between rhetoric and practices is, of course, our academic interest in them (Lemieux 1985, 2005). But our choice is also related to the fact that, among the members of the political arena, parties are the most likely to be accused of not having practices which coincide with their rhetoric. There are several reasons involved here. They are linked to the particular nature of political parties, something that isn't highlighted enough when studying the gap between rhetoric and practices. In this respect, three characteristics of parties appear to be particularly significant.

First, contrary to other political organizations, parties are multi-sectored organizations, in the sense that they have to take a position on problems linked to the entire political spectrum: health, education, culture, transport, public security, economic development, international relations, etc. The more an organization is multi-sectored, the higher the risk of gap between rhetoric and practice. The two other types of organization that participate in politics and in public policy, the public administration and the interest groups, are exposed to a lesser degree to these risks because they are often single-sectored. This is obviously the case with public administration, but also for most of the interest groups. Even when they are interested in more than a sector they are never as multi-sectored as political parties.

Second, parties are organizations which participate more into the public sphere than the other two types. They often work in the public eye far more as well. In a certain way there is nothing less public than public administration. This is a relatively closed environment, except for members of their executive and the civil servants in contact with society. This makes it easier for them to hide the gaps between their rhetoric and their practices than it is for the parties. Interest groups are also less visible than parties, especially when they participate in lobbying, an activity which however is becoming more transparent. This is due to it being more regulated than it was a few decades ago.

Third, parties are organizations which compete more amongst themselves than the administrations and interest groups. This competition is also more decisive because during the elaboration of policies and other public actions it is parties and particularly parties in power who make the final decision, even if the decision happens to be suggested or given to them by some other political actors. Two major authors, A.M. Hocart (1970) and Paul Veyne (1976) help us to understand why between parties in competition the existence of gaps considered negative between their rhetoric and practices is particularly detrimental. Hocart at the end of his inquiry into the origins of government arrives at the conclusion that people do not want government but well-being in life. They

want the government to assure this well-being, either by developing it or by protecting it against potential threats. According to Veyne, this is how governments demonstrate their superiority, as they are encouraged by the public who look to be satisfied by the governments' handouts and by the daily political spectacle. This superiority is threatened when the governments and the parties who seek to govern do not have practices which correspond to their rhetoric, i.e., promise well-being without being able to assure it.

Note that the three characteristics we have just introduced apply mainly to the major parties and that the gaps considered negative by the voting public or others are particularly detrimental in the case of the governing parties.

4.2 The Functions of Rhetoric in Relation to a Political Party's Practice

There are a certain number of functions which rhetoric accomplishes in relation to practices. By functions we mean the purpose of the rhetoric when describing practices. We are going to examine these functions to give examples, taken especially in Canada, of the gaps between rhetoric and practices of the political parties and then to suggest measures to correct the gaps.

To our knowledge there are no known typologies of these functions. That is why we constructed one that is not founded on a theoretical base, but on the observation of the behavior of members of the political sphere.

For the moment we propose that there are five functions accomplished by rhetoric in relation to practices. These functions are displaying, concealing, justification, contestation, and correcting discrepancies.

4.2.1 The Function of Displaying

The function of displaying includes the presentation of past, present, or future practices to show that in each case they were, they are, or they will comply with the party rhetoric given about them.

It can be about the past as demonstrated by the following example. Claude Ryan (2002), a former liberal leader, stated that the Liberal Party of Quebec has seven core values which could be seen in the party's past political practices. These seven values are individual rights and freedom, an identification to Quebec, economic development, social justice, the need to respect civil society, political life ruled by democracy, and being a member of Canada.

The link between this rhetoric about the party's core values and the past practices of the Liberal Party will obviously be challenged by the party's rivals, and sometimes even by its own members. This is case especially when it comes to a common identity in Quebec and more recently, during the first term of the Charest government, with the need to respect civil society (Pétry et al. 2006).

Most times, the function of displaying with up-coming practices, involves them being formulated as promises in the frenzy of an election campaign, they will then be denied some years later. Declarations are made: “we are going to put an end to delays in emergency waiting rooms,” or “we are going to lower secondary school drop-out rates.” These electoral promises can have a beneficial effect on voters when they are kept, but if not, the effect can be disastrous among the same voters during the next election.

When electoral promises considered important by voters are not kept, the government proves to be unable to assure the well-being they have guaranteed. Instead of being cheered it is jeered. The government then shows signs of inferiority rather than superiority and is thus condemned to the role of opposition party.

There is also a variety of the function of displaying where only certain results of practices are highlighted. This is often the case regarding economic growth. The government parties keep the positive indicators, but disregard the negative indicators, while opposition parties tend to do the opposite. They speak about the negative indicators rather than the positive indicators.

This partial display, which consists of minimizing or maximizing gaps between rhetoric and practice, does produce limited effects on voters on the one hand because the voters know well that the figures can be manipulated, and on the other hand because the voters have the feeling that “it is all part of the show,” as it was said by a villager from Orleans Island in the 1960s.

Furthermore, the actors other than the political parties can contribute to show the deceiving character of this partial display. A good example is the case of journalists and experts, who however have neither the visibility nor the necessary means to transmit their messages.

4.2.2 The Function of Concealing

This function accomplishes the opposite role of that done by displaying. In this case, it is not a question of introducing past or present practices, but of hiding them or concealing them completely or partly.

It has just been shown that there can be partial concealing done while displaying, which means that the functions of concealing and campaigning do partially overlap. As André Pratte (1997) says if there are internal divisions within parties or if an opinion poll is disadvantageous, the representatives of the party will try to conceal completely or partly in their rhetoric the results of the practices in question, to maintain the advantage they seek over their adversaries.

Murray Edelman (1964, 1988) is perhaps the author who has best described the function of obscuring political practices using party rhetoric. According to him, it is part of the symbolic nature of politics. As he wrote:

The most common course is the enactment of a law that promises to solve or ameliorate the problem even if there is little likelihood it will accomplish its purpose. Though this device is rather widely recognized, it is perennially effective in achieving quiescence from the discontented and legitimatization for the regime. Regulatory statutes that leave consumers vulnerable to economic power, disarmament treaties that permit or

foster arms build-ups, welfare action that do little to help the distressed, and anticrime laws that have little impact upon the frequency or incidence of crime remain politically useful (1988: 24)

This obscuring of practices which do not correspond to what had been promised is especially likely to occur in the absence of influential groups who can ensure the protection of the public from the practice of concealing.

To the domains signalled by Edelman; there is also the right of access to government information. Governments reassure their citizens by claiming that this access is guaranteed, when certain conditions are fulfilled, but these conditions are so restrictive that only specialists such as journalists can have it. Government rhetoric is used here to conceal practices which do not correspond to what is stated.

The obscuring of political practices in the speech of parties also characterizes the phenomena of patronage. In this respect, it is interesting to note that before 1960s, in Quebec, patronage was not concealed by the governing parties. This was the case, at least, for “small” patronage and for collective patronage that was advantageous for municipalities and school boards (Lemieux and Hudon 1975). The practices of patronage were considered as philanthropy, so there was no need to hide them. It was, on the contrary, better to display them so that they had the greatest possible impact. This is no longer the case now that patronage is considered to be an unfair practice, that benefits the inner circle and other friends of the government. Furthermore, it is also highly likely that their discovery will have a negative impact.

The Gomery Commission, which was given the mandate to report on questions raised by the Auditor General of Canada with regard to sponsorship and advertising activities, revealed the use of patronage which the Liberal Party of Canada had concealed. Supporters of the party who had contacts with political or administrative authorities proceeded to enrich themselves, or to funnel important sums of money to the party. Once this was revealed, it had a negative effect on the party’s electoral results in Quebec

4.2.3 The Function of Legitimization

The functions of displaying and concealing are not to make value judgements when it comes to practices which they reveal or hide. The functions of legitimization and contestation, on the contrary, do include making these types of judgements. They are used to justify or to question the political practices of parties.

Legitimizing is commonly used by parties. One of its main uses is justifying practices in the past, present, or future, even if this does not always comply with the norms used to judge these practices.

The idea of justification can be related to actions carried out in the past. For example, the Parti québécois, which was at the head of the Quebec government in the mid-1990s, justifies having encouraged public sector employees to take an early retirement by saying they wanted to favor a zero deficit budget. Another

example is the justification by Canadian federalists of their interventions at the time of the referendum of 1995 on the future of Quebec. Even if it contravened norms issued in Quebec they said it was necessary to save Canada.

The function of legitimization can also be used when it comes to current practices. It is often the case of parties who are about to begin their government mandate. They state that they will not be able to keep some of their commitments due to the financial situation created by the previous government being worse than expected. They also justify the use of fast-tracking at the end of a parliamentary session. This is done, even if they had criticized these practices when they occupied the role of opposition party. They point out that it was made necessary due to stalling manoeuvres used by the other parties.

Legitimization can also be used to ensure that promoted practices are not implemented right away but delayed until future when what are called “more favorable” conditions will be present. An example is the position of the Parti québécois on election reform, as well as political decentralization in Quebec, two reforms which could only happen, according to the party, in an independent Quebec.

Finally, governing parties frequently justify their actions by taking credit for results which are due to other factors. For instance they claim that they created more jobs than the previous government in a comparable period of time, even though it is widely acknowledged by experts that governments have a limited influence on job creation outside of the public sector.

As it is the case with exaggerated promises which are made but cannot be entirely kept, these types of claims risk backfiring against the governing parties that make them. Many voters will not forget that if governments claim to create jobs, they are required to be responsible if they don't create jobs or if they don't create enough.

4.2.4 The Function of Contestation

In the same way that concealing is opposed to displaying, contestation is opposed to legitimization. It is the tactic used by a party to criticize their adversaries for the gap that exists between rhetoric and practices.

The use of legitimization and contestation depends in general on the party's position in the parliament. So, as these positions are interchangeable the two corresponding techniques are as well. As stated by André Pratte (1997) we can gauge the absence of sincerity in members of Parliament where there are changes in power. Only a few weeks are needed before the previous governmental party, now an opposition party, makes exactly the same criticisms toward the new government, which had previously been addressed to them. Conversely the former members of the opposition, once in power, defend policies fiercely that they criticized a few days earlier.

An example Pratte proposes is that of the debates about the interest rate hikes in Canada, at the beginning of the 1980s. The conservatives, then the

opposition party, did not cease asking the liberal government to intervene and bring down these rates. But when they were elected to power in 1984, the conservative Minister of Finance declared that Canada is part of a free market financial system and that rates of interest are determined by market forces. In other words, the government could not change the rates.

The Liberal Party of Jean Chrétien promised a bit later on, in the early 1990s, to abolish the goods and services tax (GST) and to replace it by a financial mechanism that will guarantee similar government revenues and that will be more favorable toward consumers and small business owners. However as the 1993 elections approached, the government rhetoric become more evasive, and finally the elected liberal government admitted in May of 1996 that the tax introduced by the Conservative Party would not disappear in the future.

Another example is the federal liberal opposition party which criticized in 2007 the conservative government for not taking sufficient measures to help Canada respect the Kyoto protocol as much as possible, despite the previous liberal government not doing any better.

An example in Quebec politics is the argument by the Parti québécois opposition, from 2003 until 2007, that the measures to aid the health sector taken by the liberal government are not sufficient to resolve the problems in this sector. However, it was the Parti québécois that had created many of these problems between 1994 and 2003, as a result of their health-sector policies.

4.2.5 The Function of Contradiction Processing

This function includes the use of rhetoric which aims to reveal discrepancies in a party's practices, as well as the use of rhetoric to deny the discrepancies or to claim to have solved them.

Unlike the previous elements, the role of correcting or eliminating discrepancies is more oriented toward a set of practices to show the link between them and to argue that the discrepancies can or cannot be solved.

It could be the complexity or the lack of coordination between government actions that causes the discrepancies, which are then confirmed or denied. For example, the development of agriculture is often opposed with the preservation of the environment, or in a more subtle manner the decentralization in health, in education, in the field of culture, in tourism, etc. is opposed to a widespread political decentralization which would allow the coordination of these different activities.

Ideologies and utopias are attempts to show that more or less incompatible practices can work together. Mannheim (1936: 203) has defined the differences between the supporters of an ideology and those of a utopia. He states:

Whenever an idea is labelled utopian it is usually by a representative of an epoch that has already passed. On the other hand the exposure of ideologies as illusory ideas, adapted to the present order is the work generally of representatives of an order of existence which is still in process of emergence. It is always the dominant group which is in full accord with the existing order which determines what it is to be regarded as

utopian, while the ascendant group which is in conflict with things as they are is the one that determines what is regarded as ideological.

In the 1970s, in Quebec, the Liberal Party tried to show that the separatist ideas were utopian by claiming that the economic development of Quebec was incompatible with the independence of Quebec. On the contrary, the Parti québécois considered that federalism was an ideology incompatible with a situation where Quebec could control its own destiny and select the policies it preferred.

In the era of globalization the ideological or utopian reactions to discrepancies are often found in the parties' rhetoric, whether it is in Canada or elsewhere in the world. There are those who claim that nationalism is incompatible with globalization and those who claim the opposite. There are also those who claim that a military presence in Afghanistan is compatible with the reconstruction of this country and those who support the idea that this presence is not compatible with rebuilding efforts.

Another example is the debates on municipal mergers in Quebec, at the beginning of the 21st century. The supporters of the merger in a somewhat utopian way pointed out that they would allow the existence of economies of scale. Those who opposed them and defended the ideology of local self-government claimed it could not happen because the renewal of collective labor agreements in newly merged municipalities would make economies of scale impossible.

4.3 Reconciling Rhetoric and Practice

In the preceding sections of this chapter five functions accomplished by rhetoric were introduced and then followed by a description of how they are used by the political parties with regards to their practices and those of other parties, whether in the present, past, or future. This was done by pointing out the gaps which exist between the rhetoric and the practice of parties. These gaps were one of the reasons why parties lost their credibility and so undermined their quest for superiority over their adversaries and their ability to be approved by voters who seek the well-being assured by governments.

An additional way of observing the gaps between rhetoric and practices is found in the work of Max Weber (1948), who compares the ethics of conviction to the ethics of responsibility. These two values are essential but not necessarily compatible. According to Weber there are two mortal sins in politics: not to stand for a cause and not to be aware of one's responsibility. Weber attributes to the vanity of political leaders the reason why they are tempted to commit one or the other of these two sins, or even both at the same time.

It can be shown that the elimination of gaps between rhetoric and a party's practices, within the five functions differentiated earlier, can be accomplished by rules or guidelines which allow reconciliation to take place between the ideal of standing for a cause and that of responsibility.

4.3.1 The Measures Needed to Correct the Gaps Related to Displaying

It was noted that while displaying about their practices parties often tend to make commitments or promises that they may be unable to keep if they are elected to form the government. They generally choose this way to show that they stand for causes and that, in the terms of public management, they put themselves under an obligation to provide results. In a recent article Clark and Swain (2005) showed the limitations of this technique during the implementation of policies with the public service. These limitations are even larger when all of the processes needed in the realization of policies are considered.

So, there is a problem with political promises when they include the achievement of a specific result, if they are broken or if they are fulfilled only partially. This may backfire against the parties that make them while they are in the role of opposition party, because the voters will think and with good reason that these parties are not reliable and do not assume responsibility to keep the promises that they make.

The politicians do not play the only role in the policy-making process; therefore they should limit themselves to promises which concern the transformation process rather than the results of this process, to speak the language of evaluation research. In other words politicians when making guarantees, especially in the sectors over which they have little control, should limit themselves to saying: we are going to do everything possible to ensure that our guarantees are kept, but at the same time we are aware of the difficulty involved in doing so. This way their ideals expressed would have less risk of being contradicted by their parties' practices.

4.3.2 The Measures Needed to Correct the Gaps Related to Concealing

The use of concealment can produce the highest amount of negative perception about the politicians' devotion to a cause and sense of responsibility, in the eyes of the public. This happens when the information that was originally concealed is revealed. Between the two methods of obscuring that were presented, i.e., the symbolic character of politics and the notion of patronage, the latter is obviously the greater threat to politicians.

When the problem of patronage is revealed, the culprits are dually discredited for their lack of conviction and for their lack of responsibility. The best method of correcting these problems is obvious: there is a need to return transparency to what was previously hidden or obscured. The Parti québécois government did this in 2002, after it was revealed that one of his supporters tried ensuring that a subsidy was given to an organization with which he was associated and thus he would be able to make a substantial profit. A lobbyist

commissioner was appointed to ensure the enforcement of guidelines about lobbying. Lobbyists were required to sign-up as part of a public registry, accessible to the public and others who wish to consult it.

When looking at the area Edelman named the symbolic nature of politics, it is necessary to examine less radical measures. The parties could contribute to these measures, but also the interest groups and the administration, by facilitating the access to missing information on certain policies which carry a symbolic importance. Let us conclude that the practices that arise from the symbolic uses of politics pose less of a threat for the parties than patronage, unless if they show the parties as having lacked responsibility, i.e., not being able to meet the needs of the citizens.

4.3.3 The Measures Needed to Correct the Gaps Related to Legitimization

As explained before, the function of legitimization consists for a party to justify its inaction, explaining that the problems created by an opposing party have involved constraints to an appropriate action, or to justify its action by providing an incomplete statement of the party's accomplishments.

A common element in the different variations of legitimization that have been seen is the use of the illusion or cover-up by a governing party to show that it is fully capable of satisfying the electorate as well as defending the ideals it stands for, to the condition the opposing parties do not take actions which limit the party's ability to act.

The main consequence of this type of action is that the parties who use this rhetoric often deceive their electorate on the subject of what their capabilities and responsibilities really are. Fortunately, party rhetoric has begun to change in this regard, at least from parties who are in favor of a more modest role for the government, as suggested by Michel Crozier (1991). It is one of the directions where corrective measures to solve the problems concerning the abuse of the legitimization function can be adopted.

4.3.4 Measures Needed to Correct the Gaps Related to Contestation

The function of contestation is opposed to that of legitimization. For example, a party uses contestation to criticize the opponent's positions by showing that they are responsible for failures in policy-making, despite the opponents' difficulty in controlling this process. Another example is to blame opponents for failing to adopt some policies, despite the party failing to do this while it was governing.

Lijphart (1984) has shown that the use of systematic contestation by an opposition party differentiates majoritarian democracies from consensus democracies which favor collaboration rather than confrontation. One of the main characteristics of the consensus democracies is the frequent presence of coalition governments. When this is the case, the different parties are often required to work out differences because between parties with similar ideologies there is always the likelihood of forming a coalition, as opposed to majoritarian systems where confrontation is more frequent and there is less collaboration.

Therefore, a device to correct the improper use of contestation is the existence of proportional or mixed electoral systems which will favor, by coalitions or by other ways, increased collaboration and efforts to reach a consensus in policy-making.

4.3.5 Measures Needed to Correct the Problem of Highlighting Discrepancies

Let us remind ourselves that the correction of discrepancies, whether exposing them out or trying to eliminate them, is often ideological or utopian, depending on whether it is based on accepted ideas or replacing them with differing new ideas.

In both cases, due to the complex nature of the practices which are opposed to one another, there is either an opposition or association between them which tends to be simplistic. However, it is not so simple to demonstrate that the sharing of powers does not prevent efficiency, or that nationalism can co-exist with globalization.

This particularly difficult problem that exists when correcting discrepancies and finding a way for rhetoric and practices to co-exist involves the acknowledgment by parties that they can make mistakes. According to Schattschneider (1967:53), democracy is a political system where the participants are not sure to be right. By acknowledging their uncertainties and their questioning themselves, parties won't undermine their quest for superiority. They will send the message rather that their sense of responsibility will be held as a priority whatever the causes they are standing for.

4.4 Conclusion

The goal of the chapter is to show that political parties faced the problem of gaps between their rhetoric and their practices, which generally undermines their credibility. These gaps were illustrated by the use of the five different functions of rhetoric in relation to political practices. In the last section of the chapter measures were proposed that could solve the problems associated to each one of the functions along with how these measures would allow parties' practices to be closer to the parties' rhetoric.

Upon closer examination, it is obvious that all of the corrective measures discussed favor the fostering of a sense of responsibility among political parties, which will contribute to reduce the abuses where they can be induced in their promotion, sincere or calculated, of a cause. In other words, when there is a choice to make it is better to give the priority to responsible decision making over the defense of political causes.

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Chapter 5

Measuring How Political Parties Keep Their Promises: A Positive Perspective from Political Science

François Pétry and Benoît Collette

Abstract This chapter addresses three questions about the relationship between political discourse and action: Do political parties keep their promises once elected? What are the methodologies used by scholars to demonstrate that political parties keep (or do not keep) their campaign promises? Are these methodologies valid and reliable? We answer these questions based on a review of 18 journal articles and book chapters published in English and French over the past forty years that report quantitative measures of election promise fulfillment in North America and Europe. We find that parties fulfill 67% of their promises on average, with wide variation across time, countries, and regimes. Most studies have major methodological weaknesses (no operational definition, no mention of relevant documentation, flawed research design) although the more recent ones tend to show higher levels of methodological sophistication and a modicum of scientific transparency.

5.1 Introduction

The extent to which government actions fulfill election promises as a theoretical issue has raised an important scholarly debate. It is also an empirical issue that raises methodological debates. Despite the relative pertinence of such a question in representative democracy from both normative and positive perspectives, there are surprisingly few studies addressing it. The objective of this paper is to contribute to these debates by examining how the relevant scholarly literature assesses the relationship between campaign promises and government actions. More specifically, we ask the following basic questions: Do political parties keep their campaign promises once elected? What are the methodologies used by different scholars to demonstrate that political parties keep (or do not keep) campaign promises? Are these methodologies valid and reliable? The literature review will focus on 18 journal articles and book chapters published

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in English and French over the past forty years that report quantitative measures of election promise fulfillment. From this review, we try to draw some general patterns from a variety of empirical sources. We determine which methodologies contribute to differences across studies, and we also identify areas that have been neglected and warrant further investigation.

5.2 Theory: Why Should We Expect Political Parties to Keep Their Election Promises?

Ask people around you if they think that political parties keep their electoral promises and you will probably obtain a high rate of negative answers. For example, an overwhelming majority of respondents in a survey recently carried out by one of the authors in a large undergraduate political science class thought that electoral promises have “little or no importance” when it comes to know what a party will do once elected in office. Only 10% thought that election promises are “very important.” Although not entirely scientific, these lay opinions seem to coincide well with the conventional academic interpretation that party platforms bear little relationship to what a government will do eventually, and, consequently that election promises are not a significant element in the democratic debate. American political scientist Schattschneider (1942) argued long ago that “party platforms are fatuities. They persuade no one, deceive no one, and enlighten no one.” More recently, British political scientist Anthony King asserted that party manifestos are “empty and meaningless” documents having “virtually random relationship” with what the party will do in office (cited in Rose 1984). Davis and Ferrantino (1996) have even developed a positive theory of political rhetoric which predicts that political candidates will lie because they are unable to transfer the value of their reputations as honest politicians.

These negative pronouncements about the ability of governments to keep their election promises should not obscure the fact that several important theories hold the exact opposite, that politicians and political parties keep their campaign promises. There is first a normative theory of campaign promises. This theory states that political parties should follow the moral requirement of “decency,” which includes the following rules (Schedler 1998). First, avoid making promises which one knowingly cannot keep (realism criterion). Second, avoid making promises which one does not intend to keep (sincerity criterion). Third, avoid making contradictory promises (consistency criterion). The only exceptions to these moral rules are the occurrence of unforeseen events (natural disaster, economic crisis, war, unanticipated shifts in public opinion) which allow a government to renege its moral obligation to keep its election promises.

Another theory of why politicians keep their campaign promises is the mandate theory of election. This theory comes from the positivist school of thoughts, and it is the one most frequently encountered in the literature.

According to the theory, political parties make specific pledges in their election platforms and they try to fulfill as many pledges as possible once elected in power. Hofferbert and Budge (1992) use the analogy of an architectural blueprint to illustrate this central idea of the theory. The theory is based on two postulates. First, the competing parties offer platforms that are quite distinct from each other; the differences between the platforms of the parties are sufficiently salient to allow the voters to make a rational non-arbitrary choice with a minimum of information. Party differences, and the consequences of electing one party rather than the other, are easily discernable by voters and the information costs of discovering these are small. Second, the voters prospectively compare the utilities provided by competing parties and they give their vote to the party which offers them the greatest utility.¹ Based on these postulates, the theory predicts that the winning party carries through the platform on which it has been elected. The logic underlying this expectation is straightforward: The issues advocated by the party in government are the winning issues that contributed in getting the party elected in the first place. It is therefore rational for a utility-maximizing party to carry out its election promises. Another reason for keeping election promises is to avoid retaliation by disappointed voters at the next election.²

Although we have not found it in published form, it is also possible to build an explanation of why politicians keep their campaign promises following the constructivist approach. As with mandate theory, the constructivist approach would argue that there is a strong congruence between campaign pledges and subsequent government actions. However, this would be not because politicians

¹ The two postulates of the mandate theory, although inspired by Downs' (1957) economic theory of elections, are somewhat at odds with Downs' theory. Unlike the mandate theory which assumes that party platforms differ, Downs' theory assumes that politicians offer platforms that converge toward the median voter equilibrium. In a context of identical (or very similar) party platforms, the information costs are very high, thereby precluding voters from making prospective assessments of what the winning party will do after the election. Rational voters do not differentiate between the policy priorities of the competing parties. They will support a party on the basis of heuristic shortcuts such as their retrospective assessment of the performance of the incumbent in office, or party ideology. Therefore, party manifestos should not be expected to be of much significance in elections.

² Another positive theory of why politicians keep their campaign promises is Marxism. Marxism considers that the political agenda is controlled by a dominant elite working on behalf of capitalist interests. It is the same ruling elite that is at the origin of election program discourse and of the decisions of the government. The congruence between the electoral discourse and the government action discourse is no coincidence according to Marxist theory: It should be expected because the two discourses are echoes of one another. According to Marxist theory, party platforms—at least the platforms of the more conventional non-extremist parties—are used by the ruling elite as a ploy to manipulate the popular classes into believing that they have a choice at election time. Ultimately, election promises are used to defuse potential popular uprising against the capitalist state's chosen policy direction. From a Marxist perspective, the study of the correlation between election promises and government actions is scientifically futile. Marxist theory is therefore of no use to someone interested in studying whether governments do what they say.

find it rational to keep their promises but because the political discourse of campaign promises and of government actions goes through a same process of social construction of meaning (Faure et al. 1995). Unlike the mandate theory (and unlike positivist theories in general), which assumes that a true external reality can be discovered through the scientific method, constructivism postulates that we can only grasp different subjective constructions of reality produced by different people. Therefore, constructivism does not lead to empirically testable propositions. However, it is still a useful approach in that it challenges the positivist approach by raising important interrogations on the ambiguous nature of campaign pledges, on the relation of causality between campaign pledges and government actions, and on the meaning that the governing elites give to election promises in order to justify post hoc their political decisions. We will take up this thread in conclusion.

We therefore have several theories that support the idea that politicians keep their promises, and that the pledges that parties offer in their election platforms do make a difference in subsequent policy making. This is against the background of the null hypothesis that election platforms make no difference. In what follows, we review how different scholars have tested this null hypothesis. To conduct this review, we will ask two broad questions, one empirical and one methodological:

- To what extent are campaign pledges subsequently redeemed? In other words, what is the level of congruence between pledges and actions?
- How do we know when a campaign pledge is redeemed or not? In other words, to what extent do the studies we review present results that are valid and replicable?

5.3 Method: How to Test Whether Campaign Pledges are Redeemed

There exists at least three distinct methods to test empirically the predictive value of campaign promises. These can be classified along a continuum measuring the extent to which researchers must use their own judgement in assessing when a pledge is redeemed. At one end of the continuum we find correlational studies matching the variation in some objectively quantifiable measures of policy output (roll call votes) in one or more policy domains with quantitative measures of pre-election policy preferences by parties or candidates (David 1971, Ringquist and Dasse 2004). These studies require little or no subjective interpretation of the data. They maximize external validity and reliability of the data in both the independent and the dependent variables. But the method sacrifices the substance of the policies under analysis. In other words, one loses in terms of internal validity what one gains in terms of reliability. Moreover, since the variables that this methodology requires (roll call votes and surveys-based evidence of politicians' pre-election stance on issues) are available only in

the US, the methodology is not very useful in the context of comparative research.

Next along the continuum we find studies that try to combine the advantage of a correlational design while not sacrificing the substance of the policies under analysis. The method consists of correlating variations in some measure of government output (public expenditures in specific policy domains) with the space devoted by the winning party to each domain in its election platform. This method has been used by scholars associated with the Comparative Manifesto Project (CMP), a standing research group of the European Consortium for Political Research (ECPR). The initial objective of the CMP project was (and still is) to record and analyze the contents of the election platforms in democratic countries since World War II. These data are then used to position the parties in their respective national political space and track their evolution from one election to another (Volkens 2002). The election platforms are coded into a pre-established set of policy categories. The score of each category is then calculated to reflect the relative emphasis of each category in each party platform. The results of this coding have been used as a basis for the empirical tests of the predictive power of campaign pledges. Annual budget expenditures are measured in various policy sectors that match the categories used to code the election platforms. The actual test is conducted by correlating the amounts of public spending (in percentage of GDP) with election platform emphases

Empirical test of this type were carried out in a comparative volume (Klingemann et al. 1994) and in single-country studies in Germany (Hofferbert and Klingemann 1990), Canada (Pétry 1988, 1995), the US (Budge and Hofferbert 1990), France (Pétry 1991), Britain (Hofferbert and Budge 1992) with somewhat mixed results. Budge and Hofferbert (1990), Hofferbert and Budge (1992), and Klingemann et al. (1994) report high correlations between government spending and election promises for the most part. These positive results are suspect, however. King and Laver (1993), in their replication of the Hofferbert and Budge (1990) study of US data have pointed out major flaws in the Budge-Hofferbert methodology, including the failure to report the standard errors for the regression coefficients; the failure to measure the effect of the time trend on changes in public spending and the absence of test of autocorrelations. When these elements are included in the regression equations, there is no longer a significant correlation between public expenditures and the election platforms of the winning party. Thome (1999) goes further in his methodological critique by showing that the results by Budge and Hofferbert (1990, 1992) and by Klingemann et al. (1994) are irremediably tainted by their failure to include several additional parameter restrictions required by the theoretical model.

Another difficulty with the Budge-Hofferbert method is its reliance on the selective emphasis methodology, which consists of only recording the space devoted by a party to a particular policy category in its platform, without differentiating negative from positive party attitudes toward issues. Hofferbert and Budge (1992) praise the selective emphasis methodology on the ground that

stressing a particular priority implies an intent to take only positive action in the relevant policy domain, for example by increasing public expenditures or passing legislation. However this is not always the case. A party may very well emphasize (prime) a particular issue in its platform in order to discuss (frame) it negatively, and this may have a measurable effect on policy. Therefore, prudence would recommend that we separate positive from negative emphases (frames). The method has also been criticized for its narrow conception of public policy outputs. By focusing solely on the budgetary expenditures, we miss a large array of state activities and outputs – including laws, administrative decisions, speeches – that are directly relevant to the question of whether governments keep their election promises.

The method that we find at the other end of the continuum consists in counting specific pledges in election platforms and then examining the record of government actions in order to determine how many pledges have been redeemed. Scholars who use the pledge method are obviously going to be better able to control the internal validity of their research design. Royed (1996) and Royed and Borelli (1997, 1999) are strong advocates of this method, which, unlike the other ones, does not sacrifice the substance of policy. This is part of the reason why the method has been more widely used by a larger circle of scholars than the other two methods. Another reason for the relative popularity of the pledge method among scholars is that it produces data in the form of percentages of pledges redeemed that are simpler to interpret than the regression coefficients produced by the two other methods. But there is always the risk that these data are invalid because they rely on a subjective interpretation of whether a promise is kept. This is why it is so important to establish whether and to what extent the studies that use the pledge method and present their results in the form of percentages of redeemed pledges contain valid and replicable proofs of what they pretend to demonstrate. This is what we set out to do in the next section.

5.4 Analysis

After an exhaustive bibliographic search, we have been able to identify 18 separate studies comprising 21 cases that present results in the form of percentages of redeemed campaign pledges.³ Table 5.1 reports the data. Each case is identified by the author and the year of publication of the study, the country (or countries), the period of analysis, and the average percentage of pledges redeemed. All the studies reported in the table calculate percentages of promises that are redeemed, but the validity of the method of calculation varies greatly from one study to the next. We have therefore added four criteria intended to

³ The number of cases is greater than the number of studies because some studies display more than one case.

Table 5.1 Overview of the publications that measure how political parties keep their promises

Authors	Year of publication	Country	Time period	Avg. % pledges fulfilled	Operational definition of pledge	Operational definition of government action	Referenced sources for government action	Explicit proof that a pledge is redeemed
Pomper	1968	US	1944-1966	72				
Bradley	1969	US	1932-1964	80				
David	1971	US	1944-1966	72				X
Elling 1	1979	Illinois	1947-1971	50				
Elling 2	1979	Wisconsin	1947-1971	45				
Pomper and Lederman	1980	US	1944-1978	69				
Rose	1984	Britain	1970-1979	80				
Krukones	1984	US	1912-1976	71			X	
Fishel	1985	US	1960-1980	61			X	
Rallings 1	1987	Canada	1945-1979	72			X	
Rallings 2	1987	US	1945-1979	64			X	
Monière	1988	Canada	1984-1988	74		X	X	
Karogelopoulou	1989	Greece	1981-1985	70			X	
Royed 1	1996	Britain	1979-1988	85				
Royed 2	1996	US	1980-1988	52	X			

Table 5.1 (continued)

Authors	Year of publication	Country	Time period	Avg. % pledges fulfilled	Operational definition of pledge	Operational definition of government action	Referenced sources for government action	Explicit proof that a pledge is redeemed
Royed and Borelli	1997	US	1977–1992	60	X	X	X	
Royed and Borelli	1999	US	1976–1992	60	X	X	X	
Thomson	2001	Netherlands	1986–1994	61	X	X	X	X
Pétry	2002	Quebec	1994–2000	75	X	X	X	X
Ringquist and Dasse	2004	US	1997–1999	73	X	X	X	
Pétry and Collette	2006	Quebec	2003–2006	60	X	X	X	X
Average				67	7/21	7/21	12/21	4/21

give some idea of the validity of the calculation/demonstration in each study. The entries for these criteria are in the form of binary answers to four simple questions:

- Does the study contain an operational definition of a campaign pledge? (Yes or No). A definition is considered operational here if it contains explicit criteria of exclusion of what a pledge is not. Another condition is that the documentary sources of campaign pledges are precisely referenced.
- Does the study contain an operational definition of government action/output? (Yes or No). A definition is considered operational here if it contains explicit criteria of exclusion of what a relevant government action/output is not. Another condition is that the documentary sources of government actions are precisely referenced.
- What is the extent of the documentation of government outputs with which campaign pledges are matched? (Large or Small). For example, are campaign pledges matched only with laws, or are they also matched with throne speeches, with budgets, with annual reports from various ministries?
- How precise, replicable, and valid is the demonstration that a pledge is fulfilled or not? Or put in more simple terms, how much room is left to a researcher's own judgment?

Our objective is not to measure the overall quality of these studies. That will require an analysis which goes well beyond the scope of this chapter. This research is a first step to check out the availability of all the elements that are required to conduct a meta-analysis.

Only 5 out of the 21 studies reviewed meet the four methodological criteria. Not surprisingly, the more recent the study is the better overall score it gets. The five studies that received a perfect score have all been published within the past twelve years. It is not until 1996, with the first study by Terry Royed, that explicit definitions of what a pledge is are systematically provided. The systematic occurrence of operational definitions of government action is even more recent. The usefulness of an operational definition of campaign pledges and government actions is obvious in any comparative exercise: The broader the definition of pledges, the smaller the expected proportion of pledges that will be fulfilled. Conversely, the broader the definition of government actions, the larger the proportion of pledges that are expected to be redeemed. Thus, one needs an operational definition if one is to validly compare the proportion of fulfilled pledges across case studies. It was not until the late 1980s that the documentary sources of campaign pledges and government actions were fully referenced. This criterion is important because it makes it possible to judge and compare the quality and the diversity of the documents used to measure pledge fulfillment in different studies. The final criterion of whether there is a valid proof that pledges are redeemed is the least frequently met. Aside of the work by David (1971), only the most recent studies satisfy this criterion enough to deserve a mark in the table.

Let us now turn to a more detail description of each study. We start with the study by Pomper (1968) – the oldest one on the list – and its updated version (Pomper and Lederman 1980). However innovative, Pomper’s work fails to provide fully operational definitions of pledges and government actions (at least based on our definition). The assessment of pledge fulfillment is based almost exclusively on a volume entitled *Congress and the Nation: 1945–1964* and the subsequent publications of *Congressional Quarterly Service*. The demonstration that a particular pledge is redeemed relies on a typology which involves five categories: full action (passage of a law), executive action, similar action (indirect action by the executive or legislative branch), negative fulfillment, defeated (the law did not pass), and no action (status quo). This typology finely separates unfulfilled from partially or fully fulfilled pledges. However, the criteria and method that Pomper uses to separate fulfilled from unfulfilled pledges are not fully explained. It is therefore difficult to replicate his work. The same diagnosis applies to the work by David (1971) who expands and rearranges Pomper’s 1968 results. Even though he remains entirely uncritical of Pomper’s methodology, David points out that his and Pomper’s work still contain many ambiguities and that it “must be regarded as the beginning rather than the end of the research that is needed” (1971, 311).

Bradley (1969) identified pledges having to do with social security in Democratic and Republican platforms from 1932 to 1964 and determined whether these were carried out in the form of law. The Bradley article gives a detailed account of which campaign promises were fulfilled and which were not. There is also a discussion of policy changes that had not been previously proposed in Democratic platforms. Although we are able to calculate the proportion of social security platforms planks that were fulfilled, the information discussed in this article is essentially qualitative, with little concern about operationalization and measurement of variables.

Elling’s (1979) research is an uncritical replication of Pomper’s work at the state level. Elling compares the way campaign pledges are redeemed in Illinois (where parties are said to be more pragmatic) and Wisconsin (more ideological parties) respective governments. His methodology is almost identical to Pomper’s. There are no truly operational definitions of campaign pledges and government actions, and no explicit criteria to decide which pledges are fulfilled and which are not. Elling finds that 50% of campaign pledges are redeemed in Illinois and 45% in Wisconsin. These are the lowest percentages among the 21 studies reviewed here.

The next work is Rose’s study (1984) of how British governments fulfilled their election pledges in the 1970s. This work is probably the least sophisticated of the bunch in terms of our criteria, and therefore the hardest to assess and replicate. There is no attempt at providing explicit definitions of campaign pledges and government actions. There is no clear reference to the archival sources that were analyzed. Neither is there a demonstration of how a pledge is declared fulfilled either completely or partially. In Rose’s defense, his study of whether and how pledges are fulfilled is not the primary purpose of his book.

The main goal of Rose was to analyze the influence of Britain's political parties on politics, and measuring the fulfillment of election pledges was only a part of this objective.

Michael Krukones (1984) measures how US presidents have kept their electoral promises between 1912 and 1976. Krukones' work is the first to exhaustively document its sources for government action. There are attempts at providing operational definitions of campaign pledges and presidential actions, although they fall short of our criteria. Krukones also innovates by weighting unfulfilled presidential pledges based on whether or not they represent "good faith" efforts to pass a policy that failed due to factors beyond presidential control. However, the methodology for deciding what constitutes a good faith effort and what does not is never explicitly presented. In his study of how US presidents fulfilled their campaign pledges from 1960 to 1984, Fishel (1985) goes one step further in measuring good faith efforts by assessing whether presidential promises need congressional approval to be fulfilled.

Rallings (1987) compares how British and Canadian governments have kept their campaign promises in the 1970s and 1980s. There are no clear operational definitions of pledges and government actions in this work. It is stipulated that to be counted as such, a pledge must anticipate some future action by the governments and not intentions only. However, how actions are distinguished from intentions is not specified. The documentary basis of government actions includes laws, budget speeches, and possibly other sources. But these sources are not precisely identified and referenced. As other studies that preceded it, Rallings' work makes no reference to explicit criteria on which to decide that a campaign promise is carried out or not. The results for Britain give an average score of 63.7%, against 71.5% for Canada. However, these numbers are the result of a direct match of government actions with the content of throne speeches only. A direct match of government action with election pledges is nowhere to be found in Rallings' work. This undermines somewhat the purpose of the study.

Next in chronological order comes the study by Monière (1988) about pledge fulfillment in the first mandate of the Conservative government of Brian Mulroney. Unlike Rallings or Rose, who match government output with pledges from party platforms only, Monière matches government output with party platforms *and* with campaign speeches by party leaders that are covered in national newspaper. Campaign pledges are matched with legislative documents only (laws and House of Commons Hansard). Monière concludes that 74% of campaign pledges are redeemed on average. The number climbs to 80% when non-verifiable pledges are excluded from the analysis. However, once again, there is little explicit discussion of the criteria for deciding which pledges are verifiable and which are not.

Kalogeropoulou's (1989) study of Greece's PASOK government is directly inspired by Rose's work. Unlike Rose, however, Kalogeropoulou makes detailed references to the pre- and post-election documents he uses to assess if pledges are redeemed. These documents come in a large variety: partisan,

legislative, executive, and administrative sources are consulted as well as media reports. Unfortunately, Kalogeropoulou does not explain clearly how he uses these documents and on what criteria he relies in order to decide if the government fulfills its pledges.

The studies by Royed (1996) and Royed and Borelli (1997, 1999) are considerably more sophisticated methodologically than the previous work. They are the first to provide a clear definition of pledges (although government actions are still left largely undefined). A large variety of documentary sources are consulted to determine whether a pledge is fully or partially redeemed. In the first article, Royed does not specify what documents had been used to operationalize government output, but she does it for the 1997 and 1999 articles with Borelli (CQ reports and statistical abstracts). These studies also go a long way toward an explicit demonstration of how some pledges are declared redeemed while others not. But the demonstration remains incomplete and, one suspects, there is still a certain amount of subjective interpretation underlying the methodology of deciding whether a pledge is fulfilled or not. The 1996 study by Royed found that 85% of pledges were redeemed in Great Britain under Prime Minister Thatcher (the highest proportion of the 21 studies reviewed here) against only 52% in the US under President Reagan (the second lowest proportion).

Thomson (2001) analyzed the platform-to-policy linkage in the Netherlands by measuring the fulfillment of election pledges on socio-economic policy. By all standards this article is well crafted. To dig out pledges from party manifestos Thomson used the same method as Royed did and came out with a rate of fulfillment of 61%. But contrary to Royed, whose definition of pledge is operationalized by the presence of an outcome, Thomson was more selective and restricted his definition to policy actions. To assess the fulfillment of election pledges, a CD-ROM database containing references to, and a short description of, all government decisions has been used as the main source. The dependant variable can take three values: not fulfilled, partially fulfilled, and fully fulfilled according to the degree of congruence between government decisions and pledges. A partially fulfilled pledge means that some policy may be taken in the direction indicated by the pledge, but falling short of full realization. One of the most interesting aspects of Thomson's work is a counter-verification of pledge fulfillment by a panel of experts. A sample of 110 pledges was judged by area specialists and the inter-coder reliability, measured by a Cohen's Kappa coefficient of 0.70, is quite good.

Pétry (2002) finds that 75% of the pledges in the platform of the Parti québécois in the 1994 and 1998 Quebec elections were fulfilled over the period 1994–2000. As with the work by Royed (Royed 1996) and Thomson, Pétry's work provides operational definitions of election pledges and government actions. Government actions are based on a large variety of documentary sources (laws, internal party documents, annual reports by ministries, budget speeches, media reports). Unlike Thomson, there is no measure of inter-coder reliability. However, and this is a novelty, the method of linking pledges to

government actions tries to be as neutral and objective as possible. It simply consists of reporting whether a documentary source declares that a pledge has been fulfilled or not. This leaves nothing, in theory, to the researcher's own judgment. A similar method is used by Pétry and Collette (2006) in their study of how the Liberal government of Jean Charest fulfilled its pledges after the 2003 Quebec election. Pétry's (2002) operational definition of pledges and government actions remain unchanged. However, the documentary basis has been extended considerably in the Pétry and Collette study.

We close the list with a recent study by Ringquist and Dasse (2004) linking pledges to policy in environmental policy in the US. Instead of testing directly whether the pledges in party platforms are redeemed, they record individual Congress members' scores in the National Political Awareness Test (NPAT).⁴ These are then matched with the results of congressional roll call votes on environmental issues. The next step was to integrate environmental policy promises into four different probit regression models, along with other independent variables such as campaign contributors, gender, race, etc. In the four models, the promise variable had a positive and significant effect on the dependent variable. Ringquist and Dasse's decision to rely on NPAT survey results instead of party platform pledges and on Congressional roll call votes instead of the content of policy speeches or laws revives a tradition that was open thirty-five years ago by David (1971).

5.5 Conclusion and Discussion

In response to the first question: "do political parties keep their campaign promises once elected?" our review of 21 cases in 18 separate published studies reveals that parties fulfill 67% of their promises on average. Contrary to popular belief, political parties are reliable promise keepers. Why people underestimate the capacity of political parties to keep their election promises remains an open research question. But it is reasonable to conjecture that this is due in part to a bias in media coverage of how parties keep their promises. Stories of broken party promises on a few important issues have considerably more readership appeal and salience in the public than the coverage of pledges fulfilled on many less important issues.

Our positive finding does not go without important caveats. One is the wide variation in the rate of pledge fulfillment by political parties, from a minimum of 45% (Elling 1979, in the state of Wisconsin) to a maximum of 85% (Royed 1996, in Britain) and a standard deviation of 10.3% points. Clearly, some parties tend to keep their electoral promises more than others. Although this

⁴ There are 12 questions about specific policy proposals in the NPAT. Ringquist and Dasse recorded the answers in a new binary variable. A score of 0 means an anti-environmental response and 1 for a pro-environmental response.

chapter was intended as a literature review, not a meta-analysis, we cannot resist noticing two interesting regularities in the data of Table 5.1 that shed light on the question of what factors determine the rate of pledge fulfillment. The first noticeable pattern is institutional. The pattern contrasts US cases with a low average rate of fulfilled promises (65%) and cases from Britain and Canada (Quebec included) with a significantly higher average rate of pledges fulfilled (74%). Although we cannot be sure in the absence of a multivariate statistical test, it is reasonable to conjecture that, other things being equal, parliamentary regimes like the Westminster systems of Britain and Canada, positively influence the likelihood that political parties keep their electoral promises once elected because they give the government the latitude to do so. By contrast, separation of powers in a presidential regime like the US limits the latitude of the executive to keep its promises, and would therefore have a negative effect on the rate of pledge fulfillment.⁵

The high rates of pledge fulfillment that we find are also limited somewhat by methodological caveats. In response to the question of what methodologies are used to demonstrate that parties keep their election promises, our review has uncovered wide methodological differences across the 18 studies. Recent studies are more sophisticated methodologically than studies conducted in the past, some of which fail to provide the information that would be necessary for even the most basic replication. One interesting pattern emerging from the data of Table 5.1 suggests that the rate of pledge fulfillment varies in inverse proportion with the severity of the tests. Although we cannot be sure that the tendency would sustain a multivariate test, the seven cases at the bottom of table, those satisfying the most severe tests, have an average rate of fulfillment of 63%, more than ten percentage points lower than the 74% average for the rest of the data. This might reflect a tendency for political parties to be less reliable in recent years. But there is another likely explanation involving methodological aspects. Party promises in recent elections have tended to be more detailed and precise, and therefore better falsifiable, than in past elections. At the same time, due to an increase over time in the severity of the tests applied by researchers, the rate of pledges that are declared fulfilled has tended to decrease in recent studies. Thus, there probably is a relationship between the number of election promises that are kept and the methodology that researchers use to prove their case.

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⁵ The conjecture is explicitly laid out by Royed (1996). Her study only applies to President Reagan in the US and Prime Minister Thatcher in Britain. Her conclusion that election promises are kept more often in a parliamentary regime than in a presidential regime cannot, therefore, be considered generally valid until tested across a larger sample of countries.

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Part III
Empirical Studies

Chapter 6

Measuring US Presidents' Political Commitment for Fiscal Discipline Between 1920 and 2008

Francesc Pujol

Abstract We propose a theoretical method to catch politicians' fiscal attitude concerning deficits and debt based on the analysis of the political discourse. We describe the methodological steps used to obtain it.

The methodology is applied to the case of US President during the period 1920–2008. The results can be exploited in order to better understand the formation and the evolution of fiscal preferences and their influence on fiscal performance. As the index is based on normative and positive attitudes about deficits, their analysis can show the presence of strategic political behavior, giving thus a way to test some theoretical models on budgetary political behavior.

6.1 Why and How to Measure Political Commitment for Fiscal Discipline?

Deficit evolution of the OECD countries has been quite disparate since the 1970s although the economic evolution is rather similar among these countries. Consequently, an important amount of literature has emerged in these last years aiming to identify the key political and institutional variables, added to the standard economic and social variables, to reach a better explanation of the different fiscal behavior of industrialized countries. Alesina and Perotti (1995) and Persson and Tabellini (1998) propose a comprehensive review of the state of the question, advancing the main theories and the empirical results. Poterba (1996), Barea (1997), Krol (1997), von Hagen (1998), and Imbeau (2004) focus more specifically on the literature concerning the impact of formal budgetary constraints.

Apparently, political institutions and budgetary institutions seem to be crucial for fiscal discipline. But, if certain institutions are more favorable to fiscal discipline, it would be possible that these mechanisms have been adopted

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because voters or politicians in this collectivity are more conservative against debt financing than in others with more “debt-friendly” settings. Poterba is, to our knowledge, the first author to raise this potential misspecification of the models, pointing out the problem in a very clear way: “The critical question for policy evaluation is how to interpret this correlation between budget institutions and fiscal-policy outcomes. It is possible that the correlation simply reflects correlation involving fiscal discipline, fiscal institutions, and an omitted third variable, voter tastes for fiscal restraint. Voters in some jurisdictions may be less inclined to borrow to support current state outlays or to use deficits to shift the burden of paying for current state programs to the future. If these voters are also more likely to support the legislative or constitutional limits on deficit finance, then the observed link between fiscal rules and fiscal policy could be spurious” (Poterba 1997: 399). If it was the case, public or political preferences could become at the end a relevant factor explaining the comparative evolution of debt.

Similar questioning has emerged in other institutional context, like the relationship between central bank independence and the control of inflation (Hayo 1998, Hayo and Hefeker 2002, De Jong 2002).

Which attitude has been adopted among the specialists of political economy of debt after Poterba’s question was raised? The scope of answers is rather large. A first group of economists, even considering the potential influence of preferences, prefer to consider institutions as if they were completely exogenous. This is the choice taken by Bayoumi and Eichengreen (1995) and Stein, Talvi and Grisanti (1998). Other authors, like Von Hagen and Harden (1994), Bayoumi and Eichengreen (1995), Poterba (1994), or Alesina and Perotti (1997), consider, for different theoretical reasons, that fiscal preferences have great chances to produce a minor impact on empirical results.

Other economists, not satisfied with these attempts to minimize the eventual impact of preferences, use variables that are supposed to catch the complex notion of “preferences on debt.” The first attempt in this direction was logically to take into account the political affiliation of executive or legislative power. That is the solution retained by Holtz-Eakin (1988) and Poterba (1995). But, as Bohn and Inman (1996) remark, this is a too much crude notion of preferences.

Another possibility tempted is to consider fiscal conservatism as a dummy variable that becomes active for countries or collectivities that are reputed to be fiscal conservatives and null otherwise (Bohn and Inman (1996) and Alesina and Bayoumi (1996)). The main caveat of this approach is that fiscal conservatism is not captured from a measurable social or political variable, but only on the ground of the researcher’s intuition, supposed to follow a “general agreed feeling.”

Bohn and Inman (1996) have gone a step further in their effort to tackle fiscal preferences using the CBS/New York Times opinion poll that indicates the percentage of voters that themselves identify as conservatives (for the period 1976–1988). The problem is that the notion of “fiscal conservatism” does not necessarily correlate with political conservatism, and only this latter notion is

usually captured by polls. Some authors like Koven (1999) or Dunn and Woodard (1991) seem to establish a strong essential linkage between both the notions.

Rueben (1999) shows that, in the near field of constraints in expenditures growth, if preferences are taken into account (measured here by the presence of referendum) empirical results change dramatically. A positive correlation appears between constraints and expenditure control, when the initial model without preferences did not show such a relationship.

Dafflon and Pujol (2001) build up an index of Swiss cantonal fiscal conservatism based on voters' behavior concerning Swiss federal referenda with fiscal content, that is, 75 different voting from 1979 to 1998. They found statistically significant relationship between preferences and indebtedness: the more a canton adopts a fiscal conservative profile, the lesser the extent of cantonal debt, *ceteris paribus*. Pujol and Weber (2003) state the robustness of the influence of fiscal preferences on deficits by showing that the measure of voters' behavior proposed by Dafflon and Pujol depends basically on strictly non-economic variables, like cultural appurtenance (measured by cantonal language), religion, and political affiliation.

Another alternative way of research that we further investigate in this paper is not to focus on voters' preferences, but directly on those of politicians.

Two main theoretical schemes have been contemplated till now. The first one relies on the fiscal profile auto-identified by the protagonists of the fiscal policy decisions regarding the acceptability of public deficits. It is clear that the pertinence of this kind of measure is strongly dependent on the capability of the questionnaire to reveal the notion of fiscal conservatism of each person interviewed. Schwab-Christe (1996) has produced an interesting index of fiscal conservatism of local government in Switzerland but, unfortunately, it contemplates only measures about fiscal adjustment. Imbeau (1999) proposes a measure of fiscal preferences based on hypothetical decisions to be taken in the fiscal policy framework acceptable by each interviewed, that announces promising results. But by now, this option remains at a stage of agenda research.

We suggest, according to our knowledge, an original approach to handle fiscal preferences, based on the analysis of rhetorical discourse advanced by policy makers of a given collectivity in the context of the budgetary negotiation and reflected in official and public documents. The main idea is to identify all range of arguments used in order to justify or to refuse the adoption of new deficits and then analyze if they are to be classified as fiscal conservative or fiscal non-conservative. Thereafter all this information is translated into synthetic numerical values of "fiscal conservatism."¹ A first empirical application using this methodology was done by Pujol (1998) for the Swiss cantons of Fribourg and Geneva, for the period 1970–1997. The idea pursued there was to select only

¹ We are using in this paper the notion of "fiscal conservatism" in a pure positive meaning. We do not enter into normative analysis concerning the pertinence of this fiscal policy choice compared to any competing policy option.

the arguments given by the politicians representing parties in power in the government and the majority supporting it in the parliament. The political engagement was used as a proxy for the fiscal conservatism of the collectivity, as these political actors are responsible for the fiscal policy driven in the canton. Political commitment for fiscal discipline is much weaker in Geneva than in Fribourg. In fact, this difference corresponds also to the respective situation of their cantonal finances. Granger causality analysis shows that the fiscal stringent discourse in Fribourg tends to influence the level of the deficit. The reversal situation is found in Geneva: the political discourse seems to accommodate to the evolution of the cantonal finances.

We propose an empirical extension of this methodology by applying it to the main world economy, the United States, for a long time period, comprised between 1920 and 2008, corresponding to modern public finances.

The next two sections are devoted to briefly present the matrix of analysis of the budgetary discourse. Section 4 shows the empirical application of the methodology to the US President's case, with an interpretation of the results.

6.2 Building up a Matrix of Analysis of Political Commitment for Fiscal Discipline

In this section we sketch the core elements needed to justify how to provide a tool to analyze and decode the budgetary discourse in a measure of political commitment for fiscal discipline.

The objective searched is to find a method enabling us to translate all political interventions related to debt and deficits in terms of fiscal conservative and fiscal non-conservative attitudes. Two main sources of political statements can be identified. The first concerns the normative or theoretical arguments, which are the consequence of prescriptions according to the different economic approaches on fiscal policy and on the rival theories about public debt. We assume thus the interaction between economic ideas and policies and, in particular, that existing economic ideas open the door to the acceptance of multiple and sometimes opposed fiscal practices.² The second set of political arguments are of positive or practical nature, in the sense that this kind of political interventions is based on concrete budgetary practices that tend to justify (fiscal non-conservative) or to attack (fiscal conservative) the presence of actual deficits.

² "Because policy and ideas are intertwined, in discussing the main macroeconomic currents we refer also to economic events of the time. We show how theories influence policies and how the results of policies influence views about theory.

Any student should wonder about a field in which opinions and policy prescriptions change so often. And you should worry, too, about the differences in views among macroeconomists at any given time. For instance, what should you conclude about budget deficits when one group of economists claims deficits have no real effects and another group blames deficits for high real interest rates and the large trade deficit?" (Dornbusch and Fisher 1990, p. 674).

The key element, especially regarding the normative arguments, is to determine what has to be considered as a pro-fiscal discipline statement inside the political debate on budgetary issues. The choice made here is that a fiscal conservative attitude corresponds to pursue a “golden rule” fiscal policy or any other more restrictive practice concerning the use of public debt. The “golden rule” on public finance asks for a full covering of the annual current public expenditures by fiscal receipts and other related resources, public debt excluded. Under this fiscal policy rule, public debt is reserved to finance public capital expenditures. This fiscal policy rule was proposed by many Classical and Neoclassical authors. Other more severe practices can be proposed as the strict golden rule (the amortization of the due share of past public investments is considered as current expenditure to be financed by taxes), or even a balanced budget for all kind of expenditures. All these practices are also considered as fiscal conservative. Then, a fiscal non-conservative practice is one which justifies the debt finance of a share of current public expenditures, for instance, the Keynesian approach.

The golden rule of public finance provides a clear and reasonable criterion of fiscal conservatism. Nevertheless, as it can be expected, only a marginal share of the political interventions in the frame of the budget debate will directly advocate for one or other of the theoretical fiscal policy approaches. Politicians usually move to more concrete arguments for or against deficits, based on these theories or on theories of public debt.

