

## POLITICAL EFFECTS OF THE GREAT RECESSION

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# POLITICAL EFFECTS OF THE GREAT RECESSION

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## ABSTRACT

America's political response to the Great Recession was surprising to pundits, but mostly consistent with patterns familiar to political scientists. Ordinary citizens assessed politicians and policies primarily on the basis of visible evidence of success or failure. Thus, in 2008, the president's party was punished at the polls for the dismal state of the election-year economy. The successful challenger, Barack Obama, pushed policy significantly to the left, as Democratic presidents typically do, provoking a predictable "thermostatic" shift to the right in the public's policy mood. In 2010, slow economic recovery and public qualms about ideological overreach exacerbated the losses normally suffered by a president's party in midterm elections. In 2012, Obama was reelected—as incumbents almost always are when their party has held the White House for just four years—thanks in part to a modest but timely upturn in the income growth rate.

## POLITICAL EFFECTS OF THE GREAT RECESSION <sup>1</sup>

In the wake of the 2008 Wall Street meltdown, pundits from across the ideological spectrum seemed to be in considerable agreement regarding the likely political ramifications of the economic crisis. On the right, a *Wall Street Journal* (2008) editorial just a month after the collapse of Lehman Brothers worried that “the current financial panic” might provide a “pretext” for “a period of unchecked left-wing ascendancy” comparable to past “heydays of welfare-state liberalism.” On the left, Robert Kuttner had already published a book premised on the notion that the economic crisis offered Barack Obama an opportunity to be “a transformative progressive president” (Kuttner 2008, 1). Obama’s subsequent election impelled John Judis to posit that “liberal views have re-emerged ... with a vengeance, and can be expected to shift further leftward—especially on economic questions—in the face of coming recession” (Judis 2008).

Of course, nothing of the sort actually happened. Public opinion moved—insofar as it moved at all—to the right, not to the left.<sup>2</sup> The primary manifestation of mass mobilization in response to the recession, the Tea Party movement, harnessed right-wing populism in opposition to big government, bailouts, high taxes, and public debt.

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<sup>1</sup> Portions of this essay draw upon previously published work (Bartels 2012a; 2012c; 2012d). An earlier version was presented at a conference on “The Effects of the Great Recession,” Ann Arbor, MI, January 17-18, 2013. I am grateful to conference participants and to three unusually diligent and thoughtful anonymous reviewers for critical feedback, to Christopher Achen and Nancy Bermeo for stimulating collaboration on related projects, to John Sides and Lynn Vavreck for sharing data from the 2012 Cooperative Campaign Analysis Project, and to Vanderbilt University’s May Werthan Shayne Chair in Public Policy and Social Science for financial support of the research reported here.

<sup>2</sup> An accumulation of dozens of Gallup Polls showed conservatives outnumbering liberals in the U.S. public by 19 points in 2009, up from 15 points in 2008—and that margin would remain undiminished through 2010 and 2011 (Saad 2012).

Obama's Democratic base in Congress was decimated in the 2010 midterm election, a result the president himself referred to as a "shellacking."

Perhaps not surprisingly, some of the same liberal commentators who had badly misread the political implications of the economic crisis and the 2008 election were prominent among those expressing surprise and disappointment at the political trajectory of Obama's first term. Kuttner (2011), who had expected "a transformative progressive president," now argued that Obama's presidency was "shaping up as one of American history's epic missed moments." Judis (2010) published a much-talked-about analysis of Obama's "Unnecessary Fall."

The Great Recession brought political disappointments to progressives in other affluent democracies around the world as well. In elections to the European Parliament, *The Economist* (2009) reported, "The centre-left failed to capitalize on an economic crisis tailor-made for critics of the free market." Left-of-center governments in Portugal, New Zealand, and Britain suffered significant losses at the polls. Prominent political consultant Stanley Greenberg (2011) found it "perplexing" that "many voters in the developed world are turning away from Democrats, Socialists, liberals and progressives. ... When unemployment is high, and the rich are getting richer, you would think that voters of average means would flock to progressives, who are supposed to have their interests in mind—and who historically have delivered for them."

Greenberg's perplexity is understandable if one supposes that voters are animated by the same ideological perceptions that are commonplace among politicians, pundits, and political operatives. A romantic view of democracy would suggest that citizens in the midst of an economic crisis should monitor and evaluate the policy proposals offered by competing political elites, then use their voices and their votes to communicate meaningful preferences regarding the future course of public policy. However, the fact of the matter is that ordinary citizens are mostly uninterested in

ideological manifestos and economic theories, and skeptical of assertions about which parties “historically have delivered for them.” They are much more attentive to ends than to means, and they tend to reward or punish incumbent governments based on simple assessments of immediate success or failure. Recognizing these facts makes the political response to the Great Recession—in the U.S. and elsewhere—a good deal less perplexing than it would otherwise be.

Over the past five years, dozens of incumbent governments around the world have faced their voters under conditions of varying economic distress. The results of these elections show little evidence of any consistent shift in favor of either left-wing or right-wing parties in response to the Great Recession. While left-of-center governments (in Portugal, New Zealand, Britain, Spain, and Slovenia) suffered significant losses, so did right-of-center governments (in Iceland, Japan, and Greece)—and centrist coalitions (in the Netherlands, Austria, Germany, and Finland) fared even worse.<sup>3</sup> The most consistent pattern in these election results is that voters have simply, and even simply-mindedly, punished incumbents of every stripe for economic hard times.

Figure 1 illustrates the relationship between economic growth and the outcomes of 42 national elections conducted in OECD countries between 2007 and 2011. In each case, the figure relates increases or decreases in the incumbent party’s vote share since the previous election to real GDP growth in the two years before the election. The relationship portrayed in the figure is generally consistent with a rather simple model of “retrospective” economic voting: citizens tended to reward incumbent governments when their economies grew robustly and to punish them when economic growth

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<sup>3</sup> Nor is there any evidence of consistent ideological shifts outside of the context of elections. For example, comparing data from 20 countries in the 2006 and 2010 European Social Surveys (<http://www.europeansocialsurvey.org/>) reveals an almost imperceptible average shift to the right of 0.04 points on a ten-point ideological scale—and no apparent relationship between the (usually quite modest) shifts observed in specific countries and the severity of their economic downturns.

slowed.<sup>4</sup> The magnitude of these rewards and punishments was substantial, with differences in expected vote shares of 24 percentage points over the observed range of GDP growth. Of course, there is much more to elections than economic voting. In Hungary in 2010 and Ireland in 2011, for example, hard times were compounded by major political scandals. Nevertheless, it is clear that elections in the Great Recession era have been significantly shaped by voters' consistent inclination to reward or punish incumbent governments based on economic growth rates in the months leading up to an election (Bartels 2012c).

**\*\*\* Figure 1 \*\*\***

My aim here is to provide an overview of American politics since the beginning of the Great Recession, focusing primarily on public opinion and electoral politics, but also touching more superficially upon the political causes and consequences of significant shifts in public policy. In each of these realms, I will argue, Americans responded to the extraordinary circumstances of the Great Recession in ways that were, for the most part, quite ordinary. While this interpretation of recent political history may be surprising in light of the magnitude of the economic crisis—and perhaps even disillusioning to those with a romantic view of American democracy and its capacity for epic moments—it has the virtue of accounting parsimoniously for much that would otherwise be perplexing in the political experience of the past five years.

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<sup>4</sup> Voters seem to have been mostly focused on economic conditions in the immediate run-up to each election rather than on the incumbent government's overall economic performance; the measure of "weighted GDP growth" employed in Figure 1 attaches almost *twice* as much weight to growth in the year just before the election as to growth in the preceding year—and no weight at all to growth earlier in the incumbents' tenure. Moreover, there is no evidence that voters made any allowance for the impact of global economic forces by comparing their own economy's performance with that of similar economies elsewhere; election outcomes are more closely related to unadjusted national GDP growth rates than to variously defined *relative* growth rates.

## The 2008 Election and “The New New Deal”

The historic election of Barack Obama in 2008 was consistent both with the global pattern of electoral responses to the Great Recession and with familiar American electoral patterns. While liberal pundits viewed Obama’s victory as the dawning of “The New Liberal Order” (Beinart 2008) and “the culmination of a Democratic realignment that began in the 1990s” (Judis 2008), sober analysis suggests that the election result was very much in keeping with the usual response of electorates to short-term economic distress. In that sense, Obama’s presidency itself ranks as the most important political effect of the Great Recession.

The impact of economic conditions on election outcomes has been the focus of a great deal of scholarship over the past half-century. Presidential election outcomes, in particular, have been subjected to scores of statistical analyses which differ in detail, but consistently demonstrate a strong relationship between economic conditions and the incumbent party’s success at the polls. Consider, for example, the following very simple regression analysis:

$$\textit{Incumbent Party Margin} = 9.93 + 5.48 \times \textit{Income Growth} - 1.76 \times \textit{Years in Office}.$$

*Incumbent Party Margin* represents the incumbent party’s national popular vote margin (in percentage points). *Income Growth* is measured by the change in real disposable personal income per capita between the first and third quarters of the election year (also in percentage points). *Years in Office* is a counter indicating how long the incumbent party has held the White House. The regression parameters are estimates based on data from the 17 presidential elections since the end of World War II.<sup>5</sup>

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<sup>5</sup> This is an updated version of a regression model first proposed by Achen and Bartels (2004, Table 3, column 5). Including the three additional presidential elections that have occurred

This very simple regression model “explains” more than three-quarters of the observed variation in election outcomes, with an average discrepancy in the incumbent party’s vote *share* of less than 3 percentage points.<sup>6</sup> While it is not intended as an election forecasting model,<sup>7</sup> it does provide a striking indication of the extent to which presidential election outcomes are shaped by two basic factors: the state of the election-year economy and the incumbent party’s tenure in office. In both cases the effects are substantial: each additional percentage point of mid-year income growth increases the incumbent party’s expected vote margin by more than five percentage points, while each additional term in office *reduces* the incumbent party’s expected vote margin by seven percentage points. Figure 2 combines these two factors by relating election outcomes to *tenure-adjusted* income growth, which simply subtracts 1.29 from the actual income growth rate for each consecutive term (beyond the first) that the incumbent party has held the White House. The summary line in Figure 2 shows how the incumbent party’s expected vote margin varies with *tenure-adjusted* income growth.

