

Socialism-Capitalism Study

for



August, 2019

Introduction

Background

Reading F. A. Hayek's The Constitution of Liberty and The Road to Serfdom coupled with the recent (summer, 2019) talk of socialism being popular among the young in the U.S. makes one wonder how the U.S. population stands with respect to various aspects of socialism and capitalism. Government has incredible power over our lives and making sure that power is used appropriately is vital for our society to exist. Using Hayek and a number of other sources, a questionnaire was developed to explore many issues concerning the use of governmental power.

First, the survey respondents were asked their preference between a capitalist and socialist type of government and reasons for their preference. Then, a series of paired statements, one socialist, one capitalist, were used to determine where people stood. The ideas behind the statements, derived primarily from Hayek, are varied. A few of the ideas are listed here.

It seems logical that you cannot leave people free and, at the same time, make sure everyone has the same things. People differ, and some will outpace others.

If one were to plan the whole economy, Hayek argues, you control all of life. So, if you choose to live in Cincinnati, OH and your assigned job is in Ft. Davis, TX, your life has essentially been controlled. You will not be able to live where you want to.

Competition is essential for capitalism to work. It lowers prices, spurs innovation and development. But, of course, it can be ruthless and painful. Looking at society as a whole, it is superior; we continue to advance. Looking at Freddie over there, whose business failed, it is horrible.

Price control will lead to fewer jobs and products, but the clamor to save people from high prices is sometimes irresistible (e.g., pharmaceuticals). Nevertheless, price control is a form of socialism, not capitalism.

Minimum wage laws are subtle price control; the price of labor is controlled, and everyone pays for that, though it is not as blatant as mandating the cost of goods.

“Social justice” often means everyone has the same things – not just the opportunity to have the same things – stop rampant inequality! Central planning to achieve social justice leads to a stagnant future. This result is not evident to most people.

The Rule of Law either has a purpose beyond treating all equally before the law, or it does not. Hayek thinks of its purpose as preserving individual freedom. The rules are clear and must be obeyed by all. But people are free to act within the law. No one is above the law. The vast power of the government ensures the rules are followed. If the Rule of Law has no relation to freedom, no philosophical

underpinning, then the law is whatever the government says it is, just as believed in Nazi Germany.

Along that line, if judges are free to “interpret” the law as they wish, then the Rule of Law is obviously limited. It may be ineffective at preserving freedom.

The needs of the many should dominate if people are free, but that does not mean ignoring the needs of the few. It depends, of course, on what the needs of the few are – for example, a religion based on human sacrifice is obviously forbidden, while cactus-worshippers could most likely be tolerated, though mocked.

Objective

The objective is to determine what percent of U.S. citizens prefer socialism or capitalism or are unsure and to examine reactions to the paired statements that are logical outgrowths of each system.

Research Design

Sample

The sample consists of 203 U.S. adults who matched the 2016 U.S. Census Population Survey distributions with respect to age, sex, and geography¹. The 95% Confidence Level sampling error range is +/- 7.1%.

Method

The online questioning began with broad descriptions of socialist and capitalist methods of government, blinded, and asked preference and reasons for preference.

Descriptions were blinded because the words “capitalism” and “socialism” are ‘loaded’. Such a weighty topic as the form of government is challenging. Those words carry so much baggage that an immediate bias would be created.

However, the original idea to simply code the descriptions with nonsense codes (e.g., ‘D606’) also met with a potential flaw. Respondents would likely not pay close attention to meaningless codes, or even be sure which was which in later questioning. So, the codes were accompanied by labels that read “More Government” and “Less Government”; that distinction was obvious in reading the descriptions. The descriptions were also bulleted, to make them more readable.

The preference questions were followed by a series of paired statements, such as:

¹ The 2016 U.S. Census Population Survey categorizes the first age subgroup as 20-29; this survey used 18-29, without any adjustments.

The goal of the 'Rule of Law' is to preserve individual freedom as much as possible

There is no overriding goal of the 'Rule of Law'. Laws are whatever government enacts.

1 2 3 4 5 6 7

Respondents indicated their opinions by selecting a number between 1 and 7.

The More/Less descriptions are shown in Figure 1.

Figure 1. Descriptions on Questionnaire

D606 – More Government

In addition to providing roads, parks, sewers, and such, government helps with food, shelter, clothing, healthcare and education.

- People sacrifice for the common good.
- There is voting on various ways to provide some of these aids.
- A large proportion of the salaries of people who work go to the government so it can provide these services to all.
- If something is not permitted by law, it is probably illegal.
- With a few exceptions, those with greater ability or who work harder are no better off than others.
- Government administrators and planners make decisions and implement programs to achieve common goals.

F694 – Less Government

Government provides roads, sewers, parks, and such – things people vote on.

- People mostly make their own way.
- A small portion of the salaries of people who work go to the government so it can provide these things and a modest safety net for the poor.
- The wealthier pay a higher percent.
- Those with greater ability or who work harder are better off.
- Government makes sure laws are enforced to prevent fraud and other crimes.
- If something is not forbidden by law, it is probably legal.
- Government administrators and planners let people comment and then make decisions and implement programs to achieve these goals.

The complete questionnaire can be found in the Appendix of this report. All interviewing took place between June 13 to 20, 2019.

Reporting Notes

It is certain that there are people more expert and knowledgeable about F. A. Hayek's writings than this researcher. Many of the pro-capitalist statements evaluated are free interpretations of his writings. Apologies for any misinterpretations.

Like most research, hindsight is perfect with respect to this study. Given the nature of the topics (money, economics) it would have been good to include annual household income before taxes in the demographic questioning. Unfortunately, it was not asked.

Most of the paired statements on the capitalism side reflect the modified type that is present most places today. So, the one statement pair that considers extreme capitalism ("buyer beware") does not really fit (hindsight, again). The results are reported, but it was not included in the analyses of capitalism versus socialism.

In order that the flow is not interrupted descriptions of the statistical testing used can be found in Tech Notes, in the Appendix, along with a brief description of HellRC.

Management Summary

When asked to select either “D606 – More Government” or “F694 – Less Government” 45% chose “Less” and 21% chose “More”. Neither option achieved a 50%-plus majority. A third (34%) had no preference.

More

- Those who prefer more government believe government helps people, maintains order through control and keeps us safe.
- Some distrust “the private sector.”
- Some benefit from government, want to be taken care of.
- Some believe government has plenty of money and should share.

Less

- Among the reasons for preferring less government, individual freedom is prominent.
- Some people object to the unfairness of having to work for the benefit of people who don’t do anything.
- Some understand work to be important.
- Another set of reasons revolves around government’s reputation for “waste, fraud and abuse”.
- Many also just believe that the role of government should be limited.
- A notable number just said less government made more sense to them.

Somewhat frighteningly, the large percentage who had no preference mostly give reasons along the lines of “don’t know” or “don’t care.” Some thought either system was OK.

Paired Statement

A factor analysis of 17 pairs of statements used in a discriminant analysis showed four factors, two of which contributed to discrimination between those preferring Less Government and those who prefer More or had No Preference. Within those two factors, four paired statements were the primary drivers.

Factor 1 – Uniform Economy Impossible	
<i>It is impossible to have individual freedom and have everyone have the same things.</i>	<i>You can have individual freedom and have everyone have the same things.</i>
<i>In a planned economy, it is unlikely that unexpected benefits will pop up.</i>	<i>In a planned economy, it is likely that unexpected benefits will pop up.</i>
Factor 2 – Freedom and Law	
<i>Only in a competitive system can people have some degree of freedom.</i>	<i>Only in a controlled economy can people have some degree of freedom.</i>
<i>If you control businesses, wages and prices, you control all of people’s lives.</i>	<i>If you control businesses, wages and prices, people can still be free in some ways.</i>

The net difference was defined as the percent choosing the two scale choices closest to the capitalism member of the pair minus the comparable percent choosing the two points nearest the socialism one. The nets across 17 statements reflect a preference for capitalism. The net fell on the capitalism side for 13 of 17 pairs. However, there are four pairs in which the net is negative, indicating a preference for the socialist option.

Capitalist	Socialist	Net
In a planned economy, it is unlikely that unexpected benefits will pop up.	In a planned economy, it is likely that unexpected benefits will pop up.	-1
Social justice requires central planning for all of business.	Social justice can occur without controlling all businesses.	-8
Minimum wage laws are a bad idea; they're price control and raise costs.	Minimum wage laws are a good idea; they may raise costs, but they help people.	-11
The needs of the one, or the few, must be addressed when planning for the many.	The needs of the many outweigh the needs of the one, or the few.	-11

The statements were also examined individually, and the distributions across the seven scale points are presented. Generally speaking, a fifth to a third, most often about a fourth, chose '4' – the middling “no preference” scale point, suggesting a “don't know/don't care” attitude toward the issues. One exception was the notion that liberty entails responsibility, which had only 16% selecting the middle.

Finally, the well-known observation that a higher percent of older people (60+) than younger are capitalists was confirmed for seven of the 17 pairs – not as many as one might expect.

Analyst's Opinion

The intent was to get an objective, clean picture of where the U.S. public stands with respect to capitalism and socialism. It seems it is a “mixed bag”. The fact that a fourth to a third don't really know where they stand is disturbing. If people won't fight to defend a system, it's doomed. Defending freedom and exercising choice in how one earns a living seem basic to the reason the United States exists, but not only do a sizable minority not think so, even more don't know!

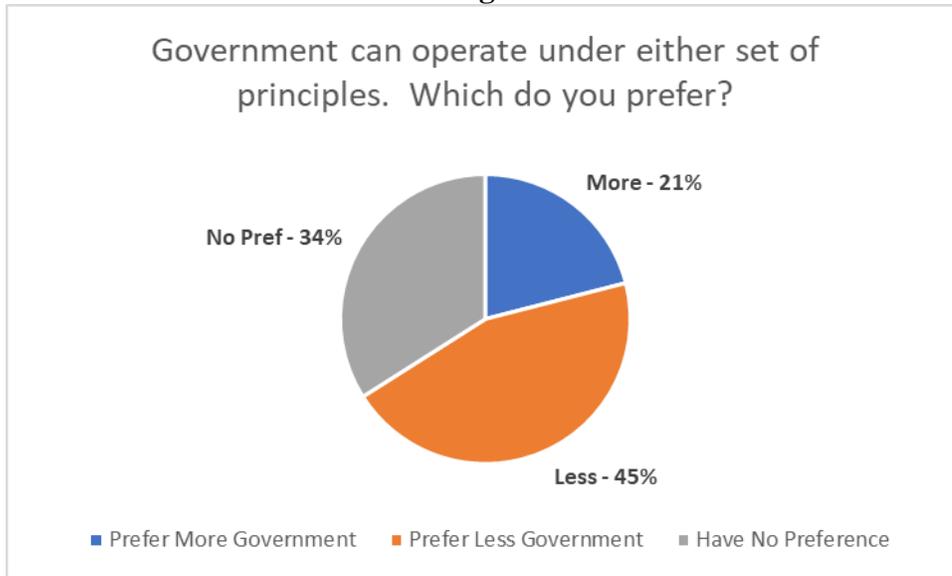
The percentages agreeing that government power should be absolute (19%) and that the many should steamroll the few (25%!) are disturbing. These are sizable minorities. The Road to Serfdom was paved with very similar ideas. On the positive side, the largest group is for freedom and capitalism, many understand that liberty is not license to do anything, and that competition is a good thing. Just over a third are aware that it is impossible to have individual freedom in which all have the same things. People are equal before the law, but they are not all the same.

