

Economic Bias and Ideology: Evidence from the General Social Survey

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Abstract

This paper examines the connection between political ideology and four distinct categories of economic bias: *anti-market bias*, *make-work bias*, *anti-foreign bias*, and *pessimistic bias* (Caplan, 2007). Self-identified Republicans and conservatives in the United States tend to have less biased beliefs about economics than their Democratic and liberal counterparts. That is, they are less prone to the *anti-market bias* and *make-work bias* as described by Caplan (2007). This result holds, even when controlling for a variety of demographic factors. A notable exception is in the area of international economics, where conservatives (but not necessarily Republicans) are more likely to exhibit *anti-foreign bias*. A fourth category of bias, *pessimistic bias*, does not appear to be strongly connected with either party identification or ideology.

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I. Introduction

This paper examines the connection between political ideology and four distinct categories of economic bias: *anti-market bias*, *make-work bias*, *anti-foreign bias*, and *pessimistic bias* (Caplan, 2007). The basis for evaluating and labeling these biases is Caplan's (2002, 2007) finding that economists and the public systematically disagree with each other on a wide variety of economic issues. In the Survey of Americans and Economists on the Economy (SAEE), it is clear that the public, when compared to professional economists, is less optimistic about the benefits of free market interaction and the gains from trade, more likely to view employment as the goal of an

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economy rather than production, more likely to underestimate the benefits of trade with foreigners (in both product and labor markets), and more pessimistic about recent, current, and future economic performance.

These systematic belief differences between economists and the public, however, cannot be termed public “bias” without first addressing the predictable objection that it is the economists who suffer from biased economic beliefs. Caplan’s (2002) defense of his position that the public is biased and that the economists are the clear-thinking experts is based on data available in the SAEE. The most common reasons offered for economists’ bias are that they are either 1) simply right-wing ideologues, or 2) have higher incomes or job security and are therefore out-of-touch or less sensitive to the plight of the working man. Both of these objections can be easily dealt with, though, by controlling for ideology, party affiliation, and income/job security measures. It is worth noting that the first objection is simply untrue: the median economist surveyed in the SAEE is a moderate democrat. Also, while Ph.D. economists do have a higher average income than the general public in the SAEE, it is clear in Caplan (2002) that systematic belief differences persist, even when controlling for income, job security, and a variety of other demographic factors. Absent some other explanation of economists’ bias, it is reasonable to prefer the economists-as-experts view over one that posits economists’ bias.

Despite findings that the median economist is politically moderate (Caplan, 2002; Klein and Stern, 2005), the finding of this paper is that, based on questions concerning economic belief found in the General Social Survey (GSS), self-identified Republicans are more likely to “think like economists” than self-identified Democrats. The same finding holds for a comparison of conservative versus liberal ideology.

This paper discusses much of the previous work on the public’s economic views, and highlights some of the key differences between the beliefs of economists and of the general public, with particular focus on the evidence from the SAEE. The main focus of the paper is to present new findings from an examination of the connection between political party identification and economic beliefs, and on the similar relationship between political ideology on a liberal-conservative spectrum and economic beliefs.

II. Economists vs. the Public

There is a tension that exists between economists and the public, or at the very least systematic disagreement. For example, Paul Krugman (1996, p.78-9) has argued that economics is somewhat unique in public discourse:

As far as I can tell, the attitude of policy-minded intellectuals to economics is pretty much unique. Many people have opinions about legal matters or about defense policy; but they generally accept that a fair amount of specialized knowledge is necessary to discuss these matters intelligently. Thus a law degree is expected of a commentator on legal affairs, a professional military career or a record of study of military matters is expected of a commentator on defense, and so on. When it comes to economics, however, and especially international trade, it seems to be generally accepted that there is no specialized knowledge to master. Lawyers, political scientists, historians cheerfully offer their views on the subject, and often seem quite sure that whatever it is that professors have to say – something they are fairly blurry about – is naïve and wrong...

The claim is notable because it differs from conventional claims of public ignorance. Krugman's contention is not that most people are merely ignorant about economics, much the way they are rationally ignorant about most specialized areas of study; he is suggesting that many non-economists are willfully ignorant of economic theory, yet at the same time eager to denounce it.