\*\*\* **Figure 2** \*\*\*

Statistical analyses of this sort provide useful benchmarks for interpreting the result of any specific presidential election. For example, the 2008 election outcome (near the lower-left corner of the figure) turns out to be almost precisely consistent

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since then improves the fit of the model slightly, but leaves the parameter estimates essentially unchanged.

<sup>6</sup> The adjusted R-squared statistic is .77, and the standard error of the regression is 5.10. The standard errors of the regression parameter estimates are 2.46, 0.92, and 0.29, respectively; thus, they are easily “statistically significant” by conventional standards.

<sup>7</sup> The relevant data on income growth are not available soon enough to be useful for forecasting; in any case, an analysis aiming merely to maximize predictive accuracy would incorporate additional information such as contemporaneous polling data, and would focus on state-by-state rather than national results.

with the usual historical pattern. McCain trailed Obama in the popular vote by 7.3 percentage points—slightly *better* than expected, given the dismally low  $-0.8\%$  mid-year income growth rate (which translates into a *tenure-adjusted* income growth rate of  $-2.1$ ). Tracing upward along the summary line in Figure 2 suggests an interesting might-have-been: if mid-year income growth in 2008 had been just  $+0.6\%$ —a rate still well below the historical average of  $1.4\%$ —Obama would probably not have been elected. Ironically, the new president owed his presidency to the Great Recession he would spend most of his first term (at least) struggling to overcome.

It is worth underlining that the economic data employed in the analysis summarized in Figure 2 come from the second and third quarters of the election year, before the acute financial crisis symbolized by the collapse of Lehman Brothers in mid-September could have had much effect on income growth. Thus, the close correspondence between the 2008 outcome and the historical pattern of presidential election results reinforces the notion that, “For ordinary Americans, the Wall Street meltdown was not a turning point, but rather one more sign of the dire condition of the economy and the failure of the Bush Administration’s policies” (Abramowitz 2009). Remarkably, even in the midst of an historic economic crisis, voters’ economic concerns in 2008 seem to have been more focused on the past and present than on the future. The American National Election Studies survey conducted between Labor Day and Election Day found 90% of the public saying that the national economy had gotten worse over the past year, but only 30% predicting that it would get worse over the coming year—while 27% expected it to get better.<sup>8</sup>

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<sup>8</sup> Expectations were virtually identical among the subset of respondents interviewed in the last 30 days of the campaign, two to six weeks after the collapse of Lehman Brothers; 28% expected the economy to get worse over the next year, while 27% expected it to get better. Author’s tabulations based on data from the American National Election Studies 2008 Time Series Study (<http://www.electionstudies.org/>).

Scholars of American voting behavior were pointing out within days of Obama's victory that, from an electoral standpoint, nothing very unusual had happened—and that pundit-talk of realignment was “much-overblown” (Bartels 2008b; Sides 2008). The aggregate national vote swing from 2004 to 2008 was no larger than has been typical in presidential elections over the past thirty years—and only about one-third as large as the electoral tide that swept Franklin Roosevelt into the White House in 1932. Nor was there a greater-than-usual amount of “realigning” of specific states or regions or a greater-than-usual erosion of previous partisan voting patterns.

Nevertheless, Obama's historic election in the midst of an economic crisis raised irresistible parallels with the dramatic accession of Roosevelt in the midst of the Great Depression. The cover of *Time* magazine pictured Obama as FDR, complete with iconic fedora, cigarette holder, and an evocative title: “The *New New Deal*.” A cover story by Peter Beinart (2008) argued that if Obama “can do what F.D.R. did—make American capitalism stabler and less savage—he will establish a Democratic majority that dominates U.S. politics for a generation. And despite the daunting problems he inherits, he's got an excellent chance.”

Notwithstanding the ubiquity of this historical parallel, the comparison between Obama and FDR was always highly fanciful. For one thing, the Great Recession was simply much less severe than the Great Depression had been. For example, real disposable income per capita fell by almost five percent between the first quarter of 2008 and the fourth quarter of 2009—but the percentage drop in real income during the Great Depression had been more than four times that size. For another thing, as Theda Skocpol (2012, 15) has noted, “Roosevelt took office several years into the Great Depression, when the U.S. economy was at a nadir,” whereas “Obama took office amid a sudden financial seizure that was just beginning to push the national economy into a downturn of as-yet-undetermined proportions.” Finally, Roosevelt's 1932 landslide swept into office huge Democratic majorities in the House and Senate, whereas Obama

began his first term with just 58 Democratic senators and a disciplined Republican opposition willing and able to filibuster anything that moved.<sup>9</sup>

Nevertheless, Obama did move swiftly to stem the economic crisis. Only a few weeks after his inauguration, Congress passed a massive \$787 billion stimulus bill, the American Recovery and Reinvestment Act, providing new federal spending on infrastructure and other programs, tax cuts, and grants to state governments. The existing Troubled Asset Relief Program was deployed to recapitalize banks through a Capital Purchase Program, subsidize private investment in “toxic assets” of financial institutions, fund bailouts of General Motors and Chrysler, and provide grants to reduce the rate of home mortgage foreclosures. A series of “stress tests” was devised to certify the financial health of major banks, and work began on a major overhaul of financial regulations—an effort that would lead, a year later, to the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Within a few months following Obama’s inauguration, as the financial crisis seemed to be ebbing, the administration turned its attention to a sustained push for substantial reform of the health care system. Much of the next twelve months would be consumed with the legislative wrangling that led to the passage in March 2010 of the landmark Patient Protection and Affordable Care Act—“the most sweeping piece of federal legislation since Medicare was passed in 1965” (Leonhardt 2010). In the meantime, the administration also pursued an ambitious energy policy, comprehensive immigration reform, and other measures. As Skocpol (2012, 44) put it, “Obama’s ambitious agenda for policy change progressed quite remarkably—to institute comprehensive health reform, reform higher education loans, tighten regulation of financial institutions, and tweak many other realms of law and regulation. A new New

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<sup>9</sup> Arlen Specter (R-PA) joined the Democratic caucus in late April, and Al Franken (D-MN) was seated in early July when a court finally upheld his disputed razor-thin election margin.

Deal of sorts *was* successfully launched by President Obama and Congressional Democrats in 2009 and 2010.”

In all of these cases, the ambitiousness of the administration’s policy initiatives was tempered by strong opposition from Republicans—and by significant hesitation among some Democrats—in Congress. With the filibuster having evolved “from an extraordinary expression into a routine obstructive tactic” (Skocpol 2012, 26), the simple fact was that a Democratic president could only be as liberal as the 60th-most-liberal senator allowed him to be. While it was seldom entirely clear in advance how liberal that would be, the most striking aspect of the major legislative battles of 2009 and 2010 was how, time after time, Obama and his allies in Congress pushed precisely to the filibuster limit. The economic stimulus bill passed with 61 votes in the Senate, health care reform and financial regulation with exactly 60; in each case, pivotal senators extracted significant concessions in exchange for their support.

In the case of the Recovery Act, winning a few Republican votes required shrinking the size of the economic stimulus package and including hundreds of billions of dollars in tax cuts. Passing the Affordable Care Act required a completely unified Democratic caucus in the Senate, which in turn required months of haggling and the eventual jettisoning of the “public option” favored by most Democrats. Maine’s Republican senators, Olympia Snowe and Susan Collins, crossed over once again to support the White House’s plan for financial regulation—but when a purist gesture by Democrat Russ Feingold left the bill still one vote short, additional concessions were necessary to win a third Republican vote from newcomer Scott Brown (McCarty 2012).

Other major policy initiatives—most notably in the areas of energy and immigration—were stymied by opposition in the Senate. Politicians on both sides of the aisle were well aware that the public’s taste for ambitious policy initiatives was limited. While most Democrats in Congress nonetheless supported most or all of Obama’s major policy initiatives, the resulting string of significant legislative

achievements had a significant political price tag attached—and the bill came due in the 2010 midterm election.

### **The 2010 Midterm Election**

Having punished Republicans for an ongoing recession in 2008, American voters were equally willing to punish Democrats for a slow economic recovery in 2010. Forecasts employing a variety of economic indicators, poll results, and other political considerations suggested that the incumbent party would probably lose 40 seats in the House.<sup>10</sup> In fact, it turned out to be even worse than that—a net loss of 63 seats, and control of the chamber.

The result was widely interpreted as an adverse judgment by voters on the policies of the Obama administration. The *New York Daily News* called it “a stinging rebuke.” In his election night victory speech, new Republican Speaker of the House John Boehner argued that the American people had sent an “unmistakable message” to the president to “change course” by cutting spending, reducing the size of government, and “helping small businesses get people back to work.” Obama himself interpreted the election “shellacking” as primarily a reflection of economic frustration: “If right now we had 5 percent unemployment instead of 9.6 percent unemployment, then people would have more confidence in those policy choices.” However, even he grudgingly conceded that voters might have perceived his administration’s responses to the economic crisis as amounting to “a huge expansion of government.”

