

'Bread and Peace' and 'Bread and Incumbency' Models for the 2012 US Presidential and US House Elections

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October 29 2012 University of Toronto Symposium on the 2012
US Elections

Bread and Peace in History

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- ▶ *“Two questions now take precedence over all other political questions—the question of bread and the question of peace. ... Peace and bread, the overthrow of the bourgeoisie, revolutionary means for the healing of war wounds, the complete victory of socialism – such are the aims of the struggle.”* –V.I. Lenin (leader of the Bolsheviks), 1917

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- ▶ *“We’re killing [the enemy] at a ratio of ten to one.”* –General William Westmoreland, US Commander in Vietnam.
- ▶ *“Westy, the American people don’t care about the ten. They care about the one.”* –Senator Ernest Hollings, during a visit to his fellow South Carolinian in the field.

A Two Factor Model Based on Objectively Measured Political-Economic Fundamentals: Bread and Peace

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- ▶ (1) Weighted-average growth of per capita real disposable personal income over the term, and
- ▶ (2) Cumulative US military fatalities (scaled to population) owing to unprovoked, hostile deployments of American armed forces in foreign wars.
- ▶ No other objectively measured exogenous factor systematically affects postwar aggregate votes for president.

Factor 1: Bread

- ▶ Economic performance is generally the dominant factor. The incumbent party is rewarded for good real income growth performance and punished for poor performance, with growth rates closer to the election date receiving more weight than outcomes earlier in the term. Voting is mainly retrospective (V.O. Key, 1966).

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- ▶ Growth of per capita disposable personal income is the broadest single aggregate measure of changes in voters' economic wellbeing in as much as it includes income from all market sources and transfer payments to persons, is adjusted for inflation, taxes, and population growth, and it is correlated with changes in unemployment and per capita GDP.

- ▶ Accordingly, electorally relevant economic performance is best measured by a weighted-average of (annualized, quarterly) growth rates of per capita disposable personal income, computed from the election quarter back to the first full quarter of each presidential term.

Factor 2: Peace

- ▶ The second factor systematically influencing postwar aggregate votes for president is US military fatalities owing to unprovoked, hostile deployments of American armed forces in foreign conflicts – namely the military interventions in Korea, Vietnam, Iraq and Afghanistan Mark II (under Obama).

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- ▶ My research shows that the electoral penalties exacted by such unprovoked wars affect the presidential vote of party initiating the commitment of US forces – the Republicans for Iraq, and the Democrats for Korea, Vietnam and most recently Afghanistan – and those vote penalties are proportionate to the cumulative number of American military fatalities (scaled to US population size) over the presidential term.

- ▶ My research also shows that Presidents inheriting unprovoked foreign wars are given a 1-term grace period before US fatalities begin to negatively affect the incumbent vote share in presidential elections. Hence Nixon's vote in 1972 was not significantly affected by US fatalities in Vietnam during his first term because the Vietnam war was inherited from Kennedy-Johnson, and Obama's vote in 2012 will not be significantly affected by fatalities in Iraq because the Iraq war was inherited from GW Bush. (Evidence: see Hibbs, *Public Choice*, 2000 and 2008)

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- ▶ The *Bread and Peace* model regards American fatalities in Afghanistan under GW Bush following "9/11" as owing to a provoked commitment of US forces and, therefore, unlike Iraq, fatalities in Afghanistan did not detract from Bush's vote in 2008.

- ▶ However US fatalities in Afghanistan beginning under President Obama's prolonged "war of necessity" against the Taliban more than seven years later are treated as owing to an unprovoked foreign war, and as a result under the *Bread and Peace* model those fatalities will negatively affect the Democrat party's presidential vote in the 2012 election.

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- ▶ Fatalities exert no systematic influence on aggregate congressional election outcomes.

Other Factors

- ▶ Other factors of course influence presidential voting, at times so dramatically that the persistent signal of objective *bread and peace* fundamentals may be obscured. However such events are idiosyncratic rather than systematic, they vary randomly from election to election, and they defy ex-ante objective measurement.

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- ▶ The accounts of Talking Heads and journalists of election results are frequently populated with stories revolving around election-specific idiosyncratic factors, whose true influence can be assessed scientifically only by statistical conditioning on persistent fundamentals.
- ▶ As we shall see, more than a few academic models also include, and indeed are sometimes dominated by, fanciful ad-hoc terms.

