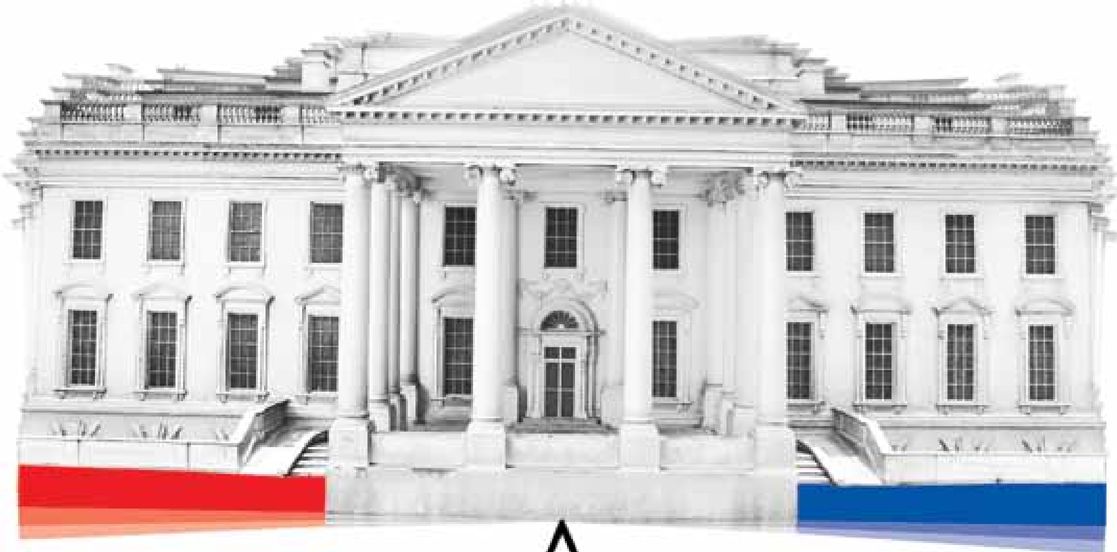
John Sides and Lynn Vavreck



THE GAMBLE

Choice and Chance in the 2012 Presidential Election

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The Hand You're Dealt

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The Hand You're Dealt

Thirteen days after he was inaugurated, Barack Obama sat down for an interview with NBC's Matt Lauer. Lauer asked about the Troubled Assets Relief Program (TARP) that had been passed under President George W. Bush and whether its use of federal money to shore up ailing banks and financial institutions would "fix the economy." The following exchange ensued:

> President Obama: Look, I'm at the start of my administration. One nice thing about—the situation I find myself in is that I will be held accountable. You know, I've got four years. And—
>
> Matt Lauer: You're gonna know quickly how people feel—
>
> . . . .
>
> President Obama: That's exactly right. And—and, you know, a year from now I think people—are gonna see that—we're starting to make some progress. But there's still gonna be some pain out there. If I don't have this done in three years, then there's gonna be a one-term proposition.[2]

Obama was right: economic conditions in the country would influence how voters viewed his performance and ultimately whether they supported his reelection. In fact, economic conditions are important enough that we consider them *fundamental*, or foundational,

[2] The transcript of the interview is here: http://today.msnbc.msn.com/id/28975726/ns/today-today_people/t/obama-were-suffering-massive-hangover/#.

to presidential election outcomes. "The fundamentals" are structural conditions like the state of the nation's economy and the nature of political partisanship. Why are these things so important? Because, taken together, they correctly predict the winner of most presidential elections in the post–World War II era—even though they are typically measured before the candidate debates, the bulk of television advertising, and much other electioneering. Moreover, many aspects of these fundamentals—such as the state of the economy—will not be affected by the campaign itself. They are beyond the control of the presidential candidates. They are the hand the candidates are dealt.

To illustrate the strong relationship between the fundamentals and presidential election outcomes, we compare economic growth in the year of the presidential election—measured as the change in gross domestic product (GDP) from January to September—and the share of the major-party vote for incumbent parties. Figure 1 includes the sixteen presidential elections between 1948 and 2008. The pattern is clear: as GDP increases, incumbent parties do better. In fact, it is hard to beat an incumbent party in a growing economy and even harder to beat the actual incumbent himself, which happened only in 1976 and 1992. Over the last sixty years, objective economic conditions have played a significant role in structuring election outcomes.[3]

A central theme in *The Gamble* is how much these fundamental factors matter relative to other factors specific to the campaign, such as the candidates, their messages, television advertisements, debates, gaffes, and so on. Campaign events and strategies certainly can affect who wins or loses a presidential election. In fact, in a year like 2012, when the economic situation is so uncertain, the campaign is almost certain to affect the outcome. But the staging starts well before the general election is fully under way, and it puts the election in a particular context. This context and the campaign itself deserve attention, and we will give both their due. We begin by highlighting the fundamentals because they help to answer a central question of the election: was Barack Obama the frontrunner or the underdog going into 2012?

[3] Overall, changes in GDP explain about 40% of the year-to-year variation in presidential election outcomes.

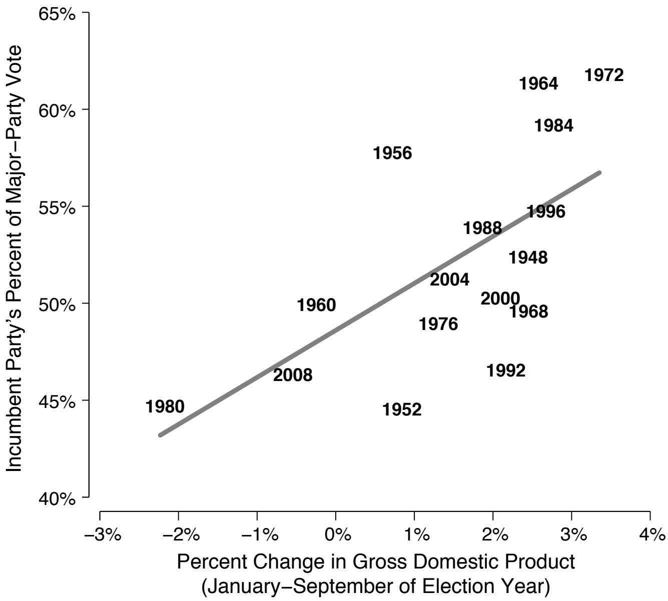

Figure 1. The relationship between economic growth and presidential election outcomes.

Our answer centers on the structural conditions surrounding his presidency, especially the 2007–9 recession and financial crisis, the slow economic recovery thereafter, and increasing partisan polarization. We demonstrate that, as 2012 got under way, Obama was more popular than expected based on the economic conditions he faced—especially the deep recession and slow recovery. His unexpected popularity buoyed his chances for reelection because presidential elections are, partly if not primarily, referenda on the incumbent.

But why was Obama more popular than the economy seemed to warrant? Part of the reason is partisan polarization: Democrats held him in especially high regard, something that had not always been true of previous Democratic presidents facing economic headwinds. Another factor was Obama the person. Despite being repeatedly characterized as cerebral and chilly, the majority of Americans saw him as warm, likable, and empathetic. A final and possibly critical factor was the willingness of many Americans, and especially political independents, to blame George W. Bush more than Obama for the state of the economy.

As Obama's first term played out, the question on everyone's mind was whether the halting economic recovery would ultimately doom the president's reelection chances. The fundamentals actually made Obama the favorite. Obama would probably not win as easily as he did in 2008, but 2012 was his election to lose.

The Economy Obama Inherited

The economy that Obama inherited in January 2009 was a wreck. The country was already more than a year into a recession. The unemployment rate had climbed from 5% in December 2007, the start of the recession, to 6.1% in September 2008. At that point, the country was rocked by another calamity: a financial crisis that left banks and investment houses reeling. Banks and brokers had invested heavily in securities backed by home mortgages that many homeowners were ultimately unable to pay. This bet on the housing market seemed smart because housing prices had been rising rapidly, leading to a boom in home construction and ownership. But the housing market proved to contain a "bubble" of overinflated assets that, when popped, threatened the livelihoods of Americans and banks alike. Several financial institutions failed, including Lehman Brothers and Washington Mutual. Others teetered on the precipice as corporate and political leaders tried to arrange corporate buyouts and mergers that would keep them afloat. At the urging of the Bush administration, Congress passed the Emergency Economic Stabilization Act on October 3, 2008. This legislation allocated $700 billion to TARP, which was to purchase assets such as mortgage-backed securities that banks themselves could no longer convince anyone else to buy.

Despite these measures, the economy continued its slide. In October, November, and December, unemployment increased further, while the Dow Jones Industrial Average lost a fifth of its value.[4] Just

[4] The value of the Dow Jones was 10,831.07 on October 1, 2008, and 8776.39 on December 31.

after Obama took office, the Bureau of Economic Analysis (BEA) estimated that the country's economic output had plummeted at an annual rate of 3.8% in the fourth quarter of 2008. This initial estimate was woefully incorrect: it had actually fallen by 8.9%, the largest drop in over fifty years.[5] All told, nearly 1.9 million jobs were lost in the last four months of 2008.[6] The recession and financial crisis buoyed Obama's chances as a presidential candidate and damaged John McCain's, but they would cast a long shadow over his first term as president.

Since the 1950s, the University of Michigan has been measuring Americans' evaluations of the economy via its Index of Consumer Sentiment. The index is based on five questions about people's financial circumstances and the country's business conditions and economy. When Obama took office, the index was near its historical low, as Figure 2 demonstrates. For example, in the fourth quarter of 2008, 59% of Americans said that they were worse off financially than they were a year before—the most dissatisfaction ever recorded in the series.

Upon his inauguration, Obama was in a position somewhat similar to Ronald Reagan's in 1980. Both took office when Americans were pessimistic about the economy and dissatisfied with the incumbent president. In a late November 1980 Gallup poll, only 31% of Americans approved of the job Jimmy Carter was doing. At the same point in time in 2008, only 29% approved of George W. Bush. But Obama's and Reagan's paths quickly diverged. Early in Reagan's first term, there was a sharp, painful recession during which unemployment peaked even higher than it did during the 2007–9 recession. But the 1981–82 recession, in part because it had no accompanying financial crisis to compound its effects, was less severe and was followed by a rapid recovery. By November 1984, unemployment had fallen sharply and consumer sentiment had become more optimistic than at any point since 1960. These trends were what made the autumn months of 1984

[5] Bureau of Economic Analysis, "Frequently Asked Questions: Why Has the Initial Estimate of Real GDP for the Fourth Quarter of 2008 Been Revised Down So Much?" August 5, 2011, http://www.bea.gov/faq/index.cfm?faq_id=1003.

