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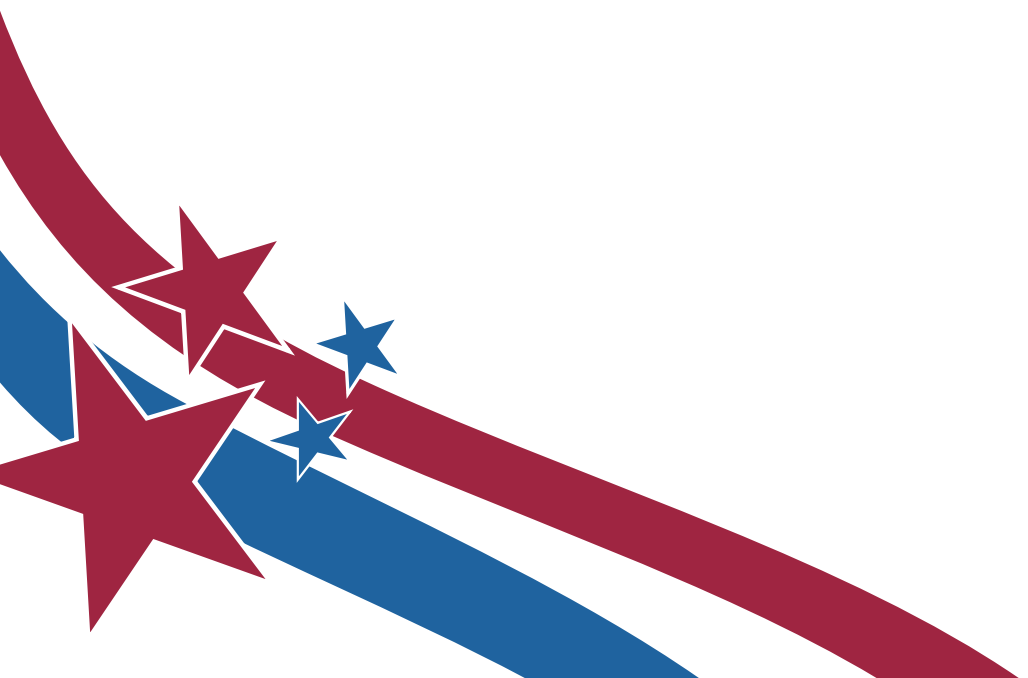

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including policies like Social Security, home mortgage-interest deduction and student loans.

have referred to the invisible hand of government as the "submerged state," as "government by proxy," the "hollow state," the "hidden welfare state," "shadow of government," "delegated governance," or the "associational state."[6]

What is the Invisible Hand of Government?

Limited government is good government. This refrain has long been a staple of American political thinking, and in recent times, the source of dramatic, partisan clashes that have nearly brought the government to a standstill. But does this mean that government has failed to address critical issues? No. It has simply moved by other means.

> "American politics today is ensnared in the paradox of a submerged state. Our government is integrally intertwined with everyday life from health care to housing, but in forms that often elude our vision: governance often appears 'stateless' because it operates indirectly, through subsidizing private actors."[7]

Lester Salamon elaborates on this theme from a practitioner's perspective:

> "A massive proliferation has occurred in the tools of public action, in the instruments or means used to address public problems. Where earlier government activity was largely restricted to the direct delivery of goods and services by government bureaucrats, it now embraces a dizzying array of loans, loan guarantees, contracts, social regulation, economic regulation, insurance, tax expenditures, vouchers, and much more."[8]

Unlike familiar forms of government policy such as Social Security, Medicare, or Unemployment Benefits, the invisible hand of government consists of ". . . a conglomeration of federal policies that function by providing incentives,

purposes, Americans preferred that the national government enable rather than command."[13]

This was republican government with a small "r," that is government dependent upon civic virtue operating in small communities. As the historian Robert Wiebe describes:

"America during the nineteenth century was a society of island communities. Weak communication severely restricted the interaction among these islands and dispersed power to form opinion and enact public policy . . . The heart of American democracy was local autonomy. A century after France had developed a reasonably efficient, centralized public administration, Americans could not even conceive of a managerial government. Almost all of a community's affairs were still arranged informally."[14]