Objective of the Bread and Peace Model

The *Bread and Peace* model is designed to *explain* presidential election outcomes in terms of objectively measured political-economic fundamentals, rather than to *predict* optimally election results, or to track them *statistically* after the fact. The objective is to pin down quantitatively the impact of persistent fundamental determinants on the incumbent party's aggregate vote.

Bread and Peace Model Mechanics

- ▶ The *Bread and Peace* model is written:

$$Vote_t = \alpha + \beta_1 \left(\sum_{j=0}^{14} \lambda^j \Delta \ln R_{t-j} \cdot \left(1 / \sum_{j=0}^{14} \lambda^j \right) \right) + \beta_2 Fatalities_t$$

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- ▶ *where*:
- ▶ *Vote* is the percentage share of the two-party vote for president received by the candidate of the incumbent party.

- R is per capita disposable personal income deflated by the Consumer Price Index, $\Delta \ln R_t$ is the quarter-to-quarter percentage change expressed at annual rates and is computed $\ln(R_t/R_{t-1}) \cdot 400$, $\lambda \in (0, 1)$ is a lag weight parameter determining the electoral effect of real income growth rates just before the election as compared to growth rates earlier in the term, and the reciprocal of the sum of the lag weights $\left(1 / \sum_{j=0}^{14} \lambda^j\right)$ scales the real income growth rate sequence $\Delta \ln R_t + \lambda \Delta \ln R_{t-1} + \lambda^2 \Delta \ln R_{t-2} + \dots + \lambda^{14} \Delta \ln R_{t-14}$ so that the coefficient β_1 represents the effect on the incumbent vote share of each percentage point of weighted-average, annualized, quarter-to-quarter real income growth sustained over the presidential term.

- ▶ Note that as the weighting parameter λ approaches a value of 1.0 the incumbent party vote share is affected by a simple average of per capita real income growth rates over the whole term – growth at the beginning of the term has the same electoral impact as growth just before the election:

$$\begin{aligned} \text{At } \lambda = 1 &\Rightarrow \left(\sum_{j=0}^{14} 1^j \Delta \ln R_{t-j} \cdot \left(1 / \sum_{j=0}^{14} 1^j \right) \right) \\ &= \sum_{j=0}^{14} \Delta \ln R_{t-j} / 15 = \overline{\Delta \ln R} \end{aligned}$$

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- ▶ Values of λ between 0 and 1 reveal the relative effects of real income growth rates just before the election as compared to growth rates earlier in the term.

- ▶ *Fatalities* denotes the cumulative number of American military fatalities per million US population in Korea, Vietnam, Iraq and Afghanistan during the presidential terms preceding the 1952, 1964, 1968, 1976 and 2004, 2008 and 2012 elections.

Bread and Peace Equation Estimates

Dependent variable: incumbent two-party vote share (%)	N=15 elections 1952-2008	
$R^2 = .89$	Adj. $R^2 = .86$	Root MSE = 2.2
	<u>Coefficient estimate</u>	<u>std. error p-value</u>
Constant (α)	45.7	1.1 0.00
Weighted-average per capita real income growth rate, % (β_1)	3.64	0.56 0.00
Lag weight (λ)	0.90	0.05 0.00
US military fatalities per millions population (β_2)	-0.05	0.01 0.00

Interpretation of Coefficients

$$Vote_t = 45.7 + 3.6 \left(\sum_{j=0}^{14} 0.9^j \Delta \ln R_{t-j} \cdot \left(1 / \sum_{j=0}^{14} 0.9^j \right) \right) - 0.05 \text{ Fatalities}$$

Real income growth rate effect, ΔR

- ▶ $\widehat{\beta}_1 = 3.6$ implies that each percentage point of growth in per capita real disposable personal income sustained over a presidential term boosts the in-party candidate's vote share by about 3.6 percentage points above a benchmark constant of approximately 46 percent.

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Lag weight (electorally relevant political memory)

- ▶ The weighting parameter estimate $\hat{\lambda} = 0.9$ implies that the real income growth rate in the last full quarter before an election (q3 of election years) has almost four times the electoral impact of income growth in the first full quarter of the term: $.9 / .9^{14} = 3.9$.

