

# Expressive generosity<sup>\*</sup>

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## Abstract:

Expressive utility is provided through acts that confirm a personal identity of being generous, however without internalization of the consequences of the generosity for recipients. The disconnection between utility from acts and consequences for recipients is present in expressive voting where people vote for generous outcomes that they prefer not eventuate, and also when generous identity is expressively confirmed by actually giving. In either case expressive utility is the source of inopportune public policies. The policies – which include welfare generosity conditional on not being self-reliant, sustained intergenerational income conditional on being a refugee, and ongoing foreign aid that is ineffective in assisting intended beneficiaries – sustain recipient rents and create lasting dependence. In contrast, the highest level of charity is that which leads to self-reliance. Impediments to change from the inopportune policies are protection of expressive utility through bounds of allowable observation on behavior of recipients (political correctness) and policymakers who are sensitive to support from expressive voters or who are themselves expressive.

**Keywords:** Identity; charity; generosity; expressive voting; rent seeking; welfare state; immigration policy; foreign aid; soft power; experimental evidence on generosity

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## 1. INTRODUCTION

The scholar Maimonides (1135-1204) distinguished 8 levels of charity, with the highest form charity that is intended to make recipients self-reliant.<sup>1</sup> Various public policies, contrary to Maimonides' prescription, sustain persistent dependence. There has often been broad voter support for the policies – which include welfare generosity conditional not being self-reliant, income support for immigrants who do not become self-reliant, foreign aid that is ineffective in assisting intended beneficiaries, and intergenerational income conditional on having had parents who were refugees.

Why do voters support dependency-sustaining policies? To address this question, I shall consider similar voters or a representative voter. Voting externalities associated with majority voting therefore do not arise.<sup>2</sup> I shall consider externalities when people obtain expressive utility. The source of expressive utility is an act rather than a consequence. Utility is usually portrayed as depending solely on consequences through consumption or income of decisions either made personally in markets or collectively through voting. The source of expressive utility is an act or decision itself that confirms identity. Usually the identity confirmed is that of a generous person who is sensitive to the needs of others. Confirmation of identity provides expressive utility by making people pleasing to themselves and also to others.

Acts and decisions that confirm a generous identity can have beneficial consequences for people in need. In a seminal paper, Hochman and Rogers (1969) described Pareto-improving income transfers that were mutually beneficial for the donor and the recipient: Pareto-improvement occurred because the utility of the donor depended on the utility of the recipient. When utility is expressive, donors do not, however, internalize consequences for the

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<sup>1</sup> Maimonides, who is also known as the Rambam, distinguished 8 levels of charity. Degrees of charity decline according to whether the donor and recipient are revealed to one another, whether the recipient needs to ask, and whether the charity is given willingly.

<sup>2</sup> Voting externalities arise through majority voting when voters do not internalize benefits for or costs imposed on other voters. Policies chosen by majority can consequentially be inefficient in not satisfying cost-benefit criteria or be unjust (the tyranny of the majority). See Tullock (1969), Hillman (2009, chapter 6).

utility of recipients. Behavior is self-interested in that donors although expressing or professing generosity or actually giving, are concerned only with their own utility.

In the case of expressive behavior described as expressive voting, voters derive expressive utility through the act of voting for a generous outcome but lose utility if the generous outcome is actually realized.<sup>3</sup> Voters thus support a generous outcome that they do not wish to occur. When a majority of voters is expressive, expressive voting results in the generous outcomes that are in fact not wanted.

The source of expressive utility can also be actual acts of generosity. In that case, the individual wants to act generously. However, the purpose of the generosity is self-interestedly to provide expressive utility; again, the utility of the recipient of generosity does not appear in the utility function of the donor. Expressive generosity thus allows people giving to feel good about themselves or have others feel good about them through confirmation of their generous identity, while disregarding consequences of the generosity for recipients. Expressive utility is enhanced by the perceived degree of need of the recipient.

Although expressive donors do not internalize consequences for recipients, the recipients may be aware that they can gain more from expressive generosity of the donor, the more unfortunate they are or can appear to be. The adaptation to becoming a better source of expressive utility for donors involves the recipients in rent-seeking contests in which the rents accrue to the most appealing victims. The expressive utility from giving to victims is the basis for voter support for policies that result sustain persistent dependence. Expressive utility is threatened or diminished by information that reveals sympathy-creating behavior. Political correctness protects expressive utility by disallowing observations about the consequences of

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<sup>3</sup> A substantial literature on expressive voting follows on from the insights of Buchanan (1954) and Tullock (1971), including Glazer (1987), Brennan and Lomansky (1993), Brennan and Hammond (2000), and Schuessler (2000).

expressive generosity for recipients (or victims). Expressive utility from confirming a generous identity may reflect expiation of guilt from having had a better outcome in life than observed to have been had by others who are less fortunate. Whether only voting expressively to give to people in need or actually expressively giving, the cost of expiating guilt may be low: the time-cost of voting is low and the amount expressively given to display generosity may be low.

I continue as follows. Section 2 sets out a framework for expressive utility from confirmation of identity. Section 3 describes expressive utility from expressive voting. Section 4 introduces expressive utility from expressive generosity. Section 5 reviews and reinterprets evidence on expressive behavior. Section 6 returns to the relation between expressive utility and dependency-sustaining public policies. The final section provides concluding remarks. Before proceeding to a formalization and consideration of concepts, I begin with a motivating example of expressive generosity and persistent dependence.

### **An example: Trinkets and child labor**

A school-age child offering trinkets for sale in a low-income country at a time of the day when children should be in school encounters a group of high-income tourists. A person in the tourist group points out that purchasing trinkets from the child will encourage the child's parents to continue to send the child to sell trinkets rather than send the child to school. The other members of the group momentarily contemplate the argument. They then go ahead and buy trinkets from the child. The trinkets bring them no direct utility and may in due course be discarded. The purchases of the trinkets from the child have occurred because of expressive utility from the act of expressive generosity. The utility of the child has not been internalized in the tourists' utility functions. The tourists have behaved self-interestedly and to the detriment of the child. Rather than making personal (but observed) purchases

of trinkets, the group may decide to vote on whether collectively to purchase trinkets. The more in need the parents can make the child appear, the more attractive is the child as a source of expressive utility through expressive generosity. In some societies, a child may have been maimed to become a better source of expressive utility through expressive generosity of donors.<sup>4</sup>

The child could perhaps earn higher income for the parents if employed at a wage: however, the child would then be earning income through child labor. Even if aware that the income from child labor is greater than the income from the sale of trinkets, the tourists who purchased the trinkets are predicted to object to child labor at a wage. They would be denied the expressive utility from expressive generosity if the child were working for a wage rather than offering them trinkets for sale.

The material cost of the tourists' obtaining expressive utility through purchase of the trinkets is quite low. The low cost of the expressive utility obtained from purchasing the trinkets exemplifies broader inopportune policies. I shall propose that identity and guilt have an underlying role in expressive utility from expressive generosity. The person who proposes not buying trinkets has been altruistic in internalizing the utility of the child in his or her own utility function. A person who would be an expressive voter in a collective decision would declare that "trinkets" should be bought from the child": if the decision were collective by expressive voters, the trinkets would be purchased and a rent would be created (the payment for the trinkets exceeds the cost to the child's family or keeper). The rent creation, whether by expressive voting or by individual expressive generosity, sets in place the incentive for rent-seeking behavior by the parents, who send children to sell trinkets rather than sending them to school. The unproductive use of resources in rent seeking is children forgoing education. There can be prospective social benefit to counterweigh the social cost only if social benefit includes the expressive utility from the expressive behavior of voting

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<sup>4</sup> The unfortunate behavior was given popular prominence in the movie *Slumdog Millionaire*, which won 8 Oscars in 2009.

to buy trinkets and actually perhaps then being required to buy the trinkets or the expressive utility of people who are expressively generous in actually buying the trinkets.