[6] The Editor's Desk, Bureau of Labor Statistics, "Payroll in January 2009," February 9, 2009, http://www.bls.gov/opub/ted/2009/feb/wk2/art01.htm.

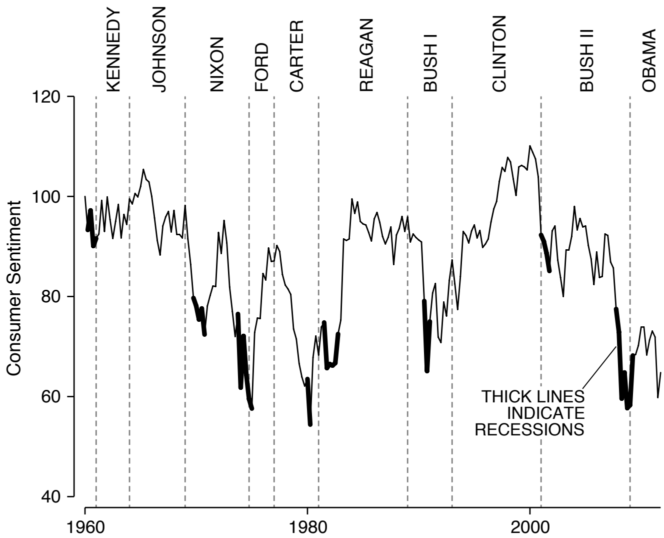

Figure 2. The trend in consumer sentiment, 1960–2011.

"Morning in America," as Reagan's now famous campaign advertisement claimed.[7] The narrator in that ad went on to say that "more men and women will go to work than ever before in our country's history." Obama could not say the same thing going into 2012.

Digging out of the Recession

During his first term, Obama's primary challenge was to combat the recession and financial crisis he inherited. Once in office, Obama and congressional Democrats moved quickly to pass an economic stimulus package. Some of Obama's economic advisors believed the recession demanded an extraordinary intervention. In a December 2008 memo, Christina Romer, the economist who would become chair of the Council of Economic Advisors, recommended a stimulus of $1.7–1.8 trillion. (By comparison, the stimulus package championed unsuccessfully by Bill Clinton in 1993 was only $19.5 billion,

[7] The ad can be viewed here: http://www.youtube.com/watch?v=EU-IBF8nwSY.

which would have been equal to $29 billion in 2009.)[8] But Larry Summers, the director of the White House National Economic Council, believed that Romer's figure was not politically feasible, even within the administration. Budget Director Peter Orszag believed that a stimulus that large would increase the deficit so much that business confidence would ebb.[9] The plan Obama ultimately put forward totaled $775 billion, divided among tax cuts, direct payments to state governments, and funding for infrastructure projects.[10] It was crafted to appeal to both Democrats, who would support the outlays for state governments and for infrastructure, and Republicans and conservative Democrats, who would be attracted by tax cuts.

Instead, the stimulus met resistance. This was the first sign of many that Obama's campaign goal of bipartisan cooperation would rarely be realized. After the Senate passed an $827 billion package, House Minority Leader John Boehner said, "Right now, given the concerns that we have over the size of this package and all of the spending in this package, we don't think it's going to work." The initial version that the House passed (an $819 billion package) earned no Republican support. On Twitter, Representative Jeff Flake (R-AZ) called the bill a "Ford Pinto."[11] The stimulus that was ultimately signed into law totaled $787 billion and attracted only three Republican votes, from Senators Susan Collins, Olympia Snowe, and Arlen Specter. The Obama team counted even this as a victory. When he signed the bill, Obama declared, "We have begun the essential work of keeping the American dream alive in our time." And the stimulus apparently helped, increasing economic output and

[8] Adam Clymer, "G.O.P. Senators Prevail, Sinking Clinton's Economic Stimulus Bill," *New York Times*, April 22, 1993, http://www.nytimes.com/1993/04/22/us/gop-senators-prevail-sinking-clinton-s-economic-stimulus-bill.html?pagewanted=all&src=pm.

[9] Noam Scheiber, "Obama's Worst Year: The Inside Story of His Brush with Political Disaster," *The New Republic*, February 10, 2012, http://www.tnr.com/article/politics/100595/obama-escape-artist-excerpt.

[10] Jeff Zeleny and David M. Herszenhorn, "Obama Seeks Wide Support in Congress for Stimulus," *New York Times*, January 6, 2009.

[11] Dana Milbank, "The Republicans Are Smiling, But They're Not Buying," *Washington Post*, January 28, 2009.

lowering unemployment in each quarter of 2009, 2010, and 2011, according to the Congressional Budget Office (CBO).[12]

But a dramatic economic recovery—like the one that occurred in Reagan's first term—did not occur. Instead, during the first three years of Obama's term, the economy only limped along. Although the financial system was stabilized and the recession was technically over, economic growth was slow. This is in keeping with the general pattern after financial crises. The economists Carmen Reinhart and Kenneth Rogoff have found that after post–World War II financial crises, it has taken four to five years for economic output to return to its previous level.[13] Protracted high unemployment has also been common after financial crises. The unemployment rate was above 8% in every month after Obama's inauguration. Moreover, the unemployed tended to be out of work for long periods—an average of forty weeks by the end of 2011. Before the 2007–9 recession, the highest average had been twenty weeks.

And so Americans remained pessimistic about the economy. In fact, they had never been as pessimistic. Consumer sentiment was lower in the first three years of Obama's term than during every other presidency since Kennedy's, including Carter's. This pessimism was also remarkably stable. Most presidents experience big ups and downs in consumer sentiment, corresponding to economic booms and contractions (see Figure 2). Under Obama, consumer sentiment exhibited few notable trends. It became more positive in the first few quarters of 2009 but more negative in the summer of 2011 when disagreements between Obama and congressional Republicans over whether to lift the debt ceiling sent financial markets into paroxysms and made Americans newly anxious. The range in consumer sentiment was smaller under Obama than it was under nearly every other president. Ordinarily, this lack of volatility might have been comforting, except that optimism was so scarce.

[12] Congressional Budget Office, "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from October 2011 through December 2011," 2012, http://www.cbo.gov/publication/43013.

[13] Carmen Reinhart and Kenneth Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton: Princeton University Press, 2009).

The pessimistic public was also skeptical of, if not downright opposed to, the Obama administration's efforts to revitalize the economy. In a February 2009 Pew Research Center poll, only half thought that the stimulus was a good idea. A little over a year later, in an April 2010 Pew poll, 62% said the stimulus had not "helped prevent a more serious crisis." The public tended to oppose other efforts to stimulate the economy, many of which were deemed "bailouts" for presumably undeserving recipients. The Obama administration's efforts to help General Motors and Chrysler were not popular: only 37% said these efforts were "mostly good" for the economy in an October 2009 poll. The TARP program—a bailout for Wall Street banks, in the minds of many—was also unpopular. In the April 2010 Pew poll, only 42% agreed that "government loans to banks and financial institutions helped prevent a more severe crisis." The unpopularity of TARP should not have been a major political problem for Obama. After all, it was signed into law by President George W. Bush. But only about one-third of the public knew this. Almost half believed it was passed under Obama and the rest did not know. By 2012, opinions about the loans to auto companies had improved, but attitudes toward TARP and the stimulus had not.[14]

The Obama administration did not receive much more support for its other domestic policy accomplishments, even though the first two years of Obama's term were remarkably productive. Not only were the stimulus and the support for ailing auto companies enacted but so were reform to student loans, new rules on financial institutions, and, most important, a landmark health care reform bill, the Patient Protection and Affordable Care Act (ACA). Health care reform had been a longstanding priority of the Democratic Party, and in June 2012 the major parts of the ACA were upheld by a 5–4 vote in the Supreme Court. Although it did not go far enough for some, the ACA nevertheless made major changes to the health care system. Among other things, it prevented insurance companies from denying coverage to people with preexisting medical conditions. It also

[14] Pew Research Center for the People and the Press, "Auto Bailout Now Backed, Stimulus Divisive," February 23, 2012, http://pewresearch.org/pubs/2202/government-loans-automakers-banks-financial-institutions-economic-stimulus-tarp.

would eventually establish a financial penalty if people did not purchase health insurance. This "individual mandate" was intended to serve two purposes. First, it would help ensure the viability of insurance markets by preventing healthy people from waiting until they were sick to purchase insurance. Second, it would help achieve the goal of universal, or nearly universal, health coverage. To help ensure that lower-income Americans would be able to afford coverage, the ACA expanded Medicaid, the federal health insurance program for the poor.

But again, opinion about health care reform was similar to opinion about the stimulus. The public was roughly evenly divided and polarized along partisan lines. For example, about a year after the ACA's passage, a March 2011 Kaiser Family Foundation poll found that 42% of Americans supported the law but 46% opposed it.[15] The majority of Democrats supported it, but very few Republicans did. At the same time, the public also did not know a great deal about the legislation. For example, an August 2011 Kaiser Family Foundation poll found that only 58% knew that the ACA provided subsidies to help low-income Americans purchase health insurance—down from 75% in April 2010, just after the bill passed.[16]

Opposition to the Obama administration's legislative priorities—particularly the stimulus, "bailouts," and ACA—was crystallized most visibly in the Tea Party. The Tea Party was not a formal political party but a loosely associated set of groups and voters. People who affiliated with the Tea Party were not a monolith in terms of their political attitudes, but they did share a hostility to what they perceived as an unprecedented expansion of government power under Obama. This, naturally, was why they aligned themselves with the colonists who resisted the rule of King George III at the famous Boston Tea Party.

[15] Kaiser Family Foundation, "Kaiser Health Tracking Poll, March 2011," March 18, 2011, http://www.kff.org/kaiserpolls/upload/8166-F.pdf.

[16] Kaiser Family Foundation, "Kaiser Health Tracking Poll, August 2011," August 29, 2011, http://www.kff.org/kaiserpolls/upload/8265-F.pdf.