Detailed Findings

Preference

When asked to select either “D606 – More Government” or “F694 – Less Government” neither option achieved a majority (50%+), though the highest percentage prefer the “Less” option.

Figure 2. Percent Preferring More Government, Less Government, or Having No Preference



The analysis includes subgroups based on sex, age, and region. Looking at preference by age, it becomes clear that preference for more government decreases as age increases (<40 = 32%; 40-59 = 21%; 60+ = 8%; $p \leq 0.05$). Interestingly, though, 38% of the <40 age subgroup prefer less government. Differences in preference for more government by sex and region (Northeast; South; Midwest; West U.S. census regions) were also examined; they were statistically insignificant.

Reasons for Preference

The reasons for preference were broken out by those who prefer more government, those who prefer less, and those who have no preference. Those who prefer more government believe government helps people, maintains order through control and keeps us safe. Some distrust “the private sector.” Some apparently benefit from government now, and like it – want to be taken care of. Some believe the government has plenty of money and should share it in various ways. A notable number just said more government made more sense to them.

Table 1. Reasons Prefer More Government

Prefer D606 – More Government	Number	Percent
<i>Base – Prefer More</i>	43	
<u>Gov. Helps People (Net)</u>	<u>12</u>	<u>28%</u>
Gov. is to ensure our well-being/benefits all/helps people	3	7%
Gov. for our wealth/health/access to healthcare	3	7%
Gov. doesn't do enough to help poverty/poor people/needs to help more	2	5%
Private sector, greedy, don't help/greedy, skirt law	2	5%
Gov. to reduce inequities/help one another	2	5%
Single mentions: Gov. is for our life; Gov. is to serve all; without helping vulnerable, less even playing field; better than handling through private sector; gov. should support people.	5	12%
<u>Like Gov. Control (Net)</u>	<u>6</u>	<u>14%</u>
Just run reckless without gov. control/more orderly/ Don't trust less oversight/ less gov. allows things may go haywire	4	9%
Single mentions: Without oversight, less even playing field than now; need gov. to make sure all have basic rights; gov. needs to do more/ now injurious products produced, lives lost.	4	--
<u>Keep Us Safe (Net)</u>	<u>3</u>	<u>7%</u>
Gov. is for safety of children/poor/rich/elderly/abused	5	12%
Create safety for some/Gov. to protect us	2	5%
Gov. is for safety of food/medicine	2	5%
Single mentions: Gov. is for safety of law; like to feel protected, taken care of; gov. should make gun laws to protect us	3	--
<u>It Is Good (Non-specific; Net)</u>	<u>3</u>	<u>7%</u>
Good, I think/good	2	5%
Single mention: For the greater good	1	--
<u>Miscellaneous (Net)</u>	<u>25</u>	<u>--</u>
Makes most sense to me/the way of the world/personal feelings/better idea/fits me best/OK, cool/the way I live now/ Just sounds like better idea/more reasoning	12	28%
Gov. has plenty of money/money should go to the people/we are rich/we have poverty/gov. hoards money for selfs	5	12%
More right/like more/more is better/need more	4	9%
Really don't know/everything	3	7%
Use tax money for community and country/to get more/for power	3	7%
Leaving things up to States creates confusion/trying to be United	2	5%
Higher incomes should pay more/gov. not just for rich	2	5%
Single mentions: Gov. means the people; we lose sight of what gov. is for; without sharing resources, less even playing field; more funds for country would help	4	--

The reasons for preferring less government are varied, but individual freedom is prominent among them. Others object to the unfairness of having to work for the benefit of people who don't do anything; it violates their sense of fairness. Some understand work to be important. Another set of reasons revolves around government's reputation for "waste, fraud and abuse." Among the other reasons are a preference for capitalism over socialism; many also just believe that the role of government should be limited. Some just dislike government, period.

Table 2. Reasons Prefer Less Government

<u>Prefer 694 – Less Government</u>	<u>Number</u>	<u>Percent</u>
<i>Base – total</i>	<i>91</i>	
<u>Freedom (Net)</u>	<u>16</u>	<u>18%</u>
More power to gov.= the less say we have/ gov. should only do minimum/ less gov. = fewer restrictions on freedom/does not feel like they run your life/not as overpowering/ don't impinge on freedom/ believe in freedom/more freedom/ freedom of choice	10	11%
Gov. should not make decisions for people/control lives/ not want gov. to decide for me/ people better at own decisions	4	4%
Let people govern selves/ be responsible for selves/personal responsibility	3	3%
Single mentions: Favors individual freedom and rights; less is better; gov. is just for society infrastructure; God gave free will for us, not others; gov. too much control over average folks.	5	--
<u>Reward Hard Work/Not Support Freeloaders (Net)</u>	<u>14</u>	<u>15%</u>
This way is fairer/ fair/ don't like work harder, smarter, not better off	6	7%
American Dream, work hard, succeed/ achieve/make more, not same/ hard work does not equal more success in other/ work rewarded	6	7%
Those with jobs should not have to support those not willing to work/ I worked hard a lot of years, should not have to support those, gov. hands all to who don't want to work/ tired of paying so others can have more than me	5	5%
Because with other, more gov. = less income	3	3%
When gov. gives all, no one works, they become criminals	2	2%
Single mentions: There should be incentive to work; people should work to better selves, situation; because with other, all get same, gov. gets lots; unless truly disabled, pull own weight	4	--
<u>Gov. Wastes/Too Big (Net)</u>	<u>11</u>	<u>12%</u>
Gov. wastes/ so less gov. better/ gov. waste outweighs good	4	4%
More/ overly expensive for gov./ vs. private	3	3%
Gov. ineffective/ run by gov. = inefficient, expensive	3	3%
Gov. too big/ bloated	2	2%
Gov. spends too much on non-contributors/ more gov. = more spend on non-contributors	2	2%
Single mentions: Gov. drag things down a lot; gov. needs to be less negative, more positive; more gov., more corruption; gov. needs to get affordable; too much gov. debt.	5	--

**Table 2. Reasons Prefer Less Government
-- Continued --**

<u>Prefer 694 – Less Government</u>	<u>Number</u>	<u>Percent</u>
<i>Base – total</i>	91	
<u>Miscellaneous (Net)</u>	38	--
Capitalism works/socialism doesn't/ this could work better/ less better, politicians not get things done/OK, better/ best option/ other is communism	9	10%
Like that wealthy taxed more	3	3%
Just feel that way	3	3%
Sounds like current norm/ way it is now	2	2%
Prefer less because I think/makes more sense	2	2%
Single Mentions: for strong safety net, but not at loss freedom; now rich get richer, middle poorer, gov. not change; both are how gov. works; people need to have responsibility; need more balance, but had to pick one; less taxes, remove property tax; it's gotten out of hand with equality; helps people deal with life; in free society, legal unless specifically illegal; less focus on social control; lower taxes; I am conservative; the more gov. option is ridiculous; standard of laws by gov. should not set morals; easier; summarizes vital info well.	17	--
<u>Miscellaneous: Role of Government/Less Government</u>	--	--
Need less gov., not more/ less is best	4	4%
Gov. not need be involved in everyday/ not in individual/ State issues/ big gov. = social control/people need to take care of selves without gov./ society should not be micromanaged by gov.	4	4%
Gov. takes more than it gives/hoards money	2	2%
We are poor and gov. doesn't help/big gov. not make lives better	2	2%
Gov. not supposed to do everything for us	2	2%
Single mentions: Need more from gov; gov. treats us like slaves; gov. give to big corps who donate; gov. needs to be involved big picture; gov. not helping, it's hurting; less gov = better economy; gov controllers are not average folks; gov should provide essentials; small gov, hard work, people will be better; fuck the gov	10	--

The large percentage who had no preference mostly give reasons for their lack of preference along the lines of “don’t know” or “don’t care.” Some just typed in gibberish. Some of the “don’t know” responders indicated they did not know enough to answer; others thought either system was OK. A few thought they were the same, ignoring fundamental differences. Despite best attempts to make the descriptions and questioning neutral, one thought the question was rigged.

Some were clearly spit between wanting government control, government to take care of people, and valuing freedom.

Table 3. Reasons Given for Having No Preference

<u>Have No Preference for More or Less Government</u>	<u>Number</u>	<u>Percent</u>
<i>Base – Total No Preference</i>	69	
<u>Don't Know (Net)</u>	<u>18</u>	<u>26%</u>
Don't know what/ Don't know	10	14%
Need more info on topic/ dk enough	3	4%
Don't understand what to do/ not sure	2	3%
No experience on topic/ don't follow politics	2	3%
Single mentions: Not sure what they mean; Neutral – DK enough; I'm confused	3	4%
<u>Don't Care (Net)</u>	<u>12</u>	<u>17%</u>
It makes no difference/ either OK/ no pref	6	9%
Don't care	2	3%
Doesn't matter as long as things get done/ doesn't matter	2	3%
Single mentions: Both have good and bad; doesn't matter, one will blame other, all screwed up; doesn't worry me	3	4%
<u>Both are OK/Same (Net)</u>	<u>10</u>	<u>14%</u>
They are close to the same/similar and good/both seem OK/both are the same/complicated. Both valid.	4	6%
Single mentions: I accept both; both viable options; can have both, for equality MUST have both; both interesting points; both benefit people; both have benefits, flaws.	6	9%
<u>Miscellaneous</u>	<u>--</u>	<u>--</u>
I said so/ok I liked/there/offer rates/fhm fhm/ It seems best/OK, not thrilling/re-read the proposal/no comment	9	13%
They'll do what they want/gov. will do what wants/no ethics in gov.	3	4%
Gov. wastes, but like programs/does some well, some not/ Need more in some areas, less in others/like some things in both	3	4%
Gov. just does what it does without reaction	2	3%
Vote doesn't matter, voices not heard/don't think I would impact	2	3%
See both extremes. would like combo/mix best	2	3%
Single mentions: Gov. needed; but no police state; neither mentions all issues; rigged question; neither seems possible today; hard to please all when it comes to gov; there are too many govs	7	10%

Capitalism-Socialism Paired Statement Ratings

There are specific aspects of both capitalism and socialism that are opposites of each other, or near opposites. These statements were arrayed in pairs, and respondents were asked to indicate what they thought: “Take a minute and think about each before you answer. Please check the box between 1 and 7 that best tells what you think.” To prevent order bias, for some of the pairs the capitalist statement was “1” and for some it was “7”, dispersed at random. The pairs were presented in random order, and for reporting the scales were made consistent, so that the capitalist statement was always low and the socialist high.

