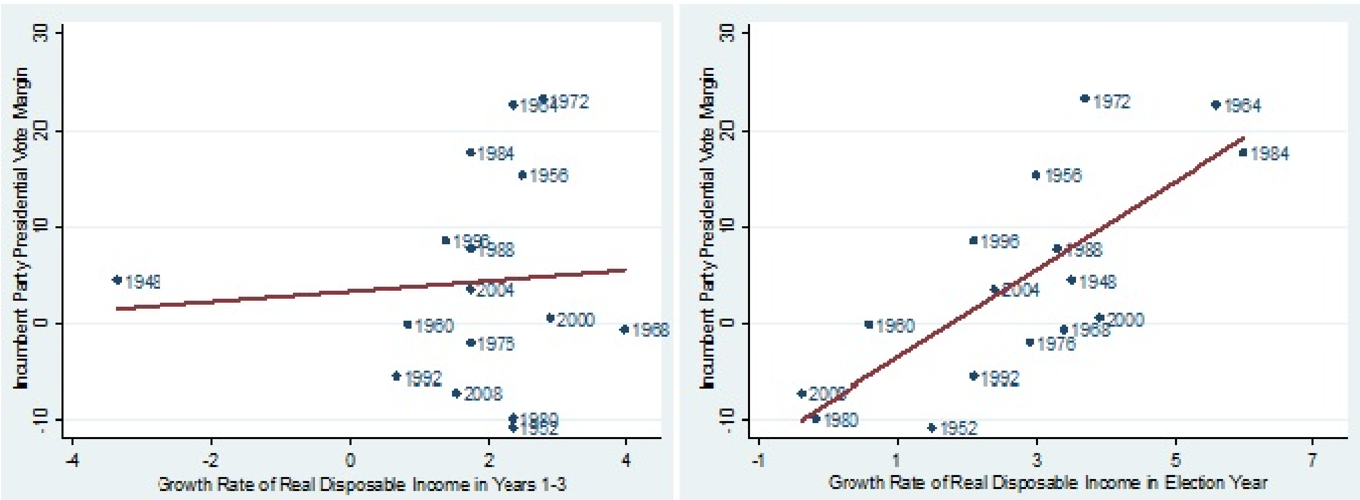
A psychological bias helps to explain why voters focus on the election-year economy

Voters have long displayed the perplexing inclination to reelect presidential candidates based on the performance of the economy during election years—a tendency that can turn elections into a game of chance based on the arc of the business cycle, rather than a careful review of the candidates' performances. **Andrew Healy** *and* **Gabriel Lenz** *examine this trend, concluding that voters actually prefer to evaluate candidates based on their entire terms. However, without the necessary information at their fingertips, voters simplify and use conditions at the end to represent the whole term.*

In the US, we—the voters—elect our presidents using a potentially problematic decision rule: we largely decide who will be president based on the election-year economy. What happens in earlier years of a president's term mostly doesn't matter. Figure 1 shows the unimportance of the economy in years 1-3 of a president's term—often years 5-7 of his overall tenure—for determining the election outcome. In contrast, Figure 2 shows the strong relationship between the election-year economy and the incumbent party's success at the ballot box. In boom years such as 1964 and 1984, the incumbent party wins in a landslide. In recession years, such as 1980 and 2008, the incumbent party is crushed.

Figure 1: Vote margin and the economy in years 1-3
Figure 2: Vote margin and the election year economy



