

Social Security Entitlements: The Economics and the Politics

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Virtually every serious discussion of ways to reduce the size of federal government expenditures, and thus deficits, over the next several years ends up with the conclusion that the problem cannot be solved unless adjustments are made to the defense budget and to all the major entitlement programs, including Social Security. The reason for that politically unpalatable conclusion is simple: the combination of social security payments and defense expenditures now comprises over half of federal government expenditures, and that proportion is bound to grow over the next several years. If that much of the budget were sacrosanct, with interest on the national debt amounting to another 12-plus percent and other mandatory retirement programs adding another 10 percent or so, it would hardly be possible to cut the remaining expenditure categories sufficiently to help solve the deficit problem.

This essay focuses on the social security issue, and examines both the economics and politics of the problem. The basic issues are these: Is there an argument based on either equity or incentives or both that social security benefit programs should not be pared back below the increases contained in current law? And what is the evidence to support the widely held view that politicians advocating such a modification face inevitable defeat at the polls?

The Economics of Social Security

One could make the case that there is no important economic and social institution so little understood by the public as the U.S. social security system. While public discussion tends to focus on questions of financial solvency (will there be any money in the trust fund in five years?) or questions of obligation (benefits can't be adjusted because people are entitled to get what they have put in), the real issues are a quite different set.

I would categorize the central issues relating to the social security system as follows:

1. Does the system make adequate provision for generating the capital, and thus the real output and consumption levels, needed to maintain long-term growth in benefits, given predictable changes in the dependency ratio (the "workers to eaters" ratio) over the next several decades?
2. Does the system provide a real return on investment that is attractive enough so that beneficiary groups with alternatives (employees of nonprofits, or those working for state and local governments) do not choose to "opt out," and groups not now included (federal government employees) can be "opted in" without disadvantage?
3. Are present and prospective recipients of social security sufficiently well-off economically so that benefit levels or eligibility criteria could be modified without doing violence to general considerations of equity and fairness vis-a-vis other groups in the population?

The first two of these issues are technically complex and may imply fundamental modification of the system: they will be the subject of future *Outlook* essays. The third, which relates more to minor modification than fundamental change, is the subject of this essay.

Without doing great violence to the facts, we can think of the social security system as a basic tax and transfer system. People are taxed while they are working, and they receive benefits when they retire. The link between social security benefits and previous tax payments, while it exists, is not very tight (as it would be in a private pension system).¹ And benefit levels are not a matter of inalienable right: benefits have been substantially changed by legislation in the past, invariably to increase them.

Accepting that as a reasonable description of the system, real issues exist—but they are not the ones often discussed in the political arena. The system has significant effects on income distribution, is a major determinant of the size of the poverty population, has significant overtones of equity and of fairness with respect to the treatment of older citizens, and is thought by some to have significant effects on economic efficiency by way of its influence on labor supply and saving behavior. These issues are in need of discussion.

Some Background

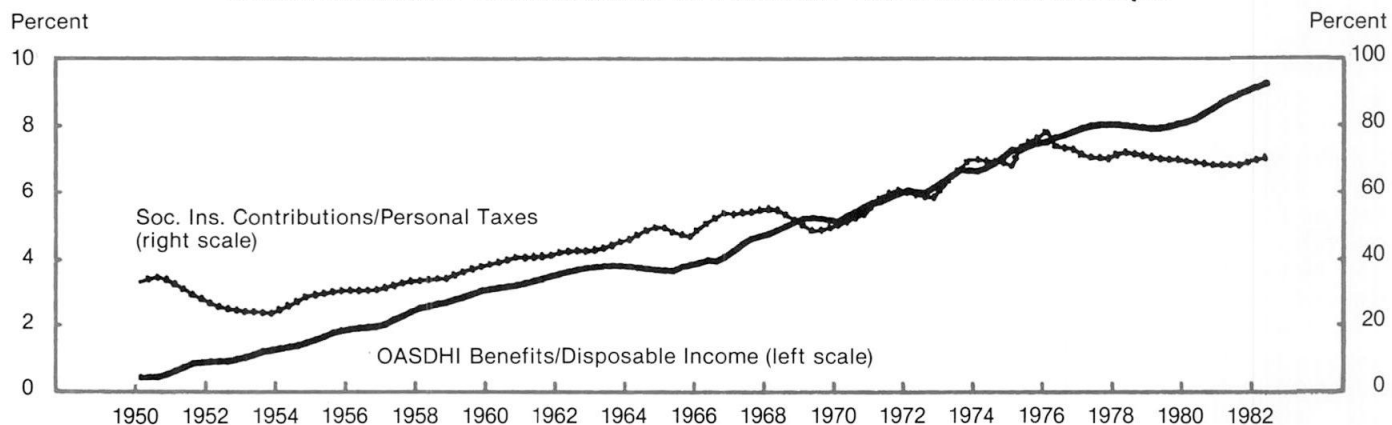
It is useful to look at a few numbers which reflect changes over the last several decades in the social security system. The first thing to note is that social security benefit levels have risen consistently over this period. The social security taxes paid by the working population have also risen substantially, and now approach the order of magnitude of personal income tax payments. As the chart clearly shows, the real value of social security benefit payments has risen more than other components of disposable income over the last several decades, reflecting legislative intent to improve the living standards of the elderly population.²

That these efforts have been successful is not in dispute: the data show that the economic status of elderly families has improved relative to the economic status of all U.S. families and that this improvement has been very substantial during the last several decades. Similar results are shown by comparisons of the proportions of different population groups with incomes below the poverty line—here the data show that by the middle of the 1970s the proportion of households defined to be in poverty was actually

¹Historically, people have gotten a pretty good buy for their social security taxes, although that will be less true for people (cohorts) who are now working and will retire in the future.

²The secular rise in benefit levels is a compound of legislative improvements in social security benefits relative to social security tax payments and improved earnings histories that warrant higher benefits at the same contribution/benefit relation.

Ratios of Social Security Benefits to Disposable Income and Social Insurance Contributions to Personal Tax & Nontax Receipts



Note: Displayed data are four-quarter moving averages of the series.

lower for households with 65-and-over heads than for those with heads under 65. And these data show unambiguously that the principal reason for the rising relative economic status of the elderly, as well as for the decline in the incidence of poverty among older households, has been the substantial growth in social security and other income support programs.³

The measurement of economic status is a tricky business at best. One needs to be concerned not only with conventional sources of money income like earnings and social security payments, but also with "in-kind" income transfers like food stamps and medical insurance; with differences in family size and composition that make the consumption standards of families differ markedly even though they have the same money income; with differences in tax payments at the same money income level; with differences in both tangible and intangible asset holdings that reflect differences in future consumption standards; with differences in work expenses between the retired and nonretired parts of the population; and so on.

Taking into account as best one can all these multiple sources of differences in economic status, the best available estimates present the following picture:⁴

1. By 1973, when the data permit a number of the more subtle adjustments to be made, the average economic status of households with heads 65 and over was something like 90 percent as high as the average economic status of households with heads under 65.
2. By 1976, the proportion of households below the poverty line (counting in the poverty definition only after-tax income plus cash transfers and certain in-kind transfers) was *lower* for households with heads 65 and over than for those with heads under 65.
3. Between 1973 and 1981, the ratio of average (median) money income for elderly households to the average income for all households *rose* by about 20 percent.

³See F. Thomas Juster, "Current and Prospective Financial Status of the Elderly Population," in *Saving for Retirement*, ed. Philip Cagan, sponsored by ACLI and Columbia University Graduate School of Business.

⁴See S. Danziger, E. Smolensky, M. Taussig, J. van der Gaag, "Implications of the Relative Economic Status of the Elderly for Transfer Policy," paper prepared for the Brookings Institution Conference on Retirement and Aging, October 21-22, 1982.

All that represents good news for the economic status of the elderly. But the numbers are seriously misleading in one respect, and possibly in another.