Yet in the 19th century, the federal government acted to expand its territory, enable internal improvements, establish communications and transportation networks, lay the foundation for national markets, and encouraged settlement. In spite of these vigorous initiatives, the American vision preferred to focus on themes of natural laws (e.g., manifest destiny), individual initiative and the free operation of markets. As Balogh suggests, "National governance remained hidden in plain sight because many of its activities were directed at the margins of the nation."[15]

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[13] (Balogh, A Government Out of Sight: The Mystery of National Authority in Nineteenth Century America 2009), p. 3.
[14] (Weibe 1967), xiii.
[15] (Balogh, A Government Out of Sight: The Mystery of National Authority in Nineteenth Century America 2009), p. 11.

The Significance of the Invisible Hand of Government

Our inability to see the real extent to which we rely on the federal government for not only social well-being, but also for its capacity to establish an institutional framework that has permitted the emergence of a global economic powerhouse, is that we devalue that we rely upon most. As Francis Fukuyama has pointed out:

"Political institutions are necessary and cannot be taken for granted. A market economy and high levels of wealth don't magically appear when you 'get government out of the way'; they rest on a hidden institutional foundation of property rights, rule of law, and basic political order."[16]

Dr. Suzanne Mettler, in describing the "submerged state," outlines the appeal of indirect policy making to conservatives even as they may attack more direct social policy legislation and "big" government:[17]

- The submerged state approach allows conservatives to deliver tangible benefits to constituents without appearing to expand government spending or the size of the federal bureaucracy.
- The submerged state approach appears to restrain government spending by reducing taxes.
- The submerged state approach creates benefits for some, thereby reducing the political pressure to establish more expensive, more visible programs that would benefit all citizens.
- The submerged state approach is like privatization which carries with it the conservative belief that the market will always be more efficient than government programs.

Indirect policy making also has support from liberals. Caught in a political reality increasingly defined by their inability to deliver on more traditional, "big

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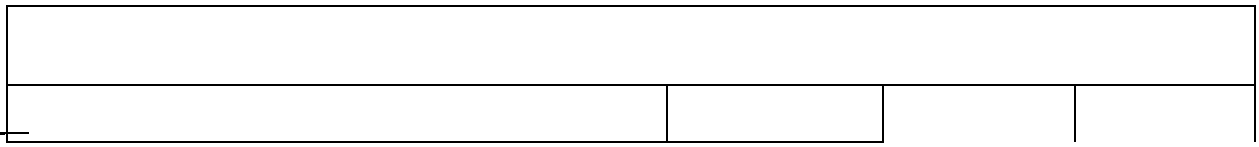


Are Some Forms of Government Support More Visible than Others?

HOPE or Lifetime Learning Tax Credit	71.2	59.6
529 or Cloverdell Tax Deferred Savings	70.5	64.3
	61.6	
GI Bill Benefits	61.3	40.3
Child/Dependent Care Tax Credit	59.3	51.7
Home Mortgage Interest Deduction	58.7	60.0
Student Loans	58.5	53.3

As Mettler sought to interpret her original results, she commented upon the fact that the percentages were also relatively high for what can only be

Social Security Retirement/Survivors	45.2
Social Security Disability/SSI	41.5
Medicare	44.2
Pell Grants	52.1
Unemployment Benefits	49.3
GI Bill	61.3
Veterans Benefits Other Than GI Bill	41.2
Head Start	41.1
Medicaid	34.2
Affordable Care Act	47.2

Most visible of all, as icons of government expenditures, are the traditional social support programs.

When looking at the Entitlement programs, subsequent analysis will reveal that the sense of entitlement is strongest regarding Social Security, Medicare and Unemployment Benefits. In the case of Invisible Hand programs, beneficiaries are least likely to identify the Home Mortgage Interest Deduction and Student Loans as a "government social program."

Interestingly, the Invisible Hand programs disproportionately benefit more well-to-do citizens while talk of government *reform* often focuses on the entitlement and social support programs.