The results are analyzed in several different ways: via factor and discriminant analysis; with a net score, and individually.

Capitalism-Socialism Paired Statements: Factor and Discriminant Analyses

Seventeen statements were factor analyzed and the results were entered into a discriminant analysis. Factor analysis determines the key underlying attitudes that help explain the ratings. The discriminant analysis distinguished between those who preferred “less government” and those who selected “more government” or “no preference”. It uses the factor scores to predict who is capitalist, who is socialist or uncertain. Unfortunately, the sample was too small to test prediction accuracy.

Creating names for factors is not a precise exercise, but it appears that the first factor reflects an awareness that a completely planned economy won’t work, or a preference for such an economy. The second factor relates more to control, freedom and the law. The third and fourth factors relate to personal freedom and the limits of government.

The first two factors contribute in a major way to the ability to discriminate; the pairs of statements contributing most to them are noted in italics. Those favoring socialism are likely to believe that goods can be distributed fairly and at the same time people can be free. They are more likely to believe that in a planned economy unexpected benefits can pop up.

Equally contradictory is the idea that you can control business, wages, prices and still have people be free, but those with a socialist bent are likely to agree with that. Similar is the belief that people can be free in a controlled economy.

Interestingly, the last two factors have virtually no impact on the ability to tell capitalists from socialists and ‘no preference’ selectors. The belief in personal freedom (or limits on it) and limited versus unlimited government power are not predictive.

**Table 4. Factors, Names, and Percent of Variance Accounted For
From 17 Statement Pairs (*strongest factor contributors in italics*)**

Factor 1. Uniform Economy Impossible (22.4%)	
Capitalism	Socialism
<i>It is impossible to have individual freedom and have everyone have the same things.</i>	<i>You can have individual freedom and have everyone have the same things.</i>
<i>In a planned economy, it is unlikely that unexpected benefits will pop up.</i>	<i>In a planned economy, it is likely that unexpected benefits will pop up.</i>
Laws should stimulate and encourage competition.	Laws should reduce or limit competition.
Competition lowers prices.	Competition raises prices.
Controlling prices is a bad idea; it will lead to fewer products, jobs.	Controlling prices is a good idea; it will stop greed.
Central planning of the economy can't make sure stuff is equally distributed; it's too complicated.	Central planning of the economy could make sure that stuff is equally distributed to all.
Social justice can occur without controlling all businesses.	Social justice requires central planning for all of business.
Factor 2. Freedom and Law (19.0%)	
<i>Only in a competitive system can people have some degree of freedom.</i>	<i>Only in a controlled economy can people have some degree of freedom.</i>
<i>If you control businesses, wages and prices, you control all of people's lives.</i>	<i>If you control businesses, wages and prices, people can still be free in some ways.</i>
The U.S. Constitution is clear, and judges should follow the original intent of the writers.	Judges should interpret the U.S. Constitution according to the times, not the writers' intent.
The goal of the 'Rule of Law' is to preserve individual freedom as much as possible.	There is no overriding goal of the 'Rule of Law'. Laws are whatever government enacts.
In a free economy, it is likely that unexpected benefits will pop up.	In a free economy, it is unlikely that unexpected benefits will pop up.
Factor 3. Personal Freedom (8.7%)	
Liberty is the freedom to do what you want, responsibly.	Liberty is the freedom to do what you want, any way you want.
The needs of the one, or the few, must be addressed when planning for the many.	The needs of the many outweigh the needs of the one, or the few.
The wealthy invest their money and create jobs and goods.	The wealthy just sit on their money and don't do anything.
Factor 4. Limits (6.4%)	
Government power to do some good things must be stopped, so power can't be used later to do bad.	Government power to do good should have no limit.
Minimum wage laws are a bad idea; they're price control and raise costs.	Minimum wage laws are a good idea; they may raise costs, but they help people.

As noted, the ability to discriminate is found in the first two factors.

Table 5. Ability to Discriminate Capitalists, Socialists

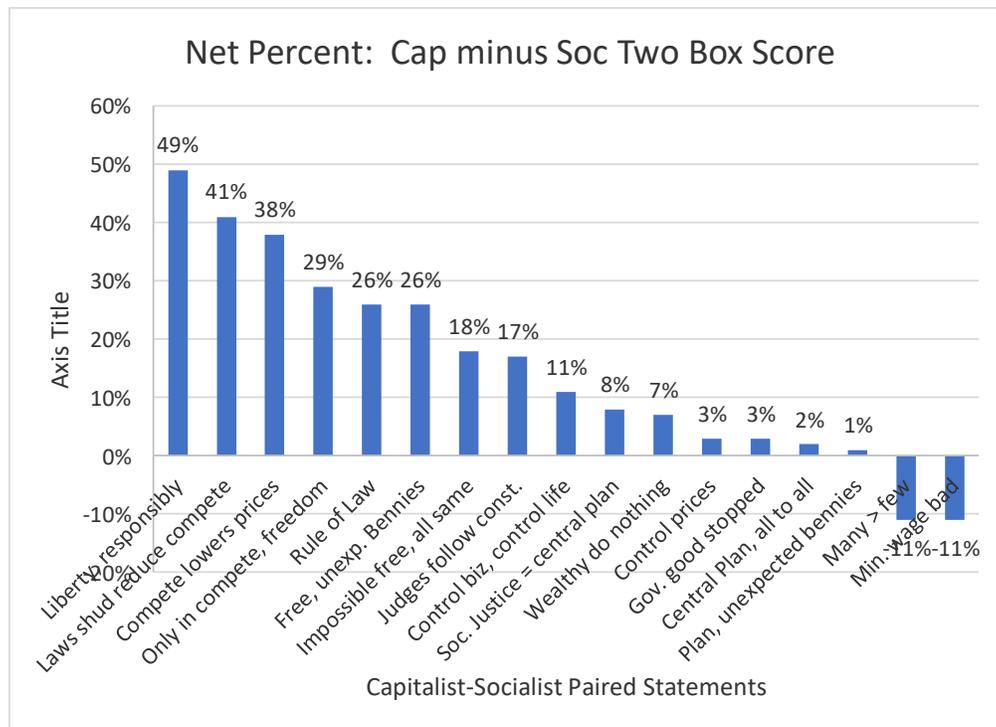
		Discrimination Coefficient
Factor 1	Uniform Economy Impossible	0.723
Factor 2	Freedom and the Law	0.777
Factor 3	Personal Freedom	-0.013
Factor 4	Limits	0.013

Capitalism-Socialism Paired Statements: Net Results

The percentage giving the two ratings closest to each statement (6 or 7, Top 2 Box, 1 or 2, Bottom 2 Box) were calculated and subtracted to provide a Net Cap-Soc (Capitalism minus Socialism) score – those selecting the capitalist option minus the socialist option. The results are consistent with the preference results; most favor capitalism.

The highest percentages reflect a preference for responsible liberty over the freedom to do anything one pleases (a.k.a. “license”), a fairly subtle distinction. Competition is favored over laws to reduce competition. The weight is also toward competition lowering prices.

Figure 3. Net Capitalism minus Socialism Score Graph
(Base = 203)



Then, there is a gap. The net scores in favor of the competition being a component of freedom, the objectives of the Rule of Law, and freedom resulting in unexpected benefits all hover around a fourth of respondents.

Net agreement with the impossibility of having freedom and all having the same things and the belief judges should follow the U.S. Constitution rather than interpret it according to the times hovers around a fifth. Only about a tenth net understand that if you control business, you control all of life.

The next four pairs hover around zero, net. About an equal percentage think controlling prices is good to stop greed, and not that it will lead to fewer products and jobs. The same is true for the belief that government should not have the absolute power to do good, since it may be eventually misused and believe that unexpected benefits can pop up in a planned economy (and not that that is ‘unlikely’). About equal numbers believe that central planning can make sure goods are equally distributed, that it is not too complicated to do so.

On the clearly socialist side of the fence, roughly a tenth net think that the needs of the many should overwhelm the needs of the few, which can be disregarded; that minimum wage laws are good – they may raise costs and are price control, but they help people.

Capitalism-Socialism Paired Statements: Individual Pairs

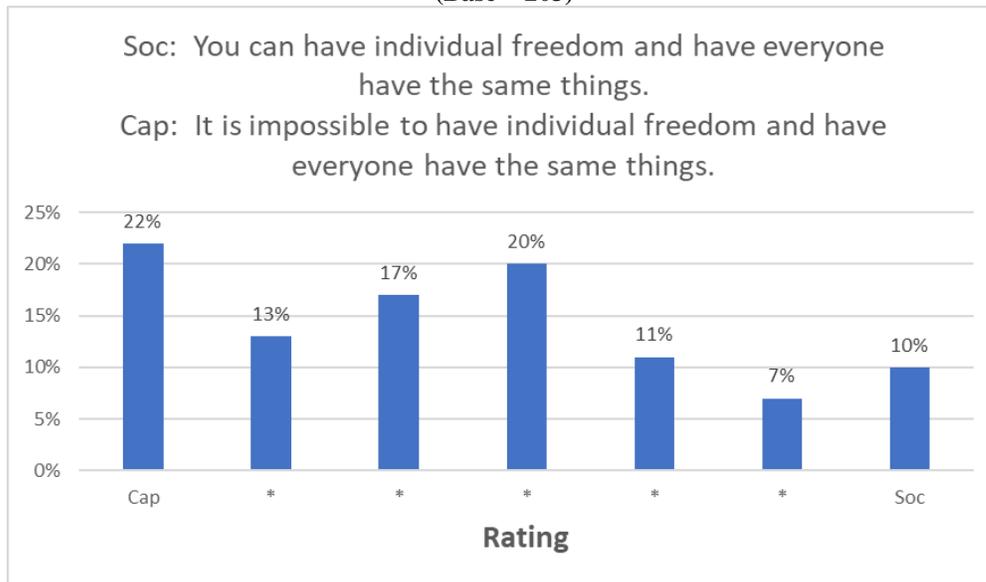
Each pair of statements has at least a few percent of respondents at each point on the seven-point scale, so it is interesting to look at each pair. The order is based on the factor analysis, with the contributors to Factor 1 – More/Less Government Control first, Factor 2 – Freedom and Law second, etc.

