

## **Democracy and Markets: Citizen Values in the Pacific Rim Region<sup>1</sup>**

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A democratization wave swept across the world in the 1990s (Huntington 1991; Vanhanen 1997), but its impact on the nations of East Asia was less extensive than in Eastern Europe and other parts of the world. Similarly, the development of market-based economies has occurred in varying degree across East Asia. In South Korea and Taiwan the earlier formation of a capitalist market economy and involvement in the international trade regime facilitated development of their democratic systems. China and Vietnam, in contrast, have recently introduced elements of a market economic system, but have resisted concomitant political reforms.

Our research focuses on a central question for the nations of East Asia: does the course of development in this region lean toward the strengthening of democracy and market economics—and what is the relationship between these two domains (Elster 1993). We ask whether the **popular and cultural foundations to support democratization and market economics** broadly exist within the region, and are values in one area related to those in the other. In some Pacific Rim nations, there are questions about whether cultural values are compatible with either political or economic reforms; although other nations seem to be moving forward even while sharing this cultural heritage. Moreover, increasing international interactions among nations in this region—through trade exchanges, participation in international forums, or direct citizen contacts—raise questions of whether internationalization and globalization forces are pressing nations to move in a common direction of modernization.

The evolution of political and economic reforms in East Asia will most immediately be based on the actions of political elites and the major political actors in these nations. At the same time, political culture theory maintains that longer-term development should be linked to popular orientations toward the political and economic systems. For instance, the development of a democratic political culture in postwar Japan was a major factor contributing to the long-term stability of Japanese democracy. Scholars also stress the role of citizen orientations in stimulating, and reinforcing, the democratization process in Korea (Shin 1997; 2001). Similarly, we believe that the development of a free market system in China, Vietnam, and other parts of East Asia will be at least partially dependent on the public accepting the principles and values of this economic system.

As part of an international study of human social and political values, a research group at UC Irvine participated in the 2000-02 World Values Survey (WVS). The WVS assesses the social and political values that might underlie the development of democracy and free market economies. This paper uses the 1995-98 and 2000-02 WVS to examine citizen orientations toward markets and democracy for several East Asian nations. As a reference point we compare these data to opinions in several established advanced industrial democracies that border on the Pacific Rim. Such comparative analyses should improve our understanding of citizen values in each nation and the prospects for economic and political change in the region.

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## Our Thematic Framework

Democratization and marketization have transformed the world in the last half of the 20<sup>th</sup> century. Where once democracy seemed like a small island in a sea of authoritarian states, with an uncertain future, it now is proclaimed as the inevitable endpoint of human political evolution (Fukuyama 1992). Similarly, the challenges to market-based economies, from both the left and the right, was a central theme in mid-20<sup>th</sup> century. Now, the spread of a global economic system based on the principles of capitalist, laissez faire market economics and enforced by WTO and the IMF seem destined to continue. The democratization and marketization transitions in Eastern Europe in 1989-91 underscored the apparent inevitability of these two trends.

The course of economic and political change in East Asia, however, has been an apparent counterpoint to these global trends. For a substantial period, the tigers of East Asia pursued a course of economic reform and modernization—while consciously resisting concomitant political reforms. The People’s Republic of China is a clear example of the attempt to disassociate these trends; as it moves forward on WTO membership, some might claim that it is moving backward on political reforms. Efforts at economic reform in Vietnam (*doi moi*) are similarly separated from reforms of the political system (Turley and Selden 1992).

In part, these differences reflect the unique historical trajectory of the nations of East Asia. Fitting them to the template of democratic transitions in Eastern Europe may be no more appropriate than applying the East European pattern to Latin America. In addition, there has been a persisting claim that “Asian values” lead to a different developmental pattern. The debate about Asian values asks whether Confucian traditions and the historical conditions of many East Asian nations are consistent with democratic principles (Auh 1997; Flanagan and Lee 2000; Thompson 2001). The respect for authority, deference, and seniority orientation of Confucian traditions seem in conflict with classic western models of a democratic political culture (Rozman 1991; Shin et al. 1997). Lucian Pye (1985) similarly argues that these social values produce an allegiance to authority that appears inconsistent with democratic norms. Fukuyama (1995a: 27) sees Confucian social orientations as undercutting the social capital and interpersonal trust that is widely linked to democratic politics. Perhaps the strongest statement comes from Yung-Myung Kim (1997:1125) who states that “Confucian ideas are antithetical to Anglo-American democracy”.<sup>1</sup>

At the same time, it is argued that many of these same cultural traits may be more compatible with the marketization of East Asian economies. Acceptance of authority is consistent with the capitalist economic model of the firm. Close family and community ties provide alternative models of economic financing and “corporate networking” in East Asia. Indeed, such closed networks among ethnic Chinese are often cited as a basis for the development of international trade within East Asia. Although the Confucian emphasis on consensus and harmony may be at odds with some elements of capitalist competition, these values are also displayed in the corporatism tendencies of several Western European economic systems. In short, there appears to be less tension between Confucian values and the marketization process in East Asia, which may explain why markets are being embraced even in nations without much democratization (as well as for the anticipated affluence).

While the contrast between democratization and marketization is central to the literature on East Asia, this dichotomy has been a recurring theme in social science more broadly. Charles Lindblom (1977) argued that there was a historic separation between these two social forces.<sup>2</sup> The course of European modernization was a battle between those who took contrasting positions on both dimensions, as represented in the following table:

	<b>Non-democratic</b>	<b>Democratic</b>
<b>Market Economy</b>	Market Authoritarians	Liberal Democrats
<b>State-managed Economy</b>	Social Authoritarians	Social Democrats

*Social Authoritarians* is a category that best fits the former communist regimes in the Soviet Union and Eastern Europe, and the communist regimes of East Asia prior to their recent market reforms. Zimmerman (2002) describes this orientation as ideological Leninists in the Soviet context, with strong commitments to state authority in both domains. The East Asian equivalent would be China under Mao or Vietnam prior to its *doi moi* reforms. Indeed, it is a model widely seen in less developed nations, and sometimes advocated as a course to government-directed development (e.g. Huntington and Nelson 1976). At the other end of both continua are *Liberal Democrats*, who endorse both a market-based capitalist system (perhaps with some government restrictions) and a democratic political order. This would be the dominant value system in the OECD nations, for example.

More interesting are the off-diagonal cases. *Social Democrats* represent the long European tradition of social democracy, such as represented in the Second International. Such orientations are identified with social democracy in Scandinavia or continental social democrats before their acceptance of market-based economies. The *Market Authoritarians* favor both a strong authoritarian state and a market-based economy. This orientation might be identified with Lee Kuan Yew's Singapore, Pinochet's Chile, or Deng Xiaoping's China.

In short, the theme of support for an authoritarian political system and a market-based economy is neither unique to East Asia, nor theoretically novel. The dialectic between political and economic systems has been an on-going theme in the modern age (Pennock 1979; Lindblom 1977). The factors defining positions on either dimension might be different in East Asia—and this is a theme we will examine later in this paper—but the theoretical framework can be broadly applied to developed and developing nations. Thus, this paper first attempts to position the nations of East Asia on these two dimensions based on analyses of the World Values Survey. Ironically, despite the widespread discussion of “Asian values,” there is surprisingly little empirical evidence on public opinions and values across the region. This is a void we will address. Then, we examine the individual-level factors that determine support for democratization and marketization in East Asia.

