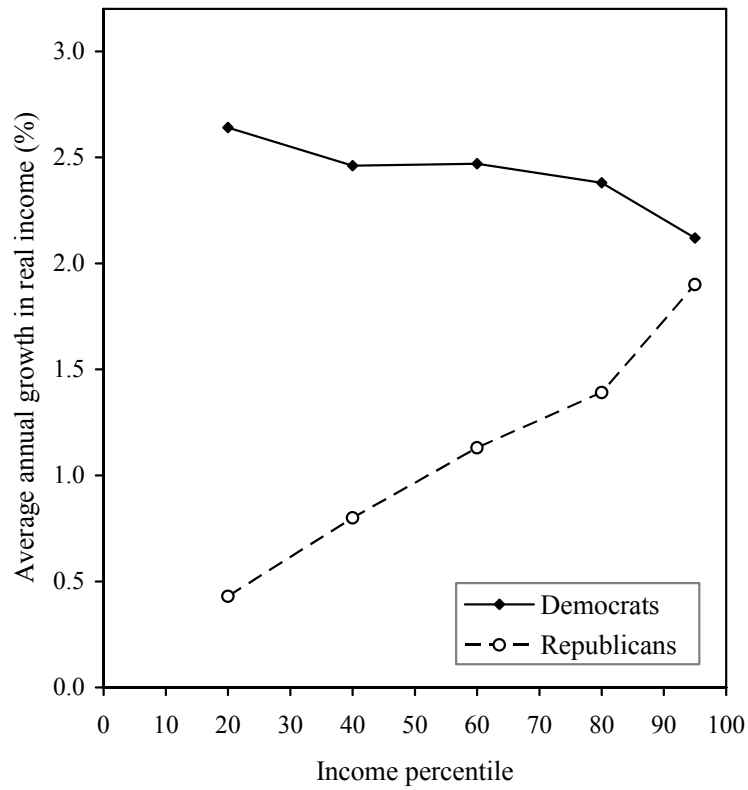


# Partisan Biases in Economic Accountability

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My talk will be based on the following chapter from a forthcoming book. The chapter refers to a previous finding, Figure 2.1, which is reproduced here.

*Figure 2.1*  
**Income Growth by Income Level under Democratic and Republican Presidents, 1948-2005**



*Unequal Democracy: The Political Economy of the New Gilded Age*

**Chapter 4**

**Partisan Biases in Economic Accountability**

Of all races in an advanced stage of civilization, the American is the least accessible to long views. . . . Always and everywhere in a hurry to get rich, he does not give a thought to remote consequences; he sees only present advantages. . . . He does not remember, he does not feel, he lives in a materialist dream.

– Moiseide Ostrogorski, 1902<sup>1</sup>

The analysis of party coalitions presented in Chapter 3 identified the most important explanation for why Republicans have been more successful in recent national elections than they were during the New Deal era – the shift of the Solid South from Democratic to Republican control in the wake of the civil rights movement. That shift has produced a remarkably even partisan balance in the national electorate, with middle- and upper-income whites leaning toward the Republicans and poorer whites and African-Americans being predominately Democratic. Republican candidates won 51.7% of all the votes cast for major-party candidates in the fourteen presidential elections from 1952 through 2004; Democratic candidates captured 48.3%.

However, this account leaves unresolved the puzzle raised by the partisan pattern of income growth documented in Chapter 2: how do Republicans win even a bare plurality

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<sup>1</sup> Ostrogorski (1902), 302-303.

of votes when most of the electorate has been substantially worse off under Republican presidents than under Democrats? Even allowing for some class bias in turnout, it is clear that most voters – including most *Republican* voters – have experienced much more economic prosperity under Democratic presidents than under Republican presidents. Why, then, have Democrats not been rewarded and Republicans not been punished for the striking partisan gap in income growth documented in Figure 2.1?

My resolution of this puzzle hinges on three notable biases in the workings of economic accountability in contemporary American electoral politics. First, voters are myopic, responding strongly to income growth in presidential election years but ignoring or forgetting most of the rest of the incumbent administration's record of economic performance. As Ostrogorski surmised more than a century ago, the American voter "sees only present advantages." Second, election-year income growth for affluent families is much more consequential than income growth for middle-class and poor families – even among middle- and low-income voters. And third, voters are swayed by the balance of campaign spending between incumbents and challengers. As it happens, each of these biases produces a significant electoral advantage for Republican presidential candidates. Together, they are large enough to account for four of the nine Republican victories in presidential elections since 1952.

The partisan political ramifications of myopia are especially striking. It is by no means obvious that this quirk of voter psychology should have profound implications for the balance of power between Democrats and Republicans over the past half-century. That it does is the result of a remarkable disparity in the timing of income growth under Democratic and Republican presidents in the post-war era. As I showed in Chapter 2,

Democrats have generally presided over much more robust income growth, especially for families of modest means. However, that partisan pattern of income growth has actually been reversed in presidential election years, with families in every part of the income distribution experiencing considerably more growth under Republican presidents than they have under Democratic presidents. It is impossible to be certain whether this pattern reflects clever Republican strategizing, a predictable byproduct of partisan differences in economic policies in the “honeymoon” period at the beginning of each president’s four-year term, or some odd cosmic joke. In any event, it has had a momentous impact on American electoral politics over the past half-century, and thus also on the politics of economic inequality.

### **Myopic Voters**

The political puzzle of Republican electoral success, as I have posed it here, is predicated on the notion that voters will assess which party has produced a better record of income growth, either for themselves or for the country as a whole, and vote accordingly. That notion seems to be supported by a great deal of evidence linking the state of the economy and the political fortunes of the incumbent party in both presidential and congressional elections.<sup>2</sup> It also seems eminently sensible, since competent governments in the post-Keynesian era are thought to exert real influence over

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<sup>2</sup> This literature is too vast to cite in detail. Kramer (1971) and Tufte (1978) made important early contributions. Erikson (1989; 1990) provided concise and clear analyses of presidential and midterm results, respectively. For presidential elections, Bartels and Zaller (2001) compared a variety of alternative measures of economic performance and probed the robustness of the statistical results to variations in model specification.

the course of the national economy. Indeed, the strong tendency of voters to reward incumbents for good economic times and punish them for bad times is often viewed as a mark of the rationality of democratic electorates. One of the earliest academic analysts of economic voting, Gerald Kramer, characterized his results as demonstrating “that election outcomes are in substantial part responsive to objective changes occurring under the incumbent party; they are not ‘irrational,’ or random, or solely the product of past loyalties and habits, or of campaign rhetoric and merchandising.” Another prominent political scientist, V. O. Key, Jr., interpreted evidence of retrospective voting as support for his “perverse and unorthodox argument” that “voters are not fools.”<sup>3</sup>

One of the primary attractions of this perspective on electoral accountability is that it does not seem to require too much from ordinary citizens. According to another influential theorist of retrospective voting, Morris Fiorina, voters

typically have one comparatively hard bit of data: they know what life has been like during the incumbent’s administration. They need *not* know the precise economic or foreign policies of the incumbent administration in order to see or feel the *results* of those policies. . . . In order to ascertain whether the incumbents have performed poorly or well, citizens need only calculate the changes in their own welfare.<sup>4</sup>

Analysts have routinely treated this feature of the retrospective theory of political accountability as unproblematic. Individual voters’ economic perceptions may reflect substantial partisan biases, rationalization, and sheer randomness, but the electorate as a whole is assumed to respond systematically and sensibly to actual economic experience

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<sup>3</sup> Kramer (1971), 140; Key (1966), 7.

<sup>4</sup> Fiorina (1981), 5.

under the incumbent administration.<sup>5</sup>

Here, I examine one important respect in which the rationality of the American electorate falls short of this standard: the time-horizon over which voters assess changes in the state of the economy.<sup>6</sup> If voters want to reward incumbents for contributing to their own incomes or the economic fortunes of society as a whole – or to punish incumbents for failing to provide prosperity – they should be sensitive to economic conditions “over the incumbent’s entire term of office, with little or no backward time discounting of performance outcomes,” as Douglas Hibbs put it. However, the striking fact is that virtually all analyses of retrospective economic voting focus on economic conditions during the election year, or even some fraction of the election year, rather than over the longer haul of an entire term.<sup>7</sup> In effect, they assume that voters attempt “to ascertain whether the incumbents have performed poorly or well” on the basis of a very limited – and potentially misleading – assessment of “changes in their own welfare.”

Is that assumption warranted? Figure 4.1 summarizes the relationship between cumulative income growth and the incumbent party’s electoral fortunes in the fourteen presidential elections from 1952 through 2004. Election years are arrayed along the

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<sup>5</sup> On idiosyncratic economic experience, rationalization, and partisan bias see Kramer (1983); Conover, Feldman, and Knight (1987); Bartels (2002); Erikson (2004).

<sup>6</sup> My analysis here builds upon joint work with Christopher Achen (Achen and Bartels 2004).