Indeed, ordinary Americans by 2010 were a good deal more likely to see Democrats and Obama as “very liberal” than they were to see Republicans as “very

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<sup>10</sup> A roundup of nine different forecasts available several weeks before the election suggested that Democrats would probably lose 30 to 50 seats (Sides 2010). Analyses incorporating poll results were generally more pessimistic than those relying solely on economic indicators and structural political factors such as the number of seats being defended by each party.

conservative.”<sup>11</sup> Moreover, statistical analyses of district-by-district election results provide solid evidence that public perceptions of ideological overreach contributed to the Democrats’ midterm losses. Democratic incumbents who voted for the Recovery Act probably did two or three points worse than they otherwise would have.<sup>12</sup> Supporting the Affordable Care Act probably cost a typical Democrat about five or six percentage points, and perhaps even more in swing districts.<sup>13</sup> Some analysts have suggested that supporting the abortive cap-and-trade energy bill and the Dodd-Franks financial reform bill may also have cost Democrats votes.<sup>14</sup>

Some of these effects are arguably consistent with my emphasis on visible evidence of success or failure as the primary focus of voters’ policy assessments. In the case of the stimulus package, for example, the electoral rebuke seems to have reflected widespread public skepticism about its economic effectiveness.<sup>15</sup> As a *USA*

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<sup>11</sup> A fall 2010 survey conducted by the American National Election Studies team found 31% of the respondents rating Republicans as “very conservative”; 41% rated Democrats as “very liberal” and 43% rated Obama as “very liberal.” Author’s tabulations based on data from the American National Election Studies 2010 Panel Recontact Study (<http://www.electionstudies.org/>).

<sup>12</sup> An early analysis by McGhee (2010) estimated that congressional Democrats who supported the American Recovery and Reinvestment Act did 2.8% worse in 2010, other things being equal. A subsequent analysis by Nyhan et al. (2012) put the effect at 1.7%. A study by Jacobson (2011) limited to 44 Democratic incumbents in Republican-leaning districts put the cost of a vote in favor of the stimulus package at 3.0%.

<sup>13</sup> McGhee (2010), Jacobson (2011), and Nyhan et al. (2012) put the cost of supporting the Affordable Care Act at 4.5%, 4.9%, and 6.5%, respectively.

<sup>14</sup> McGhee (2010) and Nyhan et al. (2012) estimated additional penalties of 2.1% and 1.7%, respectively, for supporting the cap-and-trade bill, while Jacobson (2011) estimated that supporting the Dodd-Frank bill cost Democrats in competitive districts an additional 3.7% of the midterm vote.

<sup>15</sup> For example, an ABC News/*Washington Post* poll conducted a month before the midterm election found 68% of the public saying that the money the federal government spent on the

*Today* story reporting the findings of Blinder and Zandi's (2010) study of its economic benefits wryly noted, "If President Obama expected anyone to say, 'Thank you,' however, he's been disappointed. ... In the partisan war over the economy's performance, the word 'stimulus' has become [*sic*] synonymous with 'boondoggle,' making the notion of a repeat any time soon highly unlikely" (Lynch 2010).

Despite the unpopularity of the Recovery Act, the direct political cost to Democrats of supporting the package was almost surely more than offset by the indirect political benefit of more robust economic growth. If we accept Blinder and Zandi's (2010, Table 7) estimates that the stimulus package added 1.3% to real GDP growth in 2009 and 1.9% in 2010, then economic conditions at the time of the midterm election were distinctly more favorable to the incumbent party as a result of the stimulus than they otherwise would have been. The cross-national relationship depicted in Figure 1 suggests that that additional GDP growth probably added two or three percentage points to the aggregate Democratic vote share in 2010. Thus, the net result was probably close to zero in districts where Democratic incumbents supported the stimulus bill, and a significant gain in districts held by Republicans or by Democrats (disproportionately in competitive seats) who did not support the bill.

These calculations suggest that the Recovery Act very likely "paid for itself" even in strictly electoral terms. That was certainly not true of the Affordable Care Act, whose concrete benefits to prospective voters were both distant and uncertain. Sweeping health care reform had been an aspiration of Democrats for six decades; but, even with a (fleeting) "filibuster-proof" majority in the Senate, Obama and his allies lacked sufficient political support to do it quickly, cleanly, and in a way that delivered substantial immediate benefits to their constituents. In the end, however, they proved to be sufficiently determined to do it slowly, messily, and in a way that left them

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economic stimulus had been "mostly wasted," while only 29% said the money had been "mostly well spent" ([http://www.washingtonpost.com/wp-srv/politics/polls/postpoll\\_10052010.html](http://www.washingtonpost.com/wp-srv/politics/polls/postpoll_10052010.html)).

vulnerable to substantial public backlash. Sometimes that is how significant policy change occurs.

Simulations based on statistical analyses of district-by-district election results suggested that if every vulnerable Democrat (those in seats where Obama received less than 60% of the two-party vote in 2008) had refrained from voting for health care reform, the party would have lost about 25 fewer seats in 2010, bringing the election outcome into close agreement with forecasts based on “fundamentals”—and probably preserving a slim Democratic majority (McGhee 2010; Nyhan et al. 2012, 19).

These findings suggest that the Democrats’ midterm “shellacking” was attributable in significant part to having pursued—and enacted—what many Americans saw as a “very liberal” policy agenda extending well beyond what seemed relevant and necessary to the task of economic recovery. Of course, this apparent ideological backlash may have been prompted, in part, by popular dissatisfaction with the state of the economy. Nevertheless, it constitutes a notable exception to the general pattern of voters assessing policies pragmatically rather than ideologically.

As for the recovery itself, the electoral response was Janus-faced. Voters clearly punished the incumbent party in 2010 for failing to produce a robust recovery, and mostly disapproved of the policies that seemed to be implicated in that failure. However, unpopular means—most notably, bank bailouts and stimulus spending—probably staved off an even worse electoral debacle, because they staved off an even worse economic debacle.

### **The Impact of the Recession on Policy Preferences**

Social scientists setting out to examine the impact of economic distress on political attitudes and policy preferences have repeatedly been surprised to find much less than they expected. For example, Kenworthy and Owens (2011) titled a recent review of evidence from four decades of opinion surveys “The Surprisingly Weak Effect of

Recessions on Public Opinion.” However, the general tenor of their findings was clearly foreshadowed more than three decades earlier in Schlozman and Verba’s (1979) book-length study of the political impact of unemployment in the 1970s.

Schlozman and Verba (1979, 351) found that “the effects of unemployment are severe but narrowly focused, manifest in ways that are proximate to the joblessness itself. Many of the connections we had originally expected between unemployment and political beliefs and conduct simply were not made.” In particular, they found no tendency for unemployment to produce “general disenchantment with American life, wholesale changes in social ideology, or adoption of radical policy positions” (Schlozman and Verba 1979, 349). Moreover, “the unemployed as a group contributed less significantly to the electoral outcome in 1976 than the common wisdom would have suggested. ... Political activity is more a function of beliefs about politics than of specific personal experiences; political beliefs, in turn, are more a function of general social beliefs than of personal experiences. Once again, the severe economic strain of job loss has little direct impact on political life” (Schlozman and Verba 1979, 330, 332).

Kenworthy and Owens’ broader survey of opinion data over the past four decades suggested that “recent economic recessions have had real but mostly temporary effects on American attitudes on key economic, political, and social issues” (Kenworthy and Owens 2011, 198). However, they found “no indication of any increase in support for policies that enhance opportunity, support for the poor, or support for redistribution. ... Economic downturns, including the Great Recession, have had surprisingly little impact on Americans’ views of government, even in the short run” (Kenworthy and Owens 2011, 216-217, 204).

A narrower but more detailed study by Margalit (2013) examined changes in policy preferences using a panel survey in which the same people were interviewed before, during, and after the crisis phase of the Great Recession. Comparing responses from July 2007 and April 2009, he found some decline in public support for “an increase in

the funding of government programs for helping the poor and the unemployed with education, training, employment, and social services, even if this might raise your taxes.” However, that decline mostly reflected a preponderance of *support* for such spending increases before the onset of the crisis; among both supporters and opponents, 75% maintained their pre-crisis positions in 2009, while 11 or 12% switched sides.

Among people who actually became unemployed during this period, Margalit (2013) found a significant increase in support for “funding of government programs for helping the poor and the unemployed with education, training, employment, and social services.” Given the explicit mention of “the unemployed” in the question, this effect may be seen as echoing Schlozman and Verba’s (1979, 349) finding that unemployment was associated with support for specific “policies designed to ameliorate the situation,” though not for “wholesale changes in social ideology.” Moreover, even this narrow effect was of rather modest magnitude: 59% of those who lost their jobs during the course of Margalit’s panel study supported increased funding of these programs, as compared with 47% of those who kept their jobs. And even over the course of a severe recession, the number of people who lost their jobs was much too small for this shift in views to make a substantial dent in the overall distribution of public opinion.

Moreover, Margalit’s analysis of people who became *reemployed* over the course of his panel study suggests that the effect of unemployment was quite transitory: only 49% of them supported increased spending on programs for the poor and unemployed—a figure barely higher than among people who remained employed throughout the recession. Republicans were especially likely to become more favorable toward increased spending on programs for the poor and unemployed when they lost their jobs, but also more likely to revert to their former views when they became reemployed.