The data just discussed relate to economic status measured for a particular time period—one year. But we know that there are important differences between households who are poor (or near poor) for a single year and those who are poor (or near poor) all the time: one group has had an adverse turn of the dice from which they will normally recover, while the other is mired in an economically depressed state more or less permanently.

From the Michigan Panel Study of Income Dynamics, we know that the elderly poor are much more likely to be permanently poor while the nonelderly poor are more likely to be poor only temporarily. Thus an observation of rough equality in overall poverty rates for any particular year means that the elderly have much higher "persistent" poverty rates than the nonelderly, lower "transitory" poverty rates.

Second, the data reflect average or mean income levels for groups and ignore variation in income among households *within* each group. Income inequality is typically greater among the elderly than among others, and the equality of averages hides a disparity in the proportions of households in the lower half of the income distribution. One reflection of that difference is the substantially larger proportion of elderly than nonelderly households who are "near poor"—above the poverty line but just barely.

Keeping these qualifications in mind, it is roughly correct that the present economic status of elderly households is, *on average*, about the same as the economic status of nonelderly households and that the proportion of elderly households who are poor is about the same as the proportion of nonelderly households who are poor. Thus the substantial gap that had existed during the 1950s and 1960s between the living standards of the elderly and of the non-elderly had been largely closed by the 1980s. But those generalizations hold *on average*; significant subgroups of the elderly population—female-headed households, blacks, those with disabilities—are clear exceptions.

All that is by way of saying that there is little or no case to be made on equity grounds that social security entitlements should be exempt from examination and possible modification because it would disadvantage people who,

on average, are distinctly worse off than other citizens. Yet there seems to be little public discussion of the issue in these terms. Rather, most of the discussion sounds as if people are talking about a period when the elderly population was substantially worse off than the nonelderly, had few resources to enable them to live with dignity during retirement, were forced to double up with married children in order to survive economically, and could reasonably be portrayed as in need of special consideration. But the world is no longer like that, for which we should be thankful.

It is important to keep in mind that this analysis, while it relates to sophisticated concepts of economic status, does not take into account the special circumstances of some elderly members of the population. Besides the continuing problem of persistent poverty among some elderly households, especially among female-headed and black households, older people are in poorer health, are less mobile, are less able to adjust to misfortune, and may have more real variation in life circumstances for any given level of measured income, than the population generally. But those very real factors do not affect all the elderly, and they tend to suggest special treatment for some subgroups rather than special treatment for the elderly as a class.

Political Considerations

Over the course of the last several years, any number of policies have been advanced which would have the effect of paring back scheduled rates of increase in social security entitlements. These proposals include putting a cap on the cost-of-living adjustment formula; subjecting social security benefits to income taxation; substituting for the present cost-of-living adjustment an adjustment equal to the rate of increase in wage rates or the rate of increase in prices, whichever is lower; and slipping the annual cost-of-living adjustment by a three-month or six-month span.

Whenever any of these policies has been even tentatively advanced by one of the major political parties, the resulting uproar from the other party has been deafening. Any talk of modifying social security entitlement programs touches a tender political nerve, and everyone who has advanced such a proposal has quickly retracted it. One has to attribute that to the real or alleged political power of older citizens and, perhaps more to the point, to the stance taken by organized groups who represent the interests of older Americans.

It is not unreasonable to ask: is it in fact true that America's 65-and-over citizens would uniformly march to the polls to oppose any political figure who suggested that social security entitlement programs were in need of modification? The conventional political wisdom apparently answers that question with a resounding yes.

While there is no direct evidence that this conventional judgment is incorrect, I suggest that it seriously misrepresents the political risks. No doubt many older citizens are very sensitive to modifications of programs on which their living standards depend, as they have every right to be. But there is a good deal of indirect evidence that people do not always vote for what is in their own narrowly defined self-interest and that the citizenry generally is sensitive to issues of fairness, equity, and burden-sharing.

We have over the years put in place programs to ameliorate the harshness of poverty, not just for older Americans but for others who lack skills or adequate earning power,

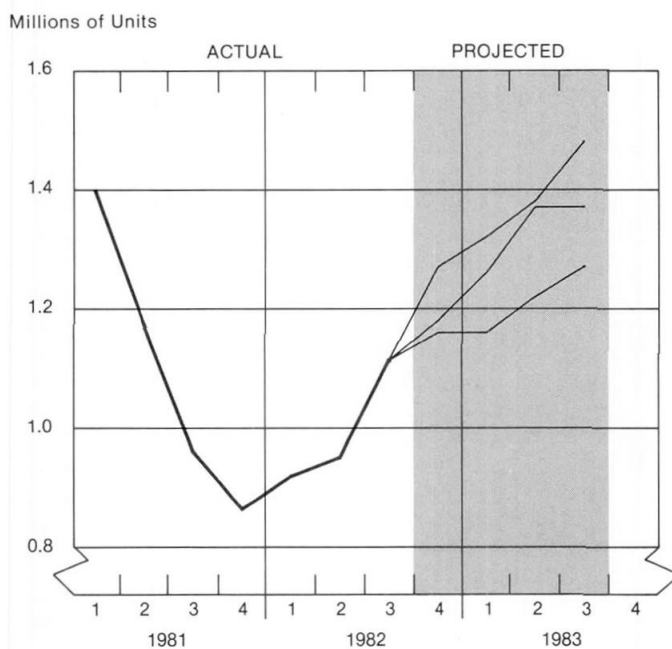
who have physical or mental disabilities, whose incomes are temporarily low, who have young children to take care of and insufficient income to meet those responsibilities, etc. The citizenry has generally been supportive of such programs, although people now seem to worry more about possible program abuses rather than the possible omission of those who might be eligible.

None of these considerations guarantees that the political sensitivity of policy discussions relating to social security entitlement programs is grossly overestimated. My best guess is that the issue is not so politically sensitive as is often supposed and that older citizens are just as responsive to considerations of evenhandedness and burden-sharing as are citizens generally.

Moreover, I think that a persuasive case can be made that some paring back of the scheduled increases in social security entitlement programs, say by making a part of such benefits subject to income taxation, actually constitutes a policy of evenhandedness: that without tackling such programs, progress on solving budgetary problems is difficult if not impossible; that the relatively small proportion of the elderly population whose economic status would be severely impacted by program modifications have other federal programs to fall back on; and that it is the function of responsible political leadership to address such issues in a serious way. As a minimum, a dialogue that took the form of a serious discussion of the relevant issues would constitute a breath of fresh air.

November 1982

NEW PRIVATE HOUSING UNITS STARTED



Note: Actual data are from U.S. Department of Commerce; projected data are from ASA-NBER Panel of Forecasters, revised when necessary to be consistent with latest actual data. The 3 lines display 3rd, 2nd (median), and 1st quartile values from the array of forecasts.

Joblessness and Discouragement among Black Americans¹

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Joblessness in America is currently a critical economic, social, and political problem. The latest government statistics show that joblessness in October of 1982 reached 10.4 percent, the highest rate since the Great Depression. The official jobless rate among black Americans is typically about twice that of whites, reflecting the particular severity of this problem among the nation's largest racial-minority group.

While the comparatively high and steadily rising jobless rates among blacks are alarming, these official unemployment figures do not include the jobless black Americans who are the hardest hit. The number of "discouraged workers," whom the government omits from unemployment totals because they have stopped actively looking for work, rose 140,000 during the first 3 months of 1982 to 1.3 million. This represented the largest number of workers who reported no job search activity because they had given up hope since the government began keeping records on such discouragement in 1967. By July of 1982, the number had jumped another 200,000, with 1.5 million reporting that they were not actively looking for a job because of discouragement. Available data show that job search discouragement is even more severe among black Americans than official unemployment. While blacks comprise roughly 10 percent of the population, they constitute 20 percent of the unemployed and nearly 40 percent of the discouraged who are no longer looking for employment. Even this striking proportion is a conservative estimate since it is suspected that large numbers of blacks (particularly discouraged males) are never enumerated in government surveys of households.

