Retrospective Voting: It’s (Usually) the Economy, Stupid

“Recession is when your neighbor loses his job. Depression is when you lose yours. And recovery is when Jimmy Carter loses his.” (Ronald Reagan)

“Your federal government needs your money so that it can perform vital services for you that you would not think up yourself in a million years.” (Dave Barry)
According to V. O. Key, retrospective voters

- are oriented toward policy outcomes rather than the means used to achieve them;
- consider the performance of the incumbent only, all but ignoring the opposition; and
- evaluate what has been done, paying little attention to what candidates promise to do in the future.

According to Anthony Downs:

In fact, because parties are basically consistent in their goals, methods, and ideologies over time, voters look to the past to predict what is likely to happen in the future – and they do so in a comparative sense, taking into account both parties and not the incumbent party alone.
According to Morris Fiorina:

Retrospective judgments, based on a monitoring of party promises and performances over time, shape citizens’ vote decisions in part through their impact on party id (“running tally” vs. “unmoved mover”).

Economics and foreign affairs are especially likely to provide the basis for retrospective voting because

- the outcomes are clear, and most voters can judge whether they approve of the results (high sophistication is not required); and
- there is something close to consensus on the desired outcomes – who opposes prosperity and peace?

The means to achieving those ends may be complex (elites, for example, often disagree about them), and relevant information may be hard to understand – but results/outcomes are more easily grasped than policy alternatives by the average voter.
Two basic conditions must be met before performance evaluations can affect voting choices:

- individuals must connect their concerns with the incumbent, and the actions that he took in office, i.e., the incumbent (or his party) must be blamed/credited with the current state of affairs; and
- following Downs-Fiorina logic, they must compare their evaluations of the incumbent’s (or his party’s) past performance with what they believe the opposition party would do if elected – a comparison that presumably is based on that party’s performance in the past when it was in office; and
- vote accordingly.

While these conditions seem less demanding than the ones that are prerequisites for issue-based voting, the first one might present a challenge for some voters in a decentralized governmental system such as our own – especially during periods of divided party control. Like now, for example.
Election Forecasting Models
Do Campaigns Really Matter?

“Most elections are decided before the campaign even begins.”

James A. Farley (FDR campaign manager, postmaster general, DNC chair, not an academic)

“Why Are American Presidential Election Campaign Polls So Variable When Votes Are So Predictable?”

Andrew Gelman and Gary King, British Journal of Political Science (1993)
Answer: Because voting choices are strongly influenced (or so we think) by such forces as

- national economic conditions
  - “It’s the economy, stupid.” James Carville, consultant and famous talking head (1992)
- presidential job approval (itself a function of #1)
- number of years incumbent party has held the White House

... none of which are subject to much manipulation by a campaign in the short term.
### Academic Presidential Forecasting Models (based on national economic conditions, presidential approval,* number of terms in office, battlefield deaths, poll results*)

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Predicted Democratic Share (2-party)</th>
<th>Actual Democratic Share</th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>55.2%</td>
<td>50.3</td>
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<tr>
<td>2004</td>
<td>53.8%</td>
<td>51.2</td>
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<tr>
<td>2008</td>
<td>52.0%</td>
<td>53.4</td>
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<tr>
<td>2012</td>
<td>Mean Predicted Democratic Share (2-party): 50.2%</td>
<td>Actual Democratic Share: 52.0</td>
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Table 2
The 2012 Presidential Vote Forecasts