### The World Values Survey

This research is based on analyses of the World Values Surveys. The WVS was first conducted in 1981-83, headed by the European Values Study Group. Ronald Inglehart, Hans-Dieter Klingemann, and a consortium of national research teams coordinate the third wave of the WVS in 1995-98. This wave of the survey includes data from at least 43 nations with an extremely broad international scope. The 2000-2002 fourth wave of the WVS will include nearly 70 nations, representing approximately 80% of the world's population.<sup>3</sup>

We subsetting the Asian nations from the third and fourth wave of the WVS as the core of our database: this includes data from Japan, South Korea, the People's Republic of China, Taiwan, Vietnam, the Philippines, India and Indonesia. In addition, for comparison we will examine citizen attitudes in the established Pacific Rim democracies of Australia, New Zealand, Canada and the United States—to determine whether the patterns in East Asia are distinctive. This comparative approach should provide a context for better interpreting public sentiments in any single nation, and provide a valuable research tool for investigating the interaction of political/economic structures with public sentiments. Not all nations are included in both waves of the WVS, and the following table presents the surveys we use and the number of respondents in each survey. Additional surveys from the fourth wave are in the field or will be completed in 2002.

Wave	AUS	CAN	PRC	IND	INS	JPN	NZ	PHL	S.K.	TWN	USA	VN
1995	2048		1500	2040	--	1054	1201	1200	1249	1452	1542	--
2000	--	1931	1000	--	1004	1362	--	1200	--	--	1200	1000

## Measuring Attitudes Toward Democracy and Markets

The World Values Survey taps human values on a broad set of topics that are related to the theme of social and political modernization. This ranges from attitudes toward family, to job values and orientations toward the political process. From this survey we extracted measures of citizen attitudes toward democracy and a capitalist market system.

### *Democratic Values*

The World Values Survey contains a battery of items that measure support for democracy and belief in the functionality of democratic politics (Klingemann 1999). Prior research suggests that in the post-Cold War era, when democracy represents the dominant political model in the world, people in most nations express democratic aspirations. This applies to transitional democracies and even the two communist nations in our study, China and Vietnam (Dalton and Ong 2001). Therefore, we initially measure support for democracy by assessing democratic sentiments in the context of less democratic political forms.

Figure 1 presents the percent of the public giving what may be considered “pro-democratic” responses to four items included in the third and fourth wave of the WVS: 1) having strong leaders govern without democratic institutions is good, 2) a government by experts is good, 3) army rule is good, and 4) a democratic system is good. The pro-democratic responses are to disagree with the first three items, and agree with the fourth. In these first analyses of the East Asian surveys, we do not distinguish between the two waves of the World Values Survey but simply present all the data available for each nation as described in the previous section.

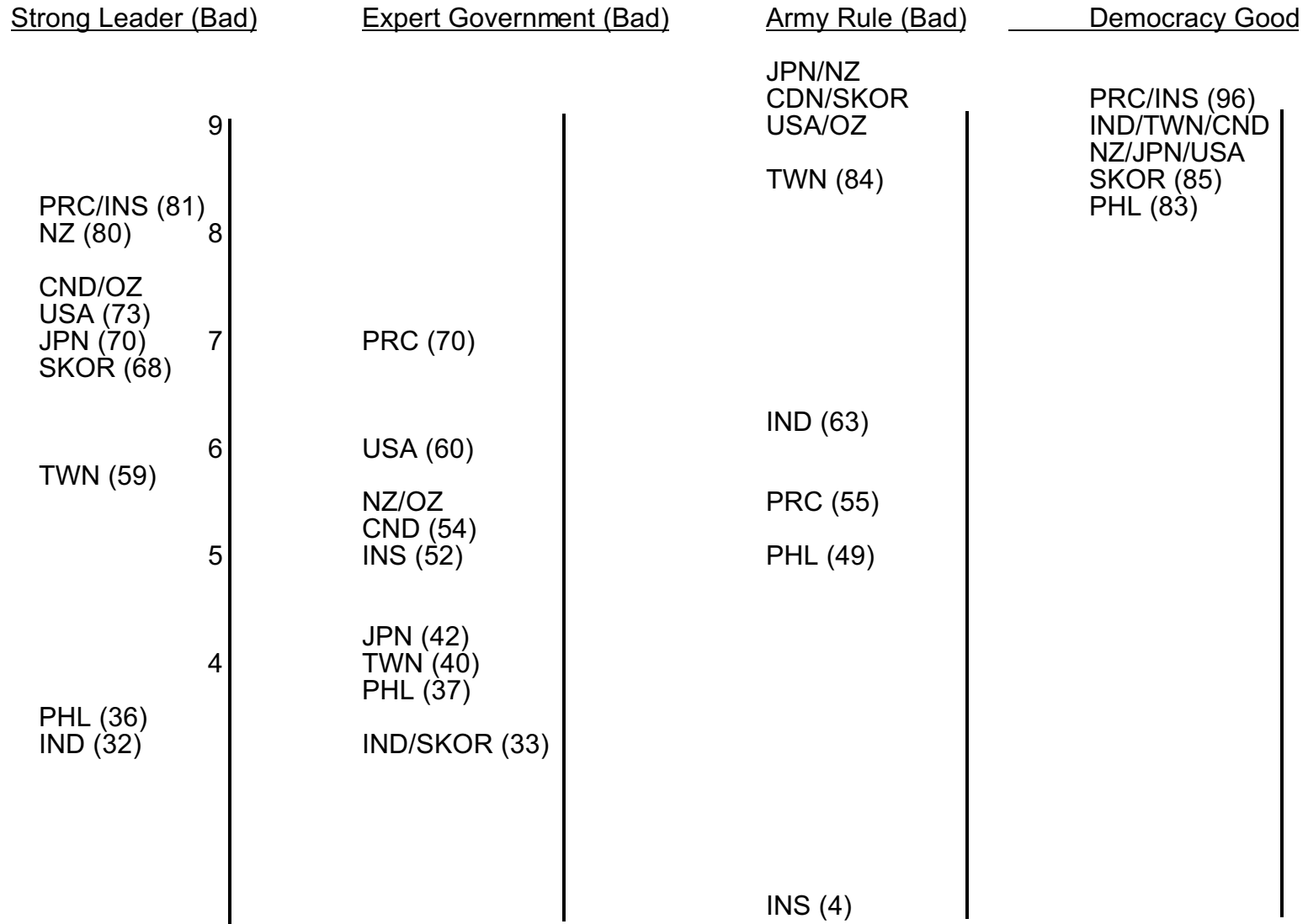
The cross-national pattern across the four items is varied. However, one finds that non-democratic governing principles tend to be more acceptable in nations that score lower on conventional measures of democratic development, such as the Freedom House scores or the Polity measures of democracy.<sup>4</sup> For instance, only half the Chinese, Indians and the Filipinos are critical of having the army rule. Military rule is strongly endorsed in Indonesia. Strong leaders outside the democratic process are more acceptable to the Taiwanese, Filipinos, and Indians.

At the same time, one is struck by the breadth of pro-democratic sentiments across this quite diverse set of nations. For instance, the last panel in Figure 1 demonstrates that expressed support for democracy is nearly universal: even in the People’s Republic of China (96%). Even on the other dimensions in Figure 1, it is typical that the majority of citizens in most East Asian nations give what is considered a “pro-democratic” response. Certainly we should question whether people in all of these nations understand the democratic process when they answer these questions, but their aspirations for democracy are evident.

