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Economics of Election, a Salient Case in Interaction between Economics and Politics: Editorial Note

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ABSTRACT

Economics, or broadly speaking (and as its father founders are concerned), the political economy is a social, technical, and moral science. Hence, I prefer to label economics, as an “all-inclusive science”. This science incorporates an enormous interdisciplinary capability. It does have significant interaction with politics and other social and human sciences. Due to obtaining a distinctive methodology and other accomplished instruments, economics can analyze other sciences readily. Consequently, this work is trying to act out economic analysis to political election as a specific case in the interaction between economics and politics. It albeit emphasizes the presidential election in the USA, November 3, 2020.

Introduction

Economics and election like other political economy terms, do have multidimensional relationships. Lionel Robbins (1898-1984), had a main role in separating the economics and political economy. This sharp separation, however, disregarded the substantive elements of economics itself. Thus, by so doing (and considering a comprehensive cost-benefit), Robbin's effort could not be construed as a positive endeavor, because at least he overlooked the interdisciplinary nature of economics (Robbins 1935, 1981, Nilonakis and Fine 2008, Masini, 2009, Dadgar, 2017, 2019, Oliveria and Suprinyak, 2018). Before Robbins, Alfred Marshall (1842-1924), pointed out to separation of economics and political economy, his main book (Marshal 1920), however, is

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mainly developed on the political economy framework. Sharp separation of economics and political economy would dismiss the multidisciplinary nature of economics itself. A famous statement is attributed to John Hicks (1904-1989) and Hayek (1899-1992) that “an economist who does not know anything but economics is not a good economist”. Hayek also believes that for resolving economic and social problems, economic theories do not suffice, and it is required to benefit from politics, sociology, psychology, law, history, and even philosophy. Moreover, some economists label economics as the universal grammar (Hirshleifer, 1985), and others maintain that economic theory is a language that can be used to analyze social phenomena (Lazear, 2000). The manifestation of new combination of economics and other sciences helped to figure out some new dimensions of the interdisciplinary nature of economics. I can mention behavioral economics, health economics, law and economics, experimental economics and institutional economics typically. In the era of dominance of rational choice approach on economics, there was arguably the export from economics to the other social sciences. After inception of new economic approaches including behavioral economics and so on, there is an export/ import relationship between economics on one hand and social sciences on the other. Nevertheless, economics as an established discipline with its specific domain, its core doctrines, its clear-cut models and theories, and its decisive methodology is a peculiar science. By considering its very close relationship with other social sciences, interdisciplinary aspects of economics are indispensable. Hence, this work is analyzing election as a significant term in politics.

2. Some potentials of economics analysis of election

Economic analysis of the election, deals with applying the economic methodology to investigate the different features of the election. For instance, it may study the cost and benefit of election, the efficiency of the election, and the economic outcomes of election and so on. The rational behavior of voters

and candidates, applying the comprehensive cost-benefit rule in the election, achieving an equilibrium status, comparing a standardized election with non-standardized one is some other dimension of the Economic Analysis of the Election. Economic Analysis of Election carries out the performance of the election in question, and optimum allocation of resources in the election process. As the election is a concept under the umbrella of political economy, it ties closely with economic aspects, sociological issues, law-oriented dimensions, and political interactions too. In continuing this section, I point out some specific components of the economics of election, typically. The first one is triumphing a group of people for administering and governance of the country in question for at least 4 years. If the constitutional law and other influential instruments affecting the election are standardized, there is a competitive and free election, and the supervising team of the election are honest, and impartial and the majority of citizens have access to required information about the candidates, winning a merit team is expected and this is a promising evident for running the country in future. Meritocracy is a popular outcome of operating a lawful and normal election. It is obvious that the result of such an election is welcomed by the majority of citizens.