<sup>7</sup> Hibbs (2004), 7. Hibbs’s own analysis is rare in focusing on the extent of temporal discounting in voters’ reactions to economic conditions. He found relatively modest discounting of past economic performance; however, other analysts employing similar models have found that recent economic performance is much more relevant than previous performance (Bartels and Zaller 2001; Erikson, Bafumi, and Wilson 2002; Achen and Bartels 2004).

horizontal axis based on the total growth in real disposable personal income per capita in the second, third, and fourth years of each administration – the years in which the incumbent president’s policies might plausibly have some impact on the state of the economy. The vertical axis shows the popular vote margin (in percentage points) for the incumbent party’s presidential candidate.

**\*\*\* Figure 4.1 \*\*\***

Figure 4.1 displays a strong, though not overwhelming, connection between cumulative income growth and presidential election outcomes. The incumbent party’s vote margin was slightly negative in each of the three elections in which cumulative income growth was less than 3%. On the other hand, the incumbent party’s average vote margin was about ten percentage points in the six elections in which cumulative income growth exceeded 10%. However, the range of outcomes in those six elections reflects the imprecision of the overall relationship between cumulative income growth and election outcomes: incumbent presidents won reelection by landslides in three of those cases (1972, 1964, and 1984), but incumbent vice presidents were narrowly defeated in two others (1968 and 2000, albeit with a slim popular vote margin in the latter case), and in 1952 the incumbent party’s candidate was trounced despite much-higher-than-average cumulative income growth.

By comparison, the relationship depicted in Figure 4.2 is a good deal stronger and more consistent. The difference here is that elections are arrayed along the horizontal axis not on the basis of cumulative income growth over the president’s second, third, and fourth years in office, but rather on the basis of income growth in the presidential election year only. Knowing how the economy fared during the election year turns out to be much

more helpful in accounting for the incumbent party's fortunes than knowing how it fared over the entire three years leading up to the election.

**\*\*\* Figure 4.2 \*\*\***

The relationships presented graphically in Figures 4.1 and 4.2 are elaborated in the statistical analyses reported in Table 4.1. In addition to economic conditions, these statistical analyses include the incumbent party's tenure in office as an additional explanatory factor. There is a fairly strong tendency for the incumbent party's electoral fortunes to decline with each additional year that it has held the White House. Presumably this pattern reflects the cumulative effect of exhausted policy agendas, personnel turnover, and accumulating scandals on voters' desire for a change in leadership. Over the course of a typical four-year term, these forces reduce the incumbent party's popular vote margin by three to six percentage points.

**\*\*\* Table 4.1 \*\*\***

The statistical analysis reported in the first column of Table 4.1 relates the incumbent party's popular vote margin to the rate of cumulative income growth over the president's second, third, and fourth years in office. The results parallel Figure 4.1 in suggesting that each additional percentage point of cumulative income growth translated into a gain of about 1.4 percentage points in the incumbent party's expected vote margin. The second column of the table presents the results of a parallel statistical analysis based not on cumulative income growth but on election-year income growth. As one might expect from a comparison of Figures 4.1 and 4.2, this version of the analysis does a

significantly better job of accounting for the actual election outcomes.<sup>8</sup> The relationship between income growth and the incumbent party's vote margin is also substantially stronger, with each percentage point of election-year income growth increasing the incumbent party's expected margin by 3.6 percentage points.

Taking separate account of income growth in the second and third years of the president's term, in the third column of Table 4.1, does nothing to improve upon the simpler analysis employing election-year income growth alone. Income growth in the third year of each president's term may have had some effect on the next election outcome, but that effect is probably only about half as large as the effect of election-year income growth. Income growth in the second year of each president's term seems to have been utterly forgotten – which is to say, politically irrelevant – by the time of the next election.

These results suggest that presidential elections are important occasions for economic accountability, but with significant limitations due to the systematic cognitive limitations of voters. Election outcomes are indeed sensitive to real changes in the nation's economic fortunes under the incumbent party – but only if those changes occur in close proximity to Election Day. Voters reward their elected leaders for *some* good times and punish them for *some* bad times. Does this myopic focus on “present advantages” have significant political consequences?

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<sup>8</sup> The standard error of the regression, which measures the average deviation between actual election margins and the margins implied by the statistical analysis, is 6.5 percentage points. As one reader has noted, this level of accuracy would not win many office betting pools; nevertheless, it represents an improvement of more than fifteen percent over the analysis based upon cumulative income growth.

## The Political Timing of Income Growth

More than a quarter-century ago, political scientist Edward Tufte noted that the electorate's short time horizon with respect to economic evaluations could produce "a bias toward policies with immediate, highly visible benefits and deferred, hidden costs – myopic policies for myopic voters." Tufte worried that political manipulation of economic policy could generate significant social costs due to wasteful government spending and other forms of "economic instability and inefficiency" aimed at making the economy flourish around election time. He provided statistical evidence of electoral cycles in transfer payments, income growth, unemployment, and inflation. He also provided considerable qualitative evidence of specific efforts by incumbents to produce those cycles. Richard Nixon in 1972 was a particularly energetic manipulator of everything from the money supply (through his erstwhile political ally Arthur Burns, the chairman of the Federal Reserve Board) to effective dates of increases in Social Security benefits and payroll taxes; as Tufte delicately put it, "The extremes of 1972 were special because Richard Nixon was special."<sup>9</sup>

Subsequent research on political business cycles has produced less clear results. According to one observer, "while the general logic behind the theory is quite persuasive, the empirical evidence for electoral-economic cycles is spotty at best."<sup>10</sup> Figure 4.3

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<sup>9</sup> Tufte (1978), 143, 63. Tufte argued that Nixon's enthusiasm for political manipulation of the economy arose in significant part from his unhappy experience with an *un*manipulated economy in his first presidential campaign in 1960. According to Nixon (quoted by Tufte 1978, 6): "In October, usually a month of rising employment, the jobless rolls increased by 452,000. All the speeches, television broadcasts, and precinct work in the world could not counteract that one hard fact." Nixon lost the election by fewer than 120,000 votes.

<sup>10</sup> Schultz (1995), 79.

redeploys the Census Bureau's figures on income growth from Chapters 1 and 2 to explore whether presidents have produced unusual income growth in election years. Separately for families at the 20th and 95th percentiles of the income distribution, the figure shows average levels of real income growth in each year of the election cycle, beginning with the year in which a new (or reelected) president is inaugurated and continuing through the subsequent presidential election year.

**\*\*\* Figure 4.3 \*\*\***

The pattern of income growth under Republican presidents (represented by the black bars in the figure) is generally consistent with Tufte's account of a political business cycle. Whether we focus on the working poor (in the left panel) or wealthy families (in the right panel) – or, for that matter, on families at intermediate income levels – the average rate of real income growth clearly peaked in presidential election years.<sup>11</sup> In stark contrast, the second year of each Republican term – the first year plausibly affected by the current president's economic policies – was generally marked by slow growth; in fact, working poor families experienced *negative* average income growth in the second years of Republican administrations.

If Tufte's concerns about the possibility of a political business cycle seem to be confirmed by the economic record of Republican administrations, Democratic presidents have quite remarkably turned Tufte on his head. Tracing the gray bars in Figure 4.3 over the course of the election cycle suggests that Democratic presidents have produced

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<sup>11</sup> The election-year bonuses in average income growth by comparison with non-election years range from 1.6 percentage points for families at the 80th percentile to 2.5 percentage points for families at the 40th percentile.

substantially *less* income growth in presidential election years than at other times. (As with Republican presidents, similar patterns hold for families at intermediate income levels.) Under Democrats, average income growth reached its peak during the second year of each four-year term, then declined markedly in the third and fourth years. Thus, the “spotty” evidence of an electoral cycle in income growth reflects two very different partisan regimes, one highly cyclical and the other counter-cyclical.

The reason for this remarkable pattern is by no means obvious. However, the most plausible explanation is that the characteristic economic strategies of Democratic and Republican presidents in the “honeymoon” periods at the *beginning* of each four-year term have predictable spillover effects at the time of the next election. The analysis presented in Table 2.2 showed that the largest partisan differences in income growth, by far, were concentrated in the second year of each four-year presidential term – the first year in which new post-election policies could actually influence income growth. Democratic presidents have routinely produced extremely strong income growth for families in every part of the income distribution in these “honeymoon” years. However, these expansionary bursts cannot be sustained indefinitely; by the time of the next presidential election income growth under Democratic presidents has typically slowed to a crawl, especially for families near the top of the income distribution.

The usual pattern under Republican presidents is exactly the opposite. The second years of Republican administrations have consistently seen significant economic contractions. Indeed, only one of the last eight Republican “honeymoon” periods resulted in positive income growth for middle-class and poor families.<sup>12</sup> But contractions, like

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<sup>12</sup> The exception is 1986, the second year of Ronald Reagan’s second term. Two other cases, 1982

expansions, have a finite duration, and by the time of the next presidential election income growth has typically rebounded significantly.

