Values as Luxury Goods and Political Behavior

Benjamin Enke **Mattias Polborn** **Alex Wu**

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Motivation

- Much evidence: voting determined by both...
  - Economic incentives
  - Social / moral values; e.g. heterogeneity in moral orientation along universalism-particularism cleavage strongly correlated with voting and policy views
- **How do people trade off values and material concerns when they conflict?**
- Of particular relevance for voters who align with each party on one dimension
  - Poor moral conservatives (“What’s the matter with Kansas?”)
  - Rich moral liberals

This paper

- **Theory of political behavior with values as a luxury good**
  - Relative weight people place on values vs. material considerations increases in income
- Present **direct survey evidence** for this assumption
- Model generates **new testable implications** and ties together **stylized facts**:
  - Rich people who can “afford” to be left
  - In contrast to much emphasis in public debate: Rich moral liberals more likely to vote against economic interests than poor moral conservatives
  - Higher within-party fragmentation on the left

Values as luxury goods in the social sciences

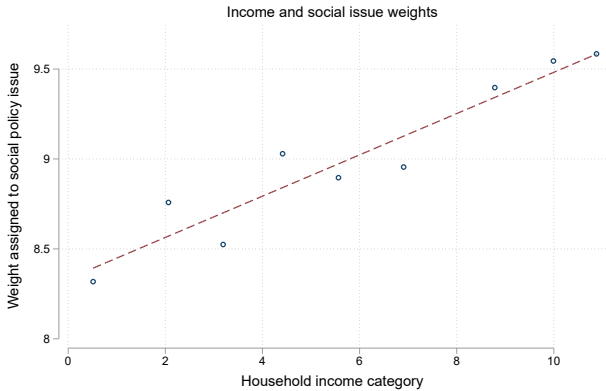
- Psych: Maslow's "hierarchy of needs"
- PoliSci / Sociology / WVS: Inglehart's "postmaterialism" agenda
- Appeal in political domain: rich need to worry less about how to feed family
- Our contributions:
  - Present direct survey evidence in political context
  - Embed in simple formal model
  - Luxury goods assumption generates a lot of action
  - Empirically test resulting new predictions

Motivating Evidence

Motivating evidence I

- Survey of $\sim$1,200 U.S. voters, following design of Spenkuch and Teso (2023)
- Asked to indicate preferred position on each of 10 policy topics (standard)
  - Social: immigration, LGBTQ rights, affirmative action and minorities, free speech and cancel culture, abortion
  - Econ: minimum wage, taxes on HH, taxes on firms, health care, energy subsidies
- Then asked to allocate 100 points among preferred 10 positions to indicate how important they each are for which candidate they support

Motivating evidence II



$y \geq 150k$ cares 13% more about social issues than $y < 10k$

Motivating evidence III

	Dependent variable:							
	Issue weight (social topics)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Income category (0-11)	0.099***	0.11***	0.097***	0.095***				
	(0.03)	(0.03)	(0.04)	(0.04)				
Log HH income					0.38***	0.42***	0.33**	0.32**
					(0.14)	(0.14)	(0.14)	(0.14)
Extremity of opinion (0-2)		3.52***	3.54***	3.06***		3.54***	3.57***	3.06***
		(0.17)	(0.17)	(0.40)		(0.17)	(0.17)	(0.40)
Age			-0.0034	-0.0095			-0.0041	-0.010
			(0.01)	(0.01)			(0.01)	(0.01)
1 if female			0.067	0.057			0.063	0.061
			(0.23)	(0.22)			(0.23)	(0.22)
1 if college degree			-0.30	-0.15			-0.27	-0.12
			(0.24)	(0.24)			(0.24)	(0.24)
Religiosity (0-10)			0.30***	0.23***			0.31***	0.23***
			(0.03)	(0.03)			(0.03)	(0.03)
Survey wave FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Topic FE	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Opinion FE	No	No	No	Yes	No	No	No	Yes
Observations	5980	5980	5980	5980	5895	5895	5895	5980
R^2	0.00	0.12	0.13	0.15	0.00	0.12	0.13	0.15