4. **Like trust in government, these perceptions are deeply rooted and cut across political and demographic characteristics.**

shape respondents' views of various government programs. Here we examine the impact of several political attributes of respondents on the visibility of participation in government social programs.

Key Findings:

- Although there are occasional outliers, findings confirm a remarkable consistency in the overall perceptions of different policy categories: regardless of party identification, ideological orientation, perceived tax burden, level of attention paid to public affairs, voting in the last Presidential election, or record of contacting public officials, Invisible Hand programs and Entitlement programs remain less visible as "government social programs," than the Social Support programs primarily directed at the economically disadvantaged.

- Self-interest is something different than the mental maps of different types of government policies. Even though beneficiaries of Entitlement and Invisible Hand programs are less likely to identify these benefits as participation in a government social program. Beneficiaries of all three types of government policies are likely to vote against candidates who they feel may cut their benefits.

A. Party Identification

Key Findings:

- The overall pattern of lower visibility of entitlement and Invisible Hand programs is sustained. Across all categories of party identification, beneficiaries of Student Loans and the Home Mortgage Interest deduction are least likely to see their participation as part of a government social program.

- Republican beneficiaries are less likely to see Social Security, Medicare, and the Home Mortgage Interest deduction as a government social programs.

- Democratic beneficiaries are less likely to see the GI Bill and Student Loans as government social programs.

Given the increasing partisanship displayed in Washington and on the campaign trail, one might expect more partisan differences in the visibility of government social programs. Survey results reveal some differences, but they appear to be program specific, rather than tied to systematic patterns of party identification.

B. Ideological Orientation

Over the past several years, ideological splinter groups, particularly those on the right of the political spectrum have emerged as powerful political forces. Therefore, it is important to look at self-identified ideological positions and not just party identification.

Key Findings:

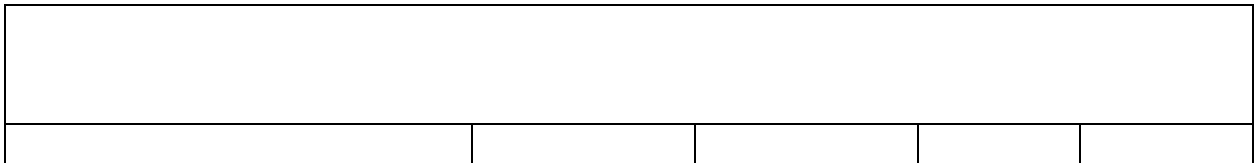
- When considering ideological orientation, the overall pattern of lower visibility of entitlement and Invisible Hand programs is sustained.
- Regardless of ideological orientation, all respondents are least likely to identify Home Mortgage Interest Deduction and Student Loans, two classic Invisible Hand programs, as government social programs.
- There are relatively few programs where clear, ideological differences occur. Self-identified liberals are less likely to see the GI Bill as a government social program. Self-identified conservatives were less likely to see the more prominent Entitlement programs as government social programs. Conservatives were least likely to see the Home Mortgage Interest deduction as a government social program.

D. Level of Attention to Public Affairs

We might reasonably argue that the "visibility" of government social programs is related to attention to public affairs by respondents. Therefore, we asked the respondents to rate the extent to which they "... follow what's going on in government and public affairs." The results are given in Table 8 on the next page.

Key Findings:

- While the pattern is not consistently linear, respondents who paid more attention to public affairs were *less* likely



E. Voting Record in the 2012 Presidential Election

The issue of political engagement goes beyond attending to public affairs. We now turn our attention to behavioral indices of political engagement. The first of these is whether or not the respondent voted in the last Presidential election. Utilization of this measure is reasonable since turnout is usually higher in Presidential elections.

Key Findings:

- If we take voting as one measure of political engagement, we see that the relative invisibility of Entitlement or Invisible Hand programs as social programs exists even for those who participate in the most readily identifiable form of democratic political behavior.
- For Entitlement programs, the results are mixed, but for those programs reaching the largest number of voters (Social Security, Medicare and Unemployment Benefits), those who voted were less likely to identify these programs as government social programs compared to those who did not vote in the last Presidential election.
- The pattern was the similar and more consistent for Invisible Hand programs. With the exception of the Earned Income Tax Credit, those who voted in the 2012 Presidential election were less likely to identify Invisible Hand programs as government social programs.