Table 4.2 provides a detailed comparison of income growth rates under each party in presidential election years and non-election years. Under Republican presidents, average growth at every income level has been about two percentage points higher in presidential election years than in non-election years. In stark contrast, Democratic presidents have produced much less income growth in presidential election years than in non-election years. These differences, too, are on the order of two percentage points, with real incomes at all levels growing by about three percent in non-election years but only about one percent in presidential election years. The real incomes of affluent families (at the 95th percentile of the income distribution) actually *declined* slightly in election years in which Democrats held the White House.

\* \* \* **Table 4.2** \* \* \*

The partisan pattern of election-year income growth documented in the top panel of Table 4.2 is presented graphically in Figure 4.4. As with the overall pattern of income growth presented in Figure 2.1, it is clear here that affluent families experienced more growth than poor families under Republican presidents, while middle-class and poor families experienced more growth than affluent families under Democratic presidents. Thus, the two parties' traditional distributional priorities are evident even in presidential

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and 2002, represented continuations of recessions that were already underway when new Republican presidents took office. On the other hand, Dwight Eisenhower in 1954 and Richard Nixon in 1970 presided over sharp recessions despite having inherited booming economies from their Democratic predecessors; in both cases, middle-class and working poor families were hardest hit, while upper-income families fared significantly better.

election years.

**\*\*\* Figure 4.4 \*\*\***

The striking difference between Figure 4.4 and Figure 2.1 is in the relative performance of the two parties' presidents in election and non-election years. When the partisan comparison of income growth patterns is limited to presidential election years, families at every income level turn out to have fared much better under *Republican* presidents than under Democrats. Indeed, in election years, even working poor families saw almost twice as much income growth under Republican presidents (1.8%) as under Democratic presidents (1.0%). Whether through political skill or pure good luck, Republican presidents have been remarkably successful in targeting income growth to coincide with presidential elections. Democrats, on the other hand, have been remarkably *unsuccessful* in producing election-year prosperity.

If voters judiciously weighed the entire record of income growth over each incumbent's term, this striking disparity between Democratic and Republican administrations in the timing of income growth would be politically inconsequential. Good and bad times would be factored into voters' assessments of incumbent performance regardless of when they occurred. Conversely, if partisan patterns of income growth were identical in election years and non-election years, economic myopia would be a mere psychological curiosity, of little political relevance – simply one more entry in an extensive catalog of heuristics and biases that shape human decision-making. In tandem, however, the myopia of voters and the success of post-war Republican presidents in producing robust income growth in the run-up to presidential elections have significantly bolstered electoral support for Republican candidates.

Democratic presidents, on the other hand, have routinely been punished by myopic voters for slow election-year growth, but given little credit for robust income growth in non-election years. Indeed, the analysis presented in the third column of Table 4.1 suggests that voters gave Democratic presidents *no* electoral credit for consistently producing stupendous income growth in the second years of their four-year terms (ranging from 4.0% for upper-middle-class families to 5.7% for the working poor), while Republican presidents have paid *no* electoral cost for consistently presiding over declines in real income for middle-class and working poor families in the second years of their four-year terms.

The political consequences of these biases in economic accountability are highlighted in Table 4.3, which compares the actual Republican popular vote margin in each of the past fourteen elections with the projected margin subtracting the effect of economic myopia.<sup>13</sup> The projections suggest that economic myopia added 3.5 percentage points to the average Republican vote margin in these fourteen elections – no small difference, given that the average Republican vote margin was only 3.3 percentage points. Myopia seems to have benefited Republican candidates in twelve of the fourteen elections, and it was probably decisive in three of the nine Republican victories in the post-war era: Dwight Eisenhower in 1952, Richard Nixon in 1968, and

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<sup>13</sup> The projected vote margins without myopia are based on the assumption that non-myopic voters in each election year would have weighed income growth in the second, third, and fourth years of the incumbent president's term equally, using the average of the estimated weights for these three years in the third column of Table 4.1. This assumption turns out to imply that each additional percentage point of income growth would have increased the incumbent party's popular vote margin by 1.76 percentage points, regardless of whether that growth occurred in the election year or in either of the two preceding years.

George W. Bush in 2000 probably all owed their accessions to the White House to the fact that voters forgot (or simply ignored) strong periods of income growth early in the terms of their Democratic predecessors.

*\*\*\* Table 4.3 \*\*\**

### **Class Biases in Economic Voting**

Since partisan differences in average income growth are greatest for middle-class and working poor families, those families are the most obvious economic losers from the partisan bias in accountability produced by voters' short time-horizons. The result, obviously, is to exacerbate economic inequality. As if that were not enough, middle-class and poor families are also distinctly disadvantaged by a different kind of bias in economic voting – a significant class bias in sensitivity to income growth. American voters, regardless of their own place in the income distribution, seem to be quite sensitive to the economic fortunes of high-income families, but much less sensitive to the economic fortunes of middle-class and poor families. Here, too, the political result is to bolster the Republican Party, and the economic result is to further exacerbate income inequality.

In exploring the possibility of class bias in economic voting, it may be helpful to begin by assessing the contributions of voters at different income levels to the overall relationship between economic conditions and presidential election outcomes documented in Figure 4.2 and Table 4.1. Because the National Election Study (NES) surveys introduced in Chapter 3 include almost 16,000 people who reported voting for one or the other of the major-party candidates in the fourteen presidential elections from

1952 through 2004, they make it possible to examine the distinctive responsiveness of various sub-groups of the electorate, including high-, middle-, and low-income voters, to national economic conditions. The survey data also make it possible to take account of other potentially relevant characteristics of individual voters – most importantly, the long-standing psychological attachment to a political party that powerfully influences most American voters’ political attitudes and behavior.<sup>14</sup>

The statistical analyses of presidential election outcomes reported in Table 4.1 showed that the incumbent party’s electoral fortunes are strongly affected by election-year income growth, and by how long the incumbent party has held office. The first column of Table 4.4 presents the results of a parallel analysis employing NES survey data from the same fourteen elections, relating individual voters’ presidential votes to these same factors, plus the voters’ own partisan attachments. These results are quite consistent with those presented in Table 4.1. They imply that each additional percentage point of real income growth increased an otherwise undecided voter’s probability of supporting the incumbent party by about 3.1 percentage points, while each additional year in office reduced her probability of supporting the incumbent party by about 1.4 percentage points.<sup>15</sup>

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<sup>14</sup> The classic scholarly explication of party identification and its effects is by Campbell et al. (1960). Bartels (2000) measured changes over the past half-century in the relationship between party identification and voting behavior.

<sup>15</sup> The statistical results presented in Table 4.4 are not directly comparable with those presented in Table 4.1, since they are based on probit analyses of the *probability* of voting for the incumbent party’s presidential candidate rather than ordinary regression analyses of the incumbent party’s aggregate vote *margin*. One implication of the probit model is that the implied effects of the explanatory factors are non-linear, reaching their maximum levels among voters who are otherwise equally likely to support either party. (For example, the impact of economic conditions

\*\*\* *Table 4.4* \*\*\*

Repeating the same analysis separately for high-, middle-, and low-income voters produces generally similar results (presented in the second, third, and fourth columns of Table 4.4), with one very notable exception: voters in the bottom third of the income distribution appear to have been much less sensitive than more affluent voters were to election-year income growth. Insofar as presidential elections have served as referenda on the economic stewardship of the incumbent party, systematic rewards and punishments seem to have been provided primarily by voters in the middle and upper portions of the income distribution.

Why would low-income voters be so insensitive to national economic conditions? One possible explanation for this class difference is that the measure of income growth employed in Table 4.4 – the percentage change in real disposable income per capita – does not really reflect the economic experiences of low-income families, even over the limited time horizon of the election year. Perhaps employing a more specific measure of low-income growth would produce more robust evidence of economic voting. With that possibility in mind, the first column of Table 4.5 repeats the statistical analysis reported in the fourth column of Table 4.4, but with the election-year growth rate for families at

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is assumed to be greater among political independents than among strong partisans, since the latter are likely to vote for their party's candidate regardless of whether the economy is booming or slumping.) The estimated effects reported in the text, for an otherwise undecided voter, are about twice as large as the *average* effects for the electorate as a whole, which imply that an additional percentage point of election-year income growth would increase the incumbent party's vote *margin* by 3.5 points and that an additional year in office would decrease the incumbent party's vote margin by 1.5 points. The corresponding estimates in the second column of Table 4.1 are 3.6 points and 1.1 points, respectively.

the 20th percentile of the income distribution included as an additional explanatory factor. (Since low-income voters in the NES surveys reported family incomes in the bottom third of the income distribution in each election year, the growth rate for families at the 20th percentile should provide a fair indication of their average economic fortunes.)

**\*\*\* Table 4.5 \*\*\***

Taking separate account of low-income growth produces some evidence of economic voting among low-income voters; but the apparent effect is quite modest. What is even more remarkable is that the remaining columns of Table 4.5 provide considerably stronger statistical evidence of responsiveness by low-income voters to growth rates at higher income levels. Low-income voters seem to be more sensitive to election-year growth rates for more affluent families than they are for families at their own income level. Most remarkably of all, the income-specific growth rate that does the best job of accounting for the vote choices of low-income voters is the growth rate for families at the 95th percentile of the income distribution – the most affluent families represented in the Census Bureau data. Low-income voters appear to be highly responsive to income growth among the rich, even while they attach no apparent weight to overall income growth.