Expressively generous people increase their expressive utility by finding children who sell trinkets when they should be at school. They are happy to find the child trinket sellers through whom they can confirm their generous identities. Through their expressive behavior to confirm their generous identity, they perpetuate dependence on charity. They create rents and victims – because the utility of the victim (the child trinket seller) is not internalized in their utility function. As a final consequence, they may victimize the person who has implicitly admonished them for buying the trinkets from the child: for the information about the consequence of their behavior will have diminished their expressive utility.<sup>5</sup>

## 2. EXPRESSIVE UTILITY AND IDENTITY

A formalization of utility from identity has been proposed by Akerlof and Kranton (2000), who specify utility as

$$U_j = U_j(a_j, a_{-j}, I_j), \quad (1)$$

where  $a_j$  are the actions of person  $j$  and  $a_{-j}$  are the actions of all others other than  $j$ . Person  $j$ 's identity or "self-image" is:

$$I_j = I_j(a_j, a_{-j}; c_j, \varepsilon_j, P). \quad (2)$$

$c_j$  denotes the social categories that have been assigned to person  $j$ ; the higher the assigned social status, the better the individual's self-image.  $\varepsilon_j$  indicates the match between individual  $j$ 's given characteristics and the ideal characteristics in individual  $j$ 's assigned social category.  $P$  represents

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<sup>5</sup> In actual circumstances of the child trinket seller, the expressively generous persons contemplated the consequences for the child of buying trinkets for some few seconds and then proceeded to buy the trinkets. The opportunity for expressive utility was too attractive to resist, in particular given the pleading eyes of the child .

prescriptions or acceptable behavior for people of different social categories in different circumstances. Behavior in the model is strategic. Akerlof and Kranton focus on cases where the category  $c_j$  is predetermined. Identity is expressed through the relation between gender and occupation: there are “men’s jobs” and “women’s jobs” and the utility of men is diminished through diminution of perceived masculinity when women take men’s jobs. Akerlof and Kranton propose that within the household women who work and have a husband (or companion or mate) contribute disproportionately to housekeeping because the man would incur a utility loss through identity in doing housework. They also categorize  $c_j$  in terms of race and identity: they propose that blacks do not succeed educationally because identity predicated on academic success would be contrary to maximizing utility.<sup>6</sup>

Gender and race are predetermined identities.<sup>7</sup> Identity can also be discretionary.<sup>8</sup> Choice of identity also often involves membership or association with a group. The members of the group become the reference for social approval.<sup>9</sup> Expressive utility is then obtained through confirmation of identity to oneself and to group members. The two sources of utility may not be mutually consistent. A defining framework that encompasses the possible mutual inconsistency is:

$$\begin{aligned}
 U_j(x_j) &= \{B_j(x_j) - C(x_j)\} + \{I(x_j) + S(x_j) - D(x_j)\}, \quad j = 1, \dots, n \\
 &= \{\textit{material utility}\} + \{\textit{expressive utility}\}
 \end{aligned}
 \tag{3}$$

$B_j(x_j)$  is non-expressive or material benefit.  $C(x_j)$  is non-expressive or material cost. In the absence of expressive utility from confirming identity, these are the only benefits and costs. Expressive utility has the following components:

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<sup>6</sup> See also Austen-Smith and Fryer (2006).

<sup>7</sup> A case involving gender and identity is the controversy regarding the emergence of “breadwinner-homemaker” households in England in the mid-nineteenth century. On the case stressing gender identity, see Rose (1988); on the counter case stressing preferences, technology, and income, see de Vries (2008).

<sup>8</sup> Brennan and Hamlin (2000) describe people as choosing “dispositions”. Lewisch (2004) describes people as choosing identity by choosing “windows” through which to view the world.

<sup>9</sup> People usually exhibit more empathy with group members. For experimental evidence, see Yan Chen and Sherry Xin Li (2009).

$I(x_j)$  is utility from expressive behavior through the effect of the decision  $x_j$  on one's own identity;  $S(x_j)$  is utility from behaving expressively through the effect of the decision  $x_j$  on how others in a target group or specified peer group regard individual  $j$ ;  $D(x_j)$  is the cost of expressive behavior, which is incurred in reminding or communicating to others that one has voted for a virtuous outcome. The source of the cost  $D(x_j)$  can also be cognitive dissonance: there is cognitive dissonance if utility through  $S(x_j)$  in being liked by others is costly in terms of the compromise of utility  $I(x_j)$  through self-identity. The cost  $D(x_j)$  is minimal for people who can suppress the internal conflict between their ideal view of themselves and the choices required for social approval.

By placing identity in the utility function, we explain behavior by recourse to preferences. People evidently have preferences over more than material consumption. As an example, because of the basically zero probability of being decisive in an election, people would not vote if utility depended only on material consumption: they could use the time taken to vote to increase leisure or income.

The choice of  $x_j$  can be through voting to confirm identity, or market spending that expresses environmental awareness. Contributing to financing a public good confirms a cooperative personal identity. The decision may be to contribute to collection action to achieve a political objective or to support a political party or candidate through attending political rallies and demonstrations; declaring support and sympathy for particular groups in conflict situations; or making declarations in the course of conversation or in writing that are of a defining nature with regard to identity. Choice of identity allows people to be who they want to be, subject to dissonance. Young children are often uninhibited in declaring when being told a story or watching a movie that "I am Jack" or "Jill" or some other hero or heroine.

In the utility function (3), people differ in personal material benefits and costs  $B_j$  and  $C_j$  but not in expressive utility indicated in the functions  $I$ ,  $S$ , and

*D.* Diversity in expressive utility includes differences in willingness to incur utility loss through compromised self-identity in order to gain utility through social or peer approval. We re-express the utility function as:

$$U_j(x_j) = \{B_j(x_j) - C(x_j)\} + \{\alpha_j I(x_j) + \beta_j S(x_j) - \gamma_j D(x_j)\}, \quad j = 1, \dots, n. \quad (4)$$

where

$$\alpha_j \geq 0, \quad \beta_j \geq 0, \quad \gamma_j \geq 0, \quad j = 1, \dots, n.$$

In (4) people can differ in terms of sensitivity to how they regard themselves and how others regard them. People for whom  $\{\alpha_j = 0, \beta_j > 0\}$  derive no utility from confirming identity. People for whom  $\{\alpha_j > 0, \beta_j = 0\}$  do not predicate their behavior on the approval of others and base their behavior on their own identity only. If  $\{\alpha_j = 0, \beta_j = 0\}$ , behavior is not expressive (and the cost  $D$  is not incurred): when behavior is expressive, people for whom  $\gamma_j$  is higher experience higher personal cost in communicating their expressive behavior to others or in coping with dissonance between their chosen identity and the identity required for utility from social approval.<sup>10</sup> In the absence of expressive behavior we have the usual equality for maximizing material utility:

$$B_j'(x_j) - C_j'(x_j) = 0, \quad j = 1, \dots, n.. \quad (5a)$$

With the inclusion of expressive behavior, utility-maximizing behavior requires:

$$\left( B_j'(x_j) + \alpha_j I'(x_j) + \beta_j S'(x_j) \right) = \left( C_j'(x_j) + \gamma_j D'(x_j) \right), \quad j = 1, \dots, n. \quad (5b)$$

