Once again: It’s the economy, stupid

During the 1992 presidential campaign, aides to candidate Bill Clinton coined the phrase, “It’s the economy, stupid.” They wanted to focus the campaign on economic issues because they felt that concerns about the economy trumped everything else.

The same phrase could be applied to the November midterm elections, though this year it’s Republican candidates who are poised to benefit from a weak economy. We’re technically out of recession: the National Bureau of Economic Research announced last week the recession ended in June 2009. But people feel extremely insecure about their jobs and their incomes, and it’s affecting how they’ll vote.

Political pundits are pushing political explanations for the likely Republican gains in November. To them, the election will be a rejection of government bailouts, a rallying cry against creeping socialism, or simply dislike of President Obama.

My guess is that it won’t be about politics. It’s the economy, stupid.

Mind you, it’s not always about the economy. In 2000, the same political-economic model that had predicted Clinton’s 1992 win also predicted a big win by Al Gore. Of course that didn’t happen. As the 2000 election was essentially a dead heat. In a year when the economy was still strong, other factors during the campaign allowed George W. Bush to overcome Gore’s economic advances.

In 2004, the economy was recovering slowly from the 2001 recession, but unemployment rates were falling and the statistical models pointed to a comfortable win by Bush over John Kerry. Bush ended up winning narrowly in the popular vote, with the slim margin presumably the result of non-economic concerns over the war in Iraq.

In 2008, Obama went ahead for good in the polls soon after the mid-September implosion of the financial sector. But his surge also coincided with the end of John McCain’s post-convention bump and the voters’ growing disapproval of running mate Sarah Palin.

None of those elections, however, took place while the unemployment rate was as high as it is now. A report released early this year by the Pew Research Center found the correlation between the unemployment rate and presidential disapproval ratings is quite high in times of sharply rising unemployment. This occurred during the first terms of Ronald Reagan and George H.W. Bush, and it’s happening again again.

The direction of the unemployment rate matters as well. If it’s falling, voters will often give the incumbent party a break. But the unemployment rate hasn’t fallen from a year ago, and consequently Obama’s disapproval ratings have risen further in 2010.

To be sure, the economic effect is hidden. When people are surveyed, they say they’re angry about health care reform or big government. But they’re more likely to respond that way when the economy is weak.

Economic insecurity leads to more than just anti-incumbent voting. It leads to fear of The Other. The Sept. 11, 2001 terrorist attacks were nine years ago, but it was this year when Islamophobia took root in parts of America. The number of undocumented workers in the U.S. is down, but it was this year when Arizona decided it had to confront the federal government over immigration policy.

And this summer, significantly more people believed Obama is a Muslim than during the 2008 campaign. Are people dumber than before? No, they’re scared.

The economic explanation doesn’t excuse likely Democratic losses or cheapen likely Republican gains. It merely demonstrates the steep uphill fight faced by Democrats in November.

Andrew Brood is a senior research fellow in UNCG’s Center for Business and Economic Research and a member of The Business Journal’s Editorial Board of Contributors.

Reach him at (336) 797-6439 or AndrewBrood@uncg.edu. An archive of Brood’s columns is available at http://ebcr.uncg.edu.

The Business Journal

Publisher
Doug W. Copeland Jr.

Editorial
Mark Sutter

Executive Editor
Justin Catanoso

Associate Editor
Lloyd Whittington

Design Editor
Dale Edwards

Reporters
Kate Jeciet
Catherine Carlock
Matt Evans

Research Director
Stephanie Nickell

Washington Bureau
Kent Hoover

Advertising
Director of Advertising
Timothy C. Harris
Advertising Promotions Coordinator
Kate Jeciet
Senior Account Manager
Bill Ingram
Advertising Account Managers
Laura Gerson Busse
Dee Wilson

Greensboro Office
100 S. Elm St., Suite 400
Greensboro, NC 27401
Phone: (336) 370-2989
Fax: (336) 370-2989
triad@bjmedia.com

Advertising (fax) (336) 370-2900
General fax (336) 574-3007
Winston-Salem Office
305 S. Fourth St., Suite 220
Winston-Salem, NC 27101
Phone: (336) 725-1163
Fax: (334) 725-1156
triad@bjmedia.com

The Business Journal is a publication of American City Business Journals Inc.

120 W. Morehead St., Suite 2822
Whitney Shaw, president and CEO
Ray Shaw, chairman (1989-2009)

Repairs Comm Fund Source
(800) 767-3277, ext. 307