The 2010 Elections: The Republicans Resurgent

Opposition to the stimulus, ACA, and other administration efforts from the Tea Party and many other Americans, made these accomplishments political liabilities for the Obama administration. Nowhere was this more evident than in the 2010 midterm elections. Democratic congressional candidates were already facing an uphill battle. Thanks to their gains in the 2006 and 2008 midterms, they had to defend House seats in many swing districts and in some districts that leaned Republican. The weak economy and a relatively unpopular president—Obama was polling in the mid-40s in the fall of 2010—made Republican gains even more likely. But their 63-seat gain, the largest shift since 1948, exceeded the predictions of most analysts.

Why did the Democrats lose so badly? Tea Party activism appeared influential: Republican House candidates did better in districts where there were more Tea Party activists.[17] Support for health care reform seems to be another reason. In competitive districts, Democratic incumbents who supported the ACA lost about 6 points of vote share relative to Democratic incumbents who opposed the ACA. This estimated loss, according to a team of political scientists, may have cost the Democrats as many as 25 seats.[18] Overall, the 2010 election was not only a referendum on the economy and Barack Obama's performance in office, it was to some extent a repudiation of his legislative accomplishments.[19]

With the House of Representatives in Republican hands and the Democratic majority in the Senate well below the 60 votes needed to overcome Republican filibusters, the Obama administration was in a difficult position. It had initially assumed that Congress might

[17] Michael Bailey, Jonathan Mummolo, and Hans Noel, "Tea Party Influence: A Story of Activists and Elites," *American Politics Research* (forthcoming).

[18] Brendan Nyhan, Eric McGhee, John Sides, Seth Masket, and Steven Greene, "One Vote Out of Step? The Effects of Salience Roll Call Votes in the 2010 Election," *American Politics Research* (forthcoming). This analysis accounts for other factors besides support for the ACA that may have influenced the election or defeat of Democratic incumbents.

[19] Gary C. Jacobson, "Legislative Success and Political Failure: The Public's Reaction to Barack Obama's Early Presidency," *Presidential Studies Quarterly* 41, no. 2 (2011): 220–43.

pass another stimulus bill if a robust economic recovery did not happen. This was impossible after the 2010 elections. Even measures that had been routine in earlier times, such as a vote to increase the debt ceiling so that the government could continue to borrow and spend, provoked considerable debate, in part because newly elected Republican members, many of them affiliated with the Tea Party, favored cuts to government spending. Smaller measures that could stimulate the economy, such as an extension of the payroll tax cut, necessitated protracted and sometimes acrimonious negotiations. The GOP's resistance was, from an electoral perspective, quite logical. Obama was not the only one who knew that his reelection hinged on economic growth and, as Senate Minority Leader Mitch McConnell said in October 2010, "The single most important thing we want to achieve is for President Obama to be a one-term president."[20] Republicans had little reason to vote for new and ambitious initiatives to stimulate the economy. Obama was thus left with relatively few policy levers that would allow him to fulfill the goal he described to Matt Lauer and "have this done in three years." The GOP wanted him done in four.

At the end of 2011, this is where Obama stood. He was presiding over an economy that was growing, but not fast enough to create very many jobs. He was a disappointment to many Democratic leaders, activists, and other groups on the left. Democratic members of Congress felt ignored or even snubbed. They and others lamented the compromises that were part of the administration's achievements, such as the failure of the ACA to include a government insurance program, the "public option." Others lamented slow progress on gay marriage, mortgage relief, and immigration reforms, among others. Still others thought he had thrown his lot too much with banks and financial institutions rather than ordinary Americans. This latter sentiment was perhaps articulated most visibly by the Occupy Wall Street (OWS) movement in the fall of 2011. Its goal was to draw attention to economic inequality and argue that large corporations had too much influence in American politics. OWS

[20] Major Garrett, "Top GOP Priority: Make Obama a One-Term President," *National Journal*, October 23, 2010, http://nationaljournal.com/member/magazine/top-gop-priority-make-obama-a-one-term-president-20101023.

activists and sympathizers held sit-ins and rallies first in New York and then in many cities in the United States and other countries. Finally, as ever, Obama continued to face staunch opposition from Republicans on Capitol Hill.

This potted history implies that Obama's reelection effort was in trouble—at least based on "the fundamentals" alone. Writing in late December 2011, *Salon*'s Steve Kornacki noted that economic forecasts provided a "sobering reality check" for the White House.[21] But Obama's precarious position belied this striking fact: he was relatively popular—and ironically he owed this, at least in part, to something he campaigned against in 2008: partisan polarization.

The Unexpectedly Popular President

Presidential popularity hinges on several factors. One is the state of the economy. There is also, for many presidents, an inexorable decline in popularity. The longer a president is in office, the less popular he is. Popularity is also affected by salient events like scandals, wars, and foreign policy crises.

Obama's first three years saw few of these sorts of events. There were no big scandals, for example. As such, Obama's approval rating—the percentage of people who approve of the job he is doing—had few sharp dips or jumps, as Figure 3 demonstrates. The killing of Osama bin Laden produced a modest 5-point bump in May 2011. At two other points there were somewhat steeper decreases in approval: from early May through August 2009, and in June and July 2011. Both appear connected to economic uncertainty, including increases in unemployment in 2009 and stock market convulsions during the difficult debt ceiling negotiations in 2011. However, it is not easy to isolate the causes of these trends, and they are arguably subordinate to this larger point: Obama's approval rating was remarkably stable during this period of time. Most other presidents have experienced greater peaks and valleys in their approval ratings

[21] Steve Kornacki, "Obama's Comeback Mirage?" *Salon*, December 22, 2011, http://www.salon.com/2011/12/22/obamas_comeback_mirage/singleton/.

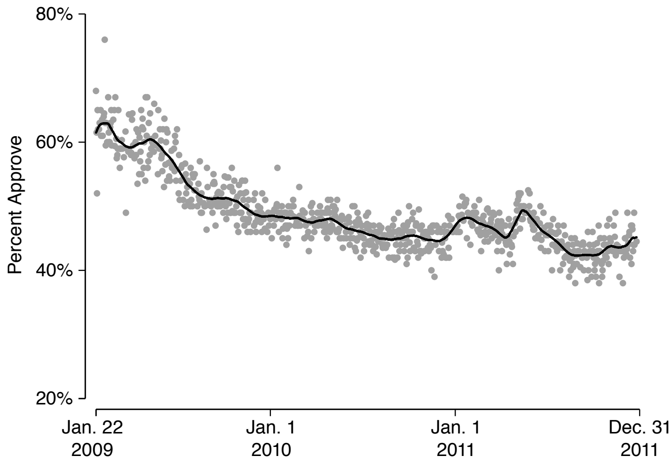

Figure 3. The trend in approval of Obama, 2009–11.
The points represent individual polls, which are located based on the midpoint of the dates the poll was in the field. The line is a smoothed average.

in their first terms.[22] Obama's approval rating looked much like one might expect given the chronic economic challenges he faced: initial popularity in the "honeymoon" after he was inaugurated, which was then gradually eroded by Americans' persistent pessimism about the economy and the overall direction of the country.

But this pessimism never eroded Obama's approval as much as it arguably might have or perhaps should have. How can we know? One way is to predict what Obama's approval would be based on how the economy and other fundamental factors have historically affected approval ratings and then determine whether Obama's actual approval matches, exceeds, or falls short of the prediction. To

[22] The standard deviation in Obama's approval rating for 2009–11 was about 6 points. Johnson's "first term"—from Kennedy's assassination until his inauguration in 1965—saw even less volatility (a standard deviation of 2.6 points), although he was arguably benefiting from an extended honeymoon due to Kennedy's assassination. The lack of volatility in Obama's approval rating makes him similar to Clinton, Nixon, and Eisenhower, who had slightly lower standard deviations (about 5 points) in their first terms. Evaluations of Kennedy, Ford, Reagan, and both Bushes varied more over time (standard deviations from 7 to 13 points).

do so, we used sixty years of quarterly data on presidential approval, which contain polls from 1948 to 2008, and constructed a statistical model of approval that included these factors: three economic indicators (the unemployment rate, the change in GDP since the previous quarter, and the change in inflation since the previous quarter); the presence of salient events such as scandals and wars that might push approval up or down; and the length of time in office (measured in quarters). We used this model to predict Obama's approval in 2009–11.[23] The question we could then answer is this: Was Obama more or less popular during his first three years in office than we would expect given how the economy and other circumstances have historically affected presidential approval?

Figure 4 depicts the difference between expected and actual approval rating for Obama. Although early on in his presidency Obama was slightly less popular than expected (by about 1 point throughout most of 2009 and 2010), by the end of 2010 and continuing into 2012, he was more popular. In 2011, his popularity exceeded expectations by 3 points, on average.[24] In the first quarter of 2012, his approval rating exceeded predictions by over 6 points. This feat is something that few presidents have accomplished. Only one president, Ronald Reagan, consistently "beat" the prediction in his first term to an extent greater than has Obama.[25]

[23] The appendix to this chapter describes the model in greater detail.

[24] We calculated standard errors for the difference between actual and expected approval in this fashion. For actual approval, we calculated the standard error of the average of the polls in each quarter. For the predicted approval, we calculated the standard error of the predicted value in each quarter. We then calculated the standard error of the difference between expected and actual approval as: $\text{s.e.}_{\text{diff}} = \sqrt{(\text{se}^2_{\text{actual}} + \text{se}^2_{\text{expected}})}$. Across the first three years of Obama's presidency, the standard error of the difference averaged 0.26 (minimum = 0.21; maximum = 0.38). Thus, discrepancies in actual and expected approval were "statistically significant" at the .05 level in every quarter. For example, in the first quarter of 2012, the discrepancy of 6.2 points had a 95% confidence interval of (5.7, 6.7).

