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The Economy and the Unpopular Incumbent

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Disciplines

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ONE

The Economy and the Unpopular Incumbent



DURING ELECTIONS, DISCUSSIONS IN THE PRESS AND AMONG pundits focus on the role of the candidates, their strategies, and messages in securing the votes needed to assume the White House. Polls chronicle the incumbent president's standing and report which issues voters consider paramount. There is ample talk about national conditions, as well as progress or lack thereof in wars. News accounts feature indicators of the health of the economy, such as the unemployment rate, housing starts, the GDP, the Dow, and, in 2008, gas prices and foreclosure rates. Political conventions remind voters of a candidate's ties to a political party, a notion capable of activating a complex amalgam of information, inferences, and inclinations among those who consider themselves political kin of FDR, JFK, and Clinton or Reagan, and perhaps George W. Bush.

Before asking how messages, media, and money shaped the 2008 general election campaign, we focus here on the supposition that a combination of fundamental factors ensured that in 2008 the stars were aligned for the Democrats. Among them, the incumbent Republican president was unpopular, the premises of the war that he had launched in Iraq discredited, and the economy faltering. In party identification, the Democrats held the advantage. On handling the economy—the issue mattering most to voters—they had the edge as well.

We begin by documenting George W. Bush's subterranean polling numbers, move to note that leading indicators suggested an economy on the wrong track, proceed to note that on handling the economy the Democrats had the advantage, and conclude by showing that the electorate was populated with higher numbers of Democratic than Republican identifiers. After exploring the blessings this bundle of factors bestowed on the eventual Democratic nominee, we set the stage for our argument that message, media, and money nonetheless contributed to Obama's ballot total by isolating the percentage of the 2008 presidential vote intention that can be predicted by party preference, ideological placement, economic conditions, and disapproval of the presidency of George W. Bush alone.*

An Unpopular President

President George W. Bush was the albatross circling the candidacy of Republican nominee John McCain. Not since Hubert Humphrey in 1968 had a presidential candidate so desperately needed to decouple his fortunes from those of his party's incumbent. Bush's "job approval is almost as poor as that of King George III among the colonists 240 years ago,"¹ posited Peter Brown, assistant director of the Quinnipiac University Polling Institute in late March 2008. "The failure of the Bush presidency is the dominant fact of American politics today," observed Jeffrey Bell in the *Weekly Standard* that same month. "It has driven every facet of Democratic political strategy since early 2006, when Democrats settled on the campaign themes that brought them their takeover of the House and Senate in November 2006. Nothing—not even the success of the American troop surge in Iraq—has altered or will alter the centrality of George

W. Bush and his failed presidency to Democratic planning in the remainder of 2008.”²

At no point in 2008 did a major public opinion poll find more than 43 percent of the public approving of the incumbent’s presidency.³ As 2008 was drawing to a close, a survey conducted by the Pew Research Center found that “just 11% said Bush will be remembered as an outstanding or above average president—by far the lowest positive end-of-term rating for any of the past four presidents.”⁴ The 25 percent at which the 43rd president’s approval ratings landed on October 5, noted an article in the *National Journal*, was “only 1-percentage point higher than President Nixon’s low of 24 percent, reached shortly before he resigned, and 3 points above President Truman’s low of 22 percent.”⁵

On average from mid-December 2007 through Election Day 2008, Bush scored 3.8 on a 10-point NAES favorability scale.⁶ Were the presidency a college course, one would be hard-pressed to read this as a pass. Related measures told the same story. During the general election, 77 percent believed the country was “seriously off on the wrong track.”⁷

When asked about the incumbent, voters served up a wide range of both conventional and unexpected language expressing dismay and disdain. On May 12, 2008, for example, an Annenberg-sponsored focus group⁸ of undecided independents in Charlottesville, Virginia, responded to moderator Peter Hart’s request for “a word or phrase to describe your opinion of George Bush as president” by saying:

DANNY: Disappointing.

DORITA: That was my word, too. Exact word. I’m thinking, okay, yes. I was expecting more.