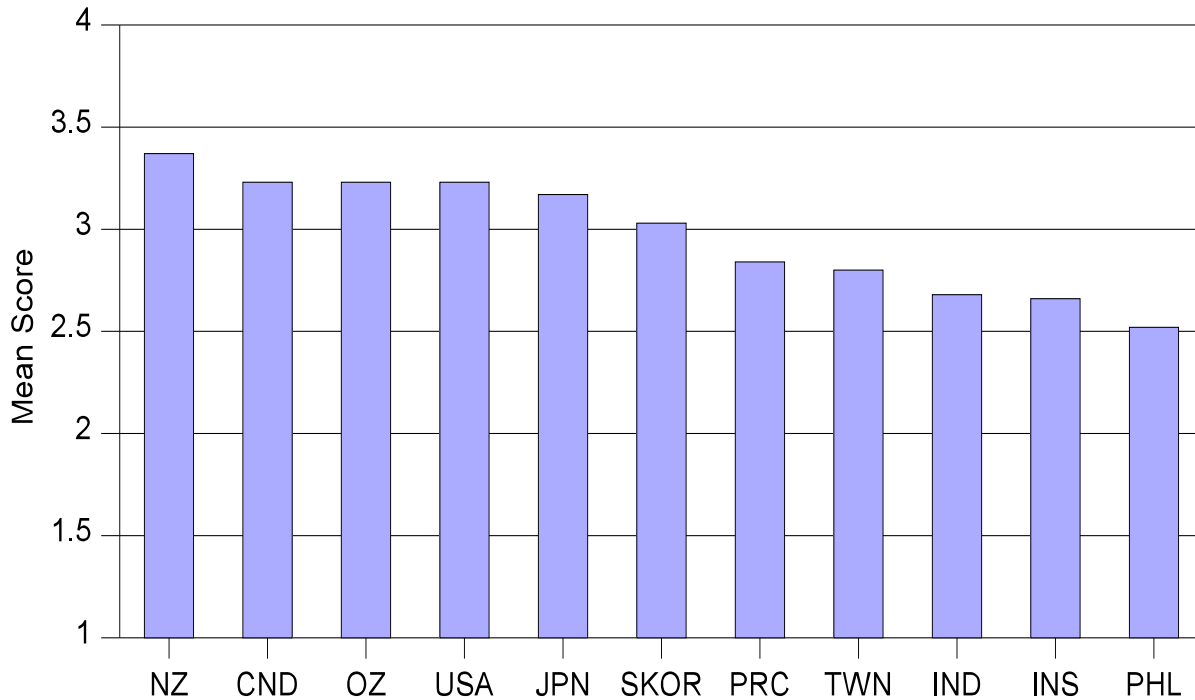
We verified that these four items form a common dimension.<sup>5</sup> Then, we simply summed together responses to the four items (reversing the polarity of the democracy item) to create a summary index of support for democratic principles. The national scores on this democracy measure are presented in Figure 2. A score of 4.0 on this scale is the highest level of pro-democratic sentiment, and a score of 1.0 is anti or non-democratic. In all eleven nations, the mean score tends toward the democratic end of the continuum. Pro-democratic sentiments are more common in the advanced industrial democracies (3.46) than in the other nations in the figure (2.75). As we would expect, citizens in New Zealand, Canada, Australia, the U.S. and Japan are more likely to favor a democratic structure over non-democratic governing principles. Prior research from the World Values Survey suggests that this index contrasting democratic versus authoritarian governing principles is a more robust measure of commitments to democratic rule (Klingemann 1999), and thus we will rely principally on this index in our analyses.

Another battery of questions in the survey focuses on democracy itself. Respondents were asked about a variety of features that might be attributed to a democratic system: the economy runs badly in a democracy, democracies are indecisive and have too much quibbling, and democracy encourages disorder. A fourth item tested the Churchillian principle that “democracy may have problems but it's better than any other form of government.” In order to avoid a positive response set, respondents had to disagree with the first three items to signify a positive sentiment toward democracy, and agree with the fourth item.<sup>6</sup>

**Figure 1. Orientations toward Political Systems by Nation**



Source: 1995-98, 2000-2001 World Values Surveys. Figure entries are percent giving pro-democratic responses on each item (V164 to V167).

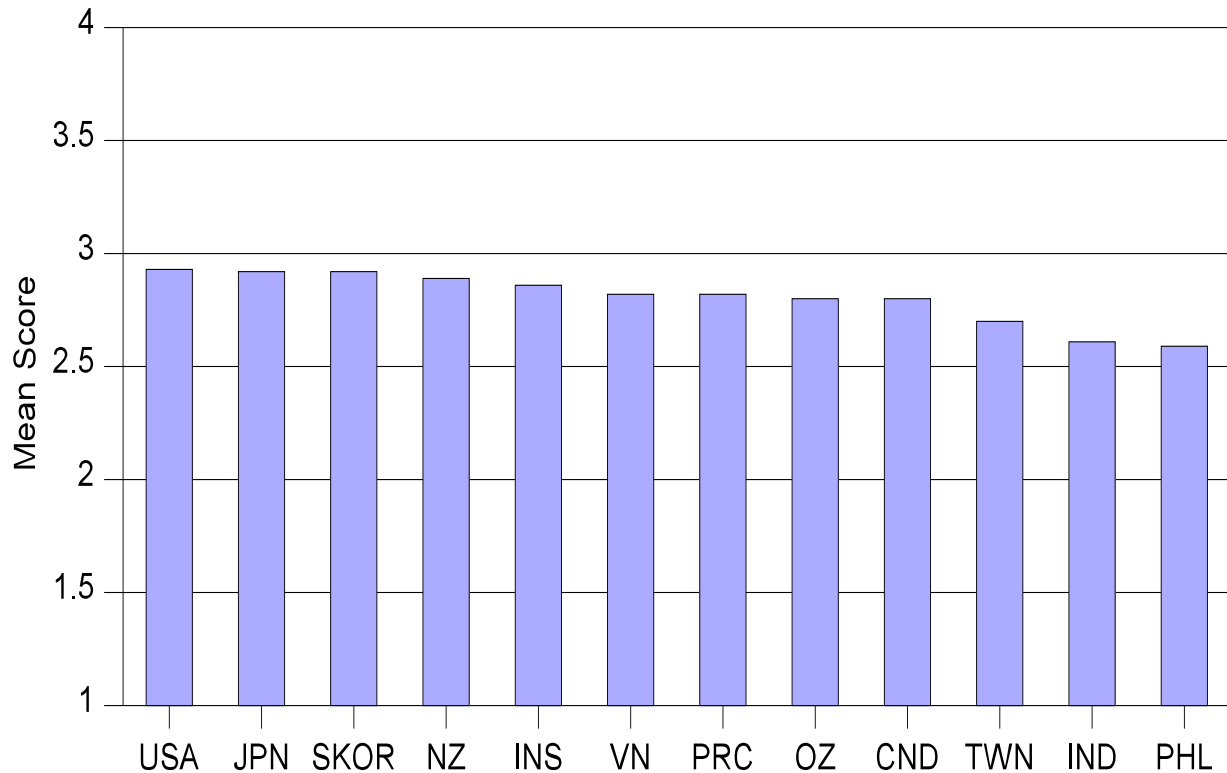
**Figure 2. Democracy vs Non-Democracy Scores by Nation**

Source: 1995-98, 2000-2001 World Values Surveys. Figure entries are mean scores on the index of the four democracy items in Figure 1 (v164-v167). The scale runs from 1) non-democratic to 4) pro-democratic.