The boundary we have chosen is very useful in order to categorize each one of the more concrete arguments, as the golden rule is directly linked to the classical theory of public debt. The theoretical justification to reserve deficits only to finance capital expenditures is the consideration that public debt imposes a burden to the future, when public debt has to be paid back with an increase of taxes. Based on this assertion, allocative and distributive considerations imply that the right means to finance current outlays are taxes, while capital expenditures can be financed by debt. This is the classical theory of public debt, and it drives to the golden rule principle. Thus, all the specific arguments based on the classical theory on debt can also be considered as conservative interventions. Logically, all the specific arguments that attack the classical foundations on fiscal policy and the theory of debt can be considered as fiscal non-conservative interventions.

A matrix of normative arguments (see Table 6.1) has thus been elaborated, containing the pertinent specific arguments that have been identified, classifying each one of them as fiscal conservative or fiscal non-conservative following the criteria mentioned above.

Particular arguments have been regrouped in family arguments. Even if the affiliation of one specific argument can be discussed, their appurtenance to a fiscal conservative view or to a non-conservative one appears to be clear enough for almost all the cases. This later fact is most important for the utility of the methodology proposed. The following families of arguments have been proposed:

Table 6.1 Matrix of normative arguments

Argument	Fiscal conservative use	Fiscal non-conservative use
A. Equity	A1. Excessive indebtedness penalizes future generations	A4. Public debt can be used if it is considered that future generations will be richer
	A2. Current expenditures should be financed by taxes	A4. Debt burden is not relevant if we consider the society as a whole (we owe the debt to ourselves)
	A3. Public investments may be financed with public debt, as future generations will enjoy the benefits	A6. The notion of public investment should be extended to a number of current expenditures A7. Marginalist analysis makes the case for accepting deficits for current expenditures A8. Social expenditures should not be sacrificed because of a fiscal adjustment
B. Efficiency	B1. Taxes are the best way to identify the fair price for public services	B6. Balanced budget creates the false image that public services are well managed
	B2. The best way to avoid excessive current expenditures growth is to finance them by taxes	B7. Empirical evidence shows that public intervention is not excessive, even when financed by deficits
	B3. Budget balance is the main means to counteract politicians' trend to overspend	B8. Rational expectations eliminate all kind of fiscal illusion
	B4. Balanced budget is needed because the Government should behave as private households	B9. If deficit-financing is confined to investments, it favors extravagant brick expenditures
	B5. Public investments may be financed with loans, in order to avoid a sub-optimal expenditure	B10. The analogy between government and households activities is fallacious
C. Risks of excessive deficits	C1. Public debt crowds out private investments	C8. The globalization of capital markets limits the crowding out effect
	C2. Debt service entails government freedom of action	C9. When public debt is hold by national residents, the service of the debt does not create a financial burden
	C3. Excessive indebtedness may generate fiscal crisis and future fiscal adjustments	C10. Functional finances show that the level of "excessive deficits" cannot be reached
	C4. Excessive deficits limit economic growth	C11. There is an overestimation of public debt burden, as public assets are not taken into account

Table 6.1 (continued)

Argument	Fiscal conservative use	Fiscal non-conservative use
	C5. Excessive indebtedness destabilize the economic framework	C12. Public debt is an easy way to finance public expenditures
	C6. Debt cannot be financed by inflation in the long term	C13. Public debt can be financed by inflation
	C7. The burden produced by public investments financed by deficits is affordable	C14. An annual balanced budget may endanger the economic growth for less developed regions in a country
D. Deficits and business cycle	D3. Severe theoretical shortcomings show that a discretionary fiscal policy does not work	D1. Deficit financing is necessary to apply counter-cyclical fiscal policies
	D4. It is almost impossible to apply a discretionary fiscal policy in a coherent way	D2. If there are idle resources, deficit financing can become a net wealth for society
	D5. Politicians use Keynesian prescriptions in order to get an easy financing in bad times	
	D6. Keynesian fiscal principles are not useful for a small open country	
	D7. Only a strict fiscal rule ensures the credibility of the fiscal policy	
E. Other arguments		E1. Debt burden is supported by the present generation because of rational expectations
Equivalence between taxes and deficits	E3. The hypothesis of the theorem of equivalence are unrealistic	E2. Deficits and tax produce the very same economic effects
Tax smoothing	E4. It is better to have an annual balanced budget than tax stability	E5. It is better to ensure tax stability than an annual balanced budget
Clearness of the rule	E6. Annual balanced budget is a clear rule which does not admit interpretations	E7. The effort to maintain a balanced budget produces perverse strategic behavior
		E8. The principle of a structural balanced budget is clearer principle
Capital market imperfections		E9. Public debt enables poor households to pay less than if they should ask for a loan to pay their taxes
		E10. Public debt contributes to the development of capital markets

- A. Equity issues
- B. Efficiency on the allocation of resources (desired level of public expenditure)
- C. Risks related with excessive deficits and debt
- D. Debt and economic cycles
- E. Other
 - Clearness of the rule
 - Equivalence between debt and taxes
 - Tax smoothing
 - Imperfection of capital markets

As we announced at the beginning of this section, political arguments for or against deficits have two different roots. The first, based on normative considerations, has been yet presented. Now, the arguments based in positive or purely practical consideration have also to be taken into account. This kind of political interventions can be adopted under a wide range of forms. They respond all to the politician's aim to make actual or future deficits more or less acceptable. Independently if this attitude is fully conscious or not, the fact is that this kind of public intervention reinforces the commitment for fiscal discipline when it gives a severe regard against deficits, and it weakens it when the opposite arrives. Some of those interventions reflect in fact the presence of strategic behavior, and have been identified by a number of authors working in the field of public choice and political economy of deficits, like Alesina and Perotti (1995) or Persson and Tabellini (1998).

Table 6.2 presents the groups of arguments we have retained, classifying each one of them as fiscal conservative or fiscal non-conservative. As for the precedent point, we think that the summary description given in the table is clear enough and does not need any further comment on it.

Table 6.2 Matrix of positive arguments

Argument	Fiscal conservative statement	Fiscal non-conservative statement
F. Budget project	F1. The efforts undertaken to ensure a balanced budget are mentioned	F2. A deficit is justified explaining that serious sacrifices have been made in order to attain the budget project figures
G. Budgetary modifications	G1. Measures are proposed on order to avoid differences with budgeted numbers, or deviations are criticized	G2. A justification is given to budget modifications resulting in a deficit increase
H. Financial planning	H1. A fiscal adjustment is undertaken and justified in order to respect an established financial plan	H2. A deficit is accepted with the remark that it is smaller to what was established in the financial plan

Table 6.2 (continued)

Argument	Fiscal conservative statement	Fiscal non-conservative statement
I. Budgetary forecast	I1. The necessity to establish prudent forecasting is advocated I2. The statement reflects that part of the good budgetary results come from exceptional non-recurrent events I3. The excessive optimism concerning future budgetary perspectives is denounced	I4. Optimist foretasting helps to justify actual deficits as "unexpected deficits" I5. Actual deficit is considered acceptable because it is lower than it was established in the budget
J. Budgetary transparency	J1. Practices that tend to show a false good budgetary situation are denounced J2. Budgetary practices showing a higher deficit than real figures are used or justified	J3. Gimmicks resulting in an apparent better fiscal performance are used or justified
K. Uncontrolled expenditures	K1. Balanced budget is considered as an own responsibility even acknowledging external restrictions	K2. The deficit is justified as a result of entitlement programs upon which there is small capacity to intervene K3. The deficit is justified arguing that it is the fruit of financial relations with other collectivities
L. Budgetary rules	L1. Budgetary practices that are not coherent with existing budget rules are denounced L2. Budgetary practices that may provoke a future non-respect of established budget rules are denounced L3. A fiscal adjustment is justified as needed to comply with budgetary rules	L4. A deficit is justified mentioning that it respects budgetary rules L5. A budgetary rule is interpreted as a right to create deficits
M. Budgetary tradition	M1. Fight against deficits is supported remembering that the government maintained fiscal conservative records in the past	M3. Danger of deficits is minimized by arguing that they are smaller than those reached in the past

Table 6.2 (continued)

Argument	Fiscal conservative statement	Fiscal non-conservative statement
	M2. A fiscal adjustment is defended because present deficit is worse than precedent deficits	
N. Comparison with other governments	<p>N1. Fiscal discipline is advocated in order to remain a government less indebted than others</p> <p>N2. A fiscal adjustment is supported in order to avoid becoming the “worst student in the classroom”</p> <p>N3. A deficit is rejected arguing that this option is not acceptable when other governments are undertaking fiscal adjustments</p>	N4. Deficit problems are relativized arguing that other governments are in a worse fiscal position
O. Diagnosis of the fiscal situation	<p>O1. The causes of present fiscal performance are explained</p> <p>O2. Strategic behavior that can potentially undermine budget balance is denounced</p>	<p>N5. A deficit is justified arguing that the fiscal position is worse than elsewhere because of specific extraordinary burdens</p> <p>O3. The deficit is explained and justified by putting the charge to others past decisions or behavior</p> <p>O4. Present deficit is considered as a result of other agents’ present behavior and responsibility</p> <p>O5. Practices producing past or present deficits are justified</p>

It can be considered that at this point, all the essentials to provide the tool to analyze the political discourse in order to determine the commitment for fiscal discipline are presented. They are simply formed by the addition of the matrix of normative arguments and the matrix of positive arguments.

6.3 The Index of Political Commitment for Fiscal Discipline

How to use the matrix in a practical manner in order to tackle the politicians’ commitment for fiscal discipline? The proposal is to go directly to political discourse, trying to decode all political statements in terms of fiscal conservative/non-conservative basis. The issue is thus “simply” to read all the pertinent budgetary documents to first identify all public interventions concerning deficits and debt. Then, compare the content of the political declaration with the catalogue of

normative and positive arguments identified and presented in the precedent section. If the political statement fits one of the theoretical elements of the matrix, a reference to the document is inserted in the correspondent cell of the matrix.

We propose two complementary indexes of attitude toward fiscal discipline. The first is open, and it is simply calculated as the difference between the number of statements favorable to fiscal discipline minus the number of declarations opposed to fiscal discipline. A positive value reflects a political position tending to support fiscal discipline. The highest the positive value it takes, the higher the insistence of the politician in defending this view, which suggest a stronger commitment toward fiscal discipline. Values near to zero indicate either that the politician has a shared view on this topic, or that she is not interested in fiscal discipline problems or that she considers that it is not politically rewarding to publicly manifest her present political position.

The second index is a closed index ranging between value +10; when all statements are favorable to fiscal discipline, and -10, when all declarations are against fiscal discipline. A zero value indicates an equal number of declarations for and against fiscal discipline. It is elaborated with the expression: $(\text{Cons}_t - \text{Noncons}_t) / (\text{Cons}_t + \text{Noncons}_t) * 10$. Being Cons_t the total number of fiscal conservative interventions in time t and Noncons_t the total number of fiscal non-conservative interventions. This second measure does not manifest directly the intensity in the defense of the political position, but it provides a clearer view of the direction given to the political debates, independently if they are numerous or not.

We have already applied this methodology to the Swiss regional case (Pujol 1998) and the Spanish case (Pujol 2003). Our aim is to expand the analysis to a longer time period, using the case of the United States, as the fiscal policy of this country has historically behaved as reference for other countries during this century, and because of the accessibility of all the other relevant time series variables. Also, the history of US public finances are quite well known, as it can be put in contrast with the results we intend to reach addressing directly to the public discourse of the main protagonists of this public policy.

As already mentioned, the methodology proposed is based on the discourse analysis. We have used in this case the official transcriptions of the Presidential public interventions before the Congress as recorded in the *Congressional Record*. For every single year covered in the analysis we have scrutinized direct references to debt, deficits, and fiscal policy contained in the annual *State of the Union message*, as well as the *Presidential Federal Budget Message*. We have not taken into account the annual *Economic Report of the President*, as this series is more recent (it starts after the Second World War), and does not cover all the period under analysis.

6.4 US Presidents' Political Attitude Toward Deficits, 1920–2008

6.4.1 *Statements Identified*

2409 presidential statements have matched with the normative and positive arguments of the matrix of analysis. A first methodological conclusion seems

clearly to emerge: the matrix of analysis of the political discourse succeeds in capturing an important amount of budgetary arguments in the American case, as it happened in the Swiss and the Spanish cases. We show in Fig. 6.1 the distribution of relevant statements per year. Annual results are grouped by terms in Fig. 6.2.

Figures 6.1 and 6.2 show a high level of variability concerning the presence of fiscal discipline related to declarations in the State of the Union Address and the Presidential Federal Budget Message. Concerning the weight that each

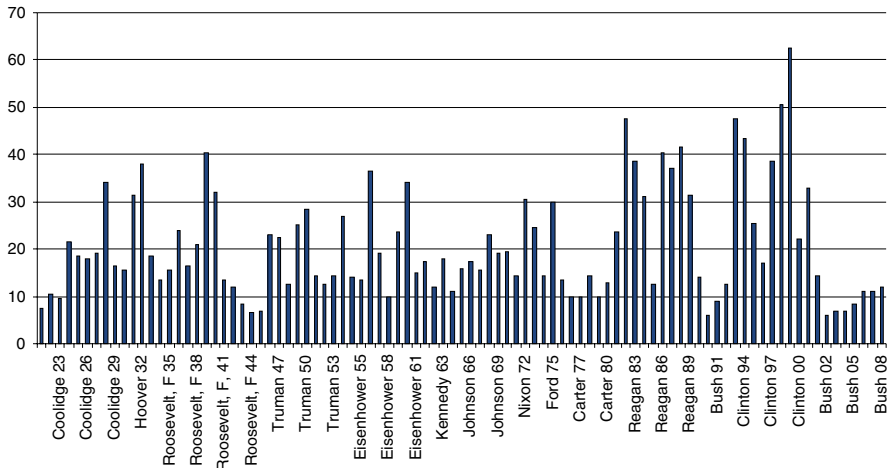


Fig. 6.1 Presidential interventions

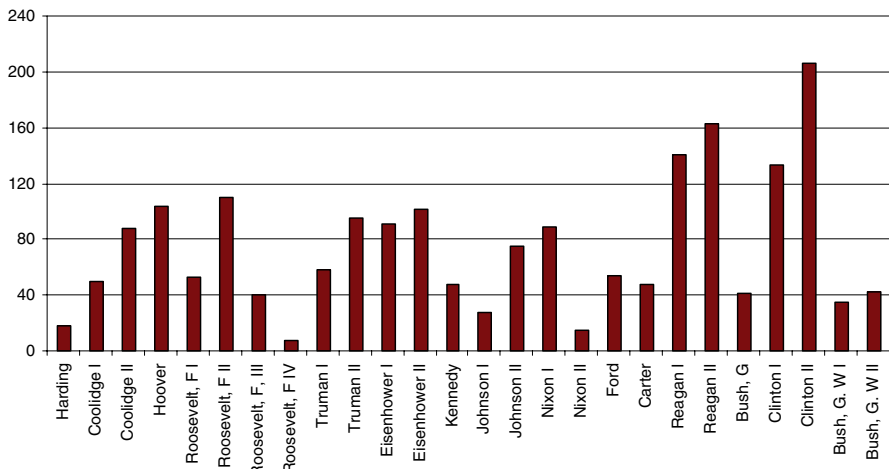


Fig. 6.2 Presidential statements on deficits, per term

president has given to this issue in their main political speeches (Fig. 6.2), it does not appear at first sight a clear variable to relate with the intensity of the discourse on deficits. But at least the time series can be separated into two. The first sub-series goes from 1920 to 1980. There is not a clear time trend in general, as we observe some time oscillations between 1920 and the beginning of the 1980s, with peaks with Hoover (late 1920s), the second term of Roosevelt (second half of 1930s), Eisenhower's Presidency (the 1950s) and first Nixon's term (late 1960s). The second part of the time series shows a dramatic increase of the intensity of the debates, affecting all the presidencies of Ronald Reagan and Bill Clinton. The opposite occurs with the presidencies of George Bush Sr. and his son George W. Bush. All these results suggest a certain relationship between the intensity of the discourse on fiscal discipline and economic cycle. Thus, periods of economic crisis or slow path of economic growth are linked to higher levels of declarations concerning deficits like the Great Depression (Hoover and Roosevelt I and II), the decade of the 1950s (Truman II and Eisenhower I and II), with a slow rate of GDP growth, and the economic crisis of the beginning of the 1980s (Reagan I) and 1990s (Clinton I). A significant exception to this behavior is Jimmy Carter's Presidency, under which the United States and other industrialized economies suffered one of the worst economic shocks, but this seems not to have had an impact on his public finance discourse.

Now moving back to Fig. 6.1, we can appreciate the evolution of the intensity of the discourse on deficit issues for each President. We can investigate the impact of economic cycles on discourse as well as the extent to which this kind of discourse is sensible to electoral discourse. According to our results a certain relationship between political discourse and political cycle appears to exist. We count for each presidential term with three observations concerning the evolution of the intensity of the discourse. The increase of the presence of declarations concerning fiscal discipline tends to be concentrated in the discourses marking the beginning of the second year with an upward trend in 13 out of 23 cases. The discourses of the third year where the importance of fiscal discipline issues increases related to the precedent year correspond to 9 cases out of 24 recorded. In the last year, which in the US system is fully integrated in the elections campaign, only in 7 cases out of 21, the intensity of the discourse increases and, among them, only in 1 case it is produced in a significant manner, at the end of George Bush Sr.'s mandate. These results suggest in one hand that promises and programs concerning deficit control tend to be concentrated at the beginning of the term, to progressively experience a reduction of public exposure, especially in election years. This lack of political interest of making promises for the US President finishing their mandate during the electoral year can have two different sources: because other issues are considered more important or more appealing for voters than issues related with fiscal discipline (fiscal discipline could be not voting rewarding, even if theoretically approved by a vast majority of Americans) or, alternatively, because poor public finance outcome does not deserve a strong defense and political promotion, and political fight is oriented to other more successful issues.

6.4.2 The Index of Fiscal Discipline

The core result of this paper is shown in Fig. 6.3, where we present the open index of political commitment toward deficits for the period 1920–2008. Figure 6.4 shows the parallel result on the basis of the closed index for values moving between -10 and $+10$.

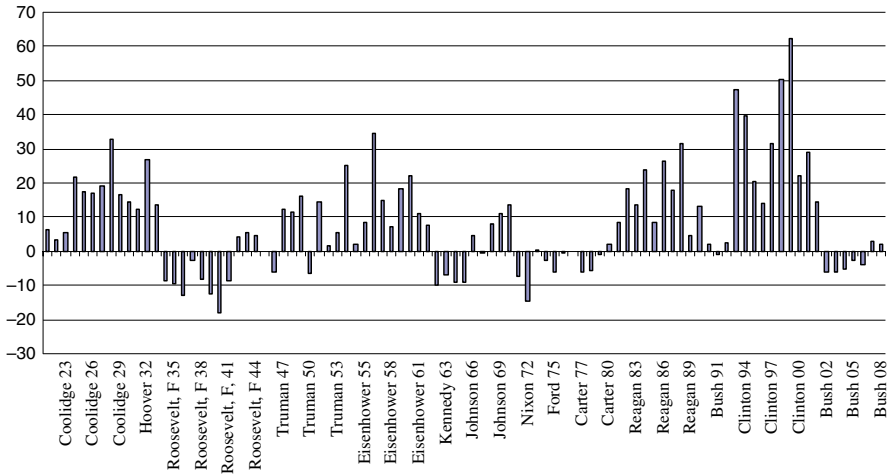


Fig. 6.3 Presidential fiscal discipline (open index)

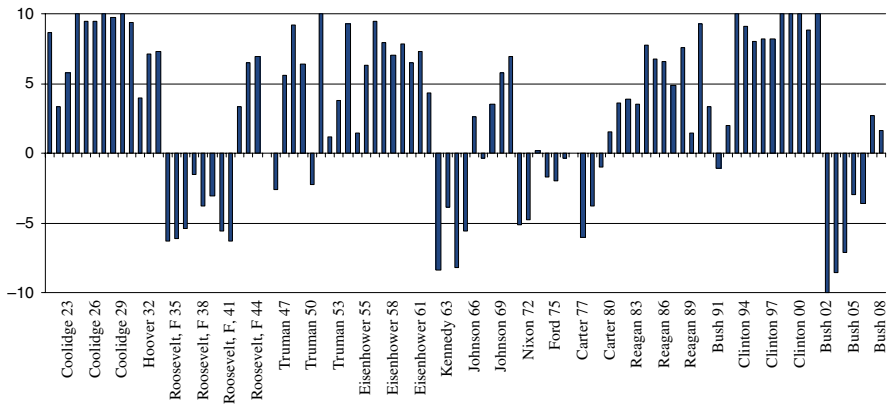


Fig. 6.4 Presidential fiscal discipline (bounded index)

The data set shows a profile that even if it can surprise at first sight, it is nevertheless quite coherent with the history of the American fiscal policy. This graph is in fact a concentrated snapshot of the political choices on budgetary issues these last 90 years. We can appreciate that, as commonly viewed, there was an undisputed attachment to the principles of fiscal discipline as we have

defined them at the beginning of the time period considered (this fact appears clearer in Fig. 6.4). The figure also shows that Hoover's attitude remained basically attached to the Classical principles when he faced the first stage of the Great Depression. The picture changes dramatically with Franklin Roosevelt's policies, which can certainly be considered as revolutionary in the fiscal sphere, as compared with the precedent references. He is the first President to publicly justify and advocate debt finance. Modern public finance episodes can easily be retraced in the graphic: the movement to higher levels of fiscal discipline with Eisenhower, the first utilization of Keynesian precepts in a period of economic growth under Kennedy and Johnson. Nixon's Presidency is quite interesting, because he is a Republican, and his record presents a clear and almost unique breakpoint inside a legislature when he announces in 1971 his administration adheres to the principles of full-employment budgeting. The Reagan records are also relevant, as they show the junction of huge and increasing deficits with a political discourse which basically defends the principles of fiscal discipline. Democrat President Bill Clinton maintains a high profile of attachment to the principles of fiscal discipline, never seen since the 1920s, in accordance with his deficit reduction policy. The series ends with the change of trend experienced with George W. Bush, as he enters again into the territory of a political discourse non-attached to fiscal discipline, 30 years after Nixon, Ford, and Carter presidencies. In all these episodes the US Federal Budget assumed large deficits, but the economic framework was substantially different: during the 1970s the US economy endured a prolonged economic crisis, while under George W. Bush's Presidency the economy enjoyed an unseen and continuous growth period.

Figure 6.5 shows the same results as in Fig. 6.4, but aggregated by presidential terms.

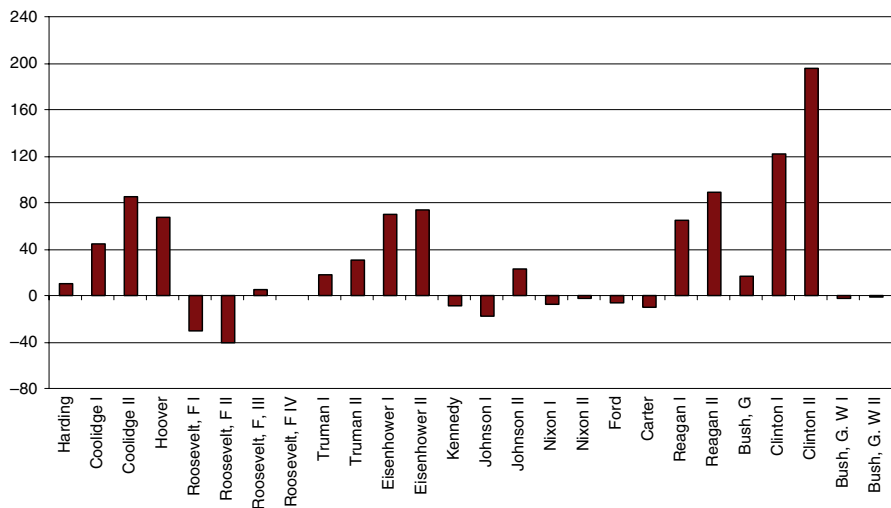


Fig. 6.5 Index in fiscal discipline, by terms (open index)

To our view, the main outcome of these figures is precisely that the resulting picture corresponds basically to what a person having a basic knowledge about recent history of American fiscal policy could predict. This is not a shortcoming of this methodology based on discourse analysis, but, in the opposite, it seems to us that this shows the ability of the methodology in catching the sense and substance of what is behind the political discourse and, secondly, that political discourse seems to be quite internally coherent, as we do not arrive to random or aberrant results.

6.4.3 The Structure of the Political Discourse

The analysis of the structure of the discourse gives also an important amount of information. The general index shown in the precedent section is built by the addition of different families of normative and positive arguments. It can be thereby disintegrated in its main components. The resulting analysis provides a clear insight of what kind of arguments have been essential in different parts of the period under analysis or the influence of party ideology. Some results can be put in relation with the intensity of the debate on deficit issues (Figs. 6.1 and 6.2) and with the global index of political attitude toward deficits (Figs. 6.3, 6.4, 6.5), enlightening some of the results already achieved in the precedent section.

We analyze first how the general discourse on deficits has been distributed among its two main components: normative and positive arguments.

We find a relative low percentage of normative arguments from 1920 to 1930, around 40% of all arguments. They increase in the early 1930s to 60%–80%. This surge reflects the ideological battle around the treatment to give to the deficits resulting from the economic recession. During Hoover's Presidency the normative arguments used in the public discourse tend to show the dangers associated to deficits (as we see in Fig. 6.3 that the attitude during these years is favorable to balanced budget). The opposition option is preferred with Roosevelt's arrival. It is interesting to notice nevertheless that the percentage of statements of normative nature used since mid-1930s is significantly lower than the precedent and the subsequent years. Thus, actual deficits have been basically justified during this period taking advantage of practical positive arguments, more than using theoretical arguments served for instance by the incipient Keynesian proposals. This result tends to confirm the view shared by some experts that Roosevelt never implemented an anti-cyclical and active fiscal policy in a systematic way.

There is a long period comprised between the end of Second World War and the Oil Crisis where the share of normative arguments is maintained in high levels in average, around 60% of all arguments. Figure 6.3 also tells us that this sub-period has experienced a succession of political attitudes favorable and opposed to deficits. The conjunction of both results manifest that the ideological battle concerning the appropriate use of deficit finance has been a matter of

this period. By contrast, political debate about deficits since Ronald Reagan's Presidency was conducted mainly by practical positive arguments, as the share of normative arguments reach a historical minimum at Reagan's second term and during George Bush's Presidency (30%). So, the profile favorable to balanced budgets shown by Reagan, when he faced at the same time unprecedented deficits, was conducted basically through practical arguments like, as we will see after, the proposal of a constitutional amendment to forbid deficits, or the attack on Congress's lack of willingness to adopt budgetary reforms. The share of normative arguments tends to increase again during Clinton's second term and during George W. Bush's terms, to a level of at least 50%.

We look more into detail concerning the structure of the political discourse on deficits by analyzing the use of each specific family of arguments presented in Tables 6.1 and 6.2. We have regrouped the results by presidential terms, in order to increase the significance of the results.

Concerning the use in public statements of arguments related with equity and The use of debt finance (arguments type *A* in Table 6.1: equity with future generations, fiscal expansion today at the price of increased debt for the future. . .). This kind of argument has marked specially Franklin D. Roosevelt's third Presidency, with some 17% of all statements referring to this argument, while it is used in 5% of the cases by the average of all other presidents. It corresponds to the World War sequence. Figure 6.5 shows that Roosevelt's global position on deficit was roughly in positive territory in his last term (favorable to fiscal discipline positions), in sharp contrast with precedent years. This is precisely due to the fact that Roosevelt always used this argument to justify the need to raise special war taxes, in order to minimize the burden that debt could eventually produce in future generations. Surprisingly enough, before the Great Depression breakpoint, this argument was used in a negligible manner by presidents, maybe because this kind of argument was considered superfluous and taken for granted. This argument took a certain importance in Eisenhower's (favorable to fiscal discipline) and in Johnson's first term (opposed) discourses. This argument becomes somehow interesting again for presidents in a regular basis since Ronald Reagan, counting in average to some 5% of all statements. George W. Bush uses this argument mainly in the second term concerning the need to control entitlement spending in Social Security and Medicare in order to protect future generations against the "three bad options: huge tax increases, huge deficits, huge an immediate cuts in benefits" (H. Doc. No. 110-3, p. H1168).

The family of arguments related to risks associated to excessive deficits (arguments type *C* in Table 1) is undoubtedly the main singular argument for many of the Presidents under analysis. This argument has been systematically used in the political discourse in order to support balanced budget positions, and only marginally to justify the presence of deficits (Roosevelt, Truman, Kennedy, Johnson, and George W. Bush), but never to the point of becoming an argument supportive to deficits (negative value). This is not a surprising result: it is hard to publicly minimize the potential costs of present or future

deficits. Being this the case, the best solution to apply when a president is publicly defending the presence of deficits is simply to try to avoid this specific argument. We find in fact that the higher the level of political attachment to fiscal discipline, the higher the share of this argument in the political discourse; and the higher the opposition to fiscal discipline principles, the lower the presence of this argument in the political discourse. The coefficient of correlation between both the series is 0.772.

This argument was very much visible in the discourse structure before 1930, with some 25–30% of all statements, and that it almost disappears during Roosevelt's first term. Eisenhower becomes a passionate user of this argument in order to reinforce his fiscal conservative views. He reaches in his second term a historical peak of 38% of all statements related to the dangers of excessive deficits. The presence of the argument decreases during the 1960s, 1970s, and 1980s, varying from 5% to 20%. Interestingly, Reagan, George Bush, and George W. Bush, with fiscal conservative views, do not support their position taking advantage of this arguments (just 10–15% of all statements) and it can be easily understood: it is not too much coherent to constantly speak about the risks and dangers of deficits and debt at the same time that huge amounts of deficits are being proposed for approval to the Congress. The situation changes dramatically with Bill Clinton, whose intensity of use of this argument is only similar to those of Eisenhower and pre-Great Depression presidents (30%).

Then follow the statements related with deficits and business cycle (normative family of arguments *D* in Table 6.1). It has been the defining argument concerning the political attitude toward fiscal discipline for many presidents. As in the precedent case, it is worth to study in parallel the intensity of the use of this argument and index of fiscal discipline in each presidential term concerning the use of this argument.

The presence of this argument in the political discourse was completely marginal before Hoover's Presidency (just 2% of all statements referred to the business cycle). We can appreciate that this argument was the key in Hoover's and Roosevelt's first term, as it concentrated more than 40% of their statements. This result, coupled with the opposite signs of the index of these two presidents, indicates us the intensity of the ideological struggle about the legitimacy of deficit finance. The intensity in the use of this argument decreases in the subsequent Roosevelt terms, around the 30% levels, presenting even a mixed position about the role of deficits in the economic cycle during his third term, coinciding with the Second World War period. The cyclical use of deficits becomes a second order argument during the 1950s, within Truman (20%) and Eisenhower (less than 10%) presidencies. Truman's views on this issue are mixed, even if he is from the Democrat Party. Eisenhower is the first President since the Great Depression to publicly attack the Keynesian principles. This position is in strong contrast with his successor's proposals, as all Kennedy statements on this issue were unambiguously favorable to the use of budget as a means to influence the business cycle. A similar path is followed during Johnson's first term, as this argument concentrates 65% of all his statements, which

is a series record. As we mentioned in the precedent section, Nixon converted publicly and formally to “full employment balanced budget” principles and the defense of these principles took a significant part of his political discourse, reaching a 50% level. A similar behavior is found under Ford and Carter presidencies. Another change of political option emerges with Ronald Reagan’s Presidency, as this argument is completely passed over in his discourse (not even one statement during all his second term). By contrast, George Bush tends to justify the use of deficits for anticyclical purposes, but this argument occupies a marginal place in his discourse (12%). It is quite interesting to see that a Democrat like Clinton has completely ignored the role of deficit financing on business cycle. This result, maybe facilitated for some years by the favorable economic outlook, tends to confirm nevertheless the strong attachment to fiscal discipline principles, as shown in Fig. 6.3, 6.4, and 6.5. This argument comes back into the discourses with George W. Bush. During the first term, the need of deficits was advocated as a means to fight again recession, in a pure Keynesian style. During the second mandate, deficits were preferred to increases of taxes in order to promote growth. Even if this position is opposed to a fiscal conservative approach, the argument was not anymore based in Keynesian proposals, but in the Supply-Side Economics approach.

The final major normative argument on deficits is related to the choice between tax and deficits: to raise or not to raise taxes in order to eliminate accidental or structural deficits. This question has been a major open issue between the beginning of the period till the end of the 1960s, with an average use of this argument ranging from 15 to 25% within the period. The presidents have used this argument in both ways, once supporting it and in other times attacking it with fiscal conservatism principles.

Concentrating the analysis to the first 40 years of the period, as they are more significant, pre-Great Depression statements systematically favored the increase of taxes option against further deficits, when needed. This position changes again radically with Roosevelt’s first term proposals, even if he does not tend to give much place to this argument in his discourse. A mixed position follows in the second and the third term (war finance efforts are partly supported by extraordinary taxes). This argument appears to be crucial in Truman’s Presidency, as it represents more than a quarter of the total arguments. His position is basically favorable to raise taxes in order to reduce deficits and debt. This attitude is in concordance with a typical post-war implicit public finance contract. Identical position is followed by Eisenhower, who also faces the War of Korea effort. Like other arguments, we find here a breakpoint with Kennedy’s Presidency, with a clear change in preferences concerning the relationship between tax and deficits, even if this argument takes a minor share of his discourse. The same happens during Johnson’s first term, while another turning point appears in his second mandate, as he defends then tax raises in order to limit deficits, inside and anticyclical framework. This argument disappears from Nixon’s discourse, and it is marginal in Ford’s and Carter’s public interventions. Even if it is not a major argument in Reagan’s and George Bush’s

discourse, it is again interesting to identify the specificity of their discourse. Those presidencies (altogether with George W Bush's discourse) are basically the only cases where there is not a tight relationship between the index of fiscal conservatism of this index and the general index of fiscal conservatism (Fig. 6.5). The coefficient of correlation of both series is 0.625. If we drop from the calculus Reagan's, George Bush's, and George W. Bush's observations, the coefficient increases to a value of 0.823, which shows that those observations follow clearly an anomalous behavior. This specific profile is due to the adoption by these Republican presidents in their discourses of the supply-side economics principles and Laffer curb fiscal recommendations. Clinton is clearly opposed to these views.

After having presented the main results concerning the use made by Presidents of normative arguments, we now move into the territory of positive arguments, which, as mentioned in Section 2, are mainly related with the different stages and elements of the budget process.

The main singular positive argument is in fact a composite argument. It refers to the last family of positive arguments listed in Table 6.2, about the political diagnosis of present and past budgetary situation (argument type *O* in Table 6.2). It can be satisfactory (thanks to our commitment or the right measures taken, our fiscal position is now favorable) or critical ("because of our past or present wrong decisions, we are now in severe fiscal conditions," and most of the times "because other present or past wrong decisions, we are now in a severe fiscal condition"). This is a kind of melting pot argument, as the list of specific actual "right" or "wrong" decisions can be as rich as real life is. That is why we do not try to summarize which were the main themes present in the debate during these last 80 years. We just comment how important this argument has been in the structure of the presidential discourse.

This argument reaches a maximum use of 37% of all statements under Roosevelt's Presidency. This peak is related with the wrong management of 1937 expansion period which lead to his view to an undue recession the following years. Other relative peaks are attained under last years of Truman's Presidency (20% level), who reproached the lack of support of Congress run by a Republican majority in passing some tax laws proposals considered essential. Another significant mark is reached by Kennedy in 1961 (20% level). It corresponds to Kennedy's attacks to Eisenhower's fiscal policy choices, as a way to reinforce his unprecedented fiscal proposals. Finally, it is interesting to notice that no one critical diagnosis statement has emerged during the 8-year long Clinton Presidency.

Satisfactory diagnoses were coherently almost absent during the Great Depression years. A higher level of utilization of these arguments appears with Eisenhower's first presidential years (some 30% of all diagnosis statements were positive). We find a continuous insistence on this kind of argument under all of Reagan's Presidency, as half of his diagnosis statements were judged positive. This rhetorical conviction that budgetary decisions and situation were in good shape is quite disconcerting, as it is in sharp contrast with the

unstoppable increase of public deficits occurring at that moment. We find again that Reagan's political discourse is special under almost all parameters. We find a certain relation, even if not strong between the percentage of statements referring to satisfactory diagnosis and the actual situation of public finance, measured by the ratio deficit/GDP. The coefficient for the period 1930–2008 is 0.141, but it could be clearly higher if we drop from the series Reagan's observations. The coefficient of correlation then reaches a value of 0.225, which confirms that Reagan's discourse choices go against the general trend. President Clinton, with a share of positive diagnosis of 40%, also confers a great importance to this argument in order to support his budgetary decisions. George W Bush does not use almost at all this kind of rhetoric argument in his discourses.

Concerning the other individual positive arguments considered in Table 6.2, we shall now comment on the figures of those arguments which have been of significant importance in the political discourse at least for some presidents.

The argument related to budget planning and multi-annual adjustment plans (argument *H* in Table 6.2) appears in the political discourse only in the 1970s (with just 2% of all statements), with the introduction of mid-term economic and budgetary forecasts. It was important in Reagan's second term (7%), and crucial during George Bush's Presidency (15%). It corresponds to the implementation of different adjustment plans, like OBRA. In spite of that the aim of such programs is a progressive deficit reduction and final elimination, our empirical results show that they play an ambiguous role, at least at the discourse level. The index of fiscal conservatism associated to this argument is -2.72 for Ronald Reagan, and 0 for George Bush. This means that many times the existence of an adjustment plan has acted more as a way to legitimate actual deficits (because they were in line with the plan) than to use the plan as an extra argument to fight against deficits. These results are coherent with other empirical papers which find a weak relationship between multi-annual budgeting and fiscal discipline. In contrast with his predecessors, Clinton's statements using this argument were effectively oriented to support fiscal discipline (an index of $+6.36$ during Clinton first term). George W Bush again uses the argument of planned deficit reductions as a way to make present deficits more acceptable.

The argument related to the existence or the call for introduction of budgetary rules whose main aim is to control or to impede deficits (argument *F* in Table 6.2) was present during the 1920s political discourse (4% of all statements), and was associated to the repayment of the First World War debt. No more references to this argument will be made during an interval of almost 50 years, with the sole exception of Kennedy (1%). Since Ronald Reagan's Presidency, it presents an almost identical profile that the argument analyzed just before, with peaks during Reagan's second term and George Bush (7% of all statements). This increase of interest for this argument reflects Presidents' proposals of a budgetary process reform based on the introduction of a Constitutional Amendment for a Balanced Budget and the introduction of the Presidential line-item veto. This arguments is present in his son's second term

discourses, as he also advocated the adoption of the line-item veto and the reform of the so-called earmark practices, those items that according to the President, “are slipped into big spending bills or committee reports, often at last hour, without discussion or debate” (H. Doc. No 110-84, p. H563).

The next argument refers to the call to budgetary tradition (argument *M*, Table 6.2), to past budgetary records in order to fight or, conversely, to justify, present deficits. It has played a certain role in Roosevelt’s discourse (5% of all statements), always as a means to minimize the extent of problems related to deficits (an index of -10). It was also used by Kennedy and Johnson (ranging between 2 and 6%), also in the same approach opposed to fiscal discipline. The same occurred with Carter’s, Reagan’s, and George Bush’s use of this argument, all of them using this argument in some 2% of their statements. Again by contrast, Clinton made reference to this argument in order to maintain the stimulus to struggle against deficits, also increasing its importance in his discourse (8% of all statements).

The argument about budgetary transparency (argument *J* in Table 6.2) refers to how Presidents present budgetary outcomes, trying to show a dark vision of the situation in order to reinforce the need of a fiscal adjustment using the less favorable accounting measure of deficits and debt (pro fiscal discipline approach) or, in the opposite, using an accounting presentation to apparently diminish the extent of actual deficits (statement against fiscal discipline). This argument can also be used as a critique to political rival’s practices (the Congress or past Presidents).

Roosevelt fluctuated during his presidency concerning the intensity of use of this argument as well as for the direction given to the argument in fiscal discipline terms. Eisenhower, during his second term in which he extensively used this argument (6% of all statements), tended to show a more favorable vision of budgetary outcomes than actual. Kennedy, who also referred many times to this argument (2% level), did it in an ambiguous way concerning its effects on fiscal discipline. The same happened with Johnson. Ford used this argument systematically in order to minimize the extent of deficits. This argument has played a minor role since then.

6.5 Conclusions

We have shown in this chapter an important amount of information concerning fiscal policy and preferences from US Presidents since 1920. The lecture and quick interpretation of these results are in strong concordance with prior views to any person familiar with US recent fiscal policy history. The apparent lack of “empirical surprises” in relation with expected results is not a disappointing outcome but is, to our view, the main strength and contribution of this chapter. We reach this coherence with other researchers’ findings in a rather heterodox and strange approach: by analyzing what the main actors of this policy publicly

said when they were at office; by using a “read my lips” approach. If the coherence of the results proposed in this chapter is convincing enough, this should lead to two parallel corollaries: first, that public political discourse presents a clear internal coherence; second, that the methodology of discourse analysis proposed is able to catch the basic lines of political commitment toward fiscal discipline as publicly manifested by policymakers.

This to our view is an exciting outcome, as this research produces measurable values concerning the position of each President related to fiscal discipline and not only merely vague opinions or feelings on what their position was on this issue. The measurability of the results attains even the level of individual family of arguments related to the use of deficits, which clearly reinforces the possibility of understanding the ideological, political, and economic determinants of political attitudes toward fiscal discipline. We think that the present chapter provides a quite astonishing clear picture of what fiscal discipline attitudes have been reflected during the last crucial 80 years of US budgetary history, and opens the way to further developments based on these results.

As for the nature of the political commitment toward fiscal discipline, it clearly appears that it cannot be reduced to a simple deterministic product of economic conditions or President's party affiliation. The long time series under study shows us a high number of departure exceptions to this simple relationship. For instance, with presidents from the same party with different fiscal discipline attitudes; presidents who dramatically change the tenure of their discourse one year from another; presidents who differently react to economic slowdowns and recessions, and so on. This is why we are prone to consider that political discourse determinants are much more sophisticated. Being this the case, research strategies where the measure of political commitment or manifested preferences is finally substituted by other proxy variables like party affiliation could then suppose a significant loss of explanatory power or even a loss of pertinence. Even if the measurement of political commitment represents a demanding task, our results suggest that the scientific benefits are probably higher.

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Chapter 7

Would You Trust an Italian Politician? Evidence from Italian Regional Politics

Emma Galli, Veronica Grembi, and Fabio Padovano

Abstract This chapter evaluates the erosion of electoral accountability of the “Governors” of the Italian Regions in three subsequent political moments: (1) the elections, (2) the inaugural speeches of the Governor, (3) their first important policy decision, the long-term regional budget (DPEFR). We use content analysis (Laver et al. 2003) to assess the position of each Governor on a left to right distribution at the moment of the inaugural speeches and of the DPEFR. We then analyze the correlation between the distributions of (1) the electoral results and the inaugural speeches and (2) the inaugural speeches and the DPEFR, under the hypothesis that greater similarity can be interpreted as greater accountability. The analysis detects some erosion of accountability from the elections to the inaugural speeches, and a more serious one from the inaugural speeches to the DPEFR. A series of ANOVA tests suggest that the Region’s relative economic position/dependency on transfers from the central governments partly explains such loss of accountability.

7.1 Goals of the Analysis

...You probably wouldn’t, would you?

In this chapter we try to give some empirical evidence to this widespread a priori. Specifically, we examine the electoral results, the programmatic speeches, and the long-term budget documents (*Documento di Programmazione Economica e Finanziaria Regionale*, DPEFR) of the presidents of the Italian Regions (usually and heretofore called “Governors”) and verify the degree of consistency among them. The greater this consistency, the greater the accountability of the Governors, and vice versa. We then look at the relative economic conditions of the Regions to verify how they affect such accountability. In this respect, our analysis addresses three classical issues in the empirical

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“Walk-Talk” literature, as described in the Introduction of this volume: (1) Is there a systematic bias between the budget speeches and the budget outcomes? (2) Do governments follow up on their electoral pledges? (3) Do parties of the right and the left speak different languages?

Before describing the analysis, three clarifications are in order: the first is about the theoretical underpinnings of our inquiry, the second about the methods and the strategy of the analysis, and the third about the data and the selection of the sample.

The theoretical literature on the political accountability (Persson et al. 1997; Persson and Tabellini 2000) shows that, during a legislature, voters rationally allow the government to appropriate a certain amount of “rents from holding office.” Although this appropriation reduces their welfare, voters still reelect the government, in order to eliminate its incentives to divert even more. The extent to which this erosion occurs depends on (1) the institutional framework in which the principal–agent relationship between voters and representatives develops, as presidential systems are characterized by more slack than parliamentary ones; (2) the ideological heterogeneity of politicians competing for office, as a high degree of ideological polarization makes efficiency no longer the only criterion to evaluate the performance of elected politicians (Besley et al. 2006); and (3) the time horizon of the elected officials, whereby longer legislatures are characterized by lower electoral accountability. In particular, Persson et al. (1997) and Lagona and Padovano (2007) show that elected officials enjoy greater discretionary power the further away they are from electoral events. We thus expect that an erosion of the accountability of the Governors of the Italian Regions grows as one moves away from their election. The necessary hypothesis that elected officials expect to be voted out of office when they do not satisfy the preferences of the majority of the voters is plausible in the context of Italian regional politics. First, alternation of governing coalitions has been an actual possibility in regional elections since the establishment of the Regions in the 1970s, thus well before that similar patterns of replacement took place at the level of national politics. Italian regional politicians have always known that they were not sitting on the same political rent that national politicians enjoyed for such a long time (Putnam 1993). Second, the 1995 reform of the institutions of Regional Governments introduced a series of provisions that (a) greatly increased government stability and (b) lowered the cost of voting against the incumbent, by eliminating the risk of having a weak and unstable government. Both effects seem to have further stimulated alternation in government (Veronese 2007).

In order to verify that this process of progressive erosion of accountability takes place, we compare three important moments of regional politics, which are usually included in a six-month time span: (1) the electoral results, (2) the so called inaugural or programmatic speeches of the Governor before the Regional Council (the regional legislative branch) during the first confidence debate, (3) the first long-term budget document signed by the Governor. The first moment can be taken as the expression of voters’ preferences; the second constitutes the first verbal reaction of the elected Governor to these preferences;

the third is the first important political choice of the standing government. Information about these three moments has been gathered for the two regional legislatures that followed the 1995 institutional reform, the one ensuing the elections that took place between 1998 and 2001, and the one after the elections of 2003–2006 (not all Regions celebrate the elections at the same time).¹ The available observations for the Italian Regions are then distributed on a left to right political dimension. The method of distribution is based on expert evaluations for the electoral results; for the programmatic speeches and the long-term budget documents we have used the content analysis methodology of Laver et al. (2003). We thus obtain three left to right distributions of the Regions, one for each moment. The extent to which the Regions keep their relative positions in these three moments is interpreted as a sign of electoral accountability of the Governors. The idea is that, in such a case, Governors reflect in their programmatic speeches of the confidence debate the preferences that voters expressed in the elections, and start to program policies, reported by the long-term budget documents, consistent both with the programmatic speeches and with voters' preferences. Conversely, the more Regions change positions in the three moments, the greater the erosion of electoral accountability in the practice of politics.

Two reasons motivate our choice of the Italian Regions as the sample for this analysis. First, content analysis has never been used for Italian regional politics so far. The only application to Italian data that we are aware of is Giannetti et al. (2001), to the policy positions of Italian national parties. Second, we are interested in verifying whether there is any evidence supporting Putnam's (1993) claims that Italian regional politics is more "responsive," i.e., accountable, than the national one, and that the level of accountability is higher in Northern Regions than in Southern ones.

The rest of the paper is organized as follows. The next section briefly describes the politics and the institutional context of the Italian Regions. In section 7.3 we explain the methodology used to evaluate the policy positions of the Governors. Section 7.4 includes the content analysis of the Governors' programmatic speeches and long-term budget documents. Section 7.5 exploits this information to assess (a) to what extent the accountability of the Governors is eroded in the

¹ A straightforward application of the "Do they walk like they talk?" type of inquiry would classify the DPEFR in the talk, rather than walk, dimension, because the DPEFR is essentially a programmatic document. In this respect, a better indicator of the walk dimension would be data about the financial and economic performance of the Regional governments. At the moment such data are still unavailable, as most observations refer to regional governments elected between 2005 and 2006. Although a second-best choice, the DPEFRs are still a fairly good indicator of what the Regional Governments do, because of their strong commitment value vis à vis the Central government. The so called Internal Stability and Growth Pact, established between the Italian Central Government and the sub central ones to enforce fiscal discipline, works much in the same way as the Stability and Growth Pact between the EU Commission and the member countries. The Central Government monitors the policy decisions of the Regional governments on a series of documents, among which the DPEFR is the most important, and correlates the transfers to the Regions on the discrepancies between the DPEFR and the actual results (Brosio et al. 2003). This stimulates the Regional Government to publish credible DPEFR and to stick to it as much as possible.

time span stemming from the elections, the elected Governor's programmatic speech and the publication of the long-term budget document, and (b) to analyze how this erosion evolves in time and as we move from one area of the country to another. Section 7.6 verifies to what extent the relative economic conditions of the Regions and their dependency on transfers from the Central Government explain the erosion of accountability. In the final section we reassume the main results of the analysis and point out the avenues for future research.

7.2 A Brief Description of the Italian Regional Politics

The Italian Constitution, promulgated in 1948, foresees the principle of decentralization of the government functions and the establishment of Regional Governments (Article 5 and Title V of the Constitution). Italy has thus been divided into 20 Regions (see Appendix B for the list of names and abbreviations). Five of them, the first to be established between 1948 and 1963, enjoy a special statute (*Regioni a Statuto Speciale*, or RSS), because of their multilingual status, borderline position or particularly low level of development. The remaining 15 Regions characterized by an "ordinary statute" (*Regioni a Statuto Ordinario*, or RSO) were established in 1970, 22 years after the Constitutional provision. Many Italian constitutional lawyers and political scientists (Lepschy 1990; Putnam 1993; Brosio et al. 2003) argue that the creation of the regional governments in the 1970s constituted a response to the stalemate in national politics, where the Communist Party, which represented more than 1/3 of the electorate, could not participate in government activities because of its incompatibility with the Italian set of international alliances. Regional governments could provide Communist politicians with a chance to govern certain areas of the country without interfering with foreign policy; at the same time the experience of administrating regional governments could make Italian politics less extremist, or, according to Putnam (1993), less ideology and more administration oriented.

According to the Constitution, Regional Governments have the major responsibility of health care, plus certain aspects of social services, environment, local transportation, housing, culture, and tourism. The difference between the RSO and the RSS lies chiefly in the provision of grants from the Central Government, which is much more generous for the RSS (Brosio et al. 2003).

Until the early 1990s the institutional framework and the politics of the RSO largely replicated those of the National Government, being based on proportional representation and on a parliamentary system. This created a lack of accountability and a general dissatisfaction with the quality of regional politics. In 1995 a reform was introduced (law n. 43/95) that effectively made the regional system of government a presidential one. Government stability was guaranteed by a series of provisions, including: (1) a top-up system ensuring

that the absolute majority of the legislators is held by the coalition with the relative majority of the votes; (2) a reduction of the duration of the Council (i.e., the Regional Parliament) from five to two years in case of a no confidence motion is approved during the first two years; (3) a direct election of the Governor, starting from 1999 (new art. 122 of the Constitution), who is endowed with the power to appoint and dismiss the members of the regional Cabinet, unless the Regional Statute disposes otherwise (new art. 123 of the Constitution). These provisions belong to a larger package of reform of Title V of the Italian Constitution, which disciplines the lower levels of government and has generally increased, among other things, the administrative and legislative competencies of the Regions (Fiorino and Ricciuti 2007; Brosio et al. 2003).

This reform considerably affected the ways and mores of Italian regional politics. Alternation in government, already present, significantly increased in the two elections held under the new institutional system. In the last electoral round, 8 regions out of 20 (Abruzzo, Calabria, Friuli, Lazio, Liguria, Piemonte, Puglia, and Sardegna) swung from the center-right to the center-left coalition, a remarkable shift given the traditional stability of Italian politics. The direct election of the Governor also prompted the adoption of new practices usually featured in accountable systems of government, like the publishing of electoral programs (although still by a few candidates, 12 out of 80 for the last two rounds of elections); the deliverance, by the Governor, of a programmatic speech before the Regional Council in coincidence of the first confidence debate that marks the investiture of the Regional Government; the adoption of long-term budget documents, as well as other initiatives in the same vein. The present analysis exploits some of these innovations.

7.3 Methodology

To evaluate the policy position of the Governors of the Regions at the stage of their programmatic speeches and of the approval of the first DPEFRs of the legislature we adopt the a priori methodology of Laver et al. (2003). This methodology is based on a comparison of two sets of political texts: (1) the so-called “reference texts,” constituted by texts whose policy positions on well-defined, a priori policy dimensions are known to and chosen by the analyst and (2) the so-called “virgin texts,” composed of texts whose policy positions must instead be found out. Specifically, this methodology uses the relative frequency for each of the different words in each of the reference texts to calculate the probability of reading a particular reference text given that a particular word is found in the virgin text. For a specific a priori policy dimension, which the analyst chooses by selecting the reference texts in ways that we shall describe below, this procedure generates a numerical score for each word. The sum of the word scores is the expected policy position of any virgin text in the policy dimension spanned by the reference texts. In this case a virgin text is identical

to a reference text, the word score is at the maximum value, because the probability of reading the same text is equal to 1. The less similar the virgin text is to the reference text, the lower will be the score.

In other words, the word scores generated from the reference texts are used to estimate the positions of the virgin texts on the policy dimension in which the analyst is interested. Each word in a virgin text provides a small amount of information about which of the reference texts the virgin text most closely resembles. This produces a conditional expectation of the virgin text's policy position and each scored word in a virgin text adds to this information. This procedure can be thought of as a type of Bayesian reading of the virgin text with the estimates of the policy position of any given virgin text being updated each time one reads a word that is also found in one of the reference texts. The more scored words are read, the more confident one becomes with the estimates.

The selection of an appropriate set of reference texts is clearly a crucial aspect of this a priori approach. As Laver et al. (2003) point out, "...the hard and fast rule when selecting reference texts is that we must have access to confident estimates of, or assumptions about, their position on the policy dimension under investigation" (p. 314). Additionally, Laver et al. (2003) offer three further guidelines in the selection of reference texts:

- (1) They should use the same lexicon, in the same context, as the virgin text being analyzed; for example, party manifestos should not be considered as appropriate reference texts for analyzing legislative speeches.
- (2) The policy position of the reference texts should span the dimension in which the analyst is interested; ideally, they should occupy extreme positions of the dimension under investigation.
- (3) The set of reference texts should contain as many different words as possible. The more comprehensive this word universe, and thus the less often one finds words in virgin texts that do not appear in any reference text, the better. Reference texts should then be both long documents; documents of unequal length create statistical problems, inasmuch as they reduce the possibility to make confident inferences about the policy positions of virgin texts.

7.4 Content Analysis

Data availability is, at the same time, an innovative aspect of and a constraint for this inquiry. As this is the first systematic analysis of the speeches of the Governors of the Italian Regions to adopt content analysis, the gathering of the data set constitutes per se an innovative aspect of the inquiry.² On the other hand, several circumstances have limited the extension of the data set. First, we could not examine electoral manifestos because only 12 candidates to the

² See Appendix A for the illustration of the data sources.

Governorship out of 80 published such documents. We thus focused our attention on the programmatic speeches that the elected Governors deliver before the Regional Council upon the investiture of the regional government. We have collected a total of 29 inaugural speeches (out of a maximum possible of 40) delivered at the beginning of the VII and VIII Regional Legislatures, the two that followed the 1995 institutional reform. The remaining 11 speeches were either not delivered, or have not been recorded. All in all, we have scored the speeches for Abruzzo (VIII legislature), Basilicata (VII and VIII), Calabria (VII and VIII), Campania (VIII), Emilia Romagna (VII and VIII), Friuli-Venezia Giulia (VII), Lazio (VII and VIII), Liguria (VII), Lombardia (VIII), Marche (VII and VIII), Molise (VIII), Piemonte (VII and VIII), Puglia (VIII), Sardegna (VIII), Sicilia (VII), Trentino Alto-Adige (VIII), Toscana (VII and VIII), Umbria (VII), Valle d'Aosta (VII and VIII), and Veneto (VII and VIII).³

Information about the DPEFRs is even more limited, because not all Regional Governments publish these documents and we need only those of the Regions for which we have the programmatic speeches too. This makes for only 19 DPEFRs, namely, Abruzzo (VIII legislature), Basilicata (VII), Campania (VIII), Emilia Romagna (VII and VIII), Lazio (VII and VIII), Lombardia (VIII), Marche (VIII), Molise (VIII), Piemonte (VIII), Sardegna (VIII), Sicilia (VII), Trentino Alto-Adige (VIII), Toscana (VII and VIII), Umbria (VII), and Veneto (VII and VIII). All of the DPEFRs were the first ones published by the elected Regional Government, in order to make the temporal distance between the three moments as tight as possible.

Concerning the left-to-right political dimension of the inaugural speeches and of the DPEFR, we use a combination of the electoral results and the other guidelines suggested by Laver et al. (2003) as our a priori criterion in the selection of the reference texts. This allows avoiding a double use of the electoral results in the selection of the reference texts and in the accountability analysis, where they proxy the voters' preferences. In particular, the consideration of (a) the availability of the texts of both the speeches and the DPEFRs and (b) of the length requirement of the documents lead us to select the programmatic speeches of the Governors of Basilicata (VIII legislature) and of Sicilia (VII legislature) as the reference texts for the center-left (*Ulivo*) and center-right (*Polo*) coalition, respectively. They are given the values of -1 and $+1$, respectively. The same criterion is applied to the selection of the reference texts for the DPEFRs. In this case, the DPEFRs of Piemonte (VIII legislature, center-left) and Sicily (VII, center-right) are the reference texts, with an assigned score of -1 and $+1$.