SUSAN: Well, I don’t like to be disrespectful of the president, but I think he’s worthless.

NOLA: Not surprising.

BOB: Misleading.

MONIQUE: Awful.

DOLORES: Can a toilet brush go with a toilet . . . I don’t want to be disrespectful either. I’m going to say scary.

DENNIS: I just say he’s in a difficult position.

WILLIAM: I think he’s very gullible.

JOSH: Solitary.

PATRICK: War monger.

MELINDA: I don’t know. I don’t know what to say. I don’t have one word. All I know is I wouldn’t want to be in his shoes.

Four months later, a focus group of citizens in Bedford, New Hampshire, offered answers no more likely to gladden the 43rd president's heart:

TOM: Incompetent.

SHANNON: Illiterate.

DAVID: Blew it.

JOAN: Scary.

KATHY: . . . disappointed.

BILL: Unqualified and incompetent.

ELIZABETH: Embarrassing.

EMILY: That's what I was going to say, embarrassing.

JANE: I was going to say sympathy.⁹

The implications were not lost on the Republican ticket. "We're up against a lot," noted McCain's running mate, Governor Sarah Palin of Alaska, in an interview with NBC's Brian Williams on October 24. "We're up against a very unpopular president, Bush's administration right now, and those who want to link us to that administration."¹⁰

A Faltering Economy

As the presidential candidates assembled for their preprimary debates in fall 2007, the Dow was setting records, peaking in early October at 14,164.¹¹ Still, the country was anxious. In a *Wall Street Journal*/NBC News poll taken at the time, three-quarters of respondents reported that the nation was on the wrong track. By the eve of the second general election presidential debate a year later, the Dow had lost more than 4,000 points to close on October 7, 2008, at 9,447. And the bottom wasn't in sight.

Where in the third quarter, the GDP growth was minus one-half of 1 percent,¹² in the fourth, the contraction rate was negative 6.2 percent.¹³ Put simply, the economic quarter that included the last five weeks of the election was dismal.¹⁴ Harking back to the early 1980s, an account in the *Wall Street Journal* characterized the U.S. economy's performance in the closing months of 2008 as "its worst . . . in a quarter-century . . ." ¹⁵ In that period, business sales plunged and consumer spending dropped at a rate "marking the worst back-to-back declines since quarterly records began in 1947."¹⁶



FIGURE 1.1 University of Michigan's Consumer Sentiment Index. Sources: Survey of Consumers, Reuters, and University of Michigan, <http://www.sca.isr.umich.edu/>

Nor were other economic indicators reassuring. In the fourth quarter of 2008, “[h]omebuilding tumbled at a 23.6% pace, and commercial real estate started to crumble. As federal spending rose, state and local governments [were] pulling back. Exports growth fell at a nearly 20% rate.”¹⁷

The other news for individuals was troubling as well. “Personal income decreased 1.2 percent for the quarter.”¹⁸ Because scholars peg electoral outcome from inferences based largely on gains or losses in personal income and the popularity of the president, the drop in income was especially noteworthy. If past is prologue, the University of Michigan Consumer Sentiment Index also forecast a script that ended with Barack Obama in the White House. Driven by a collapse in housing prices and a dramatic fall in the stock market, consumer confidence in fall 2008 was plummeting.

“When the party in power wins, the Michigan consumer sentiment index is at least 96,” recalled McCain pollster Bill McInturff. “The three times it’s been in the ’70s, the party in power has lost: Jimmy Carter, Gerry Ford and George H.W. Bush in ’92. In October [2008] the number was 58. In other words, there’s not a number like this. When you look at those numbers, you conclude that we’re going to lose the election”¹⁹ (figure 1.1).