To become so discouraged in job search that one gives up hope can be a devastating experience with widespread psychological and social ramifications. However, a review of existing research shows inconsistent definition and measurement, conflicting findings, and a tendency to ignore the psychological and social dynamics involved in discouragement among the jobless. What is clear, however, is that blacks are particularly vulnerable to discouragement and that the phenomenon is highly concentrated among secondary workers—youth, older persons, women, and the unskilled. The focus has also been primarily on macroeconomic implications of discouragement, with little attention given to the mental health, human service, and social consequences associated with losing hope of finding a decent job. More research is needed to better clarify the nature, conditions, and consequences of job search discouragement among blacks and other severely affected groups.

To begin to address this issue we used data collected in late 1979 and 1980 from a survey of a national cross-

section sample of the adult black population living in the continental United States. Professional black interviewers completed 2,107 face-to-face interviews averaging two hours and twenty minutes in length. The respondents ranged in age from 18 to 101 years old; 1310 were females and 797 males.

A wide range of measures were obtained in several major areas—employment experience, neighborhood life, religion, mental and physical health, informal social support, resource utilization, racial identity, and political consciousness and social background. The preliminary analyses reported here utilize measures on employment experiences and several indices of psychological well-being. Three central questions are explored in our preliminary analyses:

1. How do we measure and assess "hidden unemployment" and the extent of discouragement in job search?
2. How do discouraged workers interpret their economic predicament—i.e., what patterns of causal attribution do they express?
3. What is the relationship between job search discouragement and indices of psychological distress?

Joblessness and Discouragement among Black Americans

A series of measures were employed to estimate the extent of joblessness and job search discouragement in our national sample of black Americans. Nearly 57 percent of the sample were working for pay, with 43 percent (907 respondents) not working. These jobless respondents can be classified as officially unemployed only if they had specifically looked for a job within four weeks immediately prior to the interview or were laid off and waiting to return to a job. Two hundred respondents met this criterion: 81 were officially laid off and 119 reported that they had searched for a job within four weeks of the interview. These 200 respondents represent 14.3 percent of the labor force,² which is the official unemployment rate in this national sample. These 200 officially unemployed respondents are only 22 percent of the 907 respondents in the sample without jobs.

The portion of the jobless classified as officially unemployed must be distinguished from the hidden unemployed who are interested in working but not actively looking for a job. In addition to the 22 percent "officially unemployed," five percent of the jobless (41 respondents) reported looking for a job but not actively enough to be classified as officially unemployed. An additional 22 percent (203 respondents) indicated, in response to our interview questions, that they were "interested in working" and

¹This article is adapted from a presentation by the first author at the 1982 convention of the American Psychological Association. A more extensive version of this paper is available upon request.

²The active labor force is defined as all persons either employed or officially unemployed.

"would take a job if you were offered one." Another nine percent (82 respondents) indicated that they were interested in working although they would not be able to take a job at the time they were interviewed. Only 42 percent of the jobless respondents indicated that they were not interested in working. Thus, jobless blacks include both the officially unemployed and a large number of hidden unemployed. Although the hidden unemployed are not considered members of the active labor force, their orientation to the labor market is different from those not interested in working.

The hidden unemployed, similar to those who are not interested in working, will often emphasize homemaker responsibilities, physical disabilities, going to school, and age as constraints to active job search. Some of the hidden unemployed, however, also emphasize frustration in job search; and many even say that they have given up hope of finding a job. In an attempt to get directly at the issue of job discouragement, all jobless workers—those looking for a job as well as those not looking—were asked whether they had lost hope that they could find a decent job.³ In our sample, 11 percent of the jobless workers (103 respondents) reported that they had lost this hope. Half of them (50 respondents) had stopped looking for work, but half (53 respondents) were still looking for work and therefore part of the "official unemployed," continuing a ritualistic quest for a job despite their discouragement. Moreover, among the jobless who were still looking for work and had *not* completely lost hope, the response to another question in the interview indicated that many of them were also somewhat discouraged: about two-thirds of them indicated that it had been "almost impossible" or "extremely hard" to find a job they wanted. These findings suggest that discouragement is not only a problem for the hidden unemployed who have dropped out of the labor force, but also for the officially unemployed who continue to look for a job.

We should note that the figures on both hidden unemployment and discouragement would be slightly higher if involuntary part-time workers were included. Thirty-three of our respondents were employed for less than 20 hours per week and indicated that they would like to work more hours. In the subsequent analyses of discouragement in this paper such workers who are employed for less than 20 hours per week but desire a job with more hours will be included.

In our on-going analyses of job discouragement we are exploring many of its social psychological correlates. In the remainder of this paper we will briefly discuss some findings related to two sets of these correlates: the respondents' attributions of responsibility for their joblessness, and the psychological distress associated with joblessness and discouragement.

Job Search Discouragement and Attributions of Responsibility for Joblessness

Job search discouragement can be viewed as a complex social psychological phenomenon which is closely linked to

attributions of responsibility or what people perceive as the causes of their job search failure.

Even the operational definition represented in governmental survey measures recognizes discouragement as essentially a social psychological state with a behavioral, cognitive, and affective component. Hence a jobless person is classified as discouraged when he/she does not actively search (behavioral) for a job because of a belief (cognitive) that such efforts will not yield a desired job (affective). Such reductions in the frequency of job search activity due to a belief that active search will not be rewarded with a job is readily predictable from "expectancy" theories of motivation, which stress the extent to which the motivation to action depends upon the expectation that the action will be positively rewarded. Some further predictions about the effects of job discouragement are suggested by the literature on "attribution" theories of achievement motivation—those theories which examine the consequences of the causal explanations that people attribute to events. These attribution theories suggest that a tendency to attribute job search failure to internal and stable factors—i.e., to factors such as low ability that are enduring qualities of the self—rather than external or unstable, transitory factors, may produce such behavioral, cognitive, and affective effects. Therefore, self-blaming attributions may 1) be closely linked to reductions in the frequency of job search, 2) produce an expectancy belief that job seeking efforts are futile and, 3) even reduce attraction to jobs.

In order to investigate the attributions associated with discouragement in job search, all jobless people whom we have defined as discouraged—i.e., all those who indicated that they had "lost hope that they can find a decent job"—were further asked why they felt that way. Those who had lost hope and stopped looking, as well as those who continued to look but had lost hope, were asked to explain the circumstances of their discouragement in greater detail. The open-ended responses varied from internal attributions emphasizing personal limitations to a focus on various external barriers such as job market limitations and lack of resources. As shown in Table 1 there are clear differences between discouraged jobless respondents who were still job searching and those who had stopped, in the proportions who made various kinds of causal attributions. Most striking is the clear tendency for those who had given up hope so much that they had stopped looking to blame themselves (personal limitations) much more than those who continued to look for a job. While the discouraged job seekers emphasized job market limitations, those who were no longer searching for a job tended to blame themselves. Also, those who had lost hope but continued to look for a job more often expressed frustration and emotional reactions to market limitations. Thus, a self-blaming attribution for job search failure was linked to the decision to stop looking, while continuing to search despite discouragement was more often associated with emotional reactions directed against external limitations and barriers.

Job Search Discouragement and Psychological Distress

The link between discouragement and psychological distress among people searching for a job and those not searching was explored by examining the relationship of job discouragement and job search activity to indices of life dissatisfaction, self esteem, personal powerlessness,

³The specific question asked of those who were looking for work was, "A lot of people would like to work but have lost hope that they can find a decent job. Do you feel that way?" Jobless respondents who were not looking for work were asked, "A lot of people have lost hope that they can find a decent job. Some lose hope so much that they stop looking for work. Is this true for you?"