Schlozman and Verba's (1979, 351) emphasis on opinion change that is "narrowly focused" and "proximate" rather than broadly ideological also seems to apply to Americans' views about the specific policy tools employed to address the Great Recession. A summer 2009 BBC World Service Poll measured public support for three of the most salient policy responses to the economic crisis: "giving financial support to banks in trouble," "increasing government regulation and oversight of the national economy," and "significantly increasing government spending to stimulate the economy." None of these programs was particularly popular; the results presented in the first row of Table 1 show that the balance of public opinion was slightly negative in the cases of increasing government regulation and stimulus spending, and strongly negative in the case of support for troubled banks.

**\*\*\* Table 1 \*\*\***

These results underline the political pitfalls facing the Obama administration as it grappled with the Great Recession, especially in the period following the first months of acute economic crisis. Of the six other affluent democracies included in the survey—Australia, Canada, France, Germany, Japan, and the United Kingdom—only Germany showed a similar lack of public enthusiasm for all three of these policy options.<sup>16</sup>

In a follow-up survey conducted the following summer, the same pollsters asked about the same three possible government responses to the crisis. Strikingly, the American public's support for all three policies was markedly lower in 2010 than it had been a year earlier. Presumably, these shifts in public opinion reflected the tendency of ordinary Americans to assess policies in terms of apparent success or failure rather than abstract ideology. Having experienced bailouts, bank stress tests, and a seemingly massive stimulus program, and seeing no dramatic improvement in

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<sup>16</sup> [http://www.globescan.com/news\\_archives/bbc2009\\_globalPoll-04/](http://www.globescan.com/news_archives/bbc2009_globalPoll-04/).

tangible economic conditions as a result, most Americans were in no mood for counterfactual arguments that, in fact, these “comprehensive policy responses saved the economy from another depression” (Blinder and Zandi 2010, 10). Tellingly, this decline in popular support for the most salient policy responses to the crisis was by no means limited to the U.S.; support for aiding troubled banks and increasing government spending declined from 2009 to 2010 in every one of the six countries included in both surveys.<sup>17</sup>

The 2010 BBC World Service Poll also included an additional policy option: “taking steps to reduce the government’s budget deficit and debt, by cutting some spending or increasing some taxes.” That option was distinctly more popular than any of the original three, with 52% of Americans favoring steps to reduce government deficit and debt (28% “strongly”) and only 32% opposing (19% “strongly”). When asked *which* of two possible approaches to deficit reduction their government should “focus on more,” the survey respondents overwhelmingly chose “cutting spending on government services, including ones you use” over “increasing taxes” (64% to 23%, the rest choosing neither or both or something else).

It is tempting to interpret this public support for budget-cutting as a reflection of Americans’ deep-seated suspicion (at least in the abstract) of big government. However, the public sentiment in favor of budget-cutting seems to have been widely shared throughout the developed world. At least slight pluralities in five of the six other affluent democracies included in the survey (all except Spain) favored deficit reduction measures, with cutting services always substantially more popular than increasing taxes. Of course, it is not all that hard to favor austerity before you have

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<sup>17</sup> [http://www.globescan.com/news\\_archives/bbc2010\\_economics/](http://www.globescan.com/news_archives/bbc2010_economics/). The average decline in net support was 18 points in the case of support for troubled banks and 16 points in the case of increasing government spending. Changes in support for increasing government regulation were more mixed, with big declines in Australia and the U.S. balanced by increases in Germany and France.

actually tried it; whether public support for budget-cutting can survive significant cuts in actual spending will probably depend on whether those cuts *seem* to lead to robust economic growth.

### **Explaining the Limited Impact of the Recession**

If the impact of the Great Recession on political attitudes and policy preferences has been “surprisingly weak,” why is that? Four lines of explanation seem promising.

First, the very success of government policy in limiting the economic damage from the crisis also tended to limit its political impact. In the six months following the collapse of Lehman Brothers in September 2008, the “stunning range of initiatives” improvised by the Federal Reserve, the Treasury Department, and the Obama White House stabilized the financial system and stimulated the economy. By one estimate (Blinder and Zandi 2010, Table 4), these initiatives boosted real GDP by 4.9% in 2009 and by 6.6% in 2010. Although a long period of painfully slow economic recovery consumed President Obama’s entire first term, this was nothing like the “Depression 2.0” that Fed chairman Ben Bernanke and other policy-makers had feared.

Of course, the millions of Americans who had lost their jobs or their homes were unlikely to be cheered by the fact that things might have been much worse. However, from a political perspective, what may be most remarkable about the Great Recession is the starkness of the division between casualties and non-combatants. While victims of the economic crisis in Greece, France, and Britain took to the streets, America’s millions of unemployed and foreclosed were virtually invisible. A majority of respondents in a 2010 survey said that they *did not know* “anyone who has had their home foreclosed or fallen behind in their mortgage payments in the past year.”<sup>18</sup> For

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<sup>18</sup> “Do you know anyone who has had their home foreclosed or fallen behind in their mortgage payments in the past year?” Yes, 36%; No, 54%; Not sure, 9%. YouGov/Polimetrix survey, October 2010.

most Americans, a few months of genuine panic fairly quickly faded into the more familiar economic strain of recession and slow recovery.

Second, the pundits' expectation that Americans would either push or follow their new Democratic president to the political left flew in the face of considerable historical evidence suggesting that the public is much more likely to react *against* perceived shifts in policy than to reinforce them.

Figure 3 tracks overall trends in public opinion over the past six decades using James Stimson's measure of "public policy mood"—an aggregation of hundreds of polls gauging public opinion on a wide variety of domestic policy issues.<sup>19</sup> Liberal shifts in opinion appear as upticks in the figure, while conservative shifts appear as downticks. Matching these movements with shifts in control of the White House reveals a strong counter-cyclical tendency in public opinion. The public grew much more liberal over the eight years of Eisenhower's presidency; much more conservative while Kennedy, Johnson, and Carter were in office; more liberal under Reagan; more conservative during Bill Clinton's first term; and more liberal again from the advent of Newt Gingrich's Republican House in 1995 through the end of George W. Bush's presidency in 2008. The downtick in liberalism under Obama, at the very end of the time series, is simply the latest instance of this six-decade pattern.

\*\*\* Figure 3 \*\*\*

Christopher Wlezien (1995) nicely likened the public to a thermostat, with attentive citizens controlling their elected officials by responding to *increases* in government activism with pressure for *decreases* and to *decreases* in government activism by demanding *increases*. I would temper the optimism of the metaphor by emphasizing that *perceived* increases or decreases in government activism may have

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<sup>19</sup> For explications of the statistical analysis underlying this measure, see Stimson (1998) and Erikson et al. (2002, chapter 6). Updated data through 2011 are available from the Policy Mood website: [http://www.unc.edu/~cogginse/Policy\\_Mood.html](http://www.unc.edu/~cogginse/Policy_Mood.html).

rather little to do with the actual content of policy; some important policy shifts are largely ignored by the public, while modest changes may be inflated by political opponents into harbingers of socialism or social Darwinism. Nevertheless, insofar as the public does respond to actual shifts in the ideological content of public policy, it is likely to be as a restraining force rather than as a propelling force.

Third, the increasing partisan polarization of the American political system over the past three decades (Levendusky 2009) has probably decreased the scope for substantial shifts in public preferences, at least on issues central to partisan conflict. Democrats and Republicans routinely disagree not only about political leaders and policies, but even about such seemingly objective matters as whether unemployment has increased or decreased—and these disagreements are often sharpest among those who are generally well-informed about politics (Bartels 2012b).<sup>20</sup> Given the complexity of elite policy debates and the ambiguity of available evidence regarding the actual effects of most policies, attention to elite discourse may simply provide partisans on both sides with arguments and “evidence” that bolster their preexisting beliefs.

Even when “experts” come to considerable agreement about how the world works, their views may have little sway over people to whom they speak inconvenient truths. For example, a 2012 survey of prominent economists found strong agreement

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<sup>20</sup> Even views about junk food are not immune to partisan biases. In 2011, Herman Cain, the former head of Godfather’s Pizza, was a prominent candidate for the Republican presidential nomination. Over the course of the year, a survey tracking public assessments of the company’s quality, value, and reputation revealed significant polarization along partisan lines. At the beginning of the year, before Cain’s emergence, Republicans and Democrats had identical, slightly positive views of Godfather’s Pizza; in November, shortly before Cain dropped out of the presidential race, Republicans had become substantially more favorable, while Democrats had become distinctly unfavorable (Marzilli 2011).

regarding the effectiveness of the 2009 stimulus package.<sup>21</sup> However, a Pew survey of the public conducted the same month found Republicans disapproving of the stimulus by a margin of 76% to 12% (Pew Research Center for the People & the Press 2012).

Finally, observers who expected Obama to rally the public in support of an ambitious progressive policy response to the economic crisis—or of an even broader progressive agenda unrelated to the crisis—drastically overestimated the ability of this (or any other) president to shape public opinion to suit his political taste.

