What happened on November 8, 2016 ?

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"The economy, as an issue, is one of consensus. All voters want a good economy, no voters want a bad economy. No distribution of opinion occurs. Everyone values prosperity. When they see prosperity, they vote for the ruling party, otherwise not."
- Michael Steven Lewis-Beck and Richard Nadeau (2011)

Abstract

Introduction:

Three main questions: We start by analyzing the question from a party-perspective and then move to a specific candidate, in this case being Donald Trump. . . .

The first question of this paper is: - Do county-level economic conditions influence presidential election results in the US? - effect on incumbent vote-share? effect on specific party vote share.
- Did county-level economic conditions play a role in the victory for the Republican party in 2016 elections (i.e. the victory of Donald Trump)?
- Can these economic conditions be found on individual-level survey data for 2016 to substantiate or repudiate the claims made above?

Outline section-by-section details:

Literature Review:

Economic Voting Theory (Definition, Authors, Key Variables, Main Idea) :

The effect of economic factors on voteshare of a particular party in democratic countries have been widely accepted by scholars all around the world and makes the basis for economic voting theory. When it comes to the United States, this idea of economic voting has been proven time and again through various types of statistical analysis carried out over the period of multiple election years. Kramer(1971), Fair(1978), Tufte(1978), Rosenstone(1983), Hibbs(1987), Erikson(1989), and Holbrook(1991) all have showed the connection between national macroeconomic conditions and election results in the US (**???**).[1] The macro-economic variables that are widely used to determine election outcomes are economic growth, disposable income, (un)employment, job growth, economic volatility, etc. (**???**). Even in the area of election forecasting, which deals rather with the future outcome than the past, fundamental statistical model is widely used to determine which party will win the elections. The fundamentals model takes a chapter from the economic voting theory in the sense that it uses various political and economic variables to determine the outcome of an election. The economic variables used in forecasting also differ and include a range of measures such as:"GDP growth (Abramowitz 2004;

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[1] Gerald H. Kramer, 'Short-Term Fluctuations in U.S. Voting Behavior', American Political Science Review, 65 (1971), 131-43; Ray Fair, 'The Effect of Economic Events on Votes for President', Review of Economics and Statistics, 60 (1978), 159-72; Edward Tufte, Political Control of the Economy (Princeton, N.J.: Princeton University Press, 1978); Steve J. Rosenstone, Forecasting Presidential Elections (New Haven, Conn.: Yale University Press, 1983); Douglas A. Hibbs, The American Political Economy (Cambridge, Mass.: Harvard University Press, 1987); Robert S. Erikson, 'Economic Conditions and the Presidential Vote', American Political Science Review, 83 (1989), 567-73; Thomas M. Holbrook, 'Presidential Elections in Space and Time', American Journal of Political Science, 35 (1991), 91-109. #Bibliography:

Campbell 2004b); GNP growth (Lewis-Beck and Tien 2004); perception of personal finances (Holbrook 2004); prospective personal finances (Lockerbie 2004); leading economic indicators (Wlezien and Erikson 2004); income growth (ibid.); job growth (Lewis-Beck and Tien 2004)" (**???**). Moreover, the realm of economic voting has expanded rapidly over the years with new variables, definitions and processes attached to it. While classical economic voting theories have viewed economy as a valence issue, Lewis-Beck and Nadeau (2011) examine positional and patrimonial economic voting (**???**). In their examination, they analyze the different preferences voters have on different economic policy issues and also the economic status of the voters (**???**).

main idea: incumbent rewarded, retrospective voting, democrats rewarded or republicans rewarded regardless of the incumbent, Key's retrospective model (**???**) uses bounded rationality theory to claim that voters use their vote as either a reward or a punishment. This shows that their knowledge about the fundamental variables may be limited.........relies on the assumption of who vote based on how the economy is performing. Meaning, the serve as judges to determine, based on the performance of the economy, whether to reelect the incumbent party or the incumbent candidate to the presidency.

Macro-level analysis vs Regional Analysis (States and Counties):

Individual-level analysis (Survey Questions, variables used in the past):

Background:

US Election Peculiarities:

electoral college swing states term limits media debates difficult to incorporate all of them, but in this paper, we will take on a few of them such as swing and non-swing states and other demographic variables that we will discuss later. After looking at the ANES survey data we can decide which of th other peculiarities we can incorporate into our model, for now no need to worry about it, since the main focus is on economic voting and hence economic variables.

Methodology:

Key variables: Data sources, Justification, any manipulation/omission/cutting/merging/ procedure

Dependent Variable:

Vote share (Republican Party) or Vote share (Democratic/Incumbent Party) or Difference in vote share between the two parties. In old literature, the second one is used often. However, in the modern literature the third one is used. In the case of this paper, the main question circles around Trump and hence the first variable may work best. *Ask for advice?*

Independent Variable:

-Education (replace this with the data from census API) -Demographic Data from Census (male, female, ethnicity, religion, education) -Unemployment -Per capita income -Employment in industry -Current Transfer Receipts -Adjustment for Residence -Dummy for incumbent party -Rural or urban county

Key Processes: Descriptive summary, inferential statistics(using OLS, fixed effects, etc.)