If even low-income voters are sensitive to economic growth among the most affluent families, what about middle- and high-income voters? The statistical analyses reported in Table 4.6 indicate that they, too, are much more likely to support the incumbent party when families near the top of the income distribution experience robust election-year income growth. (These analyses add the specific income growth rate for families at the 95th percentile to each of the class-specific analyses of economic voting

presented in Table 4.4; thus, the fourth column of Table 4.6 simply repeats the fifth column of Table 4.5, which reported the sensitivity of low-income voters to income growth at the 95th percentile.) Indeed, the results rather remarkably suggest that in every income group, high-income growth had a much more powerful effect than overall income growth on electoral support for the incumbent party. For the electorate as a whole, each percentage point of income growth for affluent families seems to have produced as much additional support for the incumbent party as *four* points of growth in overall real disposable income per capita.

\* \* \* *Table 4.6* \* \* \*

It is important to bear in mind that although the statistical results presented in Table 4.6 are based on thousands of individual vote choices, they represent only fourteen distinct configurations of election-year contexts. Thus, it is not impossible that the apparent electoral significance of high-income growth is merely a statistical fluke. However, if it *is* a fluke it is a very persistent one. It certainly is not attributable to any one anomalous election, since the effect holds up strongly when each election is dropped from the analysis in turn.<sup>16</sup> Nor is it limited to years in which Republicans, or Democrats, held the White House, or to the first half or the last half of the post-war era.<sup>17</sup> Nor is there

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<sup>16</sup> The estimated effects of high-income growth for the full sample range from .090 (omitting the 1980 election) to .110 (omitting the 1952 election).

<sup>17</sup> In the eight elections with Republican incumbents the estimated effect of high-income growth was .090; in the six elections with Democratic incumbents the estimated effect was .101. In the seven elections from 1952 through 1976 the estimated effect was .096; in the seven elections from 1980 through 2004 the estimated effect was .159.

comparable evidence of sensitivity to income growth among less affluent families.<sup>18</sup>

## **The Wealthy Give Something Back: Partisan Biases in Campaign**

### **Spending**

Why do affluent, middle-class, and poor voters all seem so exquisitely sensitive to election-year income growth for the wealthiest families? One plausible possibility is that their subjective impressions of how the national economy is faring are subject to a class bias – perhaps because the mass media pay more attention to the economic fortunes of affluent people than to the economic fortunes of middle-class and poor people. This does appear to be part of the explanation; perceptions of national economic conditions appear to be disproportionately sensitive to income growth for families at the top of the income distribution. However, this class bias in voters’ perceptions of national economic conditions is not strong enough to account for most of the apparent class bias in economic voting in Table 4.6.<sup>19</sup>

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<sup>18</sup> Substituting real income growth at the 80th, 60th, 40th, or 20th percentile of the income distribution for income growth at the 95th percentile significantly reduces the statistical fit of the probit model. The estimated effects of the specific growth rates range from .072 for income growth at the 80th percentile to .030 for income growth at the 20th percentile. Including all five income growth measures simultaneously (with or without the overall measure of election-year income growth) leaves the estimated effect of high-income growth virtually unchanged, and none of the other income-specific growth rates has an estimated effect larger than .01 or an associated *t*-statistic larger than .33.

<sup>19</sup> NES surveys since 1980 have regularly included a question asking whether “over the past year the nation’s economy has gotten better, stayed the same, or gotten worse.” A statistical analysis of responses to that question indicates that they are sensitive to overall election-year income growth, as one might expect, but also to the specific income growth rate for families at the 95th percentile

If biased perceptions of economic conditions are not the answer, what else might account for the odd sensitivity of voters at every income level to election-year income gains among affluent families? One plausible possibility is that income gains for affluent families may get translated into campaign contributions to the incumbent party, which in turn influence the behavior of other voters in ways that are not directly captured in the statistical analyses presented here. It is certainly the case that most campaign contributions come from relatively wealthy people.<sup>20</sup> If they are inspired to show their gratitude to the incumbent party by giving a bit more generously when the election-year economy is flush, that would produce an indirect but nonetheless potent connection between high-income growth and presidential voting behavior.

The statistical analysis reported in the first column of Table 4.7 relates the incumbent party's spending advantage in each election to real income growth for families at the 95th percentile of the income distribution – the sorts of people who are most likely

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of the income distribution. The latter effect is about half as large as the former effect, suggesting that the specific economic fortunes of affluent families had a significant impact on perceptions of the state of the national economy, over and above the impact of general income growth, even among people who were themselves far from affluent. However, much of the statistical impact of high-income growth rates on electoral support for the incumbent party documented in Table 4.6 persists even when voters' perceptions of the national economy are included in the analyses as a separate explanatory factor. Thus, the electoral significance of high-income growth does not appear to be entirely, or even primarily, mediated by biased perceptions of national economic conditions.

<sup>20</sup> For example, Verba, Schlozman, and Brady (1995, 194, 565) found that people in the top quartile of the income distribution accounted for almost three-quarters of the total campaign contributions in their 1989 Citizen Participation Study. The broad middle-class accounted for almost all the rest; people in the bottom quintile of the income distribution accounted for only 2% of total contributions.

to be contributors to political campaigns. My measure of each presidential candidate's campaign spending is scaled in dollars per voter (in inflation-adjusted 2006 dollars). By that measure, spending has increased substantially over the past half-century, from sixty to eighty cents per voter in the 1950s to three to five dollars per voter in recent elections.<sup>21</sup> The spending differential between the two candidates in each election ranges from a few cents (in 1960) to about two dollars (in 1980).

\*\*\* *Table 4.7* \*\*\*

There is, indeed, a significant relationship between the incumbent party's spending advantage and income growth at the top of the income distribution, as the results presented in the first column of Table 4.7 show. However, this analysis makes no allowance for the fact that election-year income growth rates, especially at the top of the income distribution, have generally been much higher under Republican presidents than under Democrats. And since campaign contributors are likely to have other, ideological reasons to prefer Republican candidates to Democrats, the relationship between

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<sup>21</sup> The system of financing presidential election campaigns has also changed markedly over the past half-century, most notably with the institution of public funding following the Watergate scandal in the early 1970s. In principle, public funding equalized spending by the two-major party candidates in every campaign from 1976 through 1996. (George Bush in 2000 was the first candidate to decline public funding in order to avoid associated spending limits.) However, a rising tide of spending by parties, congressional candidates, and other groups during this period undoubtedly had important spillover effects on voters in presidential elections. I attempt to allow for these changes by measuring campaign spending somewhat differently in the pre- and post-Watergate eras. From 1952 through 1972, I use estimates of presidential campaign spending compiled by Alexander (1980). For subsequent elections I count the public funds allocated to the presidential candidates (or their own spending if they declined public funding), plus half the additional spending by parties and allied interest groups in each presidential election year.

incumbent partisanship and high-income growth may produce a spurious statistical connection between high-income growth and the incumbent candidate's campaign spending advantage.

In order to allow for this possibility, the analysis presented in the second column of Table 4.7 includes the party of the incumbent president as an additional explanatory factor. As expected, Republican incumbents have generally enjoyed much larger spending advantages than Democratic incumbents have. Taking account of this difference reduces the apparent effect of high-income growth on campaign contributions by more than half, although the effect is still clearly positive.

The apparent effect of high-income growth on campaign contributions is further reduced by allowing for the possibility that campaign contributors may also be sensitive to *overall* economic conditions. Relating the incumbent party's spending advantage to overall election-year growth rather than high-income growth, in the third column of Table 4.7, produces an even stronger relationship. And when both high-income growth and overall election-year income growth are included in the analysis, in the fourth column of Table 4.7, the apparent effect of the former is even further reduced, while the latter has a much stronger effect. Thus, while income growth among affluent families probably does have a distinct positive effect on the incumbent party's spending advantage, that effect seems to be modest by comparison with the effects of partisanship and overall election-year income growth.

Figure 4.5 provides a graphical summary of the historical relationship between partisanship, election-year income growth and presidential campaign spending. The substantial difference in spending advantages between Republican incumbents

(represented by black dots) and Democratic incumbents (the white diamonds) is very clear in the figure. Indeed, every Republican incumbent (or successor) spent at least slightly more than his Democratic challenger, while every Democratic incumbent (or successor) spent at least slightly *less* than his Republican challenger. However, within each party there was also a marked tendency for incumbent candidates to spend more, relative to their opponents, in years with robust election-year income growth. Indeed, the difference in the incumbent candidate's expected spending advantage between the best and worst election-year economies (\$1.63 per voter) is almost as large as the expected difference between Republican and Democratic incumbents (\$1.86 per voter).