James Buchanan (1993, p.10) has also noted that, while often humble about their knowledge of other fields, the common public attitude is typically that

the operation of markets is within the working knowledge of everyone. "Every man his own economist" or "do it yourself economics" has been a characteristic feature of policy discourse since the professionalization of the science.

The phrase "every man his own economist" is at the heart of the belief gap between economists and the public. The public may well disregard economic theory and evidence because they believe

themselves to be closer observers of the most important economic issues. As discussed in the next section of the paper, economists are less concerned than non-economists with job losses due to foreign competition, immigration, or corporate downsizing. In this paper, I borrow Caplan's (2007) term "make-work bias" to describe the public's negative reaction to industry or firm-specific job losses, even when those losses are brought on by technological change, higher productivity, foreign competition, or changing consumer preferences. Yet a worker experiencing unemployment for those reasons (or politicians who seek the votes of such workers) may accuse economists of "productivity bias" or even "growth bias."

Perhaps economists and the public simply aren't listening to each other, and if they did, the belief gap would close. As far as the public goes, Krugman (1998, p.26) argues, this is unlikely:

I believe that much of the ineffectiveness of economists in public debate comes from their false supposition that intelligent people who read and even write about world trade must grasp the idea of comparative advantage. With very few exceptions, they don't -- and they don't even want to hear about it.

The refusal to listen to what economists have to say about trade (or other economic issues) can be viewed as a form of utility-maximizing self-deception (Cowen, 2005). It is plausible that beliefs about economics, like other political beliefs, are tied to an individual's sense of self-worth. For example, a worker would probably rather not hear (much less accept) that his or her layoff was a smart choice for the company.

The term "bias" is one that should be used carefully, but its use concerning economic beliefs is justified. The four biases described in the next section are based on areas where economists and the public systematically disagree. But the disagreement does not stem from ignorance or self-deception on the part of economists. While the economic discipline is far from perfect, economists are first and foremost better-informed than others about the past and present state of the economy (Blendon et al., 1997), and it is reasonable to assume that, *absent any empirically supported claim of economists' bias*, their positive and normative beliefs about economics are better-informed than the beliefs of non-economists.

There are, as it happens, a couple of testable claims of economists' bias, but they fail to explain the belief gap between economists and the public. The first is that economists are right-wing ideologues, which is simply false. As mentioned in the introduction, the median economist is best described as a moderate democrat (Caplan, 2002; Klein and Stern, 2005).¹ The other, more plausible claim is that economists enjoy higher incomes and better job security, and are thus insulated from economic turmoil. While the claim is generally true, i.e., controlling for those factors will reduce the belief gap between economists and non-economists, more than 80 percent of the belief gap remains (Caplan, 2002).² Those factors, when used as controls here in this paper, do not significantly reduce the impact of ideology and party affiliation on economic beliefs.

III. What Do Economists Believe?

Is there a consensus among economists? The answer, from surveys of economists over the years, is a resounding "yes" (Frey et al., 1984; Alston et al., 1992; Caplan, 2002; Whaples, 2006). Surveys over the past three decades consistently show strong consensus among economists. The consensus can be broken down into four main areas:

1. *View of Markets.* Economists on average tend to view market failure as an exception rather than the rule. Economists, when compared with the general public, tend to have a more negative view of government interference with markets and have less negative views about business. For example, in a survey conducted by Whaples and Heckelman (2005), a majority of American Economics Association (AEA) members surveyed agreed with the statement "Government does more to protect and create monopoly power than to prevent it."³

2. *Views on Interaction with Foreigners.* Economists tend to view the benefits of interacting with foreigners as being rather high when compared with the costs, especially where foreign trade and immigration are concerned. For the general population, surveyed in

¹ Klein and Stern (2005) found that, while moderate compared to academics in other fields, among the academic economists in their sample, Democrats outnumbered Republicans at a rate of three to one.

² I would like to thank an anonymous referee for this insight.

³ This survey found an even stronger consensus among economists who specialize in the study of Public Choice.

the GSS, 65.4 percent of respondents believed the number of immigrants to the U.S. should be decreased, while in Whaples' 2006 AEA member survey, only 16.7 percent of economists agreed that "current U.S. immigration levels are too high." In the SAEE, 1 percent of economists believed that "too many immigrants" was a major reason the economy is not doing better than it is, versus 47 percent of the general public. On trade issues, 87.5 percent of the economists in Whaples' AEA survey agree that "the U.S. should eliminate remaining tariffs and other barriers to trade." But in the GSS, 68.7 percent of respondents from the general public agreed that "America should limit the import of foreign products to protect its national economy."