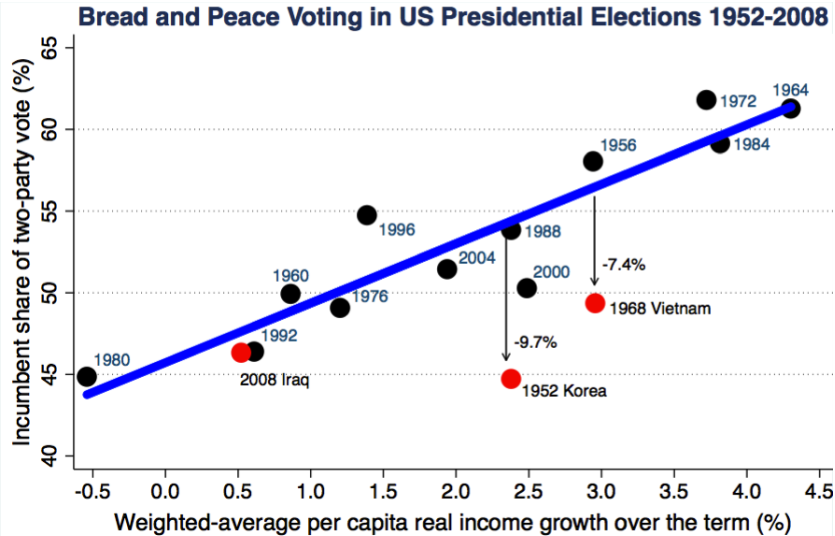
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Fatalities effect

- ▶ The fatalities coefficient estimate $\widehat{\beta}_2 = -0.05$ means that each 100 US military fatalities per millions of population owing to hostile deployments of American armed forces in unprovoked wars depresses the incumbent party's presidential vote by 5 percentage points.

The Bread and Peace Model graphed

2008 Iraq war effect is < 1%



Regression line and war effects computed from Bread and Peace equation estimates.
Source: www.douglas-hibbs.com October 27 2011

Model Data and Vote Effects I

Candidates	Year	Vote	Predicted	Error
Stevenson v. Eisenhower	1952	44.7	44.8	-0.1
Eisenhower v. Stevenson	1956	58.0	56.4	1.6
Nixon v. Kennedy	1960	49.9	48.9	1.0
Johnson v. Goldwater	1964	61.2	61.3	-0.1
Humphrey v. Nixon	1968	49.4	49.1	0.2
Nixon v. McGovern	1972	61.8	59.3	2.5
Ford v. Carter	1976	49.0	50.0	-1.0
Carter v. Reagan	1980	44.8	43.8	1.1
Reagan v. Mondale	1984	59.1	59.6	-0.5
GHW Bush v. Dukakis	1988	53.8	54.4	-0.6
GHW Bush v. Clinton	1992	46.4	47.9	-1.6
Clinton v. Dole	1996	54.7	50.8	4.0
Gore v. GW Bush	2000	50.3	54.8	-4.5
GW Bush v. Kerry	2004	51.2	52.6	-1.4
McCain v. Obama	2008	46.3	46.9	-0.6

Model Data and Vote Effects II

Year	del_lnR	dlnR_e~t	KIA	KIA_ef~t
1952	2.4	8.7	190.4	-9.6
1956	2.9	10.7	0.0	0.0
1960	0.9	3.1	0.0	0.0
1964	4.3	15.7	0.9	-0.0
1968	3.0	10.8	145.6	-7.3
1972	3.7	13.6	0.0	0.0
1976	1.2	4.4	2.1	-0.1
1980	-0.5	-2.0	0.0	0.0
1984	3.8	13.9	0.0	0.0
1988	2.4	8.7	0.0	0.0
1992	0.6	2.2	0.0	0.0
1996	1.4	5.1	0.0	0.0
2000	2.5	9.1	0.0	0.0
2004	1.9	7.1	3.9	-0.2
2008	0.5	1.9	14.0	-0.7

Remarks

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- ▶ Notice that even the two elections regarded as the most “ideological” in postwar American presidential politics – 1964 and 1980 – are explained very well by real income growth over the presidential term.

- ▶ In 1964 the Democratic Party incumbent Lyndon Johnson, the most important agent of American welfare-state liberalism since Franklin Roosevelt, faced Barry Goldwater, the godfather of modern American conservatism. Johnson won with 61.3% of the vote, one of the biggest margins in US presidential election history.