Model

Model: Key ingredients

- Policy space is two-dimensional: Social and economic policy
- Voter primitives are two-dimensional: income and values (e.g., particularism vs. universalism)
- Values determine voter's desired social policy
- Relative income and (if you like) values determine desired economic policy
- Voter needs to trade off material preferences and values
- **Key assumption: Utility weight on values increases in income**

Model

Voter type (y, μ): (income, values)

- **Utility**: $U = [1 - w(y)] \cdot M(y) + w(y) \cdot P(\mu)$
  - Weighted average of material utility M and values utility P
  - Weight on values utility, $w(\cdot)$, increases in y
  - Don't take stance on specific interpretation:
  - Diminishing marginal utility and / or
  - Fundamental change in preferences as income changes

Model

Voter type (y, μ): (income, values)

- **Utility**: $U = [1 - w(y)] \cdot M(y) + w(y) \cdot P(\mu)$
- **Material utility**: $M(\cdot) = y - \frac{1}{2}\left[x_e - r\left(y - \bar{y}\right)\right]^2$
  - Reduced-form formulation to capture essence
  - Disutility from distance b/w economic policy x_e and function of relative income
  - Richer people want “higher” / more conservative economic policy (e.g., lower tax rate)

Model

Voter type (y, μ): (log income, moral values)

- **Utility**: $U = [1 - w(y)] \cdot M(y) + w(y) \cdot P(\mu)$
- **Values utility**: $P(\cdot) = -(1/2)(x_s - \mu)^2$
  - Disutility from distance b/w social policy x_s and values μ

Model

Voter type (y, μ): (log income, moral values)

- **Utility**: $U = [1 - w(y)] \cdot M(y) + w(y) \cdot P(\mu)$
- **Values utility**: $P(\cdot) = -(1/2)(x_s - \mu)^2 - (\lambda/2)(x_e - h(\mu))^2$
  - Values / fairness views may also determine voter's desired economic policy
  - If $\lambda > 0$: disutility from distance b/w economic policy x_e and $h(\mu)$
  - For example: If universalist values, prefer both liberal economic and liberal social policy (e.g., Enke et al., 2019; Cappelen et al., 2022; Kivingakas et al., 2021)
  - None of our main results depend on $\lambda > 0$ (correlated policy views)
- Plus random valence shock (probabilistic voting)

Model

- **Utility**: $U = [1 - w(y)] \cdot M + w(y) \cdot P$
- **Material utility**: $M(\cdot) = y - \frac{1}{2}\left[x_e - r\left(y - \bar{y}\right)\right]^2$
- **Values utility**: $P(\cdot) = -(1/2)(x_s - \mu)^2 - (\lambda/2)(x_e - h(\mu))^2$
- Voters trade off their objectives resulting from relative income and values, and that tradeoff is shaped by how rich voter is

Voting with exogenous party positions

- Assume party positions are exogenous and fixed
- Suppose *R* party more right-wing on both econ and social policy
- Sincere voting

Approach and data

Approach and data

- Intersperse theoretical predictions with empirical (correlational) tests
- Data:
  - ANES: standard moral conservatism scale (Ansolabehere et al., 2006)
  - MFQ (Moral Foundations Questionnaire): moral values scale from psychology, captures universalism-vs.-particularism continuum (Haidt, 2012; Enke, 2020)
  - Both nationally representative datasets