**\*\*\* Figure 4.5 \*\*\***

The 1952 election represents a notable anomaly in the overall relationship between campaign spending and election-year income growth. Democratic candidate Adlai Stevenson spent almost as much as his Republican challenger, Dwight Eisenhower, despite the fact that income growth was slower than usual that year. Perhaps Stevenson was advantaged by the fact that the Democratic Party had occupied the White House for the twenty preceding years; in any event, ignoring the 1952 election would only strengthen both the relationship between campaign spending and election-year income growth and the apparent partisan advantage of Republicans over Democrats.<sup>22</sup>

Table 4.8 elaborates the statistical analyses of presidential voting behavior presented in Table 4.6 to allow for the impact of differential campaign spending. The

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<sup>22</sup> Omitting the 1952 election from the analysis reported in the second column of Table 4.7 increases the estimated Republican spending advantage by 12% and the estimated effect of election-year growth by 17%.

results for the entire electorate suggest that campaign spending did have a substantial effect on voters' choices. For a voter who was otherwise equally well-disposed toward both candidates, they imply that each additional dollar of campaign spending increased the probability of supporting the candidate who spent the money by almost four percentage points. The implied effect is smaller for voters who were predisposed on other grounds to favor one candidate or the other. Nevertheless, this effect is large enough (and sufficiently precisely estimated) to provide strong evidence of a significant electoral impact of campaign spending in presidential elections over the past half-century.<sup>23</sup>

**\*\*\* Table 4.8 \*\*\***

Surprisingly, the effect of campaign spending seems to have been considerably stronger among affluent voters than among voters of modest means. Indeed, the separate analyses for high-, middle-, and low-income voters suggest that campaign spending was twice as effective among high-income voters as among middle-income voters – and that campaign spending had no perceptible effect among voters in the bottom third of the income distribution.

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<sup>23</sup> There is some reason to worry that the estimated effects of campaign spending in Table 4.8 might be biased by unobserved features of the election context that influence both the incumbent party's spending advantage and the incumbent party's electoral success. However, replacing the observed spending advantage in each election year with predicted values derived from the regression analyses in Table 4.7 has very little effect on the parameter estimates in Table 4.8. For the full sample, the estimated effects of campaign spending based on these predicted values are slightly larger than the corresponding estimate in Table 4.8 (6% and 19% larger, respectively, for predicted values derived from the regression models reported in the second and fourth columns of Table 4.7). The estimates for separate income sub-groups are also generally similar to those reported in Table 4.8.

## Political Consequences of Biased Accountability

The statistical analyses presented in Table 4.8 demonstrate that presidential campaign spending has had a significant impact on voting behavior over the past half-century. However, they do not speak directly to the political *consequences* of that fact. Those consequences are spelled out more clearly in the first column of Table 4.9, which reports the estimated impact of differential campaign spending on the outcome of each of the past fourteen presidential elections.<sup>24</sup> Since Republican candidates spent at least slightly more money than their Democratic opponents did in each of those elections, it is not surprising to find that they did at least slightly better in every election than they would have if spending had been equal.<sup>25</sup> In five cases their popular vote margin was at

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<sup>24</sup> My projections are based on the separate results for high-, middle-, and low-income voters presented in the second, third, and fourth columns of Table 4.8. Thus, they allow for greater sensitivity to campaign spending on the part of high-income voters. They also allow for greater sensitivity on the part of voters who were otherwise equally likely to support either candidate (most notably, those who claimed that they did not identify with, or “lean” toward, either party). Having estimated the impact of equal campaign spending on each major-party voter in the NES surveys, I aggregated these estimated effects (multiplied by the proportion of major-party voters in each year’s electorate) to produce the differences reported in the first column of Table 4.9. Computing projected popular vote margins directly from the survey data for each election year would produce less accurate estimates, since the probit analyses reported in Table 4.8 do not include election-specific intercepts (and thus the sum of predicted probabilities implied by the probit results does not necessarily match the actual election result for each year).

<sup>25</sup> It has always been something of a puzzle why shifts in the partisan loyalties of American voters have not figured in most aggregate-level analyses of presidential election outcomes, since party identification is easily the strongest predictor of individual voting behavior. The fact that Republican presidential candidates have routinely outspent their Democratic opponents suggests a possible resolution to that puzzle: analyses taking account of the Democrats’ advantage in party

least four points larger than it would have been, and in two cases – 1968 and 2000 – Republican candidates won close elections that they very probably would have lost had they been unable to outspend incumbent Democratic vice presidents.

**\*\*\* Table 4.9 \*\*\***

The estimated impact of differential campaign spending on the average Republican vote margin over all fourteen elections amounts to 3.5 percentage points – virtually the same average effect as for economic myopia in Table 4.3. As with the estimated effect of economic myopia, the estimated effect of differential campaign spending in Table 4.9 is large enough to account for the entire net popular vote margin for Republican presidential candidates in the period covered by my analysis. Thus, we have two distinct and equally powerful explanations for Republicans' electoral success over the past half-century.

However, neither of those explanations takes account of the peculiar sensitivity of voters to election-year income growth among high-income families. Even after allowing for the effect of differential campaign spending, the statistical analyses reported in Table 4.8 suggest that incumbent party candidates did markedly better in election years when high-income growth was especially robust. The effect is substantial, and too precisely estimated to be plausibly attributable to chance.<sup>26</sup> It is also quite consistent across income

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identification but not the Republicans' advantage in campaign spending would be strongly biased toward producing null results, since the two advantages are largely offsetting.

<sup>26</sup> As with the high-income growth effects reported in Table 4.6, the effects reported in Table 4.8 persist even when any one election is omitted from the analysis (the estimates for the full sample range from .075 to .095), or when the analysis is limited to the seven elections from 1952 through 1976 (.070) or to the seven elections from 1980 through 2004 (.153). The high-income growth effect also appears in the eight elections with Republican incumbents (.092), but not in the six

groups; indeed, the results suggest that low-income voters were probably more sensitive to high-income growth than high-income voters were.

This persistent sensitivity of voters across the income spectrum to high-income growth provides a third distinct, powerful explanation for Republican successes in presidential elections. As the tabulation of election-year income growth rates in Figure 4.4 makes very clear, Republicans have presided over even more election-year growth for rich families than for middle-class and poor families, while Democrats have presided over even more dismal election-year growth for affluent families than for middle-class and poor families. (The partisan difference in election-year income growth for families at the 95th percentile is 3.4 percentage points; the corresponding differences for less affluent families range from 0.8 to 1.9 percentage points.)

The electoral implications of voters' distinctive sensitivity to these partisan differences in high-income growth are summarized in the second column of Table 4.9.<sup>27</sup> As with the effects of economic myopia and differential campaign spending, the effect of

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elections with Democratic incumbents. (In that subset of cases, the estimated effect of campaign spending is about 60 times as large as in Table 4.8, and the estimated effects of election-year income growth, high-income growth, and incumbent party tenure are equally implausible; clearly it is asking too much of these data to estimate five distinct aggregate-level effects on the basis of six elections.)

<sup>27</sup> The projections are constructed along the same lines as those reported in the first column of Table 4.9. Voters are allowed to be myopic (responding only to election-year income growth), and they are allowed to be responsive to campaign spending to the extent implied by the statistical results reported in Table 4.8. Differences between actual and projected voting behavior are computed by comparing each voter's probability of casting a Republican vote based on the parameter estimates and data in Table 4.8 with the corresponding probability calculated by substituting the overall income growth rate in each election year for the observed growth rate among families at the 95th percentile of the income distribution.

voters' sensitivity to high-income growth has been to bolster the Republicans' average vote margin by about 3.5 percentage points. However, the variability of this effect from one election to the next is much greater than for economic myopia or differential campaign spending. For example, in 1956 and 1972, Republican incumbents were greatly advantaged by the sensitivity of voters to robust high-income growth, since the incomes of affluent families grew about twice as fast as overall incomes did in those years (6.2% and 6.6%, respectively; versus 3.0% and 3.6%). On the other hand, Republican incumbents in 1984 and 2004 won much narrower victories on the basis of relatively slow growth among affluent families (3.4% and -0.6%) than they would have on the basis of stronger overall income growth (6.6% and 2.4%).

Finally, the third column of Table 4.9 summarizes the combined effects of the three separate partisan biases examined in this chapter – economic myopia, differential campaign spending, and voters' sensitivity to high-income growth.<sup>28</sup> The results suggest that the combined effect of these three distinct partisan biases was only slightly smaller than the sum of the three separate effects reported in Tables 4.4 and 4.9. Absent these biases, the average Republican vote margin in presidential elections over the past half-century would have been more than nine percentage points less than it actually was.

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<sup>28</sup> The relevant counterfactual for these calculations is how each election would have turned out if the two major-party candidates had spent the same amount of money on their campaigns and if economic voting had been based entirely on the cumulative growth in real disposable income per capita for the entire population over the second, third, and fourth years of the incumbent president's term. The projections are based on the income-specific probit parameter estimates reported in Table 4.8, with differential campaign spending in each election year set to zero and the cumulative income growth rates shown in Figure 4.1 substituted for both election-year income growth and high-income growth rates.