3. *View of Labor.* Compared to non-economists, economists are less concerned with job creation as an end in itself, and are also less concerned with protecting jobs. Fifty-nine percent of the general public viewed corporate downsizing as a "major reason" for "why the economy is not doing better than it is," compared to only 5 percent of economists. In Whaples' 2006 survey of AEA members, 90.1 percent of economists disagreed with the statement "the U.S. should restrict employers from outsourcing work to foreign countries," whereas only 6.2 percent agreed. Similarly, in the SAEE, 68 percent of the general public believed "companies sending jobs overseas" was a major reason the economy is not doing better than it is, versus 6 percent of economists.

4. *Views on Economic Performance.* Economists are much less pessimistic than most people about the economy's recent performance, and the likelihood that it will continue to improve in the future. Based on several questions in the SAEE, economists view the current economy to be much stronger than the general public, and believed it would perform better in the future. For example, most members of the public tend to overestimate the rates of inflation and unemployment (Blendon et al., 1997; Caplan, 2002).

The four categories of economic bias used in this paper come directly from the four areas of economists' consensus on overall market interaction and performance, international economics, and labor economics. The next section discusses the data on economic beliefs from the GSS.

IV. The General Public and the General Social Survey

The General Social Survey (Davis et al., 2005) contains many questions on political and economic beliefs while also offering a very broad range of demographic questions to function as controls. The goal in this study was to find questions as relevant to the four areas of economic bias as possible, while taking advantage of the GSS questions' largely normative phrasing. After going through all of the questions relevant to these areas, the 34 that best addressed normative questions related to those covered in the SAEE and other surveys of economists were chosen. Of the 34, seventeen fell into the category of questions that measure anti-market bias, six covered topics relevant to anti-foreign bias, five related to make-work bias, and six to measure pessimistic bias.

The effect of both ideology and political party affiliation on each question was estimated using ordered logits, subject to the following controls: age, sex, race, education, log of real income, income growth, and job security (see Table 1). Where data was available for multiple survey years, the year of the survey was also added as a control. The reasoning behind adding these standard controls is straightforward: it is the independent effects of party affiliation and ideology that is of interest in this study. For example, on any of the questions used, one can imagine that differences in income, job security, education, etc., would tend to bias the estimated effects of ideology or party identification (see Table 2).

It is important to consider the “shape” of the data on ideology and party affiliation, especially whether or not the effects tend to be linear or non-linear. Prior work in this area using similar GSS questions on economic belief suggest that ideology and party identification both tend to have linear effects on the survey question responses, i.e., progressively stronger conservatism on the scale given in Table 1 leads to stronger “economistic” answers to the anti-market bias questions, as does stronger association with the Republican party (Miller 2007). In other words, for nearly all the questions, each successive movement along the 7-point ideological scale moves the mean answer in the expected direction. In examining the questions used in this paper, broken down by bias category, this pattern holds. For example, stronger conservatism is associated with stronger anti-foreign bias in a progressive, linear fashion.⁴

⁴ I would like to thank an anonymous referee for bringing up this issue.

Table 1. Control Variables

Variable	Question/Coding	Mean
age	(year of survey - birth year)	45.21
male	1=male; 0=female	.44
race		
black	=1 if black, 0 otherwise	.14
othrace	=1 if other race, 0 otherwise	.03
<i>Generally speaking, do you usually think of yourself as a Republican, Democrat, Independent, or what?</i>		
othparty	=1 if other party/refused to say	.01
partyid*(1-othparty)	0=strong democrat; 1=not very strong Democrat; 2=independent, close to Democrat; 3=independent; 4=independent, close to Republican; 5=not very strong Republican; 6=strong Republican	2.65
<i>We hear a lot of talk these days about liberals and conservatives. I'm going to show you a seven-point scale on which the political views that people might hold are arranged from extremely liberal--point 1--to extremely conservative-- point 7. Where would you place yourself on this scale?</i>		
ideology	1="extremely liberal" 2="liberal" 3="slightly liberal" 4="moderate" 5="slightly conservative" 6="conservative" 7="extremely conservative"	4.10
log(real income)	family income in logged 1986 dollars	9.94
<i>During the last few years, has your financial situation been getting better, worse, or has it stayed the same?</i>		
income growth	1="getting worse" 2="stayed the same" 3="getting better"	2.18
<i>Thinking about the next 12 months, how likely do you think it is that you will lose your job or be laid off--very likely, fairly likely, not too likely, or not at all likely?</i>		
job security	1="very likely" 2="fairly likely" 3="not too likely" 4="not at all likely"	3.49
education	years of schooling completed	12.54
year	year in which question was asked	1987.41

