Surveys for Economic Research: Understanding How People Think

Stefanie Stantcheva
Harvard

Harvard Faculty Lunch

S O C I A L
E C O N O M I C S
L A B

Social Economics Surveys and Experiments

- Surveys have been used for a long time for measurement & statistics.

    We now have high-quality admin data on many variables (income, family situation, employment, etc.)

- Yet, **some things remain invisible** in data other than survey data (even great data!): **perceptions, attitudes and beliefs, knowledge, and reasoning.**

    Critical role in social, economic, and political outcomes.

- Revealed preference approach – our holy grail – can be challenging due to lack of data and identifying variation.

    We often do not "reveal" our beliefs, attitudes, perceptions, etc. on important issues with our micro, observed behaviors.

- Surveys are more than a measurement tool. Control of data generating process. **"Creating your own identifying variation and uncovering the invisible."**

How may surveys be used in your own research?

- If used well, approach can be applied to many settings and questions (including as complement to other approaches).
- New mobile technologies & platforms offer opportunities.
- For the results to be reliable, it is critical that these surveys are well-designed, carefully calibrated, and deployed on appropriate samples.
- **Comprehensive guide**: "How to Run Surveys: A guide to creating your own identifying variation and revealing the invisible."
  (`socialeconomicslab.org/how-to-run-surveys/`)

This Talk: Illustrate Different Use Cases

I will try to illustrate different use cases for different interests.

Matching Surveys to Administrative Tax and Social Security Data. Application: Social Positions among others

Combining Surveys with Ancestry and Historical Data. Application: Zero-Sum Thinking

Surveys to Inform Macro Models. Application: iMPCs

Reaching populations of interest. Application: Perceptions of Racial Gaps

Outline

Matching Surveys to Administrative Tax and Social Security Data. Application: Social Positions among others

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Reaching populations of interest. Application: Perceptions of Racial Gaps

"Social Positions and Fairness Views on Inequality"

Kristoffer B. Hvidberg, Claus T. Kreiner and Stefanie Stantcheva

The importance of (perceived) social position among others

- Long-standing issue in social sciences.
- People may care about their social position in various **reference groups**:

    Their cohort, those in the same city, same sector or firm, same neighborhood, with the same level of education, etc..

    Social position here = income rank

- How well do people know their position relative to others in these reference groups?
- How does this shape their views on fairness and inequality?

New data: survey matched to full pop. admin data

- We design a **survey** eliciting respondents' perceptions of income distributions, position within groups, and attitudes.

- We **match respondents to their registrar data**, which contains: i) their incomes; ii) their full income history & life events; iii) the incomes and histories of everyone in their various reference groups.

- Can **compare perceptions to reality** at granular level.

- Can study how views change when position changes over the life cycle or following life events.

Eliciting the Cohort Median Income (P50)

What do you think the income for **P50** was in 2017 for individuals born in 1970?

Remember that P50 is the income, where half have an income that is the same as or lower than this income, and half have an income that is higher than this income.

Remember also that income is before tax for the whole of 2017 and consists of salary, net profit from self-employment, other business income, unemployment benefits, transfers and payments from private and public pensions.

Note: Please state your answer in **entire thousand DKKs**. If you enter 1 it corresponds to 1,000 DKK.

thousand DKK

Eliciting the Median (P50) in Reference Groups

We will now ask you what you think the before tax income for **P50** was in 2017 for the groups below, which you are a part of. The first slider shows your answer from the previous question. You can use the other sliders to select, what you think the income was for P50 for the different groups of **people who were born in the same year as you.**

P50 for people **born in 1970**

400.000

P50 for **men** born in 1970

20.000

P50 for people who also lived in **Københavns municipality**

20.000

P50 for people who also had the educational level **Master or PhD program**

20.000

P50 for people who also worked in the sector **Finance and insurance**

20.000

Eliciting Perceived Own Position

Rank among all people **born in 1970**

You previously reported that you had a yearly income in 2017 of 400000 DKK before tax. We will now ask you to report where you think this income placed you on the income ladder in 2017 for people who were born in 1970. Use the slider to select your position. Later, we will inform you about your true position.