Since the actual Republican vote margin over this period was only 3.3%, the magnitude of the shift in support attributable to partisan biases in economic accountability is obviously profoundly consequential. In four instances – 1956, 1968, 1980, and 2000 – the estimated effects of partisan biases are large enough to have been essential to Republican presidential victories. These elections include three of the four cases in the past seventy years in which Republican challengers have managed to oust Democratic incumbents or their successors from the White House. Dwight Eisenhower in 1952 was probably the only Republican in this era who would have won the job in his own right, without the benefit of incumbency or superior campaign spending or myopic voters.

The analyses presented in this chapter have only begun to unravel the ways in which contemporary American electoral politics is shaped by partisan biases in economic accountability. More data and more detailed analysis will be necessary to confirm the patterns established here and to clear up significant remaining uncertainties – perhaps most importantly, providing a clearer account of the peculiar sensitivity of voters to the economic fortunes of families at the top of the income distribution. In the meantime, however, it seems clear that voters’ inaccessibility to long views, their tendency to see only present advantages, and their “materialist dream” of economic solidarity with the upper class all create important failures of economic accountability in the American electoral process.

From a political standpoint, the most important consequence of those failures of accountability has been to greatly bolster the electoral fortunes of the Republican Party. Absent the partisan biases documented here, my analysis suggests that Republican

presidential candidates would probably have won only about half as many elections as they actually did win over the past half-century. In light of the substantial cumulative impact of Republican policies on the economic fortunes of middle-class and poor families demonstrated in Chapter 2, that counterfactual implies that a great deal of economic inequality in contemporary America is a curious byproduct of peculiarities in voting behavior utterly unrelated to voters' taste or tolerance for inequality.

There is plenty of grist in my account for political observers disposed to attribute Republican electoral successes to false consciousness. However, this is not the familiar, largely mythical story of white working-class voters seduced by abortion and gay marriage. The false consciousness seems to be much more widespread than that story suggests – and it focuses squarely on the mechanisms of retrospective evaluation that contemporary political scientists have placed at the heart of democratic accountability. If “voters are not fools,” as V. O. Key, Jr., insisted, neither are they the “rational god of vengeance and of reward” that he and many other sophisticated scholars have counted upon to ensure the responsiveness of elected officials to the interests of their constituents.<sup>29</sup> The resulting failures of accountability have had crucial consequences for the course of American electoral politics, and thus for the workings of the American political economy – including the production of economic inequality.

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<sup>29</sup> Key (1966), 7; (1964), 568. Although the colorful phrase “rational god of vengeance and reward” is frequently (mis)quoted in connection with the optimistic view of retrospective accountability Key set out in *The Responsible Electorate*, its actual use in his earlier textbook on *Politics, Parties, & Pressure Groups* is more specific, and negatory: “The Founding Fathers, by the provision for midterm elections, built into the constitutional system a procedure whose strange consequences lack explanation in any theory that personifies the electorate as a rational god of vengeance and of reward.”



**Table 4.1**  
**Myopic Economic Voting in Presidential Elections, 1952-2004**

Ordinary least squares regression parameter estimates (with standard errors in parentheses) for incumbent party's popular vote margin (%).

|                               | {1}    | {2}    |
|-------------------------------|--------|--------|
| <b>Cumulative</b>             | 1.39   | ---    |
| <b>income</b>                 | (.61)  |        |
| <b>growth (%)</b>             |        |        |
| <b>Election-</b>              | ---    | 3.63   |
| <b>year (Year</b>             |        | (1.05) |
| <b>4)</b>                     |        |        |
| <b>income</b>                 |        |        |
| <b>growth (%)</b>             |        |        |
| <b>Year 3</b>                 | ---    | ---    |
| <b>income</b>                 |        |        |
| <b>growth (%)</b>             |        |        |
| <b>Year 2</b>                 | ---    | ---    |
| <b>income</b>                 |        |        |
| <b>growth (%)</b>             |        |        |
| <b>Incumbent</b>              | -1.53  | -1.12  |
| <b>party</b>                  | (.48)  | (.42)  |
| <b>tenure</b>                 |        |        |
| <b>(years)</b>                |        |        |
| <b>Intercept</b>              | 5.70   | 2.21   |
|                               | (6.04) | (5.20) |
| <i>Std err of</i>             | 7.75   | 6.49   |
| <i>regression</i>             |        |        |
| <i>Adjusted R<sup>2</sup></i> | .51    | .66    |
| <i>N</i>                      | 14     | 14     |

Source: *Statistical Abstract*; Bureau of Economic Analysis.

**Table 4.2**  
**Presidential Elections and Partisan Income Growth, 1948-2005**

Annual real pre-tax income growth (%) for families at various points in the income distribution (with standard errors in parentheses). Partisan control measured from one year following inauguration to one year following subsequent inauguration.

|                                    | <b>All<br/>presidents</b> | <b>Democratic<br/>presidents</b> | <b>Republican<br/>presidents</b> | <b>Partisan<br/>difference</b> |
|------------------------------------|---------------------------|----------------------------------|----------------------------------|--------------------------------|
| <i>Presidential election years</i> |                           |                                  |                                  |                                |
| <b>20th percentile</b>             | 1.42<br>(.94)             | 1.00<br>(1.51)                   | 1.79<br>(1.26)                   | -.79<br>(1.95)                 |
| <b>40th percentile</b>             | 1.96<br>(.68)             | 1.11<br>(1.02)                   | 2.69<br>(.89)                    | -1.58<br>(1.34)                |
| <b>60th percentile</b>             | 1.96<br>(.76)             | 1.44<br>(1.33)                   | 2.41<br>(.88)                    | -.97<br>(1.56)                 |
| <b>80th percentile</b>             | 1.72<br>(.74)             | .69<br>(1.10)                    | 2.62<br>(.94)                    | -1.93<br>(1.44)                |
| <b>95th percentile</b>             | 1.54<br>(.82)             | -.28<br>(1.11)                   | 3.14<br>(.89)                    | -3.42<br>(1.41)                |
| <i>N</i>                           | 15                        | 7                                | 8                                | 15                             |
| <i>Non-election years</i>          |                           |                                  |                                  |                                |
| <b>20th percentile</b>             | 1.42<br>(.60)             | 3.25<br>(.89)                    | -.02<br>(.69)                    | 3.27<br>(1.11)                 |
| <b>40th percentile</b>             | 1.40<br>(.47)             | 2.96<br>(.68)                    | .16<br>(.52)                     | 2.79<br>(.85)                  |
| <b>60th percentile</b>             | 1.65<br>(.39)             | 2.84<br>(.52)                    | .71<br>(.48)                     | 2.14<br>(.71)                  |
| <b>80th percentile</b>             | 1.88<br>(.36)             | 3.01<br>(.50)                    | .98<br>(.44)                     | 2.03<br>(.67)                  |
| <b>95th percentile</b>             | 2.16<br>(.43)             | 3.00<br>(.70)                    | 1.49<br>(.52)                    | 1.51<br>(.85)                  |
| <i>N</i>                           | 43                        | 19                               | 24                               | 43                             |

Source: Census Bureau Historical Income Tables.

**Table 4.3**  
**The Effect of Economic Myopia on Presidential Election Outcomes, 1952-2004**

Boldface entries represent years in which actual and projected election winners differ.

| <b>Election year</b> | <b>Actual Republican<br/>vote margin</b> | <b>Projected margin<br/>without myopia</b> | <b>Difference</b> |
|----------------------|--|--|-------------------|
| 1952                 | +10.5%                                   | -0.6%                                      | <b>+11.1%</b>     |
| 1956                 | +14.3%                                   | +7.2%                                      | +7.1%             |
| 1960                 | -0.2%                                    | -3.1%                                      | +3.0%             |
| 1964                 | -22.4%                                   | -18.2%                                     | -4.1%             |
| 1968                 | +1.0%                                    | -0.1%                                      | <b>+1.1%</b>      |
| 1972                 | +23.0%                                   | +21.9%                                     | +1.1%             |
| 1976                 | -2.1%                                    | -10.5%                                     | +8.5%             |
| 1980                 | +9.4%                                    | +2.9%                                      | +6.5%             |
| 1984                 | +18.0%                                   | +8.4%                                      | +9.7%             |
| 1988                 | +7.6%                                    | +5.9%                                      | +1.7%             |
| 1992                 | -5.8%                                    | -7.8%                                      | +2.0%             |
| 1996                 | -8.5%                                    | -8.0%                                      | -0.5%             |
| 2000                 | -0.5%                                    | -2.6%                                      | <b>+2.1%</b>      |
| 2004                 | +2.4%                                    | +2.0%                                      | +0.4%             |
| <i>Average</i>       | +3.3%                                    | -0.2%                                      | +3.5%             |

Source: Calculations based on parameter estimates in Table 4.1, column {3}.

