

# IS SOCIAL SECURITY POLITICALLY UNTOUCHABLE?

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## I. Introduction

In recent decades Social Security has been a fount of periodic fiscal crises, each more severe than the previous. Within the economics profession there has been no shortage of proposals for the reform or radical restructuring of the system, and in this paper no further recipes shall be added to a cookbook already bulging with ingenious concoctions. Instead, I wish to focus attention on what might be the most remarkable feature of all these proposals: their political irrelevance. Despite grave intonations in professional journals and the media that Social Security is sorely troubled, there exists no constituency whatsoever for anything more than tinkering with the retirement provisions of the current system. Indicative of the high degree of resistance to fundamental restructuring of those provisions is the statement of the National Commission on Social Security Reform:

The members of the National Commission believe that the Congress, in its deliberations on financing proposals, should not alter the fundamental structure of the Social Security program or undermine its fundamental principles. The National Commission considered, but rejected, proposals to make the Social Security program a voluntary one, or to transfer it into a program under which benefits are a product exclusively of the contributions paid, or to convert it into a fully-funded program, or to change it to a program under which benefits are conditioned on the showing of financial need.<sup>1</sup>

This strong endorsement of the status quo was offered, without dissent, by a broad-based committee called to deal with the most

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<sup>1</sup>*Report of the National Commission on Social Security Reform* (1983, chap. 2, p. 2).

heralded financial shortfall yet to be encountered by the Social Security system. Politicians have uniformly recognized that to impugn the system's desirability, or even to raise the question of whether an alternative means of providing retirement income might be preferable, is to commit political suicide. Approval of Social Security is, in politically relevant terms, unanimous.

Why this should be so is mysterious. The retirement provisions of Social Security constitute an intergenerational transfer mechanism that redistributes income from the young to the old.<sup>2</sup> It is not at all surprising that the latter group supports the provisions of the current system, but an explanation is called for as to why others are either supportive of Social Security or, at most, indifferent. The financial burden on those who are net losers is not trivial: More than one-third of all households in the United States pay more in Social Security taxes than they do in federal income tax. This then is not a case in which small impositions are spread out across a large number of persons for each of whom the burden is too slight to be noticeable. Nor is it the case that support for Social Security by the young is explicable by any conviction on their part that the present value of their lifetime payments into the system is exceeded by the present value of the benefits they expect to receive. Private pensions offer the young a higher rate of return than does Social Security, an imbalance accentuated by the 1983 reforms. Even more significant are results from national polls indicating that as many as 84 percent of those between the ages of 18 and 44 do not believe that promised benefits will continue to be available when they retire.<sup>3</sup> Moreover, it is likely that a large number of those who do expect to receive some retirement benefits from Social Security expect that the amount they eventually receive will be less than that paid in. These considerations appear to be a prescription for intergenerational warfare with the young assaulting the foundations of Social Security and the old resolutely defending them. But no such battle has commenced, nor are there signs of one in the offing.

<sup>2</sup>That is not to deny the existence of other significant transfer effects, for example, from upper- to lower-income groups or from females to males. Rather, it is to emphasize the preponderance of the intergenerational transfer effect.

<sup>3</sup>For example, a CBS News/New York Times poll of June 28–July 1, 1982 asked: "Do you think the Social Security system will have the money available to provide the benefits you expect for your retirement?" Of those respondents who expressed an opinion, 80 percent of those aged 18 to 29 and 76 percent of those aged 30 to 34 responded in the negative. Even for those aged 45 to 54, a small majority answered no. Surveys conducted on different dates and with variously worded questions have elicited similar responses.

Were there an actual or latent constituency for the abolition or radical revision of Social Security, one would expect that political entrepreneurs would seize the opportunity to mobilize it. Conversely, in the absence of any attempt to build a political coalition based on a platform of opposition to Social Security, it is necessary to conclude that no such constituency exists. What requires explanation is why it does not, why Social Security is politically untouchable.

## II. The Economic Theory of Politics: A Reexamination

The unchallenged status of Social Security is an embarrassment for the economic theory of politics.<sup>4</sup> If individuals vote their self-interest and if politicians position themselves to be the recipients of self-interested voting, then the political waters ought to be mightily roiled by Social Security. Yet they remain pacific. Various reasons for this calm have been suggested: fiscal illusion, public goods aspects of Social Security, informational communication failures, and naivete.<sup>5</sup> It has, in addition, been regularly predicted that although no significant opposition to Social Security has *yet* surfaced, such resistance is brewing and will soon erupt.<sup>6</sup> These attempts to protect a favored theory from disconfirmation seem *ad hoc*. Empirically better grounded is Rudolph Penner's assertion: "Anyone who believes that radical reforms of the Social Security system are possible is already living in an imaginary world" (1983, p. 465).