Table 7.1 reports the percentage of votes of the winning coalitions of the regional elections for the legislatures under consideration, using the standard left-to-right dimension. Table 7.2 illustrates the results of the content analysis

³ For one legislature of Sardegna and Emilia Romagna we have actually used the electoral program and not the programmatic speech, because instead the programmatic speech was in fact a repetition of the electoral program.

Table 7.1 Results of regional elections

Region	2000		2005	
	Center-left	Center-right	Center-left	Center-right
Abruzzo		49.26	57.8	
Basilicata	63.0		67.0	
Calabria		49.8	59.0	
Campania	54.18		61.6	
Emilia Romagna	54.1		62.7	
Friuli Venezia Giulia.		52.0*	53.17***	
Liguria		50.1	52.64	
Lombardia		62.37		53.4
Lazio		51.5	50.7	
Marche	49.1		57.7	
Molise		58.0		54.0*****
Piemonte		51.8	50.9	
Puglia		54.0	49.7	
Sardegna		43**	50.2****	
Sicilia		59.1****		53.08
Toscana	48.7		56.7	
Umbria	55.7		63.01	
Veneto		55.0		55.0

* Elections held in 1998.

**Elections held in 1999.

*** Elections held in 2003.

****Elections held in 2001.

***** Elections held in 2004.

***** Elections held in 2006.

Electoral results for Valle d'Aosta and Trentino Alto Adige are not reported because the elected local parties do not follow the usual left–right spectrum of Italian politics.

for the left-to-right dimension of the programmatic speeches; finally, Table 7.3 contains the information about the content analysis of the DPEFRs.

7.5 Evaluation of Political Accountability

The application of the methodology of Laver et al. (2003) to the programmatic speeches of the Governors of the Italian Regions seems to give satisfactory results. The comparison between Table 7.1 and the column of the transformed scores in Table 7.2 shows that 23 “virgin” speeches out of 27 are consistent with the electoral results. The methodology of content analysis of the speeches captures the right-to-left swing of Calabria and Piemonte, as well as the movements further to the left of the electorate of Toscana, Marche, and Emilia Romagna. Lazio, instead, underwent a swing from a center-right to a center-left coalition that is not reflected in the transformed scores. The scores are also consistent with the electoral results of Basilicata VII, Friuli VII, Liguria VII, Lombardia VIII, Puglia VIII, Sardegna VIII, and Veneto VII and VIII. Also for

Table 7.2 Word scoring of the programmatic speeches, political dimension

N.	Virgin text	Raw		Unique scored words	Transformed		Transformed		Total words scored	% of Total words scored
		score	standard error		score	standard error	95% confidence intervals	words scored		
1	ABR VIII	0.06	0.01	1.076	3.61	0.30	3.00	4.22	5,918	84.3
2	BAS VII	-0.05	0.00	2.446	-2.39	0.20	-2.80	-1.98	13,273	88.9
3	CAL VII	0.00	0.01	743	0.05	0.51	-0.98	1.07	1,945	85.5
4	CAL VIII	-0.01	0.01	965	-0.28	0.43	-1.13	0.58	2,992	86.6
5	CAM VIII	0.01	0.01	604	0.61	0.50	-0.40	1.62	1,934	90.6
6	ERO VII	-0.01	0.01	1,192	-0.22	0.31	-0.85	0.40	4,844	88.9
7	ERO VIII	-0.02	0.01	1,422	-0.90	0.28	-1.46	-0.35	6,173	90.5
8	FVG VII	-0.01	0.00	1,467	-0.59	0.26	-1.12	-0.07	6,645	86.1
9	LAZ VII	0.04	0.01	1,424	2.27	0.30	1.66	2.87	5,866	84.5
10	LAZ VIII	0.04	0.01	710	2.15	0.51	1.13	3.17	2,058	88.2
11	LIG VII	0.00	0.00	1,997	0.40	0.22	-0.04	0.84	11,372	87.9
12	LOM VIII	0.01	0.01	834	0.59	0.43	-0.27	1.46	2,808	90.1
13	MAR VII	0.02	0.01	1,040	1.01	0.33	0.35	1.67	4,347	87.7
14	MAR VIII	-0.04	0.01	1,336	-2.05	0.27	-2.59	-1.50	5,964	88.1
15	MOL VIII	-0.03	0.00	2,068	-1.28	0.24	-1.75	-0.80	9,234	86.9
16	PIE VII	0.03	0.01	1,250	1.54	0.34	0.86	2.21	4,848	85.9
17	PIE VIII	-0.02	0.01	854	-0.76	0.41	-1.57	0.06	2,779	88.2
18	PUG VIII	-0.03	0.00	2,474	-1.69	0.19	-2.07	-1.31	14,373	87.8
19	SAR VIII	-0.02	0.00	3,275	-0.94	0.13	-1.19	-0.69	31,179	87.9
20	TAA VIII	-0.01	0.01	1,259	-0.29	0.32	-0.92	0.35	5,133	86.9
21	TOS VII	0.00	0.01	994	0.12	0.38	-0.64	0.87	3,690	86.5
22	TOS VIII	-0.01	0.01	888	-0.31	0.40	-1.10	0.49	3,400	89.3
23	UMB VII	0.01	0.01	1,460	0.91	0.29	0.34	1.49	6,287	89.1
24	VDA VII	-0.04	0.01	882	-1.90	0.41	-2.71	-1.08	2,876	90.7
25	VDA VIII	-0.03	0.01	578	-1.27	0.55	-2.38	-0.16	1,549	88.1
26	VEN VII	0.00	0.01	950	0.31	0.43	-0.54	1.17	2,942	89
27	VEN VIII	0.02	0.01	1,062	1.21	0.38	0.45	1.98	3,626	85.6

Reference texts: BAS VIII (-1) and SIC VII (+1)

Table 7.3 Word scoring of the DPEFRs, political dimension

N.	Virgin text	Raw score	Raw SE	Unique scored words	Transformed score	Transformed standard errors	Transformed 95% confidence interval	Total words scored	% of total words scored
1	ABR VIII	-0.05	0.00	5289.00	-0.16	0.03	-0.21 -0.11	72963.00	92.70
2	BAS VII	-0.10	0.01	1498.00	-0.98	0.08	-1.15 -0.81	5678.00	85.20
3	CAM VIII	-0.03	0.00	3016.00	0.13	0.05	0.03 0.23	21139.00	92.40
4	ERO VII	-0.06	0.00	4956.00	-0.40	0.03	-0.45 -0.34	57231.00	88.90
5	ERO VIII	-0.10	0.00	3681.00	-0.94	0.04	-1.02 -0.87	28704.00	92.00
6	LAZ VII	-0.03	0.00	5116.00	0.15	0.02	0.10 0.19	74701.00	86.80
7	LAZ VIII	0.27	0.00	4429.00	4.86	0.03	4.79 4.92	70181.00	90.30
8	LOM VIII	-0.13	0.00	3829.00	-1.46	0.03	-1.51 -1.40	49171.00	88.60
9	MAR VIII	-0.04	0.00	5500.00	0.03	0.02	-0.02 0.08	79970.00	90.00
10	MOL VIII	0.00	0.00	3580.00	0.55	0.04	0.46 0.63	27164.00	90.20
11	SAR VIII	-0.01	0.00	5389.00	0.39	0.03	0.34 0.44	76958.00	90.50
12	SIC VIII	-0.08	0.01	1118.00	-0.63	0.11	-0.84 -0.42	3875.00	89.60
13	TOS VII	-0.11	0.00	2852.00	-1.25	0.04	-1.33 -1.16	20405.00	91.90
14	TOS VIII	-0.12	0.00	3298.00	-1.27	0.04	-1.35 -1.19	24591.00	94.02
15	UMB VII	-0.01	0.00	5073.00	0.38	0.03	0.33 0.43	70031.00	89.60
16	VEN VII	-0.05	0.00	6389.00	-0.25	0.02	-0.28 -0.21	157386.00	89.50
17	VEN VIII	-0.03	0.00	6637.00	0.18	0.02	0.15 0.22	177195.00	88.70

Reference texts: PIE VIII (-1) and SIC VII (+1)

Val d'Aosta VII and VIII and for Trentino VIII, the two Regions where the local parties are not immediately identifiable with the national ones, the transformed scores are in line with the political orientation of the local parties. Finally, in the cases of Abruzzo VIII, Campania VIII, Molise VIII and Umbria VII the electoral results do not find correspondence in the evaluation of the speeches. Yet, it must be kept in mind that these four cases may reflect a genuine movement of the Governor away from the political orientation of his (or her, in the case of Umbria) electorate.

Finally, the transformed scores assigned to the DPEFR expose a departure from the electoral results. Of the 17 DPEFRs scored, 9 do not coincide with the political orientation expressed by voters: Abruzzo VIII, Lazio VIII, Lombardia VIII, Marche VIII, Molise VIII, Sardegna VIII, Sicilia VII, Umbria VII, and Veneto VIII. It seems that, once the financial needs must be confronted, the ideological positions of the Governors lose relevance or, at least, diminish in intensity.

In order to provide a quantitative assessment of the loss of accountability of the Governors as the political act moves from the electoral results to the establishment of the government and to the programming of policies, we resort to a Spearman correlation index of the rankings of the Regions in the three moments considered. The number of observations does not allow enough degrees of freedom to perform regression analysis.

The ranking of the Regions according to the electoral results was obtained by assigning negative values to the percentage of votes obtained by center-left coalitions, so to obtain a left-to-right scaling of the Regions comparable to those of the transformed scores of the speeches and of the DPEFRs. The value for the Spearman rho correlating the rankings of the electoral results and of the transformed scores of the programmatic speeches is 0.352 (26 observations, p value = 0.076), which is statistically significant but not very high. This can be taken as evidence of a loss of electoral accountability from the moment of the electoral results to that of the programmatic speeches. The value of the Spearman index between the speeches and the DPEFRs is 0.326 (19 observations, p value = 0.173), slightly lower than the rho for the ranks of the electoral results and the speeches but, most of all, not statistically significant. This implies that the left-to-right distributions of the Regions at the moment of the inaugural speeches and of the DPEFRs are not correlated. Thus, the comparison of the values of these indexes shows that some loss of political accountability of the Governors takes place moving from the stage of the electoral results to that of the programmatic speeches, but an even larger erosion appears in the passage between the speeches and the DPEFRs.

Figures 7.1 and 7.2 illustrate the evolution of the positions taken by the Regions in the moment of the electoral results (vertical axis to the left), of the programmatic speech (vertical axis in the middle), and of the DPEFRs (vertical axis to the right). Following Laver and Garry (2000) we normalize the left-to-right political dimension of the electoral results to a scale correlated to that of the reference texts for the programmatic speeches. By that, the most left-wing

Fig. 7.1 Accountability, Legislature VII

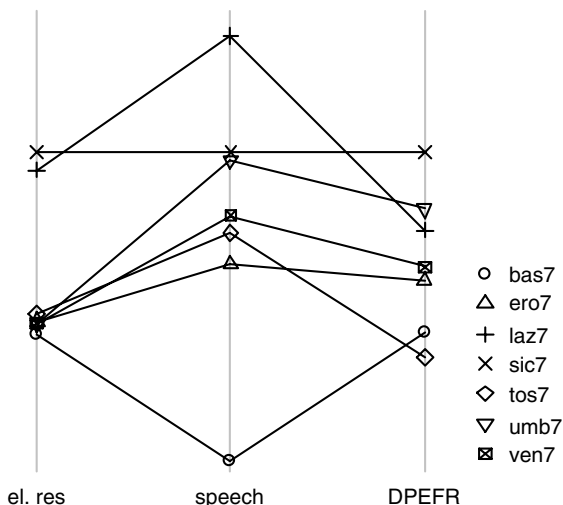
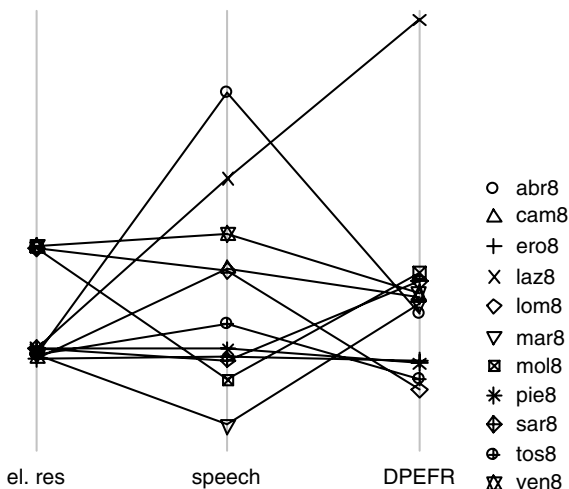


Fig. 7.2 Accountability, Legislature VIII



Region is assigned a score equal to -1 , the most right-wing Region a score of $+1$, while the scores for all other Regions are normalized in a linear fashion. These values are reported on the vertical axis on the left. The values reported on the other two axes are, instead, the same transformed scores of Tables 7.2 and 7.3. Furthermore, we report information only for the Regions for which we have information for all the three moments (balanced samples). Finally, to gauge some evidence of how the process evolves through time, we have separated the values for the VII legislature (reported in Fig. 7.1, seven Regions) from those of the VIII legislature (reported in Fig. 7.2, 11 Regions). Straight lines indicate perfect consistency between the scores that a Region obtains in each

moment, which is evidence of electoral accountability. Angles, instead, denote changes of position, thus lower consistency between the three moments, which is evidence of lower electoral accountability.

The figures provide three interesting results. First, contrary to what Putnam (1993) declares to find in his analysis of Italian regional politics in the 1970s and the 1980s, there is no evidence of a North-South pattern in the degree of accountability. Figure 7.1 shows that Sicily VII is almost a perfectly straight line, whilst the sharpest changes of scores are those of Basilicata VII and Lazio VII. But even Veneto VII and Emilia Romagna VII, the two most Northern Regions featured in Fig. 7.1, are characterized by noticeable angles. Figure 7.2, about the VIII legislature, reveals remarkable changes of position of Lazio, Abruzzo, and Lombardia; on the contrary, Piemonte (in the North) and Sardegna (in the South) describe almost straight lines, i.e., no change of scores.

The distribution of these changes does not seem to be systematically influenced by the partisanship of the Governor. In the VII Legislature the center-right coalition held 67% of the analyzed Regions, but was responsible for only 25% of the major changes of position illustrated in Fig. 7.1, and could therefore be interpreted as being more accountable than the center-left coalition. In the VIII Legislature the positions are reversed: the center-right coalition held only 22% of the analyzed Regions, but was responsible for 33% of the major changes illustrated in Fig. 7.2, a sign of lower relative accountability.

Third, a comparison between the figures immediately exposes that the VIII legislature is characterized by much more remarkable changes of position than the VII. There is thus evidence that accountability is further eroded as we move away from the time of the institutional reforms of 1995. We acknowledge that just two legislatures cannot be taken as conclusive evidence, but the pattern recorded is certainly worrying as far as electoral accountability, one of the main goals of the 1995 reforms, is concerned. It is to be noted that the reform of the Title V of the Italian Constitution was enacted in 2001, namely, between the two legislatures under scrutiny. This reform increased the competencies (art. 117) and financial autonomy (art. 119) of the Regions, but so far only the spending side of the reform has found application. The resulting expansion of common pool situations is possibly an explanation of the lower accountability detected in Legislature VIII relative to Legislature VII. In other words, the practice, if not the principles, of the constitutional reform of 2001 has gone against the institutional reform of 1995.

7.6 Erosion of Accountability and Financial Constraints

The Italian Regions are heavily dependent on transfers from the Central Government to finance their spending decisions and policy programs. Between 1997 and 2005, i.e., in the time period of the two legislatures that we have analyzed,

the ratio of “own resources” to the total revenues averaged around 0.45 for the whole 20 Italian Regions, with a standard deviation of 0.17 (Ministero dello Sviluppo Economico 2007). Moreover, these own resources are heavily regulated by the Central government and do not represent a true tax autonomy. The transfers are by and large negatively correlated with regional income levels, thus the dependency on transfers mirrors the economic conditions in which Regional governments operate. This dependency therefore captures probably the important conditioning factor for the possibility of the Governors to keep their electoral promises (and a usual excuse for failing to do so), namely, the availability of financial resources transferred by the Central Government. The next logical step of our inquiry is to verify whether the erosion of electoral accountability discussed in the previous section depends on these economic constraints or on political determinants. To do so, we evaluate the inaugural speeches of the Governors of the Regions also along an economic dimension, based on their dependence on grants from the Central Government. We then perform a series of ANOVA tests to gauge whether the discrepancies between the electoral results and the inaugural speeches are best explained by ideological differences between the Governors or by the dependency of their Region on grants from the Central government.

The first step is to analyze the content of the inaugural speeches using the most and least grant-dependent Region as reference points, namely Marche (VII legislature, lowest percentage, assigned score -1) and Molise (VIII legislature, highest percentage, assigned score $+1$). Table 7.4 reports the results. Two are the most interesting for our purposes. First, the transformed scores are entirely consistent with the rankings of the Regions based on the grants received from the Central Government. All speeches of Governors of Regions highly dependent on grants show a positive transformed score, i.e., they are closer to the speech taken as reference for the grant-depending Regions, Molise VIII. Conversely, all the negative scores refer to Regions that are positioned in the bottom half of the ranking for dependency on grants. Second, along this dimension we do not observe any switch from a positive to a negative sign (or vice versa), even in cases of Regions that underwent a swing in the electoral results. This is consistent with the high resilience of the economic conditions of the Italian Regions.

The output of the ANOVA is reported in Table 7.5, with the results related to the ideological dimension on the top line and those related to the economic dimension on the bottom line. The ANOVAs of the ideological dimension assign a value of 0 if a center-left coalition governs the Region, 1 otherwise. Conversely, in the ANOVAs of the economic dimension Regions are assigned a value of 0 when the transformed scores of Table 7.4 are negative, i.e., the Region is relatively little dependent on transfers from the Center, and 1 if the transformed scores of Table 7.4 are positive, i.e., the Region is relatively more dependent on transfers.

Note that there is no significant difference between the speeches of center-left Governors and those of center-right Governors: the F statistics of 0.4 in the top

Table 7.4 Word scoring of the programmatic speeches, economic dimension

N.	Virgin text	Raw			Unique			Transformed standard error	Transformed standard error	Transformed 95% confidence intervals	Total words scored	% of total words scored
		Raw score	standard error	scored words	Transformed score	scored words						
1	ABR 8	-0.05	0.01	812	-3.12	0.20	-3.53	-2.72	5.497	78.3		
2	BAS 7	0.11	0.00	1.658	1.57	0.14	1.30	1.85	11.913	79.8		
3	BAS 8	0.12	0.00	1.897	2.03	0.11	1.80	2.25	18.244	80.7		
4	CAL 7	0.09	0.01	594	0.94	0.36	0.22	1.66	1.770	77.8		
5	CAL 8	0.08	0.01	767	0.81	0.29	0.23	1.40	2.745	79.4		
6	CAM 8	0.06	0.01	491	0.28	0.37	-0.46	1.01	1.759	82.4		
7	ERO 7	0.00	0.01	965	-1.67	0.22	-2.11	-1.22	4.572	83.9		
8	ERO 8	0.05	0.01	1.086	-0.14	0.20	-0.54	0.27	5.672	83.1		
9	FVG 7	0.09	0.01	1.157	0.94	0.19	0.56	1.32	6.235	80.8		
10	LAZ 7	0.04	0.01	1.085	-0.39	0.21	-0.81	0.03	5.377	77.5		
11	LAZ 8	0.04	0.01	589	-0.49	0.35	-1.19	0.21	1.906	81.7		
12	LIG 7	0.05	0.01	1.487	-0.07	0.15	-0.38	0.24	10.528	81.4		
13	LOM 8	0.04	0.01	683	-0.41	0.29	-0.99	0.18	2.611	83.8		
14	MAR 8	0.06	0.01	1.089	0.19	0.20	-0.21	0.58	5.697	84.2		
15	PIE 7	0.04	0.01	963	-0.39	0.23	-0.86	0.07	4.465	79.1		
16	PIE 8	0.03	0.01	720	-0.61	0.30	-1.21	-0.02	2.622	83.2		
17	PUG 8	0.11	0.00	1.678	1.61	0.13	1.35	1.87	12.952	79.1		
18	SAR 8	0.10	0.00	2.173	1.51	0.09	1.33	1.69	28.494	80.3		
19	SIC 7	0.06	0.01	991	0.08	0.24	-0.39	0.56	4.267	79.2		
20	TAA 8	0.06	0.01	971	0.17	0.23	-0.28	0.63	4.641	78.6		
21	TOS 7	0.01	0.01	833	-1.42	0.27	-1.95	-0.88	3.480	81.6		
22	TOS 8	-0.04	0.01	718	-2.78	0.27	-3.32	-2.24	3.182	83.5		
23	UMB 7	0.05	0.01	1.134	-0.14	0.20	-0.54	0.26	5.832	82.6		
24	VDA 7	0.18	0.01	718	3.72	0.29	3.13	4.31	2.634	83.0		
25	VDA 8	0.06	0.01	489	0.32	0.40	-0.48	1.12	1.440	81.9		
26	VEN 7	0.05	0.01	764	-0.23	0.29	-0.82	0.36	2.711	82.0		
27	VEN 8	0.03	0.01	822	-0.80	0.27	-1.34	-0.27	3.311	78.1		

Reference texts: MAR 7 (-1) and MOL 8 (+1)

Table 7.5 ANOVA output

		Degrees of freedom	Mean square	F statistics	p value
<i>Ideological dimension:</i> Right–left transformed scores of Table 7.2 × Right = 1 if center-right coalition is in power	Between groups (combined)	1	0.827	0.4	0.533
	Within groups	22	2.065		
	Total	23			
<i>Economic dimension:</i> Right–left transformed scores of Table 7.2 × Transfer dependent = 1 if Region has a positive transformed score in Table 7.4	Between groups (combined)	1	11.532	7.117	0.013
	Within groups	25	1.62		
	Total	26			

line is not statistically significant. There is, however, a significant difference between the speeches of Governors of transfer-dependent Regions and those of Governors of less dependent regions: the F statistics of 7,117 in the bottom line is significant at 1% level. This implies that Regions that are relatively more dependent on transfers from the Central government tend to have a more “leftist” discourse, and vice versa. In other words, the economic and financial conditions of the Region do affect the programmatic speech of the Governor and thus explain, to an extent that the ANOVA analysis cannot estimate, the erosion of accountability from the moment of the electoral results to that of the inaugural speeches. To further confirm this result, Fig. 7.3 plots the

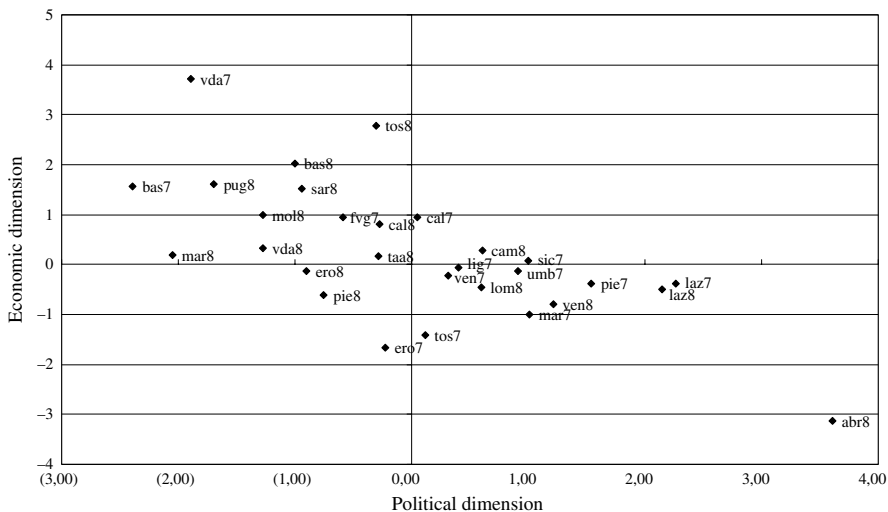


Fig. 7.3 Political and economic dimensions

transformed scores of the Regions for the left-to-right ideological dimension (horizontal axis) and the economic dimension (vertical axis). It reveals a negative correlation between the two, which reinforces our interpretation that the economic dimension acts as a constraint to the political dimension. Moreover, the two dimensions are clearly not multicollinear, so they can be meaningfully used together for purposes of statistical inference.

7.7 Conclusion

In this chapter we have tried to provide some empirical evidence on the degree of consistency between the distributions, along a left-to-right political dimension, of the electoral results, of the programmatic speeches of the Governors, and of the DPEFRs of the Italian Regions for the two legislatures that followed the 1995 institutional reform. We argue that the greater the degree of consistency among these distributions, the higher is the Governor's electoral accountability, because changes in the political orientation of the Governor show up as a change in the score (and possibly of the relative position) obtained in one of these three moments. We have based our interpretation of the left-to-right distribution of the electoral results on the evaluation of the ideologies of the Italian (regional) political parties. The methodology for content analysis developed by Laver et al. (2003) is instead used to estimate the left-to-right distribution of the programmatic speeches and of the ensuing DPEFRs of the Governors of the Regions.

The comparison of the distributions of the Regions in these three moments, performed by means of a series of Spearman rank correlation indexes, provides evidence of some erosion of electoral accountability in the passage from the electoral results to the programmatic speeches, namely, right after the Governor is elected, and of an higher degree of erosion moving from the speeches to the stage of the DPEFRs, when political decisions begin to take shape. Furthermore, this erosion seems to become more serious as time goes by and appears to be a fairly general phenomenon, not circumscribed to certain areas of the country.

A series of ANOVA tests performed on the distribution of the Regions in the moment of the elections and of the inaugural speeches shows that, when these are evaluated according to the dependency of the Region on transfers from the Central Government and on their economic conditions, more dependent Regions tend to be governed by Governors who deliver more "leftist" discourses. In other words, the economic and financial conditions of the Region may explain the erosion of accountability from the moment of the electoral results to that of the inaugural speeches.

Data limitations prevented us to perform more systematic analyses of this erosion of accountability, as well as to extend our inquiry to the pre-electoral

stage (the candidates' manifestos) and the first actual decisions, as evidenced by the levels of spending in regional programs. These are the most obvious research avenues to pursue in the future.

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Appendix A: Data Sources

Dataset Regioni Italiane 1970–2002 CRENOS, available from www.crenos.it.

VII Legislature

Regione Basilicata. Consiglio regionale. Seduta del 13 giugno 2000. Relazione programmatica del presidente della Giunta Regionale Bubbico.

Regione Basilicata. Giunta Regionale. DAPEF 2003–2005 Nota di aggiornamento del 29 gennaio 2003.

Regione Emilia-Romagna. Atti Consiliari. Terza Seduta. Resoconto Integrale. 22 giugno 2000. Comunicazione del Presidente della Giunta in merito al Documento di Programmazione della Giunta.

Regione Lazio. Consiglio regionale. Prima seduta pubblica. Resoconto stenografico. 6 giugno 2000. Comunicazione del Presidente della Giunta Storage.

Regione Lazio. Assessorato al bilancio, programmazione economico-finanziaria e partecipazione. DPEFR 2004–2006.

Regione Liguria. Atti del Consiglio. Resoconti Integrali. Seduta n.2 del 24 maggio 2000. Comunicazioni del Presidente Biasotti della Giunta regionale concernenti il programma della giunta (o.d.g. n.6).

Regione Sicilia. Seduta n.9 del 25 settembre 2001. Comunicazione del Presidente della Regione Cuffaro sul Programma di Governo.

Regione Umbria. Consiglio Regionale. I Sessione Straordinaria. 19 giugno 2000. Resoconto stenografico. Dichiarazioni programmatiche del Presidente della Giunta Regionale Lorenzetti, pp.7–25.

Regione Autonoma della Valle d'Aosta. Séance du 30 Juin 1998. Object n.11/XI. Allocution du nouveau Président Dino Viérin du Gouvernement et programme de la nouvelle majorité.

Regione Autonoma della Sardegna. Renato Soru, “Un programma per cambiare la Sardegna”.

- Regione Autonoma della Sardegna. Centro Regionale di Programmazione Economica e Finanziaria. DPEF 2005–2007. Approvato dalla giunta regionale il 4 novembre 2004.
- Regione Toscana. Consiglio Regionale. DPEF 2005. Scelte Strategiche e finalità programmatiche di fine legislatura. Bollettino Ufficiale della Regione Toscana n.28 del 4 agosto 2004.

VIII Legislature

- Regione Abruzzo. Seduta n.1. del 16 maggio 2005. Resoconto integrale n.15/2005. Programma del Presidente della Giunta.
- Regione Basilicata. Relazione programmatica del presidente della giunta regionale Vito de Filippo.
- Regione Calabria. Programma del presidente della giunta Regionale della Calabria Agazio Loiero “Un progetto per crescere insieme.” Allegato alla deliberazione n.4 del 17 maggio 2005. 17 maggio 2005.
- Regione Emilia Romagna. Intervento programmatico del presidente Vasco Errani pronunciato all’Assemblea legislative. Seduta del 7 giugno 2005.
- Regione Lazio. Atti consiliari. Resoconto della discussione. Seduta n.1 del 18 maggio 2005. Dichiarazione del Presidente della Giunta Marrazzo.
- Regione Lazio. Assessorato al bilancio, programmazione economico-finanziaria e partecipazione. DPEFR 2006–2008. Documento approvato dalla Giunta 11 ottobre 2005.
- Regione Lombardia. DPEFR 2006–2008. Bollettino Ufficiale del 10 novembre 2005.
- Regione Marche. Atti consiliari. Seduta n.1 del 2 maggio 2005. Illustrazione del programma di governo e presentazione degli assessori dap arte del presidente della Giunta Regionale, pp. 6–18.
- Regione Marche. DPEFR 2007–2009. Allegato alla deliberazione n.37. Approvata dal Consiglio Regionale nella seduta del 19 dicembre 2006.
- Regione Autonoma della Valle d’Aosta. Séance du 22 feurier 2006. Object n.1795/XII. Allocution du Président et integration du programme de législation.
- Regione Veneto. Giunta regionale. Programma di Governo per l’VIII legislatura approvato con DGR n.1548 del 21 giugno 2005.
- Regione Toscana. Toscana 2010. Programma di Governo per la VIII Legislatura. Available at www.regione.toscana.it.
- Regione Toscana. Consiglio Regionale. DPEF 2006. Scelte Strategiche e finalità programmatiche di fine legislatura. Approvato nella seduta del 27 luglio 2005.

Appendix B: List of Abbreviations and Type of Statute of the Italian Regions

N.	Area	Name	Abbreviation	Statute
1	North	Val d'Aosta	VDA	Special
2	North	Piemonte	PIE	Ordinary
3	North	Lombardia	LOM	Ordinary
4	North	Trentino-Alto Adige	TAA	Special
5	North	Veneto	VEN	Ordinary
6	North	Liguria	LIG	Ordinary
7	North	Friuli-Venezia Giulia	FVG	Special
8	Center	Emilia Romagna	ERO	Ordinary
9	Center	Toscana	TOS	Ordinary
10	Center	Marche	MAR	Ordinary
11	Center	Umbria	UMB	Ordinary
12	Center	Lazio	LAZ	Ordinary
13	Center	Abruzzo	ABR	Ordinary
14	South	Campania	CAM	Ordinary
15	South	Molise	MOL	Ordinary
16	South	Puglia	PUG	Ordinary
17	South	Basilicata	BAS	Ordinary
18	South	Calabria	CAL	Ordinary
19	South	Sicilia	SIC	Special
20	South	Sardegna	SAR	Special

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Chapter 8

General Policy Speech of Prime Ministers and Fiscal Choices in France: “Preach Water and Drink Wine!”

Martial Foucault and Abel François

Abstract Since the inception of the Fifth French Republic, the Prime Minister pronounces an expected inauguration address of general policy in which main public policies are announced. Usually a hierarchical priority of policies is raised from this address. As a consequence the government aims at allocating budgets in accordance with such a ranking. Nevertheless public budgeting processes are regularly faced with incrementalism, which causes huge problems when some unexpected problems arise. Furthermore, during the electoral cycle, governments face a paradoxical problem: once elected they are supposed to transform their electoral promises into public policies but at the same time they are forced to propose a new electoral platform for being re-elected.

All along the Fifth Republic in 1958, France has experienced 17 governments and then 17 addresses of general policy. The regular shift of majority since the beginning of the 1980s outlines the (in)capacity of incumbent governments to satisfy a majority of voters. In this perspective, this chapter aims at testing whether priorities of governmental action are matched with the ranking of budgetary allocations. For that, we propose to analyze all the 17 addresses of Prime Ministers with a data text mining technology in order to construct a dependant hierarchical variable. Thus we use budget series, economic, and political data as independent variables to estimate the shift of annual budget according to both the governmental priority and the time distance between the date of the Prime Minister’s inauguration address and observed annual budget law.

From a political economy perspective, this chapter tackles the ambiguous relationship between political address of French Prime Ministers and the budgeting response of their government. Using an original statistical database (47 years), we plan to better understand the relevance of public policy as it is implemented and not necessarily as the public address should target it.

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8.1 Introduction

In a famous address in 1980, Margaret Thatcher claimed that, “To those waiting with bated breath for that favorite media catch-phrase – the U-turn – I have only one thing to say: you turn if you want to; the lady’s not for turning.” This example, reminded by Montpetit (2008), reveals a rigorist behavior of the previous Prime Minister that she confirmed by decreasing public spending. In a sense she made what she promised to do. Are convictions more powerful than expected results of political action? Is it conceivable that within a democracy elected governments are inclined to change their initial positions? For some scholars, such an attitude entails that promises be not satisfied and then their political legitimacy be depleted. Many empirical studies have tested the mandate theory by matching emphases of party platforms and government expenditures (Artes and Bustos, 2008; Budge and Hofferbert, 1990; Pétry, 1995; Royed, 1996). The main conclusion entails that about 60–80 percent of pledges contained in parties’ manifestoes are fulfilled. By relaxing the theoretical framework of mandate theory, another avenue of research argues that the content analysis of politicians’ speeches provides a new tool for capturing the decision-maker’s preferences. In this perspective, Imbeau (Chapter 1 in this volume) advances the concept of dissonance in policy processes and applies it to different subfields at the crossroads of political behavior and public policy.

One of the most frequently asked questions by researchers focusing on the behavior of the governing body is the following: Do politicians practice what they preach? From a political economy perspective, the relationship between the appraisal of the incumbent and the probability of victory was exhaustively discussed in the framework of political economy cycles through the retrospective vote. At the opposite, however, the place of electoral promises in the understanding of public policies’ choices was rarely the object of study. That is why this chapter aims at focusing on the influence of the general policy address, enunciated by the French Prime Minister, on fiscal priorities. In other words, we would like to better understand the relationship between the government’s general policy speeches (i.e. Throne speeches) and budgetary actions, understood here as a tangible measure of public action.

The chapter is structured into four parts. The first section describes the content of the French Prime Ministers’ general policy speeches since 1958 and the political context in which it was enunciated. The second section reminds the expected effects between political discourse and budget allocation decision. The third section presents the data used: lexicographic data issued from a computer data mining and budget data for nine ministries. Diagnostics and econometric estimations are developed in a fourth section, followed by a discussion of results and concluding remarks.

8.2 General Policy Speeches of French Prime Ministers: Framework, Stakes, and Shape

In the following section, we present the institutional framework in which the general policy inauguration address of French Prime Ministers takes place. We must, indeed, go back to the place this particular function in the French diarchy in order to comprehend the importance of the inauguration address.

8.2.1 *The Role of the Prime Minister in the Fifth Republic*

The French executive power is characterized by an important diarchy. Indeed, the executive power is shared between the President of the Republic and the Prime Minister, but this power sharing is not on an equal basis since they both derive their legitimacy from different sources, and that the Prime Minister is clearly the President's subordinate.

First, the source of their respective legitimacy is totally advantageous to the President. The President of the Republic anchors his power on the fact that he is elected by direct universal suffrage. At the opposite, the Prime Minister is directly nominated by the President of the French Republic. His nomination answers to the full discretion of the President of the French Republic. No rule is set, whether formalized by the Constitution or an implicit rule coming from the practice, since the Prime Minister can be an experienced politician known to the general public like M. Rocard, or an unknown administrator, unknown to the general public and without any political experience like R. Barre, or even very close collaborators to the President like M. Debré or P. Bérégovoy.

In a similar fashion, if the Constitution foresees the question of the Prime Minister's destitution in a sibylline manner since the "the President of the French Republic shall appoint the Prime Minister. He shall terminate the appointment of the Prime Minister when the latter tenders the resignation of the Government." (art. 8). The Prime Minister thus resigns from his functions at the demand of the President but without any coercive power from the latter. It is even said that at the inauguration of his or her term, every Prime Minister hands the President an undated letter of resignation. At the same time, the Prime Minister's nomination or reshuffling of the calendar follows the President's total discretionary power. These changes thus do not automatically follow electoral events.

The only constraint that weighs on the President when it comes to the nomination of the Prime Minister resides in the accountability of the latter to the national assembly. In other words, the President can choose a Prime Minister who does not hold a seat in the majority wing of the National assembly. Duhamel (1998: 191) speaks of a Prime Minister "acceptable to the

Assembly.” This constraint gets stronger when the general political color of the national assembly is different from the President’s political family (in case of divided government).

Second, this constraint can be explained by the fact that the Prime Minister is accountable to the National Assembly, which has the means to overturn governments by a vote of its own initiative. Historically, a vote of non-confidence (during a vote of censorship motion) was only practiced once, in 1962. In a symmetrical fashion, the Prime Minister can provoke an adherence vote of the National Assembly by submitting his government to the confidence vote of the parliament. If the vote is negative, the government is overturned. At the opposite, the President is not responsible to electors for the eventual renewal of its mandate.

Finally, the Prime Minister is totally subordinate to the will of the President, which translates into the constitutional formulation, which sets power sharing as follows:

“The President of the French Republic shall see that the Constitution is observed. He shall ensure, by his arbitration, the proper functioning of the public authorities and the continuity of the State.” (art. 5). *The Government shall determine and conduct the policy of the Nation* (art. 20). *“The Prime Minister shall direct the operation of the Government.”* (art. 21).

8.2.2 The Importance of General Policy Inauguration Address

The general policy inauguration address is of essence to a Prime Minister for several reasons. First, it represents of the most important first moments of a new government, ranking at the same level as the first Council of Ministers (which is made up of the government, the Prime Minister, and the President). To that effect, it is a heavily publicized moment for the Prime Minister.

Second, it is considered as one of the rarest moments when the Prime Minister has the opportunity to explain his policy, his political agenda to the electorate through media coverage. At a time when the President can address the nation whenever he sees fit, the Prime Minister enjoys only one instituted moment, abundantly reprised by the media.

Third and as its name indicates, it is an allocution on the totality of themes and issues that are presented for government action. Of course, through his mandate, the Prime Minister delivers several public interventions, but these allocutions are usually centered on specific and succinct themes. Thus, this inauguration address is the only moment at which the Prime Minister can stress the overall actions of the new government as well as its coherence. For all these reason, the inauguration address is considered as a valuable exercise for the Prime Minister and for the conduct of his actions.

8.2.3 The Political Aspect of the General Policy Inauguration Address

The form of the general policy inauguration address is totally arbitrary, but it must respond to certain recursive contents. First, the inauguration address must set the deadline that the Prime Minister gives himself. It is of course simply a formal announcement since the duration of a government depends on the President of the Republic. Generally the time set in the inauguration address covers the period between the nomination of the Prime Minister and the next legislative election.

Second, it is an inauguration address addressed at the same time to the National Assembly and to the general public as a whole since it is the object of several reprisals by the media. This diffusion impacts the form of the inauguration address. The Prime Minister must set his priorities and, *a contrario*, he mustn't evoke the stakes or the public policies which are not. In other words, the mere mentioning of a public policy is enough to be considered as a government priority since its absence from the inauguration address means its relegation in terms of priority.

However, the Prime Minister can, at his convenience, invoke or not the responsibility of his government following his inauguration address. In other words, he can ask for a vote of confidence at the National Assembly through his general policy inauguration address, which in case of a negative result can lead to the overturn of the government. Since the risk of defiance is very low, (see above), *a fortiori* for a new government, the confidence vote is more of a symbolic vote, which unites the parliament majority behind a government.

8.3 The General Policy Inaugural Address and Budget Action: The Expected Consequences

Stemming from the role of the Prime Minister, the importance of the general policy inaugural address, and the forms of this inaugural address, we can advance certain empirical hypotheses concerning the relationships between the content of the general policy discourse and the government budgetary choices.

In his founding book, Christopher Hood (1983) distinguishes four basic resources in the conduct of public policies: communication (nodality), financial credits (treasure), legal authority (authority), and direct interventions on the administration (organization). These four tools form the repertoire of government actions. If we set aside the public action through authority (symbolic in nature and not under the prerogative of a Prime Minister) as well as the questions of organization of the public administration sphere (organization), which remains an internal question, the two major tools a Prime Minister has at his disposal and addressed to the public are the inauguration address and the

budget. Thus, we can question the links between these two dimensions of public action. If the analysis of French governments was the object of numerous publications, the study of the interactions between the inauguration speech and the budget was largely ignored.

We have seen how the general policy inauguration address is the ultimate moment for a Prime Minister to set his priorities in terms of public policy. It is thus the ideal medium to analyze the announcements of the government and the Prime Minister's public policy priority. We must then be able to measure this political prioritization through the inauguration address. In other words, we must measure agenda setting once it has reached government decision. The question lies in finding out if government agenda setting is translated through the budget.

By starting with the typology advanced by Imbeau (2005), we suggest three conceptions of relationships between the inauguration address and the action (Walk-talk relationship), which corresponds to three empirical hypotheses to verify.

The first hypothesis can be considered as a cynical behavior in the sense that budgetary choices undertaken by the Prime Minister are not influenced by the priorities announced during the general policy inauguration address. The second hypothesis rests on the consistency between the inauguration address and the action; since in that case the priorities set forward in the general policy inauguration address are positively translated in the budget allocations. The third hypothesis, at the opposite, rests on the inconsistency between words and actions taken into consideration that priorities are translated negatively into the budget.

From the quantification of priorities of the different Prime Ministers in terms of public policies, we can put this measure face to face with budgetary decisions that followed the general policy inauguration address. This relationship, between political priority and budgetary decisions, rests on the hypothesis that governmental priorities must be translated in budgetary terms. More specifically, the higher in priority a public policy is placed on the Prime Minister's agenda, the more likely the increase of the concerned Ministry's budget. This hypothesis seems to us both realistic and reasonable. Realistic, in the sense that the French trend in regard to public spending has been toward a continuous increase since the Second World War not only of public intervention but also of public spending. Reasonable, because the most tangible translation of priorities for a politician is the increase in the budget he allocates to this priority. Thus, we can hardly visualize a Prime Minister putting forward an application domain of his public policy to then diminish the credits that he set for this purpose.

The three hypotheses thus presented, concerning the links between the words of Prime Ministers and budget choices, will thus be the object of an empirical analysis dealing with the general policy inauguration address and the French budgetary choices for the main political domains since 1958.

8.4 Data and Estimation Strategy

Our analysis rests on the confrontation of two sorts of information concerning the French governments since the beginnings of the Fifth Republic. On the first hand, the inauguration address of general policy allows us to detect the main announcements and engagements taken by the executive power. On the other hand, the budgetary evolution allows pinpointing the main actions decided by the government during the same period. The comparison of these two series will allow us to know whether or not there exists a convergence between the word and the action of French governments.

In the next part of the section, we will present the used data as well as the statistical treatment in order to come up with the necessary information on political attention of governments.

8.4.1 *The Description of Focused Governments*

Since the inception of the Fifth Republic in 1958 (until the 2007 presidential elections), France has known 18 different governments and 18 different Prime Ministers. In light of the availability of data (those concerning the budget), we will not integrate in our analysis the 2005–2007 De Villepin government.

Our database thus includes 17 governments and 17 general policy inauguration addresses undertaken by 17 different Prime Ministers. In order to facilitate the analysis, we will consider as a single government the ensemble of the period covered by the same Prime Minister even if this government composition can alter during that period. For example, the Prime Minister George Pompidou matches the single government category in our analysis even if its composition has changed three times. This choice has little incidence considering that the timing of the general policy inauguration address is linked to the Prime Minister and not to the government.

The details of the analyzed governments in our study are given in Table 8.1.

We can note that the time of study covers the period from 1959 to 2004, namely five different Presidents and 43 years. Among the 17 Prime Ministers, five were from the left and twelve from the right. Regarding the institutional contexts evoked earlier, we have three periods of divided government: two with a President from the left and a government from the right (J. Chirac and E. Balladur) and with a President from the right and a government from the left (L. Jospin). Finally, these governments have had different durations, since the shortest term was 10 months and the longest 75 months.

Table 8.1 General policy speech in the Fifth French Republic

Prime Minister	President	Term	Cabinet's duration (months)	Inauguration address's date	Nb of words	Nb of distinct words	Rate of use
Debré (right-wing)	De Gaulle	January 59–March 62	15	15/01/1959	1569	652	2.41
Pompidou (right-wing)	De Gaulle	April 62–July 68	75	26/04/1962	861	419	2.05
Couve de Murville (right-wing)	De Gaulle	August 68–June 69	11	15/07/1968	772	399	1.93
Chaban Delmas (right-wing)	Pompidou	July 69–June 72	36	16/09/1969	2422	970	2.50
Messmer (right-wing)	Pompidou	July 72–May 74	23	03/10/1972	2053	839	2.45
Chirac (1) (right-wing)	Giscard	June 74–August 76	27	05/07/1974	2358	897	2.63
Barre (right-wing)	Giscard	September 76–May 81	57	05/10/1976	1980	791	2.50
Mauroy (left-wing)	Mitterrand	June 81–July 84	38	08/07/1981	3885	1351	2.88
Fabius (left-wing)	Mitterrand	August 84–March 86	20	24/07/1984	1630	669	2.44
Chirac (2) (right-wing)	Mitterrand	April 86–April 88	25	09/04/1986	1992	801	2.49
Rocard (left-wing)	Mitterrand	May 88–May 91	37	29/06/1988	2347	936	2.51
Cresson (left-wing)	Mitterrand	June 91–March 92	10	22/05/1991	1732	735	2.36
Bérégovoy (left-wing)	Mitterrand	April 92–March 93	12	08/04/1992	1717	730	2.35
Balladur (right-wing)	Mitterrand	April 93–May 95	26	08/04/1993	2720	980	2.78
Juppé (right-wing)	Chirac	June 95–May 97	24	23/05/1995	4750	1497	3.17
Jospin (left-wing)	Chirac	June 97–April 02	59	19/06/1997	2301	862	2.67
Raffarin (right-wing)	Chirac	May 02–May 05	39	03/07/2002	1475	584	2.53

Note: The rate of use corresponds to the number of words (column 6) divided by the number of distinct words (column 6).

8.4.2 The General Policy Inauguration Address of the French Prime Ministers

Every Prime Minister has thus pronounced a general policy inauguration address in front of the National Assembly. We thus have 17 inauguration addresses to analyze. Taking this corpus as a starting point, we would like to highlight which public policy is a priority for the Prime Minister, and not to make a semantic or semiotic analysis of these inauguration addresses.

To extract quantitative information from general policy inauguration addresses, we will adopt an inductive strategy that is undertaken along several stages, and that by getting our inspiration from the methodology developed by Laver et al. (2003). However, contrary to the latter, our objective is not to position Prime Ministers against each other regarding specific themes. To that extent, our methodology is simpler and more ad hoc. More precisely, we have constructed an analytical grid of government priorities based on the words used in the inauguration addresses of Prime Ministers and not according to the grid defined in an a priori fashion where the ensemble of words dealing with specific public policy themes are listed and catalogued.

Indeed, the make up of such corpus cannot be exhaustive and cannot stand clear of term ambiguity problems. That is why we have decided to start our analysis based on inauguration addresses alone.

First, we measure the length of the inauguration address along two indicators: the number of words present and the number of words used. On this point (Table 8.2), we can notice important variety between Prime Ministers in terms of inauguration address length as well as variety. The longest inauguration address was that of Alain Juppe, which holds more than 4700 words. At the same time, there seems to be no trend through time of neither the increase nor the decrease in size of inauguration addresses. However, the inauguration address with the most varied vocabulary was that of Couve de Murville, since each word was used on an average 1.9 times. This result is logical in a sense that his was also the shortest inauguration address delivered. Inversely, the usage ratio of words is the highest for the longest inauguration address. The gathered information during this first step gives us quantitative and qualitative indications on the inauguration addresses.

Second, we have detected inside each inauguration address the words referring to a specific domain in political activity. That is the first manual and raw count before reducing the sample of terms to an acceptable number. In order to insure the consistency of our criteria, the sorting was done independently by each author before being opposed and any selected word of this inauguration address was obligatory for all other inauguration addresses. This statistical treatment allowed us to make a list of political words used in general policy inauguration addresses.

Third, based on this list of words, we have excluded all ambiguous terms, in other words, those which usage can have a different meaning than its political

Table 8.2 Detailed data on the words' frequencies by public policy

Prime Minister	Social affairs	Agriculture	Defense	Economy and finance	Industry, trade, research and technology				Justice and interior affairs	Housing	Public works and transportation	Total
					Education	Education	Education	Education				
Debré (right-wing)	5 (0.32%)	2 (0.13%)	0	21 (1.34%)	3 (0.19%)	2 (0.13%)	2 (0.13%)	2 (0.13%)	0	0	63 (4.02%)	
	5 (0.77%)	1 (0.15%)		13 (1.99%)	2 (0.31%)	2 (0.31%)	1 (0.15%)	1 (0.15%)			35 (5.37%)	
Pompidou (right-wing)	3 (0.35%)	1 (0.12%)	0	6 (0.7%)	2 (0.23%)	0	2 (0.23%)	2 (0.23%)	0	0	23 (2.67%)	
	2 (0.48%)	1 (0.24%)		5 (1.19%)	2 (0.48%)		2 (0.48%)				18 (4.3%)	
Couve de Murville (right-wing)	6 (0.78%)	1 (0.13%)	0	9 (1.17%)	3 (0.39%)	1 (0.13%)	0	0	0	0	20 (2.59%)	
	6 (1.5%)	1 (0.25%)		7 (1.75%)	2 (0.5%)	1 (0.25%)					17 (4.26%)	
Chaban Delmas (right-wing)	16 (0.66%)	8 (0.33%)	0	32 (1.32%)	13 (0.54%)	7 (0.29%)	0	0	11 (0.45%)	1 (0.04%)	90 (3.72%)	
	12 (1.24%)	2 (0.21%)		23 (2.37%)	8 (0.82%)	3 (0.31%)					56 (5.77%)	
Messmer (right-wing)	14 (0.68%)	6 (0.29%)	5 (0.24%)	14 (0.68%)	6 (0.29%)	4 (0.19%)	2 (0.1%)	2 (0.1%)	15 (0.73%)	3 (0.15%)	75 (3.65%)	
	7 (0.83%)	5 (0.6%)	3 (0.36%)	10 (1.19%)	5 (0.6%)	4 (0.48%)	2 (0.24%)	2 (0.24%)	10 (1.19%)	2 (0.24%)	53 (6.32%)	
Chirac (1) (right-wing)	12 (0.51%)	9 (0.38%)	8 (0.34%)	19 (0.81%)	10 (0.42%)	3 (0.13%)	12 (0.51%)	3 (0.13%)	3 (0.13%)	1 (0.04%)	93 (3.94%)	
	9 (1%)	6 (0.67%)	5 (0.56%)	11 (1.23%)	8 (0.89%)	3 (0.33%)	7 (0.78%)	3 (0.33%)	3 (0.33%)	1 (0.11%)	66 (7.36%)	
Barre (right-wing)	5 (0.25%)	2 (0.1%)	4 (0.2%)	29 (1.46%)	10 (0.51%)	2 (0.1%)	9 (0.45%)	1 (0.05%)	1 (0.05%)	0	69 (3.48%)	
	3 (0.38%)	1 (0.13%)	4 (0.51%)	14 (1.77%)	6 (0.76%)	2 (0.25%)	3 (0.38%)	1 (0.13%)	1 (0.13%)		39 (4.93%)	
Mauroy (left-wing)	31 (0.8%)	3 (0.08%)	2 (0.05%)	49 (1.26%)	5 (0.13%)	14 (0.36%)	7 (0.18%)	9 (0.23%)	9 (0.23%)	0	147 (3.78%)	
	17 (1.26%)	2 (0.15%)	2 (0.15%)	20 (1.48%)	4 (0.3%)	9 (0.67%)	5 (0.37%)	8 (0.59%)			88 (6.51%)	
Fabius (left-wing)	8 (0.49%)	1 (0.06%)	0	12 (0.74%)	12 (0.74%)	2 (0.12%)	3 (0.18%)	0 (0%)	0 (0%)	1 (0.06%)	45 (2.76%)	
	5 (0.75%)	1 (0.15%)		7 (1.05%)	6 (0.9%)	2 (0.3%)	3 (0.45%)	0 (0%)	0 (0%)	1 (0.15%)	30 (4.48%)	
Chirac (2) (right-wing)	12 (0.6%)	1 (0.05%)	1 (0.05%)	20 (1%)	3 (0.15%)	2 (0.1%)	5 (0.25%)	4 (0.2%)	4 (0.2%)	0	57 (2.86%)	
	9 (1.12%)	1 (0.12%)	1 (0.12%)	11 (1.37%)	2 (0.25%)	2 (0.25%)	1 (0.12%)	3 (0.37%)	3 (0.37%)		36 (4.49%)	
Rocard (left-wing)	7 (0.3%)	1 (0.04%)	2 (0.09%)	11 (0.47%)	6 (0.26%)	1 (0.04%)	3 (0.13%)	5 (0.21%)	1 (0.04%)	1 (0.04%)	60 (2.56%)	
	7 (0.75%)	1 (0.11%)	2 (0.21%)	9 (0.96%)	4 (0.43%)	1 (0.11%)	3 (0.32%)	4 (0.43%)	1 (0.11%)	1 (0.11%)	47 (5.02%)	
Cresson (left-wing)	16 (0.92%)	1 (0.06%)	5 (0.29%)	11 (0.64%)	8 (0.46%)	9 (0.52%)	8 (0.46%)	3 (0.17%)	3 (0.17%)	1 (0.06%)	82 (4.73%)	
	9 (1.22%)	1 (0.14%)	4 (0.54%)	6 (0.82%)	7 (0.95%)	5 (0.68%)	5 (0.68%)	2 (0.27%)	2 (0.27%)	1 (0.14%)	55 (7.48%)	
Béregovoy (left-wing)	11 (0.64%)	1 (0.06%)	3 (0.17%)	4 (0.23%)	5 (0.29%)	0	8 (0.47%)	4 (0.23%)	4 (0.23%)	1 (0.06%)	42 (2.45%)	
	5 (0.68%)	1 (0.14%)	3 (0.41%)	2 (0.27%)	5 (0.68%)		6 (0.82%)	4 (0.55%)	4 (0.55%)	1 (0.14%)	31 (4.25%)	

Table 8.2 (continued)

Prime Minister	Social affairs	Agriculture	Defense	Economy and finance	Education	Industry, trade, research and technology	Justice and interior affairs	Housing	Public works and transportation	Total
Balladur (right-wing)	15 (0.55%)	4 (0.15%)	4 (0.15%)	20 (0.74%)	5 (0.18%)	2 (0.07%)	12 (0.44%)	11 (0.4%)	1 (0.04%)	94 (3.46%)
Juppé (right-wing)	9 (0.92%)	3 (0.31%)	3 (0.31%)	7 (0.71%)	4 (0.41%)	1 (0.1%)	10 (1.02%)	7 (0.71%)	1 (0.1%)	58 (5.92%)
Jospin (left-wing)	65 (1.37%)	9 (0.19%)	11 (0.23%)	35 (0.74%)	20 (0.42%)	4 (0.08%)	16 (0.34%)	15 (0.32%)	1 (0.02%)	206 (4.34%)
Jospin (left-wing)	30 (2%)	5 (0.33%)	7 (0.47%)	17 (1.14%)	10 (0.67%)	2 (0.13%)	8 (0.53%)	11 (0.73%)	1 (0.07%)	108 (7.21%)
Raffarin (right-wing)	22 (0.96%)	4 (0.17%)	6 (0.26%)	11 (0.48%)	14 (0.61%)	6 (0.26%)	23 (1%)	7 (0.3%)	0	104 (4.52%)
Raffarin (right-wing)	13 (1.51%)	4 (0.46%)	4 (0.46%)	7 (0.81%)	8 (0.93%)	6 (0.7%)	10 (1.16%)	5 (0.58%)	0	64 (7.42%)
Villepin (right-wing)	16 (1.08%)	0	1 (0.07%)	10 (0.68%)	7 (0.47%)	1 (0.07%)	3 (0.2%)	3 (0.2%)	0	45 (3.05%)
Villepin (right-wing)	11 (1.88%)	0	1 (0.17%)	8 (1.37%)	5 (0.86%)	1 (0.17%)	3 (0.51%)	3 (0.51%)	0	35 (5.99%)
Villepin (right-wing)	34 (2.52%)	0	3 (0.21%)	19 (1.3%)	19 (1.3%)	3 (0.21%)	9 (0.62%)	6 (0.41%)	0	101 (6.9%)
Villepin (right-wing)	17 (2.48%)	0	2 (0.29%)	14 (2.04%)	9 (1.31%)	2 (0.29%)	6 (0.87%)	6 (0.87%)	0	761 (8.89%)

Note: The first line gives the number of use and the second line provides the number of distinct words.

one. For example, the term “investment” can have economic connotations, which in that sense, means an effort in capital spending. But the subtlety of the French language has it that this term could easily have been used in a sentence without any reference to the macroeconomic issues such as “my investment in the resolution of this problem is total.” The exclusion criterion often rests on the meaning of words. Thus, we were made aware that the ambiguity of terms was particularly present for the verbs and their adjectives. This third step allowed us to make up a list of 428 words dealing with public policies.