**Table 4.4**  
**Economic Voting by Income Group, 1952-2004**

Probit parameter estimates (with standard errors in parentheses) for probability of incumbent party vote. Data clustered by election year; major-party voters only.

|  | <i>Full<br/>sample</i> | <i>High<br/>income</i> | <i>Middle<br/>income</i> | <i>Low<br/>income</i> |
|--|------------------------|------------------------|--------------------------|-----------------------|
| <b>Election-year<br/>income growth (%)</b>           | .077<br>(.046)         | .082<br>(.059)         | .110<br>(.037)           | .017<br>(.052)        |
| <b>Incumbent party<br/>tenure (years)</b>            | -.034<br>(.014)        | -.039<br>(.015)        | -.025<br>(.014)          | -.043<br>(.016)       |
| <b>Incumbent party<br/>identification (-1 to +1)</b> | 1.542<br>(.079)        | 1.639<br>(.099)        | 1.509<br>(.075)          | 1.468<br>(.082)       |
| <b>Intercept</b>                                     | .088<br>(.257)         | .159<br>(.277)         | -.082<br>(.215)          | .311<br>(.303)        |
| <i>Log likelihood</i>                                | -6,596.1               | -2,356.4               | -2,057.6                 | -1,759.1              |
| <i>Pseudo-R<sup>2</sup></i>                          | .40                    | .42                    | .39                      | .40                   |
| <i>N</i>   | 15,976                 | 5,911                  | 4,848                    | 4,242                 |

Source: 1952-2004 National Election Study surveys.

**Table 4.5**  
**The Electoral Impact of Income-Specific Growth among Low-Income Voters, 1952-2004**

Probit parameter estimates (with standard errors in parentheses) for probability of incumbent party vote. Data clustered by election year; major-party voters only.

|  | <b>20th<br/>percentile</b> | <b>40th<br/>percentile</b> | <b>60th<br/>percentile</b> | <b>80th<br/>percentile</b> | <b>95th<br/>percentile</b> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Election-year<br/>income growth (%)</b>               | -.015<br>(.036)            | -.031<br>(.031)            | -.027<br>(.039)            | -.011<br>(.042)            | -.031<br>(.027)            |
| <b>Income-specific growth<br/>(indicated percentile)</b> | .036<br>(.026)             | .072<br>(.025)             | .059<br>(.032)             | .066<br>(.023)             | .097<br>(.014)             |
| <b>Incumbent party<br/>tenure (years)</b>                | -.045<br>(.014)            | -.043<br>(.013)            | -.054<br>(.013)            | -.047<br>(.014)            | -.048<br>(.012)            |
| <b>Incumbent party<br/>identification (-1 to +1)</b>     | 1.476<br>(.077)            | 1.498<br>(.075)            | 1.485<br>(.078)            | 1.495<br>(.075)            | 1.545<br>(.066)            |
| <b>Intercept</b>   | .361<br>(.223)             | .309<br>(.190)             | .394<br>(.212)             | .290<br>(.232)             | .311<br>(.165)             |
| <i>Log likelihood</i>                                    | -1,749.0                   | -1,738.8                   | -1,743.1                   | -1,741.1                   | -1,715.3                   |
| <i>Pseudo-R<sup>2</sup></i>                              | .40                        | .41                        | .41                        | .41                        | .42                        |
| <i>N</i>   | 4,242                      | 4,242                      | 4,242                      | 4,242                      | 4,242                      |

Source: 1952-2004 National Election Study surveys.

**Table 4.6**  
**The Electoral Impact of High-Income Growth by Income Group, 1952-2004**

Probit parameter estimates (with standard errors in parentheses) for probability of incumbent party vote. Data clustered by election year; major-party voters only.

|  | <i>Full<br/>sample</i> | <i>High<br/>income</i> | <i>Middle<br/>income</i> | <i>Low<br/>income</i> |
|--|------------------------|------------------------|--------------------------|-----------------------|
| <b>Election-year<br/>income growth (%)</b>           | .023<br>(.020)         | .032<br>(.038)         | .052<br>(.012)           | -.031<br>(.027)       |
| <b>High-income growth<br/>(95th percentile)</b>      | .102<br>(.010)         | .104<br>(.012)         | .102<br>(.010)           | .097<br>(.014)        |
| <b>Incumbent party<br/>tenure (years)</b>            | -.040<br>(.013)        | -.045<br>(.014)        | -.029<br>(.011)          | -.048<br>(.012)       |
| <b>Incumbent party<br/>identification (-1 to +1)</b> | 1.607<br>(.071)        | 1.692<br>(.101)        | 1.580<br>(.069)          | 1.545<br>(.066)       |
| <b>Intercept</b>                                     | .100<br>(.121)         | .152<br>(.149)         | -.082<br>(.076)          | .311<br>(.165)        |
| <i>Log likelihood</i>                                | -6,424.4               | -2,293.9               | -2,002.0                 | -1,715.3              |
| <i>Pseudo-R<sup>2</sup></i>                          | .42                    | .44                    | .40                      | .42                   |
| <i>N</i>   | 15,976                 | 5,911                  | 4,848                    | 4,242                 |

Source: 1952-2004 National Election Study surveys.

**Table 4.7**  
**Sources of Incumbent Party's Campaign Spending Advantage, 1952-2004**

Ordinary least squares regression parameter estimates (with standard errors in parentheses) for incumbent party's spending advantage (in 2006 dollars per voter).

|  | {1}            | {2}            |
|--|----------------|----------------|
| <b>High-<br/>income<br/>growth<br/>(95th<br/>percentile)</b> | .295<br>(.102) | .135<br>(.078) |
| <b>Election-<br/>year<br/>income<br/>growth (%)</b>          | ---            | ---            |
| <b>Republican<br/>incumbent</b>                              | ---            | 1.59<br>(.40)  |
| <b>Intercept</b>   | -.55           | -1.13          |

|                               |       |       |
|-------------------------------|-------|-------|
|                               | (.33) | (.26) |
| <i>Std err of regression</i>  | .95   | .63   |
| <i>Adjusted R<sup>2</sup></i> | .36   | .72   |
| <i>N</i>                      | 14    | 14    |

**Table 4.8**  
**The Electoral Impact of Campaign Spending by Income Group, 1952-2004**

Probit parameter estimates (with standard errors in parentheses) for probability of incumbent party vote. Data clustered by election year; major-party voters only.

|  | <i>Full<br/>sample</i> | <i>High<br/>income</i> | <i>Middle<br/>income</i> | <i>Low<br/>income</i> |
|--|------------------------|------------------------|--------------------------|-----------------------|
| <b>Incumbent spending<br/>advantage (\$/voter)</b>   | .097<br>(.033)         | .181<br>(.039)         | .086<br>(.034)           | -.015<br>(.047)       |
| <b>Election-year<br/>income growth (%)</b>           | -.001<br>(.018)        | -.009<br>(.024)        | .027<br>(.015)           | -.028<br>(.028)       |
| <b>High-income growth<br/>(95th percentile)</b>      | .084<br>(.011)         | .071<br>(.014)         | .088<br>(.009)           | .100<br>(.014)        |
| <b>Incumbent party<br/>tenure (years)</b>            | -.044<br>(.009)        | -.053<br>(.008)        | -.034<br>(.007)          | -.048<br>(.012)       |
| <b>Incumbent party<br/>identification (-1 to +1)</b> | 1.619<br>(.068)        | 1.697<br>(.096)        | 1.594<br>(.069)          | 1.541<br>(.063)       |
| <b>Intercept</b>                                     | .232<br>(.105)         | .379<br>(.114)         | .046<br>(.068)           | .292<br>(.155)        |
| <i>Log likelihood</i>                                | -6,404.9               | -2,269.4               | -1,997.5                 | -1,715.2              |
| <i>Pseudo-R<sup>2</sup></i>                          | .42                    | .44                    | .41                      | .42                   |
| <i>N</i>   | 15,976                 | 5,911                  | 4,848                    | 4,242                 |

Source: 1952-2004 National Election Study surveys.

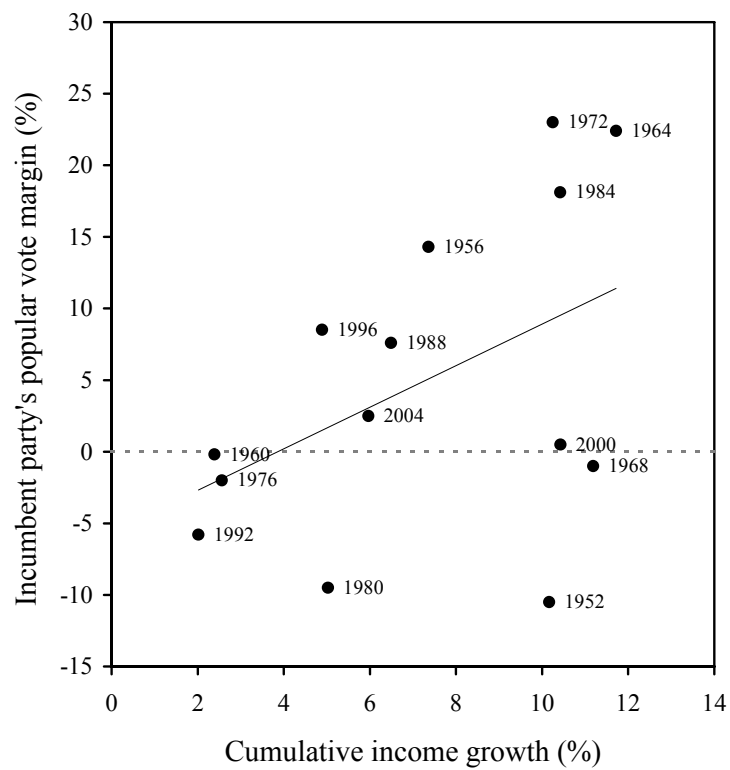
**Table 4.9**  
**The Effects of Unequal Campaign Spending, High-Income Growth, and Economic Myopia on Presidential Election Outcomes, 1952-2004**

Projected impact on Republican popular vote margin. Boldface entries represent years in which actual and projected election winners differ.