The overall cross-national pattern is seen in Figure 3, which combines the four items into a single scale and presents national mean scores.<sup>7</sup> Democratic aspirations are remarkably high in several nations that lack a democratic government. For instance, support for democracy is relatively high in China and Vietnam, which are two non-democratic states in our study. At the low end of the scale, the least support for democracy is displayed in India and the Philippines, which both struggled to maintain or restore their democratic system in the mid-1990.

Given the collapse of communism in Eastern Europe and the rejection of authoritarian governments in other regions, the endorsement of democracy among publics in the Pacific Rim may not be surprising. When 90% of the Chinese, and 73% of the Vietnamese say that democracy is the best form of government, this suggests that democracy is now seen as a basic human value. Still, one must be cautious in interpreting these findings. In many of these national contexts, the average citizen is unlikely to understand the full benefits and limitations of the democratic and market systems. It is not realistic to think that when Vietnamese express support for democracy that carries the same meaning as when citizens are surveyed in established, advanced industrial democracies. Indeed, surveys from Eastern Europe in the early 1990s detected similarly positive sentiments toward democracy, but mixed evidence on what democracy really required of elites and the citizenry (Rohrschneider 1999; Rose, Haerpfer and Mishler 2000).

Although caution is warranted, the patterns in the WVS have been verified by other comparative opinion surveys. For instance, Chu and Chang (2001) find that democratic values of political equality, elite accountability, and pluralism are the modal opinions in Hong Kong and Taiwan, and even in the PRC democratic norms are surprisingly common. Tianjin Shi (2000) similarly describes relatively high levels of support for democratic values in China (also see Nathan and Shi 1999). Thus in East Asia, support for democracy may be more indicative of how widespread democratic aspirations have become, even though full meaning of democracy is limited. And these aspirations are meaningful in gauging the political culture of the region and the fact that most individuals espouse support for democracy over alternative political forms.

**FIGURE 3 Support for Democracy Index by Nation**

Source: 1995-98, 2000-2001 World Values Surveys. Figure entries are mean scores on the index combining the four democracy items: 1) non-democratic to 4) pro-democratic (v169-v172).

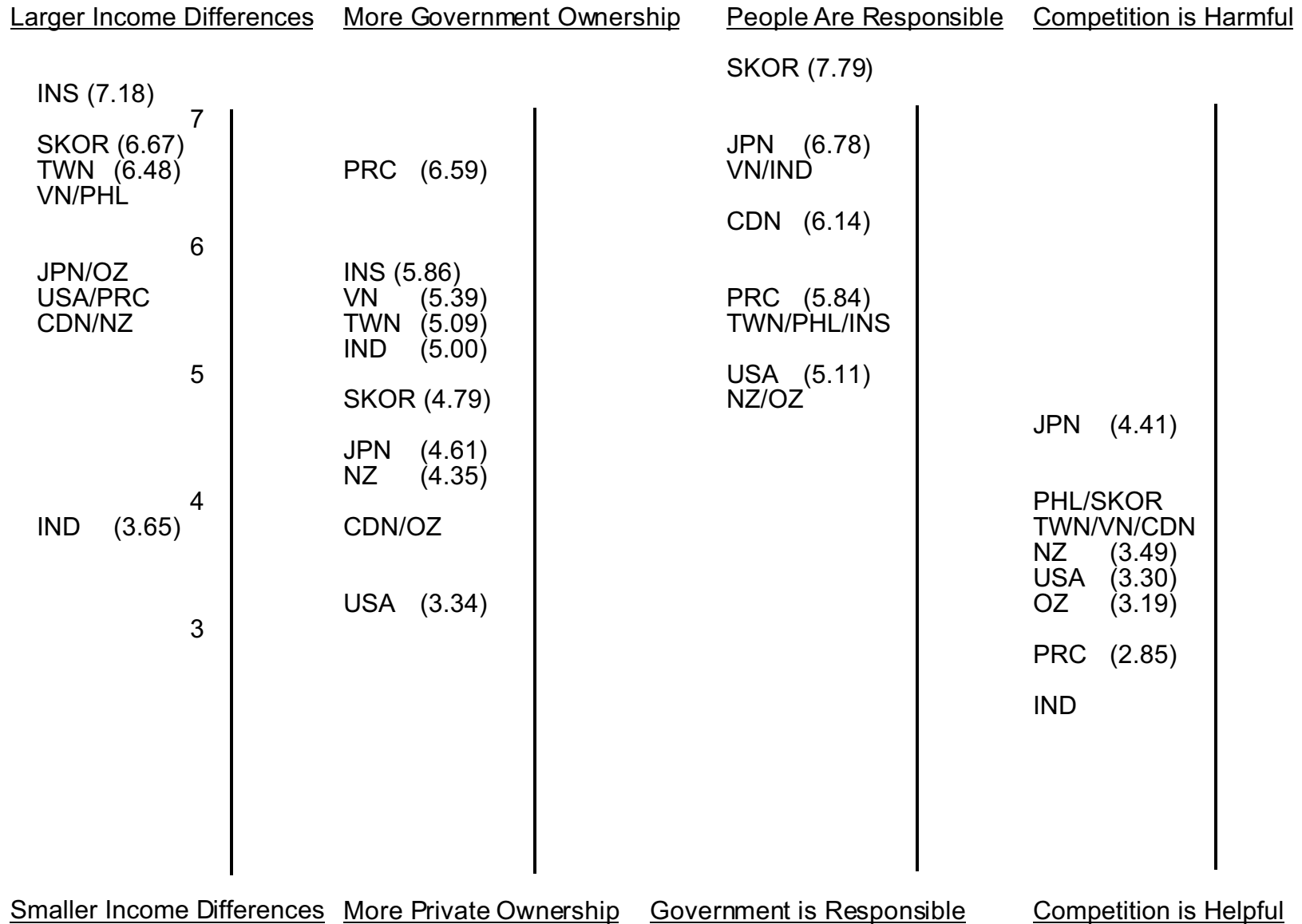
### *Market-economy Values*

Our second theme concerns public attitudes toward the development of an open, market economy. Most of the nations in our Pacific Rim comparisons have functioning market economies. Moreover, during the past two decades China initiated various economic reforms to introduce elements of economic competition into its formally state-directed economy, and Vietnam began its economic changes with the *doi moi* reforms of the last decade.<sup>8</sup> China's new membership in WTO and the increasing economic interactions among nations within the region are likely to maintain the pressures for economic reform. There has also been an erosion of barriers against market competition in India, especially in the technology sector.

At the same time, there are increasing questions about public support for such developments from citizens who are experiencing economic strains in these transitional economies. The heightened rhetoric and protests against the forces of "globalization" illustrate continuing opposition to the competitive forces of market economies. Many citizens of the more established capitalist economies also are expressing new economic doubts in reaction to the strains prompted by globalization and new forms of economic competition. People are concerned about the economic exploitation that might occur under the guise of globalization. The World Values Survey provides a unique opportunity to examine attitudes toward the structure of the economic system and attitudes toward a market economy across the nations of the Pacific Rim.