[25] See Figure 6 in the appendix for graphs of actual and expected approval for all presidents. The difference between actual and expected approval for Reagan was 3.6 points, and the difference between this and Obama's difference is statistically significant at $p = .08$. For each of the other presidents, we formally tested the hypothesis that the mean difference between Obama's actual and expected approval was greater than theirs. The associated p-values for these tests were as follows: Eisenhower ($p = .25$), Kennedy ($p = .24$), Johnson ($p < .001$), Nixon ($p = .05$), Ford ($p = .37$), Carter ($p = .02$),

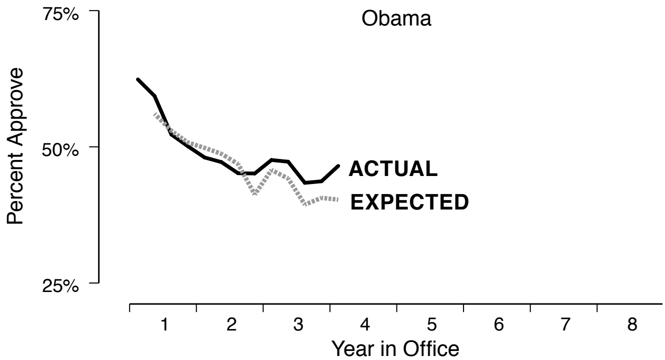

Figure 4. Actual vs. expected presidential approval for Obama. The figure presents actual quarterly approval alongside the expected approval that was predicted from a statistical model.

Obama's higher-than-expected approval rating might be especially surprising for two reasons. First, the economy has not been in a garden-variety recession but a deep and prolonged slump. The economic measures we draw on capture some of its characteristics—such as high unemployment—but not all, such as the rise in long-term employment. One could easily expect that our model would overestimate Obama's support because it does not take into account what makes this recession and recovery unique—or, to use Reinhart and Rogoff's title, why "this time is different."

Second, Obama's race may also depress his approval rating. Studies of the 2008 election have demonstrated that Americans' views of blacks were associated with their views of Obama, and racial prejudice may have cost Obama about 3 points of the vote.[26]

George H. W. Bush ($p = .45$), Clinton ($p < .08$), and George W. Bush ($p = .16$). (Note that we do not have first-term approval data for Truman.) Obama is more popular, relative to expectations, than were Johnson, Nixon, Carter, and arguably Clinton.

[26] Benjamin Highton, "Prejudice Rivals Partisanship and Ideology When Explaining the 2008 Presidential Vote across the States," *PS: Political Science and Politics* 44 (2011): 530–35; Donald R. Kinder and Allison Dale-Riddle, *The End of Race? Obama, 2008, and Racial Politics in America* (New Haven: Yale University Press, 2012); Josh Pasek et al., "Determinants of Turnout and Candidate Choice in the 2008 U.S. Presidential Election," *Public Opinion Quarterly* 73, no. 5 (2009): 943–94; Brian F Schaffner,

Our model does not account for race—indeed the predictions are based on results from white presidents only. Again, we might then expect that the model would overestimate Obama's popularity by failing to account for the "penalty" of his race. Some evidence confirms this expectation. Using an April 2012 YouGov poll, we predicted Obama's approval rating using a standard measure of attitudes toward blacks, called "racial resentment" by scholars, along with several other factors, including respondent's identification with a political party or as independent and their self-reported ideology on the liberal-conservative scale.[27] Unsurprisingly, those who expressed more resentment toward blacks were more likely to disapprove of Obama. To gauge the overall effect of attitudes toward blacks, we assumed a world in which every person had a neutral opinion of blacks—that is, we shifted those with favorable or unfavorable views of blacks to neutrality—and then predicted a "new" approval rating for Obama based on the same set of factors. In this hypothetical scenario, Obama's approval would increase by almost 4 points overall.

We do not want to overstate the effects of this sort of simulation, which isolates arguably implausible shifts in attitudes toward blacks and assumes nothing else would change. As such, the 4-point estimate is not a sacrosanct number. However, this evidence plus evidence from the 2008 election suggest that negative attitudes toward blacks depress Obama's approval rating more than positive attitudes toward blacks increase it. This makes it even more surprising that Obama outperforms expectations.

The Paradox of Obama's Popularity

Why, then, might Obama's approval be higher than expected? One culprit is partisan polarization. During the past forty years, the coalitions

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"Racial Salience and the Obama Vote," *Political Psychology* 32, no. 6 (2011): 963–88; Seth Stephens-Davidowitz, "The Effects of Racial Animus on a Black Presidential Candidate: Using Google Search Data to Find What Surveys Miss" (unpublished manuscript), http://www.people.fas.harvard.edu/~sstephen/papers/RacialAnimusAndVotingSethStephensDavidowitz.pdf.

[27] Further details about this analysis are in the appendix.

of the two parties have changed, rendering them more ideologically homogeneous and more ideologically distinct.[28] This is certainly true when you look at politicians. In place of conservative Southern Democrats, there are now many more Republicans. And moderate and liberal Republicans—in the Northeast, for example—have become similarly endangered. As a consequence, Republicans and Democrats in the public, although not as polarized as politicians in Washington, are nevertheless more ideologically homogeneous and more polarized on some issues.[29]

In particular, over the past thirty years, and especially during the Clinton and George W. Bush administrations, Democrats and Republicans became far more polarized in their views of the president.[30] This has been true for Obama as well. In the first year of his presidency, an average of 88% of Democrats approved of him but only 23% of Republicans.[31] This 65-point gap was the largest of any president during his first year in office—perhaps no surprise given the divisions between Democratic and Republican politicians. Evaluations of Obama became only more polarized thereafter. There was a stark disjuncture between how Obama campaigned in 2008—to lead "America" rather than "red America" or "blue America"—and how powerfully the larger forces of partisan polarization shaped the public's views of him. Obama was no more a "uniter" than George W. Bush had been.

But here was the irony: the very forces of partisan polarization that Obama deplored may have buoyed his approval rating. This is most clear if we compare Obama's actual approval rating among

[28] Nolan McCarty, Keith T. Poole, and Howard Rosenthal, *Polarized America: The Dance of Ideology and Unequal Riches* (Cambridge, MA: MIT Press, 2006).

[29] Alan I. Abramowitz and Kyle L. Saunders, "Is Polarization a Myth?" *Journal of Politics* 70, no. 2 (2008): 542–55; Marc J. Hetherington, "Resurgent Mass Partisanship: The Role of Elite Polarization," *American Political Science Review* 95, no. 3 (2001): 619–31; Matthew Levendusky, *The Partisan Sort: How Liberals Became Democrats and Conservatives Became Republicans* (Chicago: University of Chicago Press, 2009); Pew Research Center for the People and the Press, "Trends in American Values: 1987–2012," June 4, 2012, http://www.people-press.org/files/legacy-pdf/06-04-12%20Values%20Release.pdf.

[30] Gary Jacobson, *A Divider, Not a Uniter: George W. Bush and the American People* (New York: Pearson Longman, 2006).

[31] Gallup Politics, "Obama Ratings Historically Polarized," January 27, 2012, http://www.gallup.com/poll/152222/obama-ratings-historically-polarized.aspx.

Democrats, independents, and Republicans to predictions of what his approval rating would be in each group based on the same data and economic and other factors we examined above. As Figure 5 illustrates, among Democrats, Obama's approval rating matched predictions for much of 2009 and 2010. Then Obama began to do better than predicted—fully 7 points better by the first quarter of 2012. Among independents, Obama was actually less popular than predicted early in his term, but this began to turn around in 2010. In the first quarter of 2012, his approval rating among independents was almost 6 points higher than expected. But among Republicans, Obama's approval rating was generally lower than expected—suggesting just how much more polarized are opinions of the president now than they were in the past.

Although commentators have often been quick to compare Obama to Carter, one key difference between them is how much more Democrats supported Obama than they did Carter.[32] When Carter's approval was at its nadir in the fall of 1979, barely one-third of Democrats approved of the job he was doing (compared to about 20% of Republicans), according to Gallup polls. Even Bill Clinton, now seemingly beloved by Democrats, was less popular among Democrats—63% of whom approved of him in June 1993—than was Obama in his first term. In fact, averaging over each Democratic president's first three years in office, Obama was more popular with Democratic voters than every one of them except John F. Kennedy—and even Kennedy's average approval among Democrats was only 4 points higher than Obama's. Obama was actually as popular among Democrats during these years as was Reagan among Republicans in 1981–83. These facts fly in the face of frequent fears (or hopes) during Obama's first term that he was "losing the base" or otherwise alienating key Democratic constituencies. For example, a front-page *New York Times* story on September 17, 2011, was titled "In Poll, Support for Obama Slips among Base." But in the third quarter of 2011, when the *New York Times* poll was taken, Obama's approval among

[32] John Fund, "The Carter-Obama Comparisons Grow," *Wall Street Journal*, September 22, 2010, http://online.wsj.com/article/SB10001424052748704129204575505822147816104.html.

The Hand You're Dealt

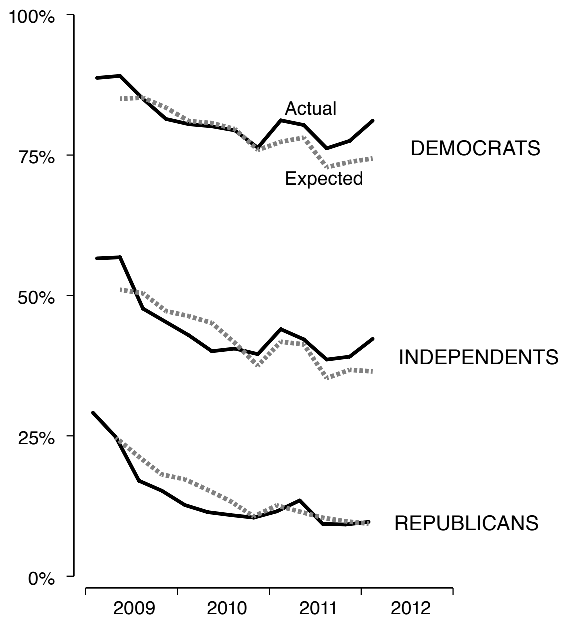

Figure 5. Actual vs. expected presidential approval for Obama among Democrats, independents, and Republicans.

Democrats was actually 3.4 points higher than expected. Although Obama may have lost support among some Democratic or liberal activists—many of whom disagreed with him on various issues—he remained popular among Democrats in the public. And equally important, given the approaching election, the same pattern existed among independents.

The Blame Game

But party polarization and Democratic loyalty do not explain why independents supported Obama more than expected. This leads us to a second factor: the willingness of many Americans to place the blame for the country's economic problems on Obama's predecessor, George W. Bush, during whose tenure the recession and financial crisis began.