TABLE 1. Relation of Search Activity Among the Discouraged To Attributions of Responsibility for Joblessness

Attributions for Joblessness	Discouraged, Not Searching for Jobs (N = 53)	Discouraged, Searching for Jobs (N = 58)
Personal Limitations Lack of skills, experience, age, health, etc.	46%	15%
Lack of Resources Transportation, contacts, money, etc.	2%	2%
Job Market Limitations No jobs available: race, sex or age discrimination	40%	55%
Emotional Reactions to Market Limitations Frustration, e.g., "getting tired of getting turned down"	12%	28%
Total	100%	100%

Missing Data are excluded from this table.

and psychosomatic distress. As Table 2 indicates, we found clear relationships between job search discouragement and each of the measures of psychological distress.

Since the measures of psychological distress were obtained from all respondents in the interview, Table 2 presents the findings for all jobless respondents, not just

the discouraged workers whose attributional responses we compared in Table 1. Thus, Table 2 enables us to compare discouraged and not discouraged jobless workers, both among those who are searching for jobs and among those who are not searching. The findings in Table 2 indicate that, regardless of one's job search activity, the discouraged jobless respondents were clearly worse off psychologically than the non-discouraged. In both sets of comparisons of the discouraged and non-discouraged, the discouraged jobless respondents were clearly more likely to express distress on six of the seven measures: the discouraged respondents were more dissatisfied with their lives, had lower self esteem, had greater feelings of personal powerlessness, and more often had a physician-diagnosed "nervous" condition. In the fourteen comparisons between the discouraged and non-discouraged respondents presented in Table 2, there is only one instance where the discouraged group expressed *less* distress. On physician-diagnosed hypertension the discouraged workers not searching for a job were less distressed than those jobless non-searchers who were not discouraged. This latter group consists largely of homemakers, retirees, physically disabled, and students. The higher level of hypertension is due to the large number of older retirees in this particular group, most of whom are not considered part of the active labor force.

It is important to point out from the findings in Table 2 that the psychological distress which is a concomitant of job search discouragement occurs not only, as one might have expected, among those who have given up searching for jobs, but also among those who are still actively searching. This can be seen when we directly compare the two discouraged groups, those no longer job searching and those still searching (the first and third columns in Table 2). This comparison indicates that, except for diagnosed hypertension, the discouraged jobless who are still searching for a job are very similar in their high expressions of distress to those who have stopped searching. This is very

TABLE 2. Relation of Job Search Activity and Discouragement to Selected Indicators of Psychological Distress

Selected Indicators of Psychological Distress	Job Search Activity			
	Not Searching for Jobs		Searching for Jobs	
	Discouraged (N=53)	Not Discouraged (N=623)	Discouraged (N=58)	Not Discouraged (N=152)
<u>Life Dissatisfaction</u> "Somewhat" or "Very Dissatisfied" with my "life as a whole"	34%	19%	43%	32%
<u>Self Esteem</u> Feel that my life is not very useful	58%	35%	60%	36%
Do not feel that "I'm a person of worth"	50%	35%	54%	35%
<u>Personal Powerlessness</u> Feel that life is too much a matter of luck to plan ahead	65%	47%	69%	47%
Feel that problems of life are too big for me	52%	45%	59%	34%
<u>Psychosomatic Distress</u> Diagnosed "Nervous" condition	61%	42%	57%	32%
Diagnosed "Hypertension"	55%	61%	41%	37%

different from the findings from the comparison of the attributions of these two groups which we presented in Table 1, where we saw clear differences between the discouraged jobless who were still looking for work and those who had stopped looking. The findings in Table 2 suggest that discouraged jobless workers are psychologically at risk, even if they are still actively engaged in looking for work.

Conclusions

Our findings show that a significant portion of jobless black Americans in the national sample had become discouraged and stopped looking for a job. In addition, the number who continued to look although they had given up hope of finding a job was as large. An even greater number had a low expectation and considered it almost impossible to find the kind of job they were looking for. Such discouragement among those still looking for work suggests that they were potential labor force drop-outs.

The intriguing results showing that self-blaming attributions distinguish discouraged workers who had stopped looking for a job from the discouraged who continued to look are consistent with an attribution theory of achievement motivation. Past studies have found that motivation for a task such as job search is reduced if one makes self-blaming attributions to internal and stable sources such as lack of ability. This runs counter to some conceptions that view lack of personal responsibility as the core issue in problems of joblessness. Personal responsibility can be effective if it is tied to hope. It can be debilitating and demobilizing if it goes with hopelessness and leads to self-blame. Further research is needed to better clarify the role of attributional processes in the decision to stop looking for a job among discouraged workers.

The psychological distress associated with job search discouragement is likely to increase future economic marginality, political alienation, and social conflict within black communities. For example, we should consider the long term effects on black youth whose motivation for school achievement and work attitudes are being stifled by adverse emotional reactions to widespread job search discouragement. A sense of hopelessness, low educational attainment, and inadequate work experience may dampen the future prospects for increasing numbers of discouraged black youth. Such consequences of discouragement may leave many black teenagers ill prepared to compete for the types of jobs produced by reindustrialization and economic growth, even if the most optimistic long-term jobs forecasts are correct.

Although they have far reaching implications, questions concerning the broader economic, social, and political consequences of job search discouragement remain relatively unexplored. Are the strivings for upward mobility among discouraged black youth affected by the causal attributions they make about their job search failure? How do black adults who have given up hope of finding a job survive economically and provide for their families? Does discouragement motivate one's involvement in irregular economic exchanges of goods and services within local communities? Under what conditions might discouragement produce apathy or political consciousness? What factors determine the readiness of black discouraged workers to act on behalf of broader group causes rather than against community interests?

These questions have clear theoretical and social relevance. Basic social psychological inquiry on issues related to job search discouragement will increase in urgency if the severity of joblessness continues to grow among blacks and other groups as we move further into the 1980s.

Gender and Politics in the Eighties

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With increasing frequency the president of the United States and his policies are being discussed in terms of differential evaluations by men and women in the electorate. In the parlance of the popular press, we are witnessing the development of a "gender gap" in American politics for the first time since World War II; and this is causing many politicians and their advisors to pay particular attention to differences in the political attitudes of men and women. In terms of the only political currency which counts, women's attitudes have taken on special significance because they are voting in greater numbers than men.

Through the early post-war period, there were more male voters than female voters because of differences in their levels of education and occupational status. When adjustments were made for these factors, their turnout rates tended to be equal. During the 1960s and 1970s, as women joined the work force in increasing numbers and

their levels of education rose, they generally became more active politically; and the absolute number of women voting increased until it surpassed the number of men. In 1980, for the first time the turnout rate for women equalled that for men; among the population under 45 years of age, the voter participation rate for women exceeded that for men.¹

In that presidential campaign, national survey data showed that women and men were evaluating Jimmy Carter

Note: This analysis is based upon data collected by the Center for Political Studies for *The Detroit News* as part of their coverage of the 1982 election campaigns in Michigan. The analysis and interpretations presented here are those of the author and not *The Detroit News*. The research assistance of Julio Borquez is gratefully acknowledged.

¹U.S. Bureau of the Census, Current Population Reports, Series P. 20, No. 370, *Voting and Registration in the Election of November 1980* (Washington, D.C.: U.S. Government Printing Office, 1982), p. 4.

and Ronald Reagan in characteristically different ways on many issues. Although Reagan was elected president by a large plurality, it was primarily due to the support of male voters. At that time the "gender gap" became a topic for political analysts, and ever since it has been a continuing concern of members of the administration. Among other things, the Republicans' dream of a political realignment is threatened by the desertion of women from the party. With midterm elections approaching that are frequently seen as a referendum on the president's policies during the previous two years, members of the administration are demonstrating increased sensitivity to women's issues and the attitudes of women. The White House has proposed new and simplified rules for claiming child care deductions from the federal income tax,² and presidential advisors have prepared an extensive briefing book on dealing with popular perceptions that the president lacks compassion.