Derived from GSS variable identifiers AGE, SEX, RACE, PARTYID, POLVIEWS, REALINC, FINALTER, JOBLEOSE, EDUC, and YEAR.

The effects of ideology and party identification are consistent and notable for the anti-market questions. Political liberals were more likely than conservatives to hold anti-market views, and the effect of liberal ideology was statistically significant at the 5 percent level for 10 of the 17 anti-market questions. Furthermore, conservative ideology does appear to contribute to anti-market views for *any* single question in the category. The effect of ideology is always in the direction of liberal respondents tending to hold more anti-market views. Democratic party identification has a similar effect, and is significant for 11 of the 17 questions. Again, the opposite effect is not observed, with the lone exception of Republicans being slightly more likely to favor state control and protection of the steel industry. If one expects Democrats to be more anti-market than Republicans, then the expected relationship holds.

Both Democrats and liberals are more likely than Republicans and conservatives to be in favor of wage and price controls. On average, economists view the minimum wage as harmful to workers. In Alston et al. (1992), 56.5 percent of economists agreed that the minimum wage increases unemployment among young and unskilled workers versus 20.5 percent who disagreed. In the same survey, 73.9 percent of economists disagreed that wage and price controls are a useful policy option in the control of inflation, versus 8.4 percent who agreed. More recently, Whaples (2006) found that 62.4 percent of economists believed that the minimum wage should be kept at its current level or lower, with most of that group (46.8 percent of the total) believing it should be *eliminated*, despite the fact that 659 economists recently signed a letter in favor of raising the minimum wage.⁵

Both Democrats and liberals are against reducing government regulation on businesses and in favor of government support for growing industries. Economists probably do not differ too much from the public in their overall views on regulation, though when specific kinds of regulation are discussed in surveys they tend to favor regulation in the form of Pigovian taxes (Alston et al., 1992; Whaples, 2006).

When it comes to what many consider *the* most important question in political economy, state versus private control of the

⁵ For the reasons signatories gave for their support of the minimum wage, see Klein and Dompe (2007).

means of production, liberals are more likely than conservatives to believe that the government should control the power, steel, and banking industries more; the results are strong for the steel and

Table 2. Party, Ideology, and Anti-Market Bias

Variable	Question	Repub.	Conserv.
<i>Here are some things the government might do for the economy. Circle one number for each action to show whether you are in favor of it or against it.</i>			
1 = "strongly in favor of"; 2 = "in favor of"; 3 = "neither in favor nor against"; 4 = "against"; 5 = "strongly against"			
setwage	Control of wages by legislation.	.1102* (.0271)	.1636* (.0394)
setprice	Control of prices by legislation.	.0840* (.0269)	.1793* (.0397)
lessreg	Less government regulation of business.	-.1596* (.0274)	-.2167* (.0406)
<i>On the whole, do you think it should or should not be the government's responsibility to...</i>			
1 = "Definitely should be"; 2 = "Probably should be"; 3 = "Probably should not be"; 4 = "Definitely should not be"			
pricecon	Keep prices under control.	.1344* (.0288)	..2132* (.0429)
aidindus	Provide industry with the help it needs to grow.	.0757* (.0286)	.0675 (.0429)
reqinfo	It is the responsibility of government to require businesses to provide consumers with the information they need to make informed choices. 1 = "agree strongly"; 2 = "agree somewhat"; 3 = "disagree somewhat"; 4 = "disagree strongly"	.0473 (.0443)	.0043 (.0620)
<i>What do you think the government's role in each of these industries should be?</i>			
1 = "own it"; 2 = "control prices and profits but not own it"; 3 = "neither own it nor control its prices and profits"			
ownpower	Electric power.	.0463 (.0382)	.0937 (.0578)
ownsteel	The steel industry.	-.0031 (.0412)	.2270* (.0619)
ownbanks	Banking and insurance.	.0201 (.0380)	.1238* (.0570)
econsys	<i>On the whole, do you think our economic system is...</i> 1 = "the best system we could possibly have"; 2 = "basically okay but in need of some tinkering"; 3 = "in need of some fundamental changes"; 4 = "needing to be replaced by some other system"	-.0893 (.0474)	-.0599 (.0679)

banking industries. Democrats, however, are not significantly more likely to favor governmental control of these industries, which supports the common-sense conclusion that being a Democrat and being a liberal are not mutually inclusive.