A battery of questions probe into the values that underlie a market-oriented economy. For example, the trade-off between equal vs. unequal income differences as an incentive for individual effort; or the belief that economic competition is a positive trait. These items are presented in Figure 4 (next page). The second item in the figure measures citizen preferences for government

**Figure 4. Support for Market Economics by Nation**



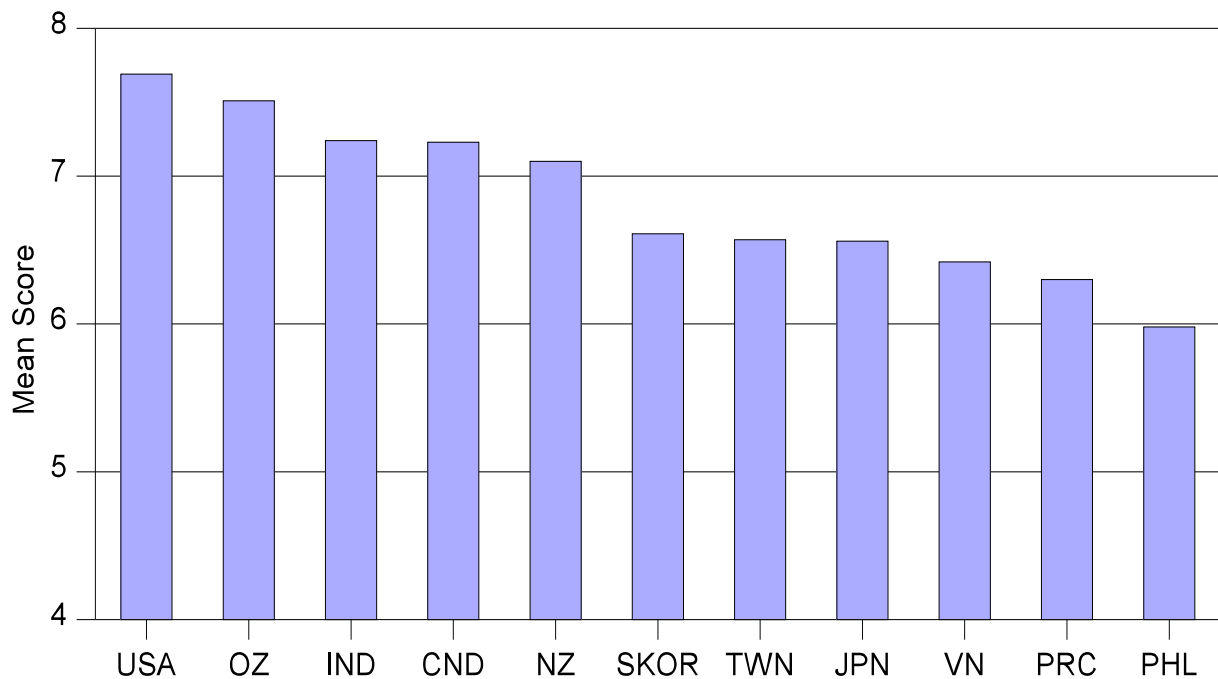
Source: 1995-98, 2000-2001 World Values Surveys. Figure entries are mean scores on 10 point scales.



versus private ownership of the economy. Presented with this simple dichotomy, people in every nation except China and Indonesia lean toward private ownership.<sup>9</sup> Even in Vietnam, 81 percent of the public are on the private ownership side of the continuum. In addition, the fourth item in the figure indicates broad acceptance of the view that competition is good because it encourages people to work hard and it stimulates new ideas. Correlational analyses suggest that the second and fourth questions tap a common sentiment toward the principles of a market economy. The other two items in Figure 4 seem to tap support for welfare state principles—a dimension separate from marketization.<sup>10</sup>

We combined the support for private ownership and acceptance of competition to create an index of attitudes toward capitalist markets (Figure 4).<sup>11</sup> In broad terms, the pattern is quite similar to the democratic orientations index in Figure 2. The advanced industrial nations are significantly more positive toward market principles (mean=7.2) than citizens in the other nations (mean=6.7). The notable exception to this pattern is India, which scores relatively highly on the market index; and the Japanese who favor private ownership, but are more hesitant about competition. In part, these patterns may reflect the existing economic structures. In addition, however, more extensive cross-national comparisons by Inglehart (1997; 2000) suggest that support for government management of the economy drops off sharply with economic development. In other words, as economies strength, the rationale for government direction or pump-priming lessens, and people come to believe that the economy will function better independent of the government.

**Figure 5. Market Economy Index by Nation**



Source: 1995-98, 2000-2001 World Values Surveys. Figure entries are mean scores on the index combining the private ownership and competition questions: 1) government and competition bad, to 10) private ownership and competition good. Indonesia did not ask the competition variable so it is not included in this figure.

Although we have discussed each of these attitudes separately--democracy and markets--the ultimate value of the research derives from analyses of the interrelationship between these elements. We combined the democracy scale (Figure 2) and the market economy scale (Figure 5) to create the Lindbloom typology for each survey. At the national level, the pattern of support for democracy and markets generally reflects a predictable OECD/non-OECD pattern (Table 1). Among the advanced industrial democracies, there is broad support for Liberal Democratic principles--democracy and markets. Although even in these nations one finds trace support for a Market Authoritarian position (12% in the U.S., 13% in Canada, and 14% in Australia). It is also striking that Social Authoritarianism garners barely any support across this range of nations. The principles of Marxist-Leninism were once championed as the wave of the future; that wave has ebbed to a new lowtide mark. Market Authoritarianism is significantly higher in some of the developing nations in East Asia. These sentiments are especially common in India and the Philippines in response to concurrent socio-political conditions, not in nations with strong Confucian traditions. Indeed, the MA orientations are significantly lower among South Koreans, mainland Chinese and Taiwanese, and if comparable measures were available for the Vietnamese they would likely fall into this same range.

**Table 1. Distribution of Lindbloom Typology by Nation**

	NZ	USA	JPN	OZ	CND	SKOR	PRC	TWN	IND	PHL
Liberal Democrat	78	77	76	76	74	67	67	57	48	27
Social Democrat	14	7	12	7	10	16	12	13	6	12
Market Authoritarian	7	12	9	14	13	14	17	22	41	41
Social Authoritarian	2	4	3	3	3	4	4	8	5	20
Total	101	100	100	100	100	101	100	100	100	100

Source: 1995-98 and 2000-2002 World Values Surveys. The table presents the combination of support for democracy in Figure 2 with support for a market based economy in Figure 5.

At the individual level, however, there is considerable separation between these sentiments. Combining all the nations in our survey, the individual-level correlation between the democracy and market indices is only  $r=.19$ . Within the developing nations in the study, the correlation is even weaker ( $r=.17$ ). Thus, these are relatively distinct attitudes in the minds of many citizens, and in the following section we examine the forces that affect opinions on each dimension.

### Predicting Support for Democracy and Markets

The meaning of cross-national levels of support for democracy and markets is partially dependent on what factors generate these opinions. Therefore, this section examines three major theories that researchers have postulated as sources for citizen orientations toward democracy and markets: a) social modernization, b) social capital, and c) authority relations. Identifying the role of each theory in shaping these two attitudes suggests whether these are ingrained parts of the political culture or short-term reactions to the democratization and marketization waves of the 1990s. The correlates of these two attitudes also will provide us with insights into the prospects for further political and economic change in the region.

#### *Social Modernization*

With technological advancement, political regime transitions, and economic globalization, much of the world has been changing rapidly in the last several decades. As the world modernizes, this should affect citizen values. This is true in both the developed and the developing worlds. In

developing nations, however, these forces of social modernization are often seen as prerequisites for citizen support of the democratic process and “modern” attitudes (Lerner 1958; Inkeles and Smith 1974). With modernization and rising socio-economic standards presumably comes a broadening of world views, a tolerance for diversity, and a more sophisticated understanding of politics and society. Thus from Martin Lipset’s early study of *Political Man* to current studies of democratic development, researchers posit a strong relationship between socio-economic conditions and support for democracy.