We proceed and look at types of behavior of individuals. A choice  $x_j^*$  can result in

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<sup>10</sup> There are other types of behavior that are expressive but which people do not wish to be revealed. For example,  $\{\alpha_j > 0, \beta_j = 0\}$  defines guilt without shame;  $\{\alpha_j = 0, \beta_j > 0\}$  defines shame without guilt; and  $\{\alpha_j > 0, \beta_j > 0\}$  defines people who experience both guilt and shame.

$$\begin{aligned}
U_j(x_j^*) > 0, B_j(x_j^*) - C_j(x_j^*) > 0, \\
\alpha_j I(x_j^*) \geq 0, \beta_j S(x_j^*) \geq 0, \gamma_j D(x_j^*) \geq 0
\end{aligned}
\tag{6}$$

Expressive utility is then not necessary for  $x_j^*$  to be chosen: the utility from expressive behavior reinforces the material utility expressed in  $[B_j(x_j^*) - C_j(x_j^*)]$ . A person may for example enjoy reading but may also benefit expressively from the books that he or she reads. Or a person would purchase an environmentally beneficial vehicle without the expressive component of utility. The cost  $D(x_j^*)$  is incurred in communicating the expressive behavior to others. In these cases, utility from expressive behavior is a reinforcement for non-expressive choice. Material utility and expressive utility conflict when:

$$\begin{aligned}
U_j(x_j^*) > 0, B_j(x_j^*) - C_j(x_j^*) < 0, \\
\alpha_j I(x_j^*) \geq 0, \beta_j S(x_j^*) \geq 0, \gamma_j D(x_j^*) \geq 0
\end{aligned}
\tag{7}$$

$x_j^*$  is chosen because expressive utility compensates for the direct personal non-expressive loss. The components of expressive utility conflict when:

$$U_j(x_j^*) > 0, \alpha_j I(x_j^*) < 0, \beta_j S(x_j^*) > 0.
\tag{8}$$

Own identity is then compromised to gain social or peer approval.<sup>11</sup>

#### 4. EXPRESSIVE VOTING

Expressive voting is a case of expressive utility from identity. The expressive-voting hypothesis is a response to the “paradox of voting”, which is that the decision to vote is inconsistent with a personal cost-benefit comparison when the cost of voting is the time taken to vote and the expected benefit is the likelihood of a voter being decisive, which in usual sized

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<sup>11</sup> Timur Kuran (1995) has written about “private truths and public lies” and preference falsification. In my context the falsification of preferences occurs through choice of identity that provides expressive utility through peer group approval. In cases to which Kuran refers, preference falsification is a necessity of survival when living under a totalitarian regime obligates adherence to an ideology.

electorates is effectively zero.<sup>12</sup> The paradox of voting is based on the zero expected benefit from voting because of the zero probability of being decisive; the same zero probability of being decisive underlies expressive voting. When voting expressively, people rationally do not expect to determine the outcome of majority voting. The cost of voting expressively is the time taken to vote, which, if people vote, is less than the expressive utility obtained from voting. Expressive voting is therefore a case of expression (7).

Expressive voting contrasts with instrumental voting, according to which voting is an instrument or means for achieving a sought outcome. The circumstances usually described for expressive voting are proposals that people should be generous in giving part of their personal income to others: the expressive voters described in expressive-voting models derive utility from voting to make transfers but incur disutility if actually obliged to give.

Expressive voting can be demonstrated in a simple model with veto power. A consensus vote of two taxpayers is required for an income transfer to take place. Each voter can veto, either by voting against or by abstaining. For both taxpayers:

$$U(\text{voting in favor of transfers}) = 1.$$

$$U(\text{paying for income transfers}) = -2.$$

$$U(\text{not voting for and therefore not paying taxes for income transfers}) = 0$$

The payoffs from this game are shown in table 1.<sup>13</sup> Each person is best off with benefit {1} from voting for income transfers that do not have to be made because the other person has not voted in favor. Voting against the income transfers (which then do not have to be made) provides utility of zero, whatever the decision of the other voter. If both voters support the income transfers, they have utility of {1} from their expressive voting but disutility of

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<sup>12</sup> Regret about not voting has been proposed as reason for voting: if no one voted because everyone believed that a single vote is insignificant, everyone would regret not voting; that is, everyone not voting is not a Nash equilibrium. Given the number of people who vote, it is unlikely that regret is a reason for people voting.

<sup>13</sup> This is table 7.4 reproduced from Hillman (2009).

$\{-2\}$  because they actually have to make the income transfers, leaving utility of  $\{-1\}$ . There is no dominant strategy. There are two Nash equilibria in pure strategies at  $(1, 0)$  and  $(0, 1)$  where one person votes in favor of the transfers and the other does not. The Nash equilibrium in mixed strategies is to vote in favor of or against income transfers with probability of 0.5. The likelihood of each of the four outcomes is 0.25. The expected utility from participation in the game is positive and equal to 0.5. The probability of the outcome for the voters where they both vote in favor of the income transfers is 0.25.<sup>14</sup>

Table 1: Expressive voting

	Person 2 votes against income transfers	Person 2 votes in favor of income transfers
Person 1 votes against income transfers	0,0	0,1
Person 1 votes in favor of income transfers	1,0	-1, -1

If an expressive voter can veto, exercising the right of veto has the characteristics of a volunteer public good. An expressive voter who vetoes loses utility from vetoing. All other expressive voters gain utility from voting in favor and not being required to pay because of the veto.

If decisions were sequential, the first person to vote would vote in favor of the income transfers and the second person against. A person who can

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<sup>14</sup> Each person can obtain zero with certainty by voting against the income transfers. The consequence of voting in favor depends on the decision of the other person. Denoting the probability that the other person votes against by  $P_A$ , the expected utility from voting in favor of the transfers is  $\{1 \cdot P_A + (-1) (1 - P_A)\}$ , which when set equal to the certain utility of zero from voting against the income transfers and solving yields  $P_A = 0.5$ .

credibly commit to voting in favor of the incomes transfers therefore gains through expressive voting. In a sequential game the first voter has an advantage: the first to vote votes for charity and the second voter vetoes. If voter 1 votes first, voter 2 vetoes. Voter 1 is happy that voter 2 is present to veto. If the voting is publicized, voter 2 is blamed for the outcome that no income transfers take place and voter 1 gains by being “liked” because of generosity that he or she has exhibited through voting. Voter 1 has higher utility because of being able to vote expressively. There has been a voting externality imposed negatively on voter 2 by voter 1; by voting against, voter 2 has provided a positive externality for voter 1, who does not have to pay.

If voter 1 has established a reputation as being charitable through proclaiming the merit of good causes, in simultaneous repeated games, voter 2 knowing voter 1’s reputation, maximizes utility in any single game by vetoing. Voter 2 is however expressive as is voter 1; the asymmetry is that voter 1 has managed to establish a reputation for voting for charity. Of course, voter 2 may not always veto in a repeated game. An equilibrium may emerge where the two voters take turns in vetoing, in which case the voters share the utility over time from expressive voting.