The second feature is the socio-political impacts of the election. Assuming that the rule of law is dominating in a society and there is an adequate level of democratic institutions in that society, the exchange of views during the campaigns, the discourse between the proponents and opponents of candidates, and polling results and..., do have their own impacts on knowledge of people in general. These processes, potentially speaking, can enlarge the hope, and happiness of society. The third capacity of economic analysis of election is its possible outcome with respect to the regional and global issues. If the election process is lawful and the result of which leads to dominating a relative meritocracy, one can predict some kind of promotion in regional and global level collaboration, the convergence of people and government, and so on. New meritocrat leaders arising from the election are

helpful for improving the welfare of their citizens. By creating a peaceful relationship, the new administration may promote intercountry relationships too. Regional and global advancement in human life requires rational, moderate, and smart leaders. These leaders can enhance, collaboration in resolving environmental problems, help in combating terrorism, hackers, populism, and any other extremist activities at regional and global levels. One can add signing international protocols for climate change, improving general securities of citizens, promoting human rights cases, by new leaders (arising from a democratic election). Historically speaking, I can specify the key roles of some eminent leaders who have established a peaceful globe. These leaders include but not limited to Cyprus the great (600 - 530BC), the tolerant and peaceful Persian leader, father of religious liberties. George Washington (1732-1799), famous for his moral convictions. Abraham Lincoln (1809-1965), for his ability to communicate his vision with others and his effort in the freedom of slaves. He believes that "if slavery is not wrong, nothing is wrong". Mahatma Gandhi (1869-1945) for his forgiveness, truthfulness and his talent for conquering even the enemies, with love. Nelson Mandela (1918-2013) as a man of peace, and non- violent leader. All these leaders had an influential impact on peace and prosperity not only in their own countries but also around the globe. The fourth potential finding of the economics of election is expecting the dynamic trend of economic and social subsystems alongside with the outcome of any new election. New leaders, with new ideas, new plans, and new energy are other outcomes of holding a new standard election. Another excellent result of the election is the relationship between performance of the elected team on one hand and their popularity on the other. For instance, raising one percent unemployment in Germany will reduce the popularity of top political officials, by 1%. This is 6% for the UK and 4.1% for US officials. Similar cases are about the impact of economic growth and inflation rate (as is indicated in the table 1).

Table (1): relationship between the trend of economic variables and the popularity of political officials (%).

Eco-variable/country	Germany	UK	US
Un	-1.0	-6.0	-4.2
Inf	-0.7	-0.6	-1
Ecg	0.4	0.8	0.4

Source: Dadgar 2018: Un= unemployment rate, Inf= inflation rate and Ecg=rate of economic growth

In addition, and according to the public choice theory, the main incentive of top officials is maximizing their own self-interest. Thus, in order to be selected in the second election, current officials will manage the economy in such a way that voters (near to the election date), feel satisfactorily and vote pro current government. This policy, however, may impose a political business cycle instead of the economic business cycle (Saphier, 2020). For instance, the current administration feels that the majority of the voters will be satisfied by decreasing the inflation rate, hence they plan to achieve that goal before the election date. Although close to the election date, the general price level falls, due to recession, however, the unemployment rate may rise and impose a specific business cycle on the economy. Finally, the benefits from the experiences of other elections can provide some valuable data for deciding optimally in any country. The recent US election, does have its own message to be a role model for other countries.

3. Concentrating on some specific cases

The consequence of any election can indicate the distribution of power and wealth among different groups. The ideas and plans of the newly elected team may shape the future life of all citizens. Thus, the outcome of any election will show how the new team considers the rules of the game in a country in question. Meanwhile, this statement is prevalent in election literature that “economic conditions can shape election outcomes and vice versa”. Current government encountering new elections, lose votes when the economy stumbles, those governments gain votes, however when the economy

prosper. The link between economics and election is so tight that when you think economics you think election (Tufte, 1978: 65). The behavior of people shows that as if new administration and economic status are coinciding with each other. By looking at the result of the recent election in the USA (November 3, 2020), one can confirm the findings of the above literature. Some studies demonstrated a significant relationship between economics and politics with respect to the recent voting in the US. For instance:

1- Biden's winning encompasses 70% of America's economic activity, while that of Trump represents just 20% of the US economy.

2- Another key point in the recent election is the populist, non-populist division. The 2020 election map, reflects a striking split between the large dense metropolitan counties that voted for Biden and the mostly small town or rural counties that voted for Trump. To say this in more general terms, Democrats and Biden represent voters who reside in the nation's diverse economic centers. Republican, and Trump, however, represented an economic base situated in small towns and rural areas (Muro et al., 2020, emphasis added).

