Why Are the Democrats Likely to Win the 2008 US Presidential Election? – Implications of the 'Bread and Peace' Model[1]

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The US economy weakened substantially at the end of 2007 and may now technically be in recession. Moreover US military fatalities in Iraq have risen above 4,100 and, although violence has receded, no clear end to the war is in sight. Those political-economic fundamentals hurt Republican chances in the 2008 presidential election – the 'Bread and Peace' model implies the Republican share of major party votes will be 48%-49% and that the odds of the Democrats taking the presidency are around 3 to 1.

According to my 'Bread and Peace' model, postwar American presidential elections can for the most part be interpreted as a sequence of referendums on the incumbent party's record during its four year mandate period. In fact aggregate votes for president during the postwar era are well explained by just two objectively measured fundamental determinants: (1) Weighted-average growth of per capita real disposable personal income over the term, and (2) Cumulative US military fatalities owing to unprovoked, hostile deployments of American armed forces in foreign wars.

The first determinant – average growth of real income per person ("bread") – usually is 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. Growth of per capita real disposable personal income is perhaps the broadest single aggregate measure of changes in voters' economic well-being in as much as it includes income from all market sources, is adjusted for inflation, taxes, government transfer payments and population growth, and tends to move with changes in unemployment.

The second major determinant of postwar presidential election outcomes is the magnitude of US military fatalities in foreign conflicts not sanctioned by a formal declaration of war by the US Congress ("peace") – namely Korea, Vietnam and most recently Iraq. My research shows that the electoral penalties exacted by Korea, Vietnam and Iraq fall almost wholly on the party initiating the commitment of US armed forces – the Democrats for Korea and Vietnam, the Republicans for Iraq – and they are proportionate to the cumulative numbers of American military fatalities, adjusted for US population size.

Other factors of course influence presidential voting, but they vary randomly from election to election. Because such events are idiosyncratic rather than systematic, they cannot be incorporated to the Bread and Peace model which aims to pin down quantitatively the impact of persistent fundamental determinants.

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[1] This essay is based on my article "Implications of the 'bread and peace' model for the 2008 US presidential election" forthcoming in **Public Choice**, September 2008.

The Bread and Peace model includes only objectively measured variables systematically affecting voters; it makes no use of pre-election poll readings of voter sentiments, preferences and opinions. Attitudinal variables are themselves affected by objective fundamentals and consequently they supply no insight into the root causes of voting behavior, even though they sometimes provide excellent predictions of voting results.

The graph shows the close connection of major-party vote shares received by incumbent party candidates to weighted-average per capita real personal disposable income growth rates at postwar presidential elections 1952-2004. Notice that even the two elections regarded as the most "ideological" in postwar American presidential politics – 1964 and 1980 – are explained perfectly by real income growth during the tenure of the incumbent party.