F. Contacting Public Officials About Problems or Issues of Concern

Table 10 looks at another form of political activity, one that traditionally is viewed as something which takes more engagement and knowledge—contacting your elected representative or their staff.

Key Findings:

- Even those who contact public officials about problems or issues are less likely to view Entitlement and Invisible Hand programs as government social programs.

- As was the case with attention to public affairs, when looking at voting behavior the results run counter to the intuitive notion that the more engaged would be more informed. For both Entitlement and Invisible Hand programs, those whose behavior suggested greater political engagement, were less likely to identify these programs as government social programs.

- Also, as with voting behavior we found a more consistent pattern in the case of Invisible Hand programs.

Key Findings:

- Even though we have incomplete data on this question, the pattern in Table 11 clearly suggests

Key Findings:

- Union members, like the general population, are less likely to identify Entitlement and Invisible Hand programs as government social programs.

- Not surprisingly, when looking at Entitlement programs, Union members are least likely to identify Unemployment Benefits as a government social program, and by implication, more likely to regard it as an entitlement.

Social Security	27.2	26.1
Medicare	25.7	24.5
Unemployment Benefits	44.4	30.5
GI Bill	31.6	35.3
Other Veterans Benefits	15.8	11.8
Pell Grants	22.5	16.1
Head Start	9.9	2.4
Medicaid	7.9	8.2
Affordable Care Act	6.0	4.5
Welfare	3.3	3.6
Government Subsidized Housing	2.0	2.7
Food Stamps	4.6	5.8

Earned Income Tax Credit

III. Impact of Demographic Variables

The original pattern which led to our tripartite clustering of social programs was further elaborated in light of several demographic variables, including gender, age, education, income, ethnicity (Hispanic/Non-Hispanic) and race. The original pattern was sustained in this examination of demographic characteristics, but examination of individual variables reveals some interesting insights, as well as obvious realities, e.g., young people might have less experience with Home Mortgage Interest Deductions or Social Security.

In reviewing these demographic findings, it is important to remember that they are highly interrelated. Income is impacted by age, education, gender, etc. Government social programs have qualifying criteria based on age, income, whether or not one has served in the military (gender), or other factors. Thus, eligibility and participation may influence responses given during the interview.

A. Gender, Ethnicity, Race, and Religion

These variables have surprisingly little systematic impact on the visibility of government social programs.

Key Findings:

- Across all the variables our original pattern was sustained: Entitlement and Invisible Hand programs are consistently less likely to be viewed as government social programs.
- Across all the variables, two Invisible Hand programs, Student Loans and Home Mortgage Interest Deduction, are least likely to be viewed as a government social program.

- There appears to be little difference in the perceptions of men and women.

- Non-Hispanic beneficiaries are, on the whole, less likely to be view Entitlement and Invisible Hand programs as government social programs than Hispanics.

- Race appears to have relatively little impact on the visibility of Entitlement and Invisible Hand programs.

- Religiosity (how important religion is in your life) appears to have no systematic relationship to the visibility of Entitlement and Invisible Hand programs as government social programs.

Social Security	8.3	28.4
Medicare	22.9	24.9
Unemployment Benefits	25.0	35.8
GI Bill	75.0	32.7
Other Veterans Benefits	0.0	14.6
Pell Grants	27.1	17.2
Head Start	2.1	5.1
Medicaid	22.9	6.5
Affordable Care Act	12.5	4.2
Welfare	4.2	3.5
Government Subsidized Housing	0.0	2.8
Food Stamps	6.3	5.1
Earned Income Tax Credit	22.9	19.1
Child and Dependent Tax Credit	16.7	26.7
Student Loans	43.8	48.3
Home Mortgage Interest Deduction	25.0	54.8
HOPE or Lifetime Learning Tax Credit	14.8	9.3
Qualified Educational Savings Plan	6.3	19.3

Social Security	30.7	17.9	6.5	28.6	18.4
Medicare	25.1	30.4	16.1	14.3	18.9

[redacted]

issues: immigration, attitudes towards women, abortion rights, income inequality, and relations between minorities and police.