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- ▶ The result was widely viewed as a popular rejection of Goldwater's alleged right-wing views on the Federal Government's proper role in society and economy and his bellicose posture on America's Cold War rivalry with the Soviet Bloc.
- ▶ Yet one need not appeal to such grand ideological themes to explain the 1964 election result – Johnson's landslide victory conforms exactly to the historical connection between presidential voting outcomes and real income growth.

- ▶ In 1980 the incumbent Jimmy Carter faced Ronald Reagan, Goldwater's successor as the icon of the Republican Party's conservative wing. Unlike the Goldwater-Johnson contest in 1964, this time the arch conservative Reagan trounced the (moderately liberal) Democrat Carter. The election was commonly interpreted in the media as signaling a fundamental "shift to right" among American voters.

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- ▶ Yet again one need not appeal to grand ideological themes: As shown by the graph, Carter's big loss (he received only 44.8% of the vote – tied for the worst election showing by an incumbent party presidential candidate during the postwar era) was the predictable consequence of poor weighted-average real income growth over the 1977-80 term.

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- ▶ Those deviations are explained by the second fundamental determinant of votes for president: American military fatalities in unprovoked foreign wars.
- ▶ High cumulative US military fatalities in Korea at the time of the 1952 election (29,260 or 190 per millions of population), and in Vietnam at the 1968 election (28,900 or 146 per millions of population), most likely caused Adlai Stevenson's loss to Dwight Eisenhower in 1952 by depressing the incumbent party's presidential vote by almost 10 percentage points, and it almost certainly caused Hubert Humphrey's loss to Richard Nixon in 1968 depressing the incumbent party's vote by more than 7 percentage points. Absent America's interventions in the Korean and Vietnamese civil wars, the strong real income growth record prior to those elections (particularly in 1968) should easily have kept the Democrats in the White House.

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- ▶ Hence the 1956 vote for Dwight Eisenhower (who inherited American involvement in the Korean civil war from Harry Truman) was unaffected by the relatively small number of US military fatalities in Korea after Eisenhower assumed office in 1953.
- ▶ In like fashion the 1972 vote for Richard Nixon (who inherited American involvement in the Vietnamese civil war from Lyndon Johnson) was unaffected by the large (but declining) number of US fatalities in Vietnam after Nixon assumed office in 1969.

- ▶ Cumulative fatalities in Iraq preceding the 2008 election (4,200 or 14 per millions of population) were too small to contribute decisively to Obama's victory. According to the point estimate for the effects of Fatalities, the Iraq war lowered the 2008 Republican vote only by around seven-tenths of a percentage point.

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- ▶ In principle, military fatalities due to discretionary American involvement in foreign conflicts were also relevant to the 1964, 1976 and 2004 election contests, but the impact on aggregate votes was negligible because the fatality numbers were (from an electoral point of view) small. At the 2004 election, for example, US military fatalities in Iraq stood at 1,130 (3.9 per millions of population) – too few to exert great negative effect on the vote for Bush.

- ▶ The only postwar presidential election results not well accounted for by the *Bread and Peace* model are 1996 and 2000. In 1996 the vote received by the incumbent Democrat Clinton was 4% higher than expected from political-economic fundamentals, whereas in 2000 the vote for the incumbent Democratic Party candidate Gore was 4.5% less than expected from fundamentals.

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- ▶ One might conjecture that idiosyncratic influence of candidate personalities took especially strong form in those elections – with the ever charming Bill Clinton looking especially attractive when pitted against the darkly foreboding Bob Dole in 1996, and with the unfailingly wooden Al Gore paling by comparison to an affable George Bush in 2000.

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- ▶ That line of reasoning is of course entirely ad hoc and without scientific merit.