Fourth, among the 428 words used, we have sought to attach them to a public policy. The categorization of public policies was imposed in part by the available budgetary data. We have chosen 12 fiscal headings (i.e., 12 series) presented in Table 8.3.

Table 8.3 Public policies in France

Public policy	Data availability
Social Affairs	Yes
Agriculture	Yes
Culture	No
Defense	Yes
Economy and Finance	Yes
Education	Yes
Foreign Affairs	No
Industry, Research, and Trade	Yes
Interior, Justice, Prime Minister	Yes
Housing, Environment, Urban Affairs, and Planning	Yes
Sports	No
Transport and Public Works	Yes

When a word can simultaneously be matched to several different categories of public policy, we have decided to eliminate it from the list. It is namely the case of general terms. The matching matrix between the words and public policies is provided in Table 8.4. The final list is then made up of 323 words.

Fifth, we apply the grid of words related to the different public policies to each of the 17 inauguration addresses in order to get the frequency of word occurrence.

Following a first look, we notice that the words associated with public policies represent a minor but significant part of the inauguration addresses since they account for between 2.4 and 4.7 percent of the words. It also seems that the proportion is not linked to the size of the inauguration address or to the partisan affiliation of the Prime Minister, or the incumbent President of the French Republic.

Table 8.4 dictionary of counted words

	Social affairs	Agriculture	culture	Defense	Economy and finance	Education	Foreign affairs	Industry and trade, research and technology	Justice and interior affairs	Housing	leasures	Public works and transportation
travail		viande	culture	surarmement	usine	universités	yougoslavie	télécommunication	violence	villes	vacances	urbanisme
toxicomanie		surproduction	télévision	officiers	taxer	université	varsovie	technologies	tribunaux	ville	sport	urbanisation
toxicomanes		pêche	radio	nucléaire	taxe	universitaires	traité	technologie	trafiquants	villages	losirs	urbains
syndicats		alimentaires	presse	navale	taxation	universitaire	soviétique	siderurgique	terroristes	territoriale	losirs	urbain
syndicales		alimentaire	culturelles	militaires	smic	scolaires	sahara	innovation	terrorisme	territoriale	transport	transport
syndical		agroalimentaire	culturelle	militaire	revenus	scolaire	portugal	ingénieurs	terrorisme	territoire	train	transport
soins		agro	culturelle	gendarmes	revenu	qualifications	pologne	industries	terrorisme	quartiers	autoroutes	autoroutes
sida		agriculture	culture	dissuasion	rémunération	qualification	paix	industriels	terrorisme	propriétaire		
santé		agricultures	culture	défense	profits	pédagogies	orient	industrielles	terrorisme	logements		
santitaire		agricoles	cinématographique	armes	profit	lycée	pacifique	industrielle	terrorisme	logements		
salariés		agricole	audiovisuel	armements	production	éducation	occident	industriel	terrorisme	logements		
salarié			artistes	armement	productif	apprentissage	méditerranée	industrielle	terrorisme	logements		
salariales				armées	producteurs	jeunes	liban	industriel	terrorisme	logements		
salaires				armée	prix	jeunesse	latine	industrielle	terrorisme	logements		
saire					prélevements	jeunes	japon	industrielle	terrorisme	logements		
retraités					planification	jeunes	italiens	industrielle	terrorisme	logements		
retraites					monnaie	jeunes	italie	industrielle	terrorisme	logements		
retraite					monétaire	formation	italie	industrielle	terrorisme	logements		
pauvreté					investissements	étudiant	hollandaise	industrielle	terrorisme	logements		
paupérisation					inflation	enseignements	hanovre	industrielle	terrorisme	logements		
patrons					impôts	enseignement	golfe	industrielle	terrorisme	logements		
patronat					impôt	enseignants	francophonie	industrielle	terrorisme	logements		
ouvrière					fiscaux	enseignant	européens	industrielle	terrorisme	logements		
natalité					fiscalité	éducative	européennes	industrielle	terrorisme	logements		
médécins					fiscales	éducation	européenne	industrielle	terrorisme	logements		
médecine					fiscale	éducatif	européen	industrielle	terrorisme	logements		
médecin					fiscal	écoles	europe	industrielle	terrorisme	logements		
maladie					exportations	école	espagne	industrielle	terrorisme	logements		
malades					exportation	diplôme	étargissement	industrielle	terrorisme	logements		
intégration					exportateur	college	diplomatiques	industrielle	terrorisme	logements		
insertion					épargne	apprentissage	diplomatique	industrielle	terrorisme	logements		
inégalités					entreprises	adolescent	diplomatique	industrielle	terrorisme	logements		

We also note a big variety concerning of public policies quotes for each Prime Minister’s inauguration addresses. Thus, certain issues can be totally absent from the inauguration address, as is the case for example of Prime Minister J-P. Raffarin who totally ignored the agricultural issue in his 2002 speech. At the same time, we see important differences in inauguration addresses, namely when it comes to education, economy, finance, or social affairs.

8.4.3 The Prerogatives of the Central Government

To quantify the action of Prime Ministers, we will use the evolution of French public spending during the period between 1959 and 2004. As depicted in Figs. 8.1 and 8.2 since 1958 the French budget has gradually increased. The strong breach in the trend registered in 1989 corresponds in fact to the implementation of new rules of public accountability regarding debt management, which equally impacts the “economic and finance” series.

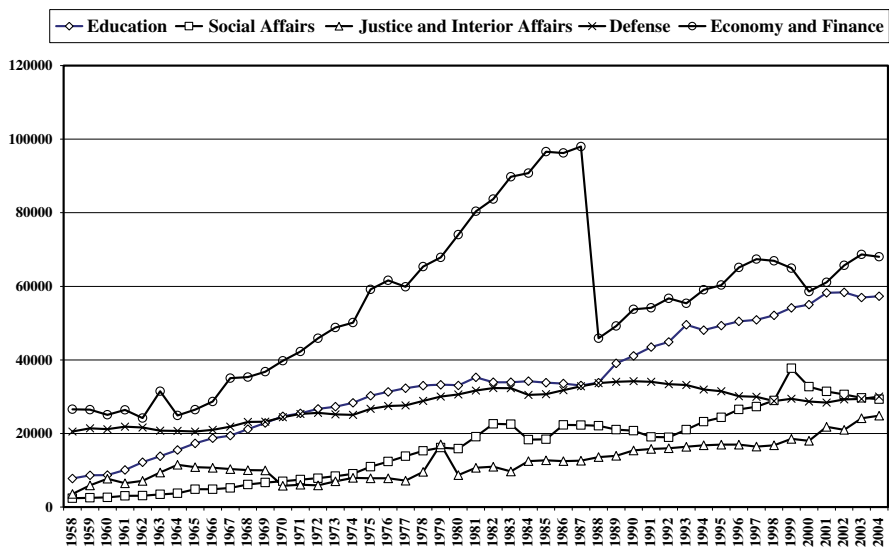


Fig. 8.1 French government budget by political domain (constant millions of Euros)

The developments regarding public policies are more versatile. Public spending levels in education and social affairs are the only series strictly increasing during the whole period.

8.5 Estimation and Results

The object of econometric analysis is to confront the fiscal developments with the priorities cited by French Prime Ministers in their general policy inauguration address in order to infirm or confirm the match between the two. The data

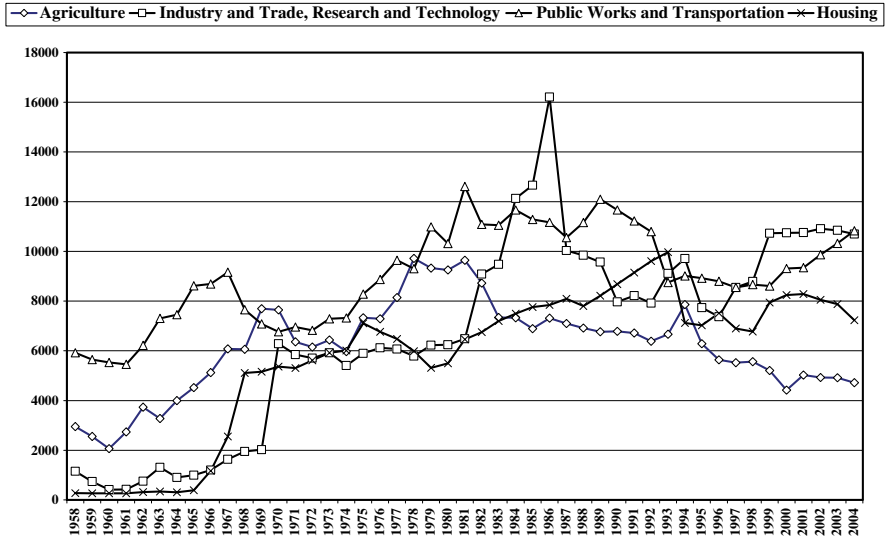


Fig. 8.2 French government budget by political domain (constant millions of Euros)

used is mainly annual budget data, annual lexicographic information, and qualitative data on the political structure of France for the period 1968–2004. As a consequence, we have used a time series analysis. Before presenting the results of our estimations, a reminder of the empirical strategy picked and the statistical difficulties encountered is relevant. The non-stationary nature of time series is an often-recurring phenomenon and can lead to perfectly spurious estimations, or even “fallacious” ones, if one quotes the expression of Granger and Newbold (1974), such as the primary differentiation of a deterministic process. We perform a rigorous analysis of stationarity of French budgets by differentiating them following a detail process presented in Appendix 1.

8.5.1 Selection of an Estimator

Once the stationary series is first differentiated, we performed several tests in order to define the most appropriate model to the relationship we would like to estimate. Among the different tests, we first verified the existence of auto-correlation for residuals (preceding section), and studied the properties of homoskedasticity for residuals. To that extent, we have run the Multiplier Lagrange test which concluded to the rejection of disturbances of type ARCH for eight out of ten budgetary series. Only the public spending of the Minister of Interior and of the Minister of Defense followed a process which allows an estimation based on a GARCH model if we only want to explain these public spending by their past. That is why we have chosen to retain two estimation strategies. The first, AR(1), allows an auto-regressive process of order 1. In

other words, the disturbances in $t-1$ are correlated to the disturbances in t to which a spherical disturbance was added. (Greene 2003). Thus the model takes the general following form: $B_t = \beta X_t + \varepsilon_t$ with $\varepsilon_t = \rho \varepsilon_{t-1} + \mu_t$.

The second estimation strategy aims at selecting a model with lagged variables (VMR). Keele and Kelly (2006) specify that this strategy allows us to eliminate the autocorrelation considering hence forth the fact that a lagged variable is introduced. The model thus takes the following form: $B_t = \alpha B_{t-1} + \beta X_{t-1} + \varepsilon_t$.

In each case, an OLS estimator can be selected whether the expected value is zero, whether residuals are homoskedastic, and whether residuals are not serially correlated.

8.5.2 Definition of Variables

8.5.2.1 Dependent Variable

The dependent variable is the level of public spending the elected government engages in every year. This level of public spending can be distinguished in a functional manner allowing the study of the evolution of the ten spending categories: agricultural, education, military, interior and justice, lodging, transport, industry, social affairs, economy and finance, and total public spending.

We have simultaneously taken into account the level of spending in volume and the annual rate of change. If the difference between the two measures does not affect estimations, reasoning in terms of annual variation renders a first differentiation unnecessary. These variables were corrected by the OCDE general spending expenditure deflator.

8.5.2.2 Independent Variables

The independent variables of our model gather three categories of variables. The first category related to the economic structure of France: we have picked the belated variable of public spending expenditures (B_{t-1}) and the rate of growth of the GDP (GDP_t) for the period 1961–2004 (3 variables are missing from this series.)

The second category of variables concerns political data. We have chosen the partisan affiliation of the government in charge of voting the annual budget, through the introduction of a dummy variable that takes the value 1 for a right-wing government, and 0 otherwise. Considering the partisan divisions in French political life and the importance accorded to elections and partisan control of government, one might expect substantial differences in spending patterns by governments of the Left and the Right. A second seemingly similar variable deals with the partisanship affiliation of the incumbent French President. Finally, we have selected dummy variables to capture the temporal effect of the instauration of a new government and the presence of a divided government

(France has experienced three periods of divided government; between 1986–1988, 1993–1995, and 1997–2002).

Finally, the third category of variables concerns those linked with the general policy inauguration address of Prime Ministers. We first took into consideration both the *cumulative* number of words ($Nbwords_SB_t$) and the *distinctive* number of words ($NbwordsD_SB_t$) related to the functional category of public spending. The relevancy in relying on these two variables is due to the fact that words repetition provides precious information as the expected intensity of the Prime Minister's action. But in the same time it reduces the knowledge of his policy's multidimensional aspect. For example, repeating ten times the word "agriculture" gives an indication as to the intention of the Prime Minister without specifying the extent of his action (captured by the use of several words relevant to the agricultural fiscal heading). We have also "normalized" the distribution of the two series by citing the number of words in each functional field in relation to the total number of words pronounced by each Prime Minister. Thus, we can control the differences in speech length (Table 8.3). Finally, we have put together a discount rate of the inauguration addresses in order to capture the distance effect between the general policy inauguration address and the real fiscal policy of the government in place. More precisely, we have considered that the absence in variance of each lexicographic series for each legislature posed important statistical analysis difficulties. That is why we have built two new multiplicative independent variables. The first multiplies the number of words in functional category by the ratio $1/n$, n being the length of the legislature. A similar construction, but more conformed to the non-linear representation, takes into account the powerful function of the discount rate. In that way, we can take into consideration the amplification of the distance between the inauguration address and the n th year of government budgetary engagement.

8.5.3 Results

Table 8.5 presents the results of estimations conducted by each budget series between 1958 and 2004. The absence of data regarding the GDP between 1958 and 1961 has reduced our sample made up of 44 observations by budgetary series.

In a general manner, we must keep in mind that the general policy inauguration address does not exert a significant influence on the annual budgetary variations, at the exception of two public policies: that led by the Ministry of transport and public works and that conducted by the Ministry of agriculture. In the case of transport and public works policy, the more we consider the elapsing of time from the original general policy inauguration address, the more the level of the transport and public works Ministry's budget effort tends to decrease. In that sense, the action of the French government is more discursive

than budgetary. We can go even further by saying that more attention is given to the inauguration address and very little to the budget agenda. This result is not really surprising because the decision to engage in infrastructure public spending (TGV network, road network, navigable waters, airport platforms) is often questioned in France as illustrated by governments alternating and the choice of land-use planning. In the case of agricultural affairs, the intensity of the inauguration address measured by the number of words defining the agricultural action of the government exerts a counter-productive effect on the budgetary variation of the Ministry of agriculture. Indeed, the negative sign of the variable $Nbwords_SB_t$ suggests that the more the Prime Minister grants importance to his government action priorities, the less the corresponding budgetary engagement is high. In the French case, this result has to be put in perspective of the rise in power of the common agricultural politics, which in part took the role of state public intervention in terms of direct intervention (support of agricultural prices and surplus subsidy).

Among the regularly significant variables for each budgetary series, the partisan affiliation of the government shows us that governments from the right have a general tendency to increase the level of public spending in 4–9 ministries studied. We talk here of military spending, agricultural spending, and that of the Ministry of economy and finance and social public spending. As much as the first three series are faithful to French tradition of governments of the right, as much as the increase in social spending is surprising because we could have conceived it to be a domain reserved for budgetary “leniency” from left governments, in parts due to the succession of unemployment fighting programs (policies of massive employment). Concerning defense public spending, it is important to note that the implementation of military planning law since the beginning of the 1960s reduces the room to maneuver for governments to the extent that they mutually commit to respect a military budget endeavor in the allocated time. This result is quite closed with those obtained by Baumgartner et al. (2009) who find only a small number of statistically significant differences and when we do find them, governments of the Right are the higher spenders.

Finally and contrary to the incremental theory underlying Wildasky’s (1964) or Lindblom’s (1959) model, our results highlighting budgetary choices taken last year do not hold a constant explanatory power. Indeed, the incremental model does not function properly when it comes to the public spending of the Ministry of Interior, social affairs, transport, industry, and research. This result leads us to distance ourselves from those of Siné (2006: 114), which enunciates an incremental relation of the French budget between 1980 and 2005. At the opposite, these results easily conform to the existence of punctuated equilibrium characterized by the sequences of incremental budgetary variations and by sudden changes. By measuring the kurtosis of budgetary French series between 1868 and 2002 (135 years), Baumgartner et al. (2006) accredited the thesis of punctuated budgetary variations.

Thus, the hypothesis of the cynical behavior of French governments in regard to general policy inauguration address seems to be confirmed. Only the action of the Minister of agriculture stems from an incoherent behavior because priorities are not translated by decreasing budgetary choices. Nevertheless, it is important to remember that the general structure of the models estimated lying on the construction of non-contextualized lexicographic variables do not allow us to accurately distinguish a priority engagement.

8.6 Conclusion

This chapter has provided a first attempt of combining French Prime Minister's speeches and fiscal priorities in France since the beginning of the Fifth Republic. Our empirical results mainly show that there is no systematic relationship between the discursive voluntarism and the fiscal choices. Consequently it is consistent with our cynical hypothesis of the Prime Minister's fiscal choices.

We can advance three main explanations for better understanding the lack of influence of the Prime Minister's speech on policy budget.

First, measuring the fiscal prioritization may not be relevant. We measure it using the annual change, but the relative annual change could be more valuable. Indeed, the priority of a public policy, such as housing for instance, could be more fitted by its annual change regarding the average annual change or the annual change of other public policies.

Second, the cynicism of the Prime Minister could be explained by the fact that the government does not control the activity of the bureaucrats. The fiscal autonomy of the public administration can have two sources. First, the ministers ignore the directives of the Prime Minister for multiple political or bureaucratic reasons. For instance, the President can settle a dispute between a minister and the Prime Minister in favor of the Minister. Another example in line with the Niskanen model of economic theory of bureaucracy is that a Minister cannot control her administration in the management of the budget process. Second, the fiscal administration which actually manages the budgetary relationship with the ministers could not advocate the Prime Minister's choices. In France, the administration has a crucial and central role in the budgetary process that gives it a great power (Siné, 2006), notably in fiscal developments.

A last explanation that is not directly linked to the budgetary process rests on the rules of democracy and notably the electoral systems. Indeed, in a majoritarian system where party coalitions have never prevented a French government to be defeated during a legislature (for the Fifth Republic), there is no immediate cost for not respecting her political pledges. In a sense, electoral systems can matter and affect the dissonance policy. A future research agenda could emerge from this relationship between electoral rules of the game and

officials' behavior and thus provide a sort of meta-analysis of political dissonance.

Acknowledgments Authors greatly thank Dr Ludovic Lebart for fruitful help and his scientific expertise for analyzing discourses.

Appendix1: The Stationarity of Data

The non-stationary nature of time series is an often-recurring phenomenon and can lead to perfectly spurious estimations, or even “fallacious” ones, if one reprises the expression of Granger et al. (1974), such as the primary differentiation of a deterministic process. Ever since the works of Nelson and Plosser (1982), the case of non-stationary most frequently analyzed were based on two types of processes: the deterministic process TS (trend stationary), also called “the non-persistent property of shocks,” and the stochastic process DS (difference stationary). We have thus put into place a strategy of tests aimed at identifying for each of our variables those that have been affected by the TS and the DS process.

We will present here, in three stages, the stationary test for the entire French budgetary spending. This procedure was conducted for each of the time variable. The first stage consists in estimating the following equation:

$$B_t = \phi_{B_{t-1}} + c + \beta T + \varepsilon_t \quad (\text{relation A})$$

where B_t is the budget in t , T the tendency, c a constant, and ε the error term. We will carry out a test of unitary root and obtain the value of the OLS estimators of the different parameters of the relationship. The statistics $t\hat{\phi} = -3.26$ informs us of the presence of a unitary root. Compared to the threshold tabulated by Dickey-Fuller ($C_\alpha = -3.67$), the null hypothesis of unitary root is accepted since $t\hat{\phi} > C_\alpha$. This latter result must be validated by verifying that the relation A is the appropriate model. For that, we test the nullity of the coefficient associated to the trend under the condition of the existence of a unitary root, i.e., the following test:

$$H_0^A = (c, \beta, \phi) = (c, 0, 0) \text{ or } B_t = c + \varepsilon_t \quad (\text{relation B})$$

The non-constrained model (relation A) and the constrained model (relation B under H_0) are successively estimated. The Fisher statistics provides a value ($F_B = 1.296$) inferior to the critical value ($F_\alpha = 7.24$), that enables us to accept the null hypothesis and then the test of non-stationary with the trend T . Consequently, we have to restart the same test by keeping only a constant term, such as:

$$B_t = \phi B_{t-1} + c + \varepsilon \quad (\text{relation C})$$

After implementing a unitary root test, we can accept the null hypothesis of unitary root ($\phi = 0$). As previously, we verify the validity of such a result by testing the nullity of the constant under the condition of unitary root, i.e., the following test: $H_0^c = (c, \phi) = (0, 0)$. Finally that consists in testing the null hypothesis for all coefficients of the relation C. By comparing the Fisher statistics and the critical value of Dickey-Fuller, we conclude that we cannot accept the null hypothesis and then we have to maintain the constant term when we estimate the relation C.

In conclusion, we can confirm that the series of French budgets between 1968 and 2004 was issued from a non-stationary type I(1) process, and can be represented by: $\ln B_t = c + \ln B_{t-1} + \varepsilon_t$ (with i.i.d. $(0, \sigma^2)$). To turn this series stationary, all we have to do is to differentiate it. We were able to verify that once differentiated, this series held the properties of white noise and that it wasn't auto-correlated since by definition $E(\varepsilon_t, \varepsilon_{t-k}) = 0$ if k is different from zero. To the extent where the series of French budgets is not auto-correlated, the process ε_t can be compared to a white noise and thus validates both the set of Dickey-Fuller statistical tests' asymptotic distributions and the conclusions we have advanced in regards to the non-stationary of the series.

All the stationary tests (Dfueller) allowed us to put into evidence that close to 95% of our temporal variables were not stationary, but that a first differentiation was sufficient to correct the bias. Then, an autocorrelation test was systematically run for each tested relation. According to Bourbonnais (1998) the Q statistics of Ljung-Box to test the hypothesis of auto-correlation allowed us to identify certain cases of auto-correlation, which required the transformation of the functional relation by $\sqrt{1 - \hat{\rho}^2}$ (We present in Table 8.5 the estimation of the parameter $\sqrt{\hat{\rho}}$ for the budget series concerned by a problem of autocorrelation).

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Chapter 9

Do Governments Manipulate Their Revenue Forecasts? Budget Speech and Budget Outcomes in the Canadian Provinces

Jérôme Couture and Louis M. Imbeau

Abstract This essay aims at documenting and explaining the gap between speech and action through a comparison of revenue forecasts published in Budget Speeches and actual revenues reported in provincial public accounts in Canada from 1986 to 2004. We look for two potential sources of revenue forecast errors: uncertainty and political manipulation. Our regression analysis shows that these errors are related to uncertainty: When economic conditions improve, government revenue is underestimated. Furthermore dependency on federal transfers proved to have an equivocal impact. It led to underestimation in the period of fiscal liberalism and to overestimation in the period of fiscal restraint. We also found that revenue forecasting is subject to political manipulation. Revenue is systematically overestimated in election years and governments of the right significantly underestimated their revenue in the more recent period. Finally, where there is an anti-deficit law, revenue forecast errors are lower.

9.1 Introduction

Forecasting tax revenues is the starting point of the budgetary process in any government. This is a technical process generally left to experts in finance and statistics. The revenue they forecast determine the global envelope of expenditures that may enter the budget for a given budget balance to be reached. Thus, forecasted revenues have a direct effect on a government fiscal policy and are a fundamental element of the budget presented in the Budget Speech.

The Budget Speech constitutes one of the most important political moments of the political year in a parliamentary regime. In this speech the government exposes its financial situation, evaluates the economic perspectives for the coming year, presents the key lines of its expenditures, and unveils the financial frame for the next budgetary year. The Budget Speech is mainly an instrument of information. But it may also be an instrument of manipulation as a finance minister may want to hide various elements of the budget from the eyes of her

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colleagues, or of the public, for strategic reasons. For example, a minister may want to lower projected expenditures so as to propose a more acceptable budget balance (a lower deficit); or she may want to lower projected revenues so as to calm down the appetites of her colleagues at Cabinet meetings.

This essay aims at documenting and explaining the gap between speech and action through a comparison of revenue forecasts published in Budget Speeches and actual revenues reported in provincial public accounts in Canada from 1986 to 2004. We proceed in three steps. In the first section, we look at the sources of revenue forecast errors. We review the literature in the second section and then, in the third section we address the specific case of Canadian provincial governments, documenting the importance of the errors and presenting the results of a regression analysis. We discuss these results in a concluding section.

9.2 The Sources of Revenue Forecast Errors

Larkey and Smith (1989) identified two potential sources of revenue forecast errors. The first are the unintentional errors which have no strategic component. For example, the methods, models, and database used by forecasters may be inadequate to interpret past events and to extrapolate to the future (Armstrong 1983). Moreover forecasters may use a wrong economic scenario as it is difficult to forecast fluctuations in economic cycles (Rodgers and Joyce 1996). Thus, it is often impossible for forecasters to estimate a correct probability for the influx of tax revenues for some tax categories. Federal transfers to provincial governments, for example, depend on the will of the central government. Not to mention that the aggregation of margins of error for several categories of tax revenue may produce a bias that is very difficult to measure (Gentry 1989).

The second potential source of revenue forecast errors proceeds from deliberate choices made by political authorities. The budgetary process is the meeting point of a number of diverging normative issues. This suggests that revenue forecast does not always resist the influence of strategic behaviors that would favor the intentional manipulation of estimates. Such a manipulation would make more likely the realization of a given objective.

To identify the relationship between these two sources of forecast errors, let us adopt Larkey and Smith's view of the budgetary process as a search for a compromise between an initial budget where budget officers define their *initial state* – i.e., where they think they are – and the budget to be voted by the assembly, their *terminal state* – i.e., where they want to be. The difference between the two budgets, the budget gap, is in fact a set of solutions that transforms the initial budget into the final budget through adjustments to revenues and expenditures. These adjustments are of three types: (1) increase revenues through changes in tax rates or in the tax structure, increase non-tax revenues, or tap surpluses from prior years; (2) decrease expenditures; (3) estimate optimistically or pessimistically through overestimating or underestimating revenues or expenditures (Larkey and Smith 1989: 130). Therefore the passage from the initial to the terminal budget is a question of fiscal policy

choices (type-1 and type-2 adjustments) and strategic choices (type-3 adjustments). It is indeed often easier to manipulate budgetary forecasts than actually to increase taxes or decrease expenditures.

Because governments in advanced economies meticulously record their revenues and expenditures and then report them in their public accounts at the end of the fiscal year, it is possible to measure the error between what is forecasted in the budget and what is actually realized through the following identity:

$$Error \equiv 100 (RB - RPA) / RPA$$

Where

- Error*: Revenue forecast error
- RB*: Total Revenue forecasted in the Budget
- RPA*: Total Revenue published in the Public Accounts

A negative value means an underestimation, a positive value an overestimation.

A political economic literature has developed around the issue of explaining the importance of revenue forecast errors in the American states and municipalities, and in Britain and Sweden. We now turn to reviewing it.

9.3 Literature Review

One finds two strands in this literature. One, normative, looks at the quality of forecasts. The other, positive, is interested in identifying the determinants of forecast errors. We focus on this last strand which is synthesized in Table 9.1.

Table 9.1 Findings reported in the political-economy literature on the determinants of revenue forecast errors

Hypotheses	Rejects the null hypothesis (Confirms)	Fails to reject the null hypothesis (Contradicts)
Economic cycle	Paleologou (2005) ^a Ohlsson and Vredin (1996) ^b Miller (1991) Cassidy et al. (1989) Gentry (1989) Belongia (1988) Kamlet et al. (1987)	
Partisan cycle	Ohlsson and Vredin (1996) ^b Cassidy et al. (1989) Bretschneider et al. (1989)	Paleologou (2005) ^a Gentry (1989) Kamlet et al. (1987)
Electoral cycle	Paleologou (2005) ^a Gentry (1989) Larkey and Smith (1984)	Ohlsson and Vredin (1996) ^b Cassidy et al. (1989)
Anti-deficit law	Rubin (1987) ^c	Cassidy et al. (1989)

Cases are American States, except for (a): Great Britain; (b): Sweden; (c): American cities.

Scholars are unanimous in relating revenue forecast errors to economic cycles. Better economic conditions (higher gross domestic product (GDP) growth, lower inflation, and lower unemployment) are related to underestimations of government revenues. This result captures well the uncertainty that plagues government revenue forecast. Indeed, because they are not certain about future economic conditions, budget experts practice what is called fiscal conservatism and prudently choose a figure that is at the lower end of the possibility range. If, for example, their calculus predicts a growth rate between 1 and 3 percent, everything else being equal, they will choose the 1 percent figure and therefore will estimate a low level of revenue so as to minimize the probability of an unexpected deficit. Now, if the real economic conditions eventually appear to be much more favorable than, say, the 1 percent figure, actual revenues will be higher than forecasted. Consequently in their analyses, scholars make the hypothesis that changes in GDP are negatively related to revenue forecast errors whereas changes in inflation or in unemployment are hypothesized to be positively related. And they consistently confirm these hypotheses.

Scholars are more divided on the hypotheses ensuing from the intentional use of forecasting errors. Three hypotheses are found in the literature implying a strategic use.

The partisan cycle hypothesis assumes that politicians are ideologues who follow the ideas promoted by their supporters. It predicts that parties of the right tend to underestimate revenue so as to please those who prefer less tax, lower government expenditures, and a positive budget balance. Underestimating revenues would have the effect of containing expenditure growth through decreasing the propensity of spending ministries always to ask for more money thus creating the budgetary conditions for tax cuts and a higher balance.

The electoral cycle hypothesis predicts that in an election year, a government will overestimate its forecasted revenue so as to convince voters that the economy is in good condition and to create the budgetary conditions for announcing tax cuts or/and spending increases. This hypothesis is based upon the assumption that politicians primarily look for re-election and that voters suffer from a fiscal illusion that makes them overestimate the benefits of expenditures and underestimate future fiscal costs.

The stringency of rules hypothesis predicts that where budgetary rules are more stringent (anti-deficit rules, for example), the propensity to manipulate revenue forecast for partisan or electoral reasons is lower. This hypothesis assumes that a government treasury is a "common pool resource" that needs to be protected from the overexploitation by members of the Cabinet. More stringent rules help the finance minister discipline her colleagues and resist pressures for overestimation.

The empirical tests of the three hypotheses related to the intentional use of forecast errors yield mixed results. Half of the studies reporting them confirm the hypotheses, the other half reject them. These findings are mostly concerned with American states and cities with a few studies looking at Britain or Sweden. For that matter, the literature on the Canadian case is quite poor. Bernard (1992: 317–319) documented revenue and expenditure forecast errors in Québec budgets without providing any systematic empirical explanation. David and

Ghysels (1989) and Campbell and Ghysels (1997) provided econometric analyses of revenue and expenditure forecast errors at the federal level, but not on the provinces. We could not find any other study on Canada or on Canadian provinces. Yet the federal structure of Canadian public administrations and the high autonomy provincial governments have in fiscal matters justify that we look more closely at revenue forecast errors in Canadian provinces.

9.4 Revenue Forecast Errors in the Canadian Provinces 1986–2004¹

Figure 9.1 displays the boxplots² of the distribution of revenue forecasting errors by province. Overall, the range of errors goes from an underestimation of 25.28 percent in Alberta in 2000 to an overestimation of 19.92 percent in Saskatchewan in 1986. Only Québec has a positive median; in all other provinces, the median is negative indicating that more than half of the time there is underestimation, an illustration of the conservative bias of Canadian budget

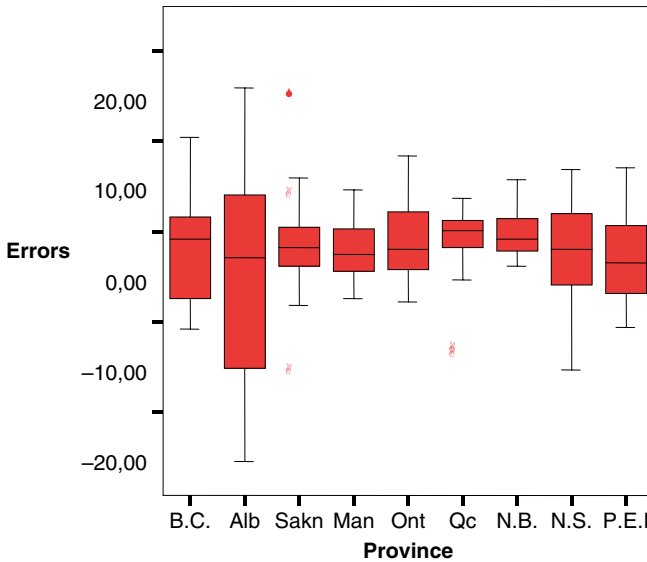


Fig. 9.1 Revenue forecast errors, by province, 1986–2004 (percentage)

¹ Data was collected at the library of the Quebec Ministry of Finance. No data was available for most of the provinces prior to 1986 and after 2004. Newfoundland was excluded because of several inconsistencies in budget and public account figures.

² Boxes represent the distance between the first and the third quartile, the horizontal line in the box represents the median (the second quartile), the “whiskers” represent the range of the distribution, and asterisks point to outliers.

officers. Quebec and New Brunswick seem to have the most precise estimates as their errors are highly concentrated around the median. Alberta is clearly very different from the other provinces in this respect as the distribution of its errors spans a very wide range.

The variation of provincial revenue forecast errors over time displayed in Fig. 9.2 does reveal a pattern where the annual medians seem to follow the economic cycle as the economic slow down of the early 1990s seems to be reflected in the data. No other obvious pattern emerges from the figure, except maybe that there does not seem to be any convergence over time as the spread of the boxes varies from year to year. The lesson to draw from this figure as well as from the first one is that there is an important variation, both temporal and spatial, in the direction and the intensity of revenue forecast errors in Canadian provincial governments that begs for an explanation.

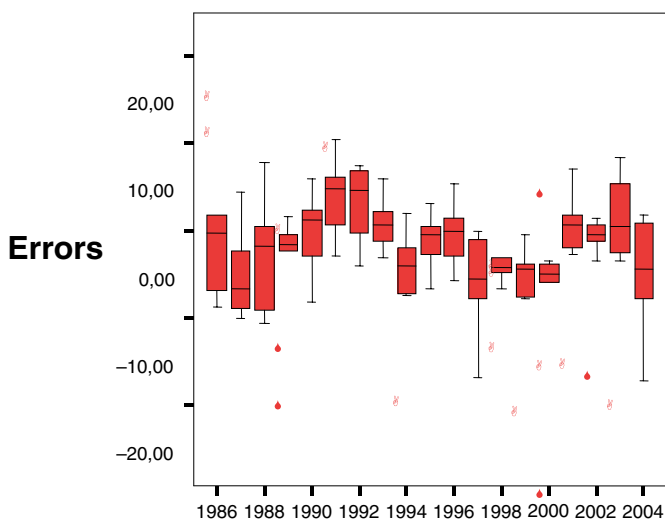


Fig. 9.2 Revenue forecast errors, by year, for nine provinces (percentage)

In an effort to explain these variations, we tested the main hypotheses found in the literature including one additional source of uncertainty in the Canadian context, federal transfers to the provinces. Indeed, these transfers are not precisely predictable for provincial governments. The federal Ministry of Finance does make errors in evaluating the numerous variables that enter the calculus of equalization payments. These errors are credited to or debited from the provincial account when they are discovered, sometimes years after the fact. This makes for a greater uncertainty in forecasting revenues in the provinces more dependent on federal transfers. Thus we estimated the following equation³:

³ For operational definitions, see the appendix.

$$\begin{aligned}
 \text{Errors} = & a + \beta_1 \Delta \text{GPP} + \beta_2 \Delta \text{Inflation} + \beta_3 \Delta \text{Unemployment} \\
 & + \beta_4 \text{Dependence} + \beta_5 \text{Election Year} + \beta_6 \text{Right Government} \\
 & + \beta_7 \text{Anti-deficit Law} + v
 \end{aligned}$$

Where

<i>Errors:</i>	Revenue forecast errors in percentage of actual revenue
<i>ΔGPP:</i>	Percent change in gross provincial product
<i>ΔInflation:</i>	Percent change in inflation rate
<i>ΔUnemployment:</i>	Percent change in unemployment
<i>Dependence:</i>	Federal transfers as a percentage of total revenue
<i>Election Year:</i>	Dummy variable (1 if so; 0 otherwise)
<i>Right Government:</i>	Dummy variable (1 if so; 0 otherwise)
<i>Anti-deficit Law:</i>	Dummy variable (1 if law exists; 0 otherwise)

The results of our regression analysis are given in Table 9.2.

Our results partly confirm our hypotheses. From model 1, we see that uncertainty had an impact on revenue forecast errors. The more economic conditions improved over a given year, i.e., the more GPP grew, inflation decreased, and employment became better, the more revenue proved to have been underestimated. For each point of GPP growth and for each point in inflation decrease, the underestimation is over half a percentage point. An additional underestimation of 0.09 percentage point is related to a one percent improvement in employment. This clearly reflects the conservative bias of budget officers in the Canadian provinces. Because they are uncertain about the future, their projection of the state of the economy is prudent enough that when the economy improves, government revenue increases by more than what had been forecasted. Thus revenue forecast is underestimated. However, dependence on transfers has no statistically significant impact. The result concerning the dependence on transfers is somewhat surprising. This effect will appear in models 4 and 5 to which we will turn shortly.

Model 2 shows that intentional manipulation alone is not a very convincing explanation of revenue forecast errors with a meager R^2 of 0.07. However, an electoral cycle appears in this model and the effect of this variable strengthens when uncertainty is taken into account in model 3. In an election year, revenue is overestimated by 1.78 points of percentage. This result is highly significant. The presence of an anti-deficit law in a province has a significant impact on revenue forecasting as it is related to an underestimation of 2.68 percentage points. This effect also strengthens in model 3. Though in the hypothesized direction, ideology has no significant impact.⁴ It seems therefore that revenue

⁴ We tested for the possibility of an interaction between the presence of an anti-deficit law and the electoral and partisan cycles, under the premise that the presence of such a law is an indication of more stringent regulatory controls over fiscal policy that should cancel out or at least dampen the effect of both the cycles. The interaction term proved to be insignificant.

Table 9.2 Regression results (dependent variable: percent revenue forecast error)

Independent variables (expected sign in parentheses)	Model 1 Uncertainty		Model 2 Manipulation		Model 3 Uncertainty and manipulation		Model 4 1986–1993 fiscal liberalism		Model 5 1994–2004 fiscal restraint	
	β	t	β	t	β	t	β	t	β	t
Constant	-1,04	-0,74	-0,96	-1,13	0,89	0,73	6,36	2,91**	-1,21	-0,78
(1) Δ GDP (-)	-0,59	-4,33***			-0,62	-5,00***	-0,52	-3,95***	-0,74	-3,03**
(2) Δ Inflation (+)	0,57	1,90 ^a			0,45	1,64 ^a	-0,02	-0,06	0,31	0,59
(3) Δ Unemployment (+)	0,09	1,81 ^a			0,08	1,81 ^a	0,06	1,20	0,09	1,22
(4) % Dependency on transfers (-)	0,02	0,04			-0,003	-0,08	-0,15	-3,16**	0,09	2,25*
(5) Election Year (+)			1,78	1,80 ^a	1,94	2,14*	2,09	1,63 ^a	2,36	2,13*
(6) Right Government (-)			-0,87	-1,12	-0,63	-0,91	0,20	0,23	-1,91	-1,94*
(7) Anti-deficit Law (-)			-2,68	-2,28*	-2,80	-3,28***			-1,23	-1,43
N		171		171		171		72		99
R ²		0,24		0,07		0,31		0,34		0,37

Method: OLS with Panel Corrected Standard Error (Beck & Katz) TSCS procedure on Stata.

*** p-value < 0.001, ** p-value < 0.01; * p-value < 0.05^a p-value < 0.10 (two-tailed test)

forecast errors in the Canadian provinces are manipulated for electoral reasons. In an election year, provincial governments tend to overestimate their revenue forecast so as to show a favorable budget balance or to justify the spending increases related to electoral pledges. But there is more to political manipulation, as models 4 and 5 reveal.

Recent fiscal history in Canada suggests that, in the early 1990s, there was a departure from traditional fiscal policy of fiscal liberalism characterized by recurrent deficits to a period of fiscal restraint and balanced budget, the cutting point being the election of the NDP Romanow government in Saskatchewan in 1992 and of the Klein government in Alberta in 1993.⁵ From that point on, every provincial government, as well as the federal government, adopted tight fiscal policies that culminated in more balanced budget.⁶ To account for this important shift, we split our data set into two periods (1986–1993/1994–2004) and we re-estimated our model 3, yielding models 4 and 5. While they confirm the robustness of the impact of the economic and electoral cycles, these models reveal three new facts: a dramatic shift in the constant term, a significant but contradictory impact of the dependency on federal transfers, and a partial confirmation of the partisan cycle hypothesis.

The first thing to notice in these models is the dramatic change in the constant term. It shows a highly significant overestimation of 6.36 percent in the first period and a non-significant underestimation in the second period. This goes along with the change in fiscal policy we just noted. Therefore, our characterization of the 1986–1993 period should be amended to include, in addition to recurrent deficits, highly overestimated revenues in budget speeches. The fiscal restraint of the second period was accompanied with much more correct, if not conservative, revenue forecasts.

The second important finding revealed in models 4 and 5 relates to the dependency on federal transfers. In 1996, as part of the federal government's efforts to eliminate its deficit, an important reform of the system of financial transfers to the provinces was put in place. The main impact of this reform was drastically to cut federal transfers to the provinces, thus contributing to the elimination of the federal deficit. This change seems to have had an unexpected effect on the forecasting behavior of dependent provinces. The impact of the variable measuring the dependency on federal transfers is negative and significant, as hypothesized, in the first period when transfers were more important. It is positive and significant in the second period, when transfers were lower. This means that in the period of fiscal liberalism, more dependent provinces tended to underestimate their revenue which is the theorized reaction of budget officers to uncertainty. More dependence meant more uncertainty, which led to more

⁵ For an account, see Imbeau 2001.

⁶ The picture is more finely shaded. Actually, some governments realized huge surpluses that allowed them to reduce or even to eliminate their debt and to accumulate lavish funds, others could reach balanced budget in part while creating deficits in lower tier governments, like cities, school boards, universities, and hospitals.

conservative revenue forecasts. The positive estimate in the fiscal restraint period suggests that more dependent provinces tended to overestimate their revenue. The uncertainty effect of dependency did not work in the second period. Quite the contrary, provincial governments seemed to be optimistic vis-à-vis the possibility of the federal government increasing its transfers, which was the pervasive issue in provincial-federal relations at the time. Thus, expecting an improvement in federal transfers, more dependent provinces tended to overestimate their revenues.

The third finding revealed in models 4 and 5 is the confirmation of the partisan cycle hypothesis in the period of fiscal restraint. Governments of the right tended to underestimate their revenue after 1993, everything else being equal. This behavior is coherent with a rightist ideology favoring a smaller government. An underestimation of government revenue could help justify spending cuts. Ideology did not seem to matter in the period of fiscal liberalism as governments of the right acted like the governments of the center or of the left; they overestimated their revenues. Therefore, party matters in revenue forecast errors, but it does so in interaction with another unknown variable that is captured by the two periods. Further research is needed on this issue.⁷

9.5 Conclusion

Governments make errors in predicting their revenue. Part of this error is related to uncertainty as budget officers do not have the appropriate theoretical, methodological, and technical tools correctly to predict the evolution of the economy and, consequently, the variation in the tax bases. Therefore, it is impossible always to forecast precisely what the revenue of a government is going to be. Another part of the revenue forecasting error is intentional manipulation. For a host of reasons, governments often want to show higher revenues than they actually expect or hide an expected increase in revenue. Thus, revenue forecasts may be under or overestimated more than uncertainty alone would justify.

In this paper, we proposed an explanation of the factors that explain revenue forecast errors made by provincial governments between 1986 and 2004. We found that these errors are related to uncertainty. When economic conditions improve, government revenue is underestimated. Furthermore dependency on federal transfers proved to have an equivocal impact on revenue forecast errors. It led to underestimation in the period of fiscal liberalism and to overestimation in the period of fiscal restraints. We also found that revenue forecasting is subject to political manipulation. Revenue is systematically overestimated in election years. Moreover, governments of the right tended to underestimate their revenue in the last period. Finally, we found that anti-deficit laws induce more fiscal conservatism as they are related to an underestimation of provincial revenue.

⁷ For a meta-analysis of the relationship between party ideology and public spending, see Imbeau, Pétry & Lamari 2001. For a discussion of the relationship between party ideology and budget deficits, see Imbeau 2004.

The literature on the impact of uncertainty on revenue forecast errors is robust and our findings unsurprisingly go in the same direction. However, it is not unanimous as the impacts of political and institutional factors are still debated. Our results contribute to this debate by documenting a robust electoral cycle in the Canadian provinces and a significant impact of anti-deficit laws. Moreover, our analysis shows that there is a “suppressor effect” exercised by our period variable which hides the significant effect of the dependence on transfers and of party when it is not included in the equation. In other words, there seems to be a period effect – or a generation effect, or a policy fashion effect – which needs to be taken into account for some other explanatory factors to be revealed. Policy makers are influenced by the quality of the tools they use, as well as by their electoral calendar and their party ideology. But this influence may be mitigated or exacerbated by the context. This may be why studies bearing on different samples do not yield the same result. The issue may not be whether or not party matters for a given policy, for example, but in which context it does.

Appendix: Variable Definitions and Data Sources

Variable	Operational definition	Source
Revenue forecast error	$\frac{\text{Forecasted revenue} - \text{Real revenue}}{\text{Real revenue}} \times 100$	Provincial <i>Budget Speeches</i> and Provincial <i>Public Accounts</i>
Δ Inflation	Annual percentage change in the Price consumer index $\frac{\text{PCI}_t - \text{PCI}_{t-1}}{\text{PCI}_t} \times 100$	Statistics-Canada, <i>Provincial Economic Accounts</i>
percentage dependency on transfers	$\frac{\text{Transfers}}{\text{Revenue}} \times 100$	<i>Public Accounts</i>
Δ GPP	Annual percentage change in Gross Provincial Product $\frac{\text{GPP}_t - \text{GPP}_{t-1}}{\text{GPP}_{t-1}} \times 100$	Statistics-Canada, <i>Provincial Economic Accounts</i>
Δ Unemployment	Annual percentage change in unemployment rate (UR) $\frac{\text{UR}_t - \text{UR}_{t-1}}{\text{UR}_{t-1}} \times 100$	Statistics-Canada, <i>Provincial Economic Accounts</i>
Election year	= 1 if an election took place during the year; 0 otherwise	<i>Canadian Parliamentary Guide</i>
Right Government	= 1 if a conservative (liberal in Québec) party is in power at the provincial level; 0 otherwise	
Anti-deficit law	= 1 if there is a provincial law limiting the possibility of public deficits	Quebec Ministry of Finance

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Chapter 10

Dissonance in Fiscal Policy: A Power Approach

Louis M. Imbeau

Abstract The objective of this paper is to explore the relationship between speech and action in the budgetary process of provincial governments in Canada through a power approach. Using a three-dimensional approach to the concept of power, I ask the following question: Does the fiscal conservatism (liberalism) expressed by politicians in their policy speeches correspond to the fiscal discipline (indiscipline) they manifest when they improve (deteriorate) their budget balance? In other words, is there policy consonance or dissonance in the fiscal policy of the governments of Alberta, British Columbia, Ontario, and Québec, and under which conditions is dissonance useful for the general welfare? I proceed in two steps. First, I propose a conceptualization of the relationship between speech and action based on an analysis of power relationships in the policy process, which allows me to identify the conditions of a benevolent dissonance in fiscal policy. Second, I propose an empirical test of the model measuring fiscal discipline in action and fiscal conservatism in speeches and show that indeed provincial premiers often lack transparency but that this dissonance is very often beneficial for reaching the goal of properly financing public services.

10.1 Introduction

The concept of power is to political science what the concepts of supply and demand are to economics. Both occupy the center position. Yet a major difference exists. Despite the first being much older and much more broadly used than the last two, there is a consensus in economics on the definition of supply and demand and of their centrality to the discipline while no consensus exists around a common definition of power and about the centrality of its use in political/policy analysis. This is not to say that important applications have not been proposed or that there has been no advancement toward an agreed

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upon definition – if not operational at least conceptual – of power in the discipline. The last half century has been quite productive in this respect. One needs only to mention a few names to identify some of the main steps in this evolution: Dahl 1961; Bachrach and Baratz 1962; Lukes 1974, 2005; Dowding 1991, 1996.¹

In this chapter, I want to explore the potential of this conceptual evolution for the understanding of the relationship between speech and action in policy processes. More specifically, I want to propose the use of the concept of power as the main theoretical instrument for articulating the speech-action interaction in the fiscal policy of provincial governments in Canada, asking the question: Does the fiscal conservatism (liberalism) expressed by politicians in their policy speeches correspond to the fiscal discipline (indiscipline) they manifest when they improve (deteriorate) their budget balance? In other words, is there policy consonance or dissonance in the fiscal policy of the governments of Alberta, British Columbia, Ontario, and Québec and under which conditions is dissonance conducive to general welfare? I proceed in two steps. First, I propose a conceptualization of the relationship between speech and action based on an analysis of power relationships in the policy process, which allows me to identify the conditions of a benevolent dissonance in fiscal policy. Second, I propose an empirical test of the model measuring fiscal discipline in action and fiscal conservatism in speeches and show that indeed provincial premiers often lack transparency but that this dissonance is very often beneficial for reaching the goal of properly financing public services.

10.2 Power Relations in Fiscal Policy: A Conceptual Framework

10.2.1 A General Model of Power Relations in the Policy Process

Let's consider that social relations essentially are power relations among actors who have instrumental and/or social power. Instrumental power refers to the capacity of acting over events or things, social power relates to the capacity of acting over people, i.e., of influencing other actors. This perspective implies that, in social relations, every actor has power; there is no completely powerless actor. Indeed, one actor tries to influence another for the very reason that the latter has the capacity to make more likely what the former is pursuing. Thus social power is the capacity to make others do what they would not do otherwise, or to prevent them from doing what they would do otherwise.² Therefore power is a potential.

¹ For a comprehensive review of the history of the concept of power, see Zimmerling 2005. For a reader in which many classical contributions are gathered, see Haugaard 2002. For more recent applications of the concept of power to political economic problems, see the most interesting collection edited by Braham and Steffen (2008).

² For the remaining of this text I will concentrate on social power. Whenever I will use the term "power," I will mean "social power," unless otherwise mentioned.

It may be used or not used. When it is used, we speak of “influence.” In the perspective of methodological individualism and bounded rationality, influence consists in using one’s capacity so as to modify the incentive structure of another in such a way that she will use her own capacity to make more likely the occurrence of what one is pursuing. Social power implies instrumental power, but the reverse is not true (Dowding 1991; Imbeau 2007).

One may distinguish three types of power relation according to the resource controlled by the influencer, the method he applies and the incentives produced by its use: political, economic, and preceptoral power (see Table 10.1). An actor exercises political power over another when he uses force (or threatens to use it) to make the other do what he would not do by himself. A decision-maker exercises political power over taxpayers when she forces them, for example, to transfer a part of their revenue in the form of taxes. The influence is exercised through the threat of sanctions. Fines and prison sentences increase the cost of disobedience and hence discourage it.

Table 10.1 Characteristics of power relationships

	Type of power relationship		
	Political	Economic	Preceptoral
Resource	Force/Coercion	Wealth	Knowledge
Method	Threat/punishment	Exchange	Persuasion
Main impact on incentive structure	Impact on costs	Impact on benefits	Impact on beliefs about costs and benefits

Source: Imbeau 2007

The second type of power, economic power, mainly acts upon the benefits of the relationship as it is based on wealth rather than force. The method then used by the influencer to modify the incentive structure of the influenced is exchange. There is economic power when an action of the influenced is compensated by an action by the influencer, compensation that both actors estimate is sufficient. For example, when an investor assesses that the interest rate offered by the government on its bonds is sufficiently high, he accepts to let go of a part of his wealth in exchange for the payment of that interest and an eventual reimbursement. Thus the State uses its wealth (its capacity to pay) to make the investor transfer part of his own wealth to the State, something the investor would not do without compensation. The State exercises economic power over the investor.

Finally there exists a third type of power relation based on the use of knowledge as a resource. This is what Lindblom (1977) called preceptoral power, which acts on beliefs about costs and benefits. An actor uses her preceptoral power when she tries to convince another actor to do (or refrain from doing) what he would not do (or what he would do) otherwise through persuasion. Persuasion ensues from the use of the information that the influencer controls and the rhetoric of which she is capable. It is aimed at modifying the

beliefs of the influenced about his costs and his benefits. Here is how it works. The influenced deduces the costs and benefits of his actions from their consequences. When he believes that these consequences are beneficial, he considers them as benefits; when he believes that they are detrimental, he sees them as costs. Persuasion consists in using facts and theories (knowledge) to modify the evaluation an actor makes of the consequences of his actions, therefore modifying his perceived benefits and costs. Thus by convincing him that one of his deep desires – love, security, heaven after death – is linked to a specific action, the influencer may make the influenced do what he would not do otherwise. When persuasion reaches its goals, the influenced “rationally” chooses the behavior wanted by the influencer as the new evaluation he does of his costs and benefits makes this choice more advantageous to him. Without coercion or compensation, the preceptor can make the influenced believe that the behavior she wants him to adopt is linked to what he intensely desires. The influenced is empowered, believing that he can make his desire happen by doing what the preceptor suggests him to do. One finds manifestations of preceptoral power everywhere: in commercial publicity and religious proselytism, of course, but also in the policy process where the State may play the role of the preceptor (for example, in the principal–agent relationship between voters and elected officials or in political propaganda), or the role of the influenced (in the form of capture relationships *à la* Stigler or in expert consultations) (Imbeau 2007).

10.2.2 Power Relations and Budget Balance: The Use of Coercion and Exchange

Concerning her budget balance policy, the decision-maker has one essential preoccupation: to make sure that her revenues are sufficient to finance her expenditures. In order to reach that objective, she can mobilize both the coercion and exchange resources of the state. Thus compulsory taxes constrain the taxpayer to renounce part of his wealth. The decision-maker uses coercion to force the taxpayer to do what he would not do by himself. The reason why she uses her social power is because the taxpayer has an instrumental power over his wealth: he can obey the law and give some of it to the decision-maker or he can shy away and shelter his wealth into some fiscal paradise or simply abstain from declaring it. This instrumental power of the taxpayer to elude from the decision-maker’s coercive pressures puts a limit to the capacity of the State to tax, a limit that the famous Laffer curve expresses well. The decision-maker’s revenue increases with the tax rate up to a point where the tax rate is so high that it makes the taxpayer either work less or move his activity away from the taxed economy. Above this threshold any increase in the tax rate (that is, any further use of authority to increase State revenue) will in effect produce a decrease in revenue for, as the net cost of “government” to the taxpayer increases – where net cost equals paid taxes minus the benefits from goods and services received – also

increases fiscal evasion and, with it, the propensity for the decision-maker to increase coercion, and therefore her own costs, thus further diminishing the benefits she can give the taxpayer in the form of services.

In order to overcome this limit to the growth of her revenue, the decision-maker can use exchange and make another holder of wealth transfer a part of it to the state treasury, the investor. Through borrowing, the decision-maker uses the wealth of the State to make the investor lend some of his wealth in exchange for the payment of a risk premium. When the investor thinks that the interest rate offered by the decision-maker on her bonds is sufficient, he accepts temporarily to forego a part of his wealth, what he would not do otherwise. Thus what the decision-maker cannot get through coercion, she does through exchange.

10.2.3 The Use of Persuasion

I want to compare these two types of action – taxing and borrowing – to a third type of action that uses persuasion as a method of influence, that is, speech. To this effect, I consider two types of speech, fiscal liberalism and fiscal conservatism.

Fiscal liberalism emphasizes the development of new programs or the support of existing ones. It aims at persuading the taxpayer that the benefits he draws from the taxes he pays are larger than what he would normally tend to believe given his lack of information and his prejudices. Indeed, the utility the taxpayer draws from paying taxes depends on two elements: the punishment he avoids in actually paying his taxes and the benefits he enjoys from goods and services provided by the government. Therefore, if the decision-maker wants to make sure that the taxpayer obeys her tax laws, she may use coercion to increase the cost of disobedience or persuasion to increase the taxpayer's beliefs about his benefits. This relationship between revenue, on the one hand, and the speech of fiscal liberalism and coercion efforts, on the other hand, is illustrated in Fig. 10.1. It suggests that persuasion alone yields less revenue than coercion alone and that persuasion combined with coercion is more efficient than coercion alone.

Fiscal conservatism insists on restraint in spending and rigor in financial management. It aims at convincing the investor to accept to loan more money to the decision-maker at a given interest rate as more restraint and rigor means lower risks. When the persuasion effort is successful, revenue available for program spending is higher as a lower interest rate reduces the debt service charges. Figure 10.2 illustrates the relationship between fiscal conservatism, exchange, and revenue. Here again, persuasion alone is less efficient than exchange and exchange plus persuasion is even more efficient.