Is all of this activity warranted on the basis of an empirically demonstrable need to take gender differences in political attitudes into account? And if this might be indicated at the national level, are there any consequences which can be anticipated for political candidates at the state and local level? Recent data collected by the Center for Political Studies suggest that the answer to both questions is "yes."

What is a Gender Gap and How Will I Know if I See One?

It is important, of course, to understand what the "gender gap" is and is not, beyond the fact that it is a popular phrase in current vogue which describes a particular form of group identification. It suggests that men and women will have characteristically different attitudes on some issues or attach differential significance to their attitudes on some issues. To a politician or a political scientist, it also suggests that they evaluate political figures (and conceivably political institutions) in these terms, and at least one consequence of this is that differential patterns of candidate support result.

The concept of a gender gap does not rely upon the notion that men and women differ in their attitudes on *every* issue. Nor does it presuppose that they always apply differential weights to specific issues or their perceptions of the policy positions of candidates on them. But it does imply that important and consistent differences between men and women can be observed on some issues, and that these differences are politically meaningful because they are related to voting behavior.

There is no doubt that a gender gap of this sort appeared during the 1980 presidential election and that it persists in evaluations of the Reagan presidency. A Harvard political scientist analyzing the 1980 American National Election Study conducted by the Center for Political Studies³ has shown that men and women saw Reagan and Carter as different and that these differential assessments had an impact on the likelihood of voting for a candidate. In particular, men and women had different attitudes on three dimensions related to the use of force, social compassion, and women's issues. Knowing a voter's attitude and

perception of differences between the candidates' stands on an issue was a powerful predictor of support. For both men and women, the probability of voting for Carter increased if the respondent favored the Equal Rights Amendment and he or she thought Carter did. It increased further if they thought Carter did and Reagan didn't. These increases in the likelihood of voting for Carter were much greater for women than men, supporting the notion of differential weights which they attached to the issue.

Since the Reagan inauguration, a number of national surveys have shown that women's concerns about his administration persist. The much greater cause for alarm among Republicans is an indication that women are defecting from the party as a result of this. While Republicans were aglow in early 1981 about the prospects of an enduring realignment in the basic distribution of partisan affiliation in the United States, they are presently concerned about maintaining their former levels of support.

Now that political candidates and activists have been sensitized to this set of issues in 1982 by the amount of coverage which they have received in the national press and the concern of the national parties, the question arises as to whether a similar gender gap exists in the evaluation of candidates for state and local office. The Center for Political Studies is currently engaged in an ongoing research project which suggests that it does and which is casting some light upon its dynamics in a general election campaign.

The 1982 Michigan Campaigns

There are two major statewide races currently under way in Michigan. Three-term Republican Governor William Milliken is not seeking reelection, and the vacant seat is being contested by Richard Headlee, a businessman who was a surprise winner in the Republican primary over Milliken's lieutenant governor, and James Blanchard, a Democratic congressman. Incumbent Democratic Senator Donald Riegle is attempting to return for a second term in a race with Philip Ruppe, a former congressman. Most of the attention has focused on the Governor's race because of the background and personality of the two main candidates and their opposing views on invigorating the state's economy and a number of women's issues.

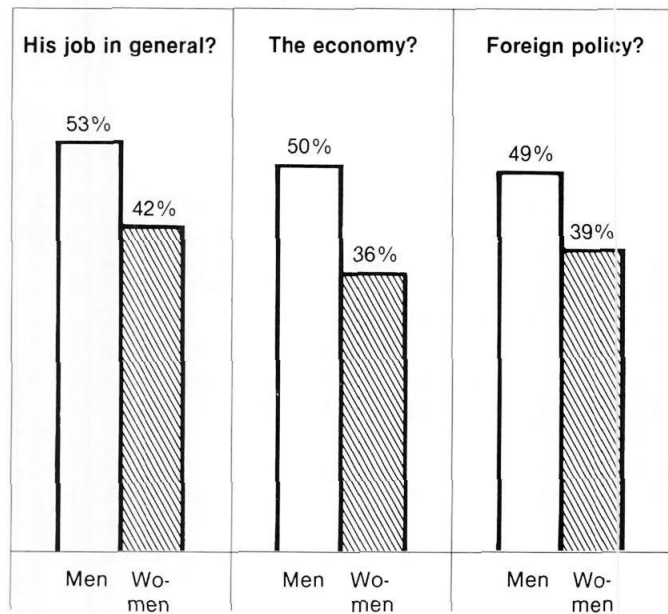
As of this writing, the Center for Political Studies has completed two of three pre-election surveys for *The Detroit News* which are an important element of the newspaper's coverage of the campaign. The design of the study includes reinterviews with some respondents in order to measure changes in their assessments of candidates across the campaign. These data provide interesting and detailed information about the nature and extent of a gender gap in the Michigan electorate, increasing our understanding of how it develops and its potential consequences in American politics.

To begin with, the data collected in the first two surveys in August and September show that Michigan is a microcosm of the nation in terms of the existence of a gender gap in evaluations of President Reagan and with regard to a variety of political and social issues related to the use of force, compassion, and feminism. As the data in Chart 1 show, women are less likely than men to approve of Reagan's handling of his job in general, of the economy, or of foreign policy. Women are also more concerned that the prospects of war have increased in the past year (44% to

²"Reagan's 1040A Overture to Women," *Newsweek* (October 4, 1982), p. 19.

³Ethel Klein, *Why Women Rebel: The Rise of Contemporary Feminism* (Cambridge, Massachusetts: Harvard University Press, forthcoming).

CHART 1. Approval Ratings for President Reagan's Handling of . . .



30%), although they are no more likely to favor a nuclear freeze than men (69% to 68%).

When evaluating social programs, women are more likely than men to say that the state is spending too little on protecting public health, education, and solving the problems of the big cities. But there are no gender differences in attitudes toward spending on the environment or halting the rising crime rate.

In terms of three measures of attitudes on what many see as women's issues, there are no substantial differences between men and women in Michigan. They favor the Equal Rights Amendment at the same level (65%), and female respondents are only somewhat more likely than males to think that women have an equal role with men in running business, industry, and government (56% to 52%). A majority of men (55%) think it should be possible for a pregnant woman to go to a doctor to have an abortion if she is married and does not want any more children, while women are evenly divided (49% to 51%). When analyzed in relation to reported 1980 presidential vote, however, the greater weight that women attach to these issues is clearly demonstrated in relation to their preference.

Of even greater significance, the distribution of party identification in Michigan by sex has shifted slightly away from the Republicans since 1980, as it has at the national level. Chart 2 compares data from an October 1980 survey with those from August 1982. Party identification among men has remained about constant; the proportion of women identifying as Independents or with the Republican party has declined, and their Democratic identification has increased by about 10 percentage points.

These data show the clear existence of a gender gap in the Michigan electorate with regard to national political figures and issues. In terms of statewide races, the effects appear to be there as well and growing across the campaign. Men and women do not differ in their assessments of the most important problems facing the state—jobs and

the economy. And they do not differ in their assessments of the candidates' ability to deal with them, particularly for governor, in any way that the candidates' positions and the respondents' party identification would otherwise have suggested.

