

MEMO

TO: Board of Overseers, National Election Studies

FROM: William R. Keech

REGARDING: Conference on Issue Voting, Cognitive Processes and Rational Choice

I propose that issue questions in future election studies be tied more directly to the scientific and scholarly literature on the policy issues being considered. This would be desirable if only for purposes of linking different branches of scholarship, but a more specific purpose can be served. Such an effort would facilitate the understanding of elections in a more general and "macro" sense than sometimes characterizes the study of voting behavior.

What are the consequences of elections for public policy?
What are the consequences of alternative electoral institutions?
Survey research alone cannot answer these questions, but it can be a crucial component of such a scholarly enterprise. Specifically, survey research could identify with some precision the vote-winning and vote-losing qualities of policy alternatives, and contribute to an understanding of what kinds of positions may tend to dominate when office-seekers maximize votes.

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While such information could be used instrumentally to implement voter preferences more perfectly, or even to help candidates wage successful campaigns, it would lend itself also to more penetrating questions. One need not assume that meeting immediate voter preferences is desirable per se. In fact, the enterprise I suggest is designed to avoid such an assumption and to make the desirability of implementing voter preferences into a question for research.

Survey information can be used to analyze the bases of voter preferences, and to evaluate them, as opposed to assuming their inherent value as a basis for policymaking. For instance, voters' issue preferences might be analyzed in terms of what Duncan MacRae, Jr. has called (1) preferences, (2) welfare and (3) judgments about the general welfare.¹

These distinctions recognize that voters' preferences are not strictly determined and that voters may arrive at different attitudes and opinions depending on their relative weighting of private interests (1 and 2) and general interests (3). It also acknowledges the possibility that voters may have preferences (1) that are at odds with their welfare (2) according to a variety of perspectives.

A Marxist or Platonist might be pleased to see such distinctions made, but I have nothing so exotic in mind. Rather, I am suggesting only a modest deviation from the assumptions that individuals are the best judges of their own interests and that collective expressions of individual preferences (such as elections) are good approximations of collective interests.

For example, no one doubts that voters make choices on the basis of their assessment of their own welfare, but there is also evidence that voters support policies in which they have no direct interest. For instance, it appears that many more people support minimum wage laws than benefit from them.² Presumably these laws are seen by some supporters as a way to improve the general welfare. It would be of interest to know the relative balance of perceived personal interest and concern for the general welfare in voters' decision functions.

This question leads directly to the issue of how accurately voters see their own interests. Many normative perspectives can support arguments that voters' preferences are at odds with their welfare, but one need not adhere to a particular philosophic viewpoint to make this distinction. One needs only to acknowledge that a policy may have consequences that its supporters may not anticipate. If so, a voter's preference at time one may be at odds with his welfare as defined by his own preferences at time two after he has seen the consequences of a policy he once preferred.

Many empirical political scientists and economists may be uncomfortable with an effort to distinguish preferences from welfare, on philosophical, scientific or other grounds. The idea that every person is the best judge of his own interest is deeply rooted in western traditions. But as Duncan MacRae, Jr. has argued, "The economic ethic that fails to distinguish among types of preference thus finds itself allied with a democratic ethic that sees process as an ultimate good..."³

If the democratic process were an ultimate good, we might infer that the results of a fair and open democratic process were inherently desirable because of the way that they were produced. A fair process does indeed add legitimacy to its results, and political analysts often seem to suggest that this is an ultimate good. But such a view is inappropriately and unnecessarily narrow. It fails to recognize that policies may have undesirable consequences even when they result from a fair process, that preferences are not fixed and immutable, and that people learn and change.

With these considerations in mind, I propose that election surveys be designed to allow comparison between preferences as measured in the surveys, and "interests" or "welfare" as indicated by scholarly studies of given policies. For example, I have used the literature on the consequences of minimum wage laws to identify six groups which are affected in different ways by these laws.⁴ Not all of the groups are large enough to be identified in sample surveys, but for those which are, the suggested questions could be raised. Also, Otto Davis and John Jackson have suggested that Senate voting on the Family Assistance Plan was in some cases at odds with the objectively defined interests of Senators' constituents.⁵ Survey evidence could help infer more precisely the nature of the relationships between the Senators' behavior, the preferences of constituents, and objectively defined interests of those constituents. This in turn could help identify the ways in which elected officials use the "degrees of freedom" provided by representative institutions to make policies that are not what voters might choose under direct democracy.⁶

Analyses like these could be done for any number of policies, but I suggest that initial efforts be concentrated in issue areas that meet several criteria. They should be highly salient to large numbers of voters, in the senses of both their awareness and of objective considerations. They should have a rich scholarly literature about their consequences. Finally, the resulting studies may be most interesting when there is good reason to suspect divergence between preference and welfare from some perspective. Two kinds of divergence would be especially interesting from a variety of normative perspectives. Voters' preferences may be based on systematic misperception of a policy, and they may be based on a short term time perspective that violates long term interest. Either may have adverse consequences for public policy, because vote maximizing politicians will find it in their interest to appeal to voters' preferences, as opposed to their welfare, so defined.