No Dummies, Counts or Trend Terms

(ad-hoc, statistical junk)

- ▶ The *Bread and Peace* model includes no arbitrarily coded dummy, count, trend and related time-coded variables because they are not objective measurements of policies and performance affecting voters – such terms defy scientific justification and are just ad-hoc ways of picking up fillips to vote shares not explained by objectively measured substantive variables

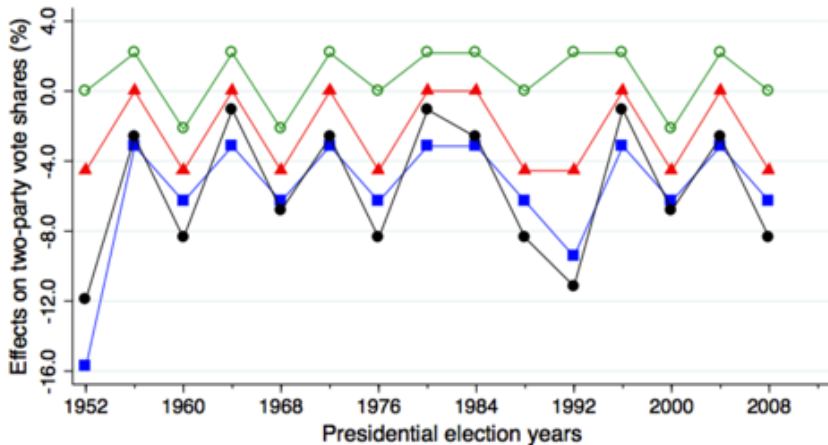
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- ▶ Trend and related time-coded variables appear in most models of aggregate presidential voting outcomes, and they play a big role. Figure 2 illustrates just how big in four prominent equations for the incumbent party's vote share: Abramowitz (2008), Bartels (2008 chapter 4), Fair (1992) and Lewis-Beck and Tien (2008).

Figure 2

Effects of Time-coded Variables in Models of Votes for President



Note: Vote effects computed by weighting time-coded variables by 1952-2008 coefficient estimates.

Time-code Vote Effect Magnitudes

- ▶ The time-coded effects range from such big hits as -15.8% and -11.9% to Truman's vote share in 1952 in the setups of Bartels and Fair, respectively (which register the big vote penalty exacted by American fatalities in the Korean War), to the +2.2% vote share enhancement going automatically to any sitting president running (except Ford in 1976) in Lewis-Beck and Tien's *Jobs Model*.

Ad-hoc Rationalizations of Time-coded statistical junk

- ▶ **Abramowitz's** (2008, p.693) motivation of his '*time-for-change*' dummy, which is coded +1 when a party has controlled the White House for two or more terms, else 0:

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- ▶ **Abramowitz's** (2008, p.693) motivation of his '*time-for-change*' dummy, which is coded +1 when a party has controlled the White House for two or more terms, else 0:
- ▶ "*... voters attach a positive value to periodic alternation in power by the two major parties ... regardless of the state of the economy and the popularity of the current president. ...*"

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- ▶ **Abramowitz's** (2012, p.618-19) enhancement of his *time-for-change* model is a personal favorite in the ad-hoc art of time-code creation:
- ▶ *"In the last four elections, however, including the last two elections involving first-term incumbent presidents, the basic [time-for-change] model overestimated the winning candidate's vote share. ... The unexpected closeness of all four presidential elections since 1996 suggests that growing partisan polarization is resulting in a decreased advantage for candidates favored by election fundamentals including first-term incumbents. To incorporate the polarization effect ... I added a new predictor (POLARIZATION) for elections since 1996. ... the polarization variable takes on the value 1 when there is a first-term incumbent running or in open-seat elections when the incumbent president has a net approval rating of greater than zero; it takes on the value 1 when there is not a first-term incumbent running and the incumbent president has a net approval rating of less than zero."*

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- ▶ *"There is a fairly strong tendency for the incumbent party's electoral fortunes to decline with each additional year that it has held the White House. Presumably this pattern reflects the cumulative effect of exhausted policy agendas, personnel turnover, and accumulating scandals on voters' desire for a change in leadership."*

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- ▶ *In the first case a lack of variety decreases utility . . . and in the second case it increases it.” (!)*

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- ▶ An incumbent-president-advantage term (interacted with the percentage change of real GNP over the first half of election years) is “elected president running (scored 1) or not (scored 0.5).”

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When stripped of time-coded terms and endogenous Gallup poll presidential approval rates, every one of the models featured in figure 2 yields a poor overall fit to postwar vote share data.

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- ▶ Lewis-Beck and Tien (2008) .93 \Rightarrow .43. (In the stripped Lewis-Beck and Tien *Jobs Model*, the featured Jobs variable – the percentage change in employment over the term – is insignificant because it has nearly zero bivariate correlation with vote shares).