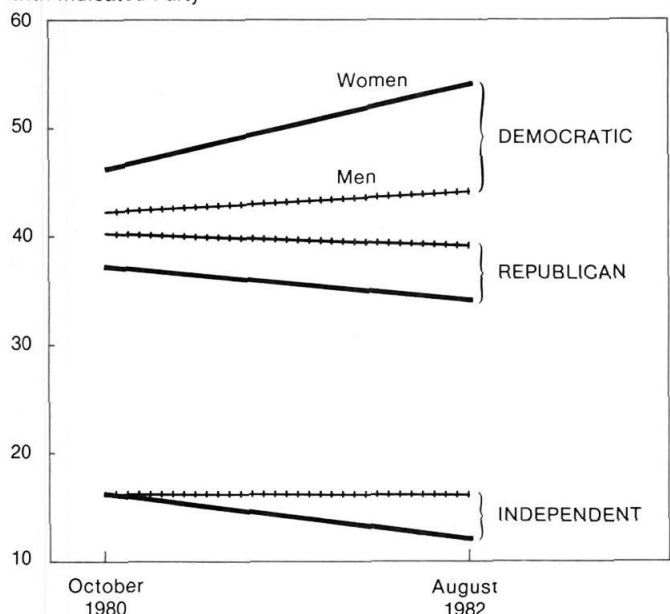
But the weights which men and women attach to feminist issues are substantially different and explain why the Democrats have big leads in both races. These leads can be attributed in large part to disproportionate support from women. It is true that Headlee and Blanchard have diametrically opposed views on two important issues—abortion and the ERA—which serve to heighten the gender differences observed in the Michigan surveys. While they are analogous to the Reagan—Carter differences, these clear distinctions won't always be observed in other races in other states. But the survey shows in detail what can happen when they do.

Information is presented in Table 1 relating preference for the candidates to the attitudes of men and women on these three women's issues. In almost every case, Blanchard holds a lead over Headlee. Among men, there is no relationship between support or opposition to feminist issues and a preference for Blanchard, indicating it derives from other considerations. Among women, however, the story is quite different. In August there was a substantial difference in support for Blanchard among women who supported the ERA versus those who opposed it. But there was no difference based upon attitudes towards abortion or the position of women in society. By September, large differences had appeared on these issues as well. While Headlee has been holding his own among men in relation to these assessments, he has been losing ground rapidly among women.

There are a number of factors which might explain these shifts, all related to the stimuli of the campaign. One is the acceleration in the quantity of campaign activity by the

CHART 2. Shifts in Party Affiliation in Michigan, 1980–1982, by Sex of Respondent

Percent Identifying with Indicated Party



**TABLE 1. Percentage Point Lead of
Blanchard (Democrat) over Headlee (Republican)
among Men and Women
Interviewed in August and September 1982
by their Attitudes on Selected Issues**

Issue	Men		Women	
	August	September	August	September
ERA¹				
Favor	14	20	31	39
Oppose	17	15	2	0
Abortion²				
Favor	12	15	24	39
Oppose	10	16	20	20
Position of Women³				
Equal to men	6	16	20	34
Place in home	8	11	21	21

¹"Do you favor or oppose the Equal Rights Amendment—also known as ERA—the proposed constitutional amendment concerning women?"

²"Do you think it should be possible for a pregnant woman to go to a doctor to have an abortion if she is married and does not want any more children?"

³"Some people feel women should have an equal role with men in running business, industry, and government. Suppose these people are at one end of a scale at point 1. Others feel a woman's place is in the home. Suppose these people are at the other end at point 7. And, of course, other people have opinions in between. . . . Where would you place yourself?" (Combined responses are 1-3 and 5-7.)

candidates since the August 10 primary. They are speaking out more, establishing higher levels of recognition, and making their own positions and their opponents' better known. Secondly, the quantity of press coverage has increased, highlighting the issue positions of the candidates. In particular, Martha Griffiths' selection as Democratic lieutenant governor has kept women's issues in the foreground. Thirdly, other political actors have made news, most notably the temporary defection of several Republican women to Blanchard, including the former state party chairperson. The net consequence of all of this is a relatively unambiguous message to women, particularly those who favor feminist positions, about whom to support.

It is worth noting that party identification plays a very interesting role in this entire process. Neither Democratic men nor Democratic women have any trouble in deciding whom to support—9 out of 10 favor Blanchard. Republican women, especially those who favor abortion, are having a difficult time figuring out what to do. Only half support Headlee, while about equal proportions of the rest favor Blanchard, the independent candidate Robert Tisch, or remain undecided. Independent women favor Blanchard over Headlee by a 2 to 1 margin.

Conclusions

The notion of women identifying with each other as a group of individuals with particular interests is obviously no different from farmers, Democrats, or hunters and fishermen sharing a set of common interests and values. This does not imply that all of their interests and values are the same, nor must they be formally organized on the basis of their gender in order to represent a significant political force. In political terms, there is no denying that gender differences in voting are growing and taking on an increasing importance for candidates at all levels of office. One important consequence may be a lasting effect on the relative distribution of party strength in the United States because of the alienation of a new and politically active cohort of women.

Postscript, 12 November 1982

There are two inferences to draw with regard to gender and the outcome of the 1982 midterm elections—one in the nation as a whole and one in Michigan.

According to national "exit surveys" conducted with voters as they left the polls, the gender gap described above has now appeared in the voting patterns of men and women for House candidates. The New York Times/CBS News Poll reported that women were more likely to have voted for Democrats (56% to 40%) than men (53% to 43%). This difference was not apparent in the 1978 election when both groups favored Democrats by about the same amount, approximately 12 percentage points. (*The New York Times*, 8 November 1982.)

When sufficient time has passed for more intensive data analysis, it will probably be the case that the gender differences observed at the polls will be smaller than the differences in candidate evaluations which existed in the adult population as a whole. The final pre-election survey in Michigan, conducted in October, suggested that women were experiencing tremendous cross pressures between their party identification and their assessments of the gubernatorial candidates on social issues. This is likely to have manifested itself in reduced turnout rates among women. When estimates of the likelihood of voting were made for each respondent, Independent and moderate Republican women appeared to be the least likely to vote. There is some indication in "exit surveys" conducted by local television stations in Michigan that gender differences were present among voters, but not as strongly as indicated by pre-election surveys.

This will be an interesting behavior pattern to observe in future elections, with the distinct possibility that gender differences in voting will become somewhat larger and more prevalent as group identification among women increases.