Democrats and liberals both tend to believe that businesses have too much power, that business profits are distributed unfairly, those profits should be shared more with workers, and that private enterprise is not the best way to solve America's problems. Democrats are more likely than Republicans to believe that our economic system needs changing, that managers in business

Table 2 (continued)

Variable	Question	Repub.	Conserv.
buspow	How about business and industry, do they have too much or too little power? 1 = "far too much power"; 2 = "too much power"; 3 = "about the right amount of power"; 4 = "too little power"; 5 = "far too little power"	.0895* (.0284)	.1907* (.0426)
<i>To what extent do you agree or disagree with the following statements?</i> 1 = "strongly agree"; 2 = "agree"; 3 = "neither agree nor disagree"; 4 = "disagree"; 5 = "strongly disagree"			
privent	Private enterprise is the best way to solve America's problems.	-.2086* (.0193)	-.1602* (.0399)
profits1	The way most companies work, the only thing management cares about is profits, regardless of what workers want or need.	.2090* (.0463)	.0213 (.0649)
profits2	Corporations should pay more of their profits to workers and less to shareholders.	.1805* (.0517)	.1728* (.0730)
equal2	The economy can run only if businessmen make good profits. That benefits everyone in the end.	-.0907* (.0287)	-.0818 (.0433)
equal7	(JOBLOSE dropped) Generally speaking, business profits are distributed fairly in the United States. (JOBLOSE dropped)	-.1468* (.0291)	-.1457* (.0437)
bosswrks	There will always be conflict between management and workers because they are really on opposite sides.	.0331 (.0450)	.0735 (.0647)

*=coefficient significant at the 5 percent level.

don't care enough about workers, and that business profits do not tend to benefit society as a whole.

The results for any one of the 17 questions can be plausibly explained as a justified belief. Collectively, though, the pattern is apparent: Democrats and liberals are considerably more hostile toward free markets than Republicans or conservatives. This trend, however, reverses when it comes to international economics.

The GSS unfortunately has a much more limited number of questions that address anti-foreign bias. Six questions were taken from the survey, and only two deal with foreign trade; the other four concern immigration. Economists' views on these issues are perhaps better known than on any other. Economists generally do not believe

Table 3. Party, Ideology, and Anti-Foreign Bias

Variable	Question	Repub.	Conserv.
immunemp	<i>What do you think will happen as a result of more immigrants coming to this country? Is each of these possible results... Higher unemployment.</i> 1 = "very likely"; 2 = "somewhat likely"; 3 = "not too likely"; 4 = "not at all likely"	-.0541 (.0514)	-.1100 (.0695)
letin	<i>Do you think the number of immigrants from foreign countries who are permitted to come to the United States to live should be...</i> 1 = "increased a lot"; 2 = "increased a little"; 3 = "left the same as it is now"; 4 = "decreased a little"; 5 = "decreased a lot"	.0372 (.0344)	.0820 (.0454)
	<i>To what extent do you agree or disagree with the following statements?</i> 1 = "strongly agree"; 2 = "agree"; 3 = "neither agree nor disagree"; 4 = "disagree"; 5 = "strongly disagree"		
imports	America should limit the import of foreign products in order to protect its national economy.	.1339* (.0505)	-.2251* (.0699)
exclimm	America should take stronger measures to exclude illegal immigrants.	-.0281 (.0503)	-.3181* (.0702)
immameco	Immigrants are generally good for America's economy.	.0010 (.0510)	.0445 (.0688)
nafta2alt (recoding of nafta2 in GSS)	Generally speaking, would you say that America benefits or does not benefit from being a member of NAFTA? 1 = "benefits"; 2 = "don't know"; 3 = "does not benefit"	.0593 (.0501)	.1677 (.0689)

*=coefficient significant at the 5 percent level.

that immigration levels in the U.S. are too high, and most favor the elimination of tariffs and other trade barriers (Whaples, 2006).