<table>
<thead>
<tr>
<th>FORECASTER</th>
<th>NAME OF MODEL</th>
<th>PREDICTED 2-PARTY POPULAR VOTE FOR OBAMA</th>
<th>DAYS BEFORE ELECTION</th>
<th>CERTAINTY OF AN OBAMA PLURALITY</th>
</tr>
</thead>
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<tr>
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<td></td>
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<tr>
<td>Abramowitz</td>
<td>Time for Change Model</td>
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<td>69</td>
<td>67</td>
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<tr>
<td>Campbell</td>
<td>Trial-Heat Model and Convention Bump Model</td>
<td>(52.0) 51.3</td>
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<td>67</td>
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<tr>
<td>Cúzan</td>
<td>Fiscal Model</td>
<td>46.9 (45.5)</td>
<td>97</td>
<td>11</td>
</tr>
<tr>
<td>Erikson &amp; Wlezien</td>
<td>Leading Economic Indicators and the Polls</td>
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<td>Hibbs</td>
<td>Bread and Peace Model</td>
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<td>Holbrook</td>
<td>National Conditions and Incumbency</td>
<td>47.9</td>
<td>67</td>
<td>27</td>
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<tr>
<td>Lewis-Beck &amp; Tien</td>
<td>Jobs Model and the Proxy Model</td>
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<td>Norpoth &amp; Bednarczuk</td>
<td>Primary Model</td>
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<td>Montgomery, Hollenbach, &amp; Ward</td>
<td>Ensemble Bayesian Model Averaging (EBMA)</td>
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<td><strong>State Forecasts</strong></td>
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<td>Berry &amp; Bickers</td>
<td>State Level Economic Model</td>
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<td>Jerôme &amp; Jerôme-Speziari</td>
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<td>Klarner</td>
<td>State Level Presidential Forecast Model</td>
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<td>57</td>
</tr>
</tbody>
</table>

Note: A forecast without parentheses is the preferred forecast. A forecast in parentheses is a secondary or companion forecast.

*PS: Political Science and Politics* (October 2012).
Allan Lichtman’s Keys to the White House

13 statements favoring re-election of the incumbent party:

- 0-5 statements false: Incumbent party wins
- 6-13 statements false: Challenging party wins
The keys:

- There is no serious contest for the incumbent-party nomination.
- The incumbent-party candidate is the sitting president?
- There is no significant independent or third-party campaign.
- The economy is **not** in recession during the election campaign.
- **Real per capita economic growth during the term equals or exceeds mean growth during the previous two terms.**
- **After the 2010 midterms, the incumbent party holds more seats in the U.S. House than it did after the 2006 midterms.**
- The incumbent party effects major changes in national policy.
- There is no sustained social unrest during the term.
- The current administration is untainted by major scandal.
- The administration suffers no major failure in foreign or military affairs (comparable to Bay of Pigs or Vietnam).
- The administration achieves a major success in foreign or military affairs.
- **The incumbent-party candidate is charismatic or a national hero.**
- **The challenging-party candidate is not charismatic or a national hero.**
The Theory Behind the Keys

The American electorate is mostly pragmatic and “chooses a president “according to the performance of the party holding the White House. If the nation fares well during the term of the incumbent party, that party wins another four years in office; otherwise, the challenging party prevails. Nothing that a candidate [says or does] during a campaign, when the public discounts everything as political, [will change] his prospects at the polls.”

The Track Record

- the 13 keys accurately predicted the winner in all presidential elections from 1984-2008 (counting Al Gore’s popular vote win in 2000)
- applied retrospectively, it also predicts all presidential winners from 1860-1980

Bottom Line

“Even if I am being conservative, I don’t see how Obama can lose.” Allan Lichtman (Aug ‘11) Nevertheless . . .
Conventional Wisdom after the 2010 Midterms

No sitting president since World War II has been re-elected with an unemployment rate above 7.2 percent. Unemployment rate in October 2012: 7.9%.
Not so fast, my friend . . .

- maybe it’s not just the economy; and
- maybe it’s not as much the economy as some people (scholars, media pundits, political consultants) seem to think

“Cumulatively, the evidence available to date strongly suggests that the economic voting effect – defined by a bad economy leading to lower government support or loss of office – is intermittent, highly contingent, and substantively small.”


Well (says the teacher), let’s not get carried away here . . .
Keep in mind that there are two different ways of looking at the electoral impact of incumbent (or incumbent-party) performance:

- individual-level effects, or **retrospective voting** – the extent to which citizens base their vote on performance evaluations (economic or otherwise), i.e., on their assessments of the job done by incumbent leaders in areas (management of the economy, keeping the country out of war) for which they are thought to be responsible; and

- aggregate-level effects, or the **effects of retrospective voting** -- the extent to which incumbent leaders are held accountable (punished or rewarded at the polls on election day) for negative/positive outcomes relating to macroeconomic conditions, war vs. peace, etc.