With large numbers of expressive voters, decisions are not strategic. All voters benefit from the utility of expressive voting, knowing that the cost of voting expressively is only the time taken to vote, because no voter is decisive. In the Nash equilibrium, utility is  $\{-1\}$ , composed of utility of  $\{1\}$  from voting for the transfers and utility of  $\{-2\}$  from paying taxes to finance the transfers. There has been a negative mutual voting externality for all the voters because of expressive voting. With large numbers of voters, the awareness that a single vote is not decisive allows everyone to vote expressively without the fear that a personal vote will be decisive in determining that income transfers take place.<sup>15</sup> With the Nash equilibrium

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<sup>15</sup> It is the large number of voters that allows the expressive behavior. Sobel and Wagner (2004) proposed and tested the hypothesis that larger electorates result in more expressive voting indicated by the extent of redistribution. The data was for US states and the empirical

being that all expressive voters vote for income transfers, majorities thus support outcomes when individuals if they were decisive would vote against the transfers.

### **Behavior confirming expressive voting**

Because of new information, people sometimes express regret about *for whom* they voted. The regret is evidence of expressive voting because the opportunity to change for whom a person voted would not change the electoral outcome when the voter is not decisive.<sup>16</sup>

People sometimes describe themselves as voting in order to protest the policies of a politician or government. Protest voting is a form of expressive voting in which expressive utility is obtained through the act of protesting by casting a vote that will not affect the outcome.

In the standard models of voting, voters vote for candidates to maximize utility based on the deviation of candidates' policies or perceived competence from their personal ideal. Thus if two candidates *A* and *B* offer a voter respective utilities  $U^A$  and  $U^B$  contingent on the candidates being elected and implementing their policies, and the voter's preferred policies or candidate competence would provide utility  $U^*$ , the voter chooses a candidate to support according to:

$$\text{Max } \{U^* - U^A; U^* - U^B\}. \quad (9)$$

The voter always votes (although indifference could arise, and does arise when voters converge to the same policy and appear equally competent). Expressive voters will not vote if the distance between their ideal and the outcomes offered by the candidates is too great. They will explain their

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results confirmed the hypothesis. The probability of being a decisive voter is negligible when the size of the electorate reaches that of any state. Of course, other evidence from behavioral economics suggests that not everyone can compute objective probabilities.

<sup>16</sup> As Brennan and Hamlin (2000, p. 31) note in describing expressive voting: "If you made a mistake in the polling booth and voted for the 'wrong' candidate, that mistake would almost certainly not alter the electoral outcome – though, presumably, it would remain a mistake from your point of view."

decision not to vote as due to their having “no one to vote for”. When expressive voters vote, they choose

$$\text{Max } \{U^A; U^B\}. \quad (10)$$

However, if they for example have higher utility from the policies and competence of candidate  $A$ , they only vote if

$$U^* - U^A \leq \delta. \quad (10)$$

That is, they only vote if the candidate is sufficiently close to their ideal to allow them to express themselves. The view of voting as instrumental or a means to achieve an end thus predicts that people maximize utility by voting for the candidate who is closest to their ideal among policy alternatives (although based on a personal cost-benefit evaluation where the cost is time and the benefit is through the expectation of being decisive, people should rationally not vote). Expressive voters in contrast care about the distance between their ideal policy and the policy position taken by candidates. Guttman et al (1994) used survey data to investigate reasons for why and how people voted and confirmed the prevalence of expressive voting: distance from the ideal mattered.<sup>17</sup>

### **Compulsory voting**

Where voting is compulsory, failure to vote is costly because of penalties. In models of instrumental voting, compulsory voting solves a free-rider problem by enforcing participation in a collective decision.<sup>18</sup> Compulsory voting is consistent with expressive voting: voters know that their individual vote is not decisive and derive utility by confirming identity through their voting decision. They express themselves through the decision *how to* vote, given that they are obliged to vote (or pay a penalty).

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<sup>17</sup> Because the sample consisted of people who voted, abstention could not be part of the study. On abstention and expressive voting, see Brennan and Hamlin (1998) and Hillman (2009, chapter 6).

<sup>18</sup> Hillman (2009, chapter 2).

### **Expressive voting and externalities**

Majority voting has associated externalities because voters do not internalize the consequences of their vote for the utility of others.<sup>19</sup> Expressive voting adds further externalities. Expressive voters impose mutual negative externalities on one another by voting for policies that all voters would veto if they could.

### **Complements to expressive voting**

When voting is expressive, there are complements through expressive political parties and expressive media. Members of an expressive majority benefit when the political party for which they voted is also expressive in favoring extensive redistribution but never implements the redistribution. The expressive majority has benefitted from expressive voting but does not need to make the payments for which it voted. The political party supported by the expressive majority uses rhetoric to make proclamations about the need to help people in need. The party leaders know that if they proceed beyond rhetoric to actually implement the policies of income redistribution, they will be defeated by another political party supported by the expressive majority that proclaims the need for but does not implement redistribution. The media can likewise be expressive. If the purpose of the media is to be popular because of profit, an expressive media will seek to determine the identity chosen by readers and listeners and will cater to expressive voters. Where the media does not depend on profit through popularity, the people in the media may themselves be expressive and propagate expressive positions. When the media is relied upon for substantive information that has bearing on personal financial wealth, we do not expect expressive behavior, because the focus is material cost and benefit .

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<sup>19</sup> See Tullock (1959) and also Hillman (2009a, chapter 6).

## 4. EXPRESSIVE GENEROSITY

As a benchmark, an altruistic person derives utility when the utility of someone else increases. An altruistic person thus feels better off when someone else is better off. An altruistic voter who is not expressive will vote for income transfers only if the voter believes that there is a significant probability that his or her vote will be decisive. The expressive voter described in the expressive-voting models votes for income transfers only if assured that his or her vote is not decisive.

We now define expressive generosity.

*Behavior is expressively generous when people derive expressive utility from confirming their identity and at the same time actually want to make the income transfer because of the utility from giving.*

Expressively generous people have the expressive component of utility in expression (4) and also an additional component of utility from giving that influences both self-identity  $I$  and the identity perceived by others  $S$ . We denote by  $G_j$  the amount given. Expressively utility from giving  $G_j$  depends on to whom the income transfer is made. With  $\mu$  a common indicator of perceived need,  $G_j$  is scaled by  $\mu$  to provide expressive utility from giving. The utility function of an expressively generous person is thus:<sup>20</sup>

$$U_j(x_j) = \{B_j(x_j) - C(x_j)\} - G_j + \{\alpha_j I(x_j, \mu G_j) + \beta_j S(x_j, \mu G_j) - \gamma_j D(x_j, \mu G_j)\}, \quad j = 1, \dots, n \quad (11)$$

In the case of voting,  $x_j$  is the binary decision co-joined in whether to vote and whether to vote for generosity. The basically selfish voters of the expressive voting model maximize utility by voting for income transfers but with an outcome  $G_j = 0$ . Expressively generous people would vote for income transfers but also obtain expressive utility from also derive utility from  $G_j > 0$ . The expressive utility from actually giving depends on  $\mu G_j$ .

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<sup>20</sup> Utility is maximized subject to a budget constraint that includes the income transfer  $G_j$ .