P95

P50

Place yourself:
P70
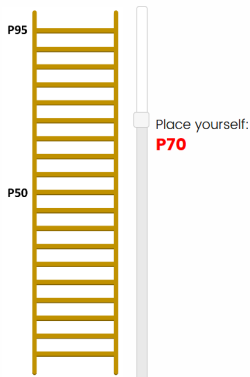
Systematic Misperception of Own Position: "Center Bias"

Average / Median Perceptions
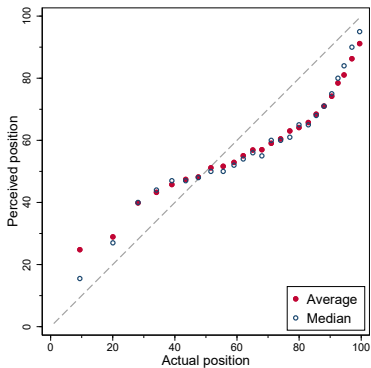
Systematic Misperception of Own Position Across Reference Groups

... of varying magnitudes. Largest misperceptions: education and sector groups.

By reference group position
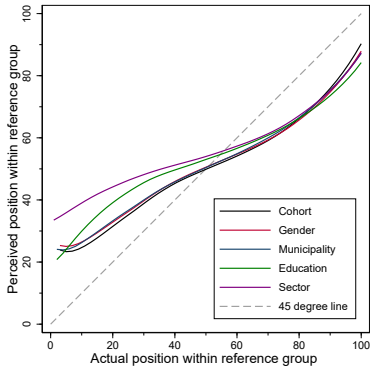
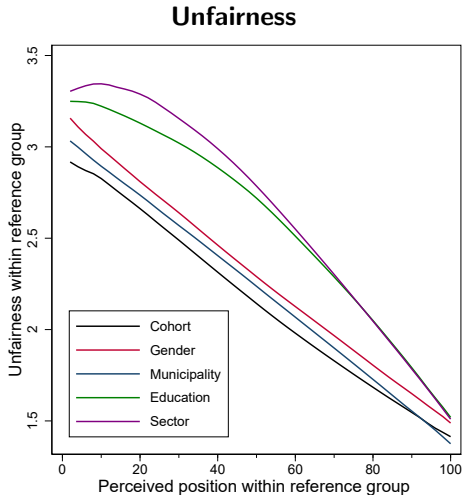# Perceived Position in Small Reference Groups

Co-workers
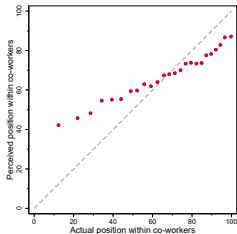
Neighbors
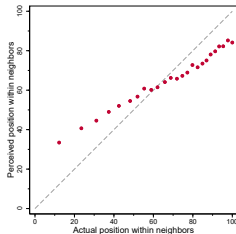
Schoolmates
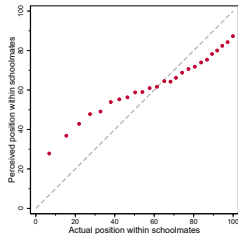
Higher position within references groups correlated with lower perceived unfairness

How Does Social Position Shape Views on Inequality?

- **People who are ranked higher in each group think that income inequality within that group is fairer.**

- They also think that income differences in that group are due to differences in effort, rather than in "luck" (different circumstances), believe that their own hard work has paid off, and that high income earners deserve their income.

- They are also more likely to vote for right-of-center parties and support less redistribution.

- **Experimental** evidence: telling people where they truly rank moves their fairness views.

- **Quasi-experimental**: negative life events (unemployment, disability, hospitalization) increases perceived unfairness of inequality; positive events (promotion at work) decreases it.

Which Type of Inequality is Considered to be Most Unfair?

- Inequalities between **co-workers (in firm or sector) & people with same education** are considered most unfair ... and are much bigger than people think!

- People are more accepting of inequalities conditional on factors considered less relevant for income (municipality, age, gender) than of inequalities conditional on factors that they think are crucial for shaping income (education, sector, firm).