Equal Distribution of Goods

Though socialism never actually delivers on a promise of all to have goods equally distributed, that is the socialist ideal. Hayek writes that it cannot happen unless there is a central, dictatorial plan. It was decided to see how many realize this.

Most do, with 35% on the “clearly capitalist” side of the scale; however, a significant minority, 17%, believe it could happen.

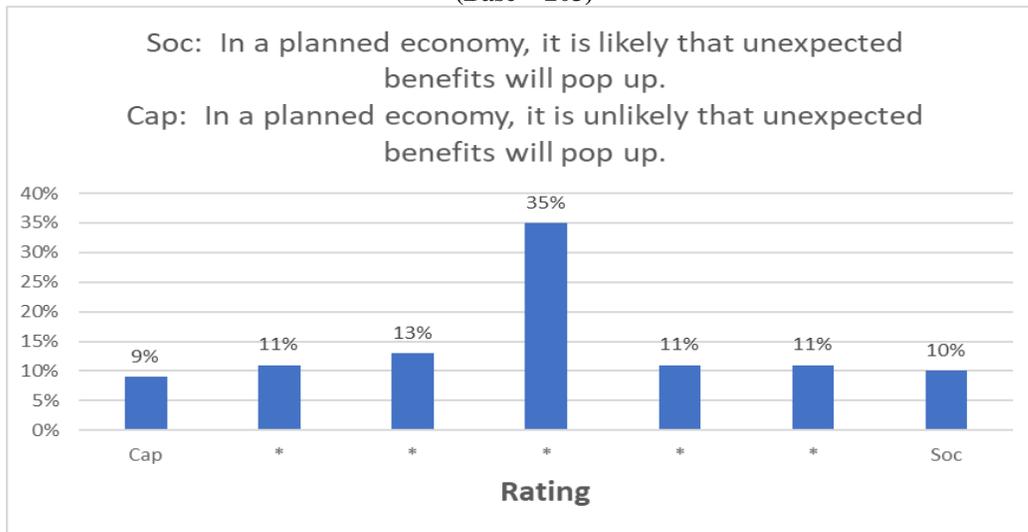
Figure 4. Freedom and Equal Distribution (Factor 1)
(Base = 203)



The Planned Economy and Unexpected Benefits

The second-most predictive statement from Factor 1 was created for balance. Hayek states that unexpected benefits are likely to occur in a free economy. So, it seemed fair to suggest the same might be true of a planned economy, though it is hard to imagine how. About the same minority, roughly 20%, picked “unlikely” as “likely”, with the highest percent opting for the middle position, which can function as a “don’t know/no opinion” on a balanced scale like this one.

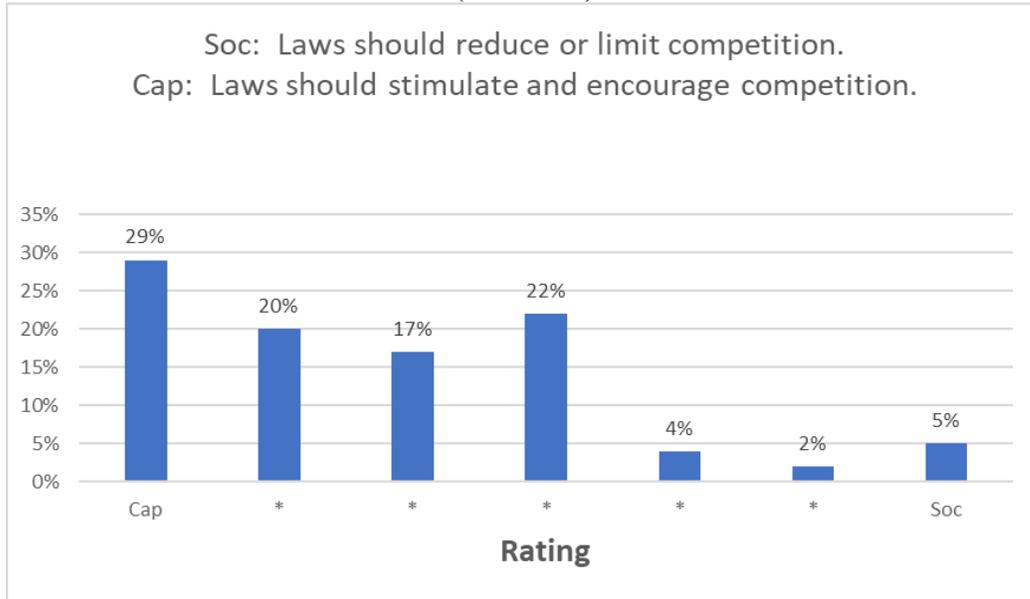
Figure 5. Unexpected Benefits in a Planned Economy (F1)
(Base = 203)



Law and Competition

While many may be confused about capitalism and socialism, most clearly think competition is a good thing – a fundamental principle for a free market.

Figure 6. Laws and Competition (F1)
(Base = 203)



Competition and Prices

Once, at a seminar, a graduate student argued competition raises prices and so they should be controlled. Competition generally lowers prices, but this research is an opportunity to see what percent agrees with that concept. Most do, apparently. But, at least 10% thought otherwise.

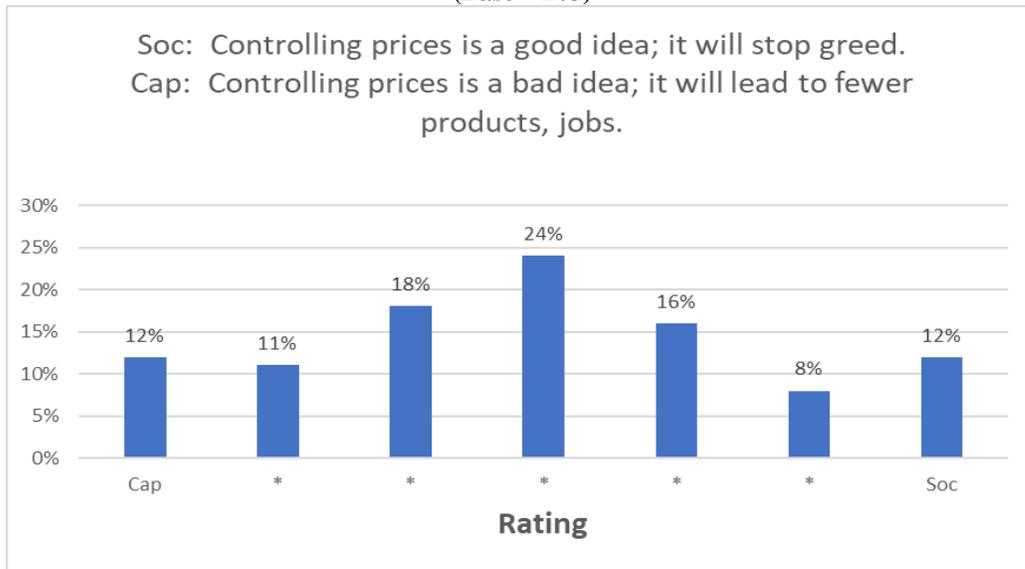
Figure 7. Competition and Prices (F1)
(Base = 203)



Price Control

Those of us who remember long lines at gas stations when President Carter initiated gas price control probably consider price control a bad idea. However, this issue split almost evenly, with about 20% at each end and nearly a quarter in the exact middle.

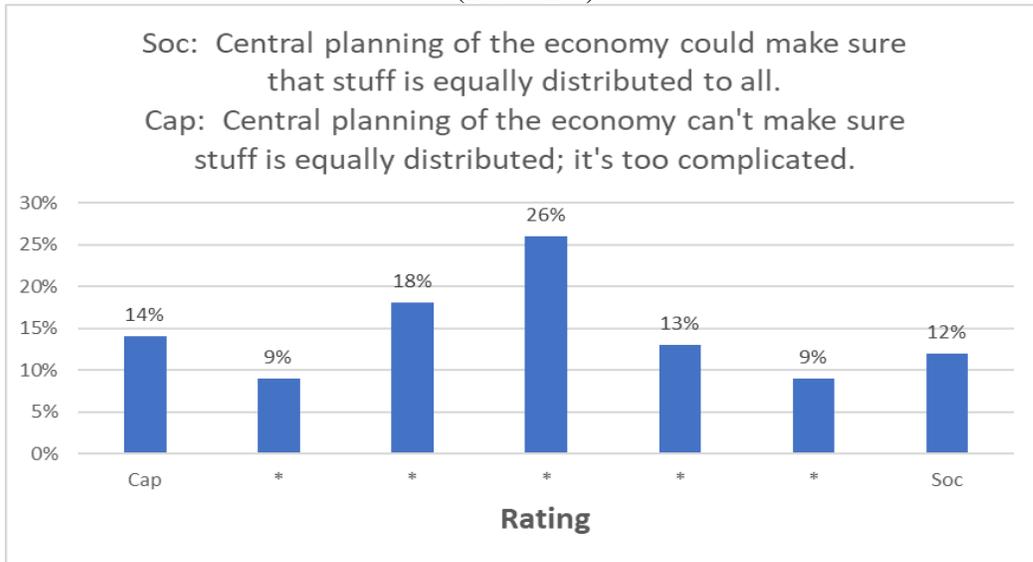
Figure 8. Price Control (F1)
(Base = 203)



Central Planning and Distribution

Central planning is a bad idea because it will stifle freedom and control lives. Those who don't understand that all of life is tied to economics argue otherwise. If you want to live in Kentucky and your assigned job is in Arizona, that is a problem. The sample is split; some may not realize government will do the planning.