Fiscal policy and social security provide examples of policies that meet these criteria. Much of postwar stabilization policy has been based on a tradeoff between price stability and low unemployment, wherein public officials may choose points on the so-called Phillips curve representing the inverse relationship between these two goals. Politicians' policy choices are related to the preferences or interests of their supporters. Douglas Hibbs has shown that parties appealing to lower SES groups choose higher inflation and lower unemployment, while parties appealing to higher SES groups make the opposite choice. He has further shown that this strategy is congruent with survey evidence about the perceived interests of different income groups.⁷

There is increasing evidence, however, that public officials have very little longterm control over the amount of unemployment

through manipulation of aggregate demand. Efforts to reduce unemployment may have only short run effects on employment, but adverse long term effects on prices. In effect, then, the long term Phillips curve is a line of varying price levels at constant unemployment.

If this is accurate, and if voters respond only to short run economic performance of governments, they may provide incentives for politicians to make policy that is in almost no one's long term interest. Edward Tufte has identified other examples of economic policymaking which are designed for short term electoral advantage but which are not defensible on other grounds.⁸ Much of the variation in findings of studies of the influence of macro-economic variables on voter choice involves differences in the estimates of the time span in which voters make their assessments. Direct evidence about voter attitudes and time perspectives could be fruitfully tied to the existing and developing scholarship in this area.

Social security policy provides examples of misperception as a source of divergence between preference and welfare. For example, public officials repeatedly reject various revisions of social security laws because they would violate the insurance concept and make the system like welfare. This misrepresents the extensive welfare characteristics of the present system, which reflect the "adequacy" goal in the adequacy-equity tradeoff that is so often discussed in the social security literature. Dependents benefits, the minimum benefit, and the inverse relationship between contributions and the replacement ratio are all welfare features of the system.⁹

However, since the "insurance" and "earned right" characteristics have been emphasized so much, these welfare characteristics are not widely recognized. Since people seem almost universally to believe that they have an earned right to their benefits (even though this is often a very tenuous assumption) they may support more benefits than they would if they realized they were not fully earned. In this context, it would be worth knowing more about the accuracy of people's perceptions of the insurance versus welfare characteristics of social security.

Public support of social security may also be affected by misperception of the tax burden. The citizen may be aware only of the deduction taken from his paycheck. But virtually all economists who have studied the problem agree that the employer's share of the payroll tax comes out of what would otherwise be wages, and is therefore in effect borne by labor. This means that the real cost of social security to the citizen approaches twice as much as it seems.¹⁰ If voters were aware of this, their support for social security might be reduced or become contingent on certain changes. It would be instructive to know just how accurately voters perceive this situation.

Also, voters are told that the social security trust funds are kept in balance by raising taxes when benefits are raised, but this, too, is misleading. The future costs of benefit increases are covered by raising taxes not only now, but in the future as well. Since social security has become an intergenerational transfer system, this means that current voters can support increases in benefits that will be paid

for by only some of them, and which will be paid for in part by wage-earners who are not yet voting. Edgar Browning has suggested that such patterns may lead to overexpansion of social security even with full knowledge and accurate perceptions.¹¹ It would be instructive to see how accurately different age cohorts perceived their interests.

If I were invited to the conference on issue voting, I would be prepared to argue for the general points made in this memo. While I am not sufficiently knowledgeable in macroeconomic policy to be responsible for developing survey questions in that area, I am prepared and willing to do so for social security policy.

Footnotes

1. Duncan MacRae, Jr., The Social Function of Social Science. (New Haven, 1976), p. 143.
2. William R. Keech, "More on the Vote-Winning and Vote-Losing Qualities of Minimum Wage Laws." Public Choice, vol. 29 (Spring, 1977) pp. 133-37.
3. MacRae, op. cit., p. 141.
4. Keech, op. cit.
5. Otto A. Davis and John E. Jackson, "Representative Assemblies and Demands for Redistribution: The Case of Senate Voting on the Family Assistance Plan," in Harold M. Hochman and George E. Peterson, Redistribution through Public Choice. (New York: 1974).
6. See Albert Breton, The Economic Theory of Representative Government. (Chicago, 1974), chapter 3, for an explanation of this concept in the context of representative institutions.
7. Douglas Hibbs, Economic Interest and the Politics of Macroeconomic Policy. (M.I.T. monograph, 1975). This is a good example of the kind of analysis I am suggesting.
8. Edward Tufte, Elections and Economics: Macroeconomics under Conditions of Political Competition. (Princeton: forthcoming).
9. See for example Joseph A. Pechman, et al., Social Security, Perspectives for Reform (Washington, 1968), and Alicia Munnell, The Future of Social Security (Washington, 1977).
10. See John A. Brittain, The Payroll Tax for Social Security (Washington, 1972).
11. Edgar K. Browning, "Why the Social Insurance Budget is Too Large in a Democracy," Economic Inquiry, vol. 13 (September, 1975).