The CAGE Background Briefing Series

No 44, August 2015

Happiness and voting



Federica Liberini, Eugenio Proto, Michela Redoano

Retrospective voting – voting for incumbents if one's situation has improved under the politician's watch – is a well-established pattern. This column shows that this pattern also applies when 'improvement' is measured by a subjective measure of well-being. Among the stark results discussed is the finding that newly widowed women are 10% less likely to be pro-incumbent than the control group.

The idea that states should support and protect citizens' wellbeing goes back at least two hundred and fifty years – as stated in the 1776 US Declaration of Independence.¹

A more recent notion is that policymakers need to rely on more comprehensive measures of wellbeing – and not only on monetary and financial indicators – to assess how a country is doing. Steps aimed at determining the correct measures of subjective wellbeing have been taken by the British and French governments, as well as by international organisations such as the World Bank, the European Commission, the United Nations, and the OECD (see, for example, Office for National Statistics 2013).²

The retrospective voting hypothesis

There is a large literature in political science and economics on retrospective voting – the proposition that citizens examine whether their welfare, usually measured by their utility levels, has improved under a politician's watch, and vote accordingly. There is a wide consensus that voters evaluate diagnostic information such as macroeconomic trends and their personal financial circumstances to reward good performance, while ridding themselves of leaders who are corrupt, incompetent, or ineffective (e.g. Kramer 1971, Fiorina 1978). These studies primarily look at the effect of financial and economic outcomes on voting decisions.

A well-known corollary linked to the retrospective voting hypothesis is that "[voters'] retrospection is blind" (Achen and Bartels 2004). Voters seem to reward/punish the incumbent party for the way their lives are going, but they do not seem to be able to hold the government accountable for the outcomes for which it is genuinely responsible.

Subjective wellbeing as a measure of utility

There is a growing consensus that indexes of 'subjective wellbeing' constitute a reasonably good proxy for utility. These indexes can be understood as an application of experienced utility that – as discussed in Kahneman and Thaler (1991) – is the pleasure derived from consumption. Rabin (1998) makes the connection between happiness data and experienced utility explicitly. Recently, Benjamin et al. (2012) go even further, showing that 80% of the time, individuals choose the alternatives that maximise their subjective wellbeing – which implies that subjective wellbeing is a good approximation of the modern concept of utility.

New research on happiness and voting patterns

In recent research, we use subjective wellbeing measures to successfully test the retrospective voting hypothesis, and find that citizens who declare a high level of subjective wellbeing are more likely to cast their vote in favour of the ruling party (Liberini et al. 2013).³

For example, those who declare themselves as highly satisfied are 1.7% more likely to support the prime minister's party in future elections – which goes along with being 1.5% more likely to be pro-incumbent following a perceived improvement in their financial situation. We also analyse the effect of subjective wellbeing on the incumbent party's support among swing voters (i.e. voters who do not hold a strong political view or have an ideological affiliation with a party). As might be expected, the effect of subjective wellbeing on the incumbent party's support seems to be positive – being satisfied with life increases the probability of supporting the ruling party by about 1.9%.

Furthermore, we show that citizens seem unable to distinguish between the changes in their subjective wellbeing that are not imputable to the government, and the ones for which the government is likely to be responsible. We arrived at this conclusion through an analysis of the effect of widowhood on voting intentions. This is a shock that it is well known to have a strong and significant impact on subjective wellbeing – especially on women – and at the same time it can be reasonably assumed to be independent from government actions.

Women experiencing widowhood are between 10% and 12% less likely to be pro-incumbent than individuals in the control group in the two years after the death of their partner. (For men this effect seems to exist as well, but it is certainly weaker in magnitude.)

Concluding remarks

There are important implications deriving from our research. First of all, our findings motivate the efforts taken by governments and international organisations to produce better and more comprehensive measures for wellbeing, since subjective wellbeing appears to have significant explanatory power in predicting voters' intentions, consistent with retrospective voting models. Second, we highlight citizens' inability to correctly blame or reward policymakers only for the actions they are responsible for. Our results can also offer an answer to the following question: "Why are UK elections always held in May, when the sun tends to shine and make everybody happy?"

References

Achen, C H and L M Bartels (2004), "Blind Retrospection: Electoral Responses to Droughts, Flu, and Shark Attacks", Estudio/Working Paper 2004/199.

Benjamin, Daniel J, Ori Heffetz, Miles S Kimball, and Alex Rees-Jones (2012), "What Do You Think Would Make You Happier? What Do You Think You Would Choose?", *The American Economic Review* 102(5): 2083–2110.

Fiorina, M P (1978), "Economic retrospective voting in American national elections: A micro-analysis", *American Journal of Political Science*: 426–443.

Kahaneman, D and R Thaler (1991), "Economic Analysis and the Psychology of Utility: Applications to Compensation Policy", *The American Economic Review*, 81(2): 341–346.

Kramer, G H (1971), "Short Term Fluctuations in US Voting Behavior, 1896–1964", *American Political Science Review* 65.

Liberini F, E Proto, and M Redoano (2013), "Happy Voters", CAGE Working Paper 169, September.

Office for National Statistics (2013), "Personal Well-being Across the UK, 2012/13", *Statistical Bulletin*, 23 October.

Rabin, M (1998), "Psychology and Economics", *Journal of Economic Literature* 36: 11–46.

Footnotes

- 1 "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness."
- 2 For example, in 2008 the French government set up a Commission led by Joseph Stiglitz for the measurement of economic performance and social progress. The aim of the commission was to make proposals about incorporating the new indicators of economic output into the national accounts. In the UK, following the initiative taken by the current Prime Minister David Cameron, the Office for National Statistics initiated the National Wellbeing Project, culminating with the construction of a 'happiness index'.
- 3 We construct measures of voting intentions and subjective well being using the British Household Panel Survey a rich database started in 1991 containing information on over 10,000 British households on a yearly basis.

About CAGE

Established in January 2010, CAGE is a research centre in the Department of Economics at the University of Warwick. Funded by the Economic and Social Research Council (ESRC), CAGE is carrying out a five year programme of innovative research.

The Centre's research programme is focused on how countries succeed in achieving key economic objectives, such as improving living standards, raising productivity and maintaining international competitiveness, which are central to the economic well-being of their citizens.

CAGE's research analyses the reasons for economic outcomes both in developed economies such as the UK and emerging economies such as China and India. The Centre aims to develop a better understanding of how to promote institutions and policies that are conducive to successful economic performance and endeavours to draw lessons for policy-makers from economic history as well as the contemporary world.





This piece first appeared on Voxeu on 15 November 2013 http://www.voxeu.org/article/happiness-and-voting

© 2015 The University of Warwick

Published by the Centre for Competitive Advantage in the Global Economy Department of Economics, University of Warwick, Coventry CV4 7AL www.warwick.ac.uk/cage

Artwork by Mustard, www.mustardhot.com