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- ▶ Attitudinal variables are endogenous; they are affected by objective fundamentals and, consequently, their statistical effects supply no insight into the root causes of voting behavior, even though they may provide good predictions of voting results.

Endogenous Presidential Approval

- ▶ The President's approval rating in Gallup polls – usually polls taken in June of election years (as in Abramowitz 2008) or early July (as in Lewis-Beck and Tien 2008) – commonly appear along with time-coded variables and economic performance measures in forecasting-oriented models of aggregate votes for president.

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- ▶ Three regression experiments supporting these assertions are reported in table 2.

Table 2

Presidential Approval Ratings and Bread and Peace Voting in Election Years 1952-2008

Dependent variables:	June average approval rating %	Incumbent party vote share %	Incumbent party vote share %
	(1)	(2)	(3)
	Coefficient estimates (std. error p-value)		
Constant (α)	39.9 (5.1 .00)	42.8 (14.2 .00)	45.8 (1.1 .00)
Weighted-average per capita real income growth rate, % (β_1)	6.39 (2.6 .03)	3.0 (0.8 .00)	3.62 (0.54 .00)
Lag weight (λ)	0.95 (0.1 .00)	0.89 (0.06 .00)	.91 (0.05 .00)
US military fatalities per millions of population (β_2)	-0.14 (0.06 .03)	-0.04 (0.01 .02)	-0.05 (0.01 .00)
June average approval rating, %		0.78 (0.07 .32)	
Innovations to June approval ratings, % (residuals from regression 1)			0.09 (0.07 .22)
Adjusted R ²	.46	.86	.86
Root Mean Square Error	10.1	2.2	2.2
N	15	15	15

Interpretation – Remarks

- ▶ Regression (1) establishes the endogeneity of approval ratings. It applies the Bread and Peace model setup to June election-year presidential approval data in the 1952-2008 postwar sample regime. The *Bread and Peace* fundamentals are significant and account statistically for 46 percent of the variance in Gallup poll approval ratings.

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- ▶ In regression (2) the June approval rating variable is just added to the *Bread and Peace* model of votes for president. The results show that approval ratings contribute nothing to explanation of incumbent vote shares when conditioned on Bread and Peace fundamentals.

Interpretation continued

- ▶ Regression (3) adds the residuals from regression (1) – labeled “innovations” to presidential approval – to the Bread and Peace model of presidential voting. Approval innovations seem best suited to evaluating Abramowitz’s reasoning about why a president’s Gallup poll approval rating ought to influence the incumbent party’s vote. The results show that innovations, that is, variations in approval rates orthogonal to Bread and Peace fundamentals, do not significantly influence aggregate votes for president.

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- ▶ **Conclusion:** Insofar as presidential elections are concerned, fluctuations in Gallup approval rates not driven by *Bread and Peace* fundamentals are polling noise.

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President Obama: “*Absolutely, given the economy.*”

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- ▶ But how much of an underdog?
- ▶ And have Obama’s fortunes turned around about one year later, in late October 2012?

The Situation So Far

- ▶ During the first fourteen full quarters of President Obama's term, 2009:q2 through 2012:q3, which at time of this writing (October 26 2012) covers the most recent quarter for which we have BEA data on the National Income and Product Accounts, the annualized, weighted-average quarterly growth rate of per capita real disposable personal income was only 0.06%; way below the post-1948 average of 1.8%.

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- ▶ Over the same period US Fatalities in Afghanistan totaled 1485, amounting to 4.8 per millions of population.
- ▶ Poor real income growth performance all by itself means that Obama is in deep trouble: the *Bread and Peace* equation estimates in table 1 imply that over-the-term weighted-average real growth must be at least 1.2% for the incumbent's expected two-party vote share to cross 50%:

$$45.7 + 3.6 \cdot \overline{\Delta \ln R} > 50\% \text{ when } \overline{\Delta \ln R} > 1.2$$