There is historical precedent for the ability of incumbent presidents to dodge some of the blame.[33] In fact, at least two other presidents, Reagan and George W. Bush, benefited from this. In Reagan's case, he inherited a weak economy, one that was in a recession for the first half of 1980. Soon after he took office, in July 1981, the country entered another, more painful seventeen-month recession that was unmatched until 2007. Thus there was perhaps reason for Americans to blame either Carter or Reagan or both. In an October 1982 *Washington Post*/ABC News poll, roughly equal numbers did: 47% blamed Carter "a great deal" or "a fair amount" for the country's economic conditions, and 44% blamed Reagan. But because Democrats and Republicans tend to view questions of blame through a partisan lens, it is more instructive to examine the views of independents with no leaning toward either party. Among them, Reagan had the advantage: 45% blamed Carter, but only 38% blamed Reagan.

The same was true for Bush. From March through November 2001, the country also experienced a recession. Because the recession came so early in Bush's first term, and because the economic slowdown had begun late in Clinton's second term, there was again debate about whom to blame. Two different polls—by the *Washington Post* in February 2002 and by Princeton Survey Research Associates (PSRA) in May 2003—showed that, in fact, Clinton was blamed more than Bush. In the *Post* poll, 78% of independents thought that the economy was "not so good" or "poor." Among this subset of independents with a negative view of the economy, 69% believed Clinton deserved "a great deal" or "a fair amount" of blame, but only 48% believed this of Bush. Similarly, among the minority who thought the economy was doing well, more credited Bush than Clinton. In the PSRA poll, 30% of independents thought Clinton deserved "most" or "a lot" of blame while 22% thought Bush did.

But for Reagan and Bush, their ability to escape some of the blame for weak economies was not really necessary for them to win reelection. The economy was growing healthily in the first two

[33] We focus on blame with regard to the economy, but leaders can also escape blame for wars that began under a predecessor from another party. See Sarah E. Croco, "The Decider's Dilemma: Leader Culpability, War Outcomes, and Domestic Punishment," *American Political Science Review* 105 (2011): 457–77.

quarters of 1984 and 2004, as Figure 1 demonstrates. For Obama, such a growth rate was not at all assured. For him, escaping some of the blame could provide him a crucial edge amid a weak economy.

Obama's ability to escape some of the blame was first evident in a series of Gallup polls between July 2009 and September 2011 and a January 2012 *Washington Post* poll.[34] We confirmed this finding in an April 2012 YouGov poll. When asked how much blame Obama and Bush each deserved for "the poor economic conditions of the past few years," 56% of respondents gave Bush a great deal or a lot of the blame, while only 41% gave Obama that much blame. A similar gap existed among independents with no leaning toward a political party: 58% blamed Bush, but only 42% blamed Obama. Altogether, 47% of respondents blamed Bush more than Obama, 21% blamed them equally, and 32% blamed Obama more than Bush.

At that point, Obama was winning the blame game. Could it help explain why his approval rating was higher than expected? Here is one way to answer this question. Take the difference between how much blame voters assign to Obama and Bush. This serves as a measure of Obama's blame advantage or disadvantage relative to Bush. Using that measure—as well as other relevant factors, including party identification, ideology, sex, race, and income—predict how much political independents approve of Obama. Then "erase" any blame advantage for either Bush or Obama, which assumes a world in which every person blamed Bush and Obama equally. What would happen in this world, holding everything else the same? Obama's job approval would decline by about 9 points.

To be sure, this exercise is purely hypothetical. We cannot conclude from it that voters' opinions about blame were the definitive reason why Obama seemed to be more popular than he should have been. Life is not a laboratory, and we cannot replay Obama's first three years and have voters blame him less or more than they do in reality. Nevertheless, Obama's lead in the blame game may have helped

[34] Gallup Politics, "In U.S., Slight Majority Now Blame Obama for U.S. Economy," September 21, 2011, http://www.gallup.com/poll/149600/slight-majority-blame-obama-economy.aspx. *Washington Post*/ABC News Poll, January 12–15, 2012, http://www.washingtonpost.com/wp-srv/politics/polls/postabcpoll_011512.html.

him retain popularity—especially among independents—even as the country failed to spring back from the recession he inherited.

The Likability Factor

A final reason why Obama may have been relatively popular at this point in his term was his personal likability. That so many voters liked Obama might have seemed surprising, given that political observers often disagreed. *New York Times* columnist Maureen Dowd described Obama thusly: "No Drama Obama is reticent about displays of emotion. The Spock in him needs to exert mental and emotional control. That is why he stubbornly insists on staying aloof and setting his own deliberate pace for responding—whether it's in a debate or after a debacle."[35] Similar ideas had been circulating for a while, such as when commentators homed in on Obama's alleged inability to "connect" with voters.[36] *Atlantic Monthly* writer James Fallows followed up on this in a long article on Obama's first term. He quotes Walter Mondale calling Obama "aloof" and "someone with long experience in the executive branch" saying that "President Obama's extra-high intellectual capacity is simply not matched by his emotional capacity."[37]

Perhaps such impressions are accurate, at least if one has first-hand contact with the president. But the vast majority of Americans appear to disagree. Throughout his term, polls have shown that Obama is perceived as warm and empathetic—impressions that have changed very little even as his approval rating has declined. In a January 2012 Pew poll, 71% said Obama is "warm and friendly" rather than "cold and aloof." He was viewed favorably on related dimensions as well, such as "good communicator" and "cares about people like me." That such large percentages of Americans feel this way suggests that Obama's likability stems not only from Democrats' party loyalty

[35] Maureen Dowd, "Captain Obvious Learns the Limits of Cool," *New York Times*, January 9, 2010, http://www.nytimes.com/2010/01/10/opinion/10dowd.html?_r=1.

[36] John Sides, "Is Obama 'Not Connecting?'" *The Monkey Cage*, January 21, 2010, http://themonkeycage.org/blog/2010/01/21/is_obama_not_connecting/.

[37] James Fallows, "Obama, Explained," *The Atlantic*, March 2012, http://www.theatlantic.com/magazine/archive/2012/03/obama-explained/8874/.

but from positive impressions among independents and even some Republicans. For example, over half of Republicans and two-thirds of independents said that Obama was warm and friendly. Although pundits often blamed Obama's struggles on his chilly personality, most Americans did not see him as cold or aloof—and this feeling may have buoyed their evaluation of his job performance as well.

Obama at the Beginning of the Election Year

Where did the twists and turns of Obama's first three years leave him as he geared up for a second presidential campaign? Was he the presumptive frontrunner or an underdog? An initial answer to these questions can be derived from the fundamental factors that help structure presidential election outcomes. The historical relationship between these fundamentals and presidential elections, combined with plausible estimates of these fundamentals in 2012, could help forecast Obama's chances of winning. Many of those indicators suggested he was indeed the frontrunner.

Our forecasting model examines sixteen different presidential elections (1948–2008) and takes account of three factors: the president's approval rating, whether his party had been in power for only one term or more than one term, and the health of the economy.[38] The approval rating is from June of the election year. Of course, the trend in approval after June can be a good indicator. For example, relying on the incumbent's approval rating on the eve of the election would undoubtedly be a very good predictor, but it would be hard to call that a forecast. Similarly, the length of time the incumbent party has occupied the White House reflects an important historical pattern: the incumbent party's candidate has been more likely to lose when the party has held the White House for longer. After a while it seems as if voters simply think it is "time for a change."[39]

[38] We helped design a somewhat similar forecasting model for the *Washington Post*. An interactive widget is here: http://www.washingtonpost.com/wp-srv/special/politics/2012-election-predictor/.

[39] Alan Abramowitz, "Forecasting the 2008 Presidential Election with the Time-for-Change Model," *PS: Political Science and Politics* 41, no. 4 (2008): 691–95.

Forecasting Models

Forecasting presidential elections has become something of a cottage industry among a handful of academics, mostly political scientists and a few economists. A typical forecasting model takes a few factors, maybe three or four, that predate most of the general election campaign—factors such as presidential approval ratings or the rate of economic growth early in the election year. Ideally, a forecasting model would do three things: it would rely on plausible theories about how voters make decisions in elections; it would be parsimonious (that is, it would attempt to predict elections with a few big factors rather than lots of factors that explain only the idiosyncrasies of one election); and it would be accurate.

Because forecasting models do not always live up to these ideals, they have attracted their fair share of criticism. Some critics are incredulous that a model would rely on so few factors, none of which may measure campaign activities such as advertising. Is the implication, critics ask, that the campaign does not matter? Others question whether any forecasting model can generate a reliable prediction because these models are typically based on elections since 1948 or 1952—at most fifteen or sixteen including the 2008 election. Still others point out instances where the models were inaccurate—or even predicted the wrong winner in Dewey-defeats-Truman fashion. If these models are sometimes wrong, critics say, how valuable can they really be?

We think that forecasting models can tell us something useful, provided that they are constructed and interpreted in the right way, because they are based on a plausible theory about how a crucial subset of voters makes up its mind: by evaluating the "performance" of the incumbent president and his party. This is why forecasting models typically include factors like presidential approval, which directly measures views of the incumbent, and economic growth, for which the incumbent is often credited in good times or blamed in bad times (fairly or unfairly). These models also provide a baseline against which to measure how well the incumbent does—a baseline that is more than just an impressionistic rendering. For example, in August 2008, *New York Times* columnist David Brooks wondered why Obama was not already winning in a landslide and then opined that voters were "slow to trust" Obama because he was a "sojourner" whose "journey" made it hard to understand "the roots and values in which he is ineluctably embedded."[1] But at that point in time, most models did not predict a landslide. On average, they predicted that Obama would win with about 52% of the vote—hardly a landslide and, incidentally, about what he did win.[2]

Finally, the forecasting models, taken together, typically correctly predict the winner, even if they do not always predict the exact margin of victory very well. Of the predictions made by various forecasters for the 1992–2008 elections, 85% of them correctly identified the winner—even though most forecasts were made two months or more before the election and even though few of these forecasts actually incorporated polls from the campaign itself or even took account of who the actual candidates were.[3] Thinking about the models this way reflects a "forest, not the trees" approach. Any one model will always make errors. And although some forecasters are historically more accurate than others, no one has a special forecasting sauce that makes his or her model the best. So even if the forecasting models predict a range of possible outcomes—from a narrow victory to a landslide—the direction that these forecasts points almost always identifies the winner. Looked at this way, the models will rarely lead us wildly astray.