For example, staying with economic performance . . .
Individual-Level Data (Elections and the Economy)

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<tbody>
<tr>
<td>Positive view</td>
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<td>58</td>
<td>54</td>
<td>20</td>
<td>66</td>
<td>77</td>
<td>41</td>
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<tr>
<td>Balanced view</td>
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<tr>
<td>Negative view</td>
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<td>46</td>
<td>80</td>
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<td>59</td>
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<tr>
<td>Total</td>
<td>100</td>
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<td>100</td>
<td>100</td>
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<td>100</td>
</tr>
<tr>
<td>(N)</td>
<td>(1,097)</td>
<td>(1,858)</td>
<td>(1,897)</td>
<td>(2,425)(^c)</td>
<td>(1,666)(^c)</td>
<td>(1,686)(^c)</td>
<td>(1,173)(^c)</td>
<td>(2,227)(^c)</td>
</tr>
</tbody>
</table>

B. Major-party voters who voted for the incumbent party nominee

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<tr>
<td>Balanced view</td>
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<tr>
<td>Negative view</td>
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<td>26</td>
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<td>11</td>
<td>17</td>
<td>33</td>
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<tr>
<td>(N)</td>
<td>(451)</td>
<td>(515)</td>
<td>(492)</td>
<td>(1,039)(^c)</td>
<td>(322)(^c)</td>
<td>(233)(^c)</td>
<td>(431)(^c)</td>
<td>(1,200)(^c)</td>
</tr>
</tbody>
</table>

Source: Authors' analysis of ANES surveys.

\(^a\) In 1980 the questions asked whether the respondent approved or disapproved of President Carter’s handling of inflation (unemployment). A positive (negative) view was approve (disapprove) on both; balanced responses were approve on one, disapprove on the other.

\(^b\) In 1984, 1988, 1992, 1996, 2000, 2004, and 2008, responses were whether the respondent had a positive or a negative view (balanced view was omitted) of the (president’s) handling of the economy.

\(^c\) Number is weighted.

Abramson, Aldrich, and Rohde, *Change and Continuity in the 2008 and 2010 Elections*, p. 182.

Question: Are these kinds of evaluations endogenous to the vote decision? (MORE LATER)
Aggregate-Level Data (Elections and the Economy)

Figure 9.4  Presidential vote by income growth, 1948–2008.

But Maybe It’s Not Just the Economy

![Graph showing the relationship between real income growth and military fatalities combined, and incumbent share of two-party vote.](http://fivethirtyeight.blogs.nytimes.com/2011/06/03/what-do-economic-models-really-tell-us-about-elections/)

the income variable is weighted to place more emphasis on the later years of a president’s term than the earlier ones, and war casualties indicate the number of military fatalities resulting from U.S.-initiated foreign conflicts, e.g., Vietnam and Iraq, but not the Gulf War or WWII (where the U.S. responded to attacks on other countries)
Caveats and Qualifications about Retrospective Voting
Models such as these deal with the macroeconomy and voters in the aggregate; that is, they show how the electorate as a whole (not individual voters) responds to economic conditions and trends. In fact...

Individual-level studies (using survey data) have sometimes raised doubts about whether economic voting is as widespread as the aggregate models would seem to indicate. We will consider some of the reasons for this momentarily.
Caveats about Retrospective (Economic) Voting: Past vs. Future


The electorate, as a whole is more future-oriented than the retrospective model suggests, i.e., anticipating what long-term business conditions are likely to be, and rewarding or punishing the president for economic events before they happen. [note: presidential approval as dependent variable]

Criticism: unsound methodology, most voters aren’t this sophisticated – but maybe they do look to the future at least a little more often than the retrospective model gives them credit for (cf. our earlier discussion about the “discounting” model of voting).
Caveats about Retrospective (Economic) Voting: Sociotropic vs. Pocketbook

To the extent that economic voting occurs, it may reflect people’s reactions either to economic conditions generally or to their own personal financial circumstances. The latter appears to be less common – and why might that be?

Maybe because it’s easier for voters to assign blame/credit to the incumbent for the national economy than for personal economic circumstances, especially when there is unified partisan control of government and when an incumbent is running for reelection. Also: Because they’re simply more inclined to do so?