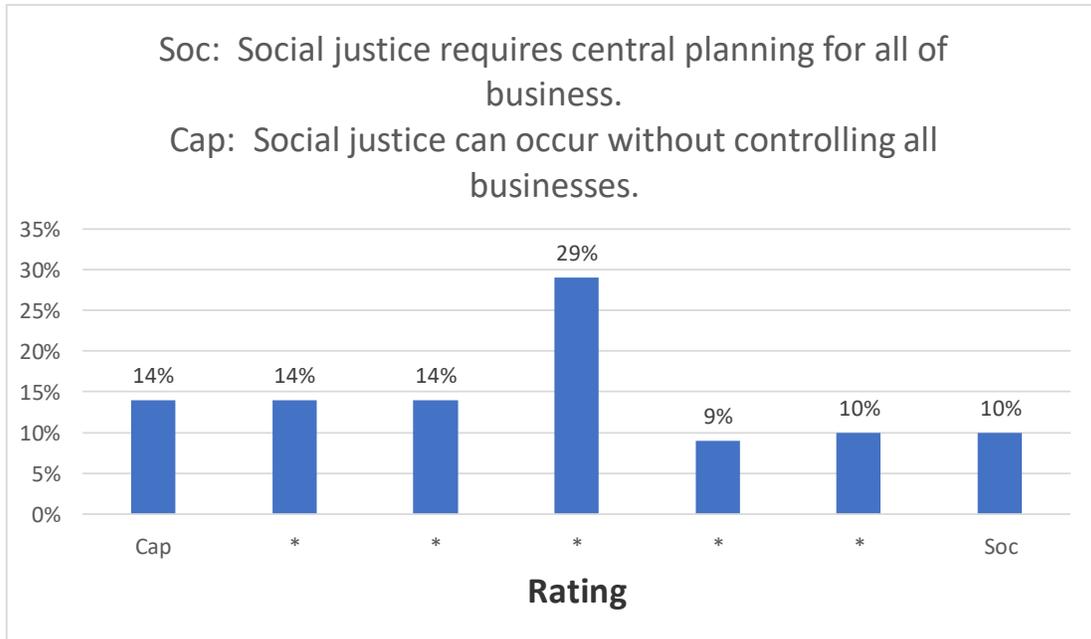
Figure 9. Central Planning and Distribution (F1)
(Base = 203)



Social Justice

If social justice means everyone has the same things (an “equal distribution of wealth”) then it cannot occur if people are free. Some will be better, smarter, or luckier than others. The general population, however, is not sure about that, with about a fifth believing central planning could do the job.

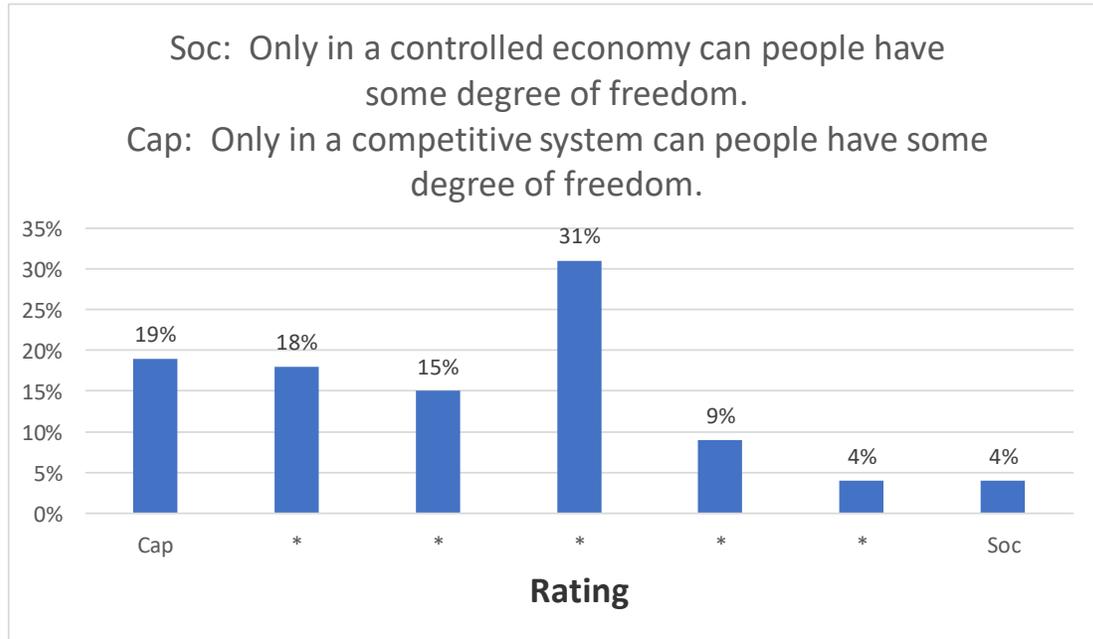
Figure 10. Social Justice and Central Planning (F1)
(Base = 203)



Competition, Control, and Freedom

Interestingly, most are pretty sure that freedom is not going to be a feature of a controlled economy, but many don't know or are neutral about competition.

Figure 11. Competition, Control, and Freedom (F2)
(Base = 203)



Control of Business and Freedom

Similarly, while many (approximately 30%) understand that in controlling all of business you control all of life, even if only indirectly, others are uncertain or (about a fifth) believe you can do this and still have at least some freedom.

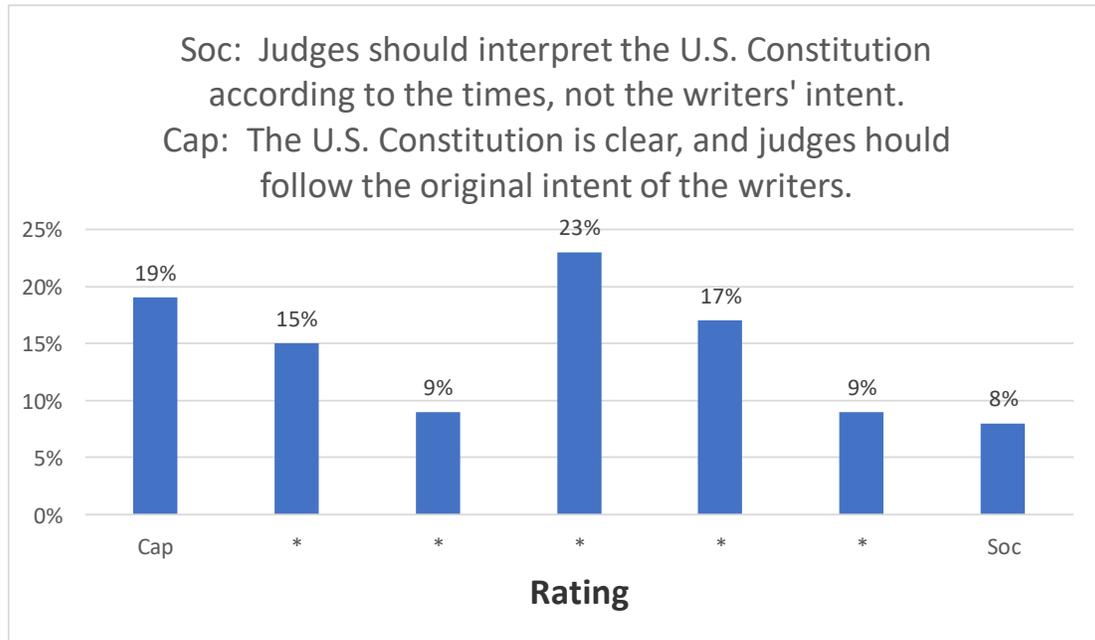
Figure 12. Control of Business and Freedom (F2)
(Base = 203)



Legal Originalists versus Flexibility

As with many of the pairs, the capitalist view that laws mean what they say has a higher percent in agreement than does the socialistic idea of “flexibility.” And, once again, many are uncertain.

Figure 13. Legal Originalists Versus Flexibility (F2)
(Base = 203)

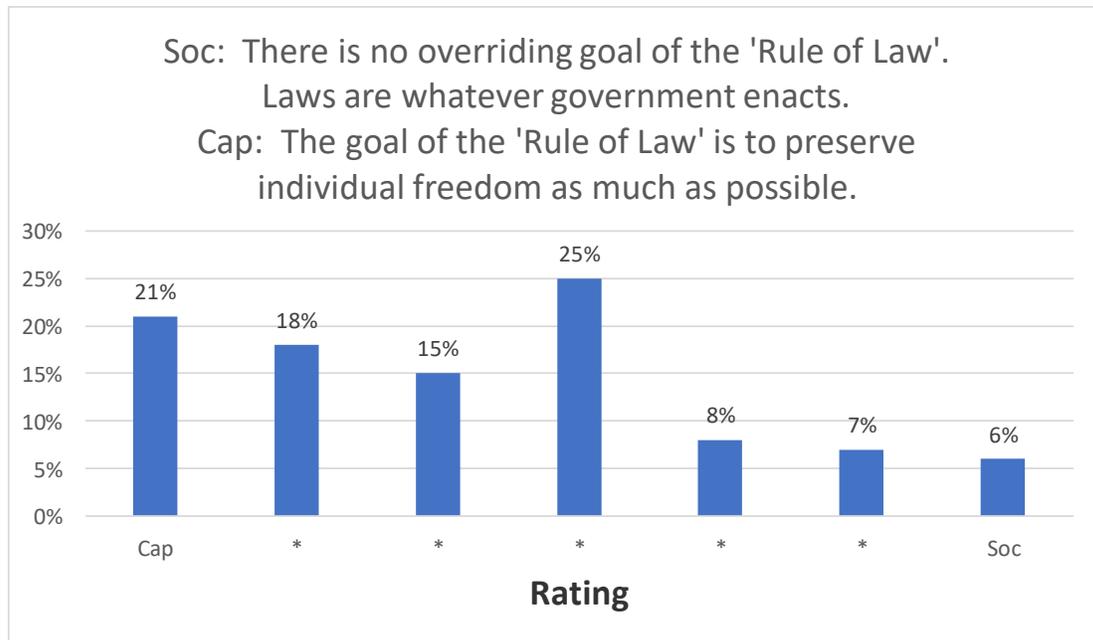


Overarching Goal of the 'Rule of Law'

Hayek writes that in Germany prior to the rise of Hitler, people came to believe that any law the government enacted was, by definition, right and appropriate. This led to the legal rule of the Nazis. Hayek also believed that the classical liberal position that the government's right to create law with the assent of the governed had principles behind it, and that one of the most important of these was the preservation of individual freedom.