Much of the criticism from the left of Obama’s first-term performance hinged on the belief that, through a “potent combination of insider leadership, mobilization of public opinion, and alliance with social movements on the ground,” he should have been able to engineer policy changes comparable in magnitude to those produced by Franklin Roosevelt and Lyndon Johnson (Kuttner 2011). Skocpol (2012, 44-45) attributed the “endless political controversy and electoral blowback” of Obama’s first term primarily to the “incomprehension and anxiety of everyday Americans” faced with bewildering policy debates, and to “a veritable explosion of political pushback” from “[b]usiness interests and many wealthy conservatives.” Nevertheless, she, too, viewed “Obama’s failure to engage more consistently in high-profile public leadership on the economy” as an instance of “democratic political malpractice.” Although the president “travelled the country highlighting economic initiatives and progress in selected areas,” she argued, “such efforts lacked the galvanizing, agenda-setting effect of a major speech or sustained national communications strategy; and their

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<sup>21</sup> The survey was conducted in February 2012 with 41 “distinguished experts with a keen interest in public policy from the major areas of economics” as part of the University of Chicago Business School’s IGM Forum; 33 agreed that the unemployment rate at the end of 2010 was lower than it would have been without the 2009 stimulus package, while only two disagreed; 19 agreed that “the benefits of the stimulus will end up exceeding its costs,” while five disagreed ([http://www.igmchicago.org/igm-economic-experts-panel/poll-results?SurveyID=SV\\_cw5O9LNJL1oz4Xi](http://www.igmchicago.org/igm-economic-experts-panel/poll-results?SurveyID=SV_cw5O9LNJL1oz4Xi)).

fragmented focus inherently restricted the White House's ability to present a coherent economic plan" (Skocpol 2012, 37-38, 36).

Arguments of this sort put undue stock in the power of the "bully pulpit" to sway public opinion—a mythical power that has mostly failed to withstand systematic scholarly scrutiny (Edwards 2003). They also fail to account for the fact that the most costly "electoral blowback" against the president's congressional allies in 2010 seems not to have come in reaction to his misunderstood economic plan, but in reaction to his ambitious health care reform—the very policy area in which, by Skocpol's (2012, 35) account, "Obama gave major speeches and orchestrated theatrically effective issue forums at key intervals during 2009 and early 2010, displaying presidential leadership and offering framings that proved influential beyond as well as within the Beltway." If this was an example of the "bully pulpit" in action, it is hardly surprising that Democrats in Congress were not eager to stake their careers on further exercises of progressive presidential leadership.

Kuttner's notion that Obama might have advanced a more ambitious progressive policy agenda through "alliance with social movements on the ground" seems even more farfetched. The most visible manifestation of progressive activism in the wake of the Great Recession, the Occupy Wall Street movement, was credited by political journalists with "turning the national conversation towards inequality" (Klein 2011). However, it would be more accurate to say that Occupy Wall Street "impacted the debate in Washington" and the narrative of Obama's own reelection campaign (Berman 2011) without making any significant dent on the views of ordinary Americans.

For example, a 2012 survey found 70% of Americans believing that the difference in incomes between rich people and poor people in the United States had gotten larger over the past 30 years, while only 4% believed that it had gotten smaller. This sounds like a clear endorsement of the primary premise of the Occupy Wall Street movement. However, comparisons with past surveys suggest that the public perception of

increasing inequality was actually *less* broadly shared in 2012 than it had been four years—or even a full decade—earlier.<sup>22</sup>

Nor is there any evidence of a significant shift in public views regarding the most momentous concrete policy issue addressed (insofar as any concrete policy issue *was* addressed) by the Occupy Wall Street movement—the fate of the Bush tax cuts. In October 2012, after more than a year of media attention and an intense presidential campaign, 40% of the public favored President Obama’s long-standing proposal to restore the Clinton-era tax rates for households earning more than \$250,000 per year (while another 15% favored letting *all* the Bush tax cuts expire). However, that was slightly *less* support than Obama’s proposal had had two years earlier, at the time of the Republicans’ midterm sweep. Indeed, the repeated measures of views about the Bush tax cuts reported in Table 2 provide remarkably little evidence that the public as a whole moved to the left at any point since at least 2008 on this issue—or even that the public became increasingly engaged in the debate over the months in which the Occupy Wall Street movement is supposed to have focused the “national conversation” on the issue of economic inequality (Bartels 2012a).

\*\*\* Table 2 \*\*\*

**The 2012 Election: More Politics as Usual**

When American voters went to the polls in November 2012, objective economic indicators suggested that they were not much better off than they had been when President Obama was inaugurated. Real per capita GDP was almost 5% higher than it

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<sup>22</sup> The 2012 results are from YouGov surveys of registered voters conducted in March and June as part of the Cooperative Campaign Analysis Project. In the 2008 American National Election Studies survey, 79% of respondents said that the current income gap was larger than it had been 20 years earlier, while 6% said it was smaller. In the 2002 and 2004 American National Election Studies surveys, 76% said that the current income gap was larger, while 3% said it was smaller (Bartels 2008a, 144).

had been in the winter of 2009; but real incomes were less than 1% higher, and the official unemployment rate stood at 7.8%, just as it had in January 2009. More importantly from a political perspective, there was little evidence of economic momentum through most of the election year. Month-to-month real income growth—represented by the top line in Figure 4—declined raggedly but significantly through the first eight months of the year. Public perceptions of whether the economy was getting better or worse grew increasingly pessimistic over the same period, and remained firmly in negative territory throughout the year—especially among undecided voters, represented by the bottom line in the figure.

**\*\*\* Figure 4 \*\*\***

As prospective voters' perceptions of the economy became more pessimistic through the spring and summer of 2012, they also became more influential in shaping vote intentions.<sup>23</sup> Table 3 reports the results of statistical analyses tracking the impact of economic perceptions on vote intentions over the course of the campaign using the same survey data as in Figure 4, from the 2012 Cooperative Campaign Analysis Project. For each two-month campaign period, the table shows the estimated impact of economic perceptions—whether respondents thought the economy was getting better or worse—on current vote intentions. Because all of these respondents completed a baseline survey in December 2011, they can be partitioned into three distinct subsets based on their predispositions at the beginning of the 2012 campaign: those who reported supporting Obama in the baseline interview (43%), those who reported supporting Romney (38%), and those who reported being unsure who they would

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<sup>23</sup> Bartels (2006) provided similar but more fragmentary evidence of the “priming” of economic perceptions over the course of previous presidential campaigns. Vavreck (2009) provided a more extensive theoretical and empirical analysis of the role of the economy in presidential campaigns.

support (15%).<sup>24</sup> Table 3 reports the results of separate analyses for these three distinct groups.<sup>25</sup>

**\*\*\* Table 3 \*\*\***

The results for 2011 undecided voters, in the top panel of Table 3, provide strong evidence of an increasing effect of economic perceptions on vote intentions over the course of the campaign. In the first four months of the election year—roughly, during the competitive phase of the Republican primary campaign—Obama’s expected preference share among previously undecided voters who saw the economy as improving was about 15 points higher than among those who thought the economy was getting worse. However, once Romney emerged as the presumptive Republican nominee, the impact of economic perceptions on vote intentions increased markedly, and that impact remained substantially higher through the summer and fall than it had been earlier in the election year. After Labor Day, Obama’s expected vote share among previously undecided voters who saw the economy as improving was about 24 points higher than among those who thought the economy was getting worse.

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<sup>24</sup> My analysis excludes the remaining 4% of the baseline survey respondents, who volunteered that they supported some other candidate.

<sup>25</sup> The estimates presented in Table 3 are derived from regression analyses including party identification, ideology, education, income, church attendance, labor union membership, homeownership, sex, race, and Hispanic origin as control variables. Since contemporaneous economic perceptions, party identification, and ideology are measured with error—and since they may be contaminated by shifts in vote intentions stemming from other sources—I employ instrumental variables regression analyses using pre-campaign measures of these variables from the December 2011 baseline wave of the CCAP survey as instruments for the contemporaneous measures. On average, the instrumental variables estimates reported in Table 3 are 12% larger than the corresponding ordinary least squares estimates; however, the increasing weight of economic perceptions evident in the table also appears clearly in the ordinary least squares estimates.

Economic perceptions also seem to have become increasingly consequential over the course of the campaign among prospective voters who reported supporting Romney or Obama in the December 2011 baseline survey. Although most of them stuck by their original vote intentions through the campaign season, those who defected were disproportionately those whose economic perceptions were incongruent with their original vote intentions. And that was increasingly true as the campaign wore on—though the impact of economic perceptions was always more modest for Romney supporters (in the middle panel of Table 3) and for Obama supporters (in the bottom panel) than for those who had begun the election year undecided.

If pessimistic perceptions of the economy became increasingly consequential over the course of the 2012 campaign, how is it that Obama nevertheless managed to win reelection? Part of the answer is that prospective voters' perceptions of the economy became significantly *less* pessimistic in the fall than they had been in the summer—a shift coinciding with the beginning of a rebound in the actual income growth rate in September. The statistical analyses summarized in Table 3 suggest that this upturn in economic perceptions probably boosted Obama's popular vote margin by about a percentage point.<sup>26</sup> Thus, an election held a few months sooner might have been even closer.

What was even more important for Obama, however, was the structural advantage of running as a first-term incumbent. American voters have consistently held

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<sup>26</sup> The average improvement in economic perceptions between July-August and October-November was about 12 points. The average impact of economic perceptions implied by the parameter estimates in the last column of Table 3 (each weighted by the proportion of survey respondents in the corresponding baseline preference group) is .072. Multiplying these two quantities produces an estimated increase in Obama's vote share of 0.9 percentage points. A similar calculation comparing the estimated average perceptions on Election Day in Figure 4 with the more pessimistic perceptions three months earlier produces an estimated increase in Obama's vote share of 1.1 percentage points.

incumbent parties to higher standards the longer they have been in power. The summary line in Figure 2, which shows the expected popular vote margin for first-term incumbents in post-war elections, suggests that any income growth at all is likely to be sufficient for reelection when a party has held the White House for only four years. Indeed, the only incumbent party candidate in more than a century to have lost in that circumstance was Jimmy Carter, who ran for reelection in the midst of an election-year recession even more severe than the Republicans' in 2008.

