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COMMENTARY



Who's going to win? Look at the economy

On Tuesday, American voters will decide whether Barack Obama or John McCain will be the next president. Which issues will guide their votes? Voter motivations are complicated, but pocketbook issues are always part of the mix. In some years the economy isn't the most important factor, but in this year of financial crisis and imminent recession, the economy obviously looms large in voters' minds.

This year, as in 2000 and 2004, Moody's Economy.com ran a statistical election-prediction model. The model takes into account economic factors and uses them to predict the outcome of the presidential election. The basic idea is simple: When the economy is strong, the incumbent party tends to win.

The Economy.com model looks at state-level economic indicators, because what matters in our electoral system is the Electoral College. The popular vote confers bragging rights but little else (just ask Al Gore).

The state-by-state method has been acknowledged as the right approach since the 1992 election, when national economic indicators had turned positive and appeared to point to a win by the incumbent, George H.W. Bush. But the economic recovery was stalled in enough electoral-vote-rich states that a state-by-state model would have correctly predicted a win by the challenger, Bill Clinton.

For the most part, the prediction model focuses on economic indicators, especially the unemployment rate (both its level and its changes in the months preceding the election). The model doesn't factor in foreign policy or individual personalities. It does, however, factor in "incumbent fatigue" and how each state voted four years earlier. After all, the economy would have to be really bad to induce Utah to vote for a Democrat.

In 2000, the economy was so strong that the model predicted a landslide by the candidate of the incumbent party, Al Gore. The Economy.com analysts didn't really believe that Gore would win handily, because the race was overshadowed by a big personality issue (Clinton's infi-

delity and impeachment). Opinion polls were a better indicator that year, and they correctly predicted a close contest.

At the time (a few days before the 2000 election), I noted in a newspaper column that the expected closeness of the race, combined with the Economy.com prediction, implied one of two things: "Either Bush has run a masterful presidential campaign, or Gore has squandered one of the greatest natural political advantages in recent memory." Maybe it was both.

In 2004, the economy had begun to recover, albeit weakly, from the 2001 recession. The election was largely about Iraq and terrorism, but the Economy.com model kept its focus on the economy. It predicted a narrow popular-vote win by the incumbent, George W. Bush, which turned out to be right. But its main prediction was that Bush would win 373-165 in the Electoral College, and the actual electoral vote turned out to be much closer than that.

What does the model say about Tuesday? Not surprisingly, it confirms the conventional wisdom that the rapidly weakening economy presents a great problem for John McCain, the candidate of the incumbent party. The model predicts that Barack Obama will win 33 states and 388 electoral votes.

It also predicts a narrow victory for Obama in North Carolina, after calling the state for Bush in 2000 and 2004.

To be sure, the model's failure in 2000 and semi-failure in 2004 might make us skeptical of its prediction this year. But polls are indicating that the economy is by far the biggest issue for voters. This might be the election that the Economy.com model gets it entirely right.

We'll know for sure on Tuesday night. **ANDREW BROD** is the Director of UNCG's Center for Business and Economic Research and a member of The Business Journal's Editorial Board of Contributors. Reach him at (336)334-4867 or Andrew.Brod@uncg.edu. An archive of Dr. Brod's columns is available at <http://cber.uncg.edu>.

Informed or not, voting is your duty as a citizen

I heard a news item on the radio one recent morning regarding voter behavior. As I think we all know, American voters tend to make decisions on who they'll vote for based almost entirely on style and personality, not policies and platforms.

The radio reporter positioned this decision-making point as a negative with no up-side, and it got me thinking about how we view voting as a process.

I've had thoughts in the run-up to previous elections that, if I haven't done my homework, it's better to abstain than to vote only based on my gut feeling about a particular candidate. In that light, voting is a privilege that can be revoked if I'm not worthy.

But I always come back to a few fundamental ideas.

I believe that voting is a responsibility, not a privilege, that comes with the benefit of citizenship. Election Day, coming up on Nov. 4, is a chance to reflect on the great things about being an American and the things I'd like to see addressed for the betterment of our communities. I feel my most patriotic and most empowered on Election Day.

As my children get older, I hope to instill in them that sense that voting is part of your job as an American. In that sense, who you vote for doesn't matter as much as the fact of the vote itself.

So skipping out on an election because you don't feel 100 percent qualified to make a judgment isn't a defensible choice. The only valid choice is whether you choose to be an informed voter or an uninformed one.

Another constant thread in my political thinking is that it's impossible to predict how a candidate will perform once in office. We don't know what events will occur during the presidency (or any other office), and we can't predict how each candidate will respond. We just don't know which way the tide will turn, no matter how much homework we've done.

According to Malcom Gladwell, the author of "Blink: The Power of Thinking without Thinking," we are all capable of making good decisions in an instant, using all of the information available to our senses, information that we might not even be consciously aware of.

While I'm not sure I agree with Gladwell's premise in every circumstance, I do think there's value in that idea.

My general sense that I like one of the candidates more than the other may be based on a million tiny and still valid cues about intelligence, integrity, kindness, thoughtfulness and knowledge — all of which I consider imperative qualifications for office.

While this doesn't excuse us from reading about the policies and positions of candidates, it also takes the pressure off on Election Day. If you haven't had the opportunity to do your homework (or haven't thought it's important until it's too late), go ahead and vote anyway, even if all you have is just a sense that you can trust the person to do the right thing.

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VIEWPOINT

TAMARA
MCLENDON