The utility of the recipient does not appear in the utility function (11). The indicator  $\mu$  of need of the recipient increases the donor's expressive utility because the voter or donor feels better about giving when the targeted recipient is more unfortunate in "suffering" more. In obtaining expressive utility from giving, the donor (or intending donor if the decision is made by majority voting) may be expiating guilt from having achieved a good outcome in life while the recipient is observed to have an unfortunate outcome.<sup>21</sup>

The equilibrium value  $G_j^*$  increases with how much people are in need or "suffer":

$$\frac{\partial G_j^*}{\partial \mu} > 0. \quad (12)$$

A contest for being in need or suffering is thereby introduced.  $G_j^*$  is the contribution of individual  $j$  to the creation of a rent that is distributed according to need or suffering. We therefore introduce  $m$  groups or individuals each with their own indicator of need:

$$\mu_1, \mu_2, \mu_3, \dots, \mu_m \quad (13)$$

Increasing the indicator of need is costly. Hence we have the attributes of a rent-seeking contest. For a specified contest-success function, those for whom it is less costly to increase  $\mu$  have a higher likelihood of being the beneficiary of the transfer  $G_j^*$ . Individuals for whom  $\mu$  has an exogenous component that is naturally low are at an advantage. If effort at lowering  $\mu$  is not observable (or is imperfectly observable), we have circumstances of moral hazard. However,  $\mu$  may be quite observable. For the expressively generous donor, endogeneity or manipulability of  $\mu$  does not bear upon expressive utility. The equilibrium transfer  $G_j^*$  increases with  $\mu$ , as does equilibrium expressive utility (and equilibrium utility). Because of rewards offered for providing donors with expressive utility, expressive generosity thus creates victims and

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<sup>21</sup> The expiation of guilt is similar to the sacrificial offerings of ancient cultures: the decision was whether to give and also how much to sacrificially give.

the greater the need that victims can establish, the greater expressive utility they can provide.<sup>22</sup>

### Expressive utility and self-reliance

James Buchanan (1975) has proposed of interaction between a donor and recipient that used to describe the relation between expressive utility from confirming generous identity and self-reliance. Table 2 shows Buchanan's game, which is between an expressive donor and a recipient of charity.

Table 2: Expressive utility and self-reliance

	The recipient exerts effort to be self-reliant	The recipient <i>does not</i> exert effort to be self-reliant
The donor <i>does not</i> give	2, 2	1, 1
The donor gives	4, 3	3, 4

The dominant strategy of the donor in table 2 is to give charity, because of expressive utility. The recipient of charity prefers not to live off charity rather than exerting the effort required to work for a living. (1,1) is the least-preferred outcome for the donor and the recipient because the recipient dies of hunger. (2,2) requires the donor not to give and the recipient to be self-reliant, which is contrary to the donor's and recipient's respective preferred choices. The donor's preferred outcome is (4,3) but the Nash equilibrium is (3,4) where the donor gives and the recipient is not self-reliant. We can interpret the donor in Buchanan's game to expressively generous, hence the donor's dominant strategy to give. The recipient, being aware of the donor's

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<sup>22</sup> I have described a rent-seeking game (see Congleton, Hillman, and Konrad, 2008) in which the winners are the most unfortunate through being able to provide the greatest expressive utility.

expressive utility, from giving can safely choose not to be self-reliant. Again expressive behavior has created a rent and a victim as the source of the donor's expressive utility. A majority of expressive donors creates externalities for non-expressive altruists if the financing of the transfers to the recipient is decided collectively through majority voting.

### **Information and expressive utility**

People with an identity as generous often express support for the “weaker” side because of greater expressive utility from supporting or identifying with people with greater “need”. When need changes, expressive utility requires them to switch support. For example, people obtain expressive utility from support of the “underdog” in a sports contest. Information may however be provided that members of the underdog team do not train and drink beer before a match. Such information diminishes expressive utility from support for the underdog team. Because of the loss of expressive utility, expressive supporters of the underdog will regret being confronted with the information. They may (not literally) kill the messenger. However, they may (as suggested when describing the example of the trinkets) literally ostracize or victimize the messenger. Expressive behavior does not require knowing facts or truth. On the contrary, when utility is expressive, knowing the facts or truth about how one side came to be an underdog or how victims became victims can provide disutility.<sup>23</sup>

The disutility from information is reason for rational ignorance. In its usual guise, rational ignorance describes the rationality of not knowing because the personal costs of acquiring information exceed the personal benefits. When utility is expressive through choice of generous identity, rational ignorance further avoids potential for dissonance. An individual might expressively obtain utility through an identity of being supportive of a group of people because he or she perceives that they are have high  $\mu$ . It

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<sup>23</sup> See Cowan (2005) for related observations on willingness to accept information that reduces utility.

would reduce expressive utility to know that the high  $\mu$  is the consequence of sympathy-evoking rent-seeking behavior because of the inference that generosity has created the need for generosity (or that there has been moral hazard).

A means of protecting utility from expressive behavior is political correctness.<sup>24</sup> Or cognitive dissidence may convert facts to opinion. Mantras may be called forth to defend expressive utility, such as “I feel for unfortunate people no matter who they are and how they came to unfortunate”. The defensive recourse to protection through political correctness and relegating fact to opinion indicates the position that “nothing that you say will change my mind”. A change of mind would be costly in terms of expressive utility lost.

Moral relativism protects utility from expressive behavior. Moral relativism allows everyone to obtain expressive utility based on their own standards – or own beliefs. No one need feel disadvantaged or diminished because of behavior.<sup>25</sup> Sufficiently salient personal experience can however of course change expressive behavior.

## **6. EVIDENCE ON EXPRESSIVE UTILITY**

What is the evidence concerning expressive utility? I have pointed to evidence of expressive voting in natural experiments through declarations of regret for having voted for a particular candidate, protest votes, and voting based on “having someone to vote for” rather than maximizing utility by voting for candidates who are closest in attributes or policies to voters’ ideal choices. Evidence on expressive utility comes from other sources, such as from visible consumption decisions and other types of visible behavior.<sup>26</sup>

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<sup>24</sup> “You are not allowed to say that” is the means of defense of the expressive utility.

<sup>25</sup> As said the dodo in Alice in Wonderland about the outcome of the race: ‘Everybody has won, and all must have prizes.’

<sup>26</sup> See for example Feigenbaum, Karoly, and Levy (1988), Eichenberger and Oberholzer-Gee (1998), Johansson-Stenman (2006), Laband et al (2008).

Expressive voting has also been studied in experimental situations. The critical behavioral observation regarding expressive behavior is whether subjects choose to veto (or vote against) giving money to charity that they could keep for themselves. If they veto, they behave in accord with the expressive voting hypothesis and expressive utility is only from confirmation of identity and not from giving; if they do not veto, we can infer expressive generosity.

The behavior underlying the expressive voting hypothesis occurs when people seek expressive utility through voting so as to feel good about themselves but are in fact not generous. Expressive voting may require quite sophisticated detachment of material from expressive utility through identity formed early in life. In Israel people whose formative years were on a kibbutz (a collective settlement) in general continue to vote for the Labor Party or other parties espousing left-wing principles long after they have left the collectivist environment of the kibbutz and have achieved personal economic success in the market economy. Expressive utility explains the phenomenon of CEO's and senior management of large corporations in Israel openly supporting left-wing parties. Guilt can also underlie the internal contradiction of expressive voting. In India, higher caste academics from India are observed often to observe to support the left-leaning Congress Party. In the U.S., in the U.K. and Australia, people of wealth (and academics) often support the party of the left whose natural constituency is lower-income voters.

Experiments in general use students as subjects. Do we expect students to vote expressively by detaching expressive utility from voting for a generous outcome from actually being generous? Students may not yet have encountered in life the subtleties of internal contradiction between expressive utility from confirmation of identity and material self-interest We may hypothesize that, rather than voting expressively for an outcome that they do not want, students will be expressively generous and so, when given the

choice between voting for charity or voting for money for themselves and being decisive, will choose voting for and actually giving charity.