On trade, conservatives are more pessimistic than liberals about the benefits of the North American Free Trade Agreement (NAFTA) and are more in favor of import restrictions (see Table 3). This may be surprising to those who do not study public opinion on trade issues, as much of the anti-globalization movement appears to have leftist roots.

The question on import restrictions asks whether respondents agree with the statement, "America should limit the import of foreign products in order to protect its national economy." While conservatives are more likely to agree with the statement than liberals, Democrats are more likely to agree than are Republicans. The framing of the question may provide an explanation of its conservative and Democratic support. The question focuses on protection of domestic producers and domestic jobs, which may be a more conservative justification for import restrictions. If an alternative statement indicated that America should limit imports in order to discourage third-world exploitation of labor, for example, it is possible that liberals would have expressed more agreement. Whatever the explanation, the issue of import restrictions represents an interesting split between ideology and political party identification.

On immigration, conservatives tend to believe that more immigration would cause unemployment, that the number of immigrants allowed into the U.S. should be decreased, and that "America should take stronger measures to exclude illegal immigrants." Republicans are also significantly more likely than Democrats to agree with the last statement.

While the overall evidence on foreign trade and immigration from the GSS suggests that conservatives exhibit anti-foreign bias, it does not suggest that Republicans differ greatly from Democrats on these issues.

The third category of economic bias, make-work bias, is more similar to the evidence on anti-market bias (results in Table 4). Democrats were more likely than Republicans to take the make-work position on all five questions, and liberals tended to agree with the make-work position on all but one question. Democrats overall tend to favor the government financing of projects to create jobs, reducing the work week to create jobs, and government support of declining industries to protect jobs. The results were essentially the same for

liberals, although their favor of supporting declining industries was not statistically significant at the 5 percent level.

The last two questions in Table 4 offer a striking example of the role ideology likely plays in influencing economic beliefs. The questions ask “On the whole, do you think it should or should not be the government’s responsibility to provide a job for everyone who wants one?” and whether respondents agree with the following statement: “The government must see to it that everyone has a job and that prices are stable, even if the rights of businessmen have to be restricted.” Both Democrats and liberals are considerably more likely than Republicans and conservatives to answer both questions affirmatively. Agreement with these positions, given the wording of the questions, exemplify what is meant by the term “make-work” bias. Both ask whether the government should *provide jobs for everyone*,

Table 4. Party, Ideology, and Make-Work Bias

Variable	Question	Repub.	Conserv.
<i>Here are some things the government might do for the economy. Circle one number for each action to show whether you are in favor of it or against it.</i>			
1 = “strongly in favor of”; 2 = “in favor of”; 3 = “neither in favor of nor against”; 4 = “against”; 5 = “strongly against”			
makejobs	Government financing of projects to create new jobs.	.1183* (.0277)	.1714* (.0406)
cuthours	Reducing the work week to create more jobs.	.0533* (.0268)	.1423* (.0397)
savejobs	Support declining industries to protect jobs.	.0818* (.0272)	.1089* (.0398)
jobsall	<i>On the whole, do you think it should or should not be the government’s responsibility to provide a job for everyone who wants one?</i>	.0919* (.0197)	.2008* (.0285)
1 = “definitely should be”; 2 = “probably should be”; 3 = “probably should not be”; 4 = “definitely should not be”			
equal3	<i>How much do you agree with the following statement?</i> <i>The government must see to it that everyone has a job and that prices are stable, even if the rights of businessmen have to be restricted.</i>	.1611* (.0284)	.1058* (.0430)
1 = “agree strongly”; 2 = “agree somewhat”; 3 = “disagree somewhat”; 4 = “disagree strongly” (JOBLOSE dropped)			

*=coefficient significant at the 5 percent level.

which most economists would likely believe is an extremely costly policy in terms of productivity and long-term growth, and ultimately not a worthwhile goal.