Outline

"Zero-Sum Thinking and the Roots of US Political Divides"

Sahil Chinoy, Nathan Nunn, Sandra Sequeira, and Stefanie Stantcheva
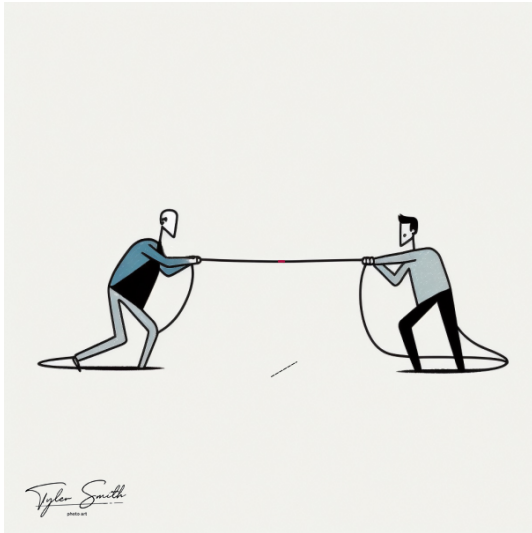
Variation in zero-sum perceptions in the U.S.

Forbes

Jan 18, 2017, 09:05am EST

Extreme Wealth Does Not Cause Extreme Poverty

Jeffrey Dorfman Former Contributor
Policy
I use economic insight to analyze issues and critique policy.

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⊗ This article is more than 4 years old.

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🐦 inequality does not cause poverty.

🐦 Capitalism has resulted in much more economic inequality in China, but much less poverty.

TIME

SPOTLIGHT STORY SUPREME COURT WILL HEAR A CASE CHALLENGING ROE V. WADE

IDEAS • COVID-19

The Top 1% of Americans Have Taken $50 Trillion From the Bottom 90%—And That's Made the U.S. Less Secure

BY NICK HANAUER AND DAVID M. ROLF SEPTEMBER 12, 2020 6:30 AM EDT

Hanauer is an entrepreneur and a venture capitalist, the founder of the public-policy incubator Civic Ventures, and the host of the podcast Pitchfork Economics.
Rolf is Founder and President Emeritus of SEIU 775 and the author of The Fight for Fifteen (New Press, 2016)

Variation in zero-sum perceptions in the U.S.

Remembering Steve Jobs: A Visionary Leader Who Changed The World

Billionaires Don't Make Their Billions — They Steal Them From the Poor

10 Ways Bill Gates Is Saving The World

Bill Gates and other ultra-rich depend on 'millions of poor people': billionaire Tom Steyer

Warren Buffett: Stop Blaming The Rich For Income Inequality. If You Really Want To Help, Do This

Jeff Bezos's $150 Billion Fortune Is a Policy Failure

Growing inequality in the United States shows that the game is rigged.

Extreme Wealth Does Not Cause Extreme Poverty

The Top 1% of Americans Have Taken $50 Trillion From the Bottom 90%—And That's Made the U.S. Less Secure

Zero-sum thinking and U.S. politics

1. Does variation in zero-sum thinking help us understand (i.e., correlate with) different views about politics and policy in the United States?

2. What are the determinants of differences in zero-sum thinking?

Survey

- Completed online

- Representative sample

- n=14,500 people

- Oct 2020-May 2022

- 5 waves

- 20-30 minutes

Background of Respondent

Demographics	*Political Views*
Gender, age, household income, race, family situation, immigration history, employment, education	Party affiliation, voting record

Ancestry

Demographics of parents and grandparents	*Own, parents', and grandparents' residence and migration history*	*Ancestors' history of enslavement*	*Own, parents', and grandparents' relative income*
Age, education, occupation, number of children	Place of birth; place of residence while growing up; place of residence during 20s, 30s, and 40s; current place of residence	Enslavement episodes incl. enslavement of African descendants, Holocaust, indentured servitude, Native American enslavement, war imprisonment	Current income compared to others; relative income compared to others while growing up

Policy Views

| *Perceptions of fairness and mobility*	*Views about redistribution*	*Views about government and political issues*
Factors contributing to economic status, mobility opportunities of children, attitudes toward wealth accumulation, role of effort	Desired levels of government intervention for income inequality and equality of opportunity for children, fairness of taxes by income status, level of support for expansion of government programs, attitudes toward QAnon and Capitol riots	Trustworthiness of government, of others, views on race, migration, gender, gun ownership, universal health care, patriotism, abortion, universalism