Recent research in democratization nations seems to validate this proposition. In the newly democratized states of Eastern Europe, support for democracy correlates positively with education, socioeconomic status, and city size (Zimmerman 2002; Rohrschneider 1999; Dalton 1994; Rose, Haerper, and Mishler 2000). Education also predicts support for democracy in Taiwan, Hong Kong, and China (Chu and Chang 2001). Doh Shin (1999) similarly demonstrates a strong relationship between education and support for democratic values in Korea.

The research literature is less clear on the relationship between social modernization and marketization. Perhaps the clearest evidence comes from Ronald Inglehart’s analyses of earlier WVS data (1990: ch. 8). He finds that support for a large government role in the economy diminishes with national affluence. Inglehart suggests that government intervention is seen as a necessary stimulant to economic growth in a developing nation, but as the economy begins to prosper the public shifts toward a preference for market forces.<sup>12</sup> Research on transitional economies suggests that individuals of higher social status are more likely to favor the market (e.g., Zimmerman 2002; Duch 1993) but this evidence is less direct than for democratic values.

The modernization thesis thus leads us to several variables that may affect support for democracy and markets. We expect that higher status individuals will be more supportive of democracy and markets, and measure social status by education and income. In addition, another byproduct of modernization is the often the urbanization of society, where traditional agrarian lifestyles and values come in conflict with more cosmopolitan orientations.

We use the World Values Survey to examine the influence of social modernization across Pacific Rim nations. The advanced industrial democracies (U.S., Canada, Japan, New Zealand and Australia) serve as the baseline for relationships between modernization variables and democracy/markets within societies that are “developed” and openly embrace both systems. We can compare these advanced industrial democracies to the developing, non-communist nations in East Asia. Finally, we can assess whether similar patterns appear in nations that still support communist/socialist principles, such as China and Vietnam.

The first panel of Table 2 presents the correlations of the social modernization variables with democratic attitudes. Consistent with modernization theory, education and income are positively related to pro-democracy attitudes in all five advanced industrial democracies; often the magnitude of these correlations is substantial. The average education correlation, for instance, is .18. There is, however, less evidence that urbanization systematically affects democratic values.

In the developing countries, however, education is much more weakly related to democratic values. The average correlation is .08. Moreover, the strongest relationships are in South Korea and Taiwan, two nations that have made significant progress toward developing a democratic citizenry. Income is also weakly related to support for democracy; in India this relationship runs in the opposite direction of that suggested by development theory, and in the Philippines there is no relationship. This is an intriguing finding because it suggests that higher-income earners are more conservative and authoritarian in these two nations. They may have less of an incentive to develop positive attitude toward democracy because they fear of threats to the status quo. The Philippines, for instance, have been ruled by cronyism for decades, and the richest capitalists in the nation controlled the country’s politics for their benefit. Only in 1986 was the People’s Power movement able to gain democracy for the Philippines. So the poor and middle-income have more reasons for supporting democracy than the rich. Urbanization is essentially unrelated to support for democracy.

Finally, the social modernization variables are essentially unrelated to democratic attitudes in China and Vietnam. While there is a weak tendency for the better educated to be more favorable toward democracy, the differences are very small. In these two nations, the average education correlation is only .05. Income is also essentially unrelated to democratic attitudes in both nations.

**Table 2. The Correlates of Support for Democracy**

	USA	CND	JPN	OZ	NZ	AVG	SKOR	TWN	IND	PHL	INS	AVG	PRC	VN	AVG
<b>Social Modernization</b>															
Education (highest level)	.21	.21	.10	.27	.12	.18	.10	.14	.01	.13	.01	.08	.07	.03	.05
Education (age finished)	.10	.16	.09	.17	–	.14	–	–	.02	.08	.01	.04	.07	.02	.05
Income	.19	.20	.07	.13	.05	.11	.07	.12	-.02	.00	.00	.04	-.02	.06	.02
Urbanization	-.03	.02	-.05	.06	.03	.00	–	.10	-.07	.11	-.02	.04	–	-.20	-.10
<b>Social Capital</b>															
Interpersonal trust	.13	.18	.07	.20	.13	.14	.02	.07	.14	-.06	.06	.04	–	-.02	-.02
Group membership	.08	.13	.00	.11	-.03	.06	-.02	.02	.00	-.04	–	-.01	-.04	.01	-.02
<b>Authority Patterns</b>															
Respect parents	-.10	-.15	-.03	-.14	-.13	-.11	.00	-.09	.12	.07	-.01	.05	-.07	-.04	-.06
Children obey	-.10	-.10	-.02	-.13	–	-.08	-.06	-.06	.00	-.02	.01	-.05	–	-.03	-.03
Respect authority	-.02	-.05	-.19	-.12	-.09	-.12	-.14	-.11	-.10	-.03	-.05	-.09	-.08	.23	.07

Source: 1995-98 and 2000-2002 World Values Surveys. The table presents the Pearson  $r$  correlation between each variable and the support for democracy index (Figure 2). For Vietnam we use the alternative index of democratic values (Figure 3).

These findings yield an important lesson about the potential impact of social modernization, and how it interacts with the norms of a regime. The strongest evidence of modernization effects occurs in the advanced industrial democracies, where the better educated are substantially more likely to embrace the norms of the democratic political system. That is, the relationship is strongest where regime norms overlap with the putative effects of social modernization. In transitional nations, such as Taiwan and South Korea, where society is rapidly modernizing and the norms of the regime now stress democracy, we also see a strong tendency for the affluent and better educated to be more supportive of democracy. But the real test of the modernization thesis is whether these factors are influential in less hospitable settings where democracy is still developing (or less). One might hope that in nations like India and the Philippines, upper social status individuals are exposed to the broadening effects of education and international norms of democracy and thereby become advocates for democratic reform. But the social elite are not strong advocates of democracy in these nations. Moreover, in China and Vietnam the regime norms conflict with democratic norms—access to higher education and social status often comes at the price of allegiance to the regime. Thus we again fail to find evidence that social modernization is spurring elites to favor democratization in the nations where democracy remains underdeveloped.

Table 3 repeats these analyses focusing on support for markets as the dependent variable. In general, individuals of higher social status are more supportive of market-based economies across the nations in our study. This applies to our two measures of education and the one measure of income. What differs in this case is the cross-national pattern in these relationships. Education is only weakly related to support for market economics within the advanced industrial democracies, and in Australia and New Zealand the relationship is actually reversed (presumably because a left-oriented middle class is critical of market economics). Among developing nations, social status has a much stronger impact. The better educated and more affluent are significantly stronger supporters of market economics in Korea and Taiwan; indeed, these same groups have been the backbone of economic modernization in these two nations. Upper status groups in India and the Philippines are also adherents of the markets—as well as the upper social status Chinese. The average correlation with education is substantially stronger in the developing nations ( $r = .10$ ) than in the advanced industrial democracies ( $r = .03$ ).

The influence of urbanization also varies across nations. In the advanced industrial democracies, the more urban residents are more likely to favor a larger government role in the economy. We attribute this not to opposition to market economics, but to support for a social democratic image of the government's role in the economy and society among inner city residents. The pattern in developing nations is more varied. In some nations, such as China, India and Taiwan, support for market economics is greater among the rural populations. This may be due to the success of agrarian market reforms where they have been introduced, though recent experiences are less positive, or to the benefits that urban populations gained from the planned economy (Bernstein and Lü 2003). But across most nations, urbanization generally has only a weak correlation with market orientations.