Thomas Holbrook, “Forecasting Presidential Elections” (2010), incumbent party share of the two-party vote in presidential elections 1952-2004 – solid line for races where an incumbent seeks re-election, dashed line for open-seat races. Data seem to show that the electorate assigns less credit/blame for personal economic circumstances when an incumbent is not on the ballot (a pattern driven mainly by the elections of 1960 and 2000, etc., 1952, 1968, 1988.

Along these lines, see: James E. Campbell et al., “The Theory of Conditional Retrospective Voting: Does the Presidential Record Matter Less in Open-Seat Elections?” JOP (2010).*
Pocketbook: “We are interested in how people are getting along financially these days. Would you say that you (and your family living here) are better off or worse off than you were a year ago?”

Sociotropic: “Now, thinking about the economy in the country as a whole, would you say that over the past year the nation’s economy has gotten better, stayed about the same, or gotten worse?”
Caveats about Retrospective (Economic) Voting: Bringing These Two Elements Together


Conclusion #1: Other variables held constant, there was no evidence of prospective voting (either sociotropic or pocketbook) in the 1992 or 1996 presidential elections.

Conclusion #2: Retrospective sociotropic evaluations shaped vote choice in both elections, but the coefficient for retrospective pocketbook evaluations was significant only in 1992.

Conclusion #1: Other variables held constant, only retrospective sociotropic evaluations had a significant impact on presidential vote choice in 2000.

Conclusion #2: What the hey? Economic conditions were very positive in 2000, and voters seemed to take that into account when they voted – so why didn’t Gore win handily (the way most forecasting models predicted that he would)?

Possible answers: One, Gore wasn’t the incumbent (and non-incumbents may not receive as much credit or blame as a sitting president who seeks re-election). Two, economic conditions were not as salient to voters in 2000 as they often are (perhaps because the overall prosperity of the 1990s produced a certain amount of Complacency about the future). Three, the president’s relatively high approval ratings notwithstanding, there was a “Clinton fatigue” (brought to a head by the Lewinsky scandal) that rubbed off on Gore. Four, Ralph Nader’s presence on the ballot hurt him in key states, including Florida (even apart from the infamous butterfly ballot). Five, campaigns matter, e.g., Gore ran too far to the left, did too little to claim credit for positive economic trends (including a federal budget surplus), and failed to have enough money at the end (thereby allowing Bush to win the ad wars in battleground states). Six, or maybe five and a half . . .
Caveats about Retrospective (All) Voting: Attribution of Credit and Blame


Most voters recognized that the economy was strong in 2000, but there was widespread disagreement about who should be rewarded – the president, business people (a plurality), the Federal Reserve, or the GOP-controlled Congress. For those who gave credit to the president, economic evaluations played a major role in their vote decision (and helped Gore). For everyone else, the economy took a back seat to such issues as taxation, government spending, and traditional family values. Gore’s problem, then, was that he wasn’t able to convince more voters to give credit to the administration – and, in fact, many critics of his campaign argue that he didn’t try as hard as he should have to do so.

Note: Although Democrats were more likely to credit Clinton (LATER), these findings appear to hold even with party ID held constant.
Caveats about Retrospective (Economic) Voting: The Importance of Groups


Data from a 1984 survey of South Bend, IN, which included retrospective questions about the nation’s and the family’s financial situation – but also questions tapping perceptions of economic change (getting better/worse) among women, blacks, Hispanics, poor people, working men and women, the middle class, and the well-to-do.

Assessments of both the nation’s economy and of family finances → vote for president, with perceptions of sociotropic fairness (calculated as the standard deviation for the four class groups: the poor, working men and women, the middle class, the well-to-do) trumping perceptions of simple sociotropic well-being (the better/worse measure, except for blacks) – even with party ID and ideological ID held constant.
Another view:


Data from ANES 1984. In addition to probes about the nation’s economy and personal finances, Rs were asked an open-ended question about what group they felt closest to on economic matters and then three questions about that’s group’s economic condition (general, income, employment).

