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The Up hot

How Is the Economy Doing? Politics Will Probably Decide Your Answer

Economic View

By NEIL IRWIN JAN. 1, 2016

Suppose it is dinnertime, and the phone rings. It is a polite survey taker with a simple question for you: How is the economy doing?

You might answer the question based upon the news stories you've seen recently about the latest unemployment rate, or perhaps based on anecdotal observations, such as whether your long-jobless cousin has had any luck finding work.

But a wide range of academic work suggests a different factor that is likely to shape your answer: whether the current occupant of the White House is of your preferred political party.

Did unemployment get better or worse during Ronald Reagan's presidency? In a 1988 survey, some 80 percent of dedicated Republicans accurately said it had improved, compared with 30 percent of loyal Democrats. In the 1990s, the pattern reversed on a range of factual questions about economic and fiscal issues. In a 1997 survey, for example, Republicans were

far less likely than Democrats to acknowledge that the budget deficit had declined during the Bill Clinton administration.

As an economics writer, I see the same thing anecdotally. When I wrote articles recently about the unemployment rate's dip to 5 percent, I received vehement responses from conservatives convinced that the Obama administration was cooking the numbers. They were not so different from responses I received from liberals when the jobless rate was at that level in 2005, during the George W. Bush administration.

In other words, when you ask people about the economy, the answers are less a statement of objectivity and more like what they'd say if you'd asked which pro football team was the best. That has important implications for democracy. How can people judge whether a party is effective if there is no sense of objective truth? And it could even have implications for the economy itself if, for example, conservative-leaning business executives freeze hiring or investment when the president doesn't share their politics.

But new research from two teams of political scientists adds a wrinkle to these findings. It turns out that the partisan bias in how people answer factual questions about the economy is diminished by this one weird trick: Pay people.

That is a conclusion reached in two new papers in *The Quarterly Journal of Political Science*, one from four scholars led by John G. Bullock at the University of Texas at Austin, the other by Markus Prior of Princeton and two colleagues.

When survey respondents were offered a small cash reward — a dollar or two — for producing a correct answer about the unemployment rate and other economic conditions, they were more likely to be accurate and less likely to produce an answer that fit their partisan biases.

In other words, when money was added to the equation, questions about

the economy became less like asking people which football team they thought was best, and more like asking them to place a wager. Even a little bit of cash gets people to think harder about the situation and answer more objectively.

“People are not telling you what they actually believe in ordinary surveys,” Mr. Bullock said. “With a payment, we’re eliciting not necessarily thoughtful responses, but more sincere responses.”

The effect was even more pronounced when respondents were rewarded for honestly answering “I don’t know” when they didn’t have enough information. Otherwise, it appears that people will respond objectively to questions when they know the answer, but revert to their partisan biases when they don’t.

The paper by Mr. Bullock, Alan S. Gerber, Seth J. Hill and Gregory A. Huber found that offering a \$1 payment for a correct response and a 33-cent payment for an answer of “Don’t know” eliminated the entire partisan gap between Democrats and Republicans on questions about the economy.

Interestingly, in the paper by Mr. Prior, Gaurav Sood and Kabir Khanna, the cash payments became less effective at coaxing an accurate answer if the question mentioned the president by name. George W. Bush was president at the time of the survey, but by extension it appears that Americans can be more objective answering a question like “Is the unemployment rate lower or higher than it was seven years ago?” than a question like “Is the unemployment rate lower or higher than it was when Barack Obama became president?” even though as a factual matter those are the same question.

The research could have interesting parallels beyond the realm of opinion surveys. It calls to mind, for example, energy executives who might support politicians who deny that climate change is happening, but when doing their jobs with real money on the line, accept the scientific consensus that the planet is warming, and plan accordingly. Similarly, people who hate the Affordable Care Act and think it is a disastrous public policy will nonetheless take

advantage of it to obtain health insurance.

The findings have some interesting implications for democracy, too, though depending on your inclination you could view it as good news or bad.

The good news is this: No matter how politically polarized society might seem, there is an objective reality we can agree upon on how the economy is performing and on other measures of national well-being. It just takes a little skin in the game to get people to acknowledge those facts when they are at odds with their political instincts.

“To put it bluntly, this is bad news for survey research, but good news for democracy,” as the Prior paper puts it.

Mr. Bullock isn't certain. The research supports the idea that “people are not as deluded as we imagine,” but he doesn't see this as all good news.

“Yes, people are less deluded about objective conditions than we imagined, but that also implies that peoples' belief about objective conditions matters less for how they vote than we thought,” he said. “We've always thought that how people vote depended a lot on the state of the economy and the state of war. But maybe those objective realities matter less than we thought.”

In other words, people don't simply look at how the economy is doing and whether the nation is at peace, and decide whether to vote for the incumbent party based on those realities. Instead they have political preferences that stay in place regardless of how the country is doing. That implies that political parties won't be rewarded for delivering good performance, or punished for bad performance.

Whether one takes the optimistic or pessimistic case for democracy from these findings, one conclusion is hard to escape. We all might be wiser, and more sensible, if we tried to understand the world as it is, not as our political

views suggest we want it to be. We'll be smarter for it — even if we don't have a researcher paying us a dollar or two.

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