Where pessimistic bias is concerned, the results are much more mixed (Table 5). Ideology only appears to have a clear effect for one question, where conservatives tend to be more pessimistic about the economy's performance over the next five years. Party identification is a significant factor for all six questions, but the results are split: Democrats had more pessimistic responses for three of the six

Table 5. Party, Ideology, and Pessimistic Bias

Variable	Question	Repub.	Conserv.
newpast (recoding of econpast in GSS)	<i>How about the economy? Would you say that over the <u>past year</u> the <u>nation's economy</u> has...</i> 1 = "gotten much better"; 2 = "gotten somewhat better"; 3 = "stayed the same"; 4 = "gotten somewhat worse"; 5 = "gotten much worse"	.0855 (.0480)	.0336 (.0635)
newfutr (recoding of econfutr in GSS)	<i>What about the <u>next 12 months</u>? Do you expect the national economy to...</i> 1 = "get much better"; 2 = "get somewhat better"; 3 = "stay the same"; 4 = "get somewhat worse"; 5 = "get much worse"	.0859 (.0505)	.2332* (.0668)
equal6	All in all, one can live well in America. 1 = "agree strongly"; 2 = "agree somewhat"; 3 = "disagree somewhat"; 4 = "disagree strongly"(JOBLOSE dropped)	-.0879* (.0293)	-.0067 (.0440)
	<i>Now I'd like your opinions on a number of different things.</i> 1 = "agree"; 2 = "disagree"		
anomia5	In spite of what some people say, the lot (situation/condition) of the average man is getting worse, not better.	.1068* (.0186)	.0114 (.0265)
anomia6	It's hardly fair to bring a child into the world with the way things look for the future.	.1094* (.0202)	-.0239 (.0283)
kidssol	When your children are the age you are now, do you think their standard of living will be _____ than yours is now? 1 = "much better"; 2 = "somewhat better"; 3 = "about the same"; 4 = "somewhat worse"; 5 = "much worse"	.0199 (.0249)	-.0020 (.0343)

*=coefficient significant at the 5 percent level.

questions, and Republicans had more pessimistic responses for the other three.

V. Conclusion

For most of the questions on economic belief from the GSS, ideology and party identification matter. But they are far from being the only important determinants of economic beliefs. Of the controls used in this study, only the respondents' education level has a more precise and consistent effect, although related research suggests that a measure of IQ from the GSS is also a better predictor of economic beliefs than party identification and ideology (Caplan and Miller, 2006). These results on the correlation between economic beliefs and ideology in the United States are similar to findings found in a recent study of voters' opinions in New Zealand, which supports the overall conclusion that the public's views on economic issues are prone to bias (Crampton, 2009). In less closely-related research, it appears that experience with market interaction is also an important factor in determining one's beliefs about economics (Austin and Wilcox, 2007).

Unfortunately, the public's biased beliefs about economics have an observable impact on public policy. One study by Caplan and Stringham (2005) uses GSS data on public support for government spending to show that the public receives largely what it wants: more spending on favored programs (such as education and Social Security) and very little on less favored programs (such as foreign aid). Crampton (2002) has a similar finding: voters get less economic freedom in many countries because they do not favor it. Standard Public Choice theorizing about democratic will being subverted by special interests is unnecessary. The story consistent with public opinion data is that public opinion drives democratic will, and democratic will is not so much subverted as encouraged by concentrated special interests. Voters are biased, perhaps most especially on economic issues, and inefficient economic outcomes are the result of voters getting what they want.

Overall, both Democrats and liberals show a greater tendency than Republicans and conservatives to have systematically biased beliefs about economics. The result is especially strong where the subcategories of anti-market bias and make-work bias are concerned. An interesting counter-trend is found in international economics, particularly where the issues of trade and immigration are concerned.

On these issues, conservatives certainly appear to exhibit anti-foreign bias. The results are mixed for pessimistic bias, with both Democrats and Republicans having a tendency toward pessimism, with Democrats being more pessimistic about people's standards of living in the U.S. and Republicans being more pessimistic about the overall performance of the economy.

Why ideological liberals and political Democrats tend to be overly suspicious of markets and over-value employment is an interesting topic. The patterns shown in this study are intended to help answer this question, but those patterns do not explain the root causes of systematically biased beliefs about economics. Clearly there is an element in conservative ideology that promotes pessimism about the benefits of foreign interaction, and an equally powerful component of liberal ideology that promotes market pessimism and suspicion.

Another way to interpret the results on anti-market bias is to note that liberals, while very concerned about government failure in non-market spheres, seem to have great faith in its ability to correct the market's shortcomings. Whether this is due to the kind of self-deception Cowen (2005) describes or some other factor is a question that requires further research.

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