A Democratic Advantage on Handling the Economy

At the very beginning of the election season, Iraq surpassed the economy as the issue most saw as the central concern facing the country. But its position at the top of the list was shortlived. Thereafter, the focal issue was the economy writ large (figure 1.2). NAES data tell us that the economy was the most important issue for respondents regardless of their race, gender, age, education, political identification, and so on.*

Even before the first Iowa voter braved the ice and snow to caucus, the issue landscape looked sunny and cloud-free for the Democrats. “The Republican Party was in a much stronger position on issues in January 2004, 10 months before President George W. Bush won re-election and the Republicans retained their majority position in Congress,” noted a November/December 2007 Gallup Poll report.²⁰ When asked which party could better handle the situation in Iraq, the public had shifted from preferring the Republicans by 16 percent in 2004 to favoring the Democrats by 10 in late 2007. On the economy, the Democratic advantage had risen from 4 percent to 12 in the same period, and on health care from 21 to 30 percent. Even on taxes, an issue the Republicans had owned in the 1980s, the Democrats and Republicans were basically at parity both in 2004 (when the Democrats were up 4) and in late 2007 (when they were ahead by 2).

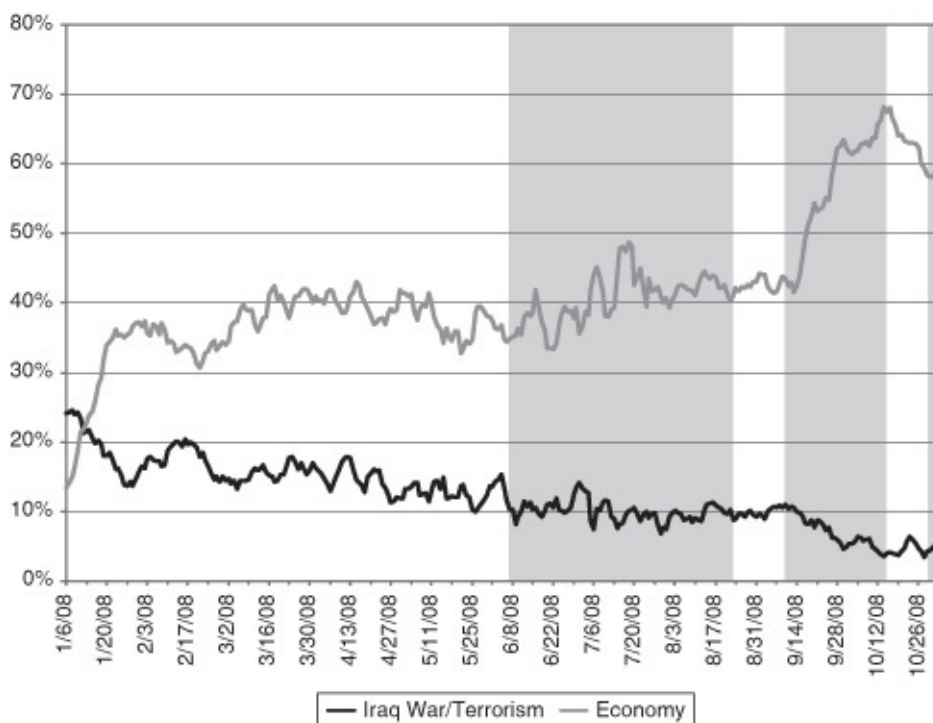


FIGURE 1.2 Percent of Respondents Who Cited “Iraq War/Terrorism” and the “Economy” as the Most Important Problem (5-day PMA). *Source:* NAES08 telephone survey.

The Economy

After looking back at its measures since 1982, Gallup concluded in late 2007 that its “long-term trend for which party can better handle the economy finds the Democrats doing well on a historical basis.”²¹ The country’s oldest polling firm then offered an ominous forecast for the Republicans. “[W]hile it is not unusual for the Republicans to be at parity with or behind the Democrats on this measure, their current 12-point deficit is on the high side. If a disadvantage this large persists in 2008, it could spell trouble for the party if the economy figures as a major issue for voters.”²² In February 2008, Pew confirmed that “a majority (53%) . . . says the Democrats are better able to handle the economy, which has become the leading issue in the presidential campaign.”²³ In every head-to-head comparison in the *Washington Post/ABC* survey between March and Election Day 2008, Obama topped McCain on this issue.²⁴ Not

since the Dukakis-Bush race of 1988 had the *Post*-ABC poll showed a Republican outpacing the Democrat on this question as Election Day neared.²⁵ Throughout the general election season, data from the NAES show an Obama advantage on the perceptions of which candidate would best handle the economy as well (figure 1.3).

