

Don't Bet the Ranch on the Republicans Retaining the White House

By Alfred G. Cuzán

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Two years ago on these electronic pages I wondered whether Bush the Younger would end up being a one-term president.¹ What prompted me to raise the question at a time when President Bush's popularity was relatively high (in December 2003 his public approval rating averaged 55%) was his administration's fiscal policy.

The accompanying graph displays the relationship between the percent of GDP spent by the federal government, on the one hand, and the outcome of the two-party vote for president over the last 34 elections, beginning with the 1872 contest, on the other. (Historically, 90% of the time the winner of the popular vote has also won the Electoral College count, so the 2000 election notwithstanding I ignore any discrepancy between the two results.) White dots mark those years when the incumbent party's ticket was victorious at the polls and black dots when it was not.

Observe that changes in the slope of the line connecting the dots follow a discernable pattern. In 18 of 22 cases when there was either a cut in spending relative to GDP or a deceleration in its rate of growth (e.g., 1936), generally represented by clockwise turns in the line, the incumbents won. By contrast, in 9 out of 12 cases of fiscal expansion, when spending grew at the same or faster rate than in the previous term, usually signified by shifts in a counter-clockwise direction, the president or his party's candidate lost.

¹ See "Can Bush be Another FDR or Reagan," *Tech Central Station*, 12/23/03.

Prior to 2004, only two presidents implementing an expansionary policy had been reelected: Franklin D. Roosevelt in 1944 and Ronald Reagan four decades later. Last year President Bush made it a threesome although, unlike the distinguished pair, who won by comfortable majorities, he did so by the thinnest margin in the two-party vote since Cleveland edged out Harrison in 1888, only to lose in the Electoral College. Indeed, had Kerry taken Ohio, as he came close to doing, it would be his judicial nominations we would be debating today.

With three years to go before the next election, it is no doubt hazardous to speculate about whether the Republicans will win in 2008. Many things may happen between now and then. Yet one thing appears to be holding steady: the flow of money gushing out of the federal spending spigot. According to estimates of the Joint Economic Committee, federal outlays as a percent of GDP will go up by 2.3% in 2005. At this rate, by the time the next presidential election rolls around Washington will be soaking up 21.39% of GDP, up 9.5% from 2004. That would be an even larger increase than in Bush's first term

Again turning to the chart, since 1872 there has not been a single instance of two consecutive terms of fiscal expansion. Neither have the incumbents who pursued an expansionary policy ever retained the White House when the President himself was not running. This does not mean that there cannot be a first time, but if history is any guide the odds are stacked against it. Unless the direction of fiscal policy is reversed, something that seems improbable at this point, then as President Nixon used to say, "don't bet the ranch" on the Republicans retaining the White House in 2008.

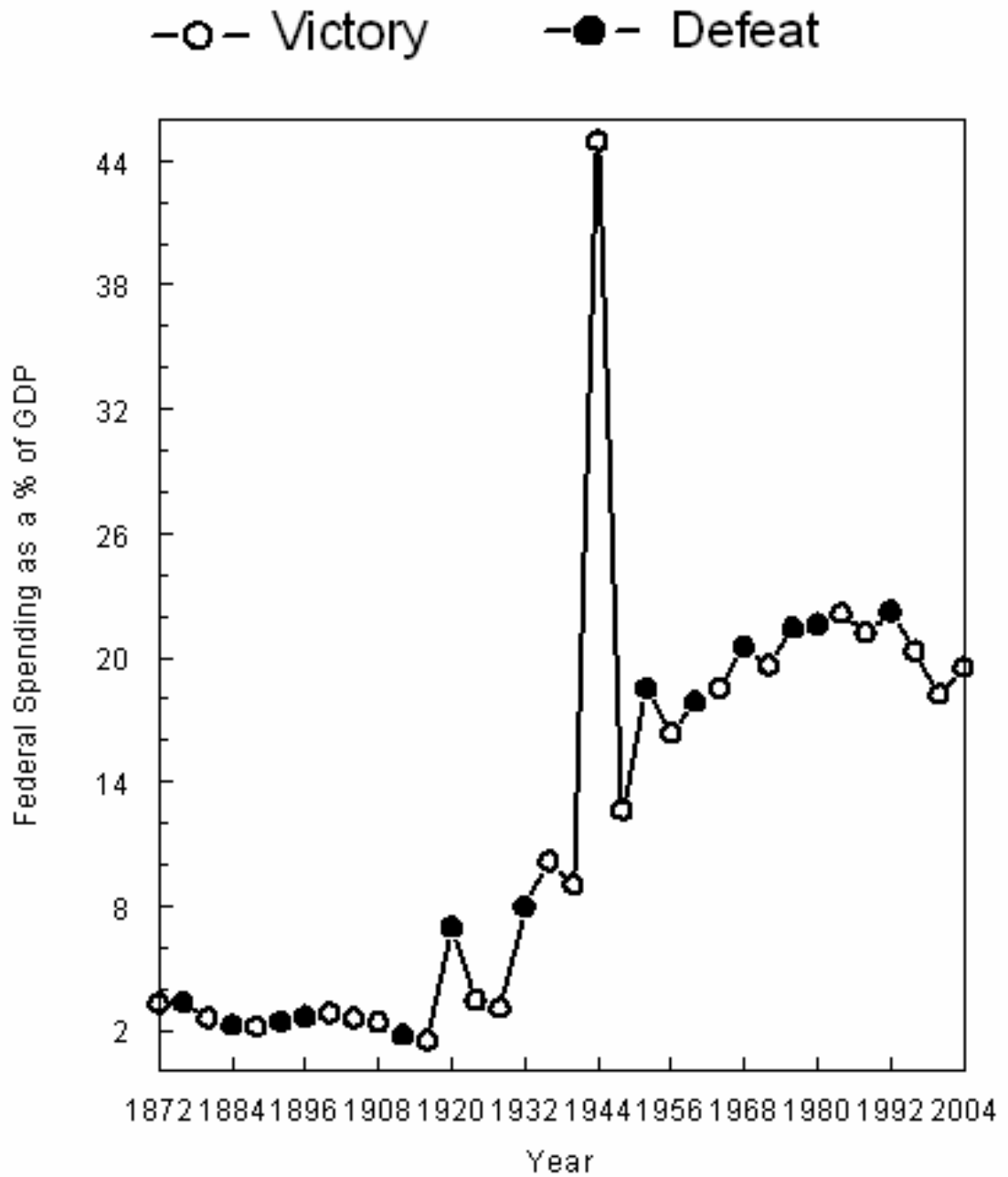


Figure 1. Fiscal Policy and Election Outcome, 1872-2004

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