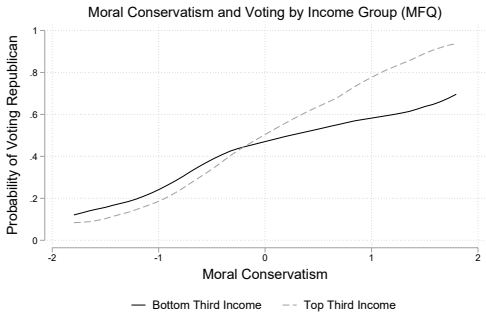
Income and voting: Left-wing elites

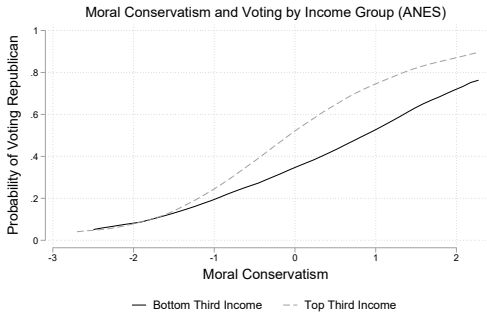
Income and voting – Left-wing elites

$$\frac{dPr(R|y,\mu)}{dy} = \psi(\Delta U)\left\{\underbrace{[1-w(y)]\Delta x_e r'(y-\bar{y})}_{\text{direct income effect, }+} + \underbrace{w'(y)[\lambda\Delta x_e(h(\mu)-r(y-\bar{y}))+\Delta x_s\mu]}_{\text{indirect moral effect, ?}}\right\}$$

- **Direct income effect** (standard): Higher income $\Rightarrow$ more conservative econ policy
- **Indirect effect** (person now places higher weight on values):
  - High μ voters (conservative values): Indirect effect reinforces direct effect
  - Low μ voters (liberal values): Indirect effect goes against direct effect
- **Implication: people who are sufficiently rich that values make them left-wing**
- **Prediction: Income effect smaller among liberals, can even be zero**

Income and voting – empirical evidence





Left panel: Moral Foundations Questionnaire, moral conservatism = particularist morality

Right panel: ANES, 1988–2020; moral conservatism score from Ansolabehere et al. (2006)

Voting against material interests

Voting against one's material interests

- Voting behavior of people align with each party on one dimension
  - Poor and conservative values
  - Rich and liberal values
- Important focus of the popular literature (e.g., Frank, "What's the matter with Kansas")
- Poor moral conservatives said to be "fooled" into voting Republican
- But, conversely, many rich vote Democratic
- So, **who votes against their material interests more often**?

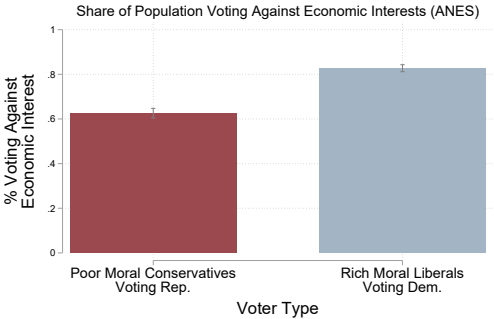
Voting against one's material interests

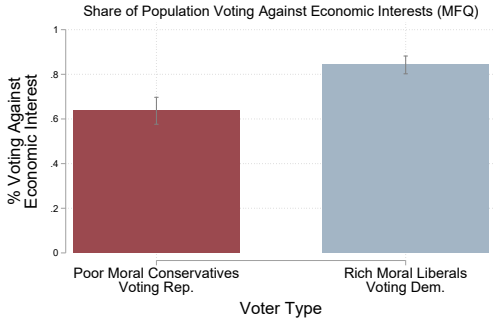
- Consider two voters, rich moral liberal (RML) and poor moral conservative (PMC).
- Suppose they are mirror images of each other, relative to the midpoint of the party positions (on both economic and social issues)
- Proposition: RML is more likely to vote "against his (economic) interests" than PMC:

$$Pr(D|RML) > Pr(R|PMC).$$

- **Intuition: Both PMC and RML trade off material incentives and values; but values are more important for RML than for PMC**

Voting against material interests – empirical evidence

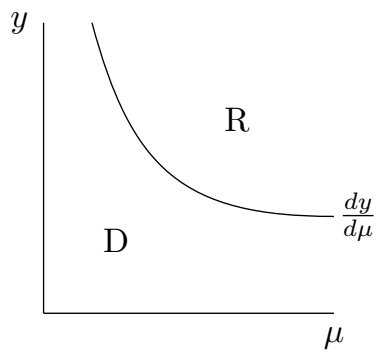




Within-party fragmentation

Within-party heterogeneity: Fractured Democrats

- That rich liberals are more likely to vote against their material interests than poor conservatives has immediate implications for within-party heterogeneity
- Consider iso-probability curves: The set of (y, μ) for which the voting probability is constant