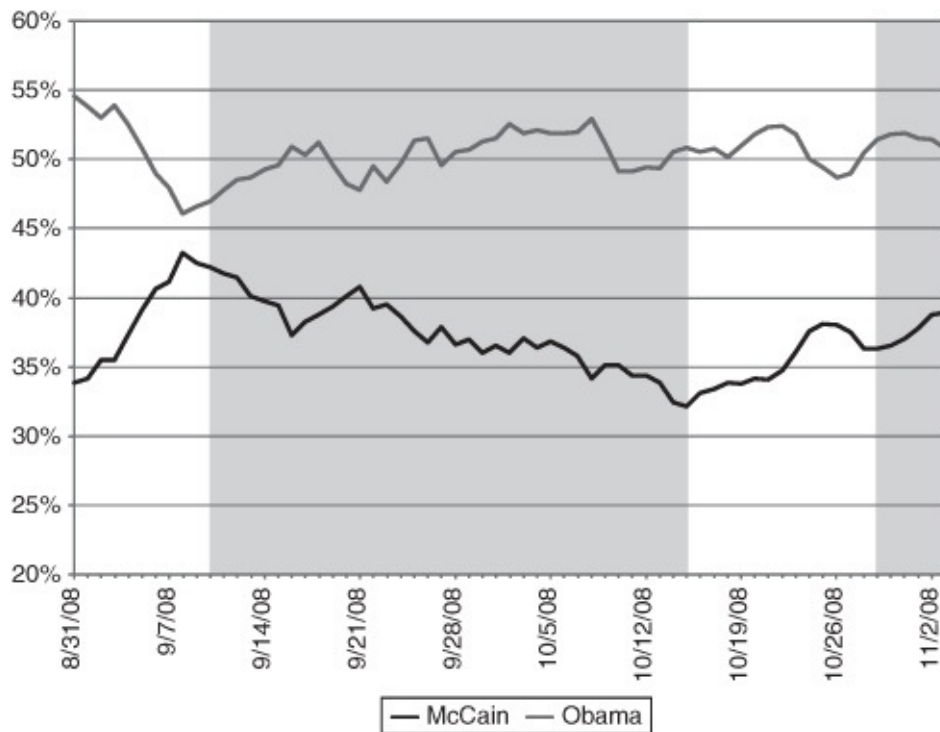


FIGURE 1.3 Perceptions of Which Candidate Would Handle the Economy Better (5-day PMA). *Source:* NAES08 telephone survey.

A Democratic Advantage in Party Identification

The disposition of individuals to tell a pollster that they were Republicans began dissipating after the 2004 election (figure 1.4).

The effects of a frustrating war, faltering economy, and failing president are reflected in the outcome of the 2006 election, which flipped control of both the U.S. House and Senate to the Democrats and spiked the number of voters calling themselves Democrats. That shift continued into the 2008 election. In 2004, a Pew survey found 33 percent identified as Republicans and 35 percent as Democrats. In 2008, 27 percent were self-described Republicans and 36 percent self-identified as Democrats. The 2008 NAES produced similar results (26.7 percent Republicans, 36.1 Democrats).²⁶

In the contest to sign up adherents, the Democrats handily bested those on the other side as well. Almost 74 percent (73.5) of those eligible were registered by Election Day—an increase of 10.1 million. While from 2004 to the end of 2008 Democratic registration increased 1.4 percent, or 2,916,000 million, during the same period, the Republicans tallied only half that amount (1,458,000).²⁷

Of course, identification doesn't necessarily translate into election of the advantaged party's presidential nominee. "[T]he Republican Party apparently enjoyed a party-

identification advantage among actual voters (that is, nonvoters are omitted) in all contests from 1904 through 1932, and the Democrats an advantage in all contests from 1936 through 2000,” notes political scientist David Mayhew. “Yet in only fourteen of these twenty-five instances did the party that actually won the presidency enjoy a party-identification edge among voters at the time. Coin flips would have brought twelve and a half such victories, barely a worse showing.”²⁸