Actual and Projected Economic Indicators

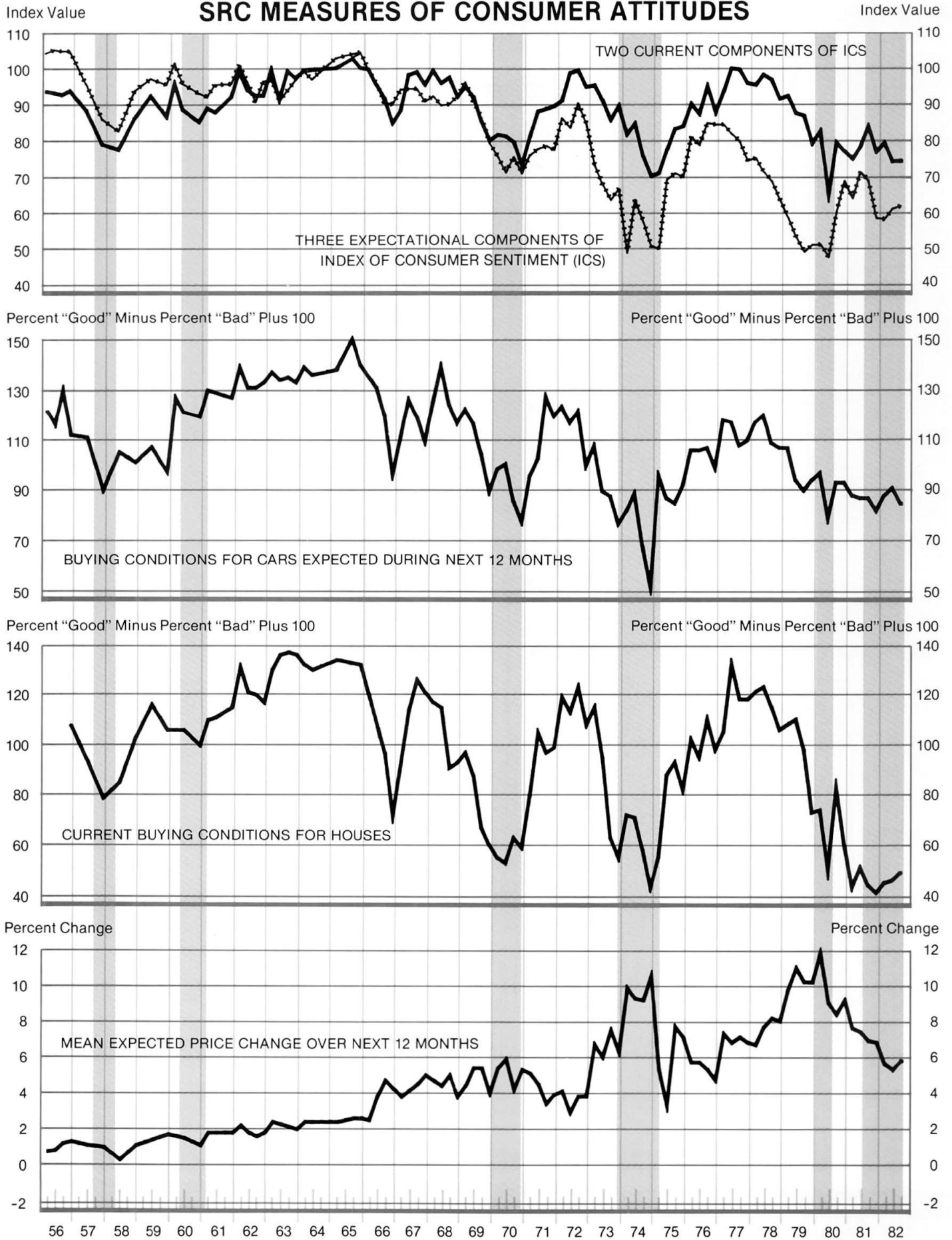
seasonally adjusted

SERIES FORECAST BY THE ASA-NBER PANEL															
ECONOMIC INDICATOR	Quarterly Data												Annual Data		
	Actual						Projected						Act'l.	Projected	
	1981:1	1981:2	1981:3	1981:4	1982:1	1982:2	1982:3	1982:3	1982:4	1983:1	1983:2	1983:3	1981	1982	1983
GROSS NATIONAL PRODUCT	2,865	2,902	2,981	3,003	2,996	3,045	3,091	3,108	3,176	3,245	3,318	3,395	2,938	3,081	3,363
GNP IMPLICIT PRICE DEFLATOR (index, 1972 = 100)	190.0	193.2	197.4	201.6	203.7	206.0	208.7	209.5	212.6	215.7	218.7	221.9	195.5	208.0	220.3
CORPORATE PROFITS AFTER TAXES	161.6	146.2	150.8	144.9	115.0	116.3	NA	119.5	127.4	127.0	128.5	133.5	150.9	119.0	133.0
UNEMPLOYMENT RATE (percent)	7.367	7.400	7.367	8.367	8.767	9.467	9.900	9.8	9.6	9.3	9.2	9.0	7.625	9.4	9.1
INDUSTRIAL PRODUCTION (index, 1967 = 100)	151.8	152.5	153.0	146.3	141.8	139.4	138.1	139.6	142.0	144.0	146.0	149.0	150.9	140.7	147.0
NEW PRIVATE HOUSING UNITS STARTED (millions)	1.399	1.173	0.962	0.865	0.920	0.952	1.114	1.054	1.120	1.190	1.300	1.300	1.100	1.020	1.300
CONSUMER PRICE INDEX (% change from prior quarter or year)	11.0	7.8	11.8	7.8	3.2	4.6	7.6	7.4	6.0	6.2	6.0	6.0	10.3	6.4	6.2
90-DAY TREASURY BILL RATE (%)	14.37	14.83	15.09	12.02	12.90	12.36	9.71	10.50	9.50	10.30	10.50	10.30	14.08	11.20	10.20
NEW HIGH-GRADE CORPORATE BOND YIELD (percent)	14.37	15.22	16.33	16.01	16.14	15.65	NA	14.80	14.30	14.10	13.80	13.50	15.48	15.20	13.50
GNP IN 1972 DOLLARS	1,508	1,502	1,510	1,490	1,471	1,478	1,481	1,483	1,495	1,506	1,517	1,532	1,503	1,481	1,525
PERSONAL CONSUMPTION EXPENDITURES (1972 \$)	951.1	944.6	951.4	943.4	949.1	955.0	958.4	963.0	972.0	978.0	983.0	991.5	947.6	960.0	988.1
NONRESIDENTIAL FIXED INVESTMENT (1972 \$)	169.7	170.1	173.9	174.2	172.0	166.7	161.0	162.0	158.0	158.0	159.1	162.0	172.0	165.0	161.0
RESIDENTIAL FIXED INVESTMENT (1972 \$)	49.6	47.3	42.9	39.9	38.9	40.1	40.5	40.2	41.0	42.1	43.5	45.5	44.9	40.0	44.7
CHANGE IN BUSINESS INVENTORIES (1972 \$)	2.4	12.1	16.5	4.8	-15.4	-4.4	0.7	-4.0	1.0	3.0	4.0	6.0	9.0	-6.4	5.1
NET EXPORTS (1972 \$)	48.2	44.2	39.2	36.5	36.9	35.7	30.7	34.7	33.5	33.9	33.8	33.5	42.0	35.2	33.7
FEDERAL GOVERNMENT PURCHASES (1972 \$)	107.9	107.0	110.7	116.0	114.4	110.3	115.3	111.0	112.0	113.0	113.2	114.6	110.4	112.0	114.0
STATE & LOCAL GOVERNMENT PURCHASES (1972 \$)	179.0	176.9	175.7	175.3	174.9	175.0	174.7	175.0	175.0	173.8	173.5	173.3	176.7	175.0	173.0
SERIES FROM THE CURRENT-DOLLAR GNP ACCOUNTS															
ECONOMIC INDICATOR	Quarterly Data												Annual Data		
	1979:4	1980:1	1980:2	1980:3	1980:4	1981:1	1981:2	1981:3	1981:4	1982:1	1982:2	1982:3	1979	1980	1981
GROSS NATIONAL PRODUCT	2,503	2,576	2,573	2,644	2,739	2,865	2,902	2,981	3,003	2,996	3,045	3,091	2,418	2,633	2,938
PERSONAL CONSUMPTION EXPENDITURES	1,578	1,619	1,622	1,682	1,746	1,800	1,819	1,869	1,885	1,919	1,948	1,989	1,507	1,667	1,843
GROSS PRIVATE DOMESTIC INVESTMENT	416.8	424.0	391.0	384.1	410.3	455.7	475.5	486.0	468.9	414.8	431.5	438.5	423.0	402.3	471.5
NET EXPORTS	10.5	14.0	24.2	39.0	23.5	31.2	23.7	25.9	23.5	31.3	34.9	13.2	13.2	25.2	26.1
GOVERNMENT PURCHASES	497.6	519.2	536.0	538.5	559.8	578.1	583.2	600.2	626.3	630.1	630.9	650.2	474.4	538.4	597.0
DISPOSABLE PERSONAL INCOME	1,715	1,767	1,781	1,846	1,903	1,959	1,997	2,060	2,101	2,117	2,152	2,202	1,650	1,824	2,029
PERSONAL SAVING RATE (% of disposable income)	5.1	5.5	6.1	6.1	5.5	5.4	6.1	6.5	7.5	6.6	6.7	6.9	5.9	5.8	6.4

Note: (1) All data are at annual rates and in billions of current dollars unless otherwise indicated. (2) To facilitate comparison and evaluation of forecasts, both actual data, released in late July, and projected data, released by ASA-NBER in September, are displayed for third quarter 1982.