Results of experiments looking for expressive voting tend to confirm expressive generous behavior – unless the sums of money that the students could keep for themselves are large, or sufficiently large to counter the loss of expressive utility from confirming or revealing a generous identity. Carter and Guerette (1992) reported on the outcome of asking students from economics and accounting classes at the College of the Holy Cross in Worcester in the U.S. state of Massachusetts to choose between voting for charity and voting for money for themselves subject to different probabilities being a decisive voter. The hypothesis of expressive voting would be confirmed if the propensity of the students to vote for money for themselves rather than for charity increased as the probability of being decisive increased. The sums in the experiment were \$2 for charity as against alternatives of \$6 or \$9 personal money for a student. Carter and Guerette reported only “weak support” for the expressive-voting hypothesis. For example, when the choices were between \$9 for themselves and \$2 for charity, “*most surprisingly*, only two of eight subjects voted for the cash when their votes were certain to be decisive” (italics added). The behavior is however understandable in terms of expressive generosity. Students at the College of the Holy Cross were confirming their identities as charitable in continuing to vote for charity when the probability of being decisive in giving to charity increased. The students evidently sought the opportunity to be decisive in the vote on giving of charity.<sup>27</sup> The students may have wished to give to personally give to charity but they were unable to do so because decisions were collective and the best they could do was to vote for charity in the hope of being decisive.<sup>28</sup>

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<sup>27</sup> For such a model of strategic behavior, see Hillman (2009, chapter 7).

<sup>28</sup> Carter and Guerette in their conclusions recognized that true charitable intentions would have had a “confounding” effect on the results of their experiments.

Tyran (2004) reported outcomes for two types of experiments (or treatments). Students (from the universities of St Gallen in Switzerland and Innsbruck in Austria) confronted different probabilities of being decisive. The students were also asked to predict the outcome of the vote in which they participated. In a first treatment  $T_1$ , all voters donated to charity, if there was a majority in favor of donating. In the second treatment  $T_2$ , only the voters who voted in favor of giving to charity actually donated to charity if there was a majority in favor of donating: hence actually giving charity could be avoided with certainty in the second experiment by voting against charity. It was therefore costly to vote for charity if a student believed that a majority would favor charity. In the experiment  $T_1$ , the cost of voting for charity was low: students could be expressive in voting for charity because, if they believed that there was a majority in favor of charity, they would have to pay whether or not they voted in favor. The prediction of the expressive-voting hypothesis (obtaining expressive utility from voting for charity but wishing to avoid giving) is that the students who participated in  $T_1$  would vote for charity more so than the students who participated in  $T_2$ . Tyran did not find this to be the case.<sup>29</sup> Tyran reported “bandwagon effects”; that is, students appeared to conform in their voting decisions with how they expected others to vote in both types of experiment. Tyran thus interpreted the results as evidence against the expressive-voting hypothesis and as supporting existence of motives of conformity (“Just as it may be more fun to cheer for a team if others cheer too, it may be more rewarding to vote for a morally worthy cause if others are expected to do so, too”). An alternative interpretation looks to consequences of a relation between bandwagon effects and expressive voting: a student who conformed by voting the same way as he or she expected others to vote did not anticipate being a decisive voter. In  $T_1$ , a voter anticipating not being decisive would nonetheless pay if the majority voted for charity and would lose expressive utility from having voted against the

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<sup>29</sup> Tyran’s subjects were less generous overall than the students from the College of the Holy Cross: 46% always voted not to give and 40% were BS expressive in responding to the probability of being decisive, while the remaining 14% always voted to give.

generous outcome. An expressively generous voter would also confirm identity by voting in favor of the generous outcome. In  $T_2$  expressive voters who anticipated that a majority would vote in favor of charity would vote against, to avoid actually giving (as in the model in section 3 the expressive utility from voting in favor of charity is less than the loss of utility from actually giving). However, Tyran found no significant difference between the  $T_1$  and  $T_2$  treatments. Voters in  $T_2$  were therefore also expressively generous. The amount of money that was offered to the students to keep for themselves was insufficient to warrant their forgoing expressive utility from confirming their generous identity as actually wanting to give.<sup>30</sup>

The experiments on expressive voting indicate expressive generosity (actually wanting to give) rather than students' voting to be generous when they in fact did not wish the generous outcome to arise. However, the game structure included no recipients who could act strategically or respond to the students' confirmation of identity.

Would we expect behavior to change if the sums of money became large? If the Holy Cross students were offered not \$9 for themselves but \$900 against \$2 for charity, they would almost certainly have voted for the \$900 for themselves – and they could have expressed their generous nature by donating for than \$2 to charity (which they could also have done when the sum of money that they could personally take home was \$6 or \$9 as in the actual experiments.<sup>31</sup> In Tyran's experiments, the students' stake was the equivalent of \$6, plus \$3 for predicting the vote for the majority – again small sums. Fischer (1996) offered students the possibility of obtaining a larger sum of personal money (\$200) through majority voting against charity. The

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<sup>30</sup> Tyran sought to eliminate the influence of ethics by not informing the students of the ethical implications of their decision. Nonetheless we have to suppose that the students understood that they were being confronted with choices in which ethics were involved. "...in the wording of the instructions as well as in our behavior during the experiment we avoided to give subjects the impression that they are somehow morally obliged to donate their endowment to the charity. Rather, we tried to appear as neutral as possible." (p1652)

<sup>31</sup> Carter and Guerette noted the rational response of students to take the money and personally donate to charity after the experiment. They proposed that the option of personally giving charity from the larger personal sum as "rationalizing" a vote for personal money.

expressive-voting hypothesis was borne out: students voted in favor of charity when the probability of being decisive was low and against charity when the probability of being decisive was high. Fischer also reported that voting for charity increased when voting was observable by others, indicating the presence of the social approval motive for exhibiting generous identity.

However, the main point is that whether people (or students) choose to behave as predicted by the expressive-voting hypothesis, or vote in favor of and actually wish to give charity as is consistent with the expressive-generosity identity, depends on the cost incurred in choosing forgoing the expressive utility from confirming generous identity. When sums are small, the gains from confirming generous identity outweigh the personal money that is offered; sufficiently large sums of personal money required to compensate for loss of expressive utility. Outcomes in other experiments confirm the same general principle. For small sums of money, people may care more about loss of expressive utility than loss of the money.

### **Other experiments**

In the single-interaction prisoners' dilemma, it is rational behavior not to cooperate. Yet often in experiments large numbers of subjects do cooperate and thereby achieve the efficient outcome. If people have cooperated, perhaps they have the payoffs of the prisoners' dilemma and presume a social norm of cooperation. Alternatively, the payoffs perceived may be amended beyond the material payoffs of the prisoners' dilemma to include expressive utility from confirming identity as a cooperative person and disutility from exploiting the good will of others. Cooperative behavior then is rational when expressive utility from confirmation of identity is included. When a person with expressive utility meets a person with the material payoffs of the prisoners' dilemma, the former loses materially but may still gain more than he or she had not cooperated, because of the expressive utility of confirming identity. In repeated games, people may also care about the response of others

to their own expressive cooperative behavior; they expect to be liked for their cooperative behavior and may become indignant if their generous behavior is not reciprocated. No punishment occurs, however, if the expressive person's identity includes passive non-vindictiveness. The outcome of particular repeated-game experiments indicate how people view their identities. The public good game is a variation on a theme of the prisoners' dilemma.