While many in the U.S. agree, many are uncertain, and (again) a tenth or so disagree, believing law is whatever the government says, with no restrictions.

Figure 14. Overarching Goal of the 'Rule of Law' (F2)
(Base = 203)

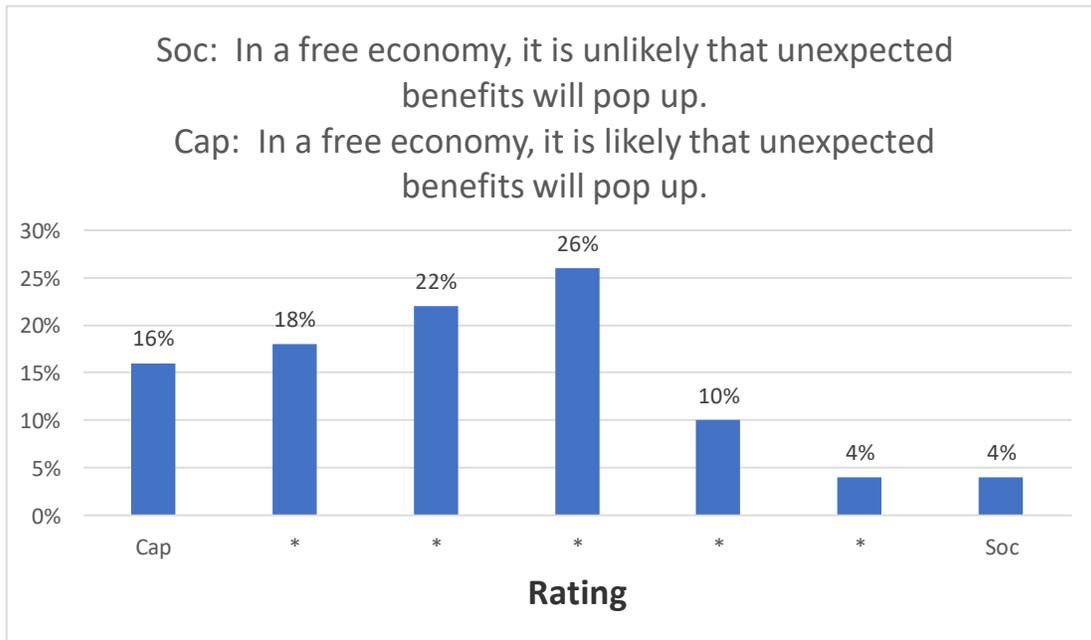


Free Economy and Unexpected Benefits

These statements remind one of the quip “who are you going to believe, me, or your own eyes?” Living in the U.S., one would think it is self-evident that a free economy yields unexpected benefits. But apparently not.

About a tenth think such benefits are unlikely, and a fourth are clearly neutral/uncertain.

Figure 15. Free Economy and Unexpected Benefits (F2)
(Base = 203)



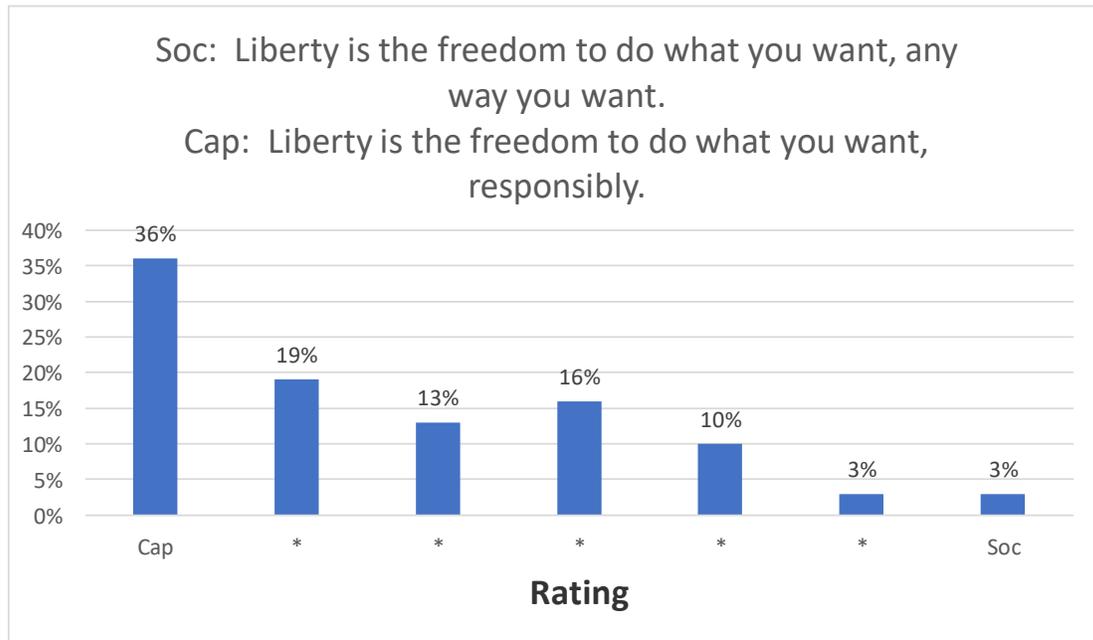
The rest of the pairs (Factors 3 and 4) had basically no impact on the ability to predict whether people would select socialism (More Government) or capitalism (Less Government) but are interesting in their own right.

Liberty and Responsibility

A distinction can be made between what was once known as ‘license’ and ‘freedom’. Freedom implies responsibility – my freedom ends where yours begins, and vice versa. License was the word used for unrestricted “I-can-do-whatever-I-want” freedom, irrespective of others.

Most, over half, understand this distinction, apparently. While fewer than usual are unsure, about 6% think liberty means “do whatever you want, regardless.”

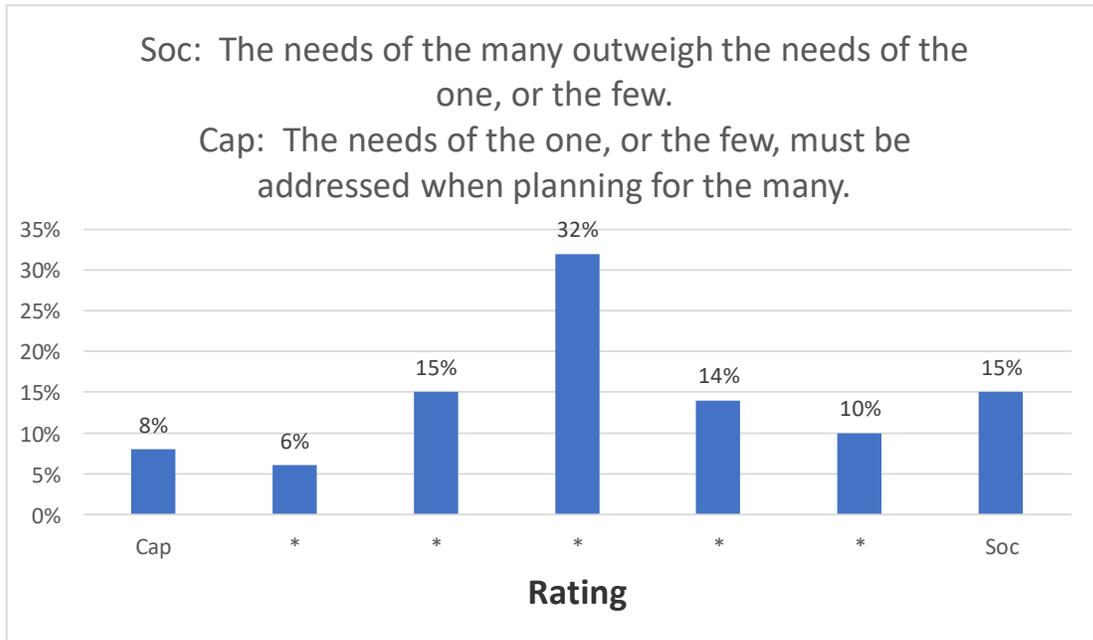
Figure 16. Liberty and License (F3)
(Base = 203)



Rule by Majority

Few apparently believe that minorities need consideration when decisions are made. The highest percent are uncertain (thankfully), but a fourth believe “majority rules” and only 14% agree that the one, or the few, must be considered.

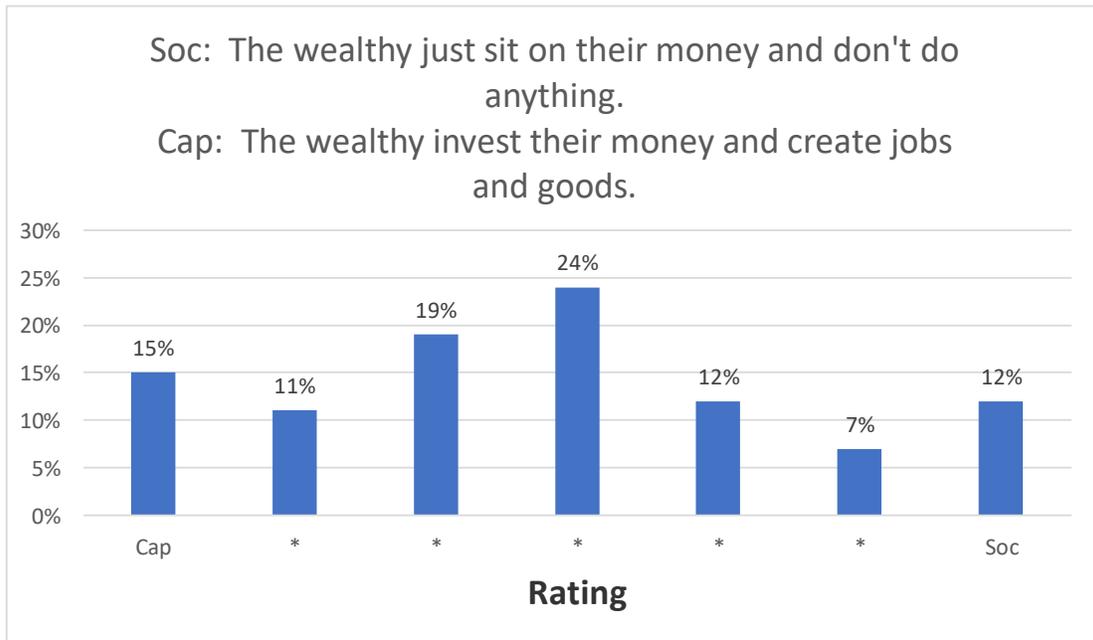
Figure 17. Majority Rules (F3)
(Base = 203)



Wealth and Investment

We read that many, including some billionaires, believe we should tax them for all we can. The capitalist thinks money should serve society in a free market by taking risks to generate a return; the socialist thinks the rich are undeserving and should be even more heavily taxed. This was extended to “the rich don’t do anything” in this pair of statements. The split between the two ideas is fairly even, with somewhat more favoring capitalism. A quarter, however, are neutral, with no opinion either way.