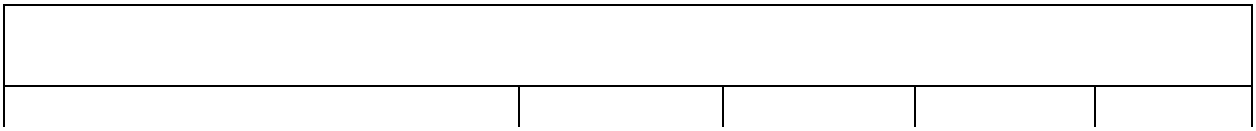
As we saw in Table 11, beneficiaries of programs in all three broad categories are less likely to vote for candidates they perceive are in favor of reducing any program where they are a beneficiary. Thus, while New Jersey voters may reserve the term "government social program" for traditional programs that support the economically disadvantaged, they appear to be well aware of their self-interest in Entitlement and Invisible Hand programs.

B. Age

While our original pattern is largely sustained across different age groups. We should expect differences based on age to emerge.

Key Findings:

- The extent to which programs are invisible as "government social programs" changes with age.
- Participatory awareness of younger voters may be lower for programs like Social Security, Medicare, Unemployment Benefits, Government Subsidized Housing, Child and Dependent tax credits, Home Mortgage Interest Deduction, and various educational savings programs. They are more likely to understand the GI Bill, Pell Grants and Student Loans.
- We would expect those in their peak years for marriage and employment to be familiar with programs like Unemployment Benefits, varied tax credits and Student Loans.
- Those in the highest age bracket are more likely to be familiar with and participate in programs with age-related criteria like Social Security and Medicare. They are less likely to be familiar with Pell Grants. In particular, we can see how dramatically age affects perception of Social Security and Medicare as government social programs.



of Unemployment Benefits as a government social program is at its lowest in those working years, where becoming unemployed could have the most devastating effects. Thus, the sense of entitlement to Unemployment Benefits is highest in the peak years of vulnerability—as the recent recession reminds us. In contrast, for programs like the GI Bill and Pell Grants the pattern is the reverse: a decreased sense of entitlement as age increases.

The visibility of Social Support programs as government social programs shows fewer and less dramatic age-related variability. Invisible Hand programs are more mixed, although we still see a pattern similar to Entitlement programs for the Home Mortgage Interest Deduction and a pattern for the Child and Dependent Tax Credit that is similar to Unemployment Benefits.

C. Income

As with the other demographic variables discussed thus far, our original pattern is largely sustained. As with age, however, there are some interesting variations as well.

Key Findings:

- Our overall pattern in which Social Support programs have the greatest visibility as government social programs is maintained, but with some variation.
- The visibility of Entitlement programs as government social programs increases as income rises. Those in the lowest income brackets are least likely to characterize these programs as government social programs. The exception is the GI Bill.

- With Invisible Hand programs, we see the opposite pattern. The invisibility of these programs as government social programs decreases in the highest income groups. There is one exception: Student Loans.

- Among beneficiaries of Social Support programs there are some outliers, such as Medicaid and Food Stamps.

programs. This may be the result of their entitlement character as suggested by Mettler, but could also reflect the fact that these programs are much more important to the financial well-being of this group.

In contrast, higher income respondents are better able to take advantage of these tax advantaged policy approaches found in the Invisible Hand category, and are less likely to see their benefits as government social programs.

D. Level of Education

One might expect those with higher levels of education to better understand the nuances of direct versus indirect policy approaches or that even programs where the individual contributes may be social programs. Indeed, in the entitlement/contributory group are two of the most familiar social programs in America: Social Security and Medicare.

Key Findings:

- Social Support programs are yet again the most likely to be understood as government social programs.
- The visibility of Entitlement programs and Invisible Hand programs follows a pattern similar to the one for income.
- As with income, Medicaid and Food Stamps were slight outliers.

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