Zero-Sum Mindset

Views on whether one group's losses imply another group's losses

➤ *Ethnic*: "If one ethnic group becomes richer, this comes at the expense of other groups."
➤ *Trade*: "If one country makes more money, then another country makes less money."
➤ *Citizenship*: "If non-U.S. citizens do better economically, this comes at the expense of U.S. citizens."
➤ *Income*: "If one income group becomes wealthier, this comes at the expense of other groups."
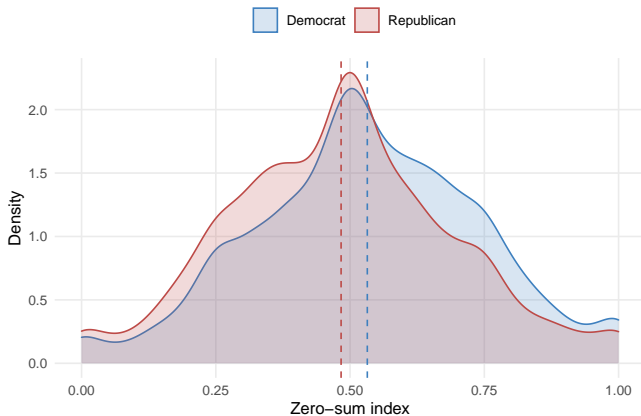
Measuring zero-sum thinking

Create (pc) index based on answers (strongly disagree, agree, neither, agree, or strongly agree) to four questions:

1. "In the United States, there are many different **ethnic groups** (Blacks, Whites, Asians, Hispanics, etc). If one ethnic group becomes richer, this generally comes at the expense of other groups in the country."

2. "In the United States, there are those with **American citizenship** and those without. If those without American citizenship do better economically, this will generally come at the expense of American citizens."

3. "In international trade, if **one country** makes more money, then it is generally the case that the other country makes less money."

4. "In the United States, there are many different **income classes**. If one group becomes wealthier, it is usually the case that this comes at the expense of other groups."
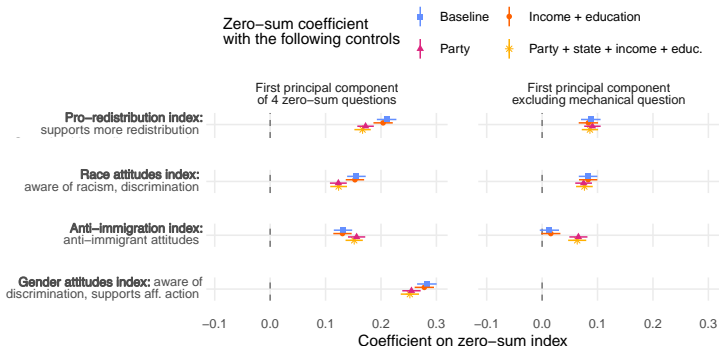
ZS and socio-economic characteristics
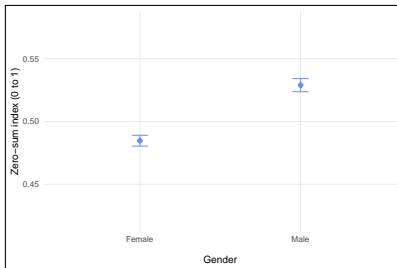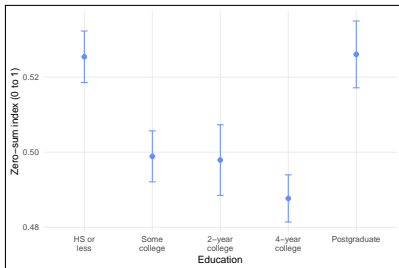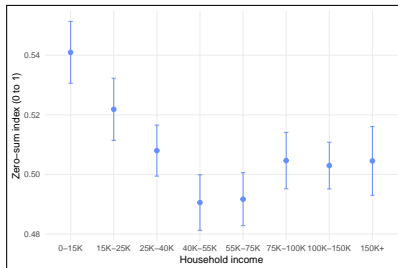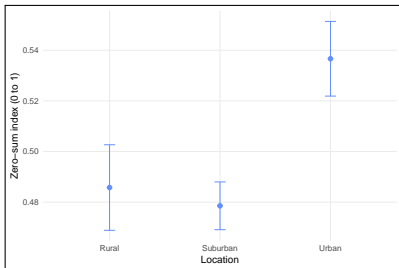
Zero-sum thinking and political leanings

Zero-sum thinking and policy views

ZS and puzzles: favoring policies against one's economic self-interest I

1. Why do the **(white) rural poor** tend to **dislike government redistribution** even though it benefits them?
   - They are **less zero-sum**.

2. Why do the **educated urban elite** tend to **support government redistribution** when they are net payers?
   - They are **more zero-sum**.

ZS and puzzles: favoring policies against one's economic self-interest II

1. Why do the **young** tend to **support government programs** even though they bear most of the future costs?
   - They are **more zero sum**.