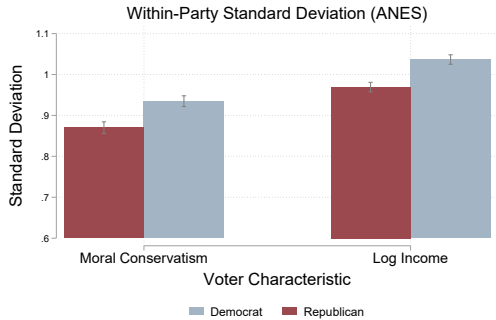


Within-party heterogeneity: Fractured Democrats

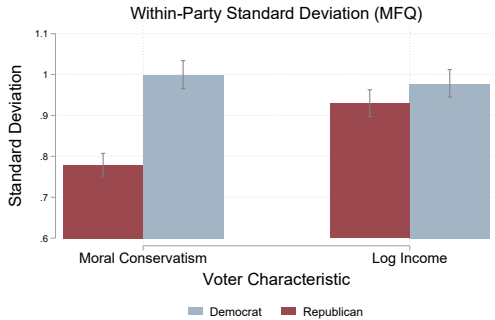
- Suppose $r(\cdot)$ and $h(\cdot)$ are linear and that $w(y)$ is linear or given by $w(y) = \frac{c+\rho(y-k)}{1+\rho(y-k)}$ with $0 < \rho < \bar{\rho}$
- Proposition: All iso-probability curves are convex
- Interpretation: **Set of D voters is more heterogeneous**
- Intuition: D voters comprise two very different types:
  - Very poor, regardless of values
  - Rich if very liberal values

Within-party heterogeneity – empirical evidence

Left: ANES ($N = 9,856$)



Right: MFQ ($N = 3,471$)



Discussion

- Simple model of **values as luxury goods**
- Supported by survey evidence
- Generates various new predictions and ties together perhaps surprising facts:
  - Income-voting link stronger among people with conservative values
  - More rich liberals vote against their economic interests than poor conservatives do
  - Set of Democratic voters more internally heterogeneous
  - Rich people but poor states vote Republican

Rich people, poor states: The income-voting paradox

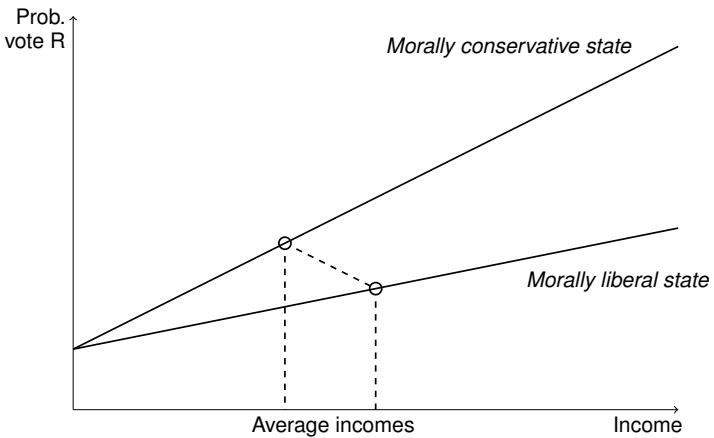
Income-voting paradox I

- Well-known **income-voting "paradox"**:
  - At individual level, income and voting Republican positively correlated
  - At state level, negatively correlated
- Gelman et al. (2007) speculate that this may be driven by luxury goods mechanism
- We formally study when this happens (derivations in paper)

Income-voting paradox II

- Intuition:
  - Poor states tend to be morally conservative (e.g., Kentucky)
  - As shown earlier, **luxury goods logic implies that voting-income gradient is smaller among moral conservatives**
  - If within-state income-voting relationship is steeper in poorer states, then (under some restrictions) this implies the income-voting paradox

Illustration: Luxury goods and voting-income paradox



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Values as luxury goods in vote choice

- *Hidden Tribes* report on different voter groups in the U.S.:
  - “Progressive Activists: Their own circumstances are secure, which perhaps frees them to devote more attention to larger issues of justice in society... [such as] issues of fairness and equity.”
  - “Devoted conservatives: They are one of the highest income-earning groups, and feel more secure than most other Americans. They are highly engaged in social issues...[and] feel that traditional values are under assault.”