Election Day Projections

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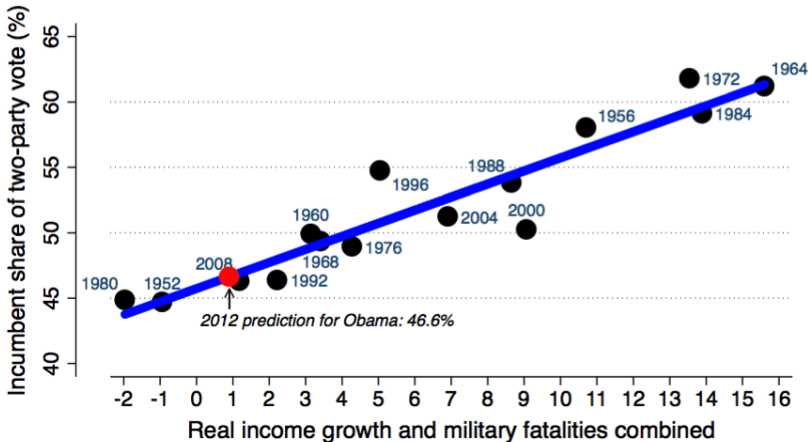
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- ▶ According to the US NIPA estimates posted on October 26 2012 by the Commerce Dept.'s Bureau of Economic Analysis (which are subject to potentially large revisions later) real per capita disposable personal income ("R") fell -0.5% on an annual basis between 21012:q2 and 2012:q3.

- ▶ Assuming per capita real income growth during the October and early November grows at rates in the interval $[1,2]$, weighted average per capita real income growth during Obama's tenure will come in at the subpar rate of 0.3% – way too small to secure a victory for the President. In fact, the per capita real income growth rate would have to surge above 20% for Obama to have a possibility of eking out a slim victory, and this will not happen.

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- ▶ The next slide, which combines the *Bread and Peace* factors to one dimension, illustrates this prediction in perspective of actual and fitted values of incumbent vote shares at all postwar presidential elections 1952-2008.

Obama's re-election prospect under bread and peace voting October 26 2012 update based on projections of Oct-Nov 2012 conditions



Combination of real growth and fatalities weights each variable by its estimated coefficient. Estimated effects of fatalities on vote shares: -0.7% in 2008 (Iraq), -7.4% in 1968 (Vietnam), -9.7% in 1952 (Korea); negligible in 1964, 1976, 2004, 2012, and null in other years.
Source: www.douglas-hibbs.com October 26 2012

2012 Idiosyncratic Factors

- ▶ Remember that every election is affected to some degree by idiosyncratic factors, which at times are important enough to overwhelm the persistent influence of fundamentals. Indeed idiosyncratic events contribute a lot of the fun to political affairs and their unexpected appearance and impact from one election to the next are why many of us follow election cycle developments so carefully in the media.

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- ▶ In 2012 the main idiosyncratic issues appear to be gay marriage, immigration policy, Romney's religion and financial affairs, and the Affordable Care Act ("Obamacare") upheld on June 28 2012 by the Supreme Court. On the personality dimension we have Romney's social awkwardness and distance by contrast to Obama's hip-cool. None of those factors played a role in earlier elections and all will have disappeared by 2016, and probably even at Election Day 2012.

- ▶ I believe that the best predictions of 2012 election results, as of earlier elections, will be delivered by price data at betting sites like Intrade and the Iowa Electronic Markets (which of course contribute nothing to explanation). During the third week of October 2012 trading prices at both places implied that President Obama had a ~60% chance of being re-elected, with betting in the Iowa vote share market putting his vote share in the low 50's – betting data from both sources are less favorable to the President's chances than previously. The *Bread and Peace* model implies that Obama's chances are far more doubtful.

The Partisan Division of House Seats in 2102

Implications of the Two-Factor 'Bread and Incumbency' Model

- ▶ The number of House seats won by the President's party in presidential election years, whether it be in the majority or the minority, is well explained by just two fundamental exogenous or pre-determined variables:

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- ▶ (2) The number of House seats won by the President's party at the previous midterm election, which registers the powerful impact of institutional advantages enjoyed by incumbents in the US single-member district, constituency service-oriented legislative system.
- ▶ No other factor, objectively measured ex-ante, systematically affects on-year House election outcomes.

- ▶ In particular, unlike the case with votes for president, military fatalities exert no systematic influence on the aggregate partisan division of House seats. Only presidential voting outcomes are affected by fatalities owing to unprovoked, hostile deployments of American armed forces in foreign conflicts.
- ▶ Political responsibility for American fatalities in Afghanistan will be attributed to President Obama, not the Congress.