As it turned out, the 2012 election outcome was almost precisely consistent with the historical pattern of post-war presidential election results—a correspondence indicated by its position just below the summary line near the center of Figure 2.<sup>27</sup> Obama's popular vote margin was 3.8%, whereas his expected vote margin (given 0.3% growth in real disposable income per capita during the second and third quarters of the election year) was 4.6%.<sup>28</sup> However, the same historical pattern suggests that Obama would probably not have won if his party had already been in power for eight years, as John McCain's party had been in 2008.<sup>29</sup> Another way of putting the same point is to say that Democrats will probably not succeed in holding the White House in 2016—regardless of who the competing candidates turn out to be—unless the election-year economy is significantly more robust than it was in 2012.

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<sup>27</sup> Most of the statistical forecasts produced by political scientists before the election (e.g., Abramowitz 2012; Erikson and Wlezien 2012; Sides 2012) likewise suggested that Obama would be narrowly reelected. The most notable exception was Douglas Hibbs's (2013) "bread and peace" model, which places significant weight on early-term income growth, and which forecast a seven-point Republican victory.

<sup>28</sup> Subsequent revision of income tabulations by the Bureau of Economic Analysis may push the 2012 data point in Figure 2 to the left or right, but is unlikely to move it far away from the expected outcome indicated by the summary line.

<sup>29</sup> The statistical analysis on which the summary line in Figure 2 is based suggests that four additional years in office would have reduced the Democratic vote margin by 7 percentage points, more than enough to erase Obama's actual margin of 3.8%.

### **Economic Crises and Political Change: Was the New Deal So Different?**

To Theda Skocpol (2012, 44), Obama's first term was marked by a disjuncture between successful *policies* and unsuccessful *politics*: "A new New Deal of sorts *was* successfully launched by President Obama and Congressional Democrats in 2009 and 2010. But much of what happened was either invisible or ominously incomprehensible to the majority of American citizens." Skocpol (2012, 42) contrasted this state of affairs with the New Deal era: "Back in the 1930s, American citizens could see that big, new things were being proposed and debated in Washington DC."

Were the policy changes championed by Roosevelt really so much more visible and comprehensible—or, for that matter, more popular—than those pursued by Obama? Newman and Jacobs (2010, 15) have suggested that FDR, like Obama, had plenty of disappointed political supporters: "Though we remember Roosevelt today as the man who did more for the poor and dispossessed than any president before, and arguably anyone since, in his own day leftists and labor liberals often complained that Roosevelt's actions were too little, too late, and too tepid." Four years into the New Deal, and a year after Roosevelt's landslide reelection, the editors of *The Economist* (1937, 147) offered just such a tepid appraisal: "Relief there has been, but little more than enough to keep the population fed, clothed and warmed. Recovery there has been, but only to a point still well below the pre-depression level. The great problems of the country are still hardly touched."

Political polarization in the 1930s was less strictly along partisan lines than it is today, but it would be a mistake to jump to the conclusion that it was any less severe. In a Gallup survey conducted in 1936, at the height of FDR's popularity, Americans were asked, "Do you believe the acts and policies of the Roosevelt Administration may lead to dictatorship?" A remarkable 45% of the respondents—and 83% of Republicans—said yes (Key 1961, 246).

Moreover, the political disputes of the 1930s dredged up many of the same cultural and racial tensions evident in contemporary Tea Party politics. One of Roosevelt's unhappy constituents (quoted by Newman and Jacobs 2010, 45) wrote,

Do you recall the fate of that great “purger” of the French Revolution, Robespierre? Well, the voters of these United States still possess the right to change the complexion of Congress every two years and can politically “purge” most effectively. We mean to do this without the aid of bought Negro relievers, WPA-ers, subsidized non-producers, pampered Alien and Labor Union hangers-on, or that misguided coterie surrounding you who have so amiably and so senselessly squandered our billions. We prefer to link up with the yearly increment of American-born new voters who will remember their heritage and keep it clean.

In the conventional understanding of the electoral politics of the 1930s, the forging of a durable new partisan alignment hinged crucially on popular responses to the policies and personality of FDR. V. O. Key, Jr. (1958, 578-579) claimed that the Democratic landslide of 1936 had “a special significance. ... The result could only be interpreted as a popular ratification of the broad features of new public policy.” James Sundquist (1983, 214) wrote that voters were “attracted by the Democratic program and the Rooseveltian personality and leadership.” Even the authors of *The American Voter*, who downplayed the importance of ideology for most voters most of the time, attributed the “profound realignment of party strength” in the 1930s to “the program of welfare legislation of the New Deal and the extraordinary personality of its major exponent, Franklin D. Roosevelt” (Campbell et al. 1960, 534).

In fact, though, Roosevelt's political fate was probably just as dependent as Obama's has been on voters' assessments of immediate economic progress. Christopher Achen and I (Achen and Bartels 2005) have shown that Roosevelt's historic landslide in 1936—the pivotal electoral event in what came to be called the New Deal era—was heavily concentrated in states with high income growth rates over the course

of the election year. However, even in the midst of a long recovery from a catastrophic depression, voters seem to have been stubbornly focused on short-term economic assessments; thus, robust income growth in 1934 and 1935 had no discernible impact in 1936.<sup>30</sup> Thus, our analysis suggests that if the recession of 1938 had happened to occur two years earlier, FDR would probably have been a one-term president. In that case, the New Deal era would have been just as evanescent as the “New Liberal Order” proclaimed by Peter Beinart in 2008.

That is not to deny that many of Roosevelt’s policy initiatives were quite popular, but to suggest that their popularity—and, for that matter, Roosevelt’s personal popularity—hinged much more than is generally realized on the dramatic improvement in economic conditions that began shortly after he took office. Thus, it is misleading to suppose that voters rendered a considered verdict on the New Deal, as distinct from the economic recovery that happened to coincide with it. Indeed, there is surprisingly little trace in the electoral politics of the 1930s of any coherent ideological realignment of the sort taken for granted by many subsequent scholars. For example, states with large numbers of poor, black, foreign-born, or rural people were not significantly more supportive of Roosevelt or of Democratic congressional candidates, once differences in election-year income growth are taken into account.

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<sup>30</sup> Comparing Roosevelt and Obama, Skocpol (2012, 150) argued that “FDR and the Democrats did not preside over any quick economic recovery in 1933 and 1934, but they nevertheless gained rather than lost congressional seats in 1934. Obama and the Democrats almost certainly did at least as much to buoy a sagging economy in 2009 and 2010 as Democrats did back in 1933 and 1934.” While the contribution of policy to economic recovery in each era is debatable, basic economic data belie Skocpol’s premise: real disposable income per capita grew by 9.1% in 1934 versus 1.0% in 2010—a difference more than large enough to account for the difference between gaining seats in the first instance and substantial midterm losses in the second. Real incomes grew by an additional 8.9% in 1935. However, the geographical distribution of income growth in 1934 and 1935 is uncorrelated with shifts in Roosevelt’s electoral support between 1932 and 1936, once 1936 income growth is taken into account.

In other democracies around the world, voters in the depths of the Great Depression showed a notable willingness to replace incumbents of every ideological stripe with an equally diverse range of alternatives, including conservatives, socialists, Irish nationalists, Nazis, and (in the Canadian prairie province of Alberta) a radio preacher running on a platform of distributing free money. As David Mayhew (2002, 161) put it, “academics have tended to dismiss campaign slogans of the past like ‘the full dinner pail’ and ‘a chicken in every pot’ on the grounds that something deeper must have been going on in these elections. But perhaps it wasn’t.”

The dramatic recovery of the American economy over the course of Roosevelt’s presidency did produce a gradual but substantial shift in partisan loyalties—as did the parallel recoveries in many other places around the world (Achen and Bartels 2005; 2008). If the Great Recession turns out to produce any similar shift in the balance of partisan loyalties, it will significantly affect American politics for a long time to come. So far, however, that has not happened. The Democratic plurality in party identification, which increased fairly steadily through most of George W. Bush’s presidency, was not much different at the end of President Obama’s first term than it had been at the beginning. Huffpost Pollster’s aggregation of hundreds of separate opinion surveys, summarized in Figure 5, shows a modest decline in identification with *both* parties during Obama’s first year in office, but virtually no net movement since then. Nevertheless, Obama’s reelection offers an *opportunity* for the Democratic Party to make more lasting gains in mass allegiance—especially among younger voters with relatively weak partisan predispositions—if economic conditions improve markedly over the course of his second term.

\*\*\* Figure 5 \*\*\*

Interpreting public opinion and election outcomes is not merely a scholarly pursuit. For better or worse, perceptions of what ordinary citizens think and want can

alter practical political discourse and action. American political culture in the 20th century was significantly shaped by the conventional belief that the 1936 election produced “a popular ratification of the broad features of new public policy.” Similarly—though less dramatically—an over-interpretation of the ideological significance of Barack Obama’s historic victory in 2008 almost surely bolstered Democrats’ determination to pursue an ambitious legislative agenda unrelated to the economic crisis in the first half of Obama’s first term. When the reports of a “New Liberal Order” turned out to be premature, the Democrats’ midterm “shellacking” was interpreted—and not only by John Boehner—as an “unmistakable message” to “change course,” significantly altering the subsequent political standing and strategies of both the president and his Republican opponents. Nevertheless, the day after Obama won reelection by a narrow margin—precisely in keeping with historical precedent—one enthusiastic commentator declared it “an inflection point in American political history” (Creamer 2012).