2. Why do the **elderly** tend to **dislike government redistribution** even though they benefit most from current support and bear less of the future costs?
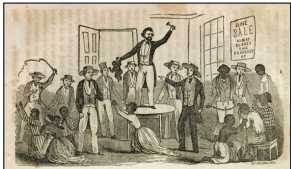   - They are **less zero sum**.

Pre-tax income growth for the bottom 50% of the U.S. population

Economic growth when the cohorts in our sample were born:

- 1930-40 [80-90yrs]: 12%
- 1940-50 [70-80yrs]: 88%
- 1950-60 [60-70yrs]: 30%
- 1960-70 [50-60yrs]: 53%

- 1970-80 [40-50yrs]: 3%
- 1980-90 [30-40yrs]: -1%
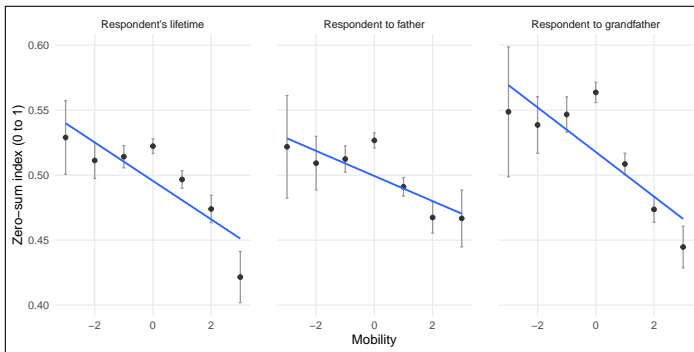- 1990-00 [20-30yrs]: 14%
- 2000-10 [10-20yrs]: -5%
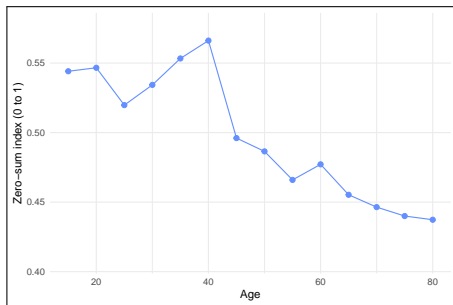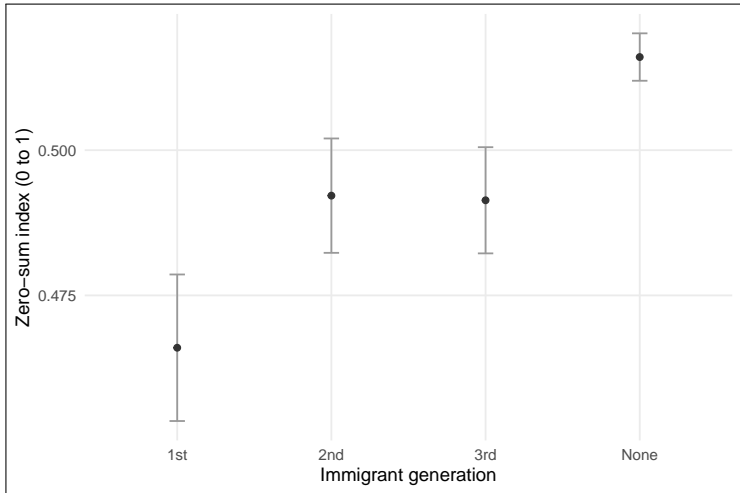
Determinants of zero-sum thinking in the U.S.

Relevant aspects of the country's history:

1. Economic mobility
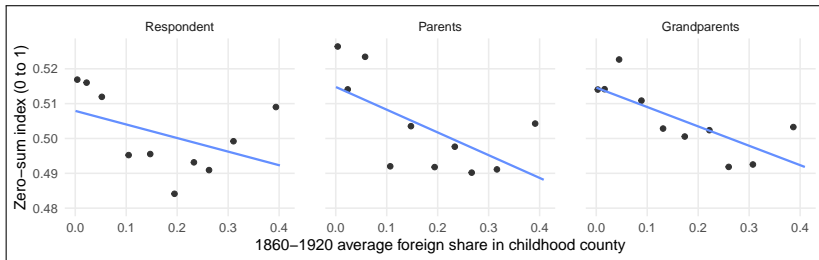
2. Immigration

3. Race & enslavement

1. Economic mobility and zero-sum thinking: Raw data
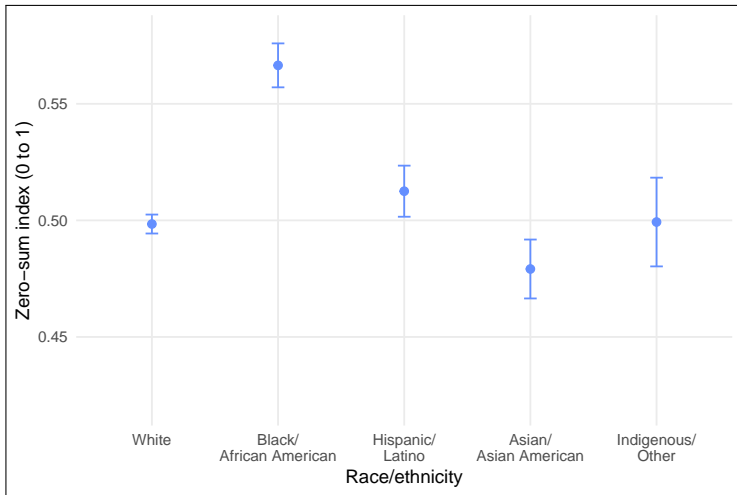
2. Immigrant ancestry and zero-sum thinking: Raw data

Living in 'Age of Mass Migration' counties: Raw data

Zero-sum index (0 to 1)

1860–1920 average foreign share in childhood county

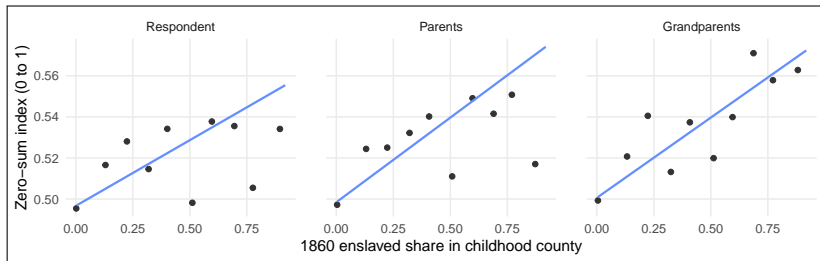Respondent   Parents   Grandparents

3. Race and zero-sum thinking

3. Enslavement and zero-sum thinking
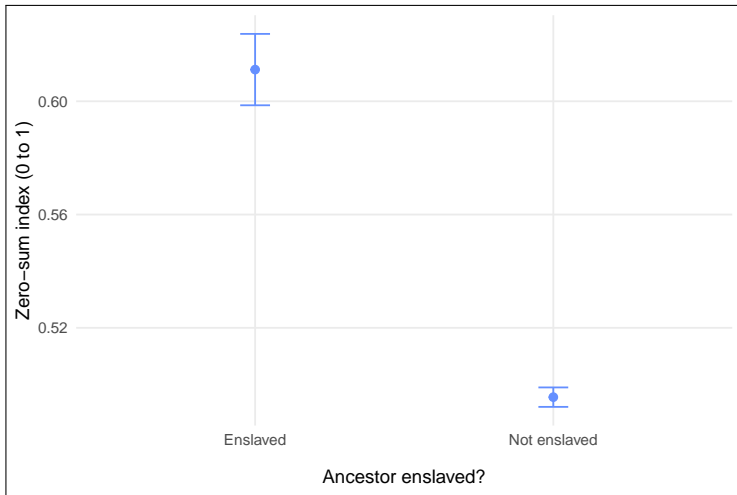
Living in counties that had enslavement: Raw data

Outline

"Heterogeneous Spending and Saving Behaviors: What Can We Learn from Survey Experiments?"

Roberto Colarieti, Pierfrancesco Mei, and Stefanie Stantcheva

Using Surveys in Macro (I)

Application: How do households reason and make decisions when faced with unexpected and transitory income shocks of different sign and size?

Survey use 1: Model selection

Which model, among several consistent ones, explains data patterns? We can ask people more directly about their "mode of functioning" and mental models.

Adjustment margins: what decisions - e.g. spending, (de)leveraging, saving, labor supply - are affected by the shock?

Motivations/Reasons: why do households choose to use or not certain adjustment margins?

Heterogeneity. Ask detailed questions about economic and financial circumstances, past salient events, perceptions, expectations, hurdles and constraints, goals...