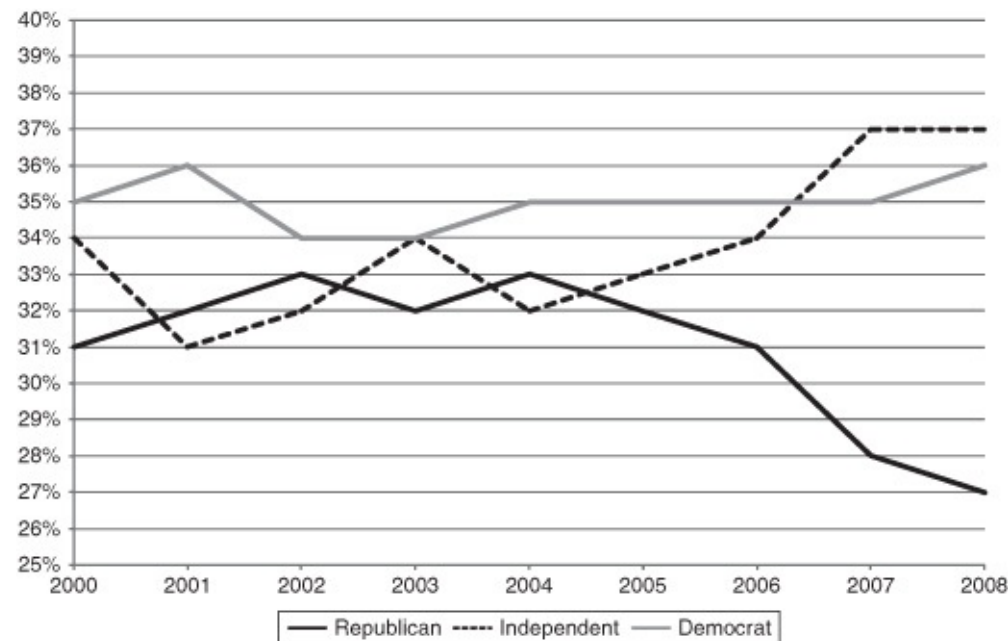


FIGURE 1.4 Trends in Party Identification, 2000 to 2008. *Source:* Pew Research Center for the People & the Press, “Fewer Voters Identify as Republicans. Democrats Now Have the Advantage in ‘Swing’ States,” March 20, 2008 (<http://pewresearch.org/pubs/773/fewer-voters-identify-as-republicans>).

One explanation may be that voters sometimes consider the other party’s nominee an ideological kin. If so, Obama’s party identification and voter registration surplus might be trumped by McCain’s ideological advantage. In 2008, 38.4 percent of those surveyed by the NAES (by telephone) said they were very or somewhat conservative, while only 26 percent said they were very or somewhat liberal.²⁹ This trend has proven durable; the share of Americans calling itself liberal, moderate, or conservative has remained stable for decades. This was true even as the Democratic Party identification advantage was widening.³⁰

According to the NAES data, Democrats and independents are less ideologically predictable than their Republican counterparts.* Sixty-eight percent of self-identified Republicans consider themselves conservative, compared to the 42 percent of Democrats who see themselves as liberal. However in our data, party identification is a slightly stronger predictor of how a person will vote than ideology, adding weight to the Obama party advantage.³¹

Still all of this raises the question: how did a person widely perceived to be liberal (figure 1.5) win the votes of conservatives?

The cross-ideological draw of the senator from Illinois was stronger than that of the

Republican Party nominee.* Not only did the Democrat do better with self-identified liberals than McCain did with self-identified conservatives, but he decisively carried moderates. Similar to our data, exit polls showed that 20 percent of conservatives voted for Obama. The Illinois senator also carried a majority of those who considered themselves to be neither Republicans nor Democrats but independents. Still, both candidates carried over 85 percent of those who identified with their own party.³²

Using the 2008 NAES phone postelection panel data to compare the 17.4 percent of conservatives voting for Obama against other conservatives, we find that those for the Democratic ticket were significantly more likely to be black, Hispanic, lower income, and inclined to believe that their personal economic situation had worsened in the past year.* The largest and most robust predictor in our statistical model is race. Among conservatives, blacks are 40.79 times more likely to vote for Obama than nonblacks. In our postelection survey over 85 percent of black conservatives reported voting for Obama.