The trust game has similarities to the prisoners' dilemma: cooperation based on material gain in the prisoners' dilemma can be predicated on "trusting other people to cooperate". In the trust game, the expressive behavior of the donor is "I am a trusting person" and the expressive behavior of the recipient is to confirm identity as trustworthy person. The predicted equilibrium based on material gain is the inefficient outcome in which that no money is transferred. An interesting experiment is a repeated game in which an expressively generous donor continues to obtain expressive utility by making transfers when a donor persistently returns no money. How long will the expressive utility from being trusting compensate for the revealed lack of trustworthiness of the recipient?

Outcomes in ultimatum games reflect expectations of animosity due to the recipient's perception of unfair offered divisions. In dictatorship games the recipient has no recourse when offers are judged unfair. Nonetheless in many instances, the donor shares the money by giving considerable portions to the anonymous recipient. The behavior of the donor is irrational when based only on material gain and loss but becomes rational when expressive utility of confirming a generous identity is included.

### **Income and expressive behavior**

The evidence indicates that high-income people are in general more likely to vote than low-income people – which is contrary to a prediction regarding

voting based solely on the value of time.<sup>32</sup> Expressive utility explains the higher voting turnout of high-income voters if the source of expressive utility – confirmation of identity – is a normal good.<sup>33</sup> Because lower-income households tend to be underrepresented in higher education, the students involved in experiments may come disproportionately from the same high-income families whose members tend to vote. A low marginal utility of income also reduces the utility of the personal money that is foregone in order to obtain expressive utility.<sup>34</sup>

### **Economics students**

Economics students often behave differently from other students in being “rational” based on material utility. Through self-selection or education, economics students may tend to have an identity as rational and profit-seeking, and as being competitive rather than cooperative. Other students may have an identity more attuned to being a generous cooperative person who does not take advantage of the good will of others. When economics students are introduced to the prisoners’ dilemma, they are not only explained the concepts of dominant strategy and Nash equilibrium but are also told that payoffs as material rewards are the sole source of utility. Expressive utility is taken out of their personal calculations. Hence the question may be less about whether there has been self-selection among economics and business students

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<sup>32</sup> See Frey (1971).

<sup>33</sup> However, a candidate who allows low-income people to obtain expressive utility will result in low-income people voting in large numbers. Voting in the 2008 U.S. Presidential election appears to have in substantial part expressive. The cost of voting in terms of time was high in many locations where people waited hours in line to vote.

<sup>34</sup> A supposition in the experimental economics literature that the amount of money involved does not matter. The supposition is justified by conducting experiments with people in low-income countries. Experimental economists would like to see the supposition vindicated because of the justification provided for small sums of money in experiments. Yet one would introspect that, in the choice between behaving expressively and choosing personal material gain, the cost of behaving expressively matters. The expressive utility from confirming generous identity is matched against the material personal cost of confirming self-identity. Moreover, as previously noted, if the material gain is sufficiently great, taking the personal money Pareto dominates because charity can be privately given.

than the behavioral consequences of being taught a model based on material rewards with no expressive content.<sup>35</sup>

## **7. DEPENDENCE-SUSTAINING POLICIES**

My objective is to explain policies that sustain persistent dependence rather than fostering self-reliance. We return now to the relation between such policies and expressive utility.

### **Expressive utility in the welfare state**

The welfare state is the institutional basis for charity and redistribution within a society. The welfare state functions as an extended family to help people in need. The basis for the assistance can be an implicit social insurance contract viewed as determined behind a veil of ignorance when people did not know their outcomes in life and their incomes. Sustaining the contract requires that there be limited moral hazard and that social insurance does not change norms of behavior from a work ethic to reliance on income transfers. There is evidence that social norms change when income is provided contingent on not working.<sup>36</sup> Through the changed social norms and moral hazard, the welfare state can create extended welfare dependence. When the welfare dependence is evident, welfare reform can take place that make assistance contingent on effort at self-reliance but also welfare reform can be delayed or the dependence can be indefinitely sustained through expressive utility. The expressive utility is protected by the proposition that personal outcomes in life are due principally to luck rather than personal effort and that therefore

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<sup>35</sup> For a survey of the evidence regarding behavior of economics students, see Frank and Schultze (2000). From their own experiments, Frank and Schultze concluded that economic students were more self-interested or even “corrupt” than other students, due to self-selection.

<sup>36</sup> Lindbeck, Nyberg and Weibull (1999) modeled changes in norms of behavior. Brinig and Buckley (1999) provide evidence of changes of social norms regarding welfare dependence in the U.S. A prescient paper is Berstam and Swan (1986).

those who are unfortunate (as the social contract behind the veil of ignorance would require) should be assisted.<sup>37</sup>

To understand the role of expressive utility in the sustained welfare state, we can look the extreme case of the category, which is the Scandinavian model. The generous Scandinavian welfare state has been sustained with high per capita incomes notwithstanding the required high tax rates.<sup>38</sup> The Scandinavian welfare state is associated with Max Weber's observations on the economic consequences of the Protestant work ethic. Weber's claim was that Protestant societies have a work ethic because of incentives associated with religion. Or there are incentives for choice of identity and behavior as personally self-reliant. There are also associated incentives to be expressively generous. People who are revealed through the fortune of their abilities and outcomes in life to be successful should recognize the implications for the fate of others who have been unlucky and unsuccessful – and be generous toward the unfortunate, who are victims through no fault of their own. Expressive generosity reveals one's own fortuitous fate and the unfortunate fate of others. There may be guilt in having been revealed by fate to be successful. The guilt is assuaged by expressive voting and expressive generosity that sustains the generous welfare state.<sup>39</sup>

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<sup>37</sup> A civil society cannot credibly threaten to allow people to be without adequate food and shelter, in particular single mothers women with small children and the aged. The proposition is that low income in general is the consequence of luck rather than effort.

<sup>38</sup> The Scandinavian welfare state has also continued in place without regard for the party in government.

<sup>39</sup> The foundation proposed for the Protestant work ethic is the belief that salvation and damnation are predetermined and that success or failure in this life is an indicator of a person's predetermined fate. Individuals should therefore be unwilling to reveal their lack of personal success by accepting charity and there should therefore be no moral hazard. The variants of Protestantism differ. Luther proposed a work ethic as a reaction to the scholastic ideal of idle contemplation. He regarded every person as having an assigned productive role in society. Roles are however fixed – there was no envisioned social mobility, but all work, no matter the nature of the work, had equal merit. Calvin reinforced the work ethic through the doctrine of predetermination. The identity of behaving according to work ethic need not be based on contemporary adherence to a belief system but is sustainable for some generations by intra-family cultural transmission.

### **Expressive utility and persistence of ineffective foreign aid**

If identity is expressively sustained by helping victims, the expressive behavior would call for helping victims everywhere. The welfare states indeed are correspondingly generous with foreign aid. The evidence is however conclusive the foreign aid has been ineffective in helping the poor in poor countries.<sup>40</sup> The ineffectiveness of the aid is well-documented and we would presume therefore well-known. Yet declarations of the need for aid continue to be made and the aid continues to be given. We understand the persistence of ineffective foreign aid as the consequence of expressive utility from expressive generosity. People in rich countries would vote to give aid to unfortunate people in poor countries, and want to give, to confirm their identity as generous and caring. Again we can infer the role of guilt as underlying the utility from conformation of generous identity. Expressive utility does not depend on the consequences of giving – the donors do not internalize the consequences for the intended recipients because otherwise the ineffective aid would not persist. The expressiveness is indicated by giving aid in the knowledge that the aid does not reach the intended beneficiaries. The mantra is: “We gave the money: we showed that we care”.