Speech and action complement each other. It is therefore reasonable to think that the decision-maker who wishes to increase her revenue when her coercion or exchange efforts reach a ceiling will use persuasion. But she faces an

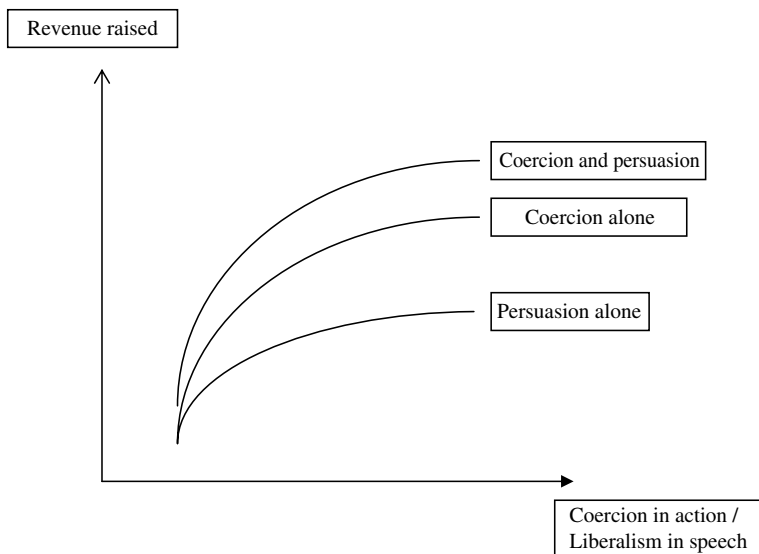


Fig. 10.1 Relationship between revenue, coercion, and persuasion

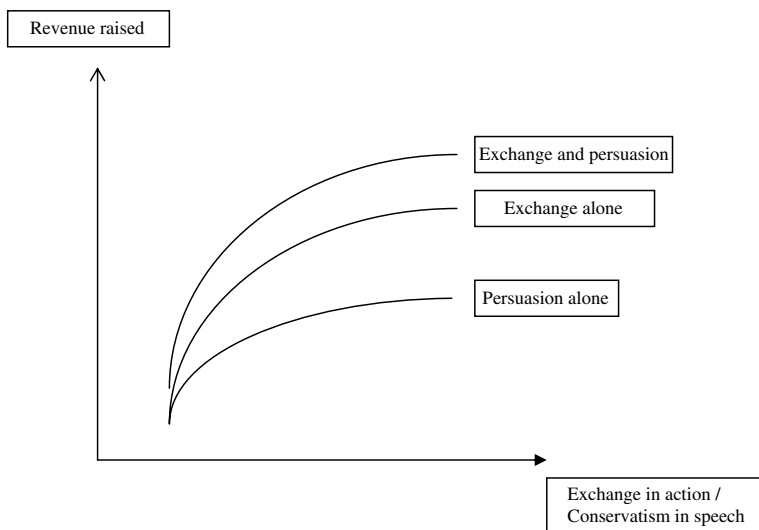


Fig. 10.2 Relationship between revenue, exchange, and persuasion

important problem as the taxpayer and the investor do not react the same way to the content of her speech. The taxpayer is responsive to fiscal liberalism whereas the investor finds fiscal conservatism more convincing. As long as the decision-maker can separately speak to each one and there is no communication

between the two actors, there is a simple solution: speak fiscal liberalism to the taxpayer and fiscal conservatism to the investor. But in a context where communication is public, the content of communication becomes a strategic issue. Then we do not consider two separate speeches anymore but one single speech whose content may vary on a scale going from liberalism to conservatism. Figure 10.3 illustrates this situation. The positive curve represents the investor's reaction. The more fiscally conservative the speech is, the more the investor trusts the security of his investment and, consequently, is willing to accept a lower interest rate. Conversely a fiscally liberal speech insisting on the development of programs lowers the investor's confidence and makes him demand a higher interest rate in exchange for his capital. The taxpayer has the opposite reaction. A speech of fiscal liberalism will better convince him of the benefits he draws from the government than one focusing on rigor. Consequently, the more fiscally conservative the speech is, the less it persuades the taxpayer actually to pay his taxes.

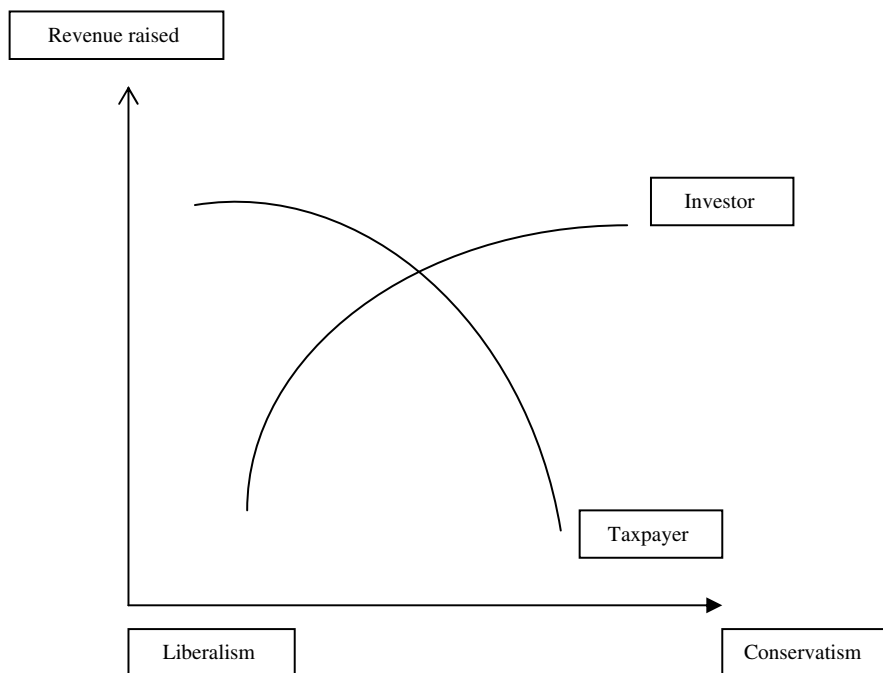


Fig. 10.3 Reaction of the investor and the taxpayer to the content of the decision-maker's speeches

In such a context, the decision-maker tends to locate her fiscal speech half way between liberalism and conservatism in order to avoid alienating the taxpayer or the investor. But there are moments when the decision-maker is

more vulnerable to the choices of one or the other. Then she will adopt a more liberal or a more conservative speech, depending on the situation. For example, when her revenue heavily depends on borrowing (that is, when last year's deficit was high), the decision-maker will try more assiduously to court the investor than when she had large surpluses. In this last case, she will rather hold a liberal speech so as to convince the taxpayer to continue paying his taxes. Therefore, when the context makes the decision-maker more vulnerable to the choices of the taxpayer, her speech is more liberal. When the investor's choices are more important for the decision-maker, her speech is more conservative.

10.2.4 Fiscal Policy Dissonance

We can now move to looking at the match between speech and action. First, we want to see whether the decision-maker's fiscal discipline goes along with fiscal conservatism in her speeches. When a high degree of fiscal discipline coincides with fiscal conservatism and a low degree of fiscal discipline goes with fiscal liberalism, we say that speech and action are consonant. Otherwise, that is, when fiscal liberalism coincides with fiscal discipline and fiscal conservatism with fiscal indiscipline, we say that speech and action are dissonant. Second, we want to know whether the occurrences of consonance or dissonance ensue from a use of the instruments of coercion, exchange and persuasion that is coherent with the objective of ensuring proper revenue to the decision-maker. When this is the case, we speak of a benevolent strategy of information (consonance) or of persuasion (dissonance). When this is not the case, we speak of unjustified dissonance (we could as well simply call this deception).

Table 10.2 shows how the interaction between speech and action produces either consonance or dissonance. Things are simple. There is consonance when fiscal discipline in action is accompanied with fiscal conservatism in speeches or

Table 10.2 Dissonance and consonance fiscal policy

		Content of speeches	
		Liberalism	Conservatism
Action	Discipline ($\Delta\text{Balance} > 0$)	<i>Positive Dissonance</i>	<i>Consonance</i>
	Indiscipline ($\Delta\text{Balance} < 0$)	<i>Consonance</i>	<i>Negative Dissonance</i>

when fiscal indiscipline in action goes with fiscal liberalism in speeches. The cases where action is not in harmony with speech are manifestations of dissonance in fiscal policy. This dissonance is positive when action exceeds speech – that is, when there is more fiscal discipline in action than conservatism in speeches – or negative in the reverse case. How should we normatively interpret these occurrences of consonance and dissonance in the context of power relations? Common sense and a superficial look at it would simply see honesty and dishonesty; consonance pertains to a benevolent decision-maker, dissonance to a malevolent one.

However the conclusions suggested by an analysis in terms of power relations are more nuanced. They are summarized in Table 10.3, which suggests that the interpretation of dissonance in fiscal policy depends on the main target of the speech, the taxpayer – when the decision-maker is in a situation of surplus – or the investor – when the decision-maker is in a situation of deficit. Under budget surpluses, the disciplined decision-maker needs to convince the taxpayer that he “gets his money’s worth;” hence a liberal speech. This is a case of benevolent dissonance as the discrepancy between speech and action serves the goal of ensuring sufficient revenue. On the other hand when there is loosening in fiscal discipline, there is no reason for the decision-maker to speak conservative to the taxpayer. In this case the dissonance is unjustified. Likewise, when the main target of the speech is the investor – that is, in a situation of deficit – the decision-maker wants to convince him of her rigor. Therefore her speech is conservative. This is the second case of benevolent dissonance. But when the decision-maker is disciplined, she need not convince the investor of her rigor as her deeds speak for her. Dissonance is then unjustified.

Table 10.3 Dissonance and consonance by the main targets of speeches

		Main target of speeches			
		Taxpayer (Balanced budget or Surplus)		Investor (Deficit)	
		Liberalism	Conservatism	Liberalism	Conservatism
Action	Discipline ($\Delta\text{Balance} > 0$)	<i>Benevolent Positive Dissonance</i>	<i>Consonance</i>	<i>Unjustified Positive Dissonance (Malevolence)</i>	<i>Consonance</i>
	Indiscipline ($\Delta\text{Balance} < 0$)	<i>Consonance</i>	<i>Unjustified Negative Dissonance (Malevolence)</i>	<i>Consonance</i>	<i>Benevolent Negative Dissonance</i>

One has to conclude that dissonance in fiscal policy is sometimes benevolent. If consonance, or transparency, is preferable for democratic control over a decision-maker, it may be inefficient in helping a decision-maker reach her legitimate goal of raising money. Then dissonance is justified.

10.3 An Empirical Application of the Model

Is it possible to measure dissonance in fiscal policy using data from systematic observation? This section proposes an empirical application of the conceptualization presented above to the fiscal policy of the four largest Canadian provinces: Ontario, Quebec, British Columbia, and Alberta. First, I show that the evolution of provincial governments' budget balances over the 1972–2001 period varies from one province to another. I will then propose a method to measure fiscal conservatism in the inaugural speeches delivered by provincial premiers over the same period, using the Wordscores technique of content analysis (Laver et al. 2003). Here again, I will show that fiscal conservatism varies both over time and space. Finally, I will measure the deviation between fiscal discipline and conservatism in order to identify moments of consonance and dissonance.

10.3.1 Fiscal Discipline in Action: The Evolution of Budget Balance in Four Canadian Provinces

As suggested above, the decision-maker draws her revenue from two sources, compulsory taxes through coercion and borrowing through exchange. Consequently in a power relation perspective and for a given spending level, the budget balance provides a measure of the intensity of the use of exchange or coercion in the collection of State revenues. The higher the balance is, the more intense the use of coercion; the lower the balance is, the higher the intensity of the use of exchange. Therefore the policy of the budget balance may be conceived as the result of power relationship between the decision-maker, on the one hand, and the taxpayer and the investor, on the other hand. A deficit indicates a more important use of exchange in the relationship; a surplus indicates a more important use of coercion. Here is an illustration of how a theoretical scale of the relative use of exchange and coercion may be envisaged³:

³ It is clear that, as I suggested above, positive values of a budget balance indicate growing use of coercion. But negative values (a deficit) do not necessarily indicate an absence of coercion. Since a budget balance is the difference between revenue and spending, the inferior limit of a theoretical scale comprising every possible value of a budget balance (as a percentage of total revenue) would be -100 , when there is no revenue from taxation and when all spending is financed through borrowing (or through the sale of goods and services). This would be the case of a government not using any coercion in collecting its revenue, only exchange. Thus, from -100 to 0 on our theoretical scale, the use of coercion grows. What would the upper limit of this scale be? I propose 100 percent of GDP or, if total government revenue equal 25 percent of GDP as is the case of the provincial government of Quebec, 400 percent of total revenue, hence my $+400\%$. In fact, we have two scales; one, measuring the intensity of the use of coercion, goes from -100 to $+400$; the other, measuring the intensity of the use of exchange, ranges from -100 (maximum) to the actual percentage of state revenue raised through the sale of goods and services (around 10% for the government of Quebec in 2000).



In the words of power politics, there is fiscal discipline when the decision-maker refrains from using exchange as an instrument to raise government revenue. In effect, there are two versions of the requirements for proper fiscal discipline. One, moderate, requires that a disciplined decision-maker balance her budget within an economic cycle. This allows for deficits in periods of economic slowdown provided that an equivalent surplus be realized in periods of growth. The other version is stricter as it requires that deficit be always avoided. To my knowledge there are no consistent series of provincial budget balance adjusted to economic fluctuations. However data on non-adjusted budget balance is gathered and regularly published by Statistics Canada. For this reason, I limit my application to a strict interpretation of fiscal discipline though a comparison of the two versions would have been preferable.

Another caveat is in order. It is not so much the *level* of the budget balance that indicates fiscal discipline as the *change* in budget balance. The decision-maker who makes a deficit while reducing it in comparison with last year's deficit manifests more fiscal discipline than the one who realizes a balanced budget after a year of large surplus. This is why I consider that an improvement of the budget balance ($\Delta\text{Balance} > 0$) is a manifestation of fiscal discipline whereas a deterioration of the budget balance ($\Delta\text{Balance} < 0$) shows a loosening in fiscal discipline. Figure 10.4 displays the distribution of the changes in the budget balance of four Canadian provincial governments over the period 1971–2002. This distribution shows the characteristics of the punctuated equilibrium described by Jones et al. (1998): it is leptokurtic (Kurtosis = 9.3) and it shows several very high values representing increases or decreases of close to 10 billion dollars. It was the case, for example, of the government of Glen Clark in British Columbia who brought its budget balance from a small deficit of 101 million dollars in 1997 to a huge 9.6 billion dollars in 1998. The following year, its financial results showed a deficit of 1.3 billion dollars, i.e., an improvement of more than 8.4 billion dollars, and then, in 2000, premier Dosanjh realized a surplus of over 672 million dollars, a second consecutive improvement of 1.9 billion. Ralph Klein of Alberta and Bob Rae of Ontario also realized important deterioration of their budget balance of over 8 billion dollars, the first in 2001 and the second in 1991. But despite these extreme cases, changes in budget balance have concentrated around zero with a mean change of -27 million dollars per year over the period. The changes in budget balance have been positive in 58 budgets out of 128. In other words, over the 32 years of the period under study, these four provincial governments decreased their use of coercion in the collection of public revenues in more than half of their budgets.

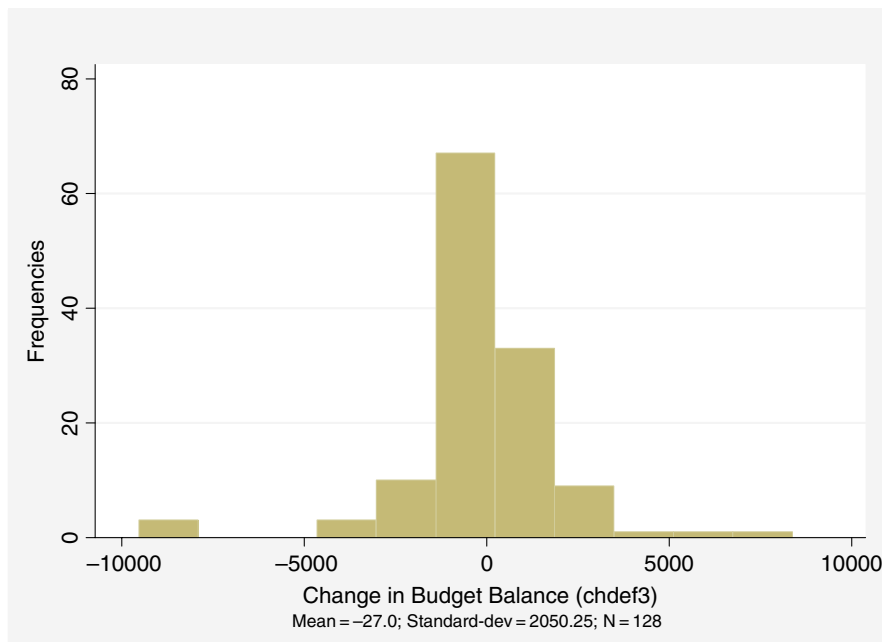


Fig. 10.4 Annual change in budget balance, million \$

10.3.2 *Conservatism in Inaugural Speeches*

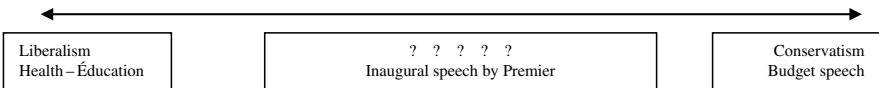
Three speeches mark the budgetary process at the provincial level: the inaugural speech in which the premier introduces the legislative program of his or her government at the beginning of every parliamentary session, the budget speech in which the minister of Finance presents the details of the government budget at the beginning of every fiscal year, and several speeches in which ministers of various departments defend the government budget in committees of the legislative assembly. Each of the speakers delivering those speeches plays a precise role in the budgetary process following Wildavsky's theory (1964/1964; 1988).⁴ The minister of Finance is the guardian of the treasury while ministers of large program departments (mostly Health and Education at the provincial level) play the role of advocates of program and, consequently, they are advocates of spending. The premier plays the role of an arbiter who may sometimes support the guardians, sometimes the spenders, so as to influence the decisions of his cabinet in the direction that he prefers. Following Allison's famous maxim, "Where you stand depends on where you sit" (Allison 1969: 711), it is assumed that guardians support policy positions that systematically differ from those supported by

⁴ Wildavsky's work is about the American budgetary process. For an application on Canada at the federal level, see Savoie 1990 and, at the provincial level, see Imbeau 2000.

program advocates.⁵ Thus minister of Finance tends to support fiscal conservatism, emphasizing restraint and control while ministers of Health or Education focus more on programs and therefore express more fiscal liberalism. The premier’s speech fluctuates between the two, now conservative, now liberal, thus accompanying the actions of his government as regards fiscal discipline.

For the purpose of this empirical illustration the issue is to assess to what extent the premier speaks like his minister of Finance or, conversely, like his ministers of Health or Education. Therefore we want to know if the inaugural speech is closer to the budget speech delivered by the minister of Finance than to the remarks made by ministers of Health or Education in parliamentary committees. It is assumed that the closer an inaugural speech is to the budget speech, the more conservative it is; and the closer it is to speeches by Health or Education ministers, the more liberal it is.

To assess the distance between the premier’s speech and that of his ministers, I used the Wordscores technique developed by Laver et al. (2003). This content analysis method compares the vocabulary used in various speeches in order to determine their respective position on a given continuum. Here we are interested in assessing the position of inaugural speeches on a continuum ranging from fiscal liberalism to fiscal conservatism. Speeches by Education or Health ministers represent the liberalism end of the continuum while the budget speech represents the conservatism end. These are the “reference texts” whose policy positions are determined a priori. The inaugural speech is the “virgin text” to be compared to the reference texts in order to determine its position relative to them:



Paraphrasing Laver and his colleagues (2003: 313), let us say that all we know about the inaugural speeches are the words that they contain. We compare those words to those we find in speeches of which we “know” the position on the liberalism–conservatism scale. The inaugural speech delivered at the beginning of a session is thus compared to the budget speech (arbitrarily coded +1) and to the budget remarks of ministers of Education or Health (coded –1) delivered in the same session. A computer program gives each word a score between –1 and +1 according to its relative frequency in the reference texts. For example, if the word “deficit” appears 10 times in a 1000-word speech delivered by the Health minister, and 90 times in a Budget speech of equal length, it is given a score of 0.08 (that is, $0.01 \cdot -1 + 0.09 \cdot 1$). Then, if the same word appears 5 times in a 1000-word inaugural speech, it gets a score of 0.0004 (that is, $0.08 \cdot 0.005$). Adding these scores for each non-unique word found in the inaugural speech, we get a conservatism score for that speech.

⁵ For an empirical test of this proposition, see Imbeau 2006.

Laver and his colleagues propose to consider the issue in another perspective. On the basis of the frequency distribution of each word in the reference texts, we can estimate the probability of reading one reference text while reading a given non-unique word in the virgin text. In the example above, we know that the probability that we are reading the Budget speech while reading the word “deficit” is 0.9. If we assign a score of +1 to the Budget speech and -1 to the Health or Education speeches, it is logical to give the virgin text we are reading a score of 0.8 each time we read the word “deficit.” After doing this for every non-unique word in the reference text, we divide the sum of these scores by the number words. This mean corresponds to the conservatism score of the text.

We applied this method to the inaugural speeches pronounced by the premiers of Ontario, Quebec, British Columbia, and Alberta over the 1972–2001 period. To do this, we compared the content of 384 speeches running a “Word-scores” analysis for each province-year for which we could find the relevant speeches.⁶ Figure 10.5 displays the distribution of the conservatism scores for the inaugural speeches in 100 province-years. The scores range from -0.11 (liberalism) to +0.34 (conservatism) with an average of +0.09. On average,

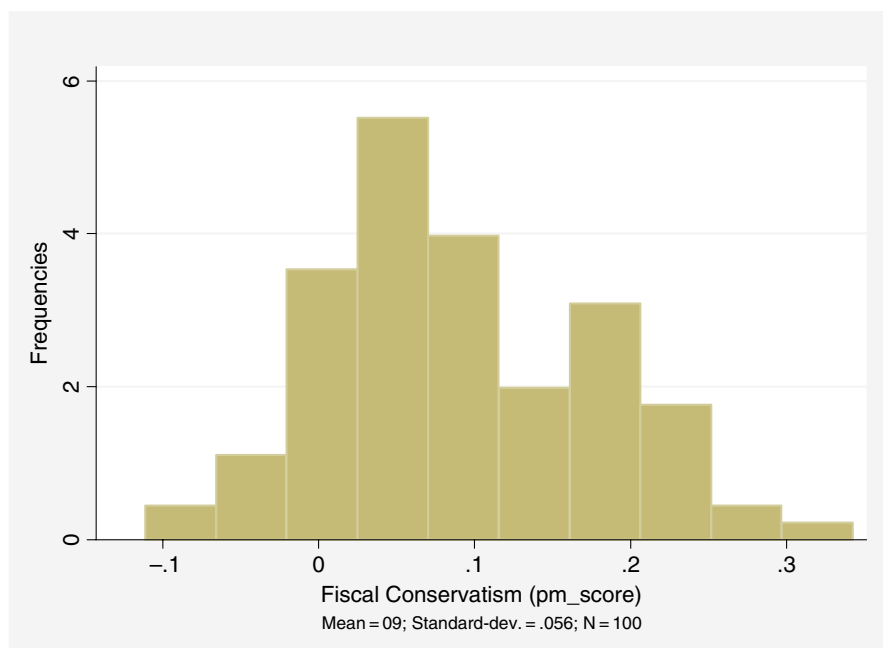


Fig. 10.5 Fiscal Conservatism in inaugural speeches

⁶ Because there is not always an inaugural speech every calendar year in every province and because some of the speeches could not be found, we could get results for only 29 out of the 31 years of the period for Alberta, 31 for British Columbia, 23 for Quebec and 17 for Ontario.

then, inaugural speeches are slightly fiscally conservative. More strictly, let us say that the vocabulary used in inaugural speeches tend to be slightly closer to the vocabulary of Budget speeches than to that of Health or Education speeches. A distribution by province, not displayed here, shows that the mean score is somewhat smaller in Quebec (0.05) and Ontario (0.06) than in Alberta (0.12) and British Columbia (0.11). The issue then is to see whether fiscal conservatism in speeches is congruent with fiscal discipline in action.

10.3.3 *The Discrepancy Between Speech and Action: Measuring Dissonance*

In order to compare speech and action, I measured, for each year, the distance⁷ between fiscal discipline (as displayed in Fig. 10.4) and fiscal conservatism displayed in Fig. 10.5. The result is displayed in Fig. 10.6. The mean discrepancy between fiscal discipline and fiscal conservatism is -0.07 . On average, premiers show a high degree of consonance. Their actions coincide with their speeches. They speak fiscal liberalism when they deteriorate the budget balance and fiscal

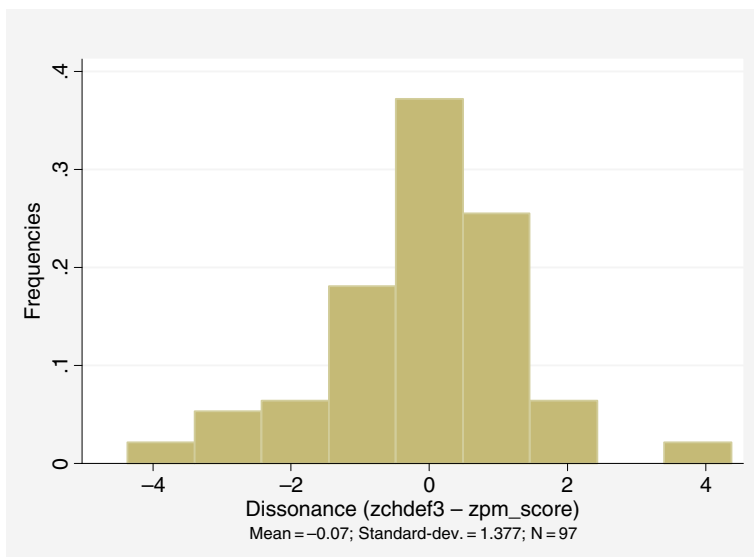


Fig. 10.6 Dissonance in fiscal policy

⁷ Actually, I transformed the two measures into Z-scores and I then subtracted the measure of conservatism from the measure of discipline [ACTION – SPEECH]. This difference is reported in Fig. 10.6. Higher values, positive or negative indicate a high degree of dissonance. Values close to zero indicate consonance.

conservatism when they improve it. But several premiers improved their budget balance while speaking liberal (positive dissonance) and several others deteriorated their budget balance while speaking conservative (negative dissonance). In order to identify more precisely the border between dissonance and consonance, I created a three-level ordinal variable. The 25 cases for which the Action-Speech discrepancy was not significantly different from zero (26 percent of the province-years) were classified as “Consonant.” The 44 cases (45.8 percent) significantly above zero were classified as displaying “Positive dissonance.” The remaining 27 cases (28.1 percent) for which the discrepancy is significantly lower than zero were classified as “Negative dissonance.” These results are displayed in Table 10.4, which shows that provincial premiers have a dissonant fiscal policy in 74 percent of the cases. But is this behavior the fact of malevolent politicians who try to deceive their listeners or is it the fact of benevolent decision-makers who try to maximize their revenues by appropriately adjusting their speech to taxpayers and investors as suggested by our theory?

Table 10.4 Cases of benevolence in fiscal policy (percent)

Types of Differences	Action-Speech	Total	Last year's budget result	
			Balance or Surplus	Deficit
Negative dissonance		28,1	28,6	27,9
Consonance		26	25,7	26,2
Positive dissonance		45,8	45,7	45,9
Total		100	100	100
(N)		(96)	(35)	(61)

Note: Cases of benevolence are circled.

To answer this question, let's compare the moments when the budget balance was in surplus or balanced to those when it was in deficit. Indeed our theory suggests that positive dissonance is benevolent when the budget balance is positive (that is, when the main target of the speech is the taxpayer) but it is unjustified (malevolent) when the main target is the investor (that is, under deficit). Conversely, negative dissonance is benevolent when the main target of the speech is the investor. In this context, we consider consonance as always benevolent. The results of this comparison are reported in Table 10.4 where we see that the behavior is benevolent in 71 percent of the cases (25.7 + 45.7) when in balance or in surplus and in 54 percent of cases in situations of deficit. Therefore, when one takes into account the main target of fiscal policy speeches, the frequency of benevolent behavior noticeably increases.

Let's summarize. Our empirical analysis reached three conclusions. First, provincial governments on average deteriorated their budget balance over the period which implies that they slightly increased their use of "exchange," as opposed to coercion, in collecting their revenues. Second, provincial premiers were on average more fiscally conservative than liberal in their speeches. Third, provincial premiers manifest fiscal consonance once every four years on average. When they manifest fiscal dissonance, it is benevolent once every three years on average for a rate of benevolence of 60 percent.

10.4 Conclusion

The public policy literature has documented many instances of policy dissonance that are less detrimental to democratic governance than what a superficial account would suggest. Looking at fiscal relations in terms of power relations allows one to see some of the complexity that structures this area of public policy. The simultaneous use of three instruments of influence, coercion, wealth, and knowledge makes it possible for the decision-maker to be more efficient in collecting the revenue needed to finance her programs. In this context, we saw that transparency is not always the best solution. Dissonance is often benevolent in the sense that it is the sensible way for a rational decision-maker to maximize social welfare. An application of this conceptualization to four Canadian provinces in the 1971–2002 period shows that indeed provincial premiers often lack transparency but that this dissonance is very often beneficial for reaching the goal of properly financing public services. Whereas Canadian premiers have a consonant fiscal policy only 26 percent of the cases, their benevolence rate reaches 60 percent when benevolent dissonance is taken into account.

These results are a good lesson for advocates of transparency, those champions of a strict correspondence of speech and action in policy processes. In many areas of government activity, discretion, secret, and even delusion are necessary for efficient policy making. One thinks of security and defence, budget planning, crisis management, and even electoral competition where dissonance may be useful. Goodin (1996: 13) once wrote: "Governance . . . is nothing less than the steering of society by officials in control of what are organizationally the 'commanding heights' of society." Viewed from these commanding heights, issues of speech and action may be quite different from what we normally consider from the "analytic depths" where we often stand.

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Chapter 11

Speeches and Legislative Extremism in the U.S. Senate

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Abstract The following chapter investigates the relationship between legislative activity and legislative speech in the U.S. Senate between the 101st and 108th Congress. The analysis measures the link between the quantity of speech used on the floor by particular senators and their individual level of legislative productivity. This chapter focuses on the number of bills introduced and cosponsored by senators. Controls for party affiliation, majority status, ideology, and proximity to an election were also added to determine whether certain context specific factors have an impact on the amount of floor speeches. The analysis demonstrates that the existence of a relationship between speech and action in the policy processes. However, this relationship is mitigated by ideology (liberals speak more) and by the distribution of partisanship in the Senate (senators in the minority obstruct more). The analysis also indicates that in later congresses, more conservative senators began to behave just like their liberal counterpart. The previous findings seem to indicate that the recent increase in roll call polarization in the U.S. Congress is also present in legislative debates and proceedings.

11.1 Introduction

The preceding empirical chapters have attempted to determine whether government actions are related to political speeches. As we saw in the first section of this volume, the nature of this relationship can have important normative implications for theories of democratic representation and accountability. So far, the analyses have focused mostly on the association between specific political speeches (e.g., presidential state of the union addresses, budget speeches, or inaugural speeches) and public policy output. However, the previous chapters have only briefly considered the possibility that government actions can be influenced by the legislative process.

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It is important to remember that most government proposals are usually extensively debated by elected representatives *before* they become official public policy. Typically, a proposed bill is read more than once, after which a series of debates ensue. The content of these debates is generally recorded in official legislative papers (e.g., the Canadian Hansards, the Congressional Records), which represent a huge amount of information that has, until very recently, been neglected by scholars. At a minimum, the sheer number of debates in a legislature should lead us to expect a strong relationship between the level of legislative activity and the amount of legislative speech. However, we believe that this link is most likely mitigated by certain institutional or contextual factors, like procedural rules or established norms.

This chapter focuses on some of these institutional norms by analyzing the relationship between legislative debates and legislative productivity. We emphasize the use of political speech in a specific legislature: the U.S. Senate. The most widely known obstruction tool that we find in this chamber is filibuster. A filibuster allows a coalition of minority senators to make uninterrupted speeches on the floor in order to prevent the adoption of certain bills. In this context, the increase in the amount of speech on the floor can actually have a negative effect on legislative productivity. Similarly, recent changes in legislative norms and the advent of unrestrained activism (Sinclair 1986) have greatly increased the amount of individual floor participation in Congress. Today, the era of inter-committee reciprocity and apprenticeship is clearly over in the Senate. As Sinclair explains, a large proportion of junior senators have now adopted a style of active decision-making behavior, as opposed to restrained activism which implied the respect of seniority norms and leadership decisions.

This new era in legislative politics could thus have produced a greater amount of floor activity without actually increasing the quantity of legislative output. In other words, if junior senators or minority members have more opportunities to intervene on the Senate floor, it is quite possible that the quantity of individual speeches has increased in recent times, without actually raising the level of legislative productivity. The surge in the number of filibusters in the 110th Congress by the Republican minority seems to confirm this trend. In its first legislative session alone, the number of cloture motions invoked by the majority has surpassed the total number of filibusters filed in each of the last six entire Congresses.¹

Despite the presence of what seems like a new era in Senate floor activity, the relationship between the amount of speeches, debates, and legislative productivity has never been systematically studied in the Congressional literature. The bulk of the analyses on the determinants of legislative output have focused on the more obvious factors, which are known to increase the likelihood of bill sponsorship. For example, the presence of a divided government, the size of a

¹ For example, in the highly polarized 104th Congress, the Republican majority filed 82 cloture motions between January 1995 and October 1996, whereas in the first session of the 110th Congress alone, the Democratic minority filed 80 cloture motions.

majority, or the strength of the leadership are factors that have been shown to affect the number of legislations proposed and later debated in Congress. What makes a study on the quantity of legislative floor interventions so interesting is that speeches can have both a positive and a negative effect on legislative output. Senators who speak more will tend to introduce a greater number of bills and amendments. However, we must also consider the possibility that an increase in the amount of speech in Congress will ultimately obstruct legislative proceedings. It is only through a systematic analysis of the determinants of legislative activity that we can hope to disentangle between these two opposing effects.

This chapter attempts to account for these factors by investigating the relationship between legislative activity and legislative speech in the U.S. Senate from the 101st to 108th Congresses (January 1989–January 2005). The analysis measures the link between the quantity of speech used on the floor by particular senators and their individual level of legislative productivity. This chapter focuses on the number of bills introduced and co-sponsored by senators. The analysis also controls for numerous aspects of legislative organization, such as committee leadership and party leadership positions. Additional controls such as party affiliation, majority status, ideology, and proximity to an election were also added to determine whether certain context-specific factors can influence the amount of floor activity. This chapter will demonstrate that there is indeed a relationship between speech and action in the policy processes. However, this relationship is mitigated by ideology (liberals speak more) and by the distribution of partisanship in the Senate (senators in the minority obstruct more by increasing their level of floor activity). We also find that in later congresses, conservative senators have become more like their liberal counterpart. It appears that the conservatives' floor interventions have begun to increase after the Republican Revolution of 1994.

The chapter proceeds as follows. We first present a short summary of traditional work on legislative activity, bill sponsorship, and floor speeches and debates. The second section introduces the research design, data, and methodology. In this paper, we use automated text analytic techniques to process all of the floor debates and interventions in the Senate between the 101st and 108th Congress. In the third section, we proceed to empirically test our research hypotheses. In the final section, we conclude.

11.2 The Determinants of Legislative Speech

The typical Senate floor schedule divides its time between routine business, agenda setting motions, debates, and votes. In addition to the normal scheduling of legislation, senators also attend committee meetings, or meet with constituents and various members of the executive, the diplomatic community, or the media (Oleszek 2007). Senators must decide how to allocate their time

between these competing obligations. Being present for important roll call votes seems to be the most obvious of these tasks. However, since a great deal of the daily business in the Senate is conducted under unanimous consent agreement, the actual number of recorded votes taken on a typical legislative calendar day represents only a small segment of the daily schedule. Nevertheless, most of the work on congressional behavior has focused on vote outcomes in one form or the other simply because it is a lot easier to analyze binary outcomes than other more complex aspects of congressional behavior. For example, Poole and Rosenthal (1997, 2007), McCarty et al. (2006), Clinton et al. (2004), and Heckman and Snyder (1997) have studied congressional voting using different scaling algorithms to aggregate roll call votes in order to create individual measures of legislator's ideology.

Aside from casting roll call votes on the Senate floor, we know that senators talk. What is more, all of the proceedings, speeches, and debates made in the Senate are carefully recorded in the *Congressional Daily Digest*. Unlike in the roll call vote analyses, we actually know very little about the content of speeches simply because speech as data – as opposed to legislative voting – contains too much information. The sheer volume of text produced on the floor of Congress renders any attempt to organize and analyze this data extremely difficult. In the 108th Congress for example, the Senate passed a total of 192 bills, but produced a record of proceeding with more than 28,308 pages. This is unfortunate since we know that senators do much more than vote on bills or amendments. For instance, senators can have heated verbal exchanges on the floor, or they may also read prepared speeches that are included or simply inserted in the Congressional records. Senators generally use their speech to publicize issues, address constituencies, critique the executive, or influence future roll call votes. And since the time for debates is unlimited in the Senate (except when cloture is invoked by unanimous consent or by a vote of sixty senators or more, see Gold (2004)), senators tend to speak a lot. As Oleszek (2007) explain, “Once a lawmaker is recognized [. . .], Senate precedents says that senator may hold the floor as long as he or she chooses” (p.223).

The amount of these debates and floor interventions in the legislature should theoretically imply the existence of a relationship between legislative activity – such as bill sponsorship or the introduction of amendments – and the quantity of speech made by individual legislators on the floor. One should also consider the possibility that this association can be mitigated by certain contextual or institutional factors. For example, minority party members will use speech and debates to obstruct the deliberative process in order to influence the content or adoption of certain bills (Wawro and Schickler 2006). The minority party can also introduce irrelevant amendments to advance party priorities, or to jeopardize the passage of a bill. Similarly, committee leadership positions, election proximity, or ideological extremism could also help explain why certain legislators end up speaking more than others. Is it possible then, to determine what influences the amount of speech an elected representative makes in a given legislative session?

So far the answer to this question remains unclear. In recent years, there have been relatively few analyses that focused on actual legislative debates and speeches made in parliamentary settings. Most of the work that looks at legislative effectiveness and legislative text have relied on labor intensive methods to count the number of times a lawmaker takes the floor (Rocca 2007) or to add up the number of lines spoken by a House member in a given speech (Maltzman and Sigelman 1996). In their analyses of the determinants of legislative speech, Rocca, in addition to Maltzman and Sigelman, have shown that individualistic and disadvantaged House members have a greater propensity to use one-minute and five-minute morning speeches and special-order addresses. In doing so, these legislators tend to promote their views outside of the traditional party channels. Furthermore, both of these studies have demonstrated that unconstrained floor time is typically used by ideologically extreme members and by the minority party, principally because it offers a way to communicate with their district and enhance their re-election prospects.

Another example of this type of work was done by Quaile Hill and Hurley (2002) who selected a random sample of senator speech in the 102nd Congress and hand coded 2,204 individual floor interventions. This analysis actually shows that seniority and electoral vulnerability increases the likelihood of floor interventions in the Senate. An additional strand of research has looked at how the usage of speech or floor speaking time influences legislative effectiveness, or the likelihood that a bill will be adopted. Moore and Thomas (1990) have demonstrated that floor speaking (as measured by the number of time a senator intervenes on the floor) increases legislative successes while Anderson et al. (2003) found the opposite effect in the House. Their results show a diminishing marginal utility to floor speaking; a member's legislative success will decrease when he or she talks too frequently.

Although the previous studies are very informative, it remains impossible to determine whether their conclusions apply to specific congresses, or if they characterize trends over time. For example, the fact that all of these studies use a limited amount of legislative speech does not permit us to conclude whether Republican or Democrat senators speak more when they are in the minority. Quaile Hill and Hurley (2002) only sampled and coded Senate speeches in the 102nd Congress while Anderson et al. (2003) analyzed legislative success and legislative speeches in the 103rd Congress. Similarly, Maltzman and Sigelman's (1996) analysis of the usage of unconstrained floor time in the U.S. House focused on the 103rd Congress. The only study that covers more than one Congress was done by Rocca (2007) in the House between the 101st and 106th Congress. However, it doesn't actually look at the amount and length of speech done in the legislature. The author counts the number of one minute speech and special-order addresses made by House members. This coding scheme makes sense since the House greatly limits the duration of unconstrained floor activity – as opposed to the Senate. However, Rocca also analyzes special order addresses in Congress. And unlike one minute speeches, these interventions can last between 5 to 60 minutes. In this case, it might have been interesting to look at

who has a greater likelihood of speaking more in the House (rather than simply counting who makes the most interventions).

There exist a few analyses that take a more systematic look at legislative speech over time. These studies have relied on computer software and automated-text clustering algorithms to examine issue dynamic in Congress (Quinn et al. 2006). Other studies have been relatively successful in classifying different sets of legislations, blog entries, or party and legislator's ideology using supervised (Høyland and Godbout 2008; Purpura and Hillard 2006; Laver et al. 2003; Hopkins and King 2007) or unsupervised learning technique (Monroe and Maeda 2004; Simon and Xenos 2004). However, none of the previous studies actually employ automated-text analysis to evaluate the different determinants of legislative speech in Congress over time.

This chapter represents the first attempt to address this shortcoming by investigating the relationship between legislative speech and legislative activity in the U.S. Senate between the 101st and 108th Congresses. The analysis measures the link between the quantity of speech used on the floor by particular senators and their individual level of legislative productivity. Here we focus on the number of bills and amendment sponsored by senators. This analysis controls for numerous aspects of legislative organization like committee leadership position, party affiliation, and ideology; we also control for ideology and majority status in order to determine whether certain context-specific factors have an impact on legislative speech making.

An analysis of the determinants of legislative speech is well suited for the Senate. Precedents in this chamber dictate that a senator can hold the floor for as long as he or she chooses (unless cloture is invoked). In addition to this unlimited debate characteristic, the Senate allows lawmakers to introduce any amendments to a bill (there is no germaneness rule) and there is also no limit to the amount of debate related to amendments (unless imposed by unanimous consent). The Senate has also authorized televised coverage of its floor proceedings since 1986. As a consequence, the number of individual speeches made by senators has increased significantly (Oleszek 2007). The few existing institutional rules to limit legislative speech in the Senate combined with its sheer volume of floor interventions offer the perfect conditions to test the institutional and individual factors that can influence the quantity of speech made on the floor.

11.3 Research Design

This analysis uses a dataset of Senatorial speeches collected by Diermeier et al. (2007). The data is composed of all the downloaded senatorial speeches between the 101st and 108th Congresses from the website *thomas.gov*. Our individual senatorial speeches are theoretically transcribing exactly what was said by a senator on the floor of the Senate. However, instances in which senators had documents inserted in the Daily Digest (but which were not read publicly) or

when bills were simply read on the floor were all removed from the dataset. The files were segmented by individual senator speech. An individual speech is a senator's speech given in a continuous time period until he or she stops. The beginning of a speech is always "Mr/Ms/Mrs. XXX," but the end of a speech can be the beginning of another senator's speech, an officer's action, or a document inserted into the printed record. Thus, a set of heuristic rules were created to segment the speeches into workable data files.²

Once this speech processing and segmenting was completed, the data was aggregated and all the words spoken by an individual senator in each Congress were counted.³ The sum of all these words for every senator in a given congress constitutes the dependent variable in our analysis. The total number of words spoken by all senators between the 101st and 108th Congress is equal to 162,059,911 (a text file of 972,522,004 bytes).⁴

On average, a senator in each Congress spoke 202,238 words on the Floor (during two legislative sessions lasting on average 300 days).⁵ Senator Harry Reid (Democrat, Nevada) spoke the most words (719,623)⁶ in the period covered by the study while senator Hank Brown (Republican, Colorado) spoke the least (415 words).⁷

One of the principal assumptions in this analysis is that an increase in the amount of words spoken by a senator (as reported by the Congressional Daily Records) will correspond to an increase in the duration of a senator's speech on the floor. In other words, the greater the number of words spoken by a senator in a specific Congress, the greater the length of all his or her speeches in the legislature. For this assumption to make sense, it is necessary to presume that

² An example of a processed text can be found in the online Appendix. This process is the same used by Diermeier et al. (2007).

³ A typical word file for a senator in a specific Congress contains all the words that he or she has spoken on the floor. These words can be adjectives, nouns, verbs, etc. The automated cleaning process that was used is not 100% reliable, but any errors, such as the inclusion of an article not read on the floor but included in the Daily Records, is assumed to have been distributed randomly in the data.

⁴ Word count is not a measure as precise as syllable count which is generally preferred by linguists to assess speech rates. The dependent variable in our analysis (number of words spoken in one Congress by individual Senators) was replaced by the total number of bytes associated with a Senator's speech record in one Congress (which theoretically should account for longer words or different word length). Our conclusions were not affected by this change. We basically obtained the same statistically significant relationship between our variables.

⁵ This number is based on the number of days in session between 101st and 108th Congresses.

⁶ Pimsleur et al. (1977) give the average speech rate to be between 130 and 220 words per minute in the English language. Thus, assuming that Senator Harry Reid speaks 220 words per minute, he would have spoken non-stop for 54 hours in the 108th Congress. This number seems plausible since Reid was both a committee ranking member and introduced 108 bills in this Congress. The Senate met for 300 days or a total of 2,485 hours in the 108th Congress. In other words, Reid spoke for about 2% of that time.

⁷ We note here that Hank Brown served the full term.

senators speak at the same rate and use more or less the same amount of words in a fixed amount of time.⁸

In order to identify the determinants that could significantly influence the amount of individual speech in the Senate, the analysis uses a combination of context-specific variables (specific to each congress) and individual level variables (specific to each senator). Since the dependent variable counts the number of words spoken by a senator (ranging from 415 to over 719,623 words), the statistical analysis are done using negative binomial regression models. This specification was chosen because the negative binomial distribution is well suited to model count data displaying over dispersion (Long 1997). The models measure the relationship between quantity of words spoken and the usual determinants of legislative productivity.⁹

One could make the argument, like Anderson et al. (2003), that an increase in the number of floor speeches explains, rather than causes, a surge in the number of bill introduced. But we believe it makes a lot more sense to think that the introduction of a bill by a member of Congress will generally be followed by more speeches in the legislature. This is true since debates (and amendments) on proposed legislation occur *after* a bill is introduced.

We use the context-specific variables in a pooled dataset which contains all individual senator speeches in the legislative sessions between the 101st and 108th Congress. This pooled dataset includes 801 cases. The total number of words spoken by a senator in an individual Congress represents one case. Thus a senator like John McCain (Republican, Arizona) represents 8 cases since he was sitting in all congresses under study, while senator Saxby Chambliss (Republican, Georgia) who was elected for the first time in 2002, represents only 1 case. To control for context- or time-specific effects, the analysis includes a series of dummy variables for each congresses (the baseline is the 101st Congress). We also include a variable measuring whether a senator was in the minority (also a dummy),¹⁰ a variable indicating whether the Congress was controlled by Republicans (coded 1 in the 104th, 105th, 106th, and 108th Congress, 0 otherwise) and a variable indicating if the President was from a different party than the majority in the Senate (a divided government dummy

⁸ This assumption makes sense unless someone believes that liberals (or Democrats) speak faster than conservatives (Republicans).

⁹ In our dataset, the variance of words spoken is 14,932,333,234, which is 7,000 greater than the mean. Because our dependant variable is count data, it follows the negative binomial distribution. The negative binomial distribution has a variance which is larger than the mean. In contrast, the Poisson distribution has a variance which is equal to the mean.

¹⁰ Between the 101st and 103rd Congress, the Republicans were in the minority. Between the 104th and 105th Congress, the Democrats were in the minority. In the 107th Congress, the Republicans are assumed to be in the minority. The Republicans controlled the 107th Congress from January 20th to June 6th 2000, until Senator James Jeffords switched party. The remaining Congress was controlled by the Democrats until the end in January 2003. In he 108th Congress, the Democrats are in the minority.

variable, which takes the value 1 in the 101st, 102nd, 104th, 105th, 106th, and 107th Congresses, 0 otherwise).

It is quite possible that when the Senate is controlled by a different party than the President's, it will be more likely to see an increase in floor activity, as the majority may try to override presidential vetoes (as in the Clinton years) or propose additional legislations to curb presidential powers. Similarly we can expect that senators in the minority might be more inclined to speak in order to obstruct the Senate proceedings. Finally, we may also find that there is a difference in Democratic and Republican controlled Senates. It is possible that when Republicans are in the majority, they are less likely to engage in floor activity. This can be explained by the recent change in leadership style in the U.S. Congress (most notably in the House, but also in the Senate) after the Republican takeover of Congress in 1994 (McSweeney and Owens 1998). The centralized leadership approach to lawmaking of the GOP could have effectively reduced the number of individual floor interventions and promoted more restrained activism in the Senate.

We also believe that individual level variables affect the propensity for a senator to speak on the floor. That is why we have included a series of senator-specific variables in the pooled model described above. However, these variables are also integrated in a series of models covering each individual Congress separately. In those analyses, we separated Republican and Democrat senators in order to control for party specific effects. The first senator-specific variable is related to congressional committee position, coded 1 if a senator was either the majority or the minority highest ranking member of a committee in the Senate. The logic here is that senior members of Congress who hold leadership positions in committees should be more likely to take the floor and introduce bills, or discuss current legislations (for similar argument in the House see Anderson et al. (2003). Between the 101st and 108th Congress, a total of 34% of all senators were at one point minority or majority committee chairs.

The second individual level variable measures the number of consecutive Congress in which a senator served. The longest serving Senator is Strom Thurmond (Republican, South Carolina) who served 25 terms. We expect that longer serving senators will have a higher likelihood of speaking on the floor because the distribution of influence in the Senate is skewed toward senior members. The third related variable indicates whether a senator made the decision not to run for re-election. The logic here is that lame duck senators are less likely to be active on the floor (7% of our sample). Both of the previous variables can also be found in Maltzman and Sigelman (1996)'s analysis of the determinants of House legislative speeches.

The fourth individual level variable is related to overall leadership position in the Senate. This variable simply indicates whether a senator was minority or majority leader, the president pro tempore, or the minority or majority whip (coded 1 in all cases, 0 otherwise). Here again, the logic is that senators who hold these leadership positions should be more likely to engage in floor activities. For instance, the president pro tempore's role is to preside over the Senate and

enforce rules in the absence of the vice president. This role ensures that the president pro tempore will be heard often on the floor. Similarly, the majority and minority leaders serve as a spokesperson for their party's positions on issues. The majority leader schedules the daily legislative program and (in consultation with the minority leader) develops the unanimous consent agreements that govern the time for debates. In addition, the majority leader has the right to be called upon first if several senators are seeking recognition by the presiding officer, which enables him to offer motions or amendments before any other senator (Oleszek 2007). The party whips have also priority in being recognized on the floor (respectively after the majority and minority leader, see Gold (2004)). All of these attributes lead us to expect a greater amount of floor activity for these senators.

The fifth individual level variable is related to the proximity of an election (coded 1 if the senator is up for re-election, 0 otherwise). Since a third of the Senate members are up for re-election every two years, it is quite possible that this group is more likely to spend time away from Congress and campaign at home. As a consequence, we should expect to find that those members participate less in the Senate's daily activities. On the other hand, we could also assume that senators increase their legislative activity in the Congress leading to their election, by sponsoring more bills, or by making a greater amount of position taking speeches (Fenno 1978; Mayhew 1974). In this context, we can potentially expect to find the reverse effect – an increase in the level of floor activity. The inclusion of the proximity variable should permit us to determine the direction and the magnitude of this influence on the amount of floor activity.¹¹

The sixth individual level variable relates to the number of legislations that have been sponsored by a senator in a specific Congress. This variable counts the number of bills (private or public) and amendments sponsored by a senator. The count variable ranges from 0 to 355. For example, Zell Miller (Democrat, Georgia) sponsored a single bill in the 106th Congress¹² while Senator George John Mitchell (Democrat, Maine) sponsored most bills (355) in the 102nd Congress. On average, a senator introduced 76 bills or amendments in the period covered by our study (Democrats were more likely to introduce bills and amendments on average than Republicans – 78 versus 73). Senators who sponsor a lot of legislations will speak more on the floor since we assume that they will be more likely to defend and debate their own legislation. We have also added a control for Senator's gender to test for the possibility that women behave differently on the floor (Kathlene 1994).

The final individual level variable corresponds to the senator's ideology. To measure this concept, we employ a widely used common scaling algorithm of

¹¹ The analysis does not include a measure of electoral vulnerability since Senators compete in elections every six years. The influence of electoral vulnerability is therefore hard to determine.

¹² S.3065. A bill to amend the Internal Revenue Code of 1986 to expand the Hope Scholarship Credit for expenses of individuals receiving certain State scholarships.

roll call votes. This measure, developed by Poole and Rosenthal (1997, 2007), corresponds to a classification scheme which is based on the spatial model of voting that represents policy preferences as points in a multi-dimensional issue space. The policy preference measure is calculated by aggregating congressional roll call votes to create vote-based scores for each individual members of Congress. Legislators' ideal points are thus estimated in distinct choice spaces representing various dimensions. The first and most significant of these dimensions corresponds to the classical left-right ideological continuum. Our analysis uses Poole and Rosenthal's first dimension DWNOMINATE score to measure individual senator's ideology. We take the absolute value of this score, since the measure ranges from -1 to $+1$, where negative scores represent more liberal senators (Russ Feingold a Democrat from Wisconsin being the most liberal with a DW-NOMINATE score of -0.86) and positive scores represent conservative senators (Jesse Helms, a Republican from North Carolina being the most conservative with a DW-NOMINATE score of 0.81).

As was indicated earlier, previous work on legislative activity and legislative speech has shown that ideologically extreme legislators tend to be more active on the floor (Maltzman and Sigelman 1996; Rocca 2007; Quaille Hill and Hurley 2002). The logic here is that ideological extremists make greater use of individual speeches because they have a lower level of influence on policy outcomes than do moderate legislators (Krehbiel 1991). Another reason why extreme senators may be inclined to speak more is related to the fact that they can use the floor as a pulpit to push their own agenda to a national audience. This is especially true if we consider that debates are now televised on C-SPAN. By speaking directly to the public, it is possible for an elected member of Congress to bypass traditional party channels and raise particular issues (for similar argument see Rocca (2007) and Maltzman and Sigelman (1996)).

We can also expect that liberal-Democrat senators will have a tendency to speak more than their conservative-republican counterpart. Works by Sinclair (1986) and later Schiller (1995) have shown that extreme liberals tend to introduce more bills and amendments in Congress, mainly because liberal senators have different attitudes toward the size and scope of the government. It follows that liberal senators have a greater propensity to be "legislative activists" (Schiller 1995) because one of the goal of liberals is to create what they believe is good public policies and to expand the role of government. To control for this possibility, the analysis also includes an interactive variable measuring liberal ideology (this variable is only included in the pooled dataset model). We multiplied Democrat senators by their measure of ideology (the absolute DW-NOMINATE scores) while all Republican ideological scores were set at 0).

To summarize the principal hypotheses in this analysis, we expect to find that senators from the minority party will speak more in order to obstruct the proceedings on the Senate floor. We also expect to find that Republican controlled Senates will produce on average a lower amount of legislative speech compared to Democratic controlled Senates. The same will be true in Senates

where the president does not share the same party as the majority. At the individual level, we expect to find that seniority, legislative activity (as measure by bill or amendment sponsorship), and committee or leadership positions will increase the amount of legislative speech made by senators. Finally, we also anticipate finding that ideologically extreme senators will be more likely to use the floor than their moderate counterpart (and this effect should be even stronger among liberals).

11.4 Analysis and Results

The results of our pooled Congress level analyses are presented in Tables 11.2 and 11.3. Before we begin to look at these results, Table 11.1 displays the average number of words spoken by all Republicans and Democrats senators in each Congress between 1989 and 2004.

As the table demonstrates, on average the Democrats tend to speak a lot more on the floor than Republicans. This is true when they are in the majority (102nd and most of the 107th Congress), but also when they are in the minority (104th, 105th, 106th, and 108th). It is important to note that this difference is rather small, and significant only in the 104th Congress, and between the 106th and 108th Congress. We also note that Republicans did speak more than Democrats in the 101st and the 103rd Congress when they were in the minority. However, the difference in the average word count is not significant. Furthermore, the Democrats spoke at greater length in the 102nd Congress, even though they were in the minority during this session. At first glance, when we compare the average number of words spoken by senators, it does not appear that being in the minority produces a greater amount of legislative speech. The reverse is also true; we can't conclude that senators in the majority use more words on the floor. The only consistent finding of Table 11.1 is that, on average, Democrats speak more than Republicans in a half of the Congress under study.

Table 11.1 Average total words spoken by individual senators

Congress number (years)	Democrat senator (standard deviation)	Republican senator (standard deviation)	Hours in session	Lines in record
101 (89–90)	169,884 (78,326)	173,497 (95,789)	2,253	35,476
102 (91–92)	275,897 (122,191)	251,231 (129,209)	2,291	37,197
103 (93–94)	206,797 (99,855)	224,659 (114,045)	2,512	32,712
104 (95–96)	255,997 (139,963)	202,307 (114,725)	2,875	31,816
105 (97–98)	198,398 (125,367)	177,475 (96,175)	2,188	25,728
106 (99–00)	218,391 (150,019)	173,960 (95,949)	2,220	27,169
107 (01–02)	198,182 (140,670)	155,287 (100,796)	2,279	26,885
108 (03–04)	215,587 (167,374)	148,464 (92,978)	2,485	28,308

Notes: The italics implies that the mean difference is significant, two tailed *t*-test ($p < 0.05$). Data on the number of hours and pages was extracted on 1/25/08 from the U.S. Senate website: <http://www.senate.gov/pagelayout/reference/twocolumntable/Resumes.htm>

But before we can conclude in the validity of this claim, we need to control for potential variables that may have affected the average amount of words spoken by each senators. We present in Table 11.2 two different pooled negative binomial models where the dependent variable is the total number of words spoken by a senator in a specific Congress. Overall, we have a sample size of 801 senators covering all the legislative sessions between the 101st and 108th Congress (which should be higher theoretically, but we have removed all the senators who served partially in one Congress, or who resigned or died during the legislative session). The results clearly indicate that ranking members of a committee and party leadership positions increases the quantity of words spoken on the Senate floor. The number of legislations and amendments sponsored by a senator and seniority also positively influences the amount of speech made on the floor.