Using Surveys in Macro (II)

Survey use 2: Estimate key parameters

    Hypotheticals. Recover estimates that are hard to obtain using revealed behavior (e.g., iMPCs out of hypothetical income changes).

    Experiments. Provide randomized info or framing (e.g., shift macro perceptions).

    Higher-order beliefs. How do you think others react in some scenarios? Relevant for policy and expectations.

Can We Trust Survey Responses? Cross-validation

Paper	Estimate	Sample	Value	Our estimate	
Karger and Rajan (2021)	**MPC** out of the <u>first</u> EIP, 2 weeks	Facteus bank-account data	.46	.51 (.022)	
Baker et al. (2020)	**MPC** out of the <u>first</u> EIP, 10 days	SaverLife bank-account data	.25-.35		
Misra et al. (2021)	**MPC** out of the <u>first</u> EIP, 1 week	Facteus data, ZIP code level	.51		
Karger and Rajan (2021)	**MPD** out of the <u>first</u> EIP, 2 weeks	Facteus bank-account data	.10	.3 (.021)	
Karger and Rajan (2021)	**MPC** out of the <u>second</u> EIP, 2 weeks	Facteus bank-account data	.39	.49 (.024)	
Karger and Rajan (2021)	**MPD** out of the <u>second</u> EIP, 2 weeks	Facteus bank-account data	.14	.29 (.022)	
Patterson (2021)	MPC out of income loss due to unemp.	CEX, PSID	.53	.58 (.023) *all*	.58 (.042) *concern unemp.*
Ganong and Noel (2019)	Δ spending in first month of unemp.	JPMCI bank-account data	-.06	-.24 (.02) *all*	-.18 (.051) *concern unemp.*
Kaplan et al. (2014)	Share of HtM households	SCF	.31	.29 (.012)	
	Share of wealthy HtM out of total HtM	SCF	.62	.63 (.035)	
Chetty and Szeidl (2007)	Share of committed expenditures	CEX, PSID	0.5 (update: 0.6)	.62 (.005)	

Would you do any of the following after receiving the unexpected one-time $1000 payment?

You can spend all the money in one category or split it among categories.

|		
Lend money to someone else.	Yes	No
Put more money towards our long-term goals (e.g. house purchase, education, or retirement).	Yes	No
Purchase some bigger-ticket items (e.g. appliances, furniture, car, etc.) that we wouldn't otherwise purchase.	Yes	No
Spend on the things and activities that we like.	Yes	No
Put money into our emergency fund.	Yes	No
Make more repayments on our credit card(s).	Yes	No
Make more repayments on our other loans (e.g. mortgages, auto loans, etc.).	Yes	No
Purchase basic necessities and items that we need and cannot currently afford.	Yes	No
Give some money to someone else as a gift or to charity.	Yes	No
Put money aside to be able to spend more over the next few weeks or months.	Yes	No
Cut back on our working hours for a while.	Yes	No
Invest more than we usually would (e.g. buying more stocks).	Yes	No
Repay late bills that we wouldn't normally pay without this extra money.	Yes	No

You answered that you would increase your spending in response to an unexpected $1000 payment. How relevant are the following reasons for increasing your spending?

	Not at all relevant	Somewhat relevant	Very relevant	Extremely relevant
We have been saving toward a larger purchase (e.g., a car, appliances etc.) and this unexpected payment allows us to purchase it.	●	○	○	○
We really need some items that we cannot otherwise afford.	○	●	○	○
We would like to splurge on something nice.	○	●	○	○
We worry that prices will keep rising, so we prefer to use this money to buy things now	●	○	○	○

	Not at all relevant	Somewhat relevant	Very relevant	Extremely relevant
When we receive some extra money, we cannot resist the temptation to buy something nice.	○	●	○	○
Most of our wealth is invested and we don't like selling assets for spending. It's nice to have extra cash to spend money more freely	○	○	●	○
This amount of money is not enough to spend time thinking about.	○	○	●	○
When we get extra money we like to spend it on higher-quality items or activities that we would not otherwise.	○	●	○	○

	Not at all relevant	Somewhat relevant	Very relevant	Extremely relevant
We try to save toward our goals, so it's nice to have extra	○	○	○	●