If the theory of self-interested voting is to be regarded as a genuinely empirical hypothesis subject to falsification, then Social Security must be acknowledged to be a crucial test of its warrant. The

<sup>4</sup>It is admittedly an oversimplification to speak of "the economic theory of politics" as if it constitutes one precisely specified account to which nearly all analysts subscribe. My understanding of the literature is that there is a dominant tendency shared by many theorists who nonetheless differ significantly in the manner of application. That tendency is to assume (i) that voting is an instrumental exercise in which voters choose a candidate or policy based on expected returns from a vote; (ii) that the expected return can be entirely or almost entirely explained in terms of narrow self-interest understood as economic well-being; (iii) that politicians assume policy positions of a form that enhances their chance of capturing such self-interested votes. Among the more important places in which such a view is developed are Downs (1957), Buchanan and Tullock (1962), Riker and Ordeshook (1973), Stigler (1973), and Tufte (1978). The model of self-interested rationality that the economic theory of politics presupposes has occasionally been subjected to criticism, but because no comparably powerful conception has been offered by way of replacement, such criticism has had little effect. See Edelman (1964) and Hartwig (1981).

<sup>5</sup>See, for example, Browning (1975), Mitchell (1977), Patton (1977), and Browning (1979).

<sup>6</sup>See Weaver (1982).

pecuniary stakes are high, net gainers and net losers are distinguishable with a high degree of precision,<sup>7</sup> and vast amounts of information—and misinformation—have bombarded the public. Moreover, the system has operated in its current form for several decades,<sup>8</sup> long enough, one would think, for nascent opposition to have coalesced into a politically potent coalition. One is hard pressed to identify any other national issue for which the conditions favoring informed, rationally self-interested voting are so well satisfied.

Three avenues are available for explaining the theory's apparent breakdown. First, one can point to the continued reliance on ad hoc devices, a recourse not as methodologically suspect as may at first seem to be the case. Philosophers of science have demonstrated that an otherwise well confirmed theory can withstand the existence of perplexing anomalies if there is no equally well confirmed alternative theory that can account for the troublesome instances.<sup>9</sup> Resort to ad hoc devices to explain Social Security's political standing has been the approach taken by most economists.

Second, one may reject a *private-interest* account of voting in favor of a *public-interest* theory. It is clear that a *public-interest* hypothesis fits the case of Social Security far better than do standard models of self-interested voter behavior. However, to adopt such an approach as this would be to abandon the analytical gains that have been realized by the economic theory of politics. It is retrogressive to suggest that the fruits of that theory are illusory and that we must, after all, return to a model that has been regarded as inadequate for the past quarter-century.<sup>10</sup> A less heroic variant would be to maintain

<sup>7</sup>The dividing point will shift with changed legislative provisions and as economic and demographic factors vary. It is not being asserted that the average voter can readily calculate the economic impact Social Security has on him. However, one would surmise that if voters can be counted on to vote their self-interest, political entrepreneurs ought to have an incentive to see that the relevant calculations are performed and to bring them to the attention of net losers. Some results are presented by Ferrara (1980), especially pp. 112–74; Munro and Parsons (1977); and O'Neill (1979). Calculations exhibiting the increased losses to younger persons occasioned by the 1983 Social Security legislation can be found in Goodfellow and Pellechio (1983).

<sup>8</sup>The Social Security Act of 1935 created a funded pension system. Amendments in 1939 began the change to the current pay-as-you-go scheme.

<sup>9</sup>See Kuhn (1970 and 1977). Some significant revisions of the Kuhnian thesis are offered by Laudan (1977). A lucid work that is more broadly epistemological is that of Quine and Ullian (1978).

<sup>10</sup>Use of Ockham's Razor suggests that an account that models the motivation of agents' political behavior on presuppositions fundamentally different from agents' market behavior is *prima facie* suspect. Only if no satisfactory unitary theory can be devised to explain both will it be acceptable to introduce such a dichotomization of behavioral motivation. An attempted resurrection of the public interest theory of voting behavior is offered by Kiewiet and Kinder (1979).

that self-interest sometimes explains the behavior of an electorate, while in other circumstances public-interest concerns are dominant. An explanation would still be needed, however, concerning why Social Security falls so decisively into the latter class.