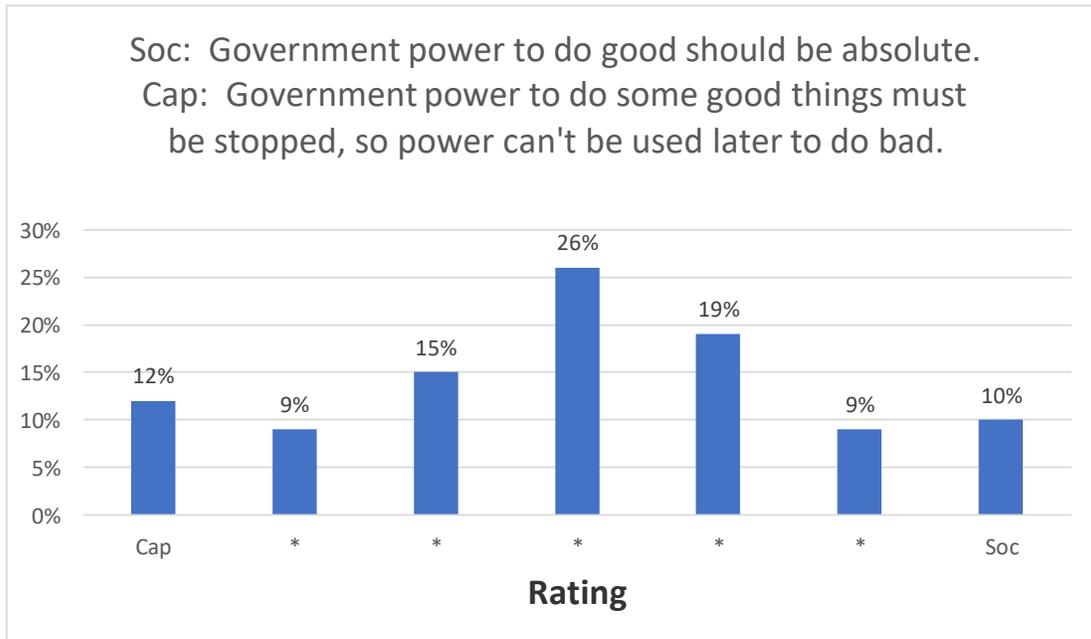
Figure 18. Wealth and Investment (F3)
(Base = 203)



The Power for Good

Governmental power is vast. So, government power must be limited in ways that preserve freedom or government power may crush it. To agree that the government's power to do "good" is absolute is to endorse the possible end of freedom. Hayek wrote government power to do good must be limited, because there are no guarantees. The sample splits evenly on this idea, with about a fifth preferring a government with absolute power. A fourth are neutral/uncertain on the subject

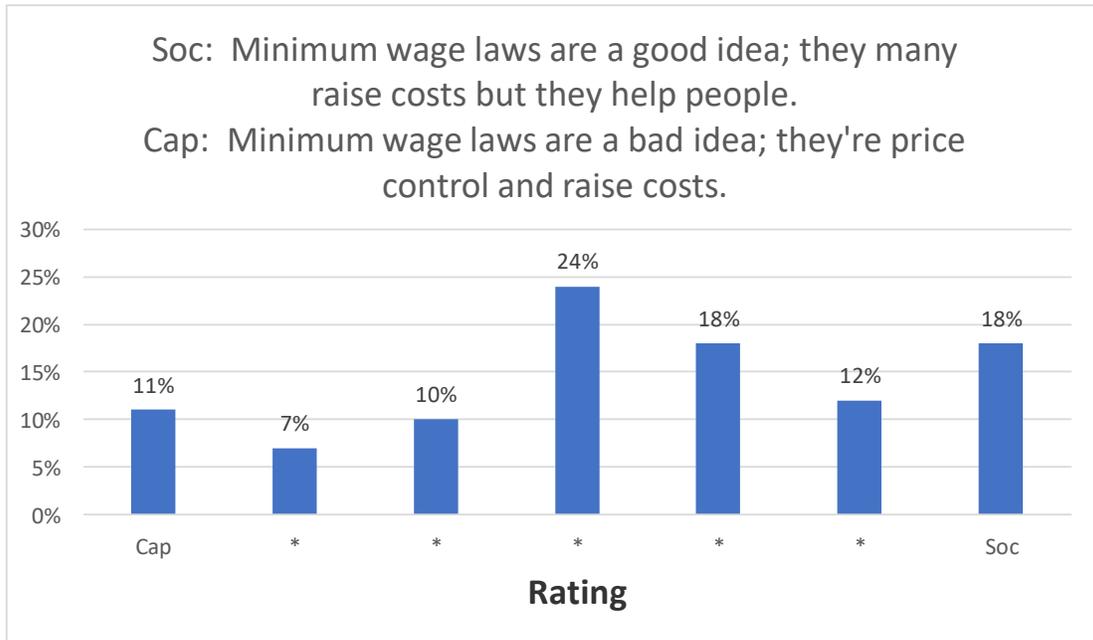
Figure 19. Government Power to Do Good (F4)
(Base = 203)



Minimum Wage Laws

While a fourth of respondents are neutral again, nearly a third indicate that minimum wage laws are a good idea. Apparently, this bit of price control ‘unfreedom’ is well ingrained in the U.S. psyche.

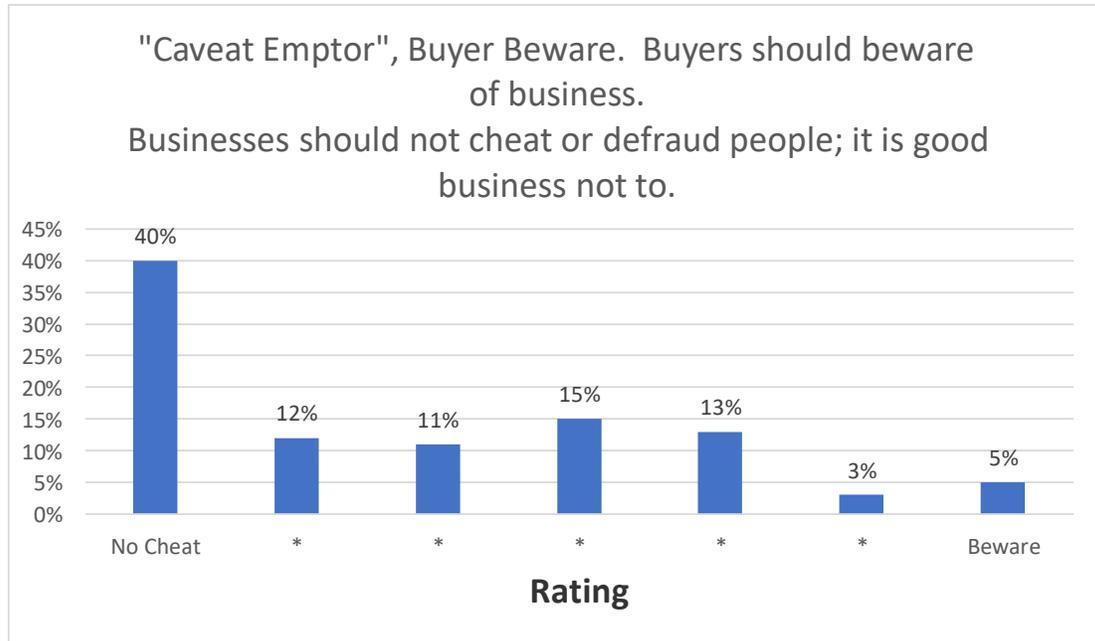
Figure 20. Minimum Wage Law (F4)
(Base = 203)



An Extra: Buyer Beware

There is one pair that does not fit the capitalist-socialist split, so it was eliminated from the factor and discriminant and net percent analyses. It can best be described as “reasonable capitalism versus extreme capitalism.” Most clearly prefer reasonable capitalism given these options (as do most capitalists, one suspects).

Figure 21. Reasonable Versus Extreme Capitalism
(Base = 203)



Subgroups

An examination was made of the 18 pairs and the preference question by respondent age, sex, and geography, as well as the responses to the preference question. The results are summarized here.

Preference

For many of the pairs, as one would expect, a higher percent of those in the “Less Government” subgroup prefer the capitalist option while those in the socialist and no preference groups are more split or in favor of “More Government”. Detailed reporting of these subgroups is tautological [i.e., Capitalists prefer the features of capitalism; socialists prefer the features of socialism], and so is not presented.

Sex

Men and women largely agreed on their positions between the two statements in each pair, at least within the limits of statistical significance. There were two pairs on which they differed significantly. A higher percent of women than men understand that freedom entails responsibility. On the other hand, a higher percent of women agree that the needs of the minority can be ignored in planning for the many.

Table 6. Bottom 2 Box Percentages: Differences in Pair Selection by Sex

Statements	Male	Female
<i>Base-total per group</i>	98	105
<i>Bottom 2 Box</i>	<i>1+2</i>	
Liberty is the freedom to do what you want, responsibly. (1) Liberty is the freedom to do what you want, any way you want. (7)	47%	62% ^s
The needs of the many outweigh the needs of the one, or the few. (1) The needs of the one, or the few, must be addressed when planning for the many. (7)	17%	32% ^s

S = statistically significantly different at the 95% Confidence Level (test between proportions).

Age

There is a perception in the press and news that older Americans are more likely conservative than younger. This appears to be correct in some respects. For seven of the 17 pairs, the older subgroups is more likely to be capitalistic than the younger subgroups.