When interpretations of this sort are mistaken—as they often are—political trouble may ensue. The truth of the matter is that ideological mandates are exceedingly rare in American politics, even in times of economic crisis. Indeed, what may be most striking about the politics of the Great Recession is how ordinary they look. In bad times, as in good times, ordinary citizens have a stubborn tendency to judge politicians and policies not on the basis of ideology or economic doctrine, but of perceived success or failure.

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**Table 1: Public Support for Government Actions, 2009 and 2010**

“In our current economic conditions, do you favor or oppose the [COUNTRY] government doing each of the following?”

- Giving financial support to banks in trouble
- Increasing government regulation and oversight of the national economy
- Significantly increasing government spending to stimulate the economy
- Taking steps to reduce the government’s budget deficit and debt, by cutting some spending or increasing some taxes”

Net support ranges from +100 (“strongly favor”) to –100 (“strongly oppose”)

	<b>Financial support to troubled banks</b>	<b>Increasing government regulation</b>	<b>Increasing government spending</b>	<b>Reducing government deficit/debt</b>
United States 2009	–31	–1	–6	---
2010	–42	–18	–22	+14
Australia 2009	–10	+24	+30	---
2010	–14	+2	+16	+14
Canada 2009	–18	+22	+26	---
2010	–50	+24	+3	+6
France 2009	–26	+28	–12	---
2010	–39	+39	–29	+2
Germany 2009	–44	+1	–8	---
2010	–61	+22	–27	+6
Japan 2009	–6	0	+8	---
Spain 2010	–28	–6	–8	–7
United Kingdom 2009	+3	+10	+14	---
2010	–26	+6	+10	+17

Source: BBC World Service Poll conducted by GlobeScan, June-August 2009 and June-September 2010.

**Table 2: Bush Tax Cut Preferences, 2008-2012**

“As you probably know, many of the major tax cuts passed by Congress during the Bush administration are due to expire at the end of [this/next] year. Would you favor ... ?”	<b>Oct. 2008</b>	<b>Oct. 2010</b>	<b>Dec. 2011</b>	<b>March 2012</b>	<b>Oct. 2012</b>
Making these tax cuts permanent	30%	28%	25%	28%	[36%]
Extending the tax cuts for households earning less than \$250,000 per year but letting the tax cuts expire for households earning more than \$250,000 per year	38%	42%	41%	37%	[40%]
Letting all the tax cuts expire as scheduled	14%	11%	14%	12%	[15%]
Don't know	16%	18%	19%	22%	[10%]
<i>N</i>	1000	1000	1000	1000	[1276]

Source: YouGov surveys.

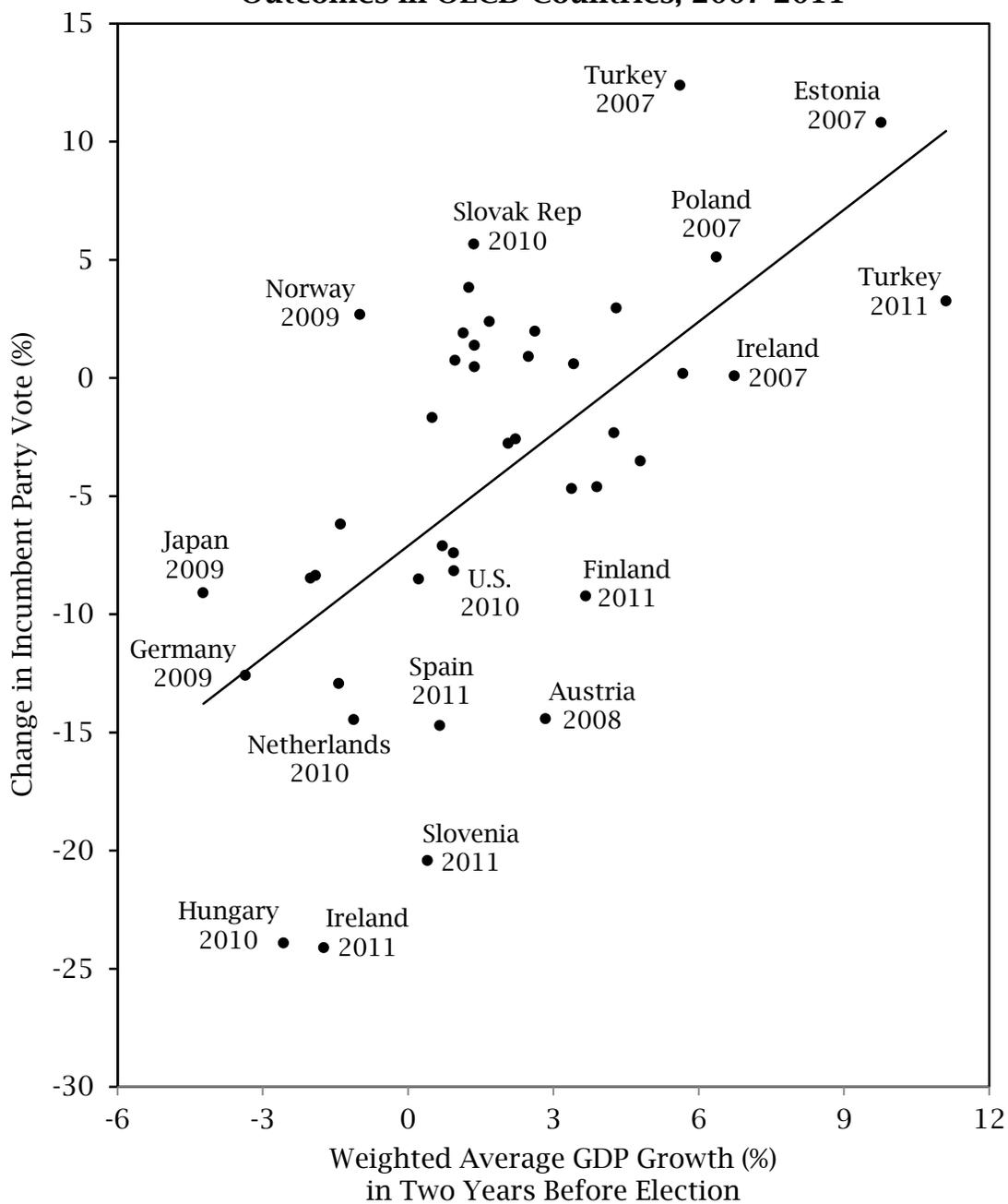
**Table 3: The Increasing Impact of the Economy on Vote Intentions over the Course of the 2012 Campaign**

Instrumental variables regression parameter estimates (with standard errors in parentheses). Dependent variable: 2012 vote intention (Romney=0; Undecided=50; Obama=100). December 2011 perceptions of the economy serve as instruments for 2012 perceptions of the economy. Baseline and demographic control variables (party identification, ideology, education, income, church attendance, labor union membership, homeownership, sex, race, and Hispanic origin) included in the analyses but not shown.

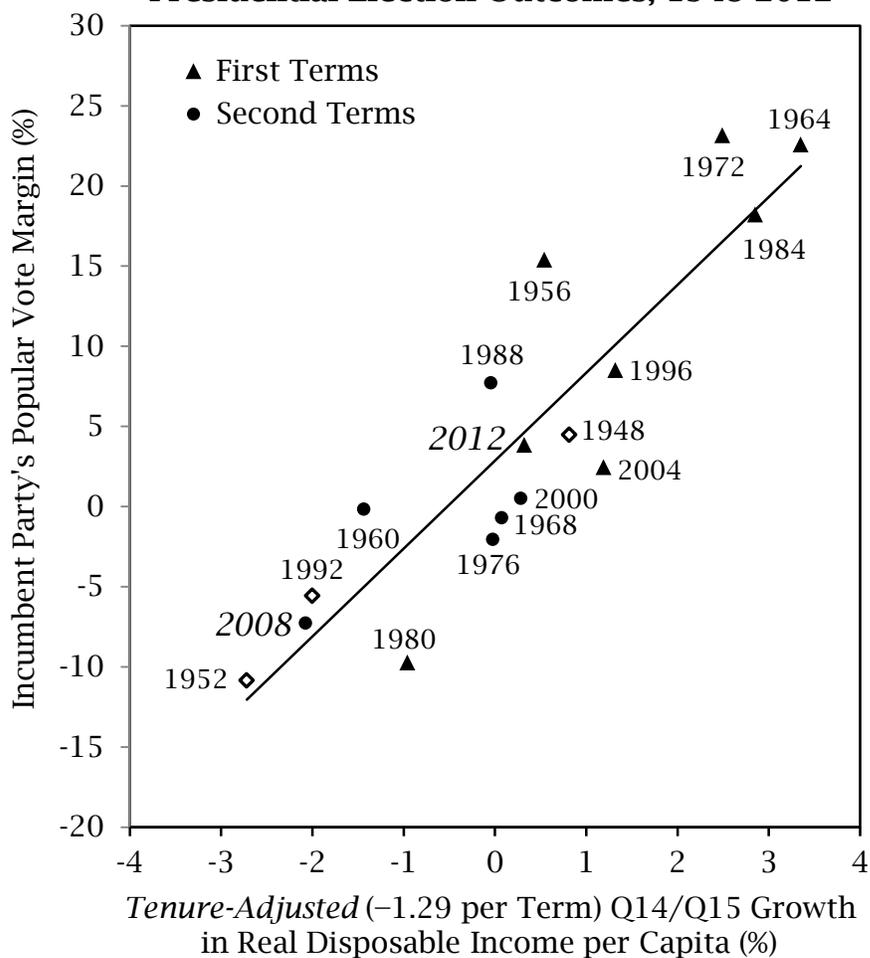
	<b>Jan.- Feb.</b>	<b>March- April</b>	<b>May- June</b>	<b>July- Aug.</b>	<b>Sept.- Nov.</b>
<b>Undecided in December 2011</b>					
Economic trend worse/same/better (-100/0/+100)	.073 (.031)	.068 (.036)	.241 (.034)	.179 (.040)	.120 (.036)
Standard error of regression	31.3	30.8	27.5	.658	.692
R-squared	.15	.28	.33	.12	.18
<i>N</i>	666	692	689	579	606
<b>Romney Supporters in December 2011</b>					
Economic trend better/same/worse (-100/0/+100)	.013 (.007)	.049 (.010)	.059 (.012)	.084 (.013)	.077 (.013)
Standard error of regression	15.0	15.5	17.1	16.8	14.7
R-squared	.08	.11	.12	.19	.20
<i>N</i>	2832	2839	2828	2577	3146
<b>Obama Supporters in December 2011</b>					
Economic trend better/same/worse (-100/0/+100)	.019 (.005)	.030 (.006)	.035 (.008)	.038 (.009)	.050 (.009)
Standard error of regression	13.0	11.7	15.5	15.5	13.3
R-squared	.06	.06	.14	.13	.14
<i>N</i>	3443	3485	3546	3043	4007