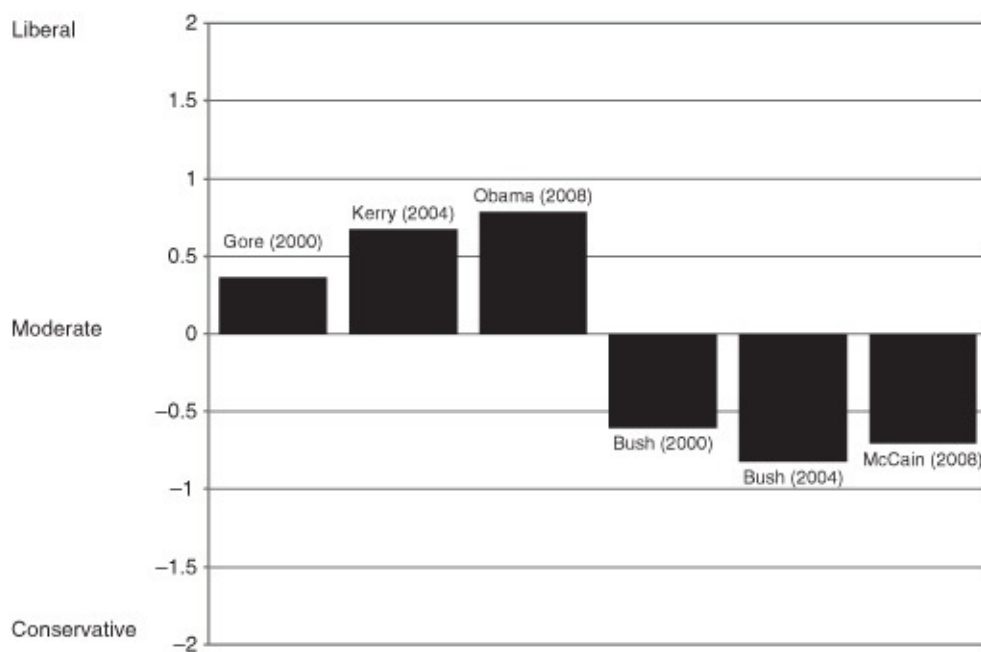


FIGURE 1.5 Perceptions of Candidate Ideology. Sources: NAES00 telephone survey, 6/01/00 to Election Day, $N = 38,764$; NAES04 telephone survey, 6/01/04 to Election Day, $N = 40,898$; NAES08 telephone survey, 6/01/08 to Election Day; $N = 25,654$.

In electoral college terms, these shifts meant that liberal Obama took back states that had been won by centrist Clinton in 1992 and/or 1996 but had been taken by Bush in 2000 and/or 2004: Colorado, Florida, Iowa, Nevada, New Mexico, and Ohio. Obama did not win some states won by Clinton, including Arkansas (home to Clinton), Tennessee (home to Gore) and West Virginia, but picked up states Clinton did not carry: Virginia, North Carolina, and Indiana. The fact that McCain contested Pennsylvania to the end indicates how difficult his task was. Pennsylvania has been won by the Democratic presidential nominee since 1992. Of the states that Bush won in 2004, Obama recaptured nine: Colorado, Florida, Indiana, Iowa, New Mexico, Nevada, North Carolina, Ohio, and Virginia.

Unsurprisingly, voters did not necessarily pull the same party's lever in the voting booth in 2008 as they had in 2004. In the 2008 NAES postelection panel, 17 percent of respondents

who said that they voted for incumbent president George W. Bush in 2004 reported balloting for Obama, while 7.6 percent who said that they voted for Democratic Senator John Kerry in 2004 did the same for Senator McCain, a net advantage of almost 10 percent for the Democrats. Moreover in 2008, Democratic turnout was up and Republican down. This proved particularly important in North Carolina and Virginia, which both moved to Obama's column.