The On-Year House Equation

The Two-Factor *Bread and Incumbency* equation for the partisan division of House seats is written

$$Seats_t = \alpha + \beta \left(\sum_{j=0}^7 \lambda^j \Delta \ln R_{t-j} \cdot \left(1 / \sum_{j=0}^7 \lambda^j \right) \right) + \rho Seats_{t-8}$$

where

$Seats_t$ denotes the number of House seats won by the president's party at presidential election periods.

$Seats_{t-8}$ is the number of won by the president's party at the previous midterm election, eight quarters ago.

$\Delta \ln R$ is the quarter-on-quarter percentage rate of growth of per capita real disposable personal income, expressed at annual rates.

On-Year House Equation Estimates

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Estimating the *Bread and Incumbency* equation for the fifteen House elections in presidential election years spanning 1952-2008 yields coefficient values and related statistics:

Coefficient Estimate:	$\alpha = 4.7$	$\beta = 6.4$	$\lambda = .8$	$\rho = .9$	$Adj.R^2 = .89$
Std. Error p-value:	(20.4 .82)	(1.8 .00)	(.19 .00)	(0.9 .00)	$Root\ MSE = 13$

Interpretation of Coefficients

$$\text{Seats}_t = 4.7 (\simeq 0) + 6.4 \left(\sum_{j=0}^7 .8^j \Delta \ln R_{t-j} \cdot \left(1 / \sum_{j=0}^7 .8^j \right) \right) + .91 \text{Seats}_{t-8}$$

- ▶ $\beta = 6.4$ means that ceteris paribus each percentage point of per capita real disposable personal income sustained over the Congressional term adds over 6 seats to the number held by party of the president.
- ▶ $\rho = .91$ means that the average conditional probability of being re-elected to congress is better than 9/10. As the great scholar of Congress Richard Fenno observed in his famous 1978 book *Home Style*, voters often hate congress but they just love their home district representatives.

Democratic Party Prospects in the 2012 House Elections

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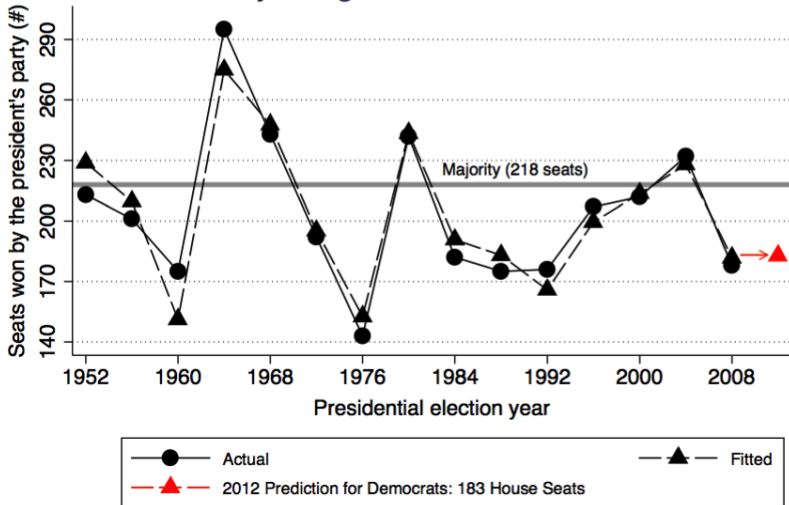
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- ▶ Over the first 7 quarters of the 112th Congress – 2011:q1 to 2012:q3 – weighted-average growth of per capita real income was an anemic 0.3%.
- ▶ The Bread and Incumbency model therefore implies that the Democrats will win 183 seats in the 2012 congressional elections:

$$4.7 + 6.4 \cdot 0.3 + .91 \cdot 193 = 183$$

implying that the prospect of the Democrats winning a bare majority of 218 House seats in 2012 is nil.

Bread and Incumbency Voting in Presidential Year House Elections



Source: www.douglas-hibbs.com October 26 2012

Remarks

- ▶ The *Bread and Incumbency* model paints a somewhat bleaker picture of the Democratic Party's chances for a House majority in 2012 than current betting price data do.
- ▶ During the 3rd week of October 2012 trading prices at both *Intrade* and *Iowa Electronic Markets* implied that the chances of the Democrats winning a House majority in 2012 was less than 10%, a decline from 35% or more eight months ago.