In summary, it appears that the better educated and more affluent citizens are more likely to support market economics than are their average countrymen. This applies especially in developing nations where the better educated and more affluent citizens may be the immediate benefactors of economic growth. In this case, marketization is reinforced by the values of the upper social strata.

### *Social Capital*

Besides forces of social modernization, social capital has been hypothesized to play an instrumental role in the maintenance of a healthy democracy and well-functioning market economy (Putnam 1993; Rueschemeyer, Rueschemeyer and Wittrock 1998). At one level, social capital is operationalized as membership in formal associations. The guarantee of social capital within a healthy democracy is civic participation through memberships in associations. These activities beyond the boundary of the private sphere and the family, nurture community bonding and enhance

**Table 3. The Correlates of Support for Market Economics**

	USA	CND	JPN	OZ	NZ	AVG	SKOR	TWN	IND	PHL	INS	AVG	PRC	VN	AVG
<b>Social Modernization</b>															
Education (highest level)	.13	.02	.08	-.03	-.06	.03	.19	.17	.09	.02	.00	.10	.16	.03	.10
Education (age finished)	.06	.00	.09	-.04	–	.04	–	–	.07	.06	.01	.05	.12	.04	.08
Income	.15	.13	.08	.02	.08	.09	.14	.15	.11	-.06	-.03	.04	.17	-.04	.07
Urbanization	-.05	-.07	-.02	-.03	-.02	-.04	–	.09	.02	.02	-.02	.04	.11	-.04	.04
<b>Social Capital</b>															
Interpersonal trust	.03	.06*	.04	.02	.04	.04	.03	.05*	-.13*	-.02	.02	-.03	.10*	.05	.08
Group membership	-.06*	-.03	-.01	-.04	.05	.04	-.05	-.09*	-.08*	.00	–	.05	-.01	.04	.03
<b>Authority Patterns</b>															
Respect parents	-.01	.02	-.06	.04	–	.00	-.01	-.04	-.01	.06	-.06	-.01	-.02	.04	.01
Children obey	.00	.00	-.02	.02	–	.00	-.02	-.19	.08	.03	.04	-.02	-.09	.00	-.05
Respect authority	.10	.06	.01	.11	.05	.07	-.05	-.02	.01	-.02	.05	.00	-.05	.06	.00

Source: 1995-98 and 2000-2002 World Values Surveys. The table presents the Pearson r correlation between each variable and the support for market economy values (Figure 5). Indonesia only asked the question on government ownership, so that is used in these analyses.

the feeling of belonging in a community, which in turn helps strengthen the community itself. A person with membership in an association often derives social benefits from the association because the person is a part of the community. The feeling of belonging in a community gives the person an identity with the community. It increases the person's likelihood to participate in community activities and, more importantly, to carry out civic duties. When people feel they are responsible for the community, they become part of it, and democracy can be sustained.

At another level, social capital is defined as interpersonal trust. In his analysis of regional governments of Italy, Putnam found that personal trust in others correlates with higher degree of pluralistic and participatory democracy (Putnam 1993). Trust helps to sustain cooperation, the tenet on which a democratic culture is built. Without trust in one another, the people within a community will not bond together. A community life, as important as it is to democracy, needs to have commitment from people in that community. People must not feel alienated so that they will participate in political activities. Hence, the degree of interpersonal trust informs in part the degree of democratic culture within a community.

Moreover, trust is extremely important in a market economy (Fukuyama 1995a). Trust helps oil the wheel of the market and lessens its friction. In a centralized economy, everything is dictated from above, so people do not have to trust one another to do business because the state is behind all transactions. Whereas in a market economy, there are fewer state-controlled apparatus, and people must trust one another's commitment to a business transaction. Or else the transaction costs will rise. The relationship between the market economy and associational membership is less clear. However, the fact that a person belongs to some associations contributes to the person's stock of social capital of which trust plays an important part. In free countries, associational memberships are mostly voluntary, so the more people are willing to participate, the higher the level of collective social capital the society possesses.

To measure social capital, the WVS questionnaire includes a question asking people whether respondents find others to be trustworthy or not. This is the standard personal trust question that Putnam and others have used in previous research. We expect that trust correlates with support for democracy. Indeed, the second panel in Table 2 shows that in all advanced industrial societies, people who express trust in others are also supportive of democracy (the average correlation is .14). The relationship between trust and support for democracy is much smaller in the LCD democratic societies (average  $r$  is .07). A closer look at these later countries reveal that, while support for democracy and interpersonal trust are significantly correlated in India and the Philippines, no such relationship can be found in Taiwan and South Korea, the two countries rooted in Confucian traditions. Similarly, there is no relationship between trust and people's support for democracy in China and Vietnam, the two non-democratic countries which are also rooted in Confucian traditions.

If trust correlates with support for democracy, then democratic societies foster the right environment for people to develop trust in one another. In contrast, less trust can be expected from participation in non-democratic political settings, where the authorities (or one's neighbors) are watching one's actions. As the results suggest, there seems to be no clear relationship between trust and support for democracy in two Asian countries that have had democracy at least for the past decade. Thus trust seems to have a beneficial impact on strengthening democratic commitments when the system is already democratic, but its impact is limited in non-democratic settings.

These speculations lead us to examine the relationship between interpersonal trust and attitude toward the market (Table 3). We expect that people who support the market would tend to trust one another in the advanced industrial countries where markets have been vibrant for a long time. The correlations, nonetheless, are non-existent for all cases except Canada. On the other hand, perception that people are trustworthy weakly correlates with pro-market attitude in India, yet the reverse relationship is found in China and Taiwan. Again, the grouping of countries seems to be culture-based, but there is no firm explanation for this trend. It does speak to the problematic assertion that trust is linked to support for the market system. Maybe the functional market is not related to people's positive attitude toward it, or, perhaps, people's trust really has not much to do with how well the market functions.

We also hypothesized that associational membership should stimulate pro-democracy and pro-market attitudes. The relationship between group membership and pro-market attitude holds true in two less developed nations with market economies: Taiwan and India. The same relationship is found in only one advanced industrial economy, the U.S. Similarly, no countries, except Australia, foster a positive relationship between the number of organizational memberships and a person's pro-democracy attitude. For the Philippines, the relationship is actually reversed. Perhaps, social capital as measured by associations may not be appropriate in less- or non-democratic countries. People in these countries may be limited in which organizations they may join or be forced to join some state-sponsored associations; thus their memberships may not translate to social capital because the memberships are not voluntary. This is consistent with the findings of Rueschenmeyer et al. (1998), who found stronger positive social capital effects in Western Europe than in the emerging democracies and markets of Eastern Europe. They attributed this to the different content of associational life in both regions. If social capital is indeed necessary for building individual support of democracy and the free market, the creation of a democratic civil society may be necessary to develop the type of associations that are conducive to this type of social capital.

### *Authority Relations*

Political culture theory argues that the style of political relations in a nation often reflects the authority relations that exist in the society. Almond and Verba (1963), for example, linked the development of a democratic civic culture to authority relations in the family and schools. Similarly, Harry Eckstein's (1966; 1992) studies of democracy argued that democratic institutions are more likely to flourish in a society that encourages citizen engagement in everyday life.

In principle, the same logic underlies the debate on "Asian values" and the question of whether the authority relations in East Asian nations are consistent with democratic norms and behavior. In a prior paper we demonstrated high levels of respect for parental authority, and hierarchic and paternalistic authority patterns more generally, across the WVS nations in East Asia (Dalton et al. 2002). Lucian Pye (1985), among others, suggests that such orientations toward parental duty and the importance of family may promote a view that social relationships also should follow hierarchic authority patterns. Flanagan and Lee (2000) also suggest that authoritarian values in Japan and Korea are negatively related to democratic orientations (although they analyzed early waves of the WVS that did not include democratic values). Thus, our question is whether authority orientations are directly linked to support for democratic politics over non-democratic alternatives.