To illustrate the substantive effect of seniority and number of bills introduced on the dependent variable, we have plotted in Fig. 11.1 the predicted number of words spoken across the numbers of bills a senator could have hypothetically introduced. As we can see in the upper left figure, there is a sharp increase in the number of words spoken when a senator introduces between 100 and 200 bills (Table 11.3).

Table 11.2 Predicting the number of words spoken in the U.S. Senate. Negative binomial regression, pooled model 1 (101st–108th Congress)

Number of words (by 10,000)	Coefficients	Standard errors
Committee Seniority	0.133**	0.068
Election Proximity	-0.008	0.056
Number of Bills	0.004***	0.000
Leadership Position	0.302**	0.096
Nb. of terms Served	0.017*	0.007
Retiring Senator	-0.169	0.108
Female Senator	-0.110	0.112
Ideology	0.004	0.202
Democratic Senator	-0.282*	0.130
Interactive Democrats × Ideology	1.063***	0.315
102nd Congress	0.397***	0.098
103rd Congress	0.260*	0.103
104th Congress	0.226*	0.102
105th Congress	0.081	0.107
106th Congress	0.065	0.106
107th Congress	-0.055	0.109
108th Congress	-0.003	0.108
Minority	0.091*	0.051
Constant	-0.008	0.123

Log-likelihood = - 1160.5427

N = 801

Notes: Significance are two tailed tests, * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

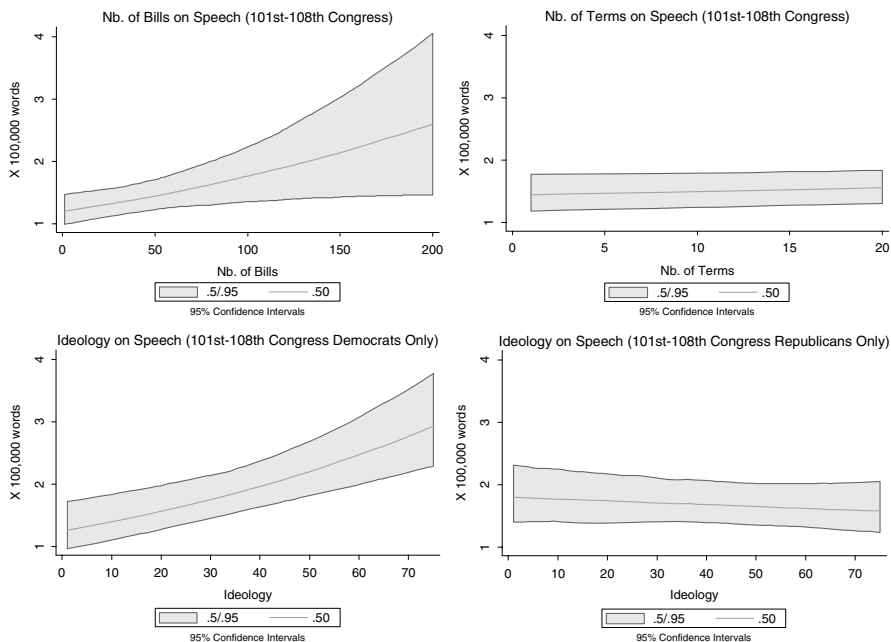


Fig. 11.1 Influence of the legislative productivity, seniority, and ideology on the legislative speeches in the Senate. Pooled analysis

Note: Shaded areas represent 95% confidence intervals. Simulated impact of (ideology, nb. of terms, and nb. of bills) on nb. of words spoken obtained with the following negative binomial model: Committee Seniority set at 0; Election Proximity set at 0; Number of Bills set at mean (when applicable); Leadership Position set at 0; Nb. of Terms Served set at mean (when applicable); Ideology set at mean (when applicable); Retiring Senator set at 0; Democrat set at 1; Republican Congress set at 1; Divided Government set at 0.

The same relationship is found with the number of terms served (the upper graphic in Fig. 11.1). However, this effect is less steep; the most senior senators speak about twice as much as their freshmen counterpart.

The specification in model 1 and 2 also differs when we consider the congressional dummy variables (where the baseline is the 101st Congress), when we look at Republican controlled Congresses, and when there was a divided government. In model 2, it appears that Republican controlled Senate produced a smaller (almost negligible) amount of spoken words on the floor (the effect is not significant). In addition, model 1 demonstrates that the 102nd, 103rd, and 104th Congress saw a greater amount of floor activity compared to the 101st Congress. As was also predicted, we note in passing that the proximity to an election, retirement, and being a female senator has a negative impact on the amount of speech made in the Senate. However, none of these effects reach the minimum significance level.

Table 11.3 Predicting the number of words spoken in the U.S. Senate. Negative binomial regression, alternative pooled model (101st–108th Congress)

Number of words (by 10,000)	Coefficients	Standard error
Committee Seniority	0.110	0.067
Election Proximity	-0.015	0.056
Number of Bills	0.004***	0.000
Leadership Position	0.299**	0.096
Nb. of Terms Served	0.017*	0.007
Retiring Senator	-0.129	0.107
Female Senator	-0.174	0.111
Ideology	-0.080	0.203
Democratic Senator	-0.287*	0.129
Interactive Democrats × Ideology	1.097***	0.315
Republican Majority	-0.064	0.050
Divided Government	-0.005	0.058
Minority	0.084*	0.051
Constant	0.193	0.113

Log-likelihood = - 1177.6651

N = 801

Notes: Significance are two tailed tests, * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

Turning now to the most interesting findings of Table 11.2, which relates to ideology, party affiliation, and also to the minority status in the chamber, we first notice that being in the minority positively affects the amount of speech made by a senator (this result is also significant and true in both model specifications). Everything else equal, the estimated rate ratio predicts that a senator from the minority will speak 9% more than a senator from the majority.¹³ We also find that our measure of ideology (the DW-NOMINATE score) is not significant. This is because the interactive term liberal-democrat reaches the highest significance level in both models ($p < .01$).¹⁴ For example, Senator Russ Feingold (Democrat, Wisconsin) who has the most liberal record in the Senate (an absolute DW-NOMINATE score of .86, .83 and .81 in the 108th, 107th, and 106th Congress) spoke approximately 200,000 additional words in each Congress. More than 73 Democrat senators displayed an absolute NOMINATE score greater than 0.5 in our dataset. And on average, our models indicated that these senators spoke approximately 75,000 more words on the floor than their conservative counterpart.

Based on these results, we can conclude that Democratic and liberal senators speak more than Republican and conservative senators. To illustrate the size of this effect, Fig. 11.1 plots the predicted number of words spoken by all senators

¹³ The Incidence Rate Ratios are not shown in the tables.

¹⁴ It is important to note here that the substantive effect of this interactive variable explains why the NOMINATE variable is insignificant, and why the Democratic Party variable has a negative impact on the number of words spoken by the senator.

across different levels of ideological extremism. The two bottom graphs of Fig. 11.1 clearly show that an increase in ideological extremism is associated with a substantial increase in the number of words spoken by Democrats. The same cannot be said about Republican senators.

Everything else being equal, a moderate democratic senator (at 0.2 on the ideology scale) will approximately speak half as much as an extremist (at 0.8 on the ideology scale). As the model indicates, the effect of ideology is greatly reduced among Republican senators. When measuring the effect of ideology across both parties, we see that it is the more liberal (Democrat) senators who speak more. Holding everything else constant, the effect of ideology on the number of words spoken among Republicans is negative and almost negligible.

We also need to control for the possibility that the previous results are driven by a few very liberal senators (like Feingold) who simply speak more, and who have a disproportionate weight in the pooled model. If this is true, the relationship between liberalism and the amount of words spoken could just be an artefact related to the style of certain lawmakers. In order to test for this possibility, we have replicated the analysis of the first model independently for each individual Congress. We control for party specific effects in this model by running the models separately for Republicans and Democrats. These detailed results are presented in an online appendix.¹⁵

The most consistent result found in the individual Congress analyses relates to the ideology variable (which is the absolute value of the senator's DW-NOMINATE score). For instance, we found that liberal-democrat lawmakers were more likely to speak on the Senate floor in the 105th, 106th, and 107th Congress. These results vary in significance levels, but the relative small sample size of Democrat senators (44–66) and the fact that the ideology variable is significant in more than one Senate increases the reliability of the findings presented in the pooled models. To illustrate the substantive size of this effect, the graphics in Fig. 11.2 plot the predicted number of words spoken across different levels of ideological extremism in each Congress for the Republicans and Democrats (a total of 16 graphs).

The first obvious trend of these figures relates to the positive association between ideology and speech for Democrats. This association seems to become stronger after the 104th Congress (especially in the 106th Congress when a shift of .8 on the ideology scale corresponds to an approximate increase of 500,000 words). The Republicans present us with a less clear association between ideology and speech. In the earlier Congresses, the conservative Republicans had a tendency to speak less than their more moderate counterpart. However, this association changed after the 104th Congress. The graphics show that starting in 1996, conservative Republicans became more vocal in the Senate, and this effect seems to have gained importance over the years. However, we must be careful about concluding in the robustness of this result since it does not reach the minimum required level of significance.

¹⁵ Available at <http://www.sfu.ca/~jga16>

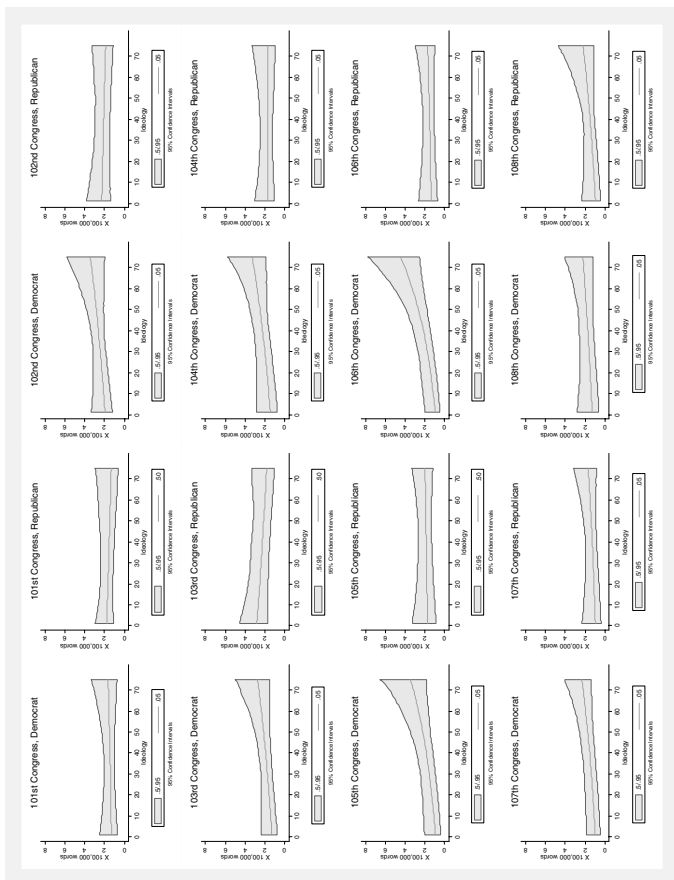


Fig. 11.2 Influence of ideology on legislative speeches in the Senate. Individual congress analysis

Note: Shaded areas represent 95% confidence intervals. Simulated impact of ideology on number of words spoken obtained with the following negative binomial model: Committee Seniority set at 0; Election Proximity set at 0; Number of Bills set at mean; Leadership Position set at 0; Number of Terms Served set at mean; Retiring Senator set at 0.

11.5 Discussion and Conclusion

Now the question remains, if indeed some senators speak more than others on the Senate floor, what are they talking about exactly? Between the 105th and 108th Congress, Quinn et al. (2006) identified more than 42 specific topics covered in the debates of the U.S. Senate. These topics ranged from judicial nomination, the economy, 9/11, campaign finances, abortion, crime, Iraq, the environment, and hate crimes. Clearly, senators create legislations to address the current issues of the day. What remains unexplained is why some senators, even after we control for their seniority or the number of bills they might have introduced, decide to speak more than others.

To begin, we found that being in the minority party increases the amount of speech a senator will make in Congress. This finding can potentially be explained by the fact that senators in the minority speak more to obstruct the proceedings of the legislature. And this is true for both Republican and Democrat party members (both parties were in the minority in half of the congresses under study). As Oleszek (2007) explain, obstruction can take many forms. It can be associated with the inclusion of amendments on specific bills, or it can be more direct like in the case of a filibuster. Today filibusters do not necessarily have to be actually engaged by non-stop speaking on the Senate floor (like in the case of Strom Thurmond who spoke for 24 hours and 18 minutes without interruption). Just the threat of one is enough to stop the proceedings in the Senate. Nevertheless, we believe that the number of actual filibusters is a good indicator of the level of obstruction that is currently being used in Congress.

If we count the number of filibuster attempts, we find that it has greatly increased over the last few years.¹⁶ In the 88th Congress (1963–1964) only three filibusters were made. This number went up to 58 in the 107th Congress, and to 49 in the 108th Congress. The preceding trend clearly follows what Sinclair (1986) describes as the advent of unrestrained activism on the Senate floor. Journalists have described this phenomenon, and Senator Trent Lott (Republican, Mississippi) was quoted as saying – with regards to the recent increase in the use of filibusters – that “the Senate is spiralling into the ground to a degree that I have never seen before, and I’ve been here a long time. All modicum of courtesy is going out the window.”¹⁷ Of course, filibusters are a lot more likely to occur when the size of the majority is small (close to 50 in the Senate). Evens so, we have seen a notable increase in the number of filibusters between the 101st and 108th Congress, and this is but one of the most obvious forms of legislative activity. By actually demonstrating that minority party members speaks more on average than members of the majority, we were able to

¹⁶ The actual number of filibusters: 108th – 49; 107th – 58; 106th – 58; 105th – 53; 104th – 48; 103rd – 40; 102nd – 47; 101st – 24. Source from <http://www.mcclatchydc.com/226/story/18218.html> accessed 2/10/08.

¹⁷ Source from Margaret Talev, McClatchy Newspapers <http://www.mcclatchydc.com/226/story/18218.html> accessed 2/10/08.

determine that a less obvious form of obstruction than the filibuster is being used by the minority. At this stage, we can only assume that this type of defence takes the form of additional speeches and debates on the Senate floor.

The second most important finding of the preceding analyses is related to the influence of ideology, most notably liberal ideology, on the amount of speech made by senators. This result was confirmed in both pooled models and in three of the eight individual congressional analyses (available in the Appendix). We also found that the gap between liberal and conservative senators has been shrinking in recent congresses. Conservative senators began to increase the number of interventions on the floor after the 104th Congress. This result is partially explained by the Republican gain of 8 seats in the 1994 election and their newly found majority status in the Senate for the first time since 1986 (this gain was also followed by an additional 2 seats in the 1996 election). The new Republican majority coincide with President Clinton's second term, which was notoriously partisan. It was also during this period that Clinton's impeachment trial occurred. Quinn et al. (2006) calculated that on the day of the conclusion of the trial, 78 speeches were made in the Senate, a total of 171,000 words were spoken. It is no coincidence that the relationship between number of words spoken and ideology was at its highest for Democrat senators in the impeachment Congress (see graphic 15 in Fig. 11.2).

In short, we believe that the Republican takeover of Congress in combination with the surge of new conservative senators after the 1994 election led to a transformation in the dynamic of legislative deliberations on the Senate floor. These newly elected Republican members were more likely to be active on the floor than their more senior colleagues. Senators like Rick Santorum (Republican, Pennsylvania),¹⁸ Bill Frist (Republican, Tennessee), or Fred Thompson (Republican, Tennessee) contributed not only to an increase in polarization in the Senate, but they also engaged in a more proactive defence of the conservative ideology in Congress.

Nevertheless, we must conclude by stating that the Republican takeover of Congress does not explain why Democrat senators tend to speak more than moderates or conservative Republicans. The most plausible explanation for this phenomenon is related to the underlying belief system linked with the liberal ideology. Liberals in the United States generally believe that the government should play an active role in solving the different political and economical problems facing society. As such, liberals aim to create more public policies and expand the role of government. Sinclair (1986) and Schiller (1995) have indeed found that extreme liberals introduce more bills and amendments in Congress. So this may explain why they speak more on the Senate floor.

¹⁸ For example, Rick Santorum organized in the 108th Congress a 39-hour debate on four federal judge nominations, attempting unsuccessfully to overcome a Democratic Filibuster. Quinn et al.'s (2006) data shows that 87 speeches were made and that over 230,000 words were spoken on that topic in one day.

But our results also show that conservative lawmakers have become more vocal in recent years. A clear example of this new trend is found in the 108th Congress. This legislative period saw the highest number of filibusters ever introduced in one Congress. The Republican minority made 80 filibusters attempts, and this was only during the first session.¹⁹ This high number should come as no surprise since the previous analysis demonstrated that extreme ideologues have a tendency to speak more in the Senate. Clearly, one of the consequences of the recent ideological polarization in Congress has been a surge in the level of legislative obstruction from the most ideologically extreme members.²⁰

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¹⁹ This is clearly above the average for the 101st–108th Congress of 47 filibusters for two legislative sessions.

²⁰ The polarization in legislative behavior is a well documented fact in recent Congresses; see Poole and Rosenthal (1997, 2007).

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Chapter 12

Do Parties Matter? A Qualitative Answer with Numbers

Jean Crête and Nouhoun Diallo

Abstract A central condition for liberal democracy to persist is that the authorities implement what they said they were going to do. The actions of the authorities, or policies, are here observed through the Inaugural Speeches which list what the governments would do in the following months. The content of those addresses is compared to the content of the electoral party platforms of the parties forming the government. The data cover 46 years of political life in Quebec. The Inaugural Speeches as well as the party platforms are analyzed along a left–right dimension using the categories of the Comparative Manifesto Project. The results show that policies diverge as much in the years 2000 as they did in the 1960s. The detailed study of the party platforms do not predict exactly the policies, but the relative position of the parties, on a left–right continuum, gives a clear idea of what their policies will be. When a political party takes control of the government it implements what it said it was going to do. There is no dissonance between the before and the after.

12.1 Introduction

In the introduction of this book the editor, L. Imbeau, writes:

Citizens find it hard to give credence to what their political elites tell them. This suspicion is such that many observers do not hesitate to speak of a crisis of democracy which, to be solved, calls for an understanding of the relationship between speech and action in policy processes.

To further the understanding of this relationship we will study, in this chapter, the speech of the political elites regrouped in political parties and we will examine the correspondence between this speech and actions taken when those elites take control of the government. We will ask: Do political authorities deliver what they promise to do? Does it matter for the citizenry that a particular group of individuals controls the government? Those questions are

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obviously not only relevant in all states whatever their characteristics, democratic or not, but on the longer run are strictly essential for the survival of the state organization (Finer 1997; Acemoglu and Robinson 2006).

In a liberal democracy political parties are the main institution through which demands are formulated and aggregated to be channelled to the political elites or authorities. Then those authorities, themselves selected by those same political parties, tell the voters what they are going to do if elected. During the second part of the 20th century political parties have been characterized on a left–right continuum. Some have, at least implicitly, claimed that this division had become irrelevant at least in terms of policies. All policies are converging. Others claimed that the political arena remains central in orienting public policies. In short, to use Eastonian terms (Easton 1965), the responses of the system to the demands have been grouped in two main categories: the convergence school and the school of “politics matters.” The convergence school, as its name implies, states that with time public policies of different interconnected systems will converge. Shaped by the same environments, confronted by the same difficulties, facing the same demands, systems will tend to respond the same way. If such a proposition should be true across polities, it should then be even truer within a single polity. For the school of “politics matters,” the way things are handled by the authorities, which is itself influenced by the characteristics of the community and its culture, does produce policies which are, or could be, different (Imbeau and Lachapelle 1994). Then again, applied within a polity, the concept of “politics matters” would admit a divergence of ideology between political parties. Both schools, the convergence and the politics matters, deal with demands which can reasonably be met by the authorities without drastic changes in the community or the regime. In other words, they deal with the “normal” or “routine” demands to allocate values in a liberal democracy. If policies converge, choosing a party in terms of policies becomes meaningless to the voter and for sure there is no need for shrouding (see Breton in this volume). If policies converge, the “policy dissonance” becomes a technical problem of coordination and efficiency within a government, not a problem of confidence between the governed and the elites. On the other hand if politics matters then the voter has a choice. But do the elites, through political parties, cover their true colours as Breton implies? In other words do the parties of the right implement right-wing policies and vice versa for the left? These are the two questions we will investigate using the Quebec case for a test. Our thesis is that if the elites implement the policies they claim they will implement, there is then no dissonance. But do they?

12.2 Inaugural Speeches and Party Platform in Quebec: 1960–2006

In this chapter, we examine the policy statements of Quebec governments over a period of 40 years to try to determine if the policies do vary with the ideology of the party controlling the government. The approach is descriptive and more qualitative than quantitative. As Imbeau and his colleagues (2001: 2)

commented while reviewing the literature for a meta-analysis, one key hypothesis of partisan theory is that there exists a law-like tendency for policy to move in response to election outcomes, operationalized in terms of the left–right party composition of the government. Policies have been mainly measured in economic terms like spending (total spending, spending in specific domains of policy, spending as a proportion of GDP, etc.). Here, we will examine non-monetary measures.

In Quebec, a party realignment occurred in the late sixties which led to the creation of a new axis, which presumably cut across the already existing left–right continuum. The new continuum distributed the voters along an axis which had at the one end Quebec independence and at the other end the full integration into Canada. Because voters from then on did align themselves along this new continuum, it has been argued that the left/right division had lost its meaning in Quebec. So if political parties converge on the left–right dimension this will not necessarily mean that the parties have converged on all dimensions. In this chapter we deal only with the left–right dimension.

12.2.1 Defining Left and Right

The notion of left and right summarizes the polarization produced by the conflict between the principles used to allocate values in society. Laponce (1981) suggests that the notion of left/right rests on some stable contents. The left promotes equality between citizens, favors the people, and promotes free thinking. On the other side, the right accommodates hierarchy, favors the rich, and supports religion. For Laponce some issues are not by themselves on the left or the right. It is the case with internationalism and nationalism.

These characteristics of the left or the right are shared by many other authors. For example Revelli, according to Laver (2001), lists on the left side the following concepts: change, equality, autonomy, mass, and rationalism; and on the right, stability, hierarchy, heteronomy, elites, and irrationalism. Still others like Bobbio (1996) add to the list in refining between the far left, the left, the right, the far right, etc. The conceptual definition of the dyadic opposition of left and right is not easily made, but there is a general recognition of what it is. Furthermore, at the operational level (more about it below), tools have been devised to recognize what goes to the left and what to the right.

12.2.2 Policies

Government activities take many forms and avenues. Typologies have been built to allow the student of public policy to organize and manage the quantity of information relative to the government's activities. One such typology (Imbeau and Lachapelle 1994: 4) divides the activities into six operational categories, one of which is the discursive activity. In the Quebec political system, two of those discursive activities are particularly formal and important:

The government Inaugural Address, which is under the immediate responsibility of the Prime Minister and the Budget speech, which comes under the responsibility of the Minister of Finance. In this latter case, the speech has, for some purpose, the power of a law as, for example, when the minister of Finance announces an immediate change in the level of taxes. The Inaugural Address does not do that. The Inaugural Address, known in the Westminster Parliament as the Speech from the Throne, declares and details what the government policies will be for the next few months. In this parliamentary system, the Inaugural Address is much more than the State of the State (or the State of the Union at the federal level) in the American system. Indeed, in the Westminster model of government, and it is particularly true when the government is from a single party which commands a majority in the legislature, the Prime minister controls the legislature. So his or her statements of the government's intentions are paramount.

The Inaugural Addresses take place at the beginning of a session of the National Assembly. The number of sessions during a term in office is more or less at the discretion of the Prime minister. Even if the calendar of sessions and time between sessions have changed over the years we can count on one regular (as opposed to special sessions called to deal with a specific emergency) session per 18 months on average. In this study covering the period from the 26th legislature (1960) to the 30th legislature (2006) we count 37 Inaugural Speeches. Those speeches document the policies of the 12 governments which have governed Quebec from 1960 to 2006.

12.2.3 Coding the Speeches

Of the four main techniques to code texts – the quasi fully automated technique as used by Godbout and Yu (Chapter 11, this volume), the semi-automated technique used by Charbonneau (Chapter 13, this volume), the classification with a dictionary, and the classical content analysis based on human judgement – we used the latter with the support of QDAMiner as Sürdem (Chapter 15, this volume) does. Two main reasons explain why. The first reason has to do with data availability. We first wanted to use all four techniques but both the quasi fully automated and the semi-automated techniques require supplemental observations, to train the software in one case or to calibrate the model in the other case. Second, with the technique of the dictionary, the problem of change overtime may become difficult to deal with as the meaning of words change with time. To avoid these pitfalls we used a technique based on the substance of the speeches. The technique has its disadvantages – see Charbonneau (Chapter 13) and Sürdem (Chapter 15), but also many advantages (Katznelson and Lapinski 2006; Mayhew 2006).

To code the speeches along a left–right continuum we used the coding scheme of McDonald and Mendes (2001). Their scheme rests on the codification developed by the Comparative Manifesto Project (CMP) to study and compare party platforms. The CMP is well documented (Volkens and Hearl 1990; Pétry

and Landry 2001) and the coding scheme has been used in many countries including Quebec (Pétry and Landry 2001; Pétry and Collette 2006) to code party manifestos.

The coding scheme lists 56 categories fitting within seven policy domains: (1) Foreign Affairs, (2) Freedom and Democracy, (3) Government, (4) Economy, (5) Welfare and Quality of Life, (6) Government, and (7) Social Groups. McDonald and Mendes review the literature on the use of this scheme to locate the party platforms on a left–right axis. Each category, sometimes with a pro or con orientation, is associated to the left or to the right. For example, within the domain “Freedom and Democracy” freedom is associated with the right while democracy is associated with the left. Within the domain “Government” a statement pro decentralization is associated to the right. Some of the categories have not been attributed to the left or right as it is the case for “culture” or “agriculture and farmers.” Sixteen of the 56 categories were not attributed to the left or the right. In our analyses the statements fitted into 29 of the 40 left–right categories.¹ In other words there are items listed by McDonald and Mendes that we did not encounter in our reading of the speeches.

The recording unit is the theme. A theme is an assertion about 1 of the 40 subjects (categories). The context unit is the speech itself. The 37 speeches were read in their entirety and coded within the software QDAMiner (Péladeau 2006). At the end of the process, three levels of measures were contemplated. A first measure reports the occurrence or not of a code in each speech. A second measure reports the frequencies (number of time a code was used for a given speech). And a third measure reports the numbers of words (per thousand words) coded in a specific domain. The following analysis rests on the first type of measure, that is, the matrix of occurrences, because it is the least susceptible to bias in the coding process. Two indices were built, one for the left and one for the right. The indices are the sum of occurrences divided by the number of categories. There is an occurrence for a category when at least one statement is allocated to this category in the speech. The 15 items attributed to the left are well correlated (alpha 0.80) as well as the 14 attributed to the right (alpha of 0.82). The net ideology is the result of the subtraction of the Left index minus the Right index.

12.3 Results

12.3.1 *The Policies*

Figure 12.1 displays the position of each speech on the left–right dimension over the period 1960–2006. The *y* axis goes from the values of the right (negative value, bottom part) to the values of the left (positive value, upper part) and

¹ The categories of the left are numbers 102, 107, 202, 204, 403, 404, 406, 408, 409, 410, 411, 412, 504, 506, 701. The categories on the right are 201, 203, 301, 303, 305, 401, 402, 407, 414, 601, 603, 605, 606, 607.

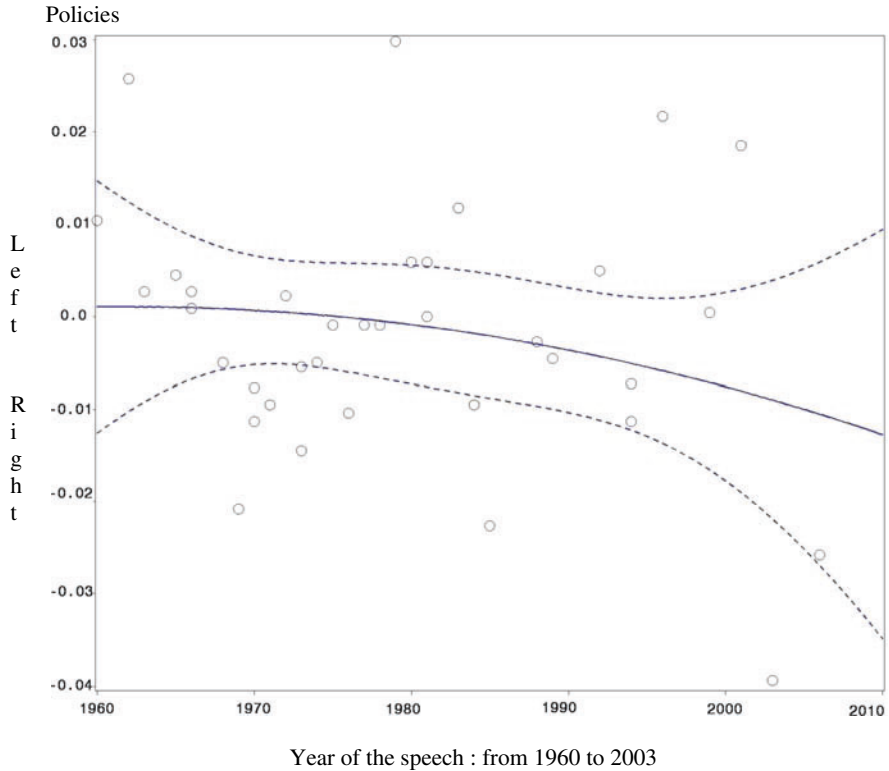


Fig. 12.1 Ideological trend of inaugural speeches

where zero represents the “extreme” center. The trend, measured by a linear regression, shows that over time the walk has been toward the right. The retrenchment of the liberal democracies from social equality and social welfare in the 1980s and the 1990s has been documented elsewhere (Bartels 2008: Chapter 1; Boix 1998: 209). Had the data sets included information about the policies of the 1950s in Quebec, the slope could have been different since the governments were then deemed more conservative than those of the following years. It is obvious that there are variations from year to year. There is no indication however that the ideological divide has narrowed over the years as the two lines showing the confidence limits show. Again variations around the central tendency indicate that at the end of the period the range of policy ideological positions was growing not shrinking. There is no proof there of converging policies over time.

What explains the differences of those bundles of policies? We have suggested that the path followed by a government was predictable from the ideological stance of the politicians prior to their access to power. So let’s turn to what they were saying before their election.

12.3.2 The Ideology in the Party Platform

The most formal expression of the position of politicians is through their party platform. So the electoral platform of the winning party at each general election has been analyzed using the same categories already used to categorize government policies. Party platforms from 1976 to 2003 had already been categorized by Pétry and his team along those lines and we thank them for providing the data for this part of the series. For the earlier years, 1960 to 1973, we did replicate the procedure so as to complete the series. The scores used here are from the party platforms at the time of the general elections and the policy scores are for the ensuing governments. To bring everything on a same scale we standardized the scores.

Figure 12.2 presents a scattergram where the party platforms, or talk, of the winning party is on the horizontal axis while the policies, or walk, are on the vertical axis. In the upper left corner one finds the cases where the party platform at the time of election is characterized as being on the left and the government actions are also on the left. The bottom right corner includes the cases where both the platforms and government policies are on the right. One

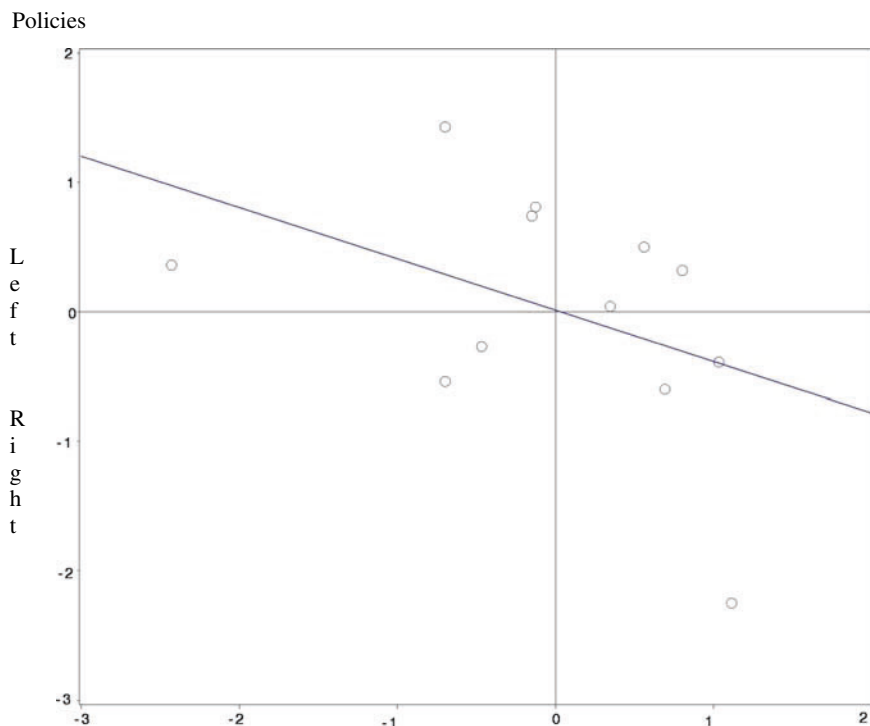


Fig. 12.2 Party platforms and policies

government predicted to be on the right from the party platform produced policies at the center. However, two governments, which should have been on the left are on the right and two governments predicted to be on the right from the platforms of their parties are on the left in so far as policies are concerned. Do we find here four specific cases of dissonance? What about the other cases where the pre-electoral talk does not match exactly the policy bundle implemented? The diagonal line in Fig. 12.2 is a regression line which gives an idea of the average prediction one would make with numbers. The regression would permit to predict around ten percent of the variations between governments and if the outlier on the left was removed, twenty percent of the variations would be taken into account. This is not very satisfying as far as numbers are concerned. There are many reasons, without resorting to moral failures, lies, and the like, why the policies would not match exactly the party platform. First, party platforms are prepared well before a general election. Then once in office the party may face new challenges which were not even listed in their party platform. And, as time goes by, the discrepancy between the platform and the policies should be expected to grow. To have a perfect match between the policies and the platforms all policies of a government over its term in office, on average 3.3 years, would have to match the party platform and vice-versa. If one retains only the qualitative categorization of either left of the center or right of the center, then the correct prediction of eight of the twelve cases is not too bad. Unfortunately, citizens do not read party platforms. So it can be argued that politicians do not talk directly to the voters through the party platforms. On the other hand, party platforms are used by the political parties themselves, the mass media and interest groups as sources of information, which is then disseminated.

12.3.3 Party Labels as Surrogates for Ideology

If citizens do not read party platforms they are not, however unaware of the parties' main dispositions toward salient issues. Through the medias, friends, and family citizens learn the overall ideology of the main political parties. Even if the citizens were not using the left–right terminology, still they distinguish the parties along the same dimension but by using other expressions like, pro-trade union or pro-business, equalitarian or freedom of choice, etc. When it comes to compare only two main parties, citizens know roughly where those parties stand before the elections. For a liberal democracy to have a meaning, some voters have to know something about what the party's elites are saying.

One way to assess if the politicians once in government behave as they say they will behave is to take account of their label without assessing the details of their platforms. It is what Downs (1957: 96) had proposed. As the ideological position of a party and its platform should be quite correlated, and since political parties will have not so many ideological positions as they have

positions on issues, the citizen would be wise in taking into account the ideological position of the party and then make his or her choice. In other words, the talk the politicians offer to the citizens is through the party label.

During the period studied here three political parties came to power: the Quebec Liberal Party (PLQ), the Union Nationale (UN), and the Parti québécois (PQ). In the 1960s the Union Nationale, a conservative party, faced the Liberal Party on its left (Lemieux 1969). Then from 1970 on, the Liberal Party faced the Parti québécois on its left (Latouche 1976). Of the three political parties only the PLQ has been there from the beginning to the end of the period studied here. Figure 12.3 maps the ideological space filled by those parties through time. The map is built in the following way. First a straight line is drawn between the first and the last Inaugural Address of the governments formed by a specific political party. In our series the Liberal governments were the first, in 1960, and the last, in 2006, to deliver an Inaugural Speech. Hence, the straight line from 1960 to 2006. Then a broken line goes from the first address to the second, to the third, and so on. The areas within those lines capture the spread of the ideology of the government from a specific political party. Liberal governments delivered twenty such speeches. The areas with horizontal lines represent the spread of the PLQ ideology over the 40-year period. The government of the Union Nationale (the hatched areas), from 1966 to 1970, delivered four speeches while the governments of the Parti québécois (the vertical lines) had thirteen Inaugural Speeches.

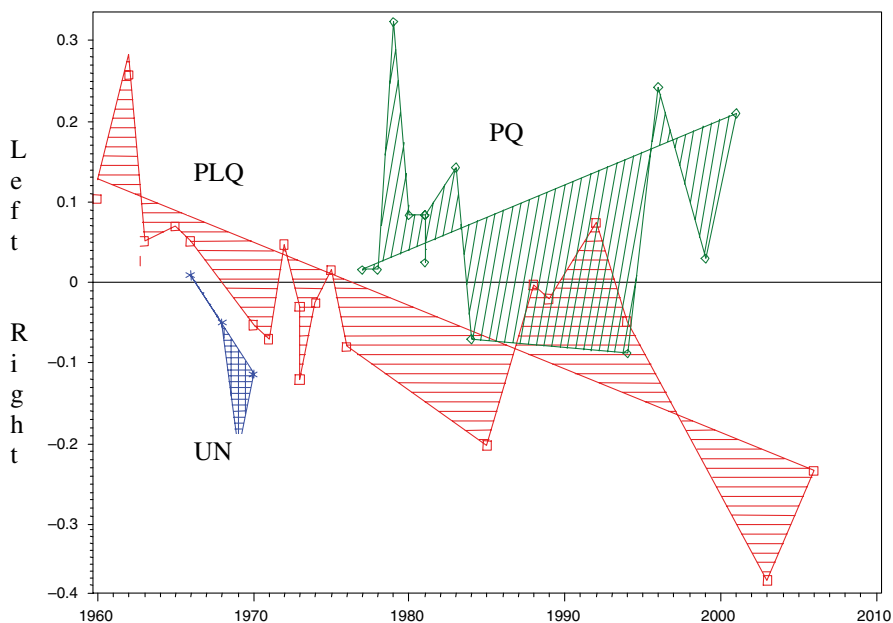


Fig. 12.3 Left-right policies by party

At the beginning of the period, the liberal party can be described as a left wing party. It is the period known in Quebec as the Quiet Revolution when many social programs were introduced, education was revamped, the State took over from the Church the social programs and education, the production and distribution of electricity was nationalized (1962), public enterprises were created in the fields of finance, mine development, forestry, etc. The PLQ lost the 1966 election to the Union Nationale which had been in power before 1960. Even if the Union Nationale had campaigned against many of the reforms introduced by the Liberal Party, it did not immediately reverse the policies when it came back to power. It mainly slowed the process down or, as in the case of health (Catonguay 2005), postponed indefinitely the reforms. However, the new initiatives favored decentralization and programs for specific clientele as opposed to universal programs. When the PLQ returned to power in 1970, it was by then not that much more on the left than the dying Union Nationale. For the six following years (1970–1976) the PLQ remained at the center-right. It was then defeated by the PQ. When the PLQ came back to power in 1985, under the leadership of Robert Bourassa, it first started as the most right-wing government that Quebec had known for more than 25 years. Soon however the Liberal government moved closer to the center with incursions on the left to compete against the main opposition party, the Parti québécois. The successor of Robert Bourassa as Prime minister, Daniel Johnson Jr, brought the government back to the right (Crête 1995: 188) a position consolidated by the following leader of the PLQ, Jean Charest, who became Prime minister in 2003. Of the 37 policies bundles under study here, the last two, expressing the policies of the Charest government, are the two most right wing of the lot.

Turning now to the policy positions offered by the governments of the PQ, we see (Fig. 12.3) that it occupies, since the seventies, most of the space on the left. Those policies are consistent with the party's image: A party relatively close to the trade unions and the "social economy sector." From year-to-year the policy position has varied, but most of the time it has remained on the left with a couple of excursions to the center-right.

Knowing the time period and the party in power one can roughly predict if the policies will be more to the left or to the right of the previous government. In other words, the label of the party is a good predictor of the direction – left–right – of its policies.

12.3.4 Governments

Twelve governments have presided over the destiny of Quebec during the 46 years depicted here. All those governments were the product of a majority party in the National Assembly. Figure 12.4 displays the detailed positions, that is from one Inaugural Speech to another, taken by those governments.

It is remarkable that there is almost as much range within a government than between governments of different parties. Let's consider, for example, the sixth

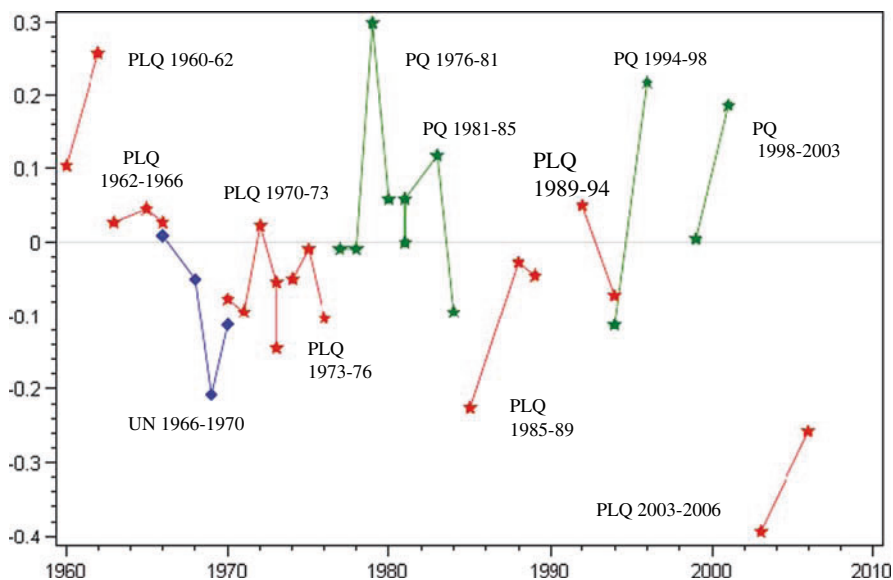


Fig. 12.4 Left–right policies by government

government, the PQ government of 1976–1981, which, on average, scored 0.08 on the ideological scale. The variation within the term in office extended from a minimum of -0.01 to a maximum of 0.30 for a full distance of 0.31 between those extreme points. Such a variation between governments is registered only once for the whole period 1960–2006 and it is at the very end of the period when the liberal government of Jean Charest (2003–2006) replaced the PQ government of Bernard Landry. The distance between the average value of the eleventh government (1998–2003) and the twelfth (2003–2006) is indeed 0.43. Those numbers should, for sure, be interpreted with prudence since they are the product of “human” assessment. Nevertheless, it seems obvious that as important as variations are within a government, those variations do not lead to confusion. Using the label of the party a voter would be able to predict if the government of such a party would be on the left or on the right. In the 1960s, two main parties faced each other, the UN on the right and the PLQ on the left. The policies of the UN were on average on the right at -0.09 and the policies of the PLQ on the left at 0.10. During the next 36 years, the PLQ faced the PQ, and the average score for the policies of the PLQ was -0.10 and for the PQ 0.06. The policies of the governments of different ideologies are different.

12.4 Discussion and Conclusion

In this chapter we have described the policy positions of the Quebec governments from 1960 to 2006 on a left–right continuum. The data do not support the idea that policies converge over time. The ideological divide was as important at

the end of the period as it was at the beginning. As policies do vary it is appropriate to verify if what has been promised corresponds to what has been implemented. Our data shows that the public policies pursued by governments are in line with the ideologies of the political parties in power. In Quebec, the PQ describes itself as a social democratic party while the Liberal Party stresses “liberal values” and positions itself to the right of the PQ. The policies of the governments formed by one or the other party reflect these positions. However the content analysis of the party platforms does not predict the policies with accuracy using our measurement in absolute values. For example, the content analysis of the program of the PQ for the election of 1981 indicates that the PQ was right of the center. The policies of the PQ government of 1981–1985 were left of the center. The same can be said for the PQ government of 1994–1998. A similar situation was already identified for the Union Nationale government of 1966–1970 and the Liberal government of 1973–1976. The content analysis of the platforms gave an absolute measure of the party position on the left–right axis. Those absolute positions of the platforms and the policies do not always coincide for many reasons one of which is the fact that governments have to deal with issues not covered by their party platforms.

We have also shown that the party affiliation of the decision makers does not explain all the variation in the left–right positioning of the policy statements. There are some very significant differences from year to year in the policies originating from the same government.

Policy change, that is the first difference of policy ($\text{policy}_t - \text{policy}_{t-1} \Delta = \Delta \text{Policy}_t$) is related to what the political parties claim they would do if elected. However, the variations within a term of a government are obviously not related as such to the program of the party forming the government. Erikson, Mackuen, and Stimson (2002), in their effort to model what they called the macro polity, suggest that policy change should be explainable by three variables: the previous policy, the election outcome, and the public opinion. We have dealt here with the election outcome. As we have seen, when elections serve to replace one set of policy makers with another we observe a change in policy. Using the label of the party as an indicator of its position gives some leverage. It is mainly what voters use to make their decision.

The second explanatory factor has to do with the weight of history. It can easily be argued that previous policies shape what would come later. Described with the concepts of incrementalism or path dependency this phenomenon is well documented. The positions of the governments in Fig. 12.4 reinforce this idea. Take the third government; its first policy declaration is quite close to the last declaration of the outgoing government. The same can be said of its successor. The most notable exception to this dependency path is the Charest government (2003–2006). So it seems that a new government does not necessarily move its policies immediately from the position the outgoing government had taken to the new position expected from the party platform. On the other hand, as Pierson (2000) argues, there are some policies which are almost impossible to reverse. The further engaged in a process, the harder it becomes

to shift path. This inflexibility would explain the fact that sometimes the walk of the new government will diverge from the partisan talk when it was out of office.

The third variable, public opinion, which we have not documented here, is presumably what allows governments to implement the proposals found in their party platform or what constraints them not to implement their platform. Unfortunately, the information on the opinion of the public, as measured by opinion polls, is not available for our case, and cannot be recreated, for the first part of our period (see Beaud 1984 for an appraisal of the situation between 1960 and 1980). We can however document occasions where the party platform was not clearly implemented because of the public opinion. Take the case of the Bourassa government of the mid-1980s. Those were the good years of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom; in Canada the Progressive Conservative Party had won a majority of seats in the House of Commons and the government of Brian Mulroney was also trying to implement its policy of reducing the size of the State. It is within this context that the liberal government of Robert Bourassa (1985–1989) first headed for clear right wing policies when it appointed a committee, chaired by the President of the Treasury Board (a cabinet minister), to review the functions and organization of the State. The committee suggested abolishing many regulatory or consultative agencies, the privatization of certain organizations like the public broadcaster, some hospitals, and some other commercial assets. In education, the committee suggested raising university fees, increasing the teaching load in public schools, implementing a system of school voucher, which would have allowed parents to choose between publicly or privately owned schools. Prime Minister Bourassa ignored most of those recommendations after he heard from the civil society (Dion and Gow 1989: 64). This is consistent with the study by Murray (2006) showing that the American administration under president Reagan was constrained by the popular will in predictable ways: if the policy issues were about domestic concerns, highly popular, and visible in the media, then the administration acted in line with public preferences more than 70 percent of the time. On the other hand, Reagan and his advisers were selective in responding to party activists: they championed issues drawn from their conservative ideological agenda that fit with the current tide in public opinion, while sidestepping other issues dear to party activists that encountered strong majority resistance. Pétry and Mendelsohn (2004) studying Canadian politics showed that high-profile issues are more correlated to public opinion than low-profile issues. The claim that authorities govern by opinion polls is witness of this idea that public mood may influence the policies that a government may propose. If the public mood and the party ideology go in the same direction, the probability that the policy will be consistent with the party label would be high. If the public mood does not coincide with the platform of the party in government, one can expect some discrepancy.

We started by asking, “Do parties matter?” Our answer is “Yes.” Public authorities walk as they talked. The land however may have already been

surveyed and the paths firmly entrenched. Furthermore, the public mood may force the authorities to follow a path the decision makers may have preferred to avoid.

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Chapter 13

Talking Like a Tax Collector or a Social Guardian? The Use of Administrative Discourse by U.S. State Lottery Agencies

Étienne Charbonneau

Abstract Aside from higher education, lotteries are probably the most important state product provided directly to the public. In the United States, revenues from lotteries finance directly one or a few socially desirable causes. Lotteries are depicted as a well-focused quest for increased revenues that also takes into account a liberal respect for consumer sovereignty. State lottery agencies have two goals: a main taxing goal and secondary societal welfare goals such as protecting compulsive gamblers and funding charitable or welfare programs. As such, lotteries are often advertised as a way to earn proceeds for some social cause (often Education). Analyzing the administrative discourse provides a window inside the balancing act of the two missions. The tax-collector/social guardian positions taken by the different U.S. state lottery agencies will be scrutinized. Efforts to understand the determinants of the ideological positions revealed by administrative discourse will be presented. In this chapter, administrative discourse will be used to estimate how state lottery agencies balance their dual missions. The results will shed light on the nature of state government and its bureaucratic apparatus.

13.1 Introduction

Providing a lottery as a public service is a dilemma for the state. It is by and large accepted that there is either no moral ground for a total prohibition of gambling or that eradicating gambling is impracticable. The debate is not about the presence or the absence of the activity, it is rather “about the quantity and quality of the supply” (Van Lujik and Smit 1995: 8). The larger debate has to do with the dual role of the state when wielding state lottery: Should the state capture the consumers’ surplus, acting solely as a tax collector or should it act as a social guardian, providing its weakest members with support when they are suffering from lottery addiction and funneling monies into causes for the

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greater good? The balancing act between the two positions is a delicate one, because the “exhortations to stay in school, immunize children, or say no to drugs carry less weight when the state is telling you just as loudly to buy more lottery tickets” (Hertzke 1998: 644). The tax collector/social guardian positions taken by the different state lottery agencies can be estimated in the verbiage used in official reporting documents. These deliberate choices made in the wording of official reporting documents constitute administrative discourse.

This chapter is structured as follows. First, the distinctive characteristics of state lotteries as a taxing scheme will be presented. Second, the role of administrative discourse and its reliability as a tool to estimate strategic orientations will be evaluated. Third, using a content analysis method, we will assess whether the administrative discourse of state lotteries in the United States promotes a tax-collector vision or a social-guardian vision. Fourth, an explanation will be offered for the variation found in the tax collector/social guardian positions. Given the limited number of observations, a qualitative comparative analysis (QCA) will be performed.

13.2 State Lotteries in Perspective

What is a lottery? Is lottery regressive? Is there a substitution effect in state revenue? What are the political and economic arguments in favor of state lotteries? These are the questions that we want to answer in this section.

13.2.1 *What is a Lottery?*

What exactly is a lottery? It could be argued that it is a dream. Indeed, the methods used to promote lotteries clearly support this vision (Clotfelter and Cook 1991: 230–232). Down to earth, G.K. Vallen defined lottery in terms of its scope: “The *lottery* category includes on-line lotto, passive games, keno, on-line numbers, instant games, and video lottery terminals” (Vallen 1993: 56). Accordingly legalized gambling is not a lottery and it will not be covered in this chapter. In a more precise and concise fashion, a *lottery* is a tax. A lengthier definition is provided by Clotfelter and Cook:

The lottery states are in the business of selling a product at a price considerably above average cost for the primary purpose of financing other government activities. Not only is it appropriate to label the resulting revenue an implicit tax, it is interesting to note that implicit tax is closely analogous to a corporate tax on net income, but with a tax rate of 100 percent (Clotfelter and Cook 1987: 534).

If a lottery is an implicit tax, how do tax payers know how much they are taxed? They do not know. “The lottery tax (. . .) is an implicit tax. Participants are likely unaware of the taxation they are subjected to, as the face value of partaking in the lottery remains unchanged, even as the prize structure is

altered” (Brown and Rork 2005: 798). In a narrow administrative and economic point of view, the lottery is an implicit tax. Its shadowy nature generates criticisms, two of which have to do with preying on minorities and the poor and displacing consumption and savings (Kearney 2005: 2270). These criticisms are not trivial, as they are at the core of the state lottery agencies’ mission. Let us briefly examine these allegations.

13.2.2 Is Lottery Regressive?

If poor people buy more lottery than wealthy people and if lottery is a tax, then lottery is a regressive tax. Is this reasoning observed in reality? To a large extent, the answer is *yes*. A large body of research found that the lottery is a regressive tax (Livernois 1987; Hansen 1995; Stranahan and Borg 1998a; Stranahan and Borg 1998b; Rubenstein and Scadifi 2002). Not only do people with low revenue play more, unemployed people also play more. This would support Freidman and Savage’s (1948) explanation that “reduced prospects in the regular economy appear to make the tiny but real chances of winning a large lottery prize more attractive to households” (Mikesell 1994: 170). Education is another factor that affects participation: less educated people tend to play more than others (Clotfelter and Cook 1989; McConkey and Warren 1987; Jackson 1994). African-Americans are also more likely to play the lottery (Rubenstein and Scadifi 2002: 236).

The regressive aspect of the lottery has so far been limited by the overrepresentation of disenfranchised people in lottery players. But lotteries in American States are often dedicated to good causes, such as scholarships and other educational benefits. Hence the question: Don’t disenfranchised people benefit more from programs financed by lotteries? In other words, is the regressive quality of lottery softened by charitable cause? Well, it depends. Rubenstein and Scadifi, for example, when studying the Georgia State Lottery, analyze the net benefit of families in regards to the educational programs financed with the lottery. Households that earned less than \$25,000 spend more on the lottery than they receive in benefits, while households earning more than \$50,000 annually receive a positive net benefit. They acknowledge that their results are highly influenced by the fact that college scholarships were awarded disproportionately to wealthier families (Rubenstein and Scadifi 2002: 236). The benefits of the other educational programs funded by lottery, especially pre-kindergarten, appear to be only weakly related to race, education, and income (Rubenstein and Scadifi 2002: 236). This means that the charitable use of parts of lottery gains does not automatically compensate for the regressive nature of lottery.

Despite the consensus, Clotfelter and Cook, bring a nuance. They recognize that lottery expenditures and the tax burden are highly concentrated. They observe that even when income levels are taken into account, “blacks bet more heavily than whites” (Clotfelter and Cook 1987: 544). However, they insist that

tax rates need not be as high as state and provincial government have set them, which would curb the regressivity of the tax. Their nuance reaffirms what we argue above: the lottery is regressive. It is a regressive tax, but it is a tax nonetheless. But are the revenues raised through the lottery additional revenues for the state? To answer that question, we need to briefly address the substitution effect.

13.2.3 Is There a Substitution Effect?

It may sound obvious, but monies devoted to lotteries could be spent elsewhere. When a state enacts a lottery, money that was previously spent in other sectors is being spent on the lottery. It could come from non-taxable items or from already taxable items. In reality, it comes from both. The question is: “What is the net effect on the State treasury?”

We know the net effect on the customer: a new expense in the lottery means less spending elsewhere. Kearney (2005) found the exact net effect for citizens. On average, the introduction of a state lottery translates in a reduction of \$24 a month in non-gambling expenditures per adult, compared to average monthly lottery sales of \$18 per lottery state adult. This represents a 2.3% drop in non-gambling expenditures for adults and by approximately 2.5% for low-income households (Kearney 2005: 2295).

Now the net effect of the lottery on the overall fiscal picture of states is still debated. Borg et al. (1993) found that lottery has a negative impact on other sales tax. Szakmary and Szakmary (1995: 1181) showed the lottery’s low correlation with other sources of revenue do not drive down aggregate state revenues. More recently, based on these two articles, Fink et al.’s (2004: 2262) research sided with Borg, Mason and Shapiro’s. Fink et al. (2004: 2262) found that 1% increase in lottery revenue will be met with a 0.014% decrease in tax revenue. Their findings go further: “Although income tax revenues (both corporate and personal) increase as a result of higher net lottery revenue, the increase is not large enough to fully offset the decrease from other tax sources” (Fink et al. 2004: 2365).

In sum, when a lottery is introduced, revenues from some taxes go up, revenues from most taxes go down, and the net impact is negative. Those authors conclude that politicians and voters who think lottery will increase tax revenues need to know about “the partial cannibalization of tax revenues that will occur” (Fink et al. 2004: 2366). There is a substitution effect.

The question then is: “If it is regressive and if there is a substitution effect, why is the lottery now found in so many States?”

13.2.4 Why are There State Lotteries?

The existence of state lotteries originates from both political and economic arguments.

13.2.4.1 Political Arguments

One political argument is *electoral* in nature. Lotteries are presented by politicians and perceived by citizens (and politicians?) as *painless taxes*. The lottery is an avoidable tax: one simply needs to refrain from buying a ticket to be tax free. This makes some say that “a rational political agent will choose these tax instruments to minimize the political cost of raising a marginal dollar of government revenues” (Alm et al. 1993: 465). The same authors further argue that the adjective *painless* originates from the idea that the game itself has a recreational value for those who play. This perception of *painlessness* is particularly strong amongst higher income voters. As we have seen, lotteries are regressive. Since higher income voters play less lottery, they repose the burden of the tax on lower income citizens. This has been observed in referendum permitting the introduction of state lotteries (Hersch and McDougall 1989: 36). In addition, in the vote for the introduction of the lottery in Kansas, it was found that the preferences of voters were not different from preferences of non-voters (Hersch and McDougall 1989: 39). Another part of the electoral argument is that politicians can rely on lottery revenue simply because it is not perceived as a tax, at least not by everyone. This may sound contrary to what we just affirm above. If tax reduction promises were part of their electoral platform, and if additional revenues are needed in the state treasury, adopting a lottery is an easier sell than a broken promise. As we have seen, although for different reasons, those who will not play and those who will play can be convinced that the lottery (as an implicit tax) will be *painless* (Fink et al. 2004: 2358). This is made easier if voters, through the example and contact of a lottery in neighboring states, grew accustomed to the idea (Jensen 2003: 538).