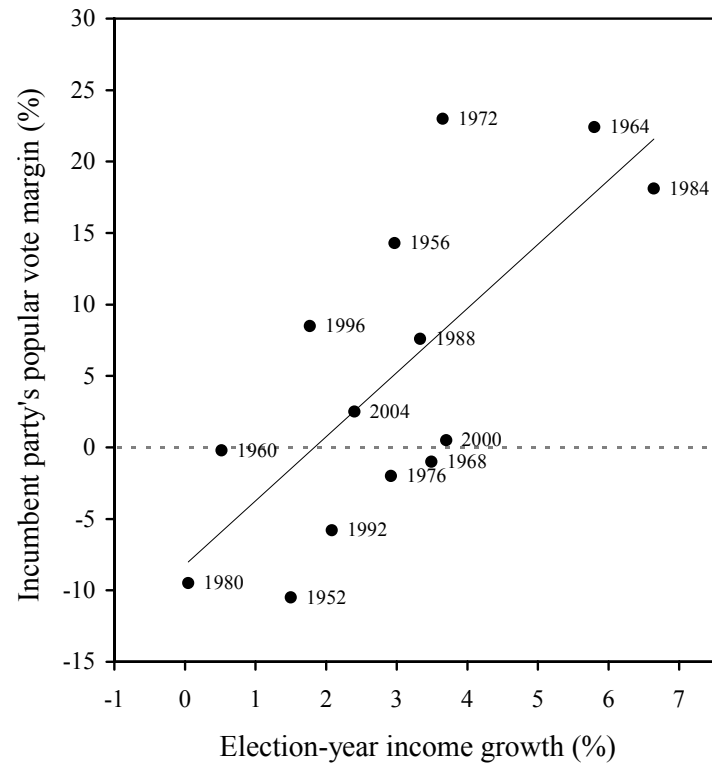
| Election year  | Estimated effect of unequal campaign spending | Estimated effect of differential sensitivity to high-income growth | Combined effect of myopia, high-income growth, and unequal spending |
|----------------|---|--|---|
| 1952           | +0.8%   | -5.1%  | +2.2%   |
| 1956           | +1.1%   | +12.7%   | <b>+15.8%</b>   |
| 1960           | +0.1%   | +11.9%   | +11.1%  |
| 1964           | +2.2%   | +9.3%  | +5.6%   |
| 1968           | <b>+4.1%</b>                                  | <b>+13.3%</b>  | <b>+17.6%</b>   |
| 1972           | +3.6%   | +11.9%   | +16.9%  |
| 1976           | +2.7%   | -0.2%  | +10.4%  |
| 1980           | +7.7%   | +8.7%  | <b>+22.0%</b>   |
| 1984           | +8.0%   | -11.9%   | +8.0%   |
| 1988           | +5.2%   | -4.5%  | +5.1%   |
| 1992           | +2.7%   | -4.4%  | +2.3%   |
| 1996           | +4.8%   | +3.0%  | +7.3%   |
| 2000           | <b>+3.6%</b>                                  | <b>+13.9%</b>  | <b>+16.5%</b>   |
| 2004           | +1.7%   | -11.0%   | -7.7%   |
| <i>Average</i> | +3.5%   | +3.4%  | +9.5%   |

Source: Calculations based on parameter estimates in Table 4.8.

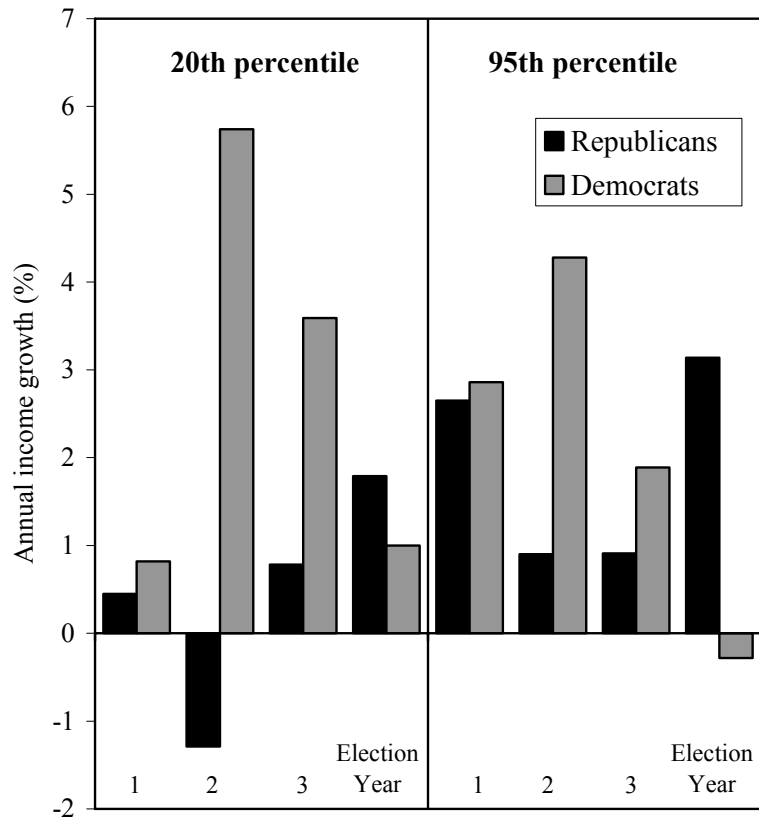
*Figure 4.1*  
**Cumulative Income Growth and Presidential  
Election Outcomes, 1952-2004**



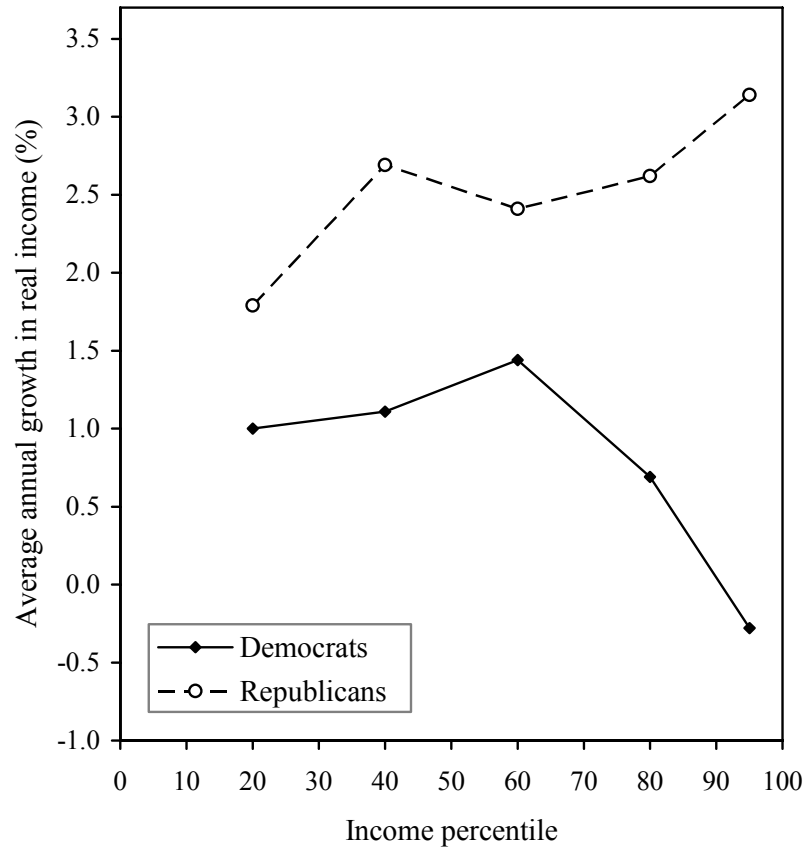
**Figure 4.2**  
**Election-Year Income Growth and Presidential**  
**Election Outcomes, 1952-2004**



**Figure 4.3**  
**Electoral Cycle in Income Growth under Republican**  
**and Democratic Presidents, 1948-2005**



*Figure 4.4*  
**Income Growth in Presidential Election  
Years, by Party, 1948-2004**



**Figure 4.5**  
**Election-Year Income Growth and Incumbent Spending Advantage, 1952-2004**