Much of the discussion of Asian values has focused on the link between societal authority structures and democracy, but there are also potential links to marketization attitudes. Part of Lee Kuan Yew's premise about social modernization in Singapore held that Asian orientations toward authority and hierarchy may facilitate the development of modern economic structures that emphasize hierarchy and order, while these same orientations would be less consistent with democratic politics. Efforts to pursue economic development in Korea, Taiwan, China and Vietnam, prior to democratic reforms, is another indicator of the acceptance of this premise.

We began our analyses with several indicators of attitudes toward authority in everyday life: respect for parents, belief that child rearing should emphasize obedience, and overall respect for authority. The lower panel in Table 2 examines the relationship between these attitudes and support for democracy. In the advanced industrial democracies there is a significant relationship between authority patterns and democratic values. For instance, those who say that parents should always be respected are less likely to endorse democracy over authoritarian political structures; those who say that respect should be earned score higher on the democracy scale (average  $r = -.11$ ). The same pattern applies to the two other respect for authority measures in the advanced industrial democracies.

This pattern, however, does not carry over to the developing or communist nations in our study. Attitudes toward authority are not consistently related to democratic orientations in the developing nations. Some nations display a positive relationship and some a negative relationship,



and the overall average is close to a null relationship. The lack of a systematic correlation is also apparent in the two communist nations.

The lack of a relationship is a significant finding because it contradicts the widely claimed—but seldom tested—thesis that Confucian traditions and resulting authority orientations in East Asia will undermine the development of democratic values. While it is true that deference toward authority has this negative impact within advanced industrial democracies, the same pattern is not apparent in East Asia. It may be that such a linkage exists, but it is more complex than the direct relationship hypothesized in prior research. Indeed, the absence of a systematic relationship in either developing or communist nations suggests that there are contrasting elements of East Asian culture that may have counterbalancing effects, such as the emphasis on community and collective values (e.g., Fukuyama 1995b: 8).

We replicated these analyses with support for market economics, and find a different pattern (Table 3). Authority patterns are essentially unrelated to support for markets across the nations in our study—whether there is a developed market system or not. For instance, while respect for parents was significantly related to democratic values in the advanced industrial democracies (average  $r=.11$ ), there is virtually no relationship with support for market economics (average  $r=.00$ ). These are preliminary analyses and one should not be too quick to reject the theory that authority relations influence political and economic values—but the empirical evidence of this impact appears limited in East Asian public opinion.

### Conclusion

Scholars have engaged in a long debate on the influence of “Asian values” on the economic and political development of the region. In large part this has been a debate among political elites and media analysts, appearing in the pages of elite policy journals such as *Foreign Affairs*, *Foreign Policy*, and the *Journal of Democracy*. Noticeably absent from this debate, however, has been empirical evidence on what citizens in East Asia actually think about democracy and markets. This research has addressed this void, using the World Values Survey to describe the political and economic attitudes of the public.

Building on Charles Lindbloom’s (1977) theoretical model, we posited that orientations toward democracy and market economics can be reinforcing or contradictory in public opinions. Theoretically this distinction is possible. In reality, the evidence from the World Values Survey described striking support for democracy and markets among Pacific Rim nations. This applies to both the advanced industrial democracies in the region, as well as developing nations such as South Korea and Taiwan. Even in the two communist nations we studied, China and Vietnam, the public displays strong support for democracy and market economics. It appears that even the communist regimes of East Asia have been unable to convince their citizens of the values of the old regime.

Even more striking, our test of the Asian values hypothesis yields little evidence that traditional respect for authority in East Asian societies significantly erodes support for democracy, or stimulates acceptance of market economics. Furthermore, although social status is related to democratic and market values, these relationships are considerably weaker than found in the advanced industrial democracies. Social capital theory also falls short of explaining support for these two principles across East Asia.

Certainly these should be considered preliminary analyses, and much more research is needed into the understanding of the concepts of “democracy” and “markets” by citizens who are just experiencing these systems or have not yet experienced them. Further research should also consider other values and political attitudes that might have a more direct influence on these orientations (e.g., Chu and Chang 2001; Shi 2001; Flanagan and Lee 2000)—and extend these analyses to compare East Asian nations. But as a starting point, our research demonstrates the difficulty of elite discussions of political values in East Asia that do not consult the citizens themselves.

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## Endnotes

1. One could also note, however, that the other aspects of Confucian traditions are compatible with democracy. The emphasis on harmony and the responsibility of leadership, for instance, are consistent with classic democratic theory. Similarly, the value of the community also may be beneficial in developing a democratic culture. Thus, Fukuyama (1995b: 8) also notes that “there are fewer points of incompatibility between Confucianism and democracy than many people in Asia and the West believe”.
2. We would like to thank William Zimmerman and his new study of public opinion in Russia for bringing this theoretical framework to our attention (Zimmerman 2002: chapter 2).
3. The first three waves of the survey are available from the Inter-university Consortium for Political and Social Research at the University of Michigan (ICPSR 2790). We would like to thank Ronald Inglehart for facilitating our access to the 2000-02 surveys. Neither the ICPSR nor the principal investigators on the WVS bear responsibility for the analyses and interpretations presented here.
4. Freedom House rated China and Vietnam were rated as not free; Indonesia was rated as only partly free in 2000. India and Taiwan were also rated as partly free at the time of the 1995-96 surveys.
5. We conducted a factor analysis of these four items using all the nations examined here. One factor emerged from these analyses (Eigenvalues = 1.73, 42% of the total variance), with all four items loading on this first dimension: strong leaders (.792), experts (.577), army rule (.740), and support for democracy (-.475). In separate analyses, the factor structure is stronger in the advanced industrial nations (US, Canada, Japan, Australia, and New Zealand) than in the remaining nations, but the same pattern applies.
6. The national values on each individual item are presented in the original paper at the Hawaii International Social Science Conference.
7. The four items were summated together to produce an additive scale: 1) support non-democratic structures, 4) support democratic system.
8. In 1986, for example, the Vietnamese government institutes a new policy that moved the state-directed economy toward an economic system with private ownership and market mechanisms under state supervision (Turley and Selden 1992). There has also been an increased emphasis on international trade, including new trade agreements with the United States.
9. Another item in the World Values Survey directly asked about how business and industry should be managed. The alternatives included: 1) The owners should run their business or appoint the managers, 2) The owners and the employees should participate in the selection of managers, 3) The government should be the owner and appoint the managers, and 4) The employees should own the business and should elect the managers. In the established market economies of the OECD nations (Australia, Canada, Japan, New Zealand, South Korea and the United States), there is a plurality of support for private ownership and management. There is only trace support for government ownership in each of these nations. In contrast, government ownership is more appealing to the citizens in India, Vietnam and the People’s Republic of China, matching the support for private ownership.
10. A factor analysis suggests that there are two dimensions underlying the four items in Figure 5, although it is difficult to determine this clearly with only four items.
11. The market index was constructed by adding the scores on the two ten point scales and then dividing by two, so the resulting scale runs from 1) low support to 10) high support.
12. We also recognize that the longitudinal pattern in the advanced industrial democracies displays a highly varied pattern. For instance, while support for government intervention increased in the U.S. during the second half of the 20<sup>th</sup> century, Britain moved in the opposite direction.