A second political argument is that gambling expansion (like lottery) is a “preemptive initiative designed to get the jump on neighboring provinces or states. The idea behind is ‘if we don’t do it someone else will’ ” (Goodman 1995: 88). This argument of mimicking the behavior of neighboring states was found to be the dominant factor in more recent lottery introduction, rather than economic factors like fiscal pressure, as it was the case for lotteries adopted earlier (Alm et al. 1993: 465).

13.2.4.2 Economic Arguments

The economic arguments are twofold: fiscal stress and interstate tax competition.

13.2.4.3 Fiscal Stress

In 1983, budget deficit was the main reason why states enacted lottery (1993: 52). State governments were faced with massive deficits and declining revenues. Most states are constitutionally prohibited from making a deficit; they must

either cut spending or raise revenues. Vallen (1993) asserts that ten years later the scenario is unchanged: most states still face acute fiscal stress.

Fiscal pressure, combined with taxpayer revolt, make lottery revenues seem nothing short of an “economic savior” for state governments (Rivenbark and Rounsaville 1996: 3). In sum, since the 1980s, state governments and their treasury departments are subjected to enormous fiscal pressure and find lotteries attractive as a way to increase revenues. This enduring situation is likely to reinforce the reliance on state lotteries as a means of soothing fiscal stress (Garrett and Marsh 2002: 502). Alm, McKee and Skidmore studied the link between the enactment of state lottery and diverse forms of fiscal pressure. Their results show that fiscal stress is a significant determinant of lottery enactment. Declining tax revenues and declining intergovernmental transfers are not significant factors, but increase in state short-term debt is a significant factor for enactment, just like a decline in current income levels (Alm et al. 1993: 471). The authors added that “although a state considers the lottery issue over a period of years, it takes an immediate decline in fiscal health to push the state into lottery enactment” (Alm et al. 1993: 472).

Wohlenberg, when studying lottery enactment and fiscal stress, found that present fiscal stress was not the only influence to introduce a lottery. He notes that, contrary to the northeastern states which legalized lotteries when faced with fiscal stress, Arizona’s and Colorado’s fiscal situations were reasonably sound at the time of their lottery legalization. “In large part the motivation for passage in these two states was not actual or perceived, past or current fiscal exigency but rather *fear of future fiscal problems*” (Wohlenberg 1992: 170). This last finding puts into light the influence of fiscal stress in the enactment of state lotteries. The mere possibility of future fiscal pressure can be enough to trigger the decision to go forward and legalize a state lottery.

13.2.4.4 Interstate Tax Competition

Once competition drove a state to introduce a lottery, competition is not ended. Buyers can and do cross their state’s border to buy lottery tickets. Lottery revenues go three ways: one part pays administrative cost, one part pays for prizes to winners and the rest returns to the state either in a number of *good causes* or in the consolidated fund. The third part is the implicit tax we discussed earlier. Administrative costs in state lottery, like all state agencies, are pressured to be reduced with time, but it might be hard to compress them in a moment’s notice. The other two components, *prizes* and taxes, are the elements subject to what is called *interstate tax competition*. The fact is that there are substantial economies of scale in administrating state lotteries, leaving small states less room to fluctuate prizes and tax rate since their administrative costs are higher compared with their revenues (Deboer 1985: 487).

Tax competition is a classic case of game theory. States can tacitly decide not to compete: lowering the share devoted to prizes and maximizing the tax portion. One state can break the tacit accord and augment prizes to attract

players from other states, hoping the lowered tax rate will be upset by higher tax revenues. The collective optimal solution for states is to cooperate, but for individual states, competition could be favored. This might be why there is also a number of lotteries which are jointly offered by some states like Powerball[®], Hot Lotto[®], Wildcard 2[®], 2 by 2[®], Ca\$hola.[™]

Brown and Rork (2005) found that states do engage in interstate lottery tax competition. Their results show that “(. . .) a 10% increase in the payout rate of neighboring lotteries will result in up to a 5% increase in the payout rate of the home state’s lottery (Brown and Rork 2005: 806). Garrett and Marsh (2002) reach a similar conclusion. Their results suggest that states are vulnerable to *interstate tax competition*. They are of the opinion that because of “this potential vulnerability, states may not wish to rely on lottery revenues as a stable source of long run revenues” (Garrett and Marsh 2002: 518).

13.3 Tax Collector or Social Guardian? An Empirical Exploration

This section reports on our efforts to characterize the administrative discourse of state lottery agencies. Before turning to content analysis methods and data collection, we offer a general discussion about the literature on administrative discourse. We will then assess how the various state lottery agencies fare in terms of their visions.

13.3.1 Content Analyzing Administrative Discourse

On the one hand, lotteries are retrogressive taxes with reported perverse effects on the disfranchised. It also has cannibalization effects on other revenue streams for the state budget. On the other hand, it is seen as a painless tax that has to be levied to limit the siphoning of tax resources from bordering states. The issue then is how state agents legitimize their choice of creating and running lotteries. The discourse of state lottery agencies provides a window into strategic decisions taken by top managers and political appointees. Administrative discourse serves as a legitimization argument to report to external stakeholders, including citizens, why raising such a tax should be performed by a governmental agency. We report here on our efforts to characterize the administrative discourse of state lottery agencies. Before turning to content analysis methods and data collection, we offer a general discussion about the literature on administrative discourse. We will then assess how the various state lottery agencies fare in terms of their visions.

13.3.1.1 Administrative Discourse: The Annual Report

An administrative body uses different ways to communicate with the public and other stakeholders. Press releases, media conferences, studies, reports, and

combinations of them are tools regularly used by organizations. Among these items rests what is usually the lengthiest and most detailed tool of communication: the annual report. Traditionally, the content and format of annual reports are not predetermined. Neimark argues that annual reports provide insights into what “top management of the organization chooses to communicate to its shareholders and the public” (Neimark 1983: 18). This means that what figures in annual reports is the end product of a series of deliberative choices. This feature enhances interest in analyzing this form of administrative discourse.

In the private sector, an annual report could be seen as a way for public companies (those who have shares traded in Stock Exchanges markets) to transmit information in the form of a formal public document that meets mandatory corporate reporting requirements existing in most Western economies (Stanton and John 2002: 478). Beyond those legal imperatives, corporate annual reports are highly stylized products of corporate design. Their main purpose would be to construct a particular visibility and meaning rather than revealing “what was there” (Hopwood 1996: 55). According to Hines (1988: 257), this constructed image would be a self-fulfilling prophecy: “We create a picture of an organization, and on the basis of that picture (...) people think and act. And by responding to that picture of reality, they make it so.” The corporate annual report, through speech and graphics device (pictures and graphs alike) would try to convey the “personality and philosophy of the firm” (Anderson and Imperia 1992: 113). Jones (1996: 42) states that even accounting is instrumentalized, presenting a favorable impression on the far side of what is really happening; unfavorable events to a corporation’s image would be underplayed, outcomes would be painted with care of legitimacy and corporate social responsibility (Stanton and John 2002: 495).

Public annual reports have somehow received less scrutiny than their private counterparts. It is unclear in the literature if the phenomenon observed with corporate annual reports applies to governmental annual reports. For the latter, studies have focused on issues of performance and accountability. Nevertheless, what is presented in public annual reports is also the end product of a series of deliberative choices. By analyzing annual reports, it is possible to estimate the tax collector/social guardian visions adopted by different state lottery agencies through a content analysis.

13.3.1.2 Content Analysis Methods

Traditional methods of content analysis are either human coding or a software applying a dictionary of words chosen by a human. Human coding has the advantage of generating intimacy with the analyzed texts. However, it has a number of limitations. First, in order to show internal validity, it needs more than one coder. To be valid, coding has to show minimal variations between different coders: coding results should overlap among coders. A measure exists to assess intercoder reliability, called Kappa. Kappa is the proportion of net agreement, once random agreement is excluded. If coders agree on coding

decisions more than 70% of the time, content codification is considered to be valid. A 30% margin of error is tolerated using this method. Second, to achieve this level, extensive coder training has to be performed prior to the process itself. Third, once a coding scheme is in place, it is possible to aggregate coding categories but impossible to specify new categories or to ask new dimensions, that is, without going over the documents again. In sum, human coding is a long, imprecise, and tedious process that has to be perfectly executed the first time around.

Software applying dictionary, for their part, must be tuned by a human beforehand. It does soothe difficulties of human coding in terms of time and alterability of coding scheme. Nevertheless, it does not show the same level of comprehension as human coders. It cannot differentiate if the word it is set to recognize is used in the way intended by the researcher; neither can it recognize a synonym of preset words if they were not programmed by the researcher. In short, one has to know in advance all the relevant words needed to identify the meaning of the documents that are analyzed.

In 2003, Laver et al. used a new technique of content analysis. Earlier in this book, in Chapters 7 and 10, the WordScores method has been explained quite elegantly. We will not repeat it here. We will nonetheless specify that we used the WordScore method in a manner similar to Imbeau's in Chapter 10, or to Galli's and her colleagues in Chapter 7, coding reference texts -1 and $+1$.

The WordScores method has so far been applied to political programs (Laver et al. 2003), policy positions (Kritzinger et al 2004; Giannetti and Laver 2005; Imbeau 2005), and to the judicial branch (Evans et al. 2005; McGuire and Vanberg 2005). We will use it to analyze the administrative discourse of state lottery agencies by comparing their annual reports (our "virgin texts") to the annual report of the state treasurer and the annual report of a social service department (our "reference texts"). Based on the two dimensions of state lottery in which we are interested, we assume that the administrative discourse contained in the annual report of the state treasurer reflects a tax-collector vision. We also assume that annual reports of social-service departments contain discourse permeated by humane arguments and, as such, reflect the social-guardian vision. We arbitrarily coded state treasurer annual reports -1 and social services annual reports $+1$. We then compared state lottery annual reports to see if they resembled more the state treasurer's than the one from social services. The results of this analysis are given after the description of our corpus of annual reports and of the obstacles we met while collecting them.

13.3.1.3 The Corpus of Annual Reports

In order to characterize the administrative discourse used by state lotteries, we collected annual reports not only from State lottery agencies, but also from the Office of the State Treasurer and from the governmental agency responsible for

social services. Official internet sites were used to collect annual reports. The search of the needed trio of texts was rendered difficult by four obstacles.

The first obstacle is that the only consistency in State government throughout the United States is its lack of consistency. Some states have a separate office from the State treasurer, some do not. In some states, the State treasurer is under the umbrella of the Department of Finance; yet in other states, the same department is called Department of Revenue. In Texas for example, the person fulfilling the task of a state treasurer is called the *Comptroller*. The same thing happens with the department responsible for social services: many states do not have one. When they do, it can be called the Department of Human Services. We decided to favor maximum internal validity over comprehensiveness: we excluded states that did not have comparable structures.

The second obstacle is related to the availability of annual reports. Even if a state has the agencies we are looking for, it does not mean that they are producing annual reports. Still, if they produce an annual report, this doesn't mean they make it available on their website. This was a problem for the state treasurer's office: it seems that they are not mandated to produce an annual report. States are often satisfied with the production of the Comprehensive Annual Financial Report (CAFR), which states the assets and liabilities of state governments.

The third obstacle is related to the nature of annual reports. A state lottery annual report is not a biannual performance measurement report like in Oregon in 2004, neither is it an audit report like we found in North Dakota in 2004 and 2005. Sometimes, what is called an annual report is only a page worth of accounting and graphs, without any explanation. It could be argued that the numbers or graphs are a form of discourse. In that particular case, we discarded them because these texts would be of no utility with the WordScores method we are using. This for example, was the case with state lottery agencies in Missouri and Pennsylvania. We decided to weed out everything that menaced internal validity: we excluded cases that did not have comparable annual reports.

The fourth obstacle had to do with the availability of the sequence of the three texts we mentioned: the virgin text (lottery) and the two reference texts (state treasurer and social services). We collected annual reports from state lotteries first, then the ones from state treasurers. If we did not have a pair per state/year at that point, we knew that the comparison sequence would be incomplete. Therefore, we did not go after an annual report for the department responsible for social services.

The result was disappointing: from the 242 annual reports collected over 1995–2006, only twelve complete sequences (an annual report for the state lottery, one from the state treasurer's office and one from the entity responsible for social services) emerged. The twelve usable sequences are Connecticut in 2005 and 2006, Iowa in 2003, Maryland 2006, Massachusetts in 2005, Michigan in 2004, New Mexico in 2005 and 2006, South Carolina in 2006, Tennessee in 2006 and Vermont in 2005 and 2006. A WordScores analysis was performed on each of these sequences.

13.3.1.4 Two Competing Visions in the Administrative Discourse

The results of the WordScores analysis are displayed in Table 13.1. The scores assigned to each annual report vary from a minimum of -0.36 (tax-collector vision) to a maximum of $+0.47$ (social-welfare vision). The negative mean score of -0.10 shows that, as one would have expected, state lottery administrative discourse put more emphasis on fiscal matters than on social ones. The standard deviation suggests that there is quite an important variation with a coefficient of variation equal to 241%. The cases of Iowa, Michigan, and New Mexico-2006 are particularly interesting as their scores are positive: the annual reports of their lottery agency expressed a social-welfare vision contrary to the other state agencies. What could explain that variation? Four explanations are proposed and tested in the next section.

Table 13.1 Lottery administrative discourse scores from WordScores

State	Score		
	Treas	Lotto	Social
CT 2005	-1	-0.3558	1
CT 2006	-1	-0.3108	1
IA 2003	-1	0.4739	1
MA 2005	-1	-0.0597	1
MD 2006	-1	-0.1767	1
MI 2004	-1	0.1073	1
NM 2005	-1	-0.2653	1
NM 2006	-1	0.1518	1
SC 2006	-1	-0.0281	1
TN 2006	-1	-0.3131	1
VT 2005	-1	-0.2388	1
VT 2006	-1	-0.2069	1
Mean		-0.10185	
Standard deviation		0.2453	

13.3.2 Explaining the Variation in Lottery Visions

Why would a lottery agency adopt a social-welfare vision in its administrative discourse? Essentially for four reasons: internal fiscal pressure, external fiscal pressure, earmarks for fund uses, and ideology.

When a lottery agency faces a decrease in its revenue (displayed in Table 13.2), one may expect that lottery managers will emphasize social benefits so as to move attention away from the agency's poor results as a tax collector. Therefore it is expected that when this condition obtains, the administrative discourse tends to express a social welfare vision.

The same logic applies to external fiscal pressure. We expect that when the state budget balance is lower than usual ("usual" being defined as the national

Table 13.2 Variation in profits from State lotteries (internal fiscal stress) and fiscal balance in states, per year (external fiscal stress)

State	Profits, its variation and inflation			Fiscal balance (as percent of expenditures)
	Nominal Δ (%)	Δ inflation (%)	Real Δ (%)	
CT 2005	-4.36	3.39	-7.75	4.9
CT 2006	6.09	3.24	2.85	7.6
IA 2003	-1.94	2.27	-4.21	3.6
MA 2005	0.12	3.39	-3.27	10.5
MD 2006	5.00	3.24	1.76	17.2
MI 2004	8.62	2.68	5.94	0.9
NM 2005	-9.80	3.39	-13.19	14.6
NM 2006	14.37	3.24	11.13	14.4
SC 2006	15.10	3.24	11.86	17.5
TN 2006	22.09	3.24	18.85	6.4
VT 2005	4.36	3.39	0.97	4.4
VT 2006	12.43	3.24	9.19	4.6

average over the four years examined here¹) lottery managers will also tend to emphasize social benefits for the same reason. Budget balances for target years are also reported in Table 13.2.

Several lottery agencies are required to earmark part of their profits for special programs to help players with lottery addiction. Others simply funnel their profits into the general fund. Reserving sums for social purposes denotes a particular sense of responsibility which one would expect to be reflected in the administrative discourse. Therefore it is expected that when part of the profits from state lottery are earmarked for compulsive players support, the discourse tends to express a social welfare vision.

Assuming that state governors nominate political appointee with similar political views, we expect that state lottery managers are less inclined to consider a state lottery agency as a social guardian organization when the state governor is a Republican. Therefore the presence of a Republican governor should be related to a tax-collector vision in administrative discourse.

To test whether or not these explanations empirically hold, we performed a qualitative comparative analysis (QCA). Indeed since we are interested in comparing only twelve cases along four characteristics that may help us understand the observed variation in administrative discourse, statistical tools like ordinary least square (OLS) linear regression or logistic regression would be unhelpful.

¹ The U.S. National averages for fiscal balances are 3.2% in 2003, 4.8% in 2004, 8.4% in 2005, 9.8% in 2006. The average for the four years is 6.55%.

13.3.2.1 The QCA Method

In 1987, Charles C. Ragin published *The Comparative Method: Moving Beyond qualitative and Quantitative Strategies*. In this award-winning book, he presents a tool he developed to cover a methodological *blind spot* that many social scientists face when they are interested in observing many potential forces that influence an outcome but when the number of interesting cases is too low for probabilistic statistics, and too high for case studies techniques. In 2000, he released a more powerful tool: fuzzy sets (Ragin 2000).

Ragin's method compares cases using the presence or the absence of a phenomenon that is theorized to impact on the outcome. It computes this dichotomous information by cases in what is called a *truth table*. Then, using Boolean algebra of the type "IF x_1 AND/OR x_2 AND/OR x_i THEN y ," all possible paths to the observed outcome are spelled out. All these combinations are called primitive expressions. This makes Ragin write that: "(...) in Boolean-based qualitative comparison, causes are not viewed in isolations but always within the context of the presence and absence of other causally relevant conditions" (Ragin 1987: 93). Then, using the minimization abilities of algebraic expressions, it is possible to reduce the terms of *primitive expressions* to a minimum. The remaining causes are called *prime implicants*. All in all, this method is deterministic rather than probabilistic. It seeks to find an explanation of forces interacting as whole, rather than competing variables taken individually. In that sense, case-oriented methods make room for causal complexity, especially multiple conjectural causations.

Our QCA analysis starts with the truth table reported in Table 13.3 where we coded each variable as a dichotomy. For example, the WordScores analyses reported above show that, out of the 12 cases considered here, nine present a state lottery administrative discourse that tends to resemble that of the state treasury. They express a tax-collector vision. Three cases, Iowa, Michigan, and New Mexico-2006 show a resemblance with a social service department's discourse. They express a social-guardian vision. We coded the first "0" and the second "1" in the truth table. The presence (1) or absence (0) of the four explanatory factors (the equivalent of independent variables of quantitative analysis) for the twelve cases is also given in the truth table.

13.3.2.2 Results

Using Boolean logic, we processed the information contained in the truth table reported in Table 13.3 so as to uncover simplified patterns, the primitive expressions, revealing which factors are necessary and/or sufficient to produce the outcomes.

Our twelve cases tell us nine different stories. We are specifically interested in three of the twelve paths, the ones that do not conform with our original expectation that lottery administrative discourse would tend to express a tax-collector vision. First, state lottery administrative discourse is consistent with a

Table 13.3 Truth table

	GAF	EFP	IFP	GOV	DISCOURSE
CT 2005	0	1	1	1	0
CT 2006	0	0	0	1	0
IA 2003	1	1	1	0	1
MA 2005	1	0	1	1	0
MD 2006	0	0	0	1	0
MI 2004	1	1	0	0	1
NM 2005	0	0	1	0	0
NM 2006	0	0	0	0	1
SC 2006	1	0	0	1	0
TN 2006	0	1	0	0	0
VT 2005	0	1	0	1	0
VT 2006	0	1	0	1	0

IFP: Internal fiscal pressure; EFP: External fiscal pressure; GOV: Political affiliation of the governor; GAF: Earmark for gambling fund.

social-guardian vision when the state lottery agency is under external fiscal stress, *and* when it is under internal fiscal stress, *and* when there are earmarks for a gamble fund. This description applies for the case of Iowa in 2003. Second, state lottery administrative discourse is also of the social guardian type when the state lottery agency is under external fiscal stress, even though it is not under internal fiscal stress, *and* when there are earmarks for a gamble fund. This description applies to the case of Michigan in 2004. Third, state lottery administrative discourse expresses a social guardian vision when the state lottery agency is neither under external or internal fiscal stress, *and* when there are no earmarks for a gamble fund. This description applies to the case of New Mexico in 2006. The detailed description we just provided is presented in the form of the following Boolean algebraic equation generated by the software Tosmana as the primitive expressions:

$$\text{Discourse} = \text{GAF} * \text{EFP} + \text{efp} * \text{ifp} * \text{gov} \\ (\text{IA 2003} \ \& \ \text{MI 2004}) \ (\text{NM 2006})$$

where capital letters denote a 1 in the truth table and small letters denote a 0.

The results from the Tosmana software tell us that there is not a smaller combination of factors that could explain the difference in outcomes than the one presented by the primitive expressions: there are no necessary or sufficient conditions to explain lottery administrative discourse being consistent with the social guardian vision. If we had more than twelve cases, with the same number or a higher number of characteristics, there would have been repetitions in patterns, and the Tosmana software would have indicated this. The fact that

there is no necessary nor sufficient condition might seem disappointing but it should not worry us too much. Researchers using the QCA method are often unconcerned with knowing the minimalist explanation. This is why they intended to study a subject in a qualitative manner in the first place.

A brief look at the truth table and the primitive expressions reveals that there are two paths which lead to a lottery administrative discourse that resembles more social services discourse than fiscal administrative discourse. A state must either feel external fiscal pressure coupled with earmarks for a gambling fund (like Iowa 2003 and Michigan 2004) or it must be free of internal and external fiscal pressure coupled with a democrat governor (like New Mexico 2006). The first path can be explained as follows. When the state is experiencing difficulties to balance the budget, an agency that has components of social service (like gambling fund earmarks) in its mission is likely to make explicit that it is helping the community. This way, it might be difficult for the state government to ask the lottery agency to contribute more to fiscal effort by reducing its budget. The second path is more straightforward to understand. If there is no fiscal pressure at all, a governor affiliated with the Democratic Party would be able to act upon its ideological preferences and make explicit through discourse the social mission of state lotteries.

All in all, the conclusion that ensues from the data is that lottery agencies adjust their discourse to the situation they are in. If a lottery agency is doing relatively well, while the state government is not, it will defend its official secondary (social) mission. This way, it protects its operations. If there is no fiscal stress, internally or externally, and a Democratic governor is in place, it has the opportunity to emphasize its social service mission, official or not. Such an agency might be interested in diversifying its operations through socially charitable causes. Like any bureau, lottery agencies want to protect or expand their operations.

13.4 Conclusion

In this chapter, we evaluated the administrative discourse of state lottery agencies as it appears in their annual reports. Despite the fact that we used a very powerful content-analysis tool that could handle hundreds if not thousands of comparisons, data availability problems limited us to twelve cases. Nine of these cases had state lottery administrative discourse that leaned toward fiscal discourse used by a purely tax-focused agency like the Office of the State Treasurer. After a comparative qualitative analysis, we came to the conclusion that no combination of factors including internal and external fiscal pressure, earmarks for gambling, or ideology could explain the difference in the observed outcome of administrative discourse. Nevertheless, two paths of action suggest that discourse is used strategically by lottery agencies. This fits with Imbeau's findings in [Chapter 10](#), where premiers use a fiscally conservative

speech to turn attention away from deficits used to finance socially beneficial programs at higher levels.

In our sense, this study is interesting in four ways. First, studies of administrative discourse are quite limited: even more so for specific agencies. Second, to our knowledge, this is the first time that the WordScores method is used in the study of public administration. Third, to our knowledge again, this is the first time the QCA method is applied to the study of administrative discourse and to the study of state lottery agencies. Fourth, according to the original website of the *Comparative methods for the Advancement of Systematic cross-case analysis and Small-n Studies (COMPAsss)*, this is the first time that WordScores is jointly used with the QCA method. Even if we have to refrain from making sweeping conclusions, we conclude that administrative discourse matters.

However, our findings should be cautiously interpreted. We rely on only twelve cases that were selected for data availability reasons. They were not randomly selected. The external validity of the research is therefore quite low. This happens when one uses case-oriented methods. The internal validity of the research is also potentially problematic. More characteristics could have been used to describe the cases, and the thresholds used in coding could have been different. Despite this, we think that the characteristics we observed are relevant, considering the state of the literature on state lottery. The weakest link in the internal validity has to do with the threshold we used to assess external fiscal pressure. This is problematic because in the absence of prime implicants, this is what we relied on to try to understand the difference in administrative outcome.

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Chapter 14

The Early European “Federalism”: Ambiguities of Talks About How to Walk Toward a Political Union

Jean-Michel Josselin and Alain Marciano

Abstract The European institutions constitute an incomplete – as incomplete as any constitutional contract – agency contract. Incompleteness means that the agents, the European institutions, benefit from important asymmetries of information and therefore behave as their own principal. They do not behave as they are told to but choose their own objectives and means of action. In this chapter, we analyze the historical origins of such incompleteness. We show that it results from, and as a consequence, is reinforced by the hesitations of the founders of the European institutions about the nature of a European federation. These ambiguities are crucial for a double reason: not only do they influence the nature of the tasks delegated to the European institutions but they also impact the way they can be controlled. We analyze a set of discourses and official texts and show that the term “federal” bears various meanings, ranging from centralized federalism to decentralized confederalism.

14.1 Introduction

The role of political discourses in politics and policy making and, accordingly, the analysis of political discourse are largely acknowledged in political science and, one could say, government science. The reasons are numerous and to a certain extent obvious. Thus, words are necessary to express one’s ideas and to frame policies. They have to be used to convey information to others, citizens, bureaucrats, or elected officials. In this view, discourses are means that politicians use not only to explain but also to give credit and legitimate their actions, policies, or projects. Complementarily, words, speeches, and discourses produce effects: speaking *is* acting. No surprise then if discourses are *used* to promote policies and to influence actions and behaviors. Therefore, it can be said that discourses have three roles to play: information, persuasion, and manipulation. This is what Louis Imbeau notes in his introduction,

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immediately emphasizing that the efficiency of discourses in their capacity to perform these functions depends on the degree of completeness of the information they convey.

This is what this chapter is about: incomplete information, ambiguities, and imprecision in the messages transmitted by politicians through their discourse and its consequences on political actions. More precisely, we put the focus on the early years of the European integration process and analyze the discourses delivered in the course of this process. We show that these discourses and speeches – even when they were written down – were not precise enough in particular with regard to the nature of the European institutional framework that had to be built. In this context, imprecision and ambiguities have a decisive consequence: they affect the hierarchical relationship that was being created between the European member states and the European institutions. In more technical terms, the imprecision of discourse contributed to establish an incomplete agency relationship in Europe between the member states and the European institutions.

In effect, we propose to model the European institutions as an agency contract – and accordingly, the limits of the European institutional structure as an agency problem. From this perspective, member states are assumed to be in the position of principals who delegate the implementation of tasks to the European institutions, their agents. A usual consequence of delegation is that because of the costs of control, monitoring, and enforcement optimal agency contracts cannot be designed. In our case, the member states (the principals) are apparently incapable of controlling the (strategic) behavior of the agents. The European Court of Justice (ECJ) in particular benefits from room for manoeuvre and discretionary power. This is a first and standard explanation that is provided to explain the non-optimality of constitutional agency contracts. It is based on the assumption that the Court supposedly promotes objectives that differ from those of the member states.

A second explanation – still based on an agency mechanism – can be put forward, which does not rest on any assumption of strategic behavior on the part of the agents – though this kind of behavior can be added as a further explanation. From this second perspective, the principals do not have precisely defined and circumscribed objectives. As a consequence, the actions of the agents cannot by essence match them accurately. This explanation rests on the inherent incompleteness of constitutional agency contracts. By incomplete agency contract, we mean that such contracts only define general rules: prerogatives of the agents are defined over a non-finite set of possible actions. Furthermore, the respective responsibilities of the principals and the agents are not sufficiently detailed. Ambiguities then appear when decisions about specific projects are to be taken. Not only questions arise as to whether the project falls into the set of competences of the principals or into that of the agents but also, in the early stages of the implementation of the contract, no procedures and no precedents clearly explain how to answer the question. Afterwards, there may be some precedents or *stare decisis* mechanisms but they will not have

been designed during a constitution-making process. In this incomplete constitutional contract setting, agents are not only in capacity, but also sometimes may have to face the obligation of defining their own set of competences.

From the incomplete contract perspective, the unfeasibility of optimal constitutional agency contracts does not simply result from strategic behaviors though, to use a physics analogy, such behaviors may add some noise to the delegation process. The unfeasibility more fundamentally stems from the nature of the constitutional contract linking principals-member states and agents-European institutions. Then, if one applies this reasoning to the behavior of the ECJ, this means that it is in capacity to undertake actions that may not be consistent with its position as an agent. The very nature of the ECJ indeed allows it to interpret rules, those interpretations possibly becoming rules themselves. In this process, the ECJ may reverse the agency relationship linking the member states and the European institutions. Constitutional history does not disconfirm the latter statement. In a number of instances, the ECJ does behave as a principal delineating its own set of actions and prerogatives to the detriment of the principals, the member states (Josselin and Marciano, 2000).

What we would like to demonstrate in this chapter is that the incompleteness of the agency constitutional contract – which allows the European institutions, and more specifically the ECJ, to behave as a principal and to over-interpret the prerogatives assigned to it as they are listed in the European treaties – results from the imprecision of discourses and speeches of the principals. Therefore, though inherent to constitutional contracts, incompleteness also largely stems from the ambiguity of political discourses and further from their transcription in treaties. As a consequence, agents have substantially to interpret their “travel warrant” in order to walk the way they are asked to talk.

In effect, since the constitutional agency contract that links the member states and the European institutions is incomplete, the agents have the possibility – and even may be obliged – to behave as if they were their own principal. This incompleteness bias is strongly reinforced whenever discourses do not converge to a unified view of institutions and when such discrepancies or even contradicting goals are reified in treaties which evince consequent ambiguities. In this respect, what is most interesting about the origins, functioning, and evolution of the European institutions is the particularly important role that discourses and speeches have played, especially in the now quite forgotten early stages from 1946 to 1953. Indeed, the process of integration among European countries shows a large range of talks and (sometimes only tentative) walks, both at the national and at the European levels. Federating (*lato sensu*) nations is quite different from federating a nation like for instance the USA at the end of the 18th century. In this latter case, the making of the constitution is not far from a long *in camera* drama. Discourses are mostly circumscribed in the Federalist and Anti-federalist papers. In the case of Europe, still wounded by the war and influenced by foreign powers, opinions about future institutions are scattered and furthermore they are not exposed as formal speeches during a constitutional convention. Within each of the (future) member states, various

actors voice their preferences on European integration and on what its economic, political, and institutional structure would have to be. There are obviously oppositions internal to each nation. Therefore, many discourses at the national level aim at facing, smoothing, and possibly synthesizing those internal oppositions whenever they exist. Then, once those difficulties are overcome, another step – which represents another process of synthesis – takes place as national discourses are confronted with the positions of the other member states. This gives birth to a *European official discourse* that precisely forms the data set we have chosen to analyze here. The rationale for this choice is twofold. First, this discourse or rather, as we will see, this set of discourses, speeches, and texts presents the “common” views of the countries involved in the process of creation of a European union. Second, it also and accordingly represents the “position” of the principals about European integration and therefore contains the guidelines for the actions of the agents. This “ultimate” discourse is thus worth being scrutinized since it reveals, or should reveal, the opinions of the principals about European institutions and the content of the agency relationship existing between the principals and their agents.

More precisely, our data sets consist of ratified or only drafted treaties of the founding speeches of the promoters of the European Union and of the drafters of the treaties as well as the discourses of the representatives sent to the consultative Assembly of the Council of Europe (see Appendix 1 for a detailed description of sources). We analyze qualitatively rather than quantitatively. Thus, we do not count the occurrence of certain words – in particular, federalism, federation and confederation – but rather focus on how these words are used, on their various meanings and, above all, on the *qualitative* difference between them. It then appears that the principals – the member states – do not attribute a precise sense to each of these crucial words. As a consequence, and this is clearly displayed by the different discourses and speeches we analyze, the principals are unclear as to the nature of the European political structure, they hesitate between a confederation and a federation even when writing down what they talk about. The hesitations in discourses and in their transcription in treaties will shape the incompleteness of the European constitutional contract, will contribute to the discrepancy between initial talks and the ensuing actions since the initial aim of political union (as the agents are talked about) is soon blurred into the result of an economic union (as the agents walk to it).

The argumentation is organized as follows. Section 14.2 describes the birth of the idea of a European constitutional contract in the 1940s and 1950s. Among the many initiatives, two will lead to formal agency contracts. Section 14.3 shows how attempts to go deeper toward political integration will fail in the early 1950s. Despite such failures, the move toward union is nevertheless on the tracks. However, as Section 14.4 shows it, the institutional direction is ambiguous since discourses and their formal transcription cannot select between the two models of federation and confederation. Section 14.5 provides concluding comments.

14.2 Consensual Speeches and the First Steps Toward a Political Agency Contract

During the last years of the 1940s and in the early 1950s many intergovernmental or international organizations were created. Let us mention the economic union between Belgium, the Netherlands, and Luxembourg; the custom union between France and Italy; the Organisation for the European Economic Cooperation among the Marshall Plan Nations (1948), the Western European Union (Brussels Plan, March 1948), the European Payments Union (1950), and the North-Atlantic Treaty Organisation. Those organizations evidence the existence of a relative consensus, a homogenous environment likely to promote collective action amongst the nations of Western Europe. However, not only do these organizations remain “regional” but also no single supra-national European organization is in sight. To the contrary, the “labyrinth” (Mangone, 1957) of European integration strikes “external” observers: “One cannot but be impressed by the organizational confusion” (Senate report, U.S.A., 1952, quoted in Kunz, 1952, p. 691) reigning in Western Europe at that time. The confusion associated with scattered and numerous organizations expresses the absence of a single agency contract through which tasks and prerogatives would have been delegated to a unique supranational entity.

However, there are some early steps in that direction. The first agency contract signed by some of the European nations is the Statutes of the Council of Europe. Originally, the creation of an Assembly is proposed by Paul Ramadier and the International Committee for the Coordination of European Movements, in August 1948 and then by France and the Benelux. The proposal is criticized by the British authorities, which then propose the creation of a Council of Europe (Paris, November 26, 1948). “The first European political institution” (Pierre Gerbet, interview with Étienne Deschamps, 23 January 2004), it probably represents the first European treaty. The second is the Treaty of Paris, establishing the European Coal and Steel Community (ECSC) – signed on 18 April 1951 and entered into force on July 24, 1952. These two documents are typical of the consensus that exists at that time about the necessity to build a common organization, gathering European nations.

Economic and above all political objectives are at the time almost unanimously accepted. In other words, one can identify a first level of discourse in which are exposed the ultimate political goal of the Union and the distinction between short-term means and long-term objectives. This is visible in the many statements made in documents, discourses, and speeches in the years that follow the Second World War. For instance, one cannot but start with the discourse Winston Churchill pronounces at the Zurich University in September 1946, in which he says that to avoid the return of the “Dark Ages . . . in their cruelty and squalor,” there exists a “sovereign remedy”: “we must build a kind of United States of Europe”. Then, in 1948 (March 3, in Brussels), Paul-Henri Spaak, then minister for Foreign Affairs in Belgium, explains that, facing the necessity to

organize their cooperation, Western European nations have to sign a political pact in Western Europe, like the nations in Eastern Europe have signed one with the USSR: “*la situation étant telle, nous devons faire à mon avis ce pacte occidental, à commencer par un pacte politique*” (“Considering the situation as it is, we must to my view do this Western pact, and begin with a political pact”; our translation).

The Statutes of the Council of Europe do represent an agency contract with an explicit political aim supported by an economic organization, as indicated by what Schuman declares at the signing of these Statutes in London, on May 5, 1949: “Marshall Aid has had a decisive effect in stimulating the economic organisation of the European countries. And their common defence has been the subject of recent treaties . . . Today we are laying the foundations of a spiritual and *political* co-operation from which there will arise the European spirit, the promise of a broad and lasting supranational union” (emphasis added). In effect, the first paragraph of Article 1 reads: “The aim of the Council of Europe is to achieve a greater *unity* between its Members for the purpose of safeguarding and realising the ideals and principles which are their common heritage and facilitating their economic and social progress” (emphasis added). Let us note that the French version of the Statutes of the Council uses the word “union” (*de réaliser une union plus étroite*; to achieve a tighter union, our translation) instead of unity (Robertson, 1954a, p. 236).

Speeches pronounced during the meeting of the Consultative Assembly of the Council of Europe on December 10, 1951, reinforce the explicitness of the political objective. Konrad Adenauer stresses the “great significance” of the Council of Europe as it puts forward the perspective of “the political development of Europe.” On his side, Robert Schuman insists that the ultimate goal must not be abandoned even if some difficulties may arise in the future: “To achieve success we shall need a great deal of tenacity and patience, both within our own countries and in negotiations between the Governments themselves. But, whatever the result we achieve, the problem of the unification of Europe has been raised, and it can no longer be eluded.” Finally, on the same day, Alcide de Gasperi is even clearer when he states that: “If we do no more than set up common administrations, without any higher political will, drawing life from a central organisation . . . there will be a danger that this European activity may prove, in comparison with the dynamic force of the individual nations, to lack warmth and spiritual vitality; it might even seem, at times, to be mere superfluous and burdensome trappings, comparable to what over-burdened the Holy Roman Empire at certain period of decline.”

By contrast, the Treaty of Paris as an agency contract only indirectly contributes to the definition of a common political goal (is it in a way a precursor of the Treaty of Rome?). An economic treaty aimed at building what obviously is an economic community (cf. article 2, first paragraph), namely the European Coal and Steel Community, the Treaty nonetheless drives the European nations into a process of integration in a distinct and supra-national entity. In a “functionalist” view (Kunz, 1952, p. 694; Loewenstein, 1952, pp. 56–58), it

represents the economic stage in a process intended to lead to the creation of a political union. What is then named “functionalism” is a rather pessimistic or one could say pragmatic view on European integration that proposes a progressive or gradual approach in which economic steps “must precede the establishment of political authority” (Loewenstein, 1952, p. 57). Therefore, from this perspective, the economic part of integration refers to the means, or intermediary objectives, that must be used to promote, as an ultimate goal, political integration. Scholars (see for instance, Haberler, 1949; Kitzing, 1960) fuel a discourse to which politicians largely contribute. On the American side of the Atlantic, the declarations made by Marshall in 1947, John Foster Dulles in 1948, and the American Congress in the Economic Cooperation Act of 1948 all insist on the necessity to establish an economic union in Western Europe. Similarly, in Europe, the political resolution taken at the Hague Summit in 1948 or the most important speech given by Robert Schuman in 1950 are well-known references to the necessity of undertaking actions in order to create first an economic, then a political union among European countries.

14.3 Trying to Go Further (with More Talk and Writing)

The signature of the Treaty of Paris and the establishment of the ECSC are perceived as actual achievements that not only make further actions possible but also necessary. This is what de Gasperi says during a meeting of the Consultative Assembly of the Council of Europe in 1952: “without being accused of Utopianism we can talk of final decisions on the setting up of a European Political Community” (Strasbourg, September 15, 1952, fourth ordinary session of the Consultative Assembly of the Council of Europe, in Council of Europe, 1953, p. 153). In other words, some people are optimistic enough to envisage a second step that would transform the creation of a political union into a short-term objective. In this wake, two treaties establishing a European Defence Community (EDC) (1952) and a European Political Community (EPC) (1953) are drafted. These draft treaties are explicit attempts to establish a supranational political organization. Moreover, they are also the realization (in the sense of being written down as “official documents”) of talks about the concrete form the European political union should take and, accordingly, about the corresponding institutions and their respective responsibilities. Let us detail what these “discourses” say about the practical dimensions of a political community in Europe.

The treaty establishing the EDC (signed in Paris on May 27, 1952), even if it is based on the ECSC treaty, nonetheless represents the first genuine institutional attempt to build a political supranational community in Europe. For true, the Council of Europe did convey political goals, but it did not have the far reaching and precise ambitions of the EDC. Though the primary objective of the EDC treaty is “mutual defence against an attack coming from without the

group” (Fenwick, 1952, p. 699), the promoters of a European army clearly link it to a wider process of supranational integration. Thus, in the speech he gives at the opening of the negotiations on the organization of a European army (Paris, February 15, 1951) Schuman says, “Il y a une Europe à organiser, une Europe à faire sortir d’un morcellement devenu anachronique et absurde, une Europe qui doit dépasser le stade des nationalismes surannés. Cette vérité, nous l’avons reconnue et nous la proclamons dans le domaine de l’économie et du politique; elle vaut aussi pour l’organisation de la défense” (“There is a Europe to organize, a Europe to pull out of an anachronistic and absurd division, a Europe that must overcome outdated nationalisms. This truth we acknowledge and claim in the field of economics and politics also holds for the organization of defense”; our translation).

Commentators soon identify the genuine underlying objectives of the Treaty. For instance, C.G. Fenwick stresses the difference between the long- and the short-term objectives (1952, p. 700): “While the immediate objective of the Defence Community is, as stated in Article 2, defensive [...] the significance of the European Defence Community extends far beyond the mere creation of a community defence [...] its ultimate outcome may well be the nucleus of the long-sought European Union [...] What has begun as union for defence may well lead to union for peace and prosperity when the immediate threat of attack is over, if only time can be had to give the transitional organization a good start.” Similarly, Josef Kunz claims (1953, p. 276) that the EDC treaty must be understood from the perspective of “a new and essential step toward the formation of a united Europe.” Then, a few years later, Gerhard Bebr comments that (1955, p. 174) “The formation of a European Political Community was the long term objective of the EDC treaty.”

The EDC treaty does not conceal that it embeds a political goal. It announces that the EDC should or shall be of “supranational in character, consisting of common institutions, common armed Forces and a common budget.” Furthermore, provisions are incorporated that cannot be misinterpreted for “they are supra-national in character” (see Kunz, 1953, p. 278 for a discussion). The EDC is granted juridical personality (art. 6 and 7), and is represented by a Council of Ministers (art 39–50), a Common Assembly (art. 33–38), a Commissariat (art 19–31), and a Court of Justice (art 51–67). Article 38 even claims that the Assembly shall be “elected on a democratic basis.” Of particular significance, this article is not only the actual expression of the political dimension of the EDC; it is also presented as a stepping stone to reach the next stage, namely the establishment of a European Political Community. As soon as the treaty establishing the EDC is drafted and before its possible ratification, “to gain time” (Robertson, 1954b, p. 512), it is decided to launch the process for drafting the statutes of a future European Political Community. Interestingly, the six member states of the ECSC are following the “urgent suggestion of the Consultative Assembly of the Council of Europe” (Briggs, 1954, p. 111) that earnestly asks governments to “take the speediest possible steps to see that the provisions of Article 38 were embodied in a special agreement which could be brought into force immediately.”

On May 30, 1952, the Consultative Assembly of the Council of Europe approves by a vote of 74 to 9 with 36 abstentions a resolution which stated that “the institutions and forces of the EDC” “should be of genuinely European character” and that the engagements contained in the Treaty “shall not hereafter be called in question.” In order to guarantee this effect, the assembly recommends that the EDC be “without delay subordinated to a Political Authority” (all quotations from Council of Europe, 1952, p. 664). As a consequence, on March 10, 1953, an ad hoc Assembly is composed with the explicit purpose to draft a treaty establishing a European Political Community. This treaty is meant to fill the gap that still exists between the ECSC and the EDC treaties. The latter are only intermediary stages to be completed in order to reach the ultimate – and now present – goal: “setting up a Political Community of a supra-national character” (Spaak, 1953: 150; see also von Brentano, 1953).

Therefore, the draft treaties are part of a first level of reified discourse which corresponds to an initial stage of the European integration process. Discourses are then general, consensual, and they homogeneously put forward the necessity to establish a political community in Europe. However, the draft treaties also embody a second level of discourse on the specific nature of the political regime that the newly devised European Union should reach. In this case, discourses will appear to be ambiguous as they express a plurality of opinions, which plurality will permeate the writings. In other words, the move from objective to means, from the future to the present of the European institutions, that is, the move from general preliminary statements to precise means of implementing these objectives, corresponds to an increase in ambiguities. Between a federal and a confederal organization, the choice is never clear, let alone explicit, even when statements are written down.

14.4 The Ambiguities of the Discourse on the Nature of the Political Union

To devise a constitution that precisely – or precisely enough – describes the respective tasks of the different parties involved is a difficult endeavor. Incompleteness usually precludes the establishment of an optimal agency contract. This however is not the point we emphasize here. We rather stress the difficulties to formally establish an agency contract in the absence of an explicit and definite constitutional choice. This is precisely what happens in the first stages of the process of political integration in Europe. The political union that its promoters have in mind in the 1940s and 1950s is indistinctively a federation or a confederation. It results in a genuine ambiguity as to the prerogatives granted to the citizens, the member states, and the European institutions.

Before and also during the Second World War, many are those who put forward the idea of a European federation. One of them is Jean Monnet – he is neither the first, nor the only one but he can be considered as one of the most

decisive promoters of federation and actor of the integration process through the Schuman plan. In 1943, Monnet already stresses that: “Leur prospérité et les développements sociaux indispensables sont impossibles, à moins que les Etats d’Europe se forment en une Fédération ou une ‘entité européenne’ qui en fasse une unité économique commune” [their prosperity and essential social development are unlikely unless the states of Europe form a Federation or “European entity” bringing them into a united economic community] (Monnet, 1943, quoted in Monnet, 1976; our translation). In this declaration, one may note the “functionalist” reasoning: Monnet thus refers to economic unity as an intermediary but a necessary step to reach a political unity, which – and this is particularly interesting to point out – he does hesitate to envisage as a federation.

One has to wait the turn of the 1950s to see more explicit steps toward a genuine union, with the establishment of a Council of Europe or with the negotiations leading to the ECSC, and to hear further official statements about European federalism. For instance, the 1950 Schuman Plan includes many references to the necessary federation of the European nations: “The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the Federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims” (Schuman, 1950, emphasis added). Most interestingly, when one goes into the details of the preparation of Schuman’s declaration, reference to federation is more precise. Eight provisional drafts are written before a final version is eventually adopted. In all the versions, safe in the final one, appears the sentence: “Europe has to be organised on a federal basis [L’Europe doit être organisée sur une base fédérale] (our translation).” And indeed, the Schuman Plan is seen by its promoters as “the modest beginning of European federation” (Yalem, 1959, p. 52).

“Modest” is truly the word that should be used, not because of the scale of the process that is then initiated but because of what people mean by federation. Although there are many projects to engage the European nations in the direction of a federation and even if the word is quite frequently used, it does not seem to bear a unique, clear, and definite meaning. We argue here that “federation” is used almost as a synonym for “political,” in opposition to “unitary” and accordingly not in opposition to “confederalism.” The European federation could then take either a federal or a confederal form. This lack of precise identification characterizes all the discourses and texts issued at that time.

The ambiguity is immediately apparent in the resolution adopted by the six Ministers for Foreign Affairs of the member states of the ECSC in order to create the assembly charged with drafting a treaty for a European Political Community. The so-called Luxembourg resolution adopted on September 10, 1952, talks about the necessity to establish a “federal or confederal structure, based on the principle of the separation of powers and having, in particular, a

two chamber system of representation” or, again, mentions “the constitution of a European Political Community, federal or confederal.” Therefore, the ministers leave the door open for one or the other of the two forms of federalism, or more precisely by neither one nor the other, as it is argued by the promoters of the Statutes of the EPC. The president of the ad hoc assembly in charge of drafting the Treaty establishing the EPC, Paul-Henry Spaak claims that there will not be any choice between a confederation and a federation. When presenting the Draft Treaty, he insists that “the Europe we are proposing you to create is neither federal nor confederal” (Draft Treaty, 1953: 149) because, apparently, he makes no real difference between the two forms of political regimes. Earlier in 1952, Spaak has claimed, “we are a few men in Europe . . . resolved to organize a big *confederacy* in continental Europe to support the idea of a constitutional convention . . . and ready to accept and support the idea of a European *federation*” (1952, p. 51, emphasis added). Similarly, Heinrich von Brentano, chairman of the Constitutional Committee that drafted the Statute for the ad hoc assembly, argues that “The European Community . . . will be neither a Confederation nor a Federal State” (Draft Treaty, 1953: 48). Von Brentano is even more precise when he explains why he refuses to choose between a confederation and a federation. He thus claims that the institutional organization “is to be such that it will be able to take on a more and more precise form . . . until it develops by a natural process into a real Federal state or a Confederation” (Draft Treaty, 1953: 51).

This last statement is of the utmost importance since it announces the way European institutions will develop during the next half century. The failure of the Draft Treaty illustrates the absence of a real constitutional moment, to use the phrase of Buchanan, and it paves the way for an evolutionary formation of the institutional landscape. This process cannot provide any definite constitutional setting insofar as it does not crystallize the agency structure (The Philadelphia convention did that in the case of the USA). This also reinforces the implicit constitutional change hypothesis of Voigt (1999).

Hesitations about the political structure of the Union, and difficulties to choose a specific form of regime, probably partly result from and reflect the constraints raised by the necessity of diplomatic bargaining. The absence of choice between a federation and a confederation echoes the absence of agreement on the meaning of the words: “there was some discussion at the meeting of the Commission as to whether this would amount to a federation or to a confederation. But [in the absence of] agreed definition of these terms [. . .] the matter of terminology dropped” (Layton, 1953, p. 294). It nonetheless remains that the ambiguities are not limited to the words employed by its promoters to designate the organizational form that a political community in Europe would take. They are also translated in the prerogatives that would be granted to the players involved in the process, not only to the principals (citizens and member states) but also to the agents (the various European institutions).

In this respect, and this is typical of confederation, citizens are not – or remotely – involved in the process. That the Assembly of the Council of

Europe is consultative is significant of its lack of power and of the subordination to the decision-making entity, the Committee of Ministers. Moreover, although Schuman and Monnet are explicit about federalism, the Council of Europe adopts a “division” of power that does not seem to be consistent with federalism. In effect, from a federal perspective, a democratically elected assembly has to participate in the political process of decision-making. A few years later, the ECSC Treaty is revealingly built in the name of the Heads of States. Citizens are thus excluded from the process and the focus is put upon the relationship between the member states and the European “institutions”.

Furthermore, there are also ambiguities about the “position” (i.e., the respective prerogatives) of the member states and the European institutions and in particular about the assignment of sovereignty. From this perspective, the Draft Treaty is significant. On the one hand, Spaak states that “The Statute that we have drawn up respects the powers and competence which the governments of our countries have hitherto kept under their control in order to continue to exercise them separately. It does not entail any fresh transfers of sovereignty” (1953). The Draft Treaty seems to acknowledge a partial and limited transfer of sovereignty from the member states to the future European institutions. On the other hand, however, Von Brentano argues that the European institutions are set up “in such a way that they would constitute genuinely European organizations carrying out their tasks in the greatest possible independence of national influences” (Draft Treaty, 1953, p. 50): a statement that can be interpreted as meaning that the European supranational institutions can escape the control of the member states; obviously, a paradoxical situation for agents vis-à-vis their principals.

14.5 Conclusion

Neither the treaty establishing the EDC nor the treaty establishing the EPC are ratified. However, their study reveals how hesitant are the promoters of a political union that would have linked the European nations together. In the early 1950s, during the very first stages of the integration process, the member states are unable to choose between a federation and a confederation. They are not able to impose a definite and stable agency relationship, in which the role of the member states and the European institutions would have been clearly established. In other words, beyond the common goals of integration, the discourses of the principals are not precise enough to tell the agents how to walk and which direction to follow. On the contrary, the different formal speeches and official documents that we have analyzed evidence hesitations between a federation and a confederation. Those hesitations permeate in the writing of the draft treaties. As a consequence, the European institutions do not have a straight direction to follow.

This is particularly clear in the treaty establishing a European Political Community drafted, but not ratified, in 1953. Also, many of the provisions that are effectively adopted at that time show that elements of a federation and of a confederation characterize the institutional structure of the Union (Josselin and Marciano, 2007). The European institutions – in particular the Court of Justice – are to undertake actions within the fuzzy limits defined by the principals. “Judicial activism” can be explained by the fact that the Court interprets its own role in a very specific way. The Court considers itself as a federal Court of Justice. This means that it plays a decisive political role beyond its original judicial role, contributing to federalize and centralize the Union, but without democratic control.

The failure of the EDC and EPC draft treaties and the ensuing evolution of European institutions also illuminate the intricate links between speeches and actions. The “talk–walk” sequence is distended by the writing of an incomplete constitutional contract intended to reify discourses into guidelines for the actions of the agents. Now, the writing process structurally cannot embed all the possible instances. As was said before, the set of actions is not finite and not fully known when the contract is about so complex a task as governing. This problem is common to all constitutions, but it is reinforced by the circumstances of the European construction. Federating nations in a post-war context (and in a cold war environment) breeds discourses which do not merge into a single view of what the future political institutions must be. The writing stage bears those ambiguities and does not solve them (in the sense that it does not settle the disagreements or diverging views). Compared to the making of the American constitution, where the winners are the federalists, the making of the draft treaties evidences unsettled hesitations. Consequences are twofold. First, the means will overtake the goal as economic integration soon replaces political integration. Second, the agency framework by not choosing between the federal and confederal structures, will give room for the ECJ to interpret and indeed define its own role, and to shape the evolution of the common institutions. This structural power of the ECJ may not be so problematic if it were checked in a competitive political setting. After all, in an economic agency relation, competition amongst agents – for instance, through tournament mechanisms – can remedy incompleteness and asymmetric information. In a political or even more in a constitutional agency relation, such competition may be absent or weak. This can be the case when the “talk-write-walk” sequence cannot generate a stable constitutional model and when checks and balances are misconceived, hence the pre-eminence of a judicial agent in the construction of the mere economic institutions of Europe, and the oversight of political integration.

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Chapter 15

A Semiotic Network Comparison of Technocratic and Populist Discourses in Turkey

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Abstract This chapter argues that despite the convergence of their superficial contents, political and technical discourses are still substantially different in terms of the semiotic structures embodying their logic of articulation. The semiotic structures of populist and technocratic discourses are empirically elicited and compared through a semiotic mapping methodology based on the principles of mathematical network analysis and interpretive semiotic analysis. Findings suggest evidence about the differentiation of populist and technocratic discourses in terms of their semiotic structures for the samples collected from the Turkish political context. Despite its limitations, the semiotic mapping approach developed in this study offers promising methods for bridging the quantitative and qualitative methods for the analysis of policy discourses.

15.1 Introduction

The conventional portrayal of right-wing parties as advocating market-oriented policies supported by a technocratic discourse and left-wing parties as advocating public-oriented policies supported by a populist discourse is apparently at stakes in the age of globalization. We are witnessing a worldwide convergence in the discourses of political parties. Partisan policy-making seems to surrender itself to the pervasiveness of technical managerial language which follows the guidelines of international financial institutions and investors (Holmes 1992; Osborne and Gaebler 1993). However, this convergence is not one-sided; that is, we are also witnessing governments, regardless of their ideological conviction, taking refuge in fiscal indiscipline and populism to maximize their electoral support (Roberts 1995; Weyland 1996; Gibson 1997; Knight 1998). Doing politics in the age of globalization seems to be reduced to conforming to the imperatives of globalization and to saving the day by appealing to the short-term interests of the masses for the purpose of maximizing electoral support.

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This chapter argues that despite their convergence at the surface level, political discourses still reflect the partisan preferences of their interlocutors. Although experts in international organizations propose similar policy options and governments invoke a technical discourse to avoid the pressures from capital flight, politicians' interpretations shape the specific policies that will be used to put the words into action (Dunleavy 1994; Pollitt 2002). Politicians maneuver around escape hatches introducing a political divergence contingent upon the socio-political context (Hood 1991, 1994; Murillo 2002; Rubin and Kelly 2005). Thus, although politicians may be losing their influence on *what* to say and do, they still have the capability of choosing *how* to say and do. Despite the convergence of superficial contents of technical and political discourses, these discourses are still substantially different in terms of their logic of articulation.

The devil is hidden in the meaning; the way a discourse is articulated can be discerned according to the network of concepts reflecting the line of argument. Politicians and technocrats may speak the same language while they may substantially differ from each other in terms of *how* they refer to certain issues and *how* the concepts are connected in a map delineating a particular vision of order. Hence, this article approaches the question: "Do they walk like they talk?" from a specific angle and revolves around the questions: "How do they generate meaning when they talk? How does a form of meaning generation in a political discourse express a certain social order through an argumentation about singular policy issues?" In this vein, the aim of this article is particularly to compare and contrast technocratic and populist discourses in terms of their forms of meaning generation rather than their contents.

Understanding how meaning is generated and communicated in a political discourse, particularly in populist and technocratic discourses, requires discovering the "latent structures" beneath the surface. These latent structures will give us some clues about the shared codes between the interlocutor and the audience. Political discourses aim to bestow a perspective, or a frame, evoking a certain form of social order which can be discerned through the codes of their articulation. These codes can be elicited by discovering structured associations connecting the concepts to each other, in a line of argument, under certain rules. Commonly, these rules can be elicited by methods of semiotic analysis through an interpretive process. However, interpretive elicitation of semiotic structures is usually opaque and raises concerns about its validity. This chapter addresses this concern and aims at bridging quantitative and qualitative text analysis methods through a semiotic mapping approach based upon the principles of network analysis and thematic analysis. The ultimate purpose is to ground the elicited semiotic maps in the visions of social order promoted by technocratic and populist discourses articulated within the Turkish political context. The chapter proceeds in five steps. First, it addresses the issue of the constitution of semiotic communities; second, it presents a basic theoretical background for semiotic analysis; third, it introduces semiotic map analysis; and fourth, it describes the methodology applied in the empirical analysis prior to presenting and discussing the findings in the fifth section.