Third, one can retain the hypothesis that individuals do vote their self-interest, but modify the standard account of the nature of self-interested voting. This is the approach taken in the present paper. It will be shown that too narrow a view of the parameters of self-interest has infected the economic analysis of political behavior. By and large, theorists have been so enamored of the possibility of applying considerations bearing on market choice to instances of public choice that they have failed to see important dissimilarities. In particular, voting behavior is typically *inconsequential* in a way that market behavior is not. Because of the relative inconsequentiality of voting, individuals in the polling booth regularly have an incentive to lend decisive weight to considerations that are usually submerged in market choice. In other words, an individual will vote for policies that he would reject were his choice decisive. Moreover, he will do so in the strict pursuit of his rational self-interest.<sup>11</sup>

Politicians are also to be conceived of as rational maximizers; their goal, to oversimplify in a harmless way, is to maximize their vote totals. It may be surmised that successful politicians have recognized a fact that has escaped theorists: self-interested voting can and does diverge from voting for the policy that would, if adopted, most advance the voter's welfare. Accordingly, when such divergence is exhibited, politicians will regularly support policies designed to capture the *votes* of the majority, rather than support policies that would enhance the *welfare* of the majority.

The analytical structure supporting this revision of the self-interested voter model will be set out in sections III and IV, and its application to the politics of Social Security will be developed in section V. In section VI, I conclude with observations concerning those conditions under which significant opposition to Social Security *could* be expected to arise. It may, after all, prove to be the case that the untouchability of Social Security is only a near- and intermediate-term phenomenon.

### III. Market Choice versus Political Choice

A significant characteristic of market choice is that an individual who acts in the market is, typically, *decisive*. If he opts to purchase

<sup>11</sup>This account is further developed in Brennan and Buchanan (1982) and Brennan and Lomasky (1982; 1983).

A rather than B, he receives A and incurs the opportunity cost of the forgone B. It follows that market choice is *consequential* in the sense that an individual acts in the knowledge that he will enjoy the benefits and bear the costs of the choices he makes (positive and negative externalities excepted). In such a circumstance, it is entirely reasonable to suppose that an individual will select A over B if and only if it is in his perceived self-interest to do so.

In contrast to market choice, it should be immediately apparent that an individual's vote, when faced with the choice of voting for policy A or policy B, will be decisive only when the remainder of the electorate is evenly split between A and B. If the number of other voters is  $2n$ , then the probability of a tie occurring is the number of ways in which  $2n$  voters can be arrayed such that A receives exactly  $n$  votes, divided by the total number of ways in which  $2n$  voters can be arrayed, that is:

$$p = \frac{{}^{2n}C_n}{2^{2n}} \quad (1)$$

Using Stirling's approximation when  $n$  is large and when the prior probability that a random voter will vote for A is 0.5, the corresponding approximation to (1) is:

$$p = \frac{1}{\sqrt{\pi n}} \quad (2)$$

This represents the highest probability that an individual's vote will be decisive in an electorate of  $2n + 1$  independent voters. If a random voter's likelihood of voting for A is more or less than 0.5, then the probability of an exact tie among  $2n$  voters is less than (2).

Even if we ignore the problem of specifying more finely the prospects of an individual voter casting the swing vote, it is clear that when the electorate is even moderately large, the probability of one's vote being decisive under conditions of majority rule is small.<sup>12</sup> A rational voter cannot be supposed to be oblivious to this fact.

If we let  $V_i(A)$  represent the value the  $i$ th voter attaches to the enactment of A, and  $V_i(B)$  represent the value assigned to the enactment of B, the expected return on a vote for A is:

$$R_i = p[V_i(A) - V_i(B)] \quad (3)$$

Even if alternative A is strongly preferred to B, the expected return on a vote for A may be very small if the electorate is large. At times, therefore, it will not be costly to *vote* for B rather than A, even if the

<sup>12</sup>The relevant calculations are set out more elaborately in Beck (1975).

actual *imposition* of B would impose substantial costs. This is the meaning of the assertion that electoral choice is relatively inconsequential compared with market choice.

If an individual's vote is very unlikely to be decisive, it seems a misuse of language to refer to electoral determinations as instances of "public choice." No voter *chooses* an outcome in the sense of *bringing about* that outcome in the way that an individual exhibits choice in the market. To be more precise, a voter does not choose policies or candidates; he chooses only which lever to pull. Thus, if there exists some *direct payoff* from a vote for B rather than A, a self-interested voter may find it advantageous to vote for B even though  $R_i$  is positive. In such a case, the *i*th voter's decision to vote for B is rational, even though the adoption of B would substantially impair his welfare.