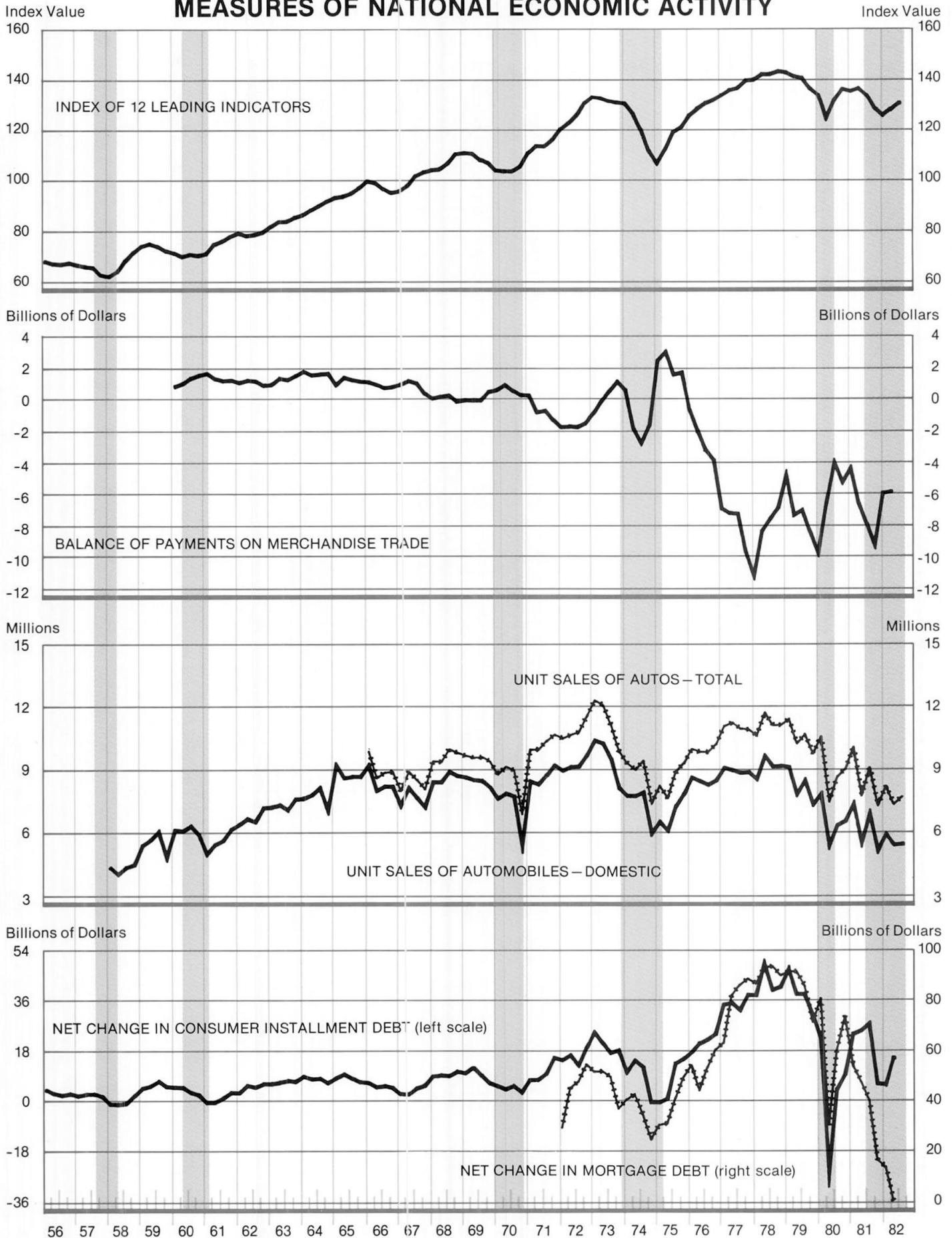
Sources: Projections: American Statistical Association—National Bureau of Economic Research panel of forecasters.
Actual Data: U.S. Departments of Commerce and Labor, Board of Governors of the Federal Reserve System.

SRC MEASURES OF CONSUMER ATTITUDES

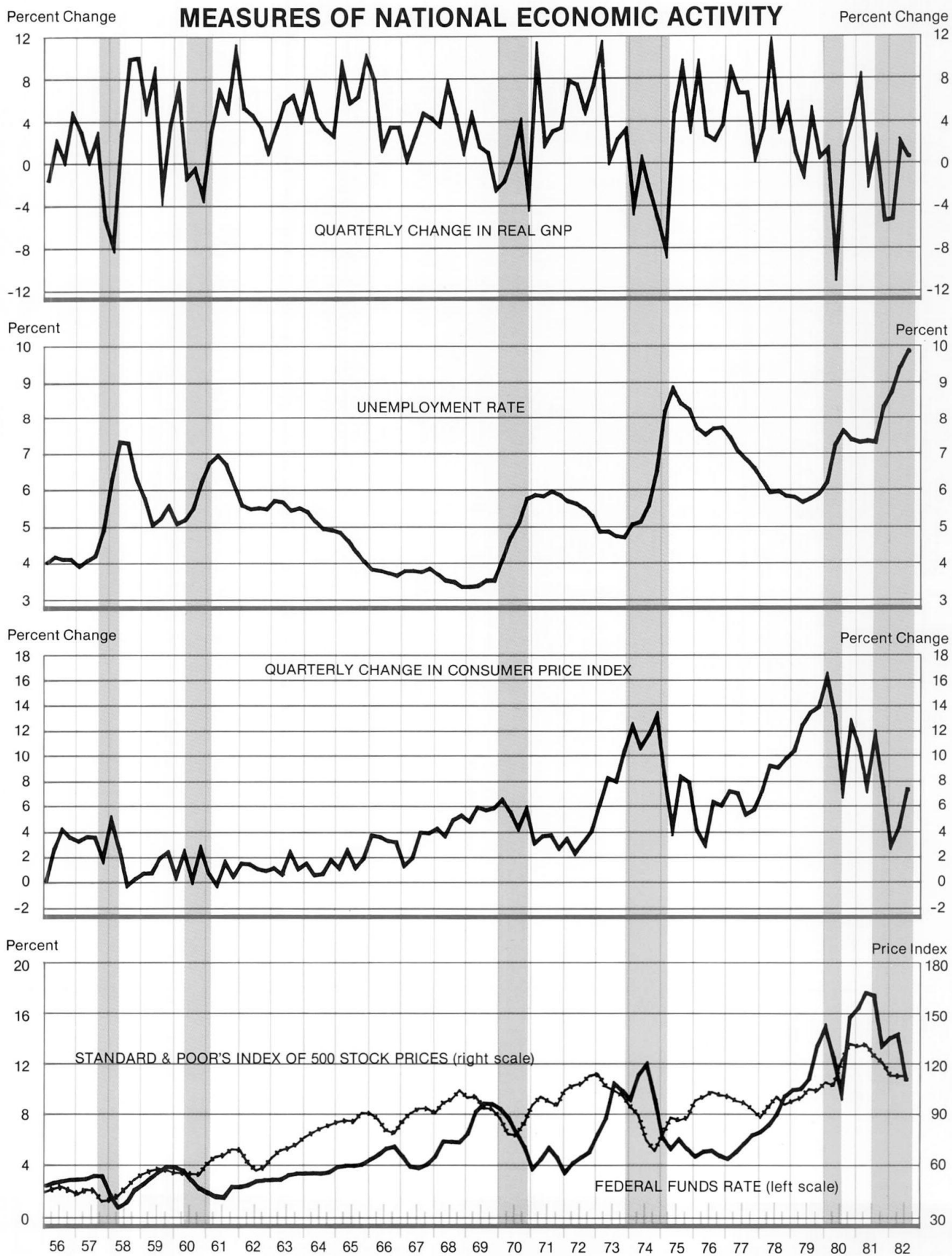


Note: Shaded areas indicate recession periods as designated by the National Bureau of Economic Research, Inc.

MEASURES OF NATIONAL ECONOMIC ACTIVITY



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