[1] David Brooks, "Where's the Landslide?" *New York Times*, August 5, 2008, http://www.nytimes.com/2008/08/05/opinion/05brooks.html?_r=1.

[2] Nate Silver tabulated sixteen different predictions from forecasting models in 2008. On average, McCain was predicted to win 48.3% of the vote in these models. Silver, "Models Based on 'Fundamentals' Have Failed at Predicting Presidential Elections," *Five Thirty Eight/New York Times*, March 26, 2012, http://fivethirtyeight.blogs.nytimes.com/2012/03/26/models-based-on-fundamentals-have-failed-at-predicting-presidential-elections/#more-29633.

[3] John Sides, "In Defense of Presidential Forecasting Models," *Five Thirty Eight/New York Times*, March 29, 2012, http://fivethirtyeight.blogs.nytimes.com/2012/03/29/in-defense-of-presidential-forecasting-models/.

To capture the effect of economic growth on presidential election outcomes, the key is to measure change in roughly the year before the election. Change in the economy matters more than the absolute level of any economic indicator. This is why, for example, Reagan could declare that it was "Morning in America" during the 1984 campaign even though the unemployment rate that fall was above 7%. More important was how much unemployment had declined in the period leading up to that election. The reason to focus on the year before the election is that voters are somewhat myopic.[40] Voters "see" recent economic trends more clearly than those of even a year or two earlier. Thus the economic trend over a president's entire term is less consequential than what would happen in that last year before the election. This is why Reagan could be reelected so easily after a painful recession earlier in his term.

We focus on three different economic indicators, measuring changes in each between the start of the first quarter of the election year and the end of third quarter (January to September). This period captures the recent economic changes that would be at least somewhat visible to voters via news coverage and the like. The first indicator is changes in GDP, an omnibus measure of the country's economic output. The second is changes in the unemployment rate, which is an indicator widely featured in news coverage. The third is changes in incomes, as measured by real disposable income per capita (RDI). Typically these economic indicators trend together, but when they do not, it can be important. For example, in 2000 economic growth as measured by GDP exceeded growth as measured by RDI. This may have helped explain why the incumbent party's candidate, Al Gore, only barely won the popular vote—and, of course, lost the Electoral College.[41] In Obama's case, the same was true: modest economic growth as measured by GDP was accompanied by a slower decline in the unemployment rate and little

[40] Larry M. Bartels, *Unequal Democracy: The Political Economy of the New Gilded Age* (Princeton: Princeton University Press, 2008).

[41] Larry M. Bartels and John Zaller, "Presidential Vote Models: A Recount," *PS: Political Science and Politics* 34, no. 1 (2001): 9–20.

change in disposable income. This is why our model incorporates all three factors.[42]

At the end of 2011, Obama's approval rating and the rate of economic growth suggested a narrow reelection assuming that his approval rating as of December 2011 would not change and that economic growth in 2012 would be equal to growth in 2011. His expected vote margin would be just under 52%.[43] This number was lower than a similar prediction for six of the other incumbent presidents at this point in their first term—including Eisenhower (1955), Johnson (1963), Nixon (1971), Reagan (1983), Clinton (1995), and George W. Bush (2003). According to the model, only George H. W. Bush was expected to have a lower vote share, based on conditions in 1991 (when the country was still recovering from a recession). Historically speaking, Obama's chances are on the low side, although he is still favored.

But more important for Obama was whether and how economic conditions and approval would change in 2012—and what a forecast using 2012 data would reveal about his chances. The accuracy of the forecasting models for elections from 1948 to 2008 improves greatly when election-year conditions are used rather than conditions from the previous year.[44]

To make a forecast using election-year data, we need to make some assumptions about how the economy will change between now and the end of September. Assume for the moment that these will be the election-year economic conditions: growth in GDP of 1.2% between the first and third quarters, a decline in the unemployment rate of 0.1 points between those quarters, and an increase in disposable income of 0.3%.[45] These numbers are roughly in line with what

[42] Specifically, we estimated multiple different models and averaged the results together via a statistical procedure called Bayesian model averaging. More details are in the appendix. See also Bartels and Zaller, "Presidential Vote Models: A Recount."

[43] We measure outcomes in a fashion standard in the forecasting literature: as the incumbent party's percent of the votes won by major-party candidates. Thus these models do not attempt to predict the votes won by third parties or independent candidates.

[44] On average, the model's prediction differs from the actual election results by 3.3 points in absolute value when using conditions from the previous year. When using election-year conditions, it differs by only 1.7 points.

[45] A prominent survey of forecasters suggested that the economy would grow by about 2.4% in 2012, which translates into 1.2% growth in the first through third quarters.

economic conditions in the first quarter of 2012 would lead us to expect for the rest of the year: modest GDP growth, a small decrease in unemployment, and a small increase in disposable income (assuming, of course, that economic trends did not change drastically). In that quarter Obama's approval rating averaged just over 46 points. Using these numbers, Obama would be expected to do better than we predicted using the actual 2011 numbers, garnering 52.9% of the major-party vote. Part of the reason Obama does so well in this forecast stems from his better-than-expected approval rating. We showed in the previous section that, as of the first quarter of 2012, he was about 6 points more popular than expected based on the economy and other factors. Given our model, this increased popularity translates into about an additional 1.5 points of the vote.

To many observers writing in late 2011, the idea that Obama would win 52.9% of the major-party vote seemed unlikely. Regardless of what the models predicted, people thought 2012 would be different. And perhaps they are right that circumstances in Obama's first term were different enough than in previous elections that any forecast based on those elections would not apply in 2012. For example, one could ask: did the extraordinary pain brought by the 2007–9 recession mean that modest improvement in the economy would not be enough? Or perhaps Obama's better-than-expected popularity would not last. At some point, wouldn't the economy finally "catch up" to him, especially now that he has an opponent, Mitt Romney, pointing to the unemployment rate every day and, perhaps eventually, convincing voters to blame Obama for how bad things are? Or perhaps conditions in 2012 would take a turn for the worse—a prospect that seemed entirely possible given ongoing economic turbulence in Europe. All of these points have validity. Our forecast simply shows what history can tell us: that presidents in their first term who are presiding over even modest improvement in the economy are likely to win.

They also forecast a 0.2-point drop in unemployment, which transtates into a 0.1-drop in this time period. http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2011/spfq411.pdf. The estimate of income growth assumes income grows at the same rate in 2012 as it did in 2011. (It grew about 0.6% from 2010 to 2011, or from $32,481 to $32,667. See Table 2 of this report by the Bureau of Economic Analysis: http://www.bea.gov/newsreleases/national/pi/2012/pdf/pi0312.pdf.)

Sometimes even modest faith in forecasting models is deemed "economic determinism" by commentators who presume that these models, and even the whole of political science research on elections, imply that elections are only about the economy and campaigns themselves are irrelevant. That is not our view, nor in fact is it most political scientists' view. What gives the 2012 election its drama is uncertainty about whether and how the economy changes, which in turn makes Obama's reelection uncertain. Thus, far from suggesting that the campaign would not matter, the fundamentals in 2012 predict a close enough election that the campaign could certainly matter and possibly consign Obama to that one-term proposition.

Appendix

Consumer Sentiment

The quarterly consumer sentiment data in Figure 2 are available here: http://www.sca.isr.umich.edu/data-archive/mine.php. Information about how the index is constructed is here: http://www.sca.isr.umich.edu/documents.php?c=i. These are the means and standard deviations for each president. For Obama, these include all data through the fourth quarter of 2011.

	Mean	Standard deviation
Eisenhower	95.2	4.3
Kennedy	94.9	3.0
Johnson	97.1	4.7
Nixon	81.4	8.8
Ford	76.2	11.5
Carter	74.4	10.9
Reagan	87.0	11.3
Bush I	82.3	9.2
Clinton	97.8	8.7
Bush II	85.9	9.9
Obama	68.5	5.2

The dates for the recessions indicated on the figure are from the National Bureau of Economic Research.

Approval of Obama

The presidential approval data in Figure 3 were gathered from publicly available polls compiled by Pollster.com, a polling clearinghouse hosted by Huffington Post. We thank Mark Blumenthal for his help in acquiring these data.[46] The graph includes every poll that was taken after Obama's inauguration on January 29, 2009, and before

[46] "Obama Job Approval," *Huffpost Politics*, http://elections.huffingtonpost.com/pollster/obama-job-approval.

March 31, 2012. The averaged trend line is estimated using a lowess smoother with a bandwidth of 0.05.

Forecast of Obama Approval

The analysis underlying Figure 4 draws on presidential approval data gathered by George Edwards and Gary Jacobson and then updated by us. We thank Jacobson for sharing data with us. For Presidents Truman through Clinton, the data include only Gallup polls. For President George W. Bush, the data include both Gallup and CBS News/*New York Times* polls. For Obama, they include all publicly available polls compiled by Pollster. The approval data contain overall approval among all respondents, as well as approval among Democrats, Republicans, and independents. Independents who lean toward a party are counted as independents. The presidential approval data are aggregated to quarters. We drop two quarters—the fourth quarter of 1963 and the third quarter of 1974—in which presidents overlapped due to Kennedy's assassination and Nixon's resignation. For six quarters there were no Gallup data (1948Q3, 1948Q4, 1949Q4, 1964Q3, 1972Q3, and 1976Q3). We impute the approval rating for these quarters via linear interpolation. The range of data is thus 1948–2012.

The economic indicators used in the analysis come from data collected and disseminated through the St. Louis Federal Reserve's FRED Database. These include the following indicators:

- Gross domestic product. This is calculated as the percentage change from the previous quarter.
- The unemployment rate. The model includes the unemployment rate from the previous quarter, which is a stronger predictor of approval than the unemployment rate in the current quarter.
- The consumer price index, which measures inflation. This is calculated as the percentage change from the previous quarter.

The analysis also draws on counts of salient events that may affect presidential approval in either a positive or a negative direction. These events were drawn from previous studies of presidential approval.[47]

[47] Paul Brace and Barbara Hinckley, "The Structure of Presidential Approval: Constraints within and across Presidencies," *Journal of Politics* 53, no. 4 (1991): 993–1017;

We updated those events from 2007–11.[48] A complete list of events is listed at the end of the appendix. These variables tally the number of positive and negative events in each quarter.