Table 7. Testing Distributions: Differences in Pair Selection by Age

Statements	Age		
	<40	40-59	60+
<i>Base-total per group</i>	69	75	59
The goal of the ‘Rule of Law’ is to preserve individual freedom as much as possible. (1) There is no overriding goal of the ‘Rule of Law’. Laws are whatever government enacts. (7)	[32%	32%	56%] ^s
Liberty is the freedom to do what you want, responsibly. (1) Liberty is the freedom to do what you want, any way you want. (7)	[36%	59%	71%] ^s
If you control businesses, wages and prices, you control all of people’s lives. (1) If you control businesses, wages and prices, people can still be free in some ways. (7)	[25%	21%	46%] ^s
In a free economy, it is likely that unexpected benefits will pop up. (1) In a free economy, it is unlikely that unexpected benefits will pop up. (7)	[25%	28%	53%] ^s
Competition raises prices. (1) 6+7 Competition lowers prices. (7)	[39%	45%	61%] ^d
The U.S. Constitution is clear, and judges should follow the original intent of the writers. (1) Judges should interpret the U.S. Constitution according to the times, not the writers’ intent. (7)	[29%	27%	49%] ^s
Only in a competitive system can people have some degree of freedom. (1) Only If you control businesses, wages and prices, people can still be free in some ways. (7)	[26%	32%	56%] ^s

s = statistically significantly different at the 95% Confidence Level (test between distributions).

d = statistically directionally different at the 90% Confidence Level(test between distributions).

However, equally surprising are the pairs of statements where the distributions of responses by age do not differ statistically. In a few cases, such as the absolute government power to do good, the lack of difference was because so many didn't know whether the government should have such power – a socialist belief.

Table 8. Testing Distributions: Non-differences in Pair Selection by Age

Capitalism	Socialism
It is impossible to have individual freedom and have everyone have the same things.	You can have individual freedom and have everyone have the same things.
In a planned economy, it is unlikely that unexpected benefits will pop up.	In a planned economy, it is likely that unexpected benefits will pop up.
Laws should stimulate and encourage competition.	Laws should reduce or limit competition.
Controlling prices is a bad idea; it will lead to fewer products, jobs.	Controlling prices is a good idea; it will stop greed.
Central planning of the economy can't make sure stuff is equally distributed; it's too complicated.	Central planning of the economy could make sure that stuff is equally distributed to all.
Social justice requires central planning for all of business.	Social justice can occur without controlling all businesses.
The needs of the one, or the few, must be addressed when planning for the many.	The needs of the many outweigh the needs of the one, or the few.
The wealthy invest their money and create jobs and goods.	The wealthy just sit on their money and don't do anything.
Government power to do some good things must be stopped, so power can't be used later to do bad.	Government power to do good should have no limit.
Minimum wage laws are a bad idea; they're price control and raise costs.	Minimum wage laws are a good idea; they may raise costs, but they help people.

Region

There are four U.S. Census Regions. Respondents in the regions (Northeast, South, Midwest, West) differ little with respect to their ratings on 16 of 17 paired statements. One pair showed a statistically directional difference ($p \leq .10$): In the Midwest (37%) and South (22%) higher percentages than in the Northeast (17%) and West (10%) agreed (1 or 2 on the scale) that "Government power to do some good things must be stopped, so power can't be used later to do bad." – compared to "Government power to do good should be absolute."

Appendix

The sample of 203 is a quota sample. Recruiting was restricted so that it matched the U.S. population with respect to Age, Sex, and Region.

Age

Appendix Table 1. Census Age and Ages of Respondents

	2016 U.S. Census Pop. Survey	Sample
<i>Base-Total</i>		203
20-29	18.3%	16.7%
30-39	17.7%	17.2%
40-49	17.5%	17.2%
50-59	18.2%	19.7%
60-69	14.1%	14.8%
70-120	14.2%	14.3%
Total	100.0%	100.0%

Note: Census table starts with age 20+; sample is age 18+.

Sex

Appendix Table 2. Census Sex and Sex of Respondents

	2016 U.S. Census Pop. Survey	Sample
<i>Base-total</i>		203
Male	48.4%	48.3%
Female	51.6%	51.7%
Total	100.0%	100.0%

Region

Appendix Table 3. Census Regions for the U.S.A. and this Sample

	2016 U.S. Census Pop. Survey	Sample
<i>Base-total</i>		203
Northeast	17.9%	17.7%
Midwest	21.0%	21.2%
South	37.5%	37.4%
West	23.6%	23.6%
	100.0%	100.0%

Questionnaire

QAge: Please indicate which option best represents your age? (Bracket Indicates 'Quota')

- a. Under 18 – [Term]
- b. 18 – 29 [37]
- c. 30 – 39 [35]
- d. 40 – 49 [35]
- e. 50 – 59 [37]
- f. 60 – 69 [28]
- g. 70 + [28]

QRegion: Which state do you currently reside in? (Bracket Indicates 'Quota')

- a. Northeast (ME, NH, VT, MA, RI, CT, NY, NJ, and PA) [36]
- b. South (DE, MD, VA, WV, KY, NC, SC, TN, GA, FL, AL, MS, AR, LA, TX, OK) [75]
- c. Midwest (OH, MI, IN, WI, IL, MN, IA, MO, ND, SD, NE, KS) [42]
- d. West (MT, ID, WY, CO, NM, AZ, UT, NV, CA, OR, WA, AK, HI) [47]

QSex: Which best represents your sex? (Bracket Indicates 'Quota')

- a. Male [97]
- b. Female [103]

1. As you may know, there are various ways to think about how government operates. Here are two different ways. Please read each one and answer the questions that follow.

[Rotate: D606 first for half; F694 first for the other half.]

D606 – More Government

In addition to providing roads, parks, sewers, and such, government helps with food, shelter, clothing, healthcare and education.

- People sacrifice for the common good.
- There is voting on various ways to provide some of these aids.
- A large proportion of the salaries of people who work go to the government so it can provide these services to all.
- If something is not permitted by law, it is probably illegal.
- With a few exceptions, those with greater ability or who work harder are no better off than others.
- Government administrators and planners make decisions and implement programs to achieve common goals.

F694 – Less Government

Government provides roads, sewers, parks, and such – things people vote on.

- People mostly make their own way.
- A small portion of the salaries of people who work go to the government so it can provide these things and a modest safety net for the poor.
- The wealthier pay a higher percent.
- Those with greater ability or who work harder are better off.
- Government makes sure laws are enforced to prevent fraud and other crimes.
- If something is not forbidden by law, it is probably legal.
- Government administrators and planners let people comment and then make decisions and implement programs to achieve these goals.

2. Government can operate under either set of principles. Which do you prefer?

- D606 -- More
- F694 -- Less
- No Preference

3. Why do you say that?

Leave 10 spaces.

4. Here are some statements about government and how it handles business. They are in pairs, and one is opposed (roughly opposite) to the other. Take a minute and think about each before you answer. Please check the box between 1 and 7 that best tells what you think.

<p>a. The goal of the ‘Rule of Law’ goal of the is to preserve individual freedom what- as much as possible. government enacts.</p>	<p>There is no overriding ‘Rule of Law’. Laws are ever</p>
---	--

1		2		3		4		5		6
	7									

b.
Liberty is the freedom to do what you want, responsibly.
Liberty is the freedom to do what you want, any way you want.

c.
Central planning of the economy could make sure that stuff is equally distributed to all.
Central planning of the economy can’t make sure stuff is equally distributed; it’s too complicated.

d.
Controlling prices is a good idea; it will stop greed.
Controlling prices is a bad idea; it will lead to fewer products, jobs.

e.
If you control businesses, wages and prices, you control all of people’s lives.
If you control businesses, wages and prices, people can still be free in some ways.

f.

Businesses should not cheat or defraud people; it is good business not to.
“Caveat Emptor” = Buyer Beware. Buyers should beware of businesses.

g.

Social justice requires central planning for all of business.
Social justice can occur without controlling all businesses.

h.

The needs of the many outweigh the needs of the one, or the few.
The needs of the one, or the few, must be addressed when planning for the many.

j.

In a free economy, it is likely that unexpected benefits will pop up.
In a free economy, it is unlikely that unexpected benefits will pop up.

k.

In a planned economy, it is likely that unexpected benefits will pop up.
In a planned economy, it is unlikely that unexpected benefits will pop up.

l.

Competition raises prices.
Competition lowers prices.

m.

The U.S. Constitution is clear, and judges should follow the original intent of the writers.
Judges should interpret the U.S. Constitution according to the times, not the writers’
intent.

n.

The wealthy just sit on their money and don’t do anything.
The wealthy invest their money and create jobs and goods.

o.

Only in a competitive system can people have some degree of freedom.
Only in a controlled economy can people have some degree of freedom.

p.

Government power to do some good things must be stopped, so power can’t be used later
to do bad.
Government power to do good should have no limit.

q.

You can have individual freedom and have everyone have the same things.
It is impossible to have individual freedom and have everyone have the same things.

r.

Laws should reduce or limit competition.

Laws should stimulate and encourage competition.

s.

Minimum wage laws are a bad idea; they're price control and raise costs.

Minimum wage laws are a good idea; they may raise costs, but they help people.

Technical Notes

Data tables using the incorrect statistical test (Z test between proportions) between percentages from more than two subgroups were available. Such testing often increases the probability of finding differences where there are none, so a more appropriate test, Chi Square, was used for the subgroups based on Age and Region. For comparing two subgroups (males and females) the Z-test between two independent proportions was used.

Z Test for two Independent Proportions

The Z test for two independent proportions is used to determine whether or not two percentages from different groups differ significantly. Using the difference between the percentages a Z value is obtained, which is then compared to a normal Z deviate distribution value to determine statistical significance.

Chi-Square Test for Comparing More Than two Independent Proportions

The Chi-Square Test comparing more than two proportions from independent groups was used to determine if the differences observed across 3 or more percentages distributions differ significantly statistically. A formula is used to calculate the Chi-Square statistic, and obtained values are compared with table values of chi-square.

Factor Analysis

Factor analysis is a multivariate statistical technique which examines the correlations between ratings of items and determines any underlying dimensions which account for the ratings. In the most commonly used Principal Components analysis, the factors are kept orthogonal (i.e., at right angles to each other), and are therefore not correlated with each other. This means they provide independent evaluations of the underlying structure of the ratings.

Discriminant Analysis

Discriminant Analysis looks at a large set of data from two or more groups and determines what elements of the data, taken as a set, best discriminate among the groups. The benefits it provides are that all of the data are considered simultaneously, taking the intercorrelations into account and it provides a prediction formula, which can be used in further research to predict group membership with reasonable accuracy based on a limited set of data. It is typically used with subgroups of respondents.

About HellRC

HellRC is a company that provides marketing research, primarily to the pharmaceutical industry. It also offers research consulting.

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Stephen J. Hellebusch, Ph.D., the sole proprietor, specializes in the design and analysis of projects. He has been active in research for over 30 years. His Ph.D. is from the University of Notre Dame.