These considerations are expressed schematically in Figure 1. If the direct payoff from a vote for B is  $P_1(B)$ , then a voter will maximize the return on his vote by voting for A when the size of the electorate is less than Y, but by voting for B when the electorate is greater than Y. If the direct payoff increases to  $P_2(B)$ , then the electorate need only be greater than X to render a vote for B in the *i*th voter's self-interest.

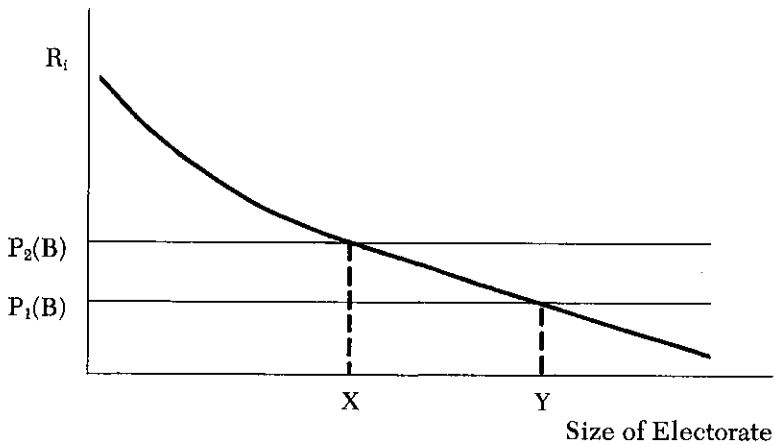


FIGURE 1  
 EXPECTED RETURN ON A VOTE FOR A

No content has heretofore been given to the concept of a direct payoff from a vote for B. One obvious candidate is a bribe. If the electorate is greater than  $Y$ , the voter will be acting in his self-interest to accept a bribe of  $P_1(B)$  to cast a ballot for B. His "services" will be more expensive if the electorate is smaller.<sup>13</sup> Elections in which bribes or side-payments are possible are those in which one can expect to find votes deviating from policy preferences.

Although the economic theory of bribery as applied to electorates of various sizes has some inherent interest, its general applicability to majoritarian voting is slight.<sup>14</sup> Bribes were introduced simply to provide one clear instance of direct payoff from a vote. It will now be argued that other such direct payoffs exist—payoffs less tangible but more commonly encountered than bribes—and that they provide a means for explaining the otherwise puzzling political status of Social Security.

#### IV. The Importance of Expressive Returns

Theorists have long recognized that it is problematic why wealth-maximizing individuals bother to vote in large-number elections where the value of  $R_i$  must be very small.<sup>15</sup> The costs in expended time and energy exceed whatever return is expected to accrue to a vote. The acknowledgment of this difficulty, often reluctantly made, has not led to a significant revision of the economic theory of political behavior, however. It has sometimes been supposed that some public-interest motivation accounts for the fact that individuals *do* vote, but that once they are in the polling booth economic interest determines *how* they vote.

Such a schizophrenic account merits rejection. It is without warrant to maintain that the motives that draw an individual to the polls suddenly disappear once the curtain is closed and he confronts rows of levers. A *prima facie* acceptable model must present a uniform motivational account; if self-interest is taken to explain the direction of voting, then it should also have bearing on the occurrence of voting. Recognition that a voter receives a direct payoff from casting a ballot satisfies this uniformity requirement. Voting can thereby be understood as not merely instrumental, calculated to increase the proba-

<sup>13</sup>I abstract from the briber's problems of ensuring compliance on the part of the bribee.

<sup>14</sup>Or is this the pious hope of an author suffering from a surfeit of idealism?

<sup>15</sup>See Downs (1957). Ferejohn and Fiorina (1974) have addressed this apparent irrationality, proposing a "minimax regret principle" by way of explanation. That rather farfetched device is rendered superfluous by the model constructed in this paper and in the Brennan-Buchanan (1982) and Brennan-Lomasky (1982; 1983) papers.



bility of victory of the favored alternative, but also as a consumption activity affording a direct payoff to the voter. A direct payoff would explain why voters incur costs to transport themselves to the polls; it would also help explain why they vote as they do (just as a bribe can account for both the fact of voting and the nature of a vote cast).