The statistical model is estimated by first transforming approval ratings using a logit transformation, a common strategy when the variable has a defined lower and upper bound (0% and 100%, in this case). Because the data are both cross-sectional (across presidents) and over-time (across quarters), we estimate a fixed effects model that includes a measure of approval lagged one quarter, the three economic indicators, the numbers of positive and negative events, and the number of quarters the president had been in office at that point.[49]

To generate Figure 4 and Figure 6, we estimated this model twelve times, dropping a different presidential administration from the analysis each time. Then we generated predicted approval ratings for the president whose administration is not in the analysis. The predicted approval ratings reported in both figures have been transformed back into percentage points. As an illustration, here are the results from a model estimated on the data from 1948 through the first quarter of 2012. For clarity, we do not perform the logit transformation. The results show that presidential approval is associated with all of these factors, although the effect of the change in the inflation rate is estimated somewhat imprecisely.

Paul Gronke and John Brehm, "History, Heterogeneity, and Presidential Approval: A Modified ARCH Approach," *Electoral Studies* 21 (2002): 425–52; Douglas Kriner and Liam Schwartz, "Partisan Dynamics and the Volatility of Presidential Approval," *British Journal of Political Science* 39 (2009): 609–31.

[48] We thank Douglas Kriner for his assistance with this.

[49] Many features of this model are based on D. Roderick Kiewiet and Douglas Rivers, "The Economic Basis of Reagan's Appeal," in John E. Chubb and Paul E. Peterson, eds., *The New Direction in American Politics* (Washington, DC: Brookings Institute Press, 1985).

The Hand You're Dealt

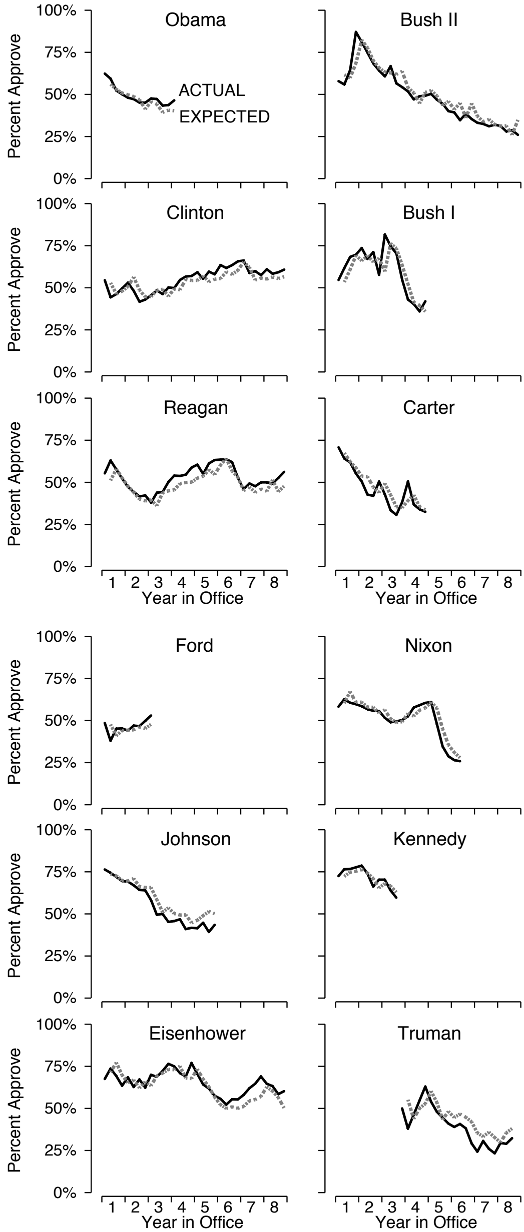

Figure 6. **Actual vs. expected presidential approval for Obama and predecessors.** The figure presents actual quarterly approval for each president alongside the expected approval that was predicted from a statistical model.

	Coefficient	Standard error	t-statistic
Approval rating in previous quarter	0.80	0.03	23.08
Unemployment rate in previous quarter	−1.15	0.36	−3.20
Percentage change in GDP since previous quarter	0.87	0.34	2.55
Percentage change in inflation rate since previous quarter	−0.82	0.49	−1.67
Number of quarters in office	−0.15	0.05	−3.10
Positive event	2.56	0.54	4.78
Negative event	−1.06	0.46	−2.32
Constant	18.57	3.56	5.22

Number of observations = 243. Number of presidents = 12. Overall R^2 = 0.85. Standard error of the estimate = 4.72.

Below are the average differences between actual and predicted approval, as well as the standard error of that difference, for each president.

	Difference (actual–predicted)	Standard error
Truman	−3.97	1.39
Eisenhower	2.24	0.77
Kennedy	0.74	1.00
Johnson	−3.72	0.78
Nixon	−1.47	0.85
Ford	0.89	1.64
Carter	−2.27	1.45
Reagan	3.42	0.64
Bush I	1.31	2.09
Clinton	1.05	0.68
Bush II	−1.28	0.95
Obama	2.67	0.68

To generate Figure 5, we used the 1948–2008 data and estimated models with the same factors, except we focused on approval ratings for Democrats, independents, and Republicans. We then predicted values for Obama for each partisan group.

Racial Attitudes and Presidential Approval

This analysis drew on a YouGov survey conducted April 14–17, 2011. The measure of racial attitudes, known as "racial resentment" in the political science literature,[50] combines answers to four questions:

- "Over the past few years, blacks have gotten less than they deserve."
- "Irish, Italian, Jewish, and many other minorities overcame prejudice and worked their way up. Blacks should do the same without any special favors."
- "It's really a matter of some people not trying hard enough; if blacks would only try harder they could be just as well off as whites."
- "Generations of slavery and discrimination have created conditions that make it difficult for blacks to work their way out of the lower class."

In addition, the model includes party identification (on a seven-point scale ranging from strong Republican to strong Democrat), self-reported ideology (on a five-point scale ranging from strong conservative to strong liberal), sex, race, and income. Approval of Obama is a four-category measure that we collapse to two categories (approve or disapprove) to be consistent with the other analyses of presidential approval in this chapter. Below are the coefficients from the model, which was estimated via logit.

[50] For example, Tesler and Sears, *Obama's Race*.

	Coefficient	Standard error	*z*-statistic
Racial resentment	−0.64	0.11	−5.59
Party identification	0.67	0.07	10.11
Ideology	0.75	0.15	4.90
Female	0.27	0.21	1.25
Black	1.00	0.43	2.32
Hispanic	0.27	0.37	0.75
Other race	−0.46	0.39	−1.18
Income	0.04	0.03	1.25
Constant	−3.50	0.75	−4.69

Number of observations = 830. Pseudo-R^2 = 0.47.

The model predicts that Obama's approval rating would be 48.9% (in actuality, it was 48.2% in this sample, suggesting that the model's prediction is accurate). When racial attitudes are shifted to neutrality, his predicted approval rating would be 52.8%. The difference between the two predicted values is statistically significant ($p < .001$). If we focus only on respondents who are not black, we get virtually the same result.

Blame for the Economy and Presidential Approval

This analysis also drew on the April 14–17 YouGov survey. In this survey, respondents were asked, "How much is each of the following people or groups to blame for the poor economic conditions of the past few years?" In random order, people were asked about Obama, George W. Bush, Democrats in Congress, Republicans in Congress, "Wall Street bankers," and "Consumers who borrowed too much money." The response categories were: a great deal, a lot, a moderate amount, a little, and not at all. We subtracted the blame given to Obama from the blame given to Bush, so that higher values on the measure indicated more blame for Bush relative to Obama.

We then estimated a model of Obama approval, focusing only on those respondents who identified as independents and did not lean toward a major party. The model included this blame measure in addition to self-reported ideology, sex, race, and income. Below are the coefficients from the model, which was estimated via logit.

	Coefficient	Standard error	z-statistic
Blame for economy	0.94	0.18	5.20
Ideology	−0.28	0.34	−0.81
Female	0.17	0.45	0.37
Black	1.26	0.90	1.39
Hispanic	0.90	0.87	1.03
Other race	−0.81	0.80	−1.02
Income	−0.10	0.07	−1.46
Constant	0.40	1.19	0.33

Number of observations = 142. Pseudo-R^2 = 0.30.

The model predicts that Obama's approval rating would be 40.1% (his actual approval rating among independents was 36.5% in this sample). Under the assumption that every respondent blamed Bush and Obama equally, his predicted approval rating would be 30.8%. The difference between the two predicted values is statistically significant ($p < .001$). For more elaboration of this analysis, see: http://today.yougov.com/news/2012/04/27/blame-game/.

Presidential Election Forecast for 2012

The forecasting models we report focus on the incumbent party's share of the major-party vote in presidential elections from 1948 to 2008. The factors we include in the different models we report are:

- Presidential approval in June of the election year. We calculate the average if there were multiple polls in that month.
- The percentage change in GDP between the first and third quarters of the election year. (Note that the results do not change much if we substitute GDP per capita and if we annualize the percentage change.)
- The percentage change in real disposable income per capita between the first and third quarters of the election year.
- The percentage point change in the unemployment rate between the first and third quarters of the election year.
- An indicator for whether the incumbent party has held the White House for only one term or for two or more terms.

The forecasting model always includes presidential approval and the incumbent party's tenure in office. We estimated models including different combinations of the three economic indicators and then averaged the results together using a procedure called Bayesian model averaging. This technique is especially useful when there is not a strong reason to prefer a particular model and it makes more sense to evaluate a variety of plausible alternatives. We use it here because any or all of these economic indicators could plausibly influence presidential election outcomes. Here are the model's parameters after averaging:

	Coefficient	Standard error	*t*-statistic
Approval rating	0.21	0.06	3.31
Time in office	−3.65	1.51	−2.43
Percentage change in GDP	1.12	0.92	1.22
Percentage change in RDI	0.37	0.62	0.60
Change in unemployment rate	0.10	1.86	0.05
Constant	45.33	4.83	9.39

Number of observations = 16.