Party, Ideology, Incumbency, and the Economy in Predicting the 2008 Vote

Scholars of politics have found that economic growth and the incumbent's popularity account for most of the variance in presidential vote.³³ The predictions are less reliable when the so-called fundamentals do not dramatically tilt in one direction or the other;³⁴ when the country is at war, as was the case in 1952 and 1968;³⁵ or, as Gore's failure in 2000 suggests, when one campaign neglects to do something the models presuppose, such as claiming credit for prosperity that occurred when the candidate's party controlled the White House.³⁶

In most years, forecasts modeled by political scientists have been accurate within a percent or two³⁷ and as we noted earlier the forecasters anticipated a clear Democratic victory in 2008. In retrospect, it is unsurprising that the McCain advisors could not conjure up a plan that might have taken them to victory because their assessment was on the same page as the forecasters. In lay terms, a faltering economy and an unpopular incumbent predict a win for the party peering at the White House from outside the wrought iron gates on Pennsylvania Avenue.

Here we replicate these assumptions as best as our survey questions permit, using the 2008 telephone NAES postelection panel to see how well party identification, ideological placement, incumbent approval rating and economic perceptions predict vote in 2008. [Table 1.1](#) outlines a probit regression model predicting an Obama two-party vote. The predictor variables in the model³⁸ are party identification, ideology, voting for Bush in 2004, Bush approval ratings, the belief that the national economy is worse than a year ago, and the belief that personal economy is worse than a year ago. These last two variables are often thought of as sociotropic voting and pocketbook voting.³⁹ The dependent variable in the model is from the postelection wave of the panel while the predictor variables come from the pre-election wave.

We apologize for the use of terms such as "explained variance," which is the percentage of variability in a dependent variable, that is, an Obama vote that can be statistically attributed to independent variables. For a simple example, knowing a person's birthday can explain his or her age by 100 percent. Knowing a person's eating habits may only partially explain his or her body mass index (BMI), since other variables, such as genetics, physical activity, and so on, can explain other variance in BMI.

Examining explained variance allows us to see how much of an impact these fundamental variables have on vote decisions. Therefore, the first statistic of note is the McKelvey and Zavoina R^2 , which estimates the variance in our dependent variable explained collectively by our independent variables.⁴⁰ It suggests that 77 percent of the variance in the Obama two-party vote variable is explained by these few variables. When one adds to this finding the fact that

Obama outspent McCain and ran a better campaign, the likelihood that he would win was high. In the chapters that follow, we will factor the power of campaign messages into our explanation. Then, in [chapter 12](#), we will add the money advantage to the equation.

TABLE 1.1. Predicting Obama Two-Party Vote

	Probit Coefficient		Standard Error	Z
Intercept	-0.722		0.194	-3.72
Party Identification	0.283	***	0.022	12.66
Ideology (Conservative high)	0.378	***	0.040	9.28
Vote for Bush in 2004	-0.626	***	0.088	-7.09
Approve Bush	-0.621	***	0.045	-13.76
National Economic Conditions Worse	0.030		0.081	0.37
Personal Economic Conditions Worse	0.032		0.075	0.43
McKelvey & Zavoina's R ² :			0.766	

*** $p < .001$

Data: NAES08 postelection panel telephone survey; $N = 3,004$

Finally, in [chapter 13](#), we will ask what difference, if any, campaign messages made, over and above the effects of party identification, ideology, incumbent popularity, and perception of the economy. We will also ask what effect, if any, campaign communication had on perceptions of the economy and the candidates' ability to handle it.