The consumption goods that voting provides can be various, and they might be idiosyncratic. No attempt will be made here to catalog the range of possible direct payoffs. Rather, attention will be directed to one consumption feature of voting that is liable to be widespread, that can prominently influence results in large-number electorates, and that strongly suggests itself as a major factor underlying the political untouchability of Social Security. This feature will be referred to as the *expressive return* from a vote.

By “expressive return” is meant those benefits derived from expressing support for an outcome, independent of whatever effect the expression of support might have on the likelihood that the desired outcome will emerge. Two instances will help clarify this concept.

On any given autumnal Saturday, hundreds of stadiums across America are packed with fans lustily cheering their favorite football teams. In doing so they express a desire for a favored outcome—the victory of their favorite teams. It is ludicrous, however, to suggest that the fans’ behavior can be explained as a deliberate attempt to increase the probability of victory by their favorite teams, even if it transpires that fan support is a causally relevant factor in a team’s success. In other words, even if cheering in the aggregate affects a game’s outcome, individual fans are unlikely to view their cheering as decisive. Rather, they will consider their cheering to be largely expressive, that is, they will view it as overwhelmingly a consumption good. Thus, an individual who incurs significant expense to attend a game to cheer for his team (or lesser expense to cheer in front of his television set) is not thereby acting irrationally or acting other than in his own self-interest.

Consider the similar case of one who sends a get-well card to a sick friend. Such a person is expressing support for a particular outcome. It may be that the receipt of such a card has some discernible therapeutic effect, but one would not ordinarily attempt to explain the card sender’s behavior as an attempt to produce that effect. Rather, card sending is a predominantly expressive act, valued because of its expressive features.

The old adage “talk is cheap” can be understood as a recognition of the fact that, in many circumstances, it is costly to act to bring about an outcome, but it is relatively inexpensive to express support

for that outcome. Economists have generally recognized this fact and thus discount opinion poll results as less-than-reliable indicators of how individuals act in market situations where costs are significant. What has been less often noted is that other avenues of expression, including voting within a large-number electorate, are also virtually costless. For precisely the same reason that leads theorists to conclude that market behavior will diverge from responses to opinion polls, it is predictable that voting behavior will diverge from private activity. The divergence appears because the cost structures are different.

During our schooling and upbringing certain moral principles were instilled in us, principles that continue to influence our behavior even though they do not dominate day-to-day activity. For example, one generally accepted moral principle is that the financially well-off ought to give some share of their assets to those less fortunate.<sup>16</sup> Such giving, however, represents a very small percentage of most people's expenditures. The explanation for this fact is not elusive: private giving is costly. The opportunity cost of a dollar's worth of charitable relief is a dollar of private consumption forgone. Persons who acknowledge charity as a moral duty but who indulge it infrequently should not be dismissed as simply hypocritical.<sup>17</sup> They might sincerely accept a principle of charity but find its application too costly given their other priorities. However, if the cost of extending a dollar of charity dropped to a few pennies, they would find it in their overall interest to give.

Although acting to produce an outcome is costly, voting in favor of an outcome is virtually a free good. In large-number electorates where  $R_i$  is correspondingly minute, a vote dictated by allegiance to some principle can prove to be a bargain. There are psychic costs incurred by consistently neglecting in one's activity principles that, at some level, one believes to be morally mandatory. Psychotherapy might be able to relieve a person of such compunctions, but that too

<sup>16</sup>Note that one who assents to this proposition is thereby engaging in expressive behavior rather than acting to bring about the outcome that is expressively supported. No economist would be surprised if the correlation between voicing support for charitable giving and the actual allocation of cash to charities were small.

<sup>17</sup>The definition of hypocrisy being assumed is: P acts hypocritically in expressing support for outcome X if and only if P would be unwilling to pay any sum, no matter how small, to bring about X rather than not-X. Problems of application arise when X is some past event or fictional event such that it is logically or otherwise impossible that P could act to bring about either X or not-X. One would have to revise the counterfactual such that the antecedent clause refers to what P would be willing to pay were P in a position to alter outcomes. Although the details of a precise statement are somewhat messy, the general point should be clear.

is expensive. It is far more cost-effective to channel one's principled tendencies into inexpensive expressive activity. If  $R_i$  is small, then voting for "moral" policy B may be a highly efficient course of action. One "does the right thing" by voting for B in a situation where a single vote is inconsequential. It does not follow, of course, that the person who votes for B would have chosen B over A were he in a position for his vote to be decisive.<sup>18</sup>

The present discussion sketches out an extension of the self-interested voter model in which expressive returns are explicitly included in the calculus of the rational voter. Let  $P(B)$  represent the direct payoff from a vote for B. If  $P(B) - R_i$  is positive, the  $i$ th voter will vote for B rather than A even if  $R_i$  is also positive. Moreover, if the value of  $P(B) - R_i$  is greater than the costs incurred by the act of voting, then he has an incentive to appear at the polls. The same factor that explains the act of voting also explains its direction.