The hostage problem of foreign aid is that the poor in poor countries are kept poor by rulers and governments so that foreign aid to help the poor will continue to be provided, and so can continue to be appropriated by the rulers and governments in poor countries.<sup>41</sup> Expressive utility from giving foreign aid is diminished by the hostage problem, or indeed by any information that aid is ineffective in helping the poor in poor countries. If governments in poor countries are not to be assigned blame for the ineffectiveness of foreign aid, expressive utility requires seeking other causes: geography is therefore

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<sup>40</sup> Effectiveness of aid in helping the poor would require the cooperation of the recipient governments in poor countries but aid is used for privileged personal benefit. For evidence on the ineffectiveness of aid, see Easterly (2001, 2006) and Doucouliagos and Paldam (2008, 2009). Welzman (2009) considers the ineffectiveness of foreign aid from the perspective of a persistence donor such as the World Bank.

<sup>41</sup> See Easterly (2001), Hillman (2002).

blamed, or most incongruously insufficient aid.<sup>42</sup> Blaming geography or inadequate aid protects expressive utility from giving the aid.<sup>43</sup>

### **Non-self-reliant immigration**

Immigrants to high-income countries are disadvantaged by lack of local language skills and often education; the anticipation of the host population is that the immigrants and certainly their children will over time integrate economically and become productive members of the society that has provided them with a new home. Such was the case historically with previous 19<sup>th</sup> and 20<sup>th</sup> century migrations. In particular in welfare states, the anticipated economic integration does not take place if the immigrants do not have a work ethic and can become dependents of the state. The immigrants' children may not respond to affirmative action programs that are designed to compensate for unequal educational and family beginnings. Other aspects of the immigrants' home culture may remain embedded in behavior, for example the subservience required of girls and women including arranged marriage with a family or clan member. Immigrants who do not become self-reliant are less well off than the mainstream of the host population. The immigrants may come from hierarchically structured societies with little or no social mobility and have neither a tradition nor expectation of social mobility in their new location. In their former home countries, privileged ruling classes and elites may have dispensed charity: the cultural priors of charity are sustained by the charity of the state in their new location. Within the culture of the home population, the immigrants were victims who were helped through relocation – and remain victims as indicated by the sustained dependence on the state. The immigrants have been unlucky and the home population has been fortunate. Expressive utility for the home population

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<sup>42</sup> See Sachs (2005).

<sup>43</sup> The expressive behavior has associated terminology: countries that are not developing are called “developing countries” and aid recipients are referred to “low-income countries” rather than to the poor in poor countries.

through confirming their fortunate identity (to themselves and others) sustains the income transfers to the immigrants.<sup>44</sup>

### **Expressive utility and permanent refugees**

Refugee status is in general provided to the individuals who have been refugees. The individuals and certainly their children are expected over the course of time to become self-reliant in their new locations. In a natural experiment, only one group of refugees has been accorded permanent inheritable refugee status. The refugees, who principally date from a conflict in 1948, and their descendants have been assisted by a United Nations agency that exists only to provide them with economic assistance. Ineffective aid has also been provided. The evidence from the natural experiment reveals the predicted attributes of expressive utility to donors and well-wishers through expressive generosity and permanent dependence.

### **Demonstrations against international agencies**

Participation in demonstrations is expressive.<sup>45</sup> Demonstrations have occurred against the World Bank or IMF, whose support for markets has been blamed for environmental degradation, diminished biodiversity, and for inadequate labor standards including child labor. However, governments in low-income countries often protect neither the environment nor animals nor children. The information that not institutional institutions and markets but the policies of governments in low-income countries are the reasons for the

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<sup>44</sup> The details of the case of immigration in the Danish welfare state are elaborated by Nannestad (2004) and Blume and Verner (2007). Nannestad (2007) reviews the general evidence on immigration and the welfare state.

<sup>45</sup> Rational behavior without expressive utility is to choose to free ride when confronting the prisoners' dilemma of deciding whether to participate in a demonstration or rebellion (see Tullock, 1974). The analogue to voting is that just as one vote cannot be expected to be decisive, the participation of one individual at a demonstration cannot be expected to be significant. The expressive utility from participation in demonstrations provides the additional source of benefit that explains the participation.

outcomes to which the protestors object would diminish or end expressive utility.

### **Soft power**

Soft power is a concept suggesting that problems in international relations are resolvable through gentle persuasion that ends adversarial conflict by appeal to rationality and a sense of justice and conscience. The claim that soft power can be effective in resolving conflict is an instance of expressive behavior. Those who do not perceive themselves to be threatened act expressively in proclaiming the effectiveness of soft power and derive utility by advocating unilateral non-adversarial methods of conflict resolution. If themselves physically threatened the power that they might use to defend themselves might not be soft.<sup>46</sup>

## **8. CONCLUDING REMARKS**

Charity to people in need is an ethical obligation. However, the highest degree of charity results in self-reliance and thereby absence of need for further charity. I have sought in this paper to explain the phenomenon of public policies that sustain dependence of recipients. The source of the policies has been linked to expressive utility from confirming a generous identity. The addition of generous identity to the expressive voting model can explain why generous policies are the inadvertent outcomes of voter behavior. Dependence-sustaining policies are also the consequence of expressive utility obtained through expressive generosity. The child who could be at school but from whom high-income tourists buy trinkets provided an initial motivating example – when the tourists obtaining expressive utility would object to child labor (which would give them no expressive utility). I have proposed a model of expressive utility from confirmation of identity to oneself and to others and used the model to define identity when voting is

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<sup>46</sup> Bernholz (2004) comments on the ineffectiveness of soft power when a society is confronted by terrorism. Frey (2004) presents a view an option of soft power.

expressive and behavior is expressively generous. Experimental and other evidence reveals expressive voting but also expressive generosity. Sustained dependence occurs rather than self-reliance of recipients between expressive utility is self-interested in not encompassing consequences for the recipient. I have elaborated on the relation between expressive utility and policies that sustain dependence – or are otherwise predicated on self-interested expressive utility.

How should we interpret expressive utility? In particular, do we include expressive utility in rational behavior? Behavioral economics has expanded the explanatory framework for decision making beyond the predictions derived from traditional rationality axioms.<sup>47</sup> The behavioral explanatory framework includes spontaneous neurological responses and emotions. Perhaps spontaneous neurological responses and emotions lead us into expressive behavior and expressive utility. Returning to the example of the child trinket seller, perhaps people “could not help themselves” other than to buy the trinkets, even though they were aware of the adverse consequence of having provided incentives for the parents or the keeper not to send the child to school. Expressive utility obtained through public policies is likewise resistant to information.

Perhaps we have found another case of hyperbolic discounting.<sup>48</sup> The policy solution for hyperbolic discounting is paternalism: people are prevented from enjoying instantaneous gratification by policies that protect their future utility. Paternalism if accepted is an act of government. The dependency-sustaining policies that provide expressive utility emanate through voter support from government.

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<sup>47</sup> People have been shown to have preferences for equality or to behave in ways that exhibit inequality aversion; the axioms of expected utility have been shown to be violated in experiments involving risk; people also do not in general behave as predicted by rationality axioms in prisoners’ dilemma, public good, ultimatum, dictatorship, and trust games; and new concepts such as loss aversion, hyperbolic discounting, and framing have been used to explain “non-rational” behavior.

<sup>48</sup> That is, where people make decisions that they know they will regret in the future. The regret would be incurred if the tourists returned the following year to find the child still selling trinkets and not having attended school.

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