A few points of note: First, in this model, party identification and ideology are strong predictors of how individuals say they voted.⁴¹ Approval of Bush's handling his job as president and voting for Bush in 2004 produced equally strong effects in the model. This suggests, as we will discuss in [chapter 2](#), that President Bush played a large role in this election. The respondent's assessment of his or her personal economic condition or national economic conditions did not predict an Obama vote in this model. There are a few reasons for this. First, 83.9 percent of respondents reported that their economic situation was either the same as or worse than it was a year ago. With such a high ceiling effect and a lack of variance within this predictor variable, meaningful relationships are difficult to tease out statistically.

Second, we are looking at individual-level data and perceptions of the economy, not an aggregate economic indicator. Political scientist Gerald H. Kramer noted many discrepancies between macro- and micro-level studies linking the economy to vote choice and argued that aggregate-level time-series analyses produce better results. In other words, the individual-level data reported here may not detect the economy's role in the outcome. We did find a moderate correlation at the aggregate level. However, our economic indicator did not produce a lagged effect on voting behavior, suggesting that although these two variables may move together, shifts in economic conditions do not appear to precede and influence votes for Obama.^{42*}

As we will show in [chapter 8](#), the economy was at play in this election, even though we do not show statistical evidence for that here. In a later chapter, we will suggest that perceptions of the candidates' abilities to handle the economy were directly linked to vote choice in the presence of controls.

One explanation for the minimal net effect of campaign communication may of course be

that two equally skilled and comparably financed teams cancel out the effects of each other's messages and media.⁴³ Messages may have specific, shortlived influences on certain groups of people, but when taken together the net effect of all campaign communication from both parties on an election outcome may be limited.

If campaigns do matter, some surmise that it may be by activating such "fundamentals" as perception of the strength of the economy and of party identification and political ideology. In other words, campaigns may serve simply to vivify existing voter preferences or, in the phrasing of political scientists Andrew Gelman and Gary King,⁴⁴ foster "enlightened preferences." Echoing Gelman and King, political scientist Thomas Holbrook found that campaigns basically provide voters with information that helps them align with the candidate to whom they were predisposed all along.⁴⁵

The communication effects that have been located have in general been minor and, as such, not likely to undermine the standard models' predictions. So, for example, Bartels found small changes in percent of vote due to priming in the 1980 and 1996 elections⁴⁶ and also identified small instances of persuasion effects on candidates' image in 1980, 1984, and 1988. He concludes, "While persuasion effects of this magnitude are clearly large enough to be electorally significant under the right circumstances, they are also clearly small enough to be roughly consistent with aggregated-level evidence that 'the outcome of recent elections can be predicted within a few percentage points in the popular vote, based on events that have occurred before Election Day.'"⁴⁷

Before we move to chapters on the overarching themes of the 2008 general election, it is important that we note that messages and money aren't factors in the forecasting models that correctly predicted more than two months before Election Day that Obama would win handily.⁴⁸ Much of the past research on the impact of campaigns assumes that during the general election the two major-party candidates are running campaigns with equal resources and skill. Under those circumstances we would expect the communication of each side to simply cancel out the effects of the other.⁴⁹ Nor did the 2008 models anticipate the collapse of the U.S. economy in mid-September, a change that should have widened the gap separating the Democratic ticket's final vote total from that of its Republican counterpart.

With an estimated \$5.3 billion spent by candidates, political parties, and interest groups, the 2008 campaign was the costliest in U.S. history.⁵⁰ If equally distributed between the two major presidential campaigns, past research suggests that the simple fact of heavy spending wouldn't affect outcome. However, hamstrung by McCain's decision to accept federal financing, in the 2008 general election, the Republicans were swamped by a message tsunami from a campaign able to outspend them nationally and in virtually every battleground state. In other words, the financial advantage resided on the same side as the structural one. To compound Obama's advantage, he also ran what even his opponents characterized as an almost flawless general election campaign, while, as we will show in later chapters, McCain and his running mate stumbled at key points in the general election. We wonder why the Obama spending and tactical advantage didn't widen the margin between the two candidates beyond the forecasters' predictions. By the end of the book, we hope to have provided a preliminary answer to the question of whether the Obama campaign's saturation of the paid

media affected the disposition to vote for Obama in the general election. And did the messages purchased with that money matter?