A rational politician, then, will try to secure a majority coalition by supporting B if  $P(B) - R_i$  is positive for a majority of voters; if it is not positive, he will support A. The politician will be indifferent as to whether  $R_i$  is itself positive, for whether a particular policy would in fact advance the welfare of a majority of purely self-interested voters is not a politically relevant variable. What concerns the politician is the *number* of votes he receives, not the particular nature of the interest *motivating* those votes. A vote cast primarily to reap expressive returns counts exactly the same as one motivated by financial concerns.

## V. Implications of Expressive Returns for the Untouchability of Social Security

It should be evident that Social Security is precisely the sort of issue for which expressive returns can be expected to be an important determinant of voter behavior. As a federal issue, the relevant electorates are all large: the nation, entire states, and congressional districts. The probability of being the swing voter in any of these is very small; therefore, the value of  $R_i$  is likely to be swamped in individual calculations by any expressive returns that may be present.

That substantial expressive returns are in fact present is also apparent. Obligations toward the elderly are acknowledged by most persons. Typically, such obligations are backed not simply by abstract principles mandating concern for those who are old, but also by personal relationships in which emotional intensity is great. This is

<sup>18</sup>Similar considerations are adduced by Tullock (1971).

a country where Mother's Day and Father's Day are sacred festivals in the civil religion, where grown children are expected to make the welfare of parents and grandparents a primary concern, and where conspicuous failure to do so is cause for opprobrium. Nor are these concerns the outcome of essentially external controls on behavior; obligations toward the elderly, especially near kin, are internalized. Individuals who perceive themselves as neglectful are apt to incur unpleasant feelings of guilt and remorse. Because emotional distress is itself a cost, rational persons will attempt to minimize it.

In societies where the extended-family household is the norm, it can be expected that the urge to express concern for parents' welfare will be directed largely to private activity. But in a mobile society where children typically live apart from aged parents with whom they are not in constant contact, opportunities to express regard for parental well-being are more limited. That desire does not disappear, however, with diminished personal contact; its satisfaction is sought instead in the public sphere.<sup>19</sup>

To send monthly remittances to an aged parent or to provide him with living quarters within one's domicile decreases personal consumption. But voting for policies that transfer resources to the elderly costs almost nothing and yet provides considerable expressive returns. "I'm *not* neglecting the interests of the old," one can say—sincerely. The rationality of voting for the continued existence or even extension of Social Security benefits, of responding to national surveys by declaring one's fealty to the system, and so on, is not called into question by the possibility that all votes for Social Security, when aggregated, might entail policies that no single voter would have chosen were his the decisive vote. What would be plainly irrational would be for a voter or survey respondent to act as if his were the decisive vote when it is not.

It should not be supposed that expressive returns are available only to the young. Older voters too can avail themselves of principled reasons to back Social Security: They have *earned* the benefits that they now (or will soon) receive through their previous payments into the system; everyone has a *right* to a decent retirement income; they do not want to be a *burden* on their own children. Note that each of these justifications for supporting Social Security explicitly invokes

<sup>19</sup>James Buchanan suggested in conversation an extension of this point. The initial generations who received Social Security benefits had their income flows and concomitant ability to save for retirement disrupted by the Great Depression. It might then seem especially appropriate to expressively support a transfer to those who, through no fault of their own, possessed low net wealth to fund their retirement years. Simple passage of time will render this factor progressively less important.

some moral principle—and note how natural the application of each is to the discussion of Social Security. Of course, those who have reached retirement age or will soon do so also have a narrow financial reason to support the continued existence of the system. This does not mean, however, that expressive factors do not enter into their support, but rather that their votes are over-determined. Nor is it being claimed that rhetoric is more reliable in predicting how individuals act than is self-interest. Rather, what is being maintained is that an examination of rhetoric can help the theorist to determine when expressive benefits are predominant and thus when self-interest will be fueled largely by the opportunity to reap expressive returns.