Results show that neither pocketbook nor group economic factors had much direct effect on 1984 presidential vote, though the latter (but not the former, at least to any substantial degree) played an indirect role by shaping assessments of national economic conditions.
Caveats about Retrospective (Economic) Voting: It’s Not Just What You Think, It’s Also How You Feel

Pamela Johnston Conover and Stanley Feldman, "Emotional Reactions to the Economy: I'm Mad as Hell and I'm Not Going to Take It Anymore," AJPS (1986).*

Data are from a 3-wave panel survey of Lexington, KY in 1982-83. With regard to both the nation’s economy and their own personal financial situation in the last 6 months, Rs were asked to describe their feelings in terms of both positive (hopeful, proud, happy, sympathetic, confident) and negative emotions (angry, afraid, disgusted, frustrated, uneasy).

Cognitive assessments of the national economy (but not of personal finances) and emotional reactions to both political evaluations (Reagan’s overall performance and handling of the economy, governmental performance in fighting inflation and dealing w/unemployment). Models of economic voting that fail to take emotions into account may be misspecified.
Caveats about Retrospective (Economic) Voting: Level of Sophistication


- Because low sophisticates may not know much about economic conditions apart from their own pocketbook, should we expect that sociotropic voting will be largely the domain of high sophisticates? Or . . .

- Because high sophisticates are better able to make the connection between their own pocketbooks and the nation’s economy, should we expect them to exhibit higher levels of pocketbook voting?

Results from five presidential elections (ANES 1988-2004, vote intention as the dependent variable) indicates that high sophisticates are more likely to vote retrospectively, and when they do so to vote sociotropically – but only in elections where an incumbent is on the ballot. [see the exchange between these authors and Gomez-Wilson in the same issue of PRQ]
Caveats about Retrospective Voting:
It’s Not Just the Economy (and Not Just the President and His Party)


Aggregate-level analysis of school board elections in South Carolina: In 2000 (but not 2002 or 2004), (a) incumbents received slightly higher vote shares in districts where test scores were improving (change mattered here, not raw score); in addition, incumbents in districts with declining scores were more likely to (b) choose to retire and (c) fact a larger number of challengers.
Foreign Affairs Evaluation: “During the past year, would you say that the United States’ position in the world has grown weaker, stayed about the same, or has it grown stronger?”
Caveats about Retrospective (Economic/All) Voting: 
The Importance of Context


Individual voters’ economic assessments (in 13 European democracies, 1990s) have stronger effects on vote intention (for or against majority party/coalition) in countries where

- it is clear who the target is, i.e., clarity of responsibility is high;
- the target is sizable (strong party representation in parliament and in the cabinet); and
- voters have only a limited number of viable alternatives to throw their support to.

Sociotropic judgments consistently outperformed egocentric/pocketbook ones in this analysis.
Evidence from 18 Latin American countries 1995-2009 (with incumbent support rather than vote as the dependent variable) suggests that

- prospective voting predominates early in the election cycle but retrospective voting gains traction as the incumbent’s record mounts; and
- voters emphasize the national economy over personal finances except in the least developed countries.

Bottom line: The contexts in which voters are embedded not only affect the degree of economic voting but also its very nature.
Caveats about Retrospective (Economic) Voting: Explain Again How Obama Won in 2012 . . .

According to a survey of likely voters conducted in September 2012:

- 31% said they were better off than they were four years ago (almost 9 in 10 favored Obama), 34% said they were worse off (more than 4 in 5 favored Romney), and 34% said they were about the same. Obama led 57-34 among this last group. Why??
- Maybe Ronald Reagan asked (and academics continue to ask) the wrong question . . . Maybe it’s not whether you’re better/worse off than when the incumbent was elected – but whether you think you’re better/worse off than if the other guy had won four years ago.
- Among those who said their personal finances were unchanged, most (by a 53-33 percent margin) believed that the country was better off over the previous four years because Obama, rather than another candidate, won the election.

Allstate/National Journal Heartland Monitor Poll

A Caveat about Retrospective (All) Voting: Partisan Bias

“[V]oters’ evaluations will not translate into a vote for or against the government unless citizens attribute responsibility for economic conditions to the incumbent government. . . . As it turns out, attribution is tricky business, and citizens often make the wrong attribution. They attribute problem-solving competency and responsibility for good performance to the party they support and blame parties they do not like for inferior economic performance.” Partisanship, then, “leads voters to credit those institutional actors they already favor when times are good and blame actors they already dislike when times are bad.”