Salient Events for Presidential Approval Models

Month	Year	Event	Positive or negative
3	1949	Coal strike	N
10	1949	Steel strike	N
7	1950	North Korea attacks South Korea	P
9	1950	Wage-price controls	N
5	1951	Truman fires MacArthur	N
4	1952	Japanese Peace Treaty announced	P
4	1952	Truman nationalizes steel industry	N
6	1952	Court rules against Truman on steel case	N
3	1953	Soviets fire on U.S. bomber	P
8	1953	Korean armistice announced	P
10	1953	Eisenhower invokes Taft-Hartley	N
7	1955	Soviets shoot down U.S. spy plane	P
10	1955	Eisenhower has heart attack	P
6	1956	Eisenhower has major surgery	P
10	1957	Eisenhower orders army to Little Rock	N
10	1957	Sputnik launched	N
6	1958	Sherman Adams scandal breaks	N
7	1958	Eisenhower sends marines to Lebanon	P
7	1959	Steel strike	N
11	1959	Eisenhower invokes Taft-Hartley	N
5	1960	U-2 incident	P
5	1961	Bay of Pigs invasion	P
8	1961	Berlin Wall crisis	P
11	1961	Second Berlin Wall crisis	P
3	1962	First American orbits Earth	P
5	1962	Steel crisis	N
10	1962	Integration crisis in Mississippi	N
11	1962	Cuban Missile Crisis	P
5	1963	Integration crisis in Alabama	N
5	1965	Dominican Republic crisis	P
8	1965	Vietnam draft doubled	N

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
4	1966	Vietnam protests	N
8	1966	Race riots in Chicago	N
9	1966	Race violence in Atlanta	N
8	1967	Race riots	N
11	1967	Vietnam protest	N
2	1968	Tet offensive	N
4	1968	Johnson announces end to bombing in Vietnam	P
5	1968	Campus protests about Vietnam	N
9	1968	Soviets move into Czechoslovakia	P
12	1968	Lowest unemployment in fifteen years	P
8	1969	Successful moon launch	P
12	1969	Huge antiwar rally	N
6	1970	Cambodia invasion	N
6	1970	Kent State shooting	N
2	1971	Laos invasion	N
4	1971	Antiwar demonstrations	N
9	1971	Nixon imposes wage-price controls	N
2	1972	Vietnam peace proposal announced	P
4	1972	Increase in war and bombing	N
1	1973	Vietnam peace accord	P
2	1973	Watergate burglars convicted	N
3	1973	McCord letter to Sirica	N
5	1973	Ervin Committee begins	N
6	1973	Price freeze announced	N
7	1973	Dean testifies	N
8	1973	Agnew investigation revealed	N
9	1973	Ehrlichman, Liddy, and others indicted	N
10	1973	Saturday night massacre	N
11	1973	Gap in tape revealed	N
11	1973	Six Watergate figures sentenced	N
4	1974	House judiciary hearings begin	N

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
4	1974	Nixon ordered to pay back taxes	N
5	1974	Judiciary hearings continue	N
8	1974	*U.S. v. Nixon* announced (8/30)	N
8	1974	Articles of impeachment voted	N
8	1974	Tapes incriminate Nixon	N
10	1974	Ford pardons Nixon	N
5	1975	Cambodia falls	N
6	1975	Mayaguez incident	P
9	1978	Camp David Accords signed	P
12	1979	Hostages first seized in Iran	P
1	1980	Soviets invade Afghanistan	P
2	1980	Inflation sets new record high	N
4	1980	Helicopter rescue plan fails	N
5	1980	Race rioting	N
3	1981	Assassination attempt on Reagan	P
8	1983	Soviets attack Korean airliner	P
10	1983	Grenada invasion	P
3	1984	Record deficit balance of payments	N
4	1984	Bombing of Nicaraguan harbors	N
1	1985	Cabinet shakeup	N
4	1985	Bitburg controversy	N
7	1985	Hostage incident (06/14–06/30)	P
8	1985	Reagan surgery (7/13)	P
1	1986	Space shuttle explodes	P
4	1986	Libyan hostilities	P
5	1986	Air strike on Libya	P
11	1986	First Iran-Contra revelation	N
12	1986	Reagan claims Iran-Contra ignorance	N
3	1987	Tower Committee report	N
3	1987	Donald Reagan resigns	N
5	1987	Iran-Contra hearings	N
5	1987	Persian Gulf attack on United States	P

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
6	1987	Iran-Contra hearings continue	N
6	1987	United States escorts Kuwaiti tankers	P
7	1987	Iran-Contra hearings continue	N
10	1987	Stock market plunges	N
11	1987	Iran-Contra report by Congress	N
12	1987	United States–USSR treaty signed	P
1	1988	Meese investigation	N
4	1988	Justice Department investigated	N
4	1988	Marines enter Panama	P
5	1988	Senate ratifies INF treaty	P
3	1989	Senate rejects Tower nomination	N
5	1989	North convicted by federal jury	N
10	1989	Dow Jones drops 190, second largest in history	N
12	1989	Bush announces end of cold war	P
12	1989	United States invades Panama	P
4	1990	Poindexter convicted	N
8	1990	Iraq invades Kuwait	P
11	1990	Treaty on nuclear weapons in Europe	P
1	1991	Desert Storm	P
3	1991	No-fly zone in Iraq	P
7	1991	START treaty signed	P
9	1991	Unilateral reduction in tactical nukes	P
10	1991	Thomas hearings, Hill revelations	N
11	1991	Wofford beats Thornburgh for PA Senate	N
4	1992	Los Angeles riots	N
1	1993	START II signed	P
1	1993	U.S. attack on Iraqi missile/radar stations	P
2	1993	Trade Center bombing	P
4	1993	Waco siege and fire	?

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
5	1993	Travelgate	N
6	1994	United States attacks Somali warlord	P
4	1995	Oklahoma City bombing	N
6	1995	O'Grady shot down in Bosnia	P
11	1995	Government shutdown, 770,000 sent home	N
12	1995	Government shutdown continues	N
6	1996	Filegate, confidential FBI files	N
7	1996	Olympic Park bombing	N
9	1996	United States attacks Iraq	P
10	1997	Asian crisis, Dow drops 554 points	N
7	1998	Secret service testify, Lewinsky case	N
8	1998	U.S. embassies in Africa bombed	P
8	1998	Lewinsky case, Clinton admits relationship	N
9	1998	Starr presents impeachment case to House	N
10	1998	House votes for impeachment hearing	N
12	1998	House votes to impeach	N
12	1998	U.S. air strike against Iraq	P
1	1999	Impeachment trial begins in Senate	N
2	1999	Clinton acquitted in Senate	P
3	1999	NATO air war against Serbia begins	P
4	1999	Clinton held in contempt of court by USDC for false statements in Jones deposition	N
6	1999	Milošević backs down; bombing ends	P
3	2000	White House cleared in Filegate	P
9	2000	Whitewater inquiry ends without charges	P
10	2000	USS *Cole* bombing	P
4	2001	China spy plane incident (crew returned 4/12/2001)	P
9	2001	September 11 terrorist attacks	P

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
10	2001	Afghanistan War begins	P
10	2001	Anthrax attacks (begin in October; 11/7 Bush describes as second wave of attacks sweeping the country)	P
12	2001	Enron; the largest U.S. firm ever to file for bankruptcy	N
5	2002	United States and USSR to reduce nukes by two-thirds	P
10	2002	North Korea admits WMD program	N
11	2002	UNSC resolution on Iraq	P
1	2003	North Korea withdraws from NPT	N
2	2003	Columbia disaster	P
2	2003	Worldwide antiwar protests	N
3	2003	Iraq War begins	P
4	2003	Saddam statue in Baghdad toppled	P
7	2003	Wilson *NYT* op-ed; start of CIA outing-gate; CIA admits faulty intelligence, claim shouldn't have been in speech	N
10	2003	UNSC resolution endorsing U.S.-led multinational force	P
12	2003	Saddam captured	P
12	2003	Libya abandons WMD program	P
1	2004	Afghan council approves Constitution	P
1	2004	David Kay resigns—no WMDs in Iraq	N
4	2004	Condoleezza Rice testifies before 9/11 commission; infamous PDB "Bin Laden Determined to Attack US" released	N
4	2004	*60 Minutes II* airs Abu Ghraib photos	N
6	2004	Transfer of sovereignty to Iraqi Provisional Government	P
7	2004	Senate Intelligence Community concludes intelligence on WMDs wrong	N
7	2004	9/11 Commission final report—no connection between Iraq and 9/11	N

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
10	2004	Duelfer Report—no WMDs	N
10	2004	Afghan election	P
11	2004	Red Cross alleges mistreatment at Guantanamo Bay	N
12	2004	Tsunami	P
1	2005	Iraqi election	P
8	2005	Katrina	N
10	2005	Iraqi Constitution vote (passage announced 10/25/2005)	P
10	2005	Scooter Libby indicted	N
1	2006	Iran announces it will resume nuclear program	N
4	2006	Libby testifies Bush authorized Plame leak	N
6	2006	Zarqawi killed	P
6	2006	Fitzgerald will not charge Rove	P
10	2006	North Korea nuclear test	N
11	2006	Saddam convicted and executed	P
1	2007	Bush announces plan for troop "surge" in Iraq	N
2	2007	Cheney is target of an unsuccessful Taliban suicide bomber near Bagram Air Base, Afghanistan	P
3	2007	Libby convicted of perjury and obstructing justice	N
6	2007	Bush commutes Libby's sentence	N
3	2008	Bear Stearns fails; Fed props up credit markets	N
9	2008	Fed takes control of Fannie Mae and Freddie Mac; Merrill Lynch sold to Bank of America, Lehman Brothers declares bankruptcy	N
1	2009	Obama signs executive order closing Guantanamo Bay	P
6	2009	GM files for bankruptcy protection	N

Salient Events for Presidential Approval Models *(continued)*

Month	Year	Event	Positive or negative
12	2009	Underwear bomber plot foiled over Detroit	P
3	2010	Affordable Care Act signed	P
5	2010	Car bomb plot in Times Square fails	P
8	2010	Obama announces U.S. combat mission in Iraq has come to an end	P
1	2011	Gabrielle Giffords shot	P
3	2011	Obama announces plan to militarily intervene in Libya	P
5	2011	Bin Laden killed	P
5	2011	Federal government reaches debt limit	N
6	2011	Obama announces plan to withdraw troops from Afghanistan by the end of year	P
8	2011	S&P downgrades U.S. credit rating from AAA to AA+	N
9	2011	Solyndra files for bankruptcy	N
9	2011	Occupy Wall Street protests begin	N