



Voter turnout and the size of government



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ABSTRACT

This paper uses Swedish and Finnish municipal data to investigate the effect of changes in voter turnout on the tax rate, public spending and vote-shares. A reform in Sweden in 1970, which overall lowered the cost of voting, is applied as an instrument for voter turnout in local elections. The reform increased voter turnout in Sweden. The higher voter turnout resulted in higher municipal taxes and greater per capita local public spending. There are also indications that higher turnout decreased the vote share for right-wing parties. I use an individual survey data set to conclude that it was in particular low income earners that began to vote to a greater extent after the reform.

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1. Introduction

Voting is not only an individual political action linked to the issue of democratic legitimacy (Lijphart, 1997) but is also a mean of aggregating preferences for the formation of public policy. The purpose of this paper is to investigate the causal effect of a variation in voter turnout on tax rates, public expenditures and vote shares for political parties. I use municipal data from Sweden and Finland. A reform in 1970 that decreased the cost of voting in local elections in Sweden is applied as an instrument for voter turnout.

Who votes and who abstains can have two effects on policy, one through political party support and one that affects policy directly. The first case is more in line with the Citizen-Candidate model presented in Osborne and Slivinski (1996) and Besley and Coate (1997), in which political candidates implement their preferred policy if they win an election. Another scenario is that political parties position themselves in accordance with the voting median voter, meaning that policy is affected directly.¹

Questions relevant for this study are why non-decisive people vote and what are the attributes that determine who votes? The standard framework for the individual choice of voting is the rational voter hypothesis presented in Downs (1957) and Tullock (1967).² This hypothesis states that the cost of voting, the benefit of having a particular policy implemented and the probability of being the decisive voter are the key parameters that voters consider. The classic model predicts a voter turnout rate of zero, because the probability of being decisive is extremely small and there are always some costs associated with voting. A number

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¹ Meltzer and Richard (1981) argue that the person with the median income is decisive in a democracy. The median voting individual may however be different from the median entitled citizen.

² See also Mueller (2003, chapter 14) and Riker and Ordeshook (1968).

of papers have suggested modifications to the rational voter hypothesis to present a theory that can explain voting even if voters individually are non-decisive. See [Mueller \(2003\)](#); [Geys \(2006b\)](#), and [Harder and Krosnick \(2008\)](#) for reviews of this literature.

A particular explanation for non-decisive voting is the *expressive voting hypothesis*, according to which voters, in addition to receiving utility from having a particular policy implemented, also receive expressive utility from the act of voting.³ The idea is present in [Fiorina \(1976\)](#). [Brennan and Buchanan \(1984\)](#) view voting as expression of emotion through personal support. They make an analogy to football, saying that people cannot possibly believe that their cheering in front of the television or at the stadium will affect the outcome of the game—but they do it anyway. In a model by [Schuessler \(2000\)](#), inspired by the anthropological literature, voting is about “being” and not “doing”, meaning that voting is not an action taken to obtain something from the action in itself, but is about being a type of person supporting a political alternative. Voters vote to “become” what they want to be and this is independent of the probability of being the decisive voter.⁴ [Hillman \(2010\)](#) proposes that the source of expressive utility is affirmation of identity and describes a scenario in which non-decisive voters vote expressively for a candidate whose policy platform is different from the voter’s materially utility maximizing policy. An “expressive policy trap” arises when a majority has voted expressively for a policy that each voter in the majority would oppose if decisive. For a survey of expressive voting, see [Brennan and Brooks \(2013\)](#).

Given that voters are expressive and not decisive, which political alternative do they prefer voting for? In a standard model of public finance (see for example [Persson and Tabellini, 2002, p. 48](#)), rich individuals demand less redistribution and lower taxes. If they vote according to their true preferences or self-interest, they would choose to vote for a low-tax low-spending party. However, they could vote expressively to display generosity or a social conscience. [Tullock \(1971\)](#) proposed that they might not actually want to be in the majority but obtain utility only from voting to be generous. Low-income people might be expected to vote expressively for the party that would give them material benefit on the grounds that the income distribution is unfair.