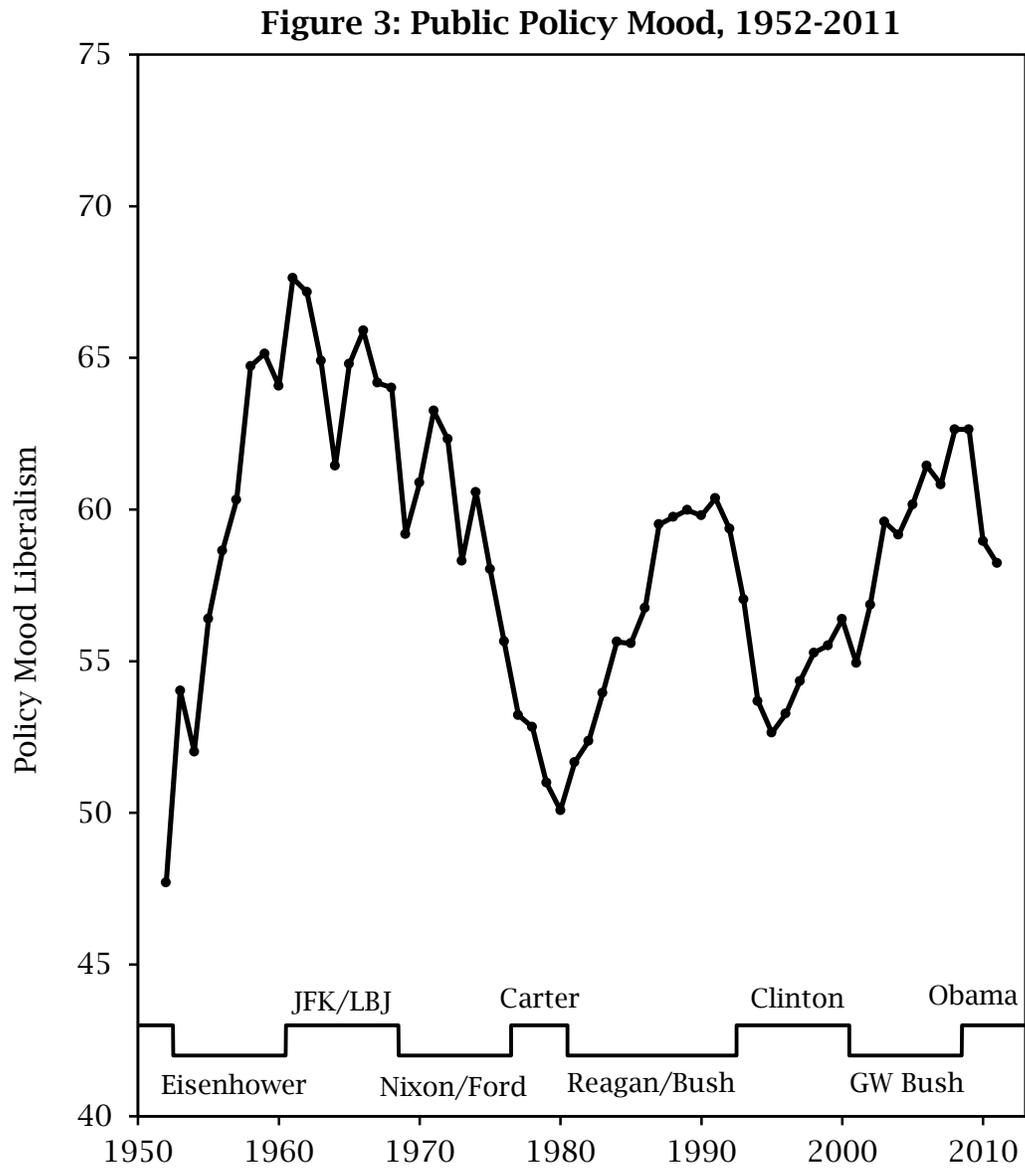
Source: Panel survey data from 2012 Cooperative Campaign Analysis Project.

**Figure 1: Economic Growth and Election Outcomes in OECD Countries, 2007-2011**

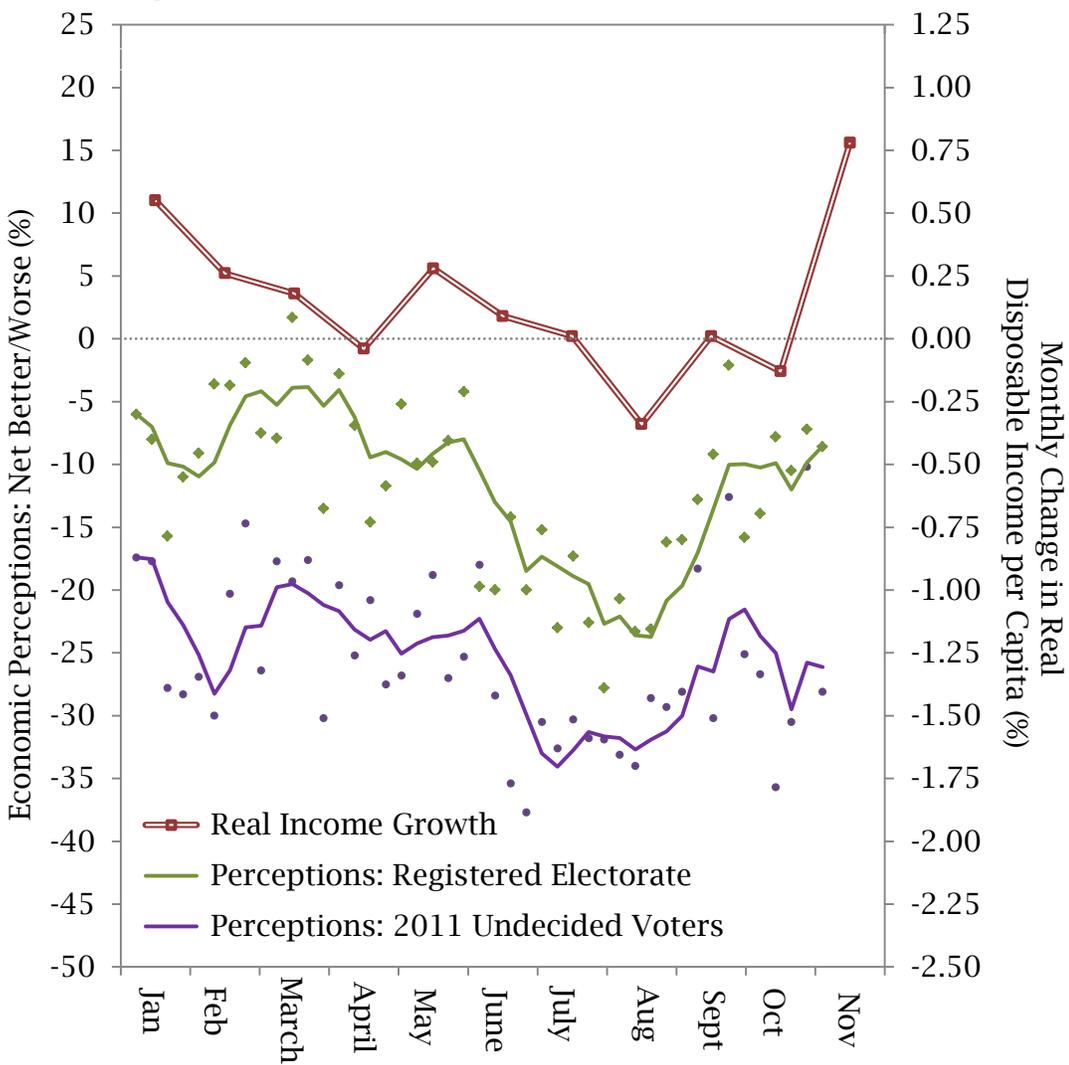


**Figure 2: Income Growth, Tenure, and Presidential Election Outcomes, 1948-2012**





**Figure 4: Economic Trend and Perceptions, 2012**



**Figure 5: Party Identification, 2008-2012**