To state the obvious, partisan bias can also be seen with attributions of responsibility in other areas of performance – not just the economy.

Remember Rudolph-Tobin PRQ ‘02, that there was a high degree of sociotropic voting (to Gore’s benefit since the economy was strong) in 2000 – but only among those who thought the president was “responsible for the economic conditions of the past few years. This companion study uses 1998 ANES data to show that economic conservatives were less likely than liberals to attribute responsibility to the president (and more likely to give it to business people), even with party ID held constant.

An interesting asymmetry with regard to the effects of partisanship: As the economic evaluations of Democrats became more positive, they became more likely to assign responsibility to the president, and less likely to assign it to Congress. And as the evaluations of Republicans became more positive, they also became more likely to assign responsibility to the president. Does this mean Republicans are more fair-minded – or simply that partisans on both sides tend to believe that the president deserves some credit when the economy improves (an empirical question)?

1982 exit polls, voters asked to assign blame for their state’s economic problems to either the president or their governor. Overall, more people pointed the finger at Reagan but (a) in every state with a Democratic governor, Reps were more likely to blame the governor while Dems were more likely to blame Reagan; and (b) in every state with a Republican governor, Reps usually blamed neither Reagan nor the governor while Dems blamed either Reagan or (more often) both.

Getting away from evaluations of economic performance . . .
National internet survey asked Rs to rank seven officials according to who should receive the most blame for the loss of life and property damage in New Orleans that was caused by Katrina in 2006: President Bush (R), FEMA director Michael Brown (R), Secretary of Homeland Security Michael Chertoff (R), Governor Kathleen Blanco (D), Senator Mary Landrieu (D), Senator David Vitter (R), and NO Mayor Ray Nagin (D). Some respondents were given just the names of these officials, others just the party, others just the job title, and others both party and job title.

For those who received the party cues, both Democrats and Republicans were much more likely to assign blame to officials from the other party. It is interesting, however, that this bias was not evident among those who said the events surrounding the hurricane were personally important to them (the “issue public”; cf. Krosnick, who found that personal importance caused pre-existing information to be more salient and accessible, thereby precluding the need for heuristics such as party ID).
Back to economic perceptions:

<table>
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<th>Economic Gloom Boosts GOP</th>
<th>2006</th>
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<th>2010 Gain</th>
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<td>% of</td>
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<td>Vote</td>
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<tr>
<td>% of voters</td>
<td>%</td>
<td>%</td>
<td>%</td>
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<td>Country going in*...</td>
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<td>View of national economy</td>
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Exit poll conducted by Edison Research for the National Election Pool, as reported by CNN. * Differences in question wording.

A Caveat about Retrospective (Economic) Voting: Issue Ownership

John R. Wright, “Unemployment and the Democratic Electoral Advantage,” APSR (2012).*

- Fact #1: Voters tend to reward incumbents during good economic times and punish them in bad times (subject to all the caveats we’ve talked about).
- Fact #2: In the U.S. and other industrialized democracies, unemployment tends to decline when Democrats or left-leaning parties are in power, and to rise when Republicans or right-leaning parties are in power.
- Fact #3: Studies show that individuals who are affected personally by unemployment, or who consider unemployment to be an important issue, vote Democratic at a higher rate than others; and, in the aggregate . . .
- Fact #4: Voters tend to favor left parties more when unemployment is a significant problem than when it is not (regardless of which party is in power at the moment).
In fact, the evidence for fact #4 has been mixed. Wright’s aggregate-level analysis of presidential and gubernatorial voting at the county level (1996-2010, with October county unemployment as his key independent variable) shows that

- higher unemployment $\rightarrow$ modestly higher vote totals for Democratic presidential candidates, and substantially higher vote totals for Democratic gubernatorial candidates (note: this is only partly due to heavily Democratic counties having higher unemployment rates; the relationships do not disappear when only bedrock Republican counties are considered);

- higher/rising unemployment boosts Democratic vote share even when Dems are the incumbent party (and even when they also hold both the governorship and the White House) – though they benefit even more (esp. in gubernatorial races) when Republicans are the incumbent party.

Bottom line: Unemployment may not be as much of a valence issue (where voters reward or punish incumbents regardless of party labels) as perhaps some other indicators of economic performance.