What determines voter turnout? It is an empirical fact that voter turnout is never 100% in democracies, even when voting is associated with expressive utility.⁵ The cost of voting for some people exceeds the total utility (material utility and expressive utility). An established finding is that people with a higher education exhibit higher voter turnout than those with low education.⁶ The idea is that education fosters political participation. [Frey \(1971\)](#) argues that high-income earners vote to a greater extent because their ability to evaluate political alternatives is higher. [Filer et al. \(1993\)](#) hypothesize that people with relative higher incomes vote in a higher extent because they have more to lose. They also argue that we should expect a drop in voter turnout if a country experiences a rise in overall income. High-income earners might receive more expressive utility from voting than low-income earners because poorer people are more preoccupied with material matters in their everyday lives ([Hillman, 2010](#)). Poor people might therefore increase their voter turnout if the cost of voting falls.

A reform in Sweden lowered the cost of voting by introducing a common election day for local and national elections. My prior is that high-income people were voting before the reform in a higher degree than low-income people, for whom the pre-reform cost of voting exceeds the total utility (material utility and expressive utility) from voting. I predict that, after the reform lowered costs of voting, low-income earners began to vote. This had two potential effects: (1) An increase in voter turnout increases the vote share for the left-wing parties if new voters vote expressively in line with their preferences, which would result in higher taxes and more redistribution. (2) Political party support is not affected because the political parties reposition themselves on the policy spectrum. In either way, voter turnout has an effect on policy.⁷

Earlier papers have applied different strategies to identify the causal mechanism underlying voting. [Horiuchi and Saito \(2009\)](#) use Japanese municipal data and election day rainfall as an instrument for turnout to address the problem of endogeneity and find that a higher voter turnout rate in a municipality results in greater intergovernmental transfers. [Fujiwara \(2015\)](#) examines a voting reform in Brazil through the introduction of electronic voting. Voting is mandatory in Brazil so the reform did not increase the turnout rate per se; instead it augmented the share of valid votes from people that were illiterate. The result was that left-wing parties increased their vote share and that policy changed; for example, public expenditures on healthcare increased. [Fowler \(2013\)](#) focuses on an actual increase in voter turnout: when voting became mandatory in Australia, working-class citizens increased their share in the electorate, resulting in more votes for the Labor Party. Furthermore, the implementation of mandatory voting laws also translated in a change in public policy whereby pension spending increased in Australia in comparison to other OECD countries. [Martins and Veiga \(2014\)](#) show that increases in voter turnout in municipal elections in Portugal disadvantages incumbent governments, but that this effect is not uniform in the sense that right-wing majorities lose from increases in voter turnout but left-wing majorities do not. [Fumagalli and Narciso \(2012\)](#) use the same data set as [Persson and Tabellini \(2003\)](#) and [Persson and Tabellini \(2004\)](#) (which is on the economic effects of constitutions) in their cross-country study but argue that voter turnout is the transitional variable between the constitution and the economic outcomes. [Mueller and Stratmann](#)

³ [De Matos and Barros \(2004\)](#) suggest that voting is a social game, which can explain voting even if individuals are non-decisive.

⁴ [Ashenfelter and Kelley \(1975\)](#) argue that voting should be viewed as “consumption” and not as an “investment” in policy. [Hortala-Vallve and Esteve-Volart \(2011\)](#) analyze the cost and benefits and conclude that voter turnout should be zero among voters that emphasize smaller number of issues. [Brennan and Hamlin \(1998\)](#) point out that the political position of the candidates becomes very important in the expressive voting framework.

⁵ [Hillman et al. \(2015\)](#) note an exception of complete or near complete voter turnout in minority local-government jurisdictions in Israel, as a consequence of voting based on the extended family and group identity.

⁶ See for example the discussion in [Glaeser et al. \(2007\)](#) and [Sigelman et al. \(1985\)](#) on the link between education, income and voter turnout. Also see [Crain and Deaton \(1977\)](#).

⁷ [Geys \(2006a\)](#) concludes in a meta-analysis that grouping elections together seems to be one factor that increases voter turnout. See also [SOU 2001:65](#). [Hillman et al. \(2015\)](#) point out that expressive behavior among high income earners might be expected to be less pronounced in local elections. In my case however, the national parties run in the local elections and the municipalities are important economic entities.

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