I have no credentials to present as an expert on voter psychology and so cannot claim any personal authority in validating the preceding motivational speculations. What can legitimately be cited, though, as confirmatory evidence is the behavior of those whose business it is to appraise correctly the motivations to which voters respond: professional politicians. It can be observed, almost without exception, that politicians not only support the continued existence of Social Security but couch their support in terms calculated to capitalize on expressive motivations. Moralistic proclamations are the common currency of their public remarks on Social Security, with objective discussion of the system's fiscal implications running far behind. Theorists and policy analysts may decry this phenomenon, but its significance as an empirical datum should not be neglected.

It is reasonable to maintain that successful political entrepreneurs supply the brand of rhetoric that voters demand. If voters demand opportunities to gain expressive returns through their votes, then politicians will comply. It misses the point to accuse politicians of demagoguery when they profess undying support for a system whose unfunded liabilities they simultaneously allow to grow to a level of some \$7 trillion. They are merely acting in their own self-interest when they govern their activity to accord with the constraints of majority-rule institutions that strongly encourage expressive voting. (Or perhaps we ought to define "demagoguery" as the attempt to capitalize on expressive factors when doing so diminishes overall welfare. If so, then it must be acknowledged that democratic institutions offer incentives to demagoguery.)

Of course, Social Security has not emerged from its bouts of financial distress entirely unscathed. The 1983 Social Security legislation provided for sharply higher payroll taxation, the tapping of general revenues, and the mandatory inclusion of more individuals under the provisions of the system. It also cut benefits from what they

otherwise would have been by a six-month delay of inflation indexing, the taxation of some Social Security benefits, and the gradual phasing in of a higher retirement age. In addition, enactment of legislation enabling individuals to establish individual retirement accounts (IRAs) should be viewed as a reduction in the scope that Social Security otherwise would have had. Because these measures provided for the solvency of the system in the short term, they cannot in any way be considered a rethinking of the fundamental premises of Social Security. Tinkering with the tax-benefit structure was accompanied by the vociferous expression of a commitment to the continuation of Social Security as a pay-as-you-go intergenerational transfer scheme. The retuning of specific features does not challenge the claim that the Social Security system as such remains politically untouchable.

The explanation presented here of why Social Security is, at least at present, untouchable does not rest on a claim that most net losers from Social Security reap large expressive returns from supporting it. Even a relatively small number of net losers reaping such returns can, under certain realistic conditions, translate into virtual unanimity at the polls.

Consider an electorate consisting of net losers  $L$  and net gainers  $G$ . The losers are further subdivided into  $L_e$ , those for whom expressive returns are substantial enough to motivate a vote for Social Security; and  $L_r$ , those for whom expressive returns are initially insufficient to prompt an affirmative vote. It is assumed that all those in  $G$  will vote affirmatively, whether because of expressive factors or for some other reason.

If, in an initial voting test,  $G + L_e > L_r$ , then a majority is seen to vote for Social Security. Once the existence of such a majority is demonstrated, that fact will affect the calculations of each of the  $L_r$ . They will recognize that  $p$ , the probability that one's vote against Social Security will be decisive, has decreased, and with it  $R_i$ . The diminished  $R_i$  will induce those of the  $L_r$  who had been near the margin to shift their vote, thus increasing the number of  $L_e$ . That shift will, in turn, further reduce  $R_i$  for the remaining  $L_r$ , and so on, until everyone who receives an expressive return, no matter how slight, from a vote for Social Security will be in the  $L_e$  camp. Although the initial effective majority in favor of Social Security may be slight, the equilibrium result is virtual unanimity.

## VI. The Possibility of Fundamental Change

It has been claimed that expressive factors affect individual preferences, that the significance of expressive factors is magnified by

majority rule institutions with large electorates, and that expressive returns are unusually high in the case of Social Security. If these assumptions are correct, then the model presented in this paper provides an explanation for the otherwise puzzling fact that there currently exists no politically meaningful opposition to Social Security. It also provides a basis for predicting under what conditions significant opposition could emerge.

Increased payroll taxation to ensure the continuation of benefits at the current level will, by itself, have little effect on support for the system. Higher taxation will slightly increase the return expected from a vote against Social Security, but because the probability that one's vote will be decisive is so minute, the dominant factor for most voters will continue to be the expressive returns of an affirmative vote. Survey results already reveal that young voters are skeptical of promises that they will receive benefits upon reaching retirement age; survey results also indicate, however, that young voters strongly support the continuation of the current system. It has been argued that these results are not paradoxical. Rational younger voters can be expected to persist in their support of the system even as their losses grow. Indeed, they have done so.