Main Reasons for Spending or Not Following a Positive Shock
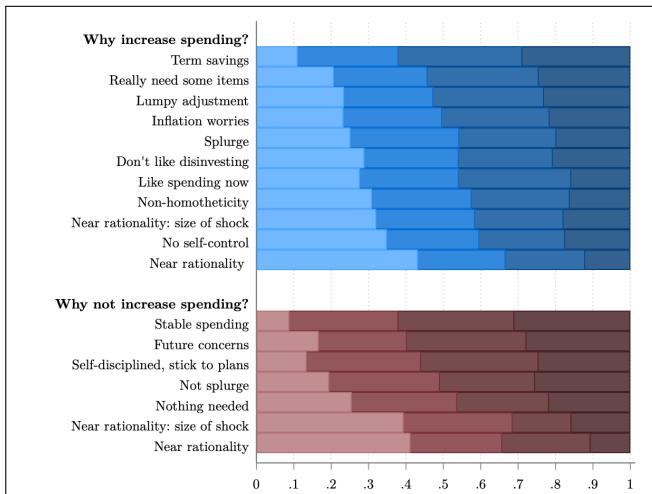
Some Findings: Heterogeneity in Models

Households may engage in the same behavior (e.g., increase spending) for very different reasons.

More than heterogeneity in parameters.

Different models co-exist across households.

Behaviors and reasoning can be predicted based on some observables: income, asset composition, occupation, age, gender, family situation, etc.

Simple example: "term savings" explains why richer households spend out of unexpected transfers; "Really need some items" explains why poorer households do.

Some Findings: Mixed Models

Even within households or individuals, a "mix" of models may apply

Middle-high income households saving both for the medium term and long term: "lumpy adjustments," "do not like disinvesting," and "term savings"

Middle-high income households saving for the long term but who like to splurge: "term savings" and "splurge."

Constrained, low-income HHs: "inflation worries" and "really need some items"

Impatient, high-discount factor households: "no self-control" and "splurge."

Outline

"Perceptions of Racial Gaps, their Causes, and Ways to Reduce Them"

Alberto Alesina, Matteo Ferroni, and Stefanie Stantcheva

Attitudes Towards Race and Racial Inequities Shape Support for Redistribution

- To study this interaction, we survey non-Hispanic Black and white respondents across the US.
  - Survey both adults and teenagers aged 13 to 17.

  - Black respondents are oversampled & represent half of the sample.
- We ask respondents about:
  - their **perceptions of the economic conditions & opportunities** of both Black & white Americans;

  - their attitudes on racial issues & **views on causes of racial inequities**;

  - their degree of **support for race-targeted & general redistribution policies**.

Disagreements on What Causes Racial Inequities

- Across race groups and political affiliations, people perceive the economic conditions & opportunities of Black & white Americans differently..

  ... but by far the biggest disagreements between people lie in their perceived causes of racial inequities

  and, consequently, in what should be done to remedy them.

- People's support for general redistribution (or race-targeted policies) does not depend on their perceptions of the magnitudes of racial gaps, it depends on **why they think those gaps exist**.

Large Partisan Gaps in Perceived Causes of Racial Gaps & Policy Views

Black & white Democratic respondents:

- attribute persistent racial gaps to past slavery, long-standing discrimination, & racism.

- support income-targeted redistribution & race-targeted policies.

White Republican respondents:

- tend to view racial inequities primarily as the result of lack of effort and individual decisions

- less inclined to support redistribution and race-targeted policies to reduce them.

- **Strikingly, these racial & partisan gaps are already prevalent among teenagers.**

  Teens' views imply substantial partisan gaps in line with their parents' political affiliation (sometimes even more polarized!)

Changing Policy Views

- **Experiment:**

  Showing people information on gaps in earnings &
  opportunities between Black & white people does not move
  policy views.

  Explaining some of the causes & consequences of systemic
  racism does.

- Interpretation: Simply showing **how** unequal circumstances &
  opportunities are does not move people's beliefs on **why** they
  are unequal, does not change the narrative that respondents
  believe in.

- Although there are clearly large racial gaps along many econ
  & social dimensions, and although many people are (at least
  to some extent) aware of them, they disagree on their causes
  and, hence, on the way or even need to resolve them.

Thank you!

- If interested in applying these methods in your own work, reach out!

- **Comprehensive guide**: "How to Run Surveys: A guide to creating your own identifying variation and revealing the invisible." (`socialeconomicslab.org/how-to-run-surveys/`)

- **More projects:** `socialeconomicslab.org`

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