15.2 Discourse, Knowledge, and Action: The Constitution of Semiotic Communities

The function of discourse, and indeed of language in general, is to “organize reality” (Halliday and Martin 1993: 169). Language is a prominent aspect of the ways in which we make sense of, and order, our experiences of the world. Linguistic activity is more than passively using abstract signs to convey information and to represent factual knowledge about the world as it is. Language does not represent reality but rather constructs it. The significance of a speech act lies in the way it is articulated and in the possible action patterns this articulation form induces one to accomplish (Garfinkel 1967: 29). Meaning generation is the outcome of social practices for it is grounded in the practices of actively organizing the distinctive social worlds within the course of social interactions. Discourses as meaning generating activities draw our attention to the alternative ways of organizing things and people. Wittgenstein’s well-known phrase: “The limits of my language are the limits of my world,” points to the idea that language is constitutive of a tangible context for our actions (Rhees 1999).

In this vein, the term discourse as used in this chapter refers to “patterns of meaning which organize the various symbolic systems human beings inhabit, and which are necessary for us to make sense to each other” (Parker 1999: 3). This perspective emphasizes the close link between knowledge, language, and action, or, more precisely, between the ways of knowing, the ways of signifying, and the ways of acting. Discourses embody cultural forms or publicly available semiotic systems through which people experience and express meanings. Semiotic systems provide individuals with relatively *steady publicly available interpretive templates* according to which they communicate, perpetuate, and develop their knowledge about, and their attitudes toward, life (Geertz 1973: 89). These templates regulate patterns of authority and cooperation facilitating the individuals to relate their discrete practices to larger meaning systems and organize their actions accordingly. In short, discourses make sense only within the cultural contexts in which they are embedded and the social order that they envision.

However, the cultural context of a particular community does not assure a monolithic, homogenous and tightly coherent semiotic system among its participants (Sewell 1999). Individuals are relatively free to select symbols and to cluster them into chunks of meaning appropriate to their favorite forms of action. To be engaged in a cultural practice means to employ existing cultural symbols to accomplish some specific objectives. Cultural patterns provide individuals with a frame where they can strategically deploy symbols to organize their life as a social body within which particular choices make sense (Swidler 1986). Culture is used as a toolkit to integrate discrete practices into larger sets of “strategies of action”. Meaning is always embedded in practices leading to strategies of action, and the world-views induced by distinctive patterns of practices may lead to different patterns of meaning from the same

set of symbols. In other words, understanding the ways in which language is used in our practices is an attempt to understand not only how individuals do things but also how group practices are structured.

The way a group structures its practices is relevant to the way its members interpret the world; to put it differently, different patterns of practices are constitutive of distinctive interpretive templates. What is “social knowledge” for a certain group may be “pure ideology” for another. Discursive acts are used for constructing identity and positioning the self against the others. They embody distinctive ways of knowing and organizing social relations relevant to particular groups. Hence, different social groups may employ different truth claims for interpreting reality through discursive acts, and accordingly, they form different semiotic communities. Depending on their interpretive frames, individuals coming from different social groups may conceive the same phenomena in different ways.

Semiotic communities use shared mental frames to make sense of each others’ activities. Understanding occurs in Gestalts – patterns of themes, keywords, heuristics – rather than through a denotative correspondence between words and things (Jameson 1972: 32–33). The cognitive processing of language occurs within subconscious mental frames going beyond rationally associating singular events with their outcomes and embodies the tacit knowledge used to maintain the life-world of a community. These frames are constituted and bestowed through repetitive patterns of action, and they come from internalized shared group practices mapped as patterns of everyday activities (Carley 1997). To state it briefly, the meaning of an action is generated within a semiotic web that maps patterns of everyday practices.

Consequently, in order to be understood by an audience, discourses must be grounded in the contextual backgrounds in which their utterances are intended to be understood. Discourses are produced and interpreted in terms of codes or conventions for communication (Jakobson 1971). Since the meaning of a sign is situated in the codes, members of an audience cannot decode a discourse if its codes do not correspond to the map of patterns within their interpretive frames. Lexical categorization of the real world is not the same for any two languages (Saussure [1916] 1983: 114). Codes are shared patterns of relations that all members of a given community internalize during their interactions, and a discourse makes sense when members of the audience structurally couple their mental frames with the coding patterns latent within the discourse. The generation and the attribution of meaning to signs occur within a semiosis; that is, meaning gets its semantic value through culturally shared codes (Eco 1976: 116). These codes, or “latent structures” in people’s minds, affect the ways individuals interpret the signs and symbols. Codes are applied to the message within a perspective of cultural references constitutive of the semiotic community’s patrimony of knowledge which includes “. . .its ideological, ethical, religious standpoints, its psychological attitudes, its tastes, its value systems, etc.” (ibid: 115). Codes act as a cultural referent to lawfully associate discrete messages within a sign system.

15.3 Semiotic Analysis: Decoding the Logic of Discourses

Understanding the way codes associate concepts with each other requests discovering the forms of the interpretive frames within which a discourse is embedded. Since the research question in this study is concerned more about how meaning is generated within a network of concepts rather than the content of a discourse, semiotic analysis is the best candidate for such an endeavor. Semiotics is the study of relations of *difference* and *equivalence* among signs within a network of meanings. Semiotics reveals how meaning is generated through analyzing how signs are related to each other. It does not aim at finding the hidden meanings of a text but searches for a latent structure reflecting the underlying codes, the rules which make a text understandable by its audience.

Semiotic analysis basically adopts a structuralist approach. Signs and relations are the key elements of semiotic analysis. Meaning is constructed within a network of signs which forms the architecture of a text. This architecture delineates how meaning is generated and conveyed within a text. It connects the signs according to certain codes. Codes connecting signs within a text function like the grammar in a language: that is, they determine the rules connecting the concepts to a sound web of arguments. Codes and conventions make the signs in a text understandable. The term code as used here refers to a matrix of concepts through which the thought is filtered in terms of subject positions (Belsey 1980). These matrices reflect how the members of a semiotic community organize their shared interpretive frame in terms of the relations among signs. Codes are invisible because of their implicit characteristics, so they cannot be directly revealed from the surface level of the text, but they can be retrieved through analysis of recurring thematic patterns.

Semiotic analysis in its conventional form is a qualitative-interpretive practice since it rests upon the assumption that meaning is not a fixed and self-contained entity that can be analyzed as an objective property. It delineates the interweaving nature of concepts in different contexts, which gives symbols their sense. Therefore retrieving meaningful patterns in a text requires grounding these patterns within a cultural background. Semioticians usually interpret the patterns found in a text according to their relevance to a larger cultural referent. They are usually criticized on the ground that they reflect some abstract constructs based on a social theory onto their analysis of the patterns in a text. These critics assert that instead of making a systematic analysis of relationships within a text itself, semioticians invent structures that are not really there. Thus, semiotic analysis as an interpretive practice is usually considered as a formal and theoretical speculation rather than an empirical methodology (Leiss et al. 1990). The opaqueness of the interpretive element in its methodology raises validity and reliability concerns. The semiotic mapping approach that will be outlined in the following section is an attempt to address these concerns through the use of quantitative and qualitative text analysis methods.

15.4 Map Analysis

The extraction of the semiotic structure underlying a text in a reliable and valid manner requires an appropriate formalization technique that can produce transparent procedures. This chapter offers the semiotic mapping method as a candidate for such a formalization technique. Semiotic mapping approach is based on the matrix metaphor. Semiotic forms can be represented as a mathematical structure in terms of matrices. Graph theory and network analysis software provide us with strong tools to represent networks in terms of matrices and visualize matrices in terms of network graphs. Graph theory allows us to model dyadic relations between concepts from a certain text as a mathematical structure, and network analysis techniques allow us to derive simple measures of network structure from complex matrices. Thus, these techniques can easily be applied to map the generic semiotic patterns underlying the discursive articulation used by a semiotic community.

Recently, procedures connecting cognitive anthropological mental modeling strategies with semantic network analysis have been gaining ground for eliciting knowledge structures from written and uttered texts under the name of map analysis. Cognitive anthropology has a well-established tradition of quantitatively extracting how members of a cultural group lexically classify concepts in their minds according to their perceived proximity (D'Andrade 1995). These models work according to a simple assumption: the proximity of concepts within a text segment reflects the proximity of the corresponding practices as experienced in the life-world of the members of a community. Semantic network analysis in turn is a network-based technique used to elicit and represent the knowledge structure of a group in terms of semantic relations between the concepts. While the proximity-based mental modeling techniques do not assume any kind of relation between concepts except for their proximity, relations such as "is-a" or "part-of" are themselves variable according to semantic network analysis (Young 1996).

Map analysis, which is a resourceful combination of cognitive anthropology and semantic network techniques, systematically elicits and analyzes the links between concepts with the purpose of modeling the "mental map" behind a textual presentation. Mental maps are usually elicited by using specific text analysis methods which support the automatic encoding of the relationships between concepts in texts and the construction of a network of the linked concepts. Automatic encoding in this context means that a content analysis software applies a user-defined set of coding rules to index the words and lexically code them as networks (Popping 2000). The basic idea behind map analysis is to use the matrix representing the co-occurrence of concepts within a text segment as an input for formal network analysis (Diesner and Carley 2004). Concepts are equivalent to vertices and relations between them are referred to as statements and represented by the edges. The web of all statements forms a mental map.

However, mental maps usually dismiss the connotative element in meaning since they lexically classify the concepts related to the same set of properties according to a predicate. Meaning in mental maps is *denotative*; it is about *what* is meant. On the other hand, connotation is about *how* meaning is assigned to a sign. *Connotative* meaning refers to the set of all possible things a word or phrase could describe. Automatic encoding procedures used in semantic network analysis do not permit the coding of connotative meanings in a text. Semiotic analysis is more efficient for handling the connotative nature of meaning since it is concerned with *how* meaning is assigned within a system of signs whereas semantics focuses on *what* words mean (Sturrock 1986: 22). Moreover, semiotic analysis is not concerned about the local meanings within a text since according to its underlying premises meaning is generated within an all-encompassing system of signs. When done mechanically, the coding of partial text segments may pose a problem for semiotic analysis because of the connotative nature of the local meanings in a text.

The semiotic mapping approach developed in this chapter aims to overcome the shortcomings of semantic and semiotic approaches by combining quantitative map analysis techniques with qualitative thematic analysis. Thematic analysis is an interpretive coding approach. During thematic analysis, a researcher searches for themes that emerge as being important to the description of the phenomenon. The process basically involves reading a piece of text and identifying its meaning. It is a form of pattern recognition within the data, where emerging themes become the categories for analysis (Fereday and Muir-Cochrane 2006). Hence, it requires that the coder be familiar with the context where the text was produced, a requirement that is beyond the possibilities of automatic encoding for obvious reasons.

The semiotic mapping approach developed here keeps the interpretive meaning identification at the paragraph level and leaves the pattern recognition to a network analysis. Keeping the level of pattern recognition at its minimum level will help us avoid “*inventing the structures that are not really there.*” The basic idea is to read the paragraph and to identify its connotations as a statement of its main theme. Subsequently, concept co-occurrences within statements connected according to a “reference relation” composes a co-occurrence matrix which can be employed for the generation of a semiotic network. The details of the coding system used in this research will be given in Section 15.5.5.

15.5 Methodology

The rest of this chapter is devoted to the application of the semiotic mapping approach for comparing populist and technocratic discourses within the Turkish political context.

15.5.1 *Sampling*

Since the aim is to discover the semiotic structures rather than to perform statistical hypothesis testing, a *purposive sampling* strategy was adopted in this research. Contrary to the probabilistic sampling methods, which assume random selection of cases, purposive sampling targets a particular group of cases. The purpose of the study determines the populations to be sampled, and these are generally the particular cases that can be used to illuminate the research question at hand. As the selection of the sample is established on the judgment of the researcher, it should be based on prior knowledge about specific people or events. According to Lincoln and Guba (1995), defining the population(s) in a sound manner is particularly important for justifying the inclusion or exclusion of particular cases in a purposive sample. Hence, an initial definition of populism and technocracy is needed to validate the sampling procedure used in this research.

Besides a plethora of definitions, populism can best be described as a particular political form typically involving an alleged affinity with an image of “the people” forged by the discursive construction of a “them-and-us” mentality (Knight 1998). In that respect, populist movements are inclined to maximize the support they obtain with a catch-all mentality, which makes fiscal indiscipline inevitable. As they attempt to appeal to all segments of the population, the trade-off between taxes and expenditures necessary for fiscal discipline is usually neglected. They may belong to the left – *increase expenditures without increasing taxes*– or to the right – *decrease taxes without decreasing expenditures*– of the political spectrum.

In line with this definition, the cases included in the populist discourse sample come from the supporters of AKP (Adalet ve Kalkınma Partisi – Justice and Development Party), which won two consecutive elections in Turkey and follows a politics which can be named as “Islamist-populism.” As its name suggests, AKP tries to appeal to masses by reconciling the often contradictory objectives of social justice and growth. The entire thrust of the electoral success of AKP comes from forging an image of an underdog against the “oligarchic establishment” rather than offering a programmatic appeal to fight poverty and social injustice or a sound growth strategy. Like all species of the populist breed, AKP is ambivalent in its discourse. While it denounced the EU and the IMF inspired reforms by referring to them as a “Western conspiracy” when in opposition, after coming to power AKP conformed to the reform process by declaring it a “technical” rather than an “ideological” matter. In effect, when in power AKP sought to promote a doublespeak: a concessionary one aiming to convince the Western and domestic public opinions that its Islamist-populist agenda was a thing of the past and a defiant one aiming to convince its core constituents that the government is not bowing to the West and follows its own way toward the Islamization of the Turkish society.

In order to get the support of all parts of society, AKP resorted to fiscal indiscipline, albeit in a disguised manner. While AKP managed to reach public

sector primary surplus targets, which was tightly monitored by the IMF in its first years of government, this was largely due to one shot windfall in revenues obtained from tax amnesties and massive selling of public assets. The restructuring reforms have been put on the shelf since 2005 when AKP started to increase public expenditures to please its supporters. These expenditures were mostly directed to pork-barreling purposes such as changing the public procurement system fifteen times for providing rent opportunities to its cronies or distributing about six million tons of coal in five years for a total cost of approximately one billion USD in value to win clients among the poor.

Obviously, defining AKP as populist solely depending on these evidences is conjecture. However, it is beyond the scope of this research to theoretically and empirically validate the populism of AKP. For the present purposes (i.e., purposive sampling), this definition will be accepted as resourceful and used for justifying the inclusion of AKP discourses in the populist sample.

Since by definition populism is a coalition of various segments of society, discourses by agents representing various social parties are included in the sample. The only common denominator within the sample is that they are supporters of AKP. To control for the effect of all other variables, the sample includes not only politicians but also representative agents coming from all social parties: two administrators from Islamist inclined trade-union (HAK-İŞ) and Islamist inclined businessmen's association (MUSIAD), two bureaucrats (a consultant and an inspector) from the Ministry of Labor and Social Security and Social Security Institution, one member of AKP from the Kadıköy district in Istanbul, and one participant from the general public who voted AKP for two consecutive elections ($n = 6$).

The sampling of technocrats was less complicated. By definition, technocrats are experts of technical training and professions selected through bureaucratic processes on the basis of specialized knowledge and performance rather than being nominated by elected politicians (Meynaud 1968). Technocrats comprise administrative and business elite such as economic planners, strategic thinkers, and natural and social scientific experts. In line with this definition, the technocrat sample in this research includes: two bureaucrats from the Office of Social Policy and Employment and the Office of Pensions that are both under the Under Secretariat of Treasury, one bureaucrat from the Office of Social Policy under the State Planning Organization, one administrator from the OECD Turkey delegation, one administrator from the Capital Market Board, and one administrator from TUSIAD (Turkish Industrialists' and Businessmen's Association) – "Social Affairs Commission" ($n = 6$).

15.5.2 Data Collection: Context and Instruments

To maintain validity and reliability in data collection, all the data were collected using a standard instrument and within a determined context. Discourses were

elicited through semi-structured in-depth interviews. The discussions in the interviews were limited to a specific policy process; namely, the social security reform which does not involve deep ideological or philosophical debates except for eliciting the normative positions of the interviewees. This is important since one of the essential arguments in this study is that the convergence of populist and technocratic discourses is at the content level while their divergence is at the semiotic structure level. Having a standard interview schedule helped keep the contents of the discourses within the limits of a specific policy process.

15.5.3 Context

Restructuring the social security system had been a salient issue within the Turkish political agenda since the state-run system began to experience serious financial difficulties during the second half of 1990s. The public sector's borrowing requirements started to be unsustainable by the end of the 1990s and resulted in a devastating financial crisis in 2001. Although the major burden to the public sector deficits originated from the snowball effect of rolling over the high interest-rates in short-term domestic debts that started in the mid-1980s, the social security system was one of the first to blame. To roll-over the debts and to reinvigorate the derailed free-market reforms, the government of the time signed a standby agreement with the IMF, which was followed by a variety of restructuring measures including the deregulation of the social security institutions. Ironically, AKP who had been fervently opposing to these restructuring measures during the electoral campaigns in 2002 was advocating the reform in the position of government in summer 2006 when data were collected.

15.5.4 Instrument

Interviews followed a guideline which was developed to allow a discovery-oriented exploration of how respondents relate the reform at issue to the larger polity within a narrative line. The respondents were encouraged to comment on the reform process in detail. To account for the normative positions of the respondents, it was decided that the interview should elicit both event-based and value-based knowledge. For such elicitation, the interview procedure was designed to encourage the respondents to tell their stories about the reform process according to a storyline: diagnosis of the problems, translating them into policy alternatives, feasibility of the alternatives, and a critical evaluation involving normative policy positions. The interviews, which lasted an

average of one hour, were recorded and transcribed to yield over 250 pages of transcripts.

15.5.5 Data Analysis

The first stage of the data analysis involved an inductive coding process based on the qualitative thematic analysis described in the previous section. This process involved attentively reading the interviews so as to recognize the important moments and to encode them prior to a process of further categorization (Boyatzis 1998). Encoding the information organizes the data to identify and develop themes from them. Boyatzis defines a theme as “a pattern in the information that at minimum describes and organizes the possible observations and at maximum interprets aspects of the phenomenon” (ibid: 161). These themes are then repeatedly trimmed by merging low-frequency codes into high-frequency ones. After eliminating the irrelevant ones, a codebook was elaborated (Crabtree and Miller 2005).

The second stage involved a deductive coding process based on the final codebook. Each text segment, i.e., each paragraph, was coded according to the themes in its content. Paragraphs were chosen as units of analysis since they represent the basic units of thought within an argument. Each paragraph is considered as a statement connecting two concepts through a “refers to” relation, among which are included such predicates as “is,” “signifies,” “makes,” “suggests,” and so on. Since semiotic theory assumes that meaning is generated by the way signs refer to each other within a formal structure, “reference” is the ultimate relation in semiotic analysis.

Two coders coded the text according to the codebook. While coding, the coders were not allowed to see the code assignments made by each other. To determine inter-coder agreement, a Krippendorff’s alpha (Krippendorff 2003) was calculated for each of the codes in the codebook. Krippendorff’s alphas ranged from 0.47 to 0.82, the majority of code agreements being within an acceptable level of reliability, with an average of 0.67. For each code with an alpha smaller than 0.7, the discrepancies in coding were discussed to decide which coding to apply. After final modifications, the average alpha had increased to 0.72. For these procedures, the QDA Miner software developed by Provalis Research (Peledau 2004) was used.

At the final stage, the discourses were grouped in terms of their articulation by populist or technocratic agents and two matrices representing these semiotic communities and summarizing how the codes refer to each other within the paragraphs were obtained. The matrices are asymmetric since reference relations are asymmetric. This will help us observe the directionality of the references within the semiotic network. Finally, the semiotic maps and the associated network measures were extracted, and basic network measures were obtained with the help of the network analysis program UCINET 6 for Windows (Borgatti et al. 2002).

15.6 Findings and Discussion

In this section, the answers to the following questions are empirically explored: (1) What is the level of *content convergence* between populist and technocratic discourses? (2) What are the similarities and differences between the forms of the *semiotic maps* for populist and technocratic discourses? How do the populist and technocrat semiotic communities associate concepts in terms of articulating the policy reform process? To explore the first question, the cross-tabulation of the themes by populist and technocratic discourses is examined. For the second question, the semiotic maps of the code co-occurrence matrices and relevant network measures are presented and discussed.

15.6.1 Convergence of Technocratic and Populist Discourses

Table 15.1 provides some evidence of the discursive convergence of political discourses thesis in the Turkish political context. The frequency of policy buzzwords

Table 15.1 Frequency of concept occurrence by type of discourse

	Populist	Technocratic
Bureaucracy	17	12
Charity	18	3
Competitiveness	7	10
Corruption	14	5
Decentralization	14	8
Deficit	16	15
Deregulation	6	11
Globalization	20	24
Governance	28	25
Ideology	8	6
Individualism	5	0
Informal economy	1	2
Informatization	6	8
Islam	30	0
Moral obligation	11	0
NGO	15	4
NPM	11	12
Political intervention	3	6
Poverty	25	8
Public provision	5	9
Redistribution	3	7
Restructuring	7	11
Service quality	2	5
Social responsibility	6	2
Trade-union	3	4
Transparency	2	13

such as “Bureaucracy,” “Globalization,” “Governance,” and “New Public Management” (NPM) are distributed in a more or less balanced way between populist and technocratic discourses. Yet, both discourses have some pet policy themes, although less emphasized: the frequencies of normative themes such as “Charity,” “Islam,” and “Poverty” are more frequent in the populist discourse while the technical themes such as “Competitiveness,” “Deregulation,” “Reforming public provision of social services,” and “Restructuring” are higher for technocrats. A remarkable observation is the higher preference of the “transparency” theme, which can be considered as a more technical term for corruption, by the technocrats than the populists. However, overall one could take these deviations as residual and consider the closeness of the frequencies as a confirmation of the discursive convergence thesis.

15.6.2 *Semiotic Maps*

We now turn to the analysis of how the articulation of concepts within populist and technocratic discourses constitutes distinct semiotic structures. Different from its common meaning, the term articulation in semiotics refers to the “code structure” (Martinet 1964) embodying a complex combination of concepts. This research hypothesizes that the code structures of the interpretative frames involved in populist and technocratic discourses are different since they target different semiotic communities. This difference can be discerned by discovering the *logics of articulation* which connect the singular concepts. Basically, all political discourses incorporate exclusive discrete policy issues into an inclusive interpretive frame reflecting a certain world view. To mold an interpretive frame in this form, political discourses must successfully construct a semiotic network which articulates concepts according to a particular *logic* consisting of *equalizing* or *differentiating* concepts.

According to Ernesto Laclau (2005: 4–5), populist and technocratic discourses can be differentiated by their logic of articulation. The codes of a populist discourse articulate discrete issues through an *equalizing* logic. Thus issues tend to cluster into larger sets, each densely linked to the totality of larger political demands despite the differences in their discrete representation. In a populist discourse, the logic of *equivalence* may become so dense that there only remain two categories: power and the people. On the other hand, the logic of a technocratic discourse *differentiates* the issues. If the *codes* arrange the issue concepts according to a *differential* logic, then the mental frame behind the discourse suggests the punctual or individual evaluation of these issues; hence, it does not construct any political polarization (ibid.).

The *code structure* embodying the logic of articulation in a discourse can be represented in a matrix form which then can be used for discovering its underlying semiotic structure. Network analysis provides us with powerful visual and analytical tools by allowing to present matrices in terms of graphs and to

calculate useful measures summarizing the network structures. This part of the research empirically compares semiotic structures of populist and technocratic discourses with the help of the semiotic map analysis that combines network and semiotic analyses.

Let’s start with the comparison of network graphs extracted from the code co-occurrence matrices elicited from populist and technocratic discourses before going into detailed analysis of network measures. This can give us a rough idea about their semiotic structures. The semiotic structure of the populist discourse appears to be organized in a more complex manner than the technocratic discourse (Figs. 15.1 and 15.2). It appears to be denser and more cohesive. The size of the nodes denotes the importance of the *betweenness centrality* score which identifies a concept’s position within the network in terms of its ability to make connections to other pairs or groups in a network. That is, in order to refer to, or to be referred by other concepts, a concept first has to pass through the concept with the high betweenness score. Such central concepts appear to be “Governance” and “Globalization” for both discourses. The populist discourse also includes “Islam” and “Bureaucracy” whereas the technocratic discourse includes “Poverty.” The direction of the arrows delineates if a concept “refers to” (outward) of “is referred by” (inward) other concepts.

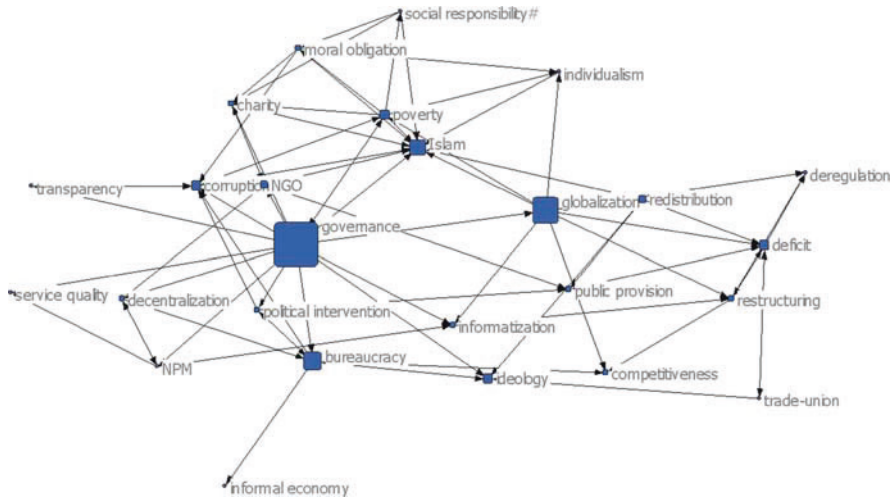


Fig. 15.1 Semiotic structure underlying the populist discourse

Coming to the network measures, let’s consider the degree of centrality which delineates the power of a concept. The distribution of the amount of power within the structure can differ since in network terms power is generated from patterns of relations rather than being produced by the properties of the concepts. Depending on their structural locations in the network, some concepts may be

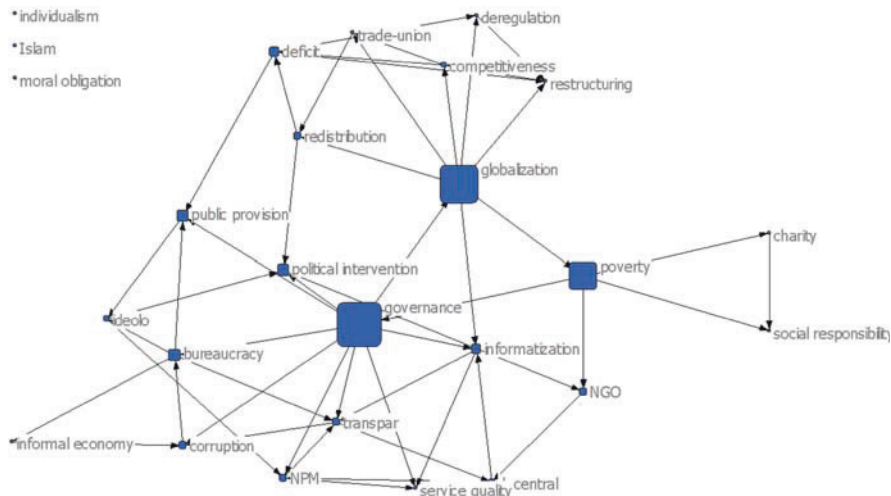


Fig. 15.2 Semiotic structure underlying the technocratic discourse

more powerful than the others. Table 15.2 shows the concepts occupying important structural positions within the semiotic structures of populist and technocratic discourses. Such concepts have high *betweenness centrality* as mentioned during the visual examination of the network graphs. Concepts with high betweenness centrality usually hold powerful positions in the network and their removal disintegrates the links between the sub-groups. They act as mediators connecting statements within separate domains to each other. In other words, a statement within a domain would not make sense with a statement from another domain without passing through these conceptual spheres. “Bureaucracy,” “Globalization,” “Governance,” and “Islam” for the populist sample; and “Globalization,” “Governance,” and “Poverty” for the technocratic sample have betweenness scores higher than 30.¹ These concepts are richer in meaning and have more power in semiotic terms: their reliability and authority in terms of their truth values is higher than others for the semiotic community.

The existence of such concepts within a technocratic discourse may appear to be a contradiction with the hypothesis that the power of concepts would be distributed more or less equally within its semiotic structure. However, a technical discourse sometimes deviates from the differential logic since technocrats tend to gather discrete issues around policy metaphors to allow for escape hatches and discursive maneuvers (Clay and Schaffer 1986). A policy metaphor is a flexible carrier that can be employed to convey a multiplicity of policy arrangements rather than constituting a concept in its own (Doornbos 2003). Although there is hardly a consensus on its meaning and its concrete applications, it objectifies discrete concepts by largely assembling them within the

¹ All of the network measures used in this article refer to Hanneman and Riddle (2005).

Table 15.2 Centrality measures for populist and technocratic discourses

Concepts	Populist discourse			Technocratic discourse		
	Betweenness	OutDegree	InDegree	Betweenness	OutDegree	InDegree
Bureaucracy	36.926	8	9	17.605	8	4
Charity	6.146	8	10	0	1	2
Competitiveness	6.152	0	7	2.483	4	6
Corruption	16.611	7	7	7.495	2	3
Decentral	3.283	8	6	4.744	4	4
Deficit	16.437	4	12	13.167	10	5
Deregulation	0	0	6	1.15	3	8
Globalization	59.652	21	3	67.183	16	4
Governance	104.479	28	3	80.205	23	2
Ideology	17.671	2	6	5.143	2	2
Individualism	1.743	2	3	0	0	0
Informal economy	0	0	1	0	1	1
Informatization	7.017	2	4	13.283	2	6
Islam	31.481	0	30	0	0	0
Moral obligation	2.869	8	3	0	0	0
NGO	9.461	6	9	6.7	2	2
NPM	2.083	6	5	6.067	4	8
Political intervention	6.483	4	2	14.087	1	5
Poverty	15.469	14	11	46.452	6	2
Public provision	7.567	2	3	16.392	1	8
Redistribution	9.736	5	1	9.367	5	2
Restructuring	5.483	7	4	1.483	3	8
Service quality	0	0	2	0.375	0	5
Social responsibility	0	5	1	0	0	2
Trade-union	1.25	1	1	0.583	1	3
Transparency	0	2	1	8.036	3	10

domain of the same generalization. Policy metaphors are basically buzzwords or slogans broad enough to embrace larger political and particular public policy aspects, while vague enough to allow a fair measure of discretion and flexibility in interpretation. On the other hand they are not meta-concepts or grand referents since they usually are not referred by, but refer to, a multiplicity of concepts.

We can distinguish policy metaphors from meta-concepts within a semiotic structure by examining their *in degree* and *out degree* measures. These measures indicate the direction of flows from one concept to the others. If a concept refers to a large number of other concepts it has a high out-degree score and if it is referred by a large amount of concepts it has a high in-degree score. Policy metaphors are the concepts with higher out-degree and lower in-degree scores while it is the reverse case for meta-concepts. The concepts of Governance and Globalization appear to be policy metaphors for both the populist and

technocratic discourses since they have higher out-degree than in-degree scores (Table 15.2). This finding is sensible since these terms have stopped being abstract constructs and obtained nearly a universal-factual status as a buzzword through constant repetition by the mass media and academic circles (McKenna and Graham 2000). On the other hand, Islam appears to be a meta-concept, a grand referent for the populist discourse with its high in-degree and low out-degree scores whereas the technocratic discourse has no explicit grand referent (yet, the scores for Deregulation, NPM, Restructuring and Transparency suggest that Neo-Liberalism may be an implicit grand referent for this discourse). This confirms our hypothesis that the equivalential logic of populist discourses organizes the singular concepts around a grand-referent which is assumed to represent the identity of the people.

15.7 Conclusion

In a nutshell, the findings in this research suggest that despite the convergence toward a technical language at the superficial content level, populist and technocratic discourses differ in terms of articulating singular policy concepts into a larger semiotic structure. These findings imply that comparing discourses requires more effort than simply analyzing their contents. The way a discourse is articulated gives us important clues about its distinguishing structural features. These features can be operationalized by means of network measures and can provide us with opportunities to use quantified discourse variables with economic or demographic variables for building and testing further statistical models.

However, these findings have some limitations. The purposive sampling applied in this research is limited in terms of the generalizability of the findings. On the other hand, a more comprehensive probabilistic sampling strategy would be a hard if not impossible task because of the interpretive coding technique used in this research. Collecting interview data of that size and their encoding by human coders require tremendous amount of time and budget. This can be overcome by sampling already produced documents and developing an automatic encoding procedure suitable with the connotative nature of the data. The reliability of such an encoding system can be tested according to the correspondence of the automatically coded segments with those of the parallel human coders for a small pilot sample and the algorithm can be trained for larger amounts of documents. For the time being, we can accept the findings in this study as an insight, without making important generalizations.

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Part IV

Conclusion

Chapter 16

Do They Walk Like They Talk? A Conclusion

Louis M. Imbeau, Steve Jacob, and François Pétrys

Abstract In this conclusion, we first provide a summary of the main theoretical and empirical conclusions reached by the contributors to this volume. Then, we argue that the empirical study of dissonance in policy processes must not only investigate whether policy makers do what they say but also whether what they say corresponds to what the public wants. In our concluding remarks, we ask the question whether dissonance is always pathological.

The motivation behind this “walk–talk” project was to find ways of incorporating policy speeches into political economic conceptualizations and explanations of public policies. Our conviction was that, as social scientists, we had to take policy speech into consideration if only because of its presence everywhere in policy processes. As Giandomenico Majone rightly reminded us: “[P]ublic policy is made of language [. . .] Political parties, the electorate, the legislature, the executive, the courts, the media, interest groups, and independent experts all engage in a continuous process of debate and reciprocal persuasion” (1989: 1). Nourished by this conviction, our intuition was that looking at policy speech, and more precisely at policy dissonance – and, for that matter, at policy consonance – would perhaps reveal new issues and hypotheses.

We were happy enough with the outcome of this project to publish this collection of essays. Each contribution presented here addressed a specific issue, most often in a specific country over a specific period of time; and each one, in its own right, yielded specific conclusions which preclude the possibility of a general conclusion. Yet, this fruitful dispersion also yielded a number of theoretical and empirical conclusions that reach beyond single applications. In this conclusion we shall summarize these general conclusions. Then we shall propose three models of speech and action as a way of bridging the gap between normative and positive analyses, before closing the debate by arguing about the importance of deception and lie in politics.

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16.1 Summary of Theoretical and Empirical Conclusions

The theoretical conclusions reached in the chapters of this book are normative and positive.

16.1.1 Normative Theoretical Conclusions

The normative conclusions are all related to the quality of democracy. The best summary was given by Thomas De Koninck when he argued that the quality of political life depended on the quality of speech, adding that the quality of speech referred not only to its truth but also to its relevance. Vincent Lemieux argued likewise about political parties: the quality of their speech impacts on their credibility. Politicians would sensibly improve their lot if they made pledges on processes rather than results, and if they were more transparent and more modest. Emma Galli, Veronica Grembi, and Fabio Padovano also argued for more transparency as they suggested that policy consonance, i.e., the congruence between election results, the content of inaugural speeches, and budget decisions, was an indication of political accountability in a democracy. More transparency should lead to more accountability. Louis Imbeau suggested a more moderate view with his concept of benevolent dissonance according to which a decision maker is often more efficient in her efforts to raise revenue, for example, through some sort of fiscal policy dissonance. In sum, as a system of “government by discussion,” democracy relies on speech. Caring for the former implies caring for the latter.

We will shortly return to the normative issue after we will have summarized the positive theoretical conclusions and the empirical conclusions.

16.1.2 Positive Theoretical Conclusions

The positive theoretical conclusions relate to the mechanism linking policy speech to policy actions and outcomes. The propositions made by Albert Breton and Louis Imbeau nicely complement each other on this issue. For Imbeau, speech is a tool by which decision makers use their knowledge as a power resource to influence investors and taxpayers, among others, through the mechanism of persuasion. He argues that, to be efficient, persuasion often implies dissonance, that is, some sort of disagreement between speech and action. Thus a decision maker would talk fiscal liberalism while walking fiscal discipline when speaking to taxpayers but the same decision maker would talk fiscal conservatism while walking fiscal indiscipline when speaking to investors. Since her speeches are often public and, therefore, heard by both taxpayers and investors, the decision maker often needs to be dissonant if she wants to reach her double objective of making taxpayers pay their taxes and investors accept a

reasonable risk premium on her bonds. Breton unveils the mechanism through which persuasion works. By their speeches, politicians create “clusters of monomaniacs” that they can exploit, as monomaniacs are willing to pay a higher price, i.e., to tolerate a given policy content (say, higher corruption), provided that they get what they value most, their monomania (say, security). This “information shrouding” works under two necessary conditions related to the cost of search for information and to the demand curve of cluster members. Hence, drawing from two disciplinary sources, these authors teach us an important positive lesson about our theme: Speech should not be overlooked by policy analysts as it is central to the interactions among policy actors, be they conceived as power interactions or market interactions.

But there is an important dimension that neither Breton nor Imbeau considered, namely the way policy speeches are received by targeted audiences. Indeed, one can think of three stages in the discursive policy process: speech production, speech transmission, and speech reception. Imbeau is concerned with the production stage as he asks why and how specific contents are produced by policy makers. Breton is interested in the transmission stage as he looks at how speech contents are transmitted from policy makers to voters. The third stage about the reception of speech contents is completely ignored. Yet, no overall understanding of the walk–talk relationship is possible without taking into account how speeches are received and ideas adopted.

In the context of manipulation and delusion, looking at the reception stage raises the issue of how a rational actor actually adopts doubtful ideas.¹ The literature on fiscal policy, for example, proposes several mechanisms that could be transposed to the reception stage of the discursive policy process. Among them, one may cite fiscal illusion, a mechanism by which voters misestimate the costs and the benefits of public spending and consequently support policies that they would not otherwise support. Rejecting the theory that ordinary thinking follows invalid rules – i.e., it is irrational – defended by many modern cognitive psychologists, the French sociologist Raymond Boudon sees three models explaining why ideas (true, doubtful, or plain false) settle in people’s mind. “Not only because of the intervention of the passions and interests, as Nietzsche, Freud, Marx, Pareto, and many others have insisted on, not only because we can be experts only on a limited number of questions, as Tocqueville stressed, but because we endorse our opinions in accordance with a ‘satisfying’ strategy. We tend to believe that ‘X is true’ as soon as we have found a system of reasons – each of which is acceptable – leading to the conclusion that ‘X is true’” (Boudon 1999: 159). Illustrating his “satisfying” theory with several “local ideologies” like the belief that taxes are deflationary or that they are inflationary, or the belief that globalization is a main cause of unemployment, Boudon concludes that “false collective ideas [...] are a normal phenomenon not a pathological one” (ibid.) and that they

¹ See the inspiring book by the French sociologist Raymond Boudon: (1994).

are eventually eroded not by criticism (competing ideas) but by the negative consequences they generate.

These considerations about the discursive process lead us to conclude that the construction of positive theories and hypotheses about the walk–talk relationship needs to be developed at each stage of the discursive process – production, transmission, and reception. Indeed, several decades of public policy research have taught us that theories and hypotheses may greatly differ from one stage of the policy process to another. The same may be true for the discursive process.

16.1.3 Empirical Conclusions

At the empirical level, the chapters of this book presented quite interesting empirical results some of which show a remarkable regularity. One such regularity is that politicians express a noted concern for fiscal and economic issues in their speeches. This is true of American presidents about whom Francesc Pujol found that they consistently expressed an attachment to fiscal discipline, stronger before 1930 and after 1990. This is also true of French prime ministers about whom Martial Foucault and Abel François found that they speak consistently more often about the economy and finance than about any other policy issues with the exception of Messmer (right-wing, 1972–1974) and Cresson (left-wing, 1991–1992). Louis Imbeau found the same regularity among provincial premiers in Canada who, on average, expressed more fiscal conservatism, i.e., they spoke more like their ministers of Finance than their ministers of Health or Education between 1971 and 2002. Étienne Charbonneau reached a similar conclusion about public servants in US state lottery: their annual reports mostly lean toward fiscal, as opposed to social, concerns.

Another regularity bears on the dissonance one finds in fiscal policy. The preferences expressed in inaugural addresses where governments expose their legislative plans do not correspond to budgetary measures or to fiscal outcomes. This is what Emma Galli, Veronica Grembi, and Fabio Padovano found in the Italian regions where no significant relationship exists between the left–right content of inaugural speeches and long-term regional budgets. Martial Foucault and Abel François show that, in France, there is no significant relationship between the priorities expressed in inaugural speeches and spending, except in the realm of agriculture and transport. The same thing happens in Canadian provinces where Louis Imbeau documented that fiscally conservative premiers actually deteriorated their budget balance more often than the fiscally liberal ones.

Ideological coherence is another regularity that one can observe in several chapters of this book. Emma Galli and her colleagues show that the left–right content of the inaugural addresses by regional governments in Italy is significantly related to the left–right distribution of the votes in the preceding election. Jean Crête and Nouhoun Diallo show that a similar ideological coherence exists between a party’s electoral platform and its inaugural speech once in power.

Other findings related to ideology are those reported by Jérôme Couture and Louis Imbeau who show that revenues are systematically underestimated in budget speeches when a conservative party is in power. Likewise, Jean-François Godbout and Bei Yu found that American liberal senators speak more than their conservative colleagues.

These regularities in empirical results may be viewed as a validity test of the methods used in analyzing speeches. Indeed, among the empirical chapters, we find quite a wide spectrum of speech analysis methods²: (1) quasi-fully-automated technique (Godbout and Yu), (2) semi-automated technique (Charbonneau, Galli et al., Imbeau), (3) dictionary technique (Foucault and François), (4) classical content analysis (Crête and Diallo, Pujol, Suerdem), (5) interpretative analysis (Josselin and Marciano). This classification may be conceived as an ordinal scale measuring the level of subjective decisions made by the analyst: there is potentially more subjectivity in interpretative analysis than in a quasi-fully-automated analysis. None of the authors tried to compare and evaluate various speech analysis techniques but taken together, these chapters show a level of empirical regularities among techniques. The fiscal and economic concern regularity was uncovered through a classical content analysis (Pujol), a dictionary technique (Foucault and François) and a semi-automated technique, the “Wordscores” technique (Imbeau, Charbonneau); the regularity on fiscal policy dissonance was documented using a dictionary technique (Foucault and François) and a semi-automated technique (Galli et al., Imbeau); the regularity in ideological coherence is the result of the application of a quasi-fully-automated technique (Godbout and Yu), a semi-automated technique (Galli et al.), and a classical content analysis (Crête and Diallo, Couture and Imbeau). These are tests of what Klaus Krippendorff called “predictive validity,” that is, “the degree to which anticipated observations occur in due time” (Krippendorff 2004: 319).

Having summarized the main conclusions of the volume chapters, we now return to the normative issue to propose three models of policy speech and action that may guide both normative and positive analyses.

16.2 Three Models of Policy Speech and Action

The normative chapters in the volume focus on the “walk the talk” theme. They ask whether policy actors should do what they say, and under what conditions not doing what they say is legitimate. The empirical studies in the volume focus on the slightly different question of “dissonance” (or consonance) between policy speech and action. As a result of the differences in scope between the “dissonance” and the “walk the talk” themes, the normative discussion in the volume appears self-contained; sometimes offering little help in guiding the

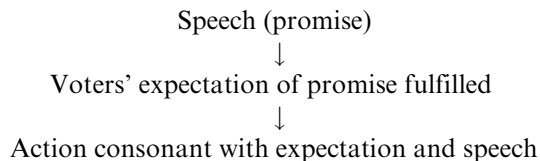
² Here we use the typology proposed by Jean Crête and Nouhoun Diallo in their chapter, to which we add a fifth type.

empirical discussion. Conversely, some empirical chapters in the volume do not speak to the normative chapters. In order to try to bridge the gap between the empirical and the normative chapters in the volume, we will resist asking one more time what the relationship between speech and action should or should not be, and ask instead how to square our thinking about “walk the talk” and “dissonance” with the message we get from the empirical studies in the volume. The conclusion that will emerge from this discussion is that empirical studies of consonance must not only investigate whether politicians do what they say; they must also consider whether what politicians say and do is consonant with what the public wants.

Our discussion of how we should think about dissonance and consonance processes is inspired by Jane Mansbridge’s (2003) typology of representation. Three forms of representation in Mansbridge’s typology are relevant to our discussion.³ In “promissory” representation, an elected representative acts in accordance with what he has promised in the last election. In “gyroscopic” (or self-propelled) representation, a representative acts in accordance with his own principles and values. Therefore, he is not accountable to his constituents in a strict sense. In “anticipatory” representation, a representative, recognizing that public opinion may change before the next election, tries to anticipate what will resonate with the voters at the next election.

Although the concepts of walk the talk and dissonance between speech and action differ from the concept of representation, they are clearly related by the fact that they both involve some expectations from voters. In one case, voters expect that their representative will work on their behalf in the legislature. In the other case, voters expect that a representative’s speech will be consonant with his action. Policy speech and action do occur in both representative and non-representative states, but the question of the dissonance between speech and action is more explicit in representative states because only the citizens of representative states regularly do something about dissonance – they vote unsatisfactory representatives out of office – hence our focus on electoral mechanisms in presenting our three models.

Mansbridge’s promissory representation model finds a straightforward application in the promissory model of policy speech and action. In this model, a representative undertakes an action in response to what voters expect of him based on his prior promise (speech). The promissory model is depicted below:



³ Mansbridge proposes a fourth type of representation by a representative with whom voters have no electoral relationship. She calls it “surrogate” representation. Surrogate representation has no obvious translation in a model of the relationship between policy speech and action.

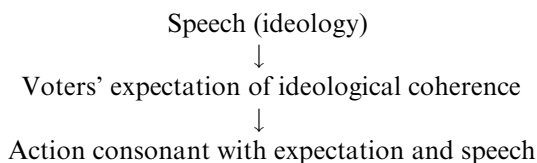
One desirable property of the promissory model – from the perspective of empirical research – is that it follows a well-defined sequence of causally related stages that can be easily operationalized. Voters have clear expectations that they signal to the representative through their vote. A representative can choose what he promises to his constituents. But once in the legislature, his hands are tied. He is entirely accountable to his constituents.

Clear voters' expectations give the promissory model its strong accountability flavour. Accountability is what most authors have in mind in the normative chapters of the volume, including Pétry and Collette's review of the literature about campaign pledge fulfillment. The concept of accountability is less present in the empirical chapters, although we encounter it in the chapters assessing whether budgetary choices fulfill the promises of inaugural speeches by Foucault and François in France, and by Galli and her collaborators in Italy.

The promissory model also assumes that voters' expectations are detailed and specific (based on a representative's promises that are themselves detailed and specific). But this is too demanding. Voters in the real world know very little about the details of a representative's campaign promises. At best they use cognitive shortcuts to estimate the ideological location of the representatives. In the real world of elections, voters evaluate a representative's speech based on its general tone (more precisely on its coverage by the media), and on its coherence with previous speeches by the representative or by leaders of his party, not on the specific promises it contains. In a context of generally low voter information, a representative's speech is meaningful to voters by virtue of what it says about the representative who makes it (or about the representative's party), not by virtue of the specific promises it contains. These problems are addressed in part in the "gyroscopic" model of policy speech and action.

In the gyroscopic model, policy speeches create voters' expectations that a representative (or his party) will act in a way that is broadly in line with his ideology or his values. The model no longer assumes that voters expect a representative to keep his promises. The representative acts as a self-propelled entity who can freely choose what to do in the legislature based not on the promise he made to his voters but on his own (or his party's) principles and values.

Whereas in the promissory model, the desirability of consonance between speech and action ensues from voters' expectation that the representative will keep his word, in the self-propelled or gyroscopic model, the desirability of consonance follows from the expectation created by electoral replacement. Having selected and placed in the legislature a representative whose ideology they approve, voters expect ideological coherence. The gyroscopic model can be depicted as follows:



The promissory consonance model works best in political systems in which voters can watch over their representatives and hold them accountable for their actions. The systems best suited for this are those with single-district elections and legislatures that give lots of power and influence to their individual members. The promissory model is probably a valid description of the relationship between representatives' speech and action in the United States. It is less valid in states with mixed or proportional representation elections and/or parliamentary systems with party discipline. In such states promissory consonance makes less sense because voters cannot hold representatives accountable through sanction, and representatives are forced to act according to the party line, not according to the wishes of their constituents.

The gyroscopic model applies not only to representatives acting on behalf of their constituents but also to political organizations acting on behalf of entire political systems, something that the promissory model does not do. Many empirical chapters in the volume are about speeches and actions by national political organizations (parties, ministers, and governments) not local representatives (see, for example, Crête and Diallo, and Pujol). These chapters correctly focus on consonance (or coherence) between speech and action rather than on accountability between a representative and his constituents.

The gyroscopic model does not contradict the promissory model as long as a representative's promises are consistent with his own (or his party's) ideology and values. A further avenue of research would consist in studying cases in which electoral promises by a representative (or by a party leader) are at variance with his (or his party's) principles and values and possibly correlating these occurrences with subsequent policy action (or inaction). This type of research would most certainly emphasize public deliberation, a process in which all points of view are considered and all participants enjoy equal respect (Habermas 1984). To make sure that his promises and subsequent actions coincide with his party's values, a representative needs to consult his constituents and deliberate with them at election time. This quote initially intended by Mansbridge for her gyroscopic model of representation applies just as well to the gyroscopic model of consonance between speech and action:

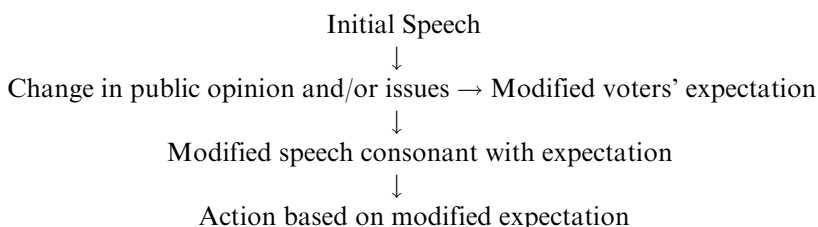
Good deliberation at [election time] would result in voters achieving both developed understandings of their own interests and accurate predictions of their chosen representative's future behaviors. Good deliberation requires that representatives not intentionally deceive the public as to their future behaviour. The voter's aim is to discern and select on the criterion of commonality of interests between the representative and the constituent (Mansbridge 2003: 522).

As an illustration of Mansbridge's point, Montpetit (2006) persuasively claims that Jean Charest's 2003 campaign promises to make deep tax cuts and to re-engineer the state-lacked legitimacy (and popular support) because they did not coincide with the long-held values of the Quebec Liberal Party and also because Jean Charest failed to consult and deliberate about them with the

citizens of the province before trying to implement them. This would explain in part the subsequent failure of the Liberal government to act on these promises.

Another problem with the promissory model (and with the gyroscopic model) is that voter expectations are rarely stable. Issues and public opinion change over time. When issues evolve and public opinion changes from one election to the next, keeping past campaign promises (or being faithful to a fixed set of principles and values) does not appear a very rational behavior for a representative. It is more rational for him to please future voters by zeroing in on where public opinion will be at the next election, not where it was at the last election.

The problem of changing voters' expectations can be solved in part by considering a third model of the relationship between speech and action. We call it the "anticipatory" model to paraphrase Mansbridge anticipatory model of representation. In the anticipatory model, a representative anticipates that the preference of voters will change before the next election, and translates this anticipation into modified speech and modified action. Then, two types of dissonance may occur, one between the initial speech and the modified action, the other between the modified speech and the modified action. The anticipatory consonance model is depicted as follows:



If public opinion and/or issues do not change between elections, then the anticipatory and promissory behaviors of the representative will be indistinguishable. The interesting research question here is: What happens when issues and public opinion do change? If public opinion does change, a representative may be caught in a contradiction between his desire to fulfill previous commitments (as the promissory model prescribes) and the necessity to modify his discourse and action to adapt to changing voters' expectations (as the anticipatory model prescribes). This type of contradiction is alluded to in several empirical chapters, including the ones by Couture and Imbeau and by Godbout and Yu, although these authors do not spell out in detail the implications thereof.

One way of solving the contradiction is for a representative to try and make his initial speech coincide with changing voters' expectations by correctly anticipating the type of modified discourse and action that will best resonate with changing public opinion. To succeed in this endeavor, a representative must use public deliberation, just like the representative in the gyroscopic

model. A politician who fails to allow deliberation to take place may underestimate where public opinion is going, as for example George W. Bush underestimated the change in American public opinion from support to opposition to the War in Iraq (Voeten 2006). A representative who allows deliberation to take place in the public space will be better able to estimate where public opinion is going and how to adapt his action to the future state of public opinion.

Public deliberation not only helps a representative better to adapt his action to changing public opinion, it also helps him in his effort to mobilize public opinion behind his preferred policies. In this sense, the failure of George W. Bush to deliberate with the American public about the war in Iraq was as much a failure to adapt to changing public opinion and a failure to identify the language and political communication techniques that would have ensured public opinion mobilization behind his chosen policy direction. As Stimson (1991: 9) has stated colourfully, “the politician who would influence the current of public opinion must swim in it.”

16.3 Concluding Remark: Is Dissonance Pathological?

In concluding this work, we feel like lingering over the normative orientation which seems to have guided most of the contributors to this volume.⁴ In seeking to answer the question: “Do they walk like they talk?,” they adopted the same normative position, postulating that a suitable behavior for policy-makers is to align their actions with their words, thus agreeing with an opinion largely shared by the citizenry who believes that decision makers should be truth tellers. Therefore, one of the lessons learned in this work is that policy-makers would be favorably viewed by researchers – and more broadly by citizens – if their actions were in harmony with their words and if their intentions were known by all.

Two values are foundational to this point of view: honesty and transparency. These two values have taken an increasingly important place in the operation of most public organizations in the last twenty years. They are so well anchored in the collective imagination that it is no longer necessary to defend their relevance in a context of public cynicism and mistrust toward government. According to this point of view, there is no place in a democracy for treason nor deception (Bok 1989), and it seems inconceivable to “concede that officials have, on occasion, the right to deceive” (Pasquarella and Killilea 2005: 261). But if we limit ourselves to studying the speeches of policymakers so as only to identify conformity with their actions, we run the risk of developing an incomplete vision of the contemporary political reality at the heart of which both untruthfulness and opacity find their justification. As a matter of fact, it is helpful to

⁴ The exceptions are Breton and Imbeau.

remember that neither transparency nor opacity can ever be complete.⁵ Countries that have adopted legislations in matters of access to governmental information have all defined exceptions concerning national security, public order, and respect for privacy, among others.

There are two important categories of justifications for untruthfulness in politics: the first is founded on the pursuing of individual interests and is by nature strategic, while the second is anchored in the pursuit of the general interest and is designed to be used in exceptional situations. It is therefore possible to envision moments when a policymaker's lying would be appropriate so as to preserve either personal interests or the general interest.

Since, as mentioned in the introduction to this volume, speech is a policy tool, it is rational that each actor uses the most efficient instruments available to achieve the desired outcome. Therefore, in a political system where many actors have the habit of lying, lies may become an important instrument to bring about equilibrium between actors. Untruthfulness is so widely spread that the person who believes that only honesty guides the actions of others quickly gets labeled an idealist (positive spin) or a gullible fool (negative spin). Since childhood, we have known that there are "white lies," lies that do no harm. Why should it be any different in politics? The policymaker who will not lie puts herself in a position of weakness with respect to her opponents. Professional sports offer us good examples of "normalized deviant" behaviors as an athlete may feel compelled to use drugs in order to win in a competition. At this point, it is all a question of dosage not to get caught. The policymaker needs to use deception if she wants to win the support of voters, but not to the point where she would lose her credibility. This is an application of the Machiavellian principle stating that the Prince should lie if the truth would make him lose power or cause him any disadvantage. Former French President Jacques Chirac modernized this principle when he stated that "promises only engage those who believe in them."

Moreover, in certain cases, truth can generate more negative consequences than those ensuing from a lie. In this case, untruthfulness can be justified to preserve the general interest, which is one of the objectives pursued by a majority of policymakers. Several authors developed a utilitarian concept of lie (Cliffe et al. 2000; Pasquarella and Killilea 2005). According to them, lying is a precious tool used to protect the general interest as it offers policymakers more room to manoeuvre. Sissela Bok emphasizes this idea arguing that certain lies are justifiable in times of crisis because they may be defended and justified when the situation is back to normal (1989: 178). On this topic, Maureen

⁵ Breton and his colleagues observed: "If we postulate the existence of a metric (t), varying between zero and one, along which we could measure the degree of transparency, t would never be equal to zero or to one. For example, if we define transparency as the availability of all data and information on a particular matter, the consequent information overload that will generally result means that it is possible to have full transparency on the supply side of the equation as it were and less, possibly much less, than full transparency on the demand side of the same equation" (Breton et al, 2007: 4).

Ramsay proposed a “just lie” theory according to which resorting to lying can be accepted and sometimes even required if: (1) it serves a just cause (e.g., national security, avoiding economic ruin, etc.); (2) the dangers it prevents are, for the most part, greater than those its use would entail; (3) no other alternative is foreseen to resolve the problem; and (4) the objective for which the lie is used has a reasonable probability of being reached. Under these conditions, lying, or the withholding of information, may provide better results than honesty and transparency. Even more so, a completely transparent policymaker would run the risk of generating indescribable chaos. Untruthfulness is sometimes justified.

These considerations suggest that, to be complete, an analysis of dissonance in policy processes must be open to evaluating cases where it is legitimate for policymakers not to walk like they talk.

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