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. 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 Goldwater in 1964, this time the arch conservative Reagan trounced the liberal Democrat Carter. The election was commonly interpreted in the media as signaling a fundamental "shift to right" among American voters. Again, however, one need not appeal to grand ideological themes: As shown by the graph, Carter's big loss (he received only 44.7% of the vote – tied for the worst election showing by an incumbent party presidential candidate during the postwar era) was an entirely predictable consequence of poor average real income growth over the 1977-80 term.
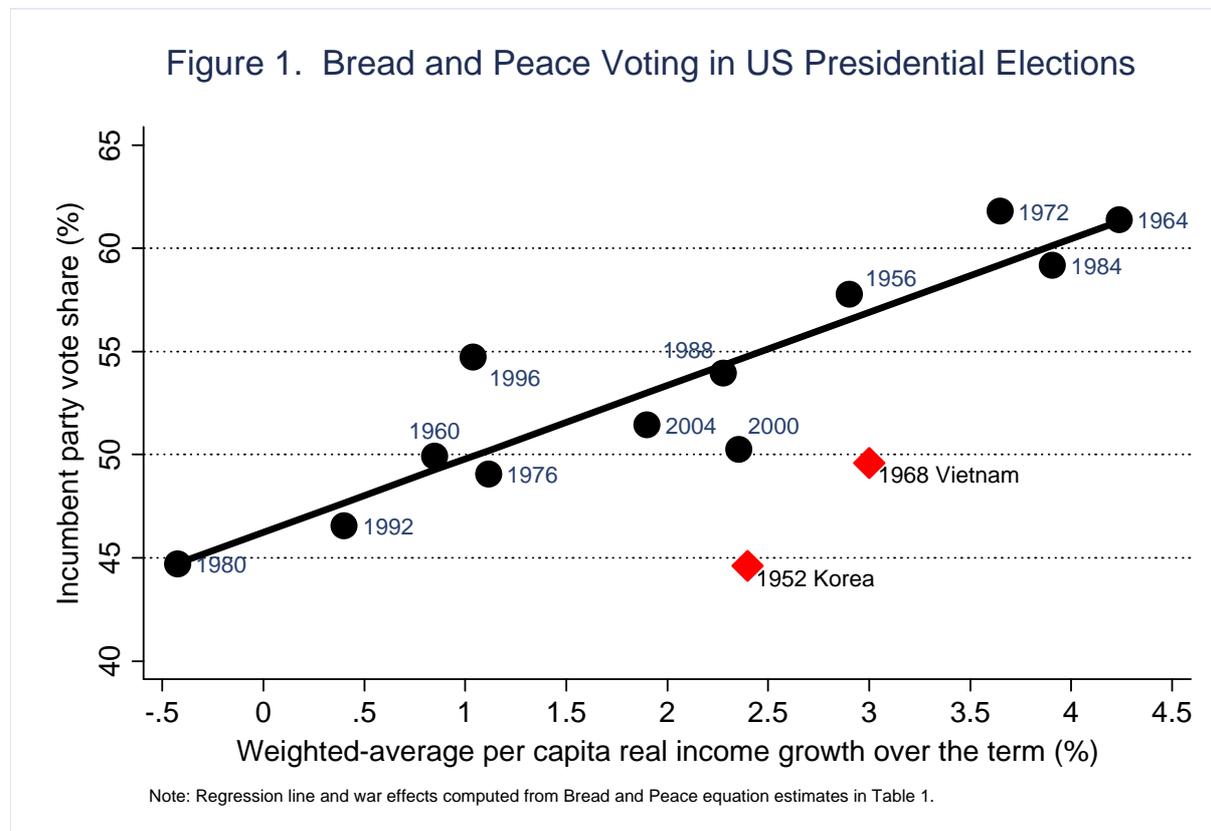
Since 1952, there were only four presidential elections in which the results were not closely linked to income growth. Two of those four, however, can be explained by the Bread and Peace model. The elections of 1952 and 1968 exhibit the biggest deviations from the statistical prediction line and they were heavily affected 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 million population) and in Vietnam at the 1968 election (28,900 or 146 per million population) cost candidates of the incumbent Democratic Party dearly, most likely causing Adlai Stevenson's loss to Dwight Eisenhower in 1952 and almost certainly causing Hubert Humphrey's loss to Richard Nixon in 1968. Had it not been for America's interventions in the Korean and Vietnamese civil wars, the strong real income growth record prior to those elections easily should have kept the Democrats in the White House.

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 small. At the 2004 election, for example, US military fatalities in Iraq stood at 1,130 (3.9 per million 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 4.8% higher than expected from political-economic fundamentals, whereas in 2000 the vote for the incumbent Democratic Party candidate Gore was 4.3% less than

expected from fundamentals. 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 the unfailingly wooden Al Gore paling by comparison to an affable George Bush in 2000. This line of reasoning is of course entirely ad hoc and without scientific standing.

Figure 1. Bread and Peace Voting in US Presidential Elections

Note: Regression line and war effects computed from Bread and Peace equation estimates in Table 1.

What about the 2008 election? John McCain will turn 72 years old next week; voters might question his ability to serve a whole term at full capacity. And as for Obama, nobody knows for sure if enough Americans are ready to let a black politician become U.S. president. Therefore, the upcoming election might turn out to be one of those infrequent ones in which personal characteristics of the candidates play an important role, and perhaps a decisive one. What, however, if fundamentals dominate the election in customary fashion?

The rate at which American soldiers are being killed in Iraq has fallen significantly over the last two years. Nevertheless, Iraq will play a bigger role in the upcoming 2008 election than it did in 2004. American fatalities will rise to around 4,300 at the time of the 2008 election – almost four times the number at the time of the 2004 contest. According to the Bread and Peace model this will cost the incumbent Republican Party candidate (presumptively John McCain) about three-quarters of a percentage point of the popular vote.

Yet in 2008, as in most elections, the economy most likely will be the most important factor. The postwar average growth rate of per capita real disposable personal income in the US is 1.8% per annum. Economic performance just equal to that average contributes 6.5 percentage points to the vote of the incumbent party's candidate and other things equal is more than good enough to assure a presidential election victory. However since the beginning of 2008 the US economy has been weak and it may now have drifted into official recession. At Election Day over the term weighted-average per capita real income growth

probably will be in the vicinity of 0.75%-1% per annum. Given the combination of subpar real income growth and the liability of American fatalities in Iraq, the expected Republican share of the major-party vote is 48%-49%. The Democrats led by Barack Obama are therefore favored to win the presidential election by a margin of 2 to 4 percentage points. But how likely is an Obama victory under these those circumstances? I can calculate Obama's chances by computing the statistical probability that the actual election result will fall into a certain interval around the forecasted vote share. According to my calculations, Obama's chances are quite good – The odds he will win are approximately 3 to 1.