If, however, expressive returns were to decrease, the prevailing calculus might be altered significantly. An example may be found in principles concerning distributive justice, which are among those that can provide expressive returns. The voter who perceives himself as endorsing an equitable allocation of resources through his vote thereby receives a direct payoff. If individuals came to believe that Social Security in its present form is unfair, that it exacts burdens unmatched by compensating benefits or is in violation of individual rights, then expressive support for the system could crumble. Individuals would have an incentive to reap expressive returns by casting a ballot against practices perceived to be unfair—and politicians would have an incentive to mobilize a coalition promoting fairness in the distribution of wealth.

Increased attention to the long-term financial precariousness of Social Security can contribute to such an apprehension. One element of a moral indictment of the system is the fact that younger taxpayers are unlikely to receive retirement benefits commensurate with those of current retirees. Many studies to that effect have been made, but their political impact thus far has been minimal. What must be appended to them in order to crystallize opposition is a persuasive argument that this disparity in returns constitutes objectionable *unfairness*. It must be shown that the disparity is not due merely to an actuarial miscalculation, an unpredictable shift in demographic

patterns, a temporary downturn in the economy, or some other impersonal event for which no one is to blame. One would not expect outpourings of expressive activity in response to revised actuarial projections, although the identification of actual culprits could be politically portentous. Accordingly, one can predict that if an argument charging Social Security with being a version of the chain-letter swindle gains currency, and if special interests are represented as cynically conniving to bring about unjust transfers, then substantial expressive voting against Social Security will be generated. As economists, political economists, and moral philosophers point out the true nature of the Social Security system and younger workers more fully recognize the prospect of negative returns, confidence in the system may dissolve. Ideas *do* have consequences, though not necessarily in the short run.

It is not only the young who would be induced to respond in this manner. If net gainers from Social Security become convinced that they are the beneficiaries of an unjust system, they too will be in a position to realize expressive returns by voting against the continued existence of Social Security or by voting for its radical modification. In terms simply of their own self-interest, it would be rational for each to vote to abolish a system that no one of them, were his the decisive vote, would choose to eliminate.

Expressive returns are not confined to votes motivated by moral principles. The characterization of voting behavior presented in this paper is not that it is intrinsically more moral than private activity, but that it is less consequential. Altruism is less costly in the voting booth than in the private arena—and so too is malice. An employer who displays contempt for blacks by refusing to hire them forgoes the economic benefits that their employment would bring; one who assaults an enemy risks retaliation and legal penalties. But to *vote* for policies that disadvantage blacks or one's enemies avoids these drawbacks.

If younger voters perceive themselves to be the dupes of a social policy that favors the old, they may come in increasing numbers to feel resentment or envy toward those profiting at their expense. The expression of such resentment is a consumption good, but indulging it in the private arena comes at a price: resentful behavior is generally cause for disapproval, especially if directed at a respected individual or group. Older persons will respond in damaging ways, and relations with older persons to whom one has special ties will become strained. On efficiency grounds, then, one would expect the expression of resentment to be channeled largely into political activity.



This account of the expression of malice in the voting booth bears affinity to sociological analyses of mob behavior. Both those who vote and those who are caught up in a mob are anonymous members of an aggregate within which their own contributions are unlikely to have any discernible impact on the outcome that emerges. Spared that responsibility, both can afford to indulge impulses that would, in other contexts, remain dormant. Most important for the purposes of this paper, in both cases individuals have strong incentives to do things for which they subsequently will feel regret. One who votes from malice may find himself voting for measures harsher than those he hopes will ultimately emerge; but they will indeed emerge if the strategy of expressing malice through one's vote is dominant for a large sector of the electorate. Mobs and majoritarian voting can both generate results that no one genuinely intends.

It may be unfortunate, as some analysts have alleged, that the Social Security system as presently constituted enjoys overwhelming political support. Such support means that welfare-enhancing modifications of Social Security's basic structure are now unattainable. It does not follow, however, that a substantial shift in public sentiment will produce an alternative program superior on welfare grounds. If the shift is associated with an increase in malice-inspired voting, the results may be distinctly inferior to present arrangements. It is, perhaps, excessively pessimistic to fasten on that possibility as the one most likely to be realized, but it is excessively optimistic to dismiss that prospect out of hand. What can be concluded with a high degree of confidence is the following: Social Security is an issue for which expressive factors are crucial, and those factors will remain crucial even if that which is being expressed by most voters changes. It is therefore ill-advised to suppose that policy determinations 5, 10, or 20 years hence will reflect anything closely resembling standard economic notions of an efficient outcome.

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