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Can Citizens Set City Policy?

Evidence From A Decentralized Welfare State

Abstract: Municipal governments supposedly empower citizens, giving them the ability to shape the political organization of their local community. In spite of this, we know little about whether municipal governments are in fact responsive to the policy views of municipal electorates. In this study, we look at whether the policy implemented by local politicians actually respond to changes in the ideological mood of the electorate. In particular, we compile a unique and comprehensive dataset of local fiscal policy in Denmark, which we use to construct municipal-level estimates of fiscal policy conservatism. This detailed policy data is then linked to an indicator of local ideological sentiment. Based on these data, we find strong evidence for dynamic responsiveness: when local preferences change, local public policy responds.