3-Historically speaking, the economics of election has been taken into consideration by different authors from 1940 onwards (Barteles, 2008). From that time till the present this topic is under the umbrella of political economy debates (Braha and Deaguiar, 2017). The impact of the US election, is extended to the outside of the US too. This outcome of course, is not limited to US elections alone, it rather extends to elections in the UK, EU, and the like (Debus et al 2014).

4-From the standpoint of the new political economy both some usual and unusual episodes would occur in the election process. One recent unusual phenomenon is the intervention of hacking governments in elections. The massive role of mass media is another influential factor in this regard. Winning populist presidents could be another signaling factor in nowadays elections.

5-It is interesting that the main concerns of potential voters participating in different polling are mainly economical. In a specific polling including 110000 people, 74% said that the economic problems are very important to

their vote. The 65% however, said that health care is their first problem, and finally 55% insisted on resolving COVID-19 as their first concern. Surprisingly, the majority of them announced that they would choose Biden as a president.

6-Regarding health - tax framework, 82% of Biden supporters said that health care is their key issue. That of Trump was 44%. Only 24% of Trump supporters view the corona virus outbreak as a very important voting issue.

7- climate change ranks near the top of issue priorities to Biden voters, low in list, however to Trump voters (PRC 2020).

8-Also, the wealthier a voter is, the more he or she tempts a political party on the right, that is conservative ones (Lewis- Beck and Stegmaier, 2019).

9-A distinctive approach to analyzing economics of election is positing the election as a market framework. It indicates in such a way that there is a demand and supply for voting and a price and finally an equilibrium point. Accordingly, some candidate may buy votes and some voters may sell their votes and there is price for trade in question (Magness, 2020).

10- Assuming to have democratic institutions, the election could be an attractive episode within which the majority may feel to have contribution in designing their fate. Some empirical studies show a positive relationship between raising the demand of firms and companies for new employment on one hand and holding a reasonable election on the other (NPR 2020). Moreover, some studies indicate that there is a significant relationship between the kind of election on one hand and economic development on the other (Acemoglu, 2010, 2013). One finding of a research investigating the performance of 27 US elections specify a significant impact on the US exchange market. In other words, reaction of US exchange market, to the presidential election is construed as a meaningful scale for predicting the trend of macro variables in US economy (Chien et al., 2014, Gilpin, 2001).12- US 2020 election was a significant mirror to illustrate some dimensions of political economy facts of the country in question. The majority of the US people participated in that election, they voted remarkably for a moderate candidate and against a populist president. The climate outlook, trend of corona phenomenon, and the global negotiation processes had an influential

impact on winning the moderate candidate in the election in question. As a result of such paramount factors, exchange indexes' situation showed positive signals amid corona.

4. Concluding remarks

1- US election in November 3, 2020 can be construed as first turning point in the new political economy in American society. It was a challengeable debate between a populist republican president and a non- populist candidate of democrat party. This event is going to be affecting the national, regional and global political economy.

2- As a new political economy is concerned one significant issue in developed countries is that their political parties do follow a specific economic theory. This characteristic feature is, in turn, one distinguishing element between developed and less developed countries. For instance, republican party in the US obeys classical economic theory, the democrat party, however, follows the Keynesian economic theory. Thus, republican candidates promise to cut wealthier taxes and government expenditure, the democrat candidate, rather, suggests the raising tax of wealthier, increasing government expenditure especially in improving health care activities. Obviously, the above approaches of political parties and their candidates, will affect the voters, decision.

3- When the structure and infrastructure of a society are standardized, the result of election would be promising. One can mention adequate democratic institutions, efficient civil society, separation of main powers in constitutional law, contribution of majority in real decision making, rational behavior of economic agents, considering the rules of the game by public and private agents as typical elements of a standard structure. Standard infrastructure must encompass an efficient and unbiased monitoring system for holding the election, and providing efficient systems for punishing outlaws. In the US election, although the ex- president tried to create some social unrest to change the election result, he eventually could not succeed.

4- Intervention of Hacking governments, weak monitoring, weak social control and weak middle class and dominance of radical and ideological

pressure groups may increase the vulnerability of election. The result of the US 2020 election could be a significant role model for other countries and can aware people, political parties and other elements of civil society, to resist in front of populists, Hacking governments and other extremist actors (in all their forms in the continuation of 21 century).

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