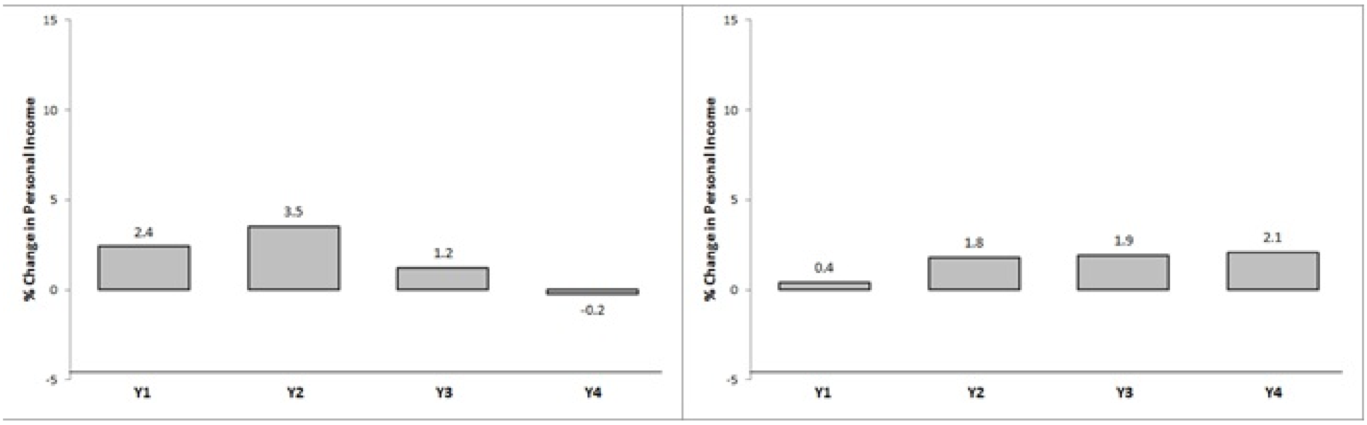
Why is this decision rule problematic? Because it means we pick our president in large part by the toss of a coin. Economists have long known that whether the economy is on the upswing or downswing in any given year—that is, where the economy is in the business cycle—is mostly chance. As a result, this decision rule essentially turns the election of the world's most powerful leader into a game much like, as Chris Achen and Larry Bartels put it, musical chairs: when the music stops on Election Day, voters decide based on where the economy happens to be in the business cycle.

To understand the ramifications, consider the following thought experiment: What if, instead of hitting in 2008, the financial crisis had hit in 2009, after the presidential election? The subprime bubble had been growing since at least 2002, and there's no reason the music had to stop in 2008. If it had stopped a year later, we may well have elected John McCain rather than Barack Obama. You can conduct a similar thought experiment for many elections. The American economy experienced a short but severe recession in 1980. If the recession had come a year earlier or a year later, Ronald Reagan may never have become president. If the more severe 1981-82 recession had occurred two years later, Walter Mondale would likely have defeated Reagan in 1984 rather than losing in a landslide.

Following these counterfactuals, we investigate why voters obey this rule. The results are intriguing. Our first key finding, based on a combination of national surveys and experiments, is that voters apparently don't know they are using this decision rule. When we asked voters how they evaluated the president's economic performance, to our surprise, they said they focus roughly equally on all four years of a president's term, only intending to put a little more weight on more recent performance. Put differently, voters care about total growth under the president, not just election-year growth.

If voters intend to focus on total growth under the president, why do they actually judge the president on election-year growth and what can we do about it? Using a series of experiments, we investigate these questions by showing participants graphs, such as the two shown below, of economic conditions in each year of a president's term (they did not know which president). After looking at the graphs, we asked them to evaluate the economy under the president.

Figure 3: Economy 1
Figure 4: Economy 2



We found that participants consistently rated the second economy much more highly than the first, even though the first economy has higher total growth and income throughout. These ratings aren't surprising given that the first economy refers to Jimmy Carter's term, while the second refers to Bill Clinton's first term.

Across all the economies we considered, people consistently base their evaluations on the year 4 economy. After conducting more than two dozen such studies and examining several explanations, we ultimately conclude that the election-year focus arises in large part because of the way the news media and the government report economic statistics. Economic coverage generally reports on recent economic news, especially recent trends in unemployment and income growth. Since voters fail to receive the information they desire—total growth over the president's term—they substitute recent growth in its place without realizing it. If the president's term ended with strong growth, voters conclude that it went well overall even if it didn't. If the president's term ended with weak growth, they conclude that it went poorly overall even if total growth was actually strong.

Voter behavior appears to reflect a pervasive human tendency to inadvertently substitute an easily available attribute for an unavailable one, a tendency that Daniel Kahneman calls "attribute substitution." Studies by Kahneman and many others have documented this tendency across a wide array of experiences, from undergoing colonoscopies to watching TV ads. For example, adding an additional period of mild pain at the end of the colonoscopy can actually make patients recall that unpleasant experience as having been less painful. As with economic voting, people judge these experiences not on the whole, but on how they ended.

This explanation suggests a remedy, a way to align voters' actions with their intentions. In our experiments, providing voters with the attribute they are seeking—total economic growth under the president—eliminates their election-year emphasis. When we provide respondents with total growth, they easily see that strong growth in the first, second, or third year means that presidents can still preside over strong overall growth even if growth is weaker in the election year.

The implications for government and the news media are straightforward. Report not just yearly income growth, but also total growth over a president's term. It's what voters say they want to know to evaluate presidential performance. By making that information easily accessible to voters, the government and the news media could help end our game of musical chairs with our highest office.

This article is based on the paper "Substituting the End for the Whole: Why Voters Respond Primarily to the Election Year Economy" *which was published in the American Journal of Political Science*

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