

Are voters competent (enough)?

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LSE

7 February 2014

Plan

This session: People make mistakes.

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Two parts:

- ▶ Behavioral public policy (including “nudge”)
- ▶ Assessments of voter competence

Behavioral public policy

Behavioral politics

- Concerns about voter competence

- Defenses of democracy

- Some reassuring evidence

Conclusion

Rational choice theory

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 - ▶ redistribution, and
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Anything else is *misguided paternalism.*

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How do we resolve info asymmetries when there is no “neutral” way to provide information? Should we try to help people avoid bad decisions?

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Basic idea: Recognize people make some bad choices. Design policies that preserve choice but use framing and defaults to “nudge” people toward decisions that benefit them.

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Examples:

- ▶ Smarter defaults for employee savings plans
- ▶ Requiring credit card companies to issue detailed end-of-year statements detailing fees
- ▶ Gambling “self-bans”

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Contradiction?

Myopic voters

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Some evidence:

- ▶ Healy and Malhotra (2009) show that U.S. voters reward politicians for disaster *relief* spending but not for disaster *preparedness* spending (even though disaster preparedness spending is much more effective)
- ▶ Some view increasing size of government over time as a problem of self-control; rational or irrational myopia

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- ▶ **Attention to irrelevant events:**

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▶ **Recency bias:**

- ▶ Achen & Bartels (2004): U.S. pres. election results depend on very recent economic performance; voters ignore earlier performance (\implies political business cycle)
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But: partisanship strongly affects economic perceptions. (Healy & Malhotra (2013) for U.S.; Evans & Andersen (2006) for U.K.)

Ignorant voters

Many studies show that most voters don't know

- ▶ how well the economy is doing
- ▶ what is in the budget (e.g. proportion of budget devoted to foreign aid)
- ▶ the names of any but the most high-profile politicians
- ▶ what the right policies are (Caplan, 2007)

Government as commitment device

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Implication: If voters have self-control problems, they may vote to implement policies to address those problems (e.g. public pension system, Behavioural Insights Team)

* See Kahneman 2011, *Thinking, Fast and Slow*

Representation

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The insulated professionals (politicians, interest groups, lobbyists) who actually make policy are more informed and may be more forward-looking (e.g. Jacobs' (2011) study of public pension systems.)

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Retrospective voting as **modest defense** of democracy.

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Rationale for **retrospective voting**: if voters decide based on their mood, but their mood is correlated with the “right” choice (i.e. they feel better when the incumbent has performed well), then this might be sufficient.

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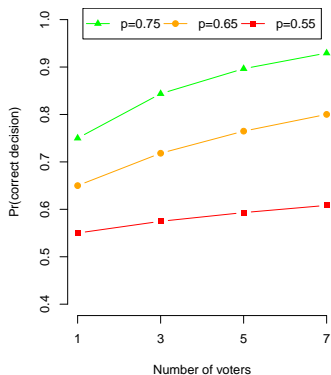
Condorcet jury theorem says: “not very high”, if the electorate is large.

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Marquis de Condorcet;
photo from Wikipedia

⇒ voters don't even have to be that accurate!

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Applying ideas from the math pre-fresher:

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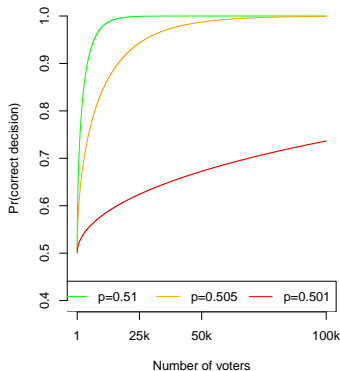
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Aggregation (4)

For discussion:

- ▶ How much does the Condorcet jury theorem reassure you about democracy?
- ▶ What is missing from the model?

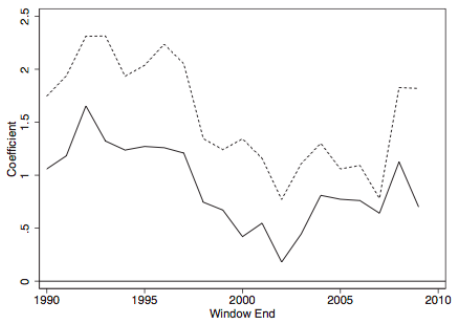
Economic voting & benchmarking

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- ▶ **But:** Kayser & Peress (2012) show that OECD voters reward incumbent more for “benchmarkd” national growth than for raw national growth

Kayser & Peress (2012) Fig. 2:
Magnitude of the Benchmarkd (dotted line) and Non-benchmarkd (solid line) Economic Vote over Time (10 year window)

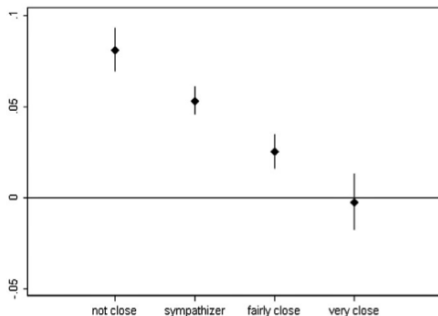


Economic voting & partisanship

- ▶ Many studies show disengagement of voters from politics: membership in parties declining, dropping turnout, lower identification with parties
- ▶ **But:** Kayser & Wlezién (2011) show that voters are more responsive to economic performance when they have weaker partisan attachments

Kayser & Wlezién (2011) Fig. 4:

The effect of real GDP growth on individual-level vote intention at different levels of partisan attachment.



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Wrapping up

Key points:

- ▶ Citizens' limitations imply a role for policy (“nudges”), but also cast doubt on the effectiveness of democracy in providing incentives for good policy
- ▶ Growing evidence at individual and aggregate level of voters' limitations: myopic, arbitrary, biased, ignorant
- ▶ Retrospective voting may produce surprisingly good incentives – aggregation of (independent) assessments that are weakly correlated with effort/quality of leadership could be “enough”
- ▶ There is also evidence of (aggregate) voter competence