Model Specification and Hypothesis:

-Hypothesis -Regression Equation -Discussion of Different Biases and ways to resolve them -Robustness Discussion

Analysis:

First Question:

Second Question:

Third Question:

Conclusion:

Appendix:

(Test results of all the tests, graphs, tables, plots, etc. that don't go in the main body of the paper.)

The voteshare of an incumbent presidential candidate in a state is regressed against the general economic conditions of the state, which can be measured by the change in a state's unemployment rate and the percentage changes in real per capita personal income (Abrams 1980). Previous vote share for the incumbent party is also introduced as an independent variable (Abrams 1980). He claims that voters hold presidents accountable for changes in state-level economic conditions therefore cutting certain programs in strongly dominated states and moving them to closely contested states may improve the chances of reelection for the incumbent (Abrams 1980). He also claims that abolishing the electoral college and permitting popular votes to determine presidential outcomes can outweigh the efforts of such state-level redistributive policy (Abrams 1980). The fact that Donald Trump's victory was highly dependent on the electoral college, since he lost the popular vote by almost XXXXXXXXX votes, and driven by a few contested states in the Rust Belt, show with even more significance the effect of regional economic conditions on vote share. *can this model be applied at a county level, since it is simply a smaller geographical setting and more representative since it is closer to the individual level a dummy for Southern States was taken* (Abrams 1980).

Lau and Redlawsk place "correct" voting as a middle ground between individual choice and social choice and therefore define it as the individual choice made under conditions of full information (**???**).

Curry (**???**) suggests that a lagged dependent variable would not be appropriate in this case since the relationship between the economy and the vote for president is not theorized as dynamic. He writes, "the data points are four years apart so it is unlikely that the performance of the economy at time t would be strong enough to significantly influence the vote for president four years in the future at time t + 1 or eight years in the future at time t + 2" (**???**).

In economic voting, incumbents are given utmost importance because people often relate economic performance with the incumbent party or candidate. Hence, if the economy is doing well, it helps the incumbent party or candidate and if it is doing bad it hurts them. *it would be interesting to see how people assign blame for their economic conditions on the President even if their regional governor or majority representation in the house may be from the non-incumbent's party.* Moreover, Curry (**???**) writes that economic influence on the vote

for president has been continuous and is not necessarily dependent on federal government control over the economy.

Three main inferences made by Bartels(Bartels 2005) are: - The white working class has not abandoned the Democratic Party. - The white working class has not become more conservative. - Working class moral values do not trump economics.

Bartels (Bartels 2005) uses family income levels to categorize voters in terms of their economic status. He places families with incomes in the bottom third of the income distribution under "low income" or "working class" thus differentiating them from the middle and upper class families. *how do we operationalize this is terms of county-level economic data.*

Bartels (Bartels 2005) illustrates the Democratic share of the two-party presidential vote among white voters in the bottom third of the income distribution and in the top third of the income distribution. He attributes the loss of support from white voters to Democratic candidates to the middle and upper income groups, while claiming that support for Democratic candidates has increased among low-income white voters. *see what happens when we see the actual county-level economic data on family income alongside Democratic or Republican voteshare see what happens when we see the actual county-level economic data on family income, in areas with majority whites vs majority non-white, and see what happens see what happens when we see the actual county-level economic data on family income, in areas with majority whites, in rural vs urban counties, and see what happens*

While survey data is useful in forecasting, the actual data we use can give a better picture of voter behavior since it captures the reality of after the election has taken place. However, based on the actual data, we are not able to measure party identification, since there is no way to know the individual preferences of voters. Nevertheless, based on how the result in a certain county turned out, we can get an idea about the actual preference of the majority of voters of that county.

Bartels (Bartels 2005) argues that "Democratic identification declined by 18% among low-income whites (from 22% in 1952 to 4% in 2004) and by 29% among high-income whites (from 11% to ???18%)." But he mentions that "However, it seems odd to attribute the Democrats' problems to the white working class when the corresponding decline among more affluent whites is so much larger."

Although one individual has one vote, the value of that vote may be different. *can we see if the 18 percent decline among low-income whites (and seeing where they are concentrated) has more impact on the electoral outcome than the 29 percent decline among high-income whites who may be concentrated in bigger cities and urban areas and democratic states.*

Abrams, Burton A. 1980. "The Influence of State-Level Economic Conditions on Presidential Elections." *Public Choice* 35 (5): 623–31.

Bartels, Larry M. 2005. "What's the Matter with What's the Matter with Kansas ?"