

ACTIVITY 2

ELECTIONS AND THE ECONOMY

The following table includes information about three key measures (growth in real GDP per capita, unemployment rate, and inflation rate) of the annual performance of the U.S. economy since 1957.

TABLE 2

Year	Growth in Real GDP per Capita (in %)	Unempl. Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1957	0.3	4.3	3.4	7.7				
1958	-2.4	6.8	2.7	9.5				
1959	5.1	5.5	0.9	6.4				
1960	0.5	5.5	1.5	7.0	_____	_____	Kennedy / Nixon	_____
1961	0.9	6.7	1.1	7.8				
1962	4.5	5.6	1.2	6.8				
1963	2.9	5.6	1.3	6.9				
1964	4.3	5.2	1.3	6.5	_____	_____	Johnson / Goldwater	_____
1965	5.2	4.5	1.6	6.1				
1966	5.4	3.8	3.0	6.8				
1967	1.6	3.8	2.8	6.6				
1968	3.9	3.6	4.2	7.8	_____	_____	Humphrey / Nixon / Wallace	_____
1969	2.1	3.5	5.4	8.9				
1970	-1.0	5.0	5.9	10.9				
1971	2.0	6.0	4.2	10.2				
1972	4.1	5.6	3.3	8.9	_____	_____	McGovern / Nixon	_____
1973	4.6	4.9	6.3	11.2				
1974	-1.4	5.6	11.0	16.6				
1975	-1.2	8.5	9.1	17.6				
1976	4.4	7.7	5.8	13.5	_____	_____	Carter / Ford	_____
1977	3.6	7.1	6.5	13.6				
1978	4.4	6.1	7.6	13.7				
1979	2.0	5.9	11.3	17.2				
1980	-1.4	7.2	13.5	20.7	_____	_____	Carter / Reagan / Anderson	_____
1981	1.5	7.6	10.4	18.0				
1982	-2.7	9.7	6.2	15.9				
1983	3.6	9.6	3.2	12.8				
1984	6.3	7.5	4.4	11.9	_____	_____	Mondale / Reagan	_____

ACTIVITY 2, CONTINUED

Year	Growth in Real GDP per Capita (in %)	Unempl. Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1985	3.2	7.2	3.5	10.7				
1986	2.5	7.0	1.9	8.9				
1987	2.5	6.2	3.6	9.8				
1988	3.2	5.5	4.1	9.6	_____	_____	Dukakis / Bush	_____
1989	2.7	5.3	4.8	10.1				
1990	0.8	5.6	5.4	11.0				
1991	-1.4	6.9	4.2	11.1				
1992	2.2	7.5	3.0	10.5	_____	_____	Clinton / Bush / Perot	_____
1993	1.4	6.9	3.0	9.9				
1994	2.8	6.1	2.6	8.7				
1995	1.5	5.6	2.8	8.4				
1996	2.6	5.4	2.9	8.3	_____	_____	Clinton / Dole	_____
1997	3.2	4.9	2.3	7.2				
1998	3.3	4.5	1.5	6.0				
1999	3.6	4.2	2.2	6.4				
2000	2.9	4.0	3.4	7.4	_____	_____	Gore / Bush	_____
2001	0.0	4.7	2.8	7.5				
2002	0.7	5.8	1.6	7.4				
2003	1.8	6.0	2.3	8.3				
2004	2.9	5.5	2.7	8.2	_____	_____	Kerry / Bush	_____
2005	2.5	5.1	3.4	8.5				
2006	1.8	4.6	3.2	7.8				
2007	1.0	4.6	2.9	7.5				
2008	-0.8	5.8	3.8	9.6	_____	_____	Obama / McCain	_____
2009	-3.4	9.3	-0.3	9.0				
2010	1.8	9.6	1.6	11.2				
2011	0.8	8.9	3.1	12.0				
2012	1.5	8.1	2.1	10.2	_____	_____	Obama / Romney	_____

ACTIVITY 2, CONTINUED

The Last Four Years

Year	Growth in Real GDP per Capita (in %)	Unempl. Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2013	1.4	7.4	1.5	8.9				
2014	1.7	6.2	1.6	7.8				
2015	2.1	5.3	0.1	5.4				
2016	1.0	4.9	1.3	6.2	_____	_____	Clinton / Trump	_____
2017	1.8	4.4	2.1	6.5				
2018	2.4	3.9	2.4	6.3				
2019	1.9	3.7	1.8	5.5				
2020	-2.6	8.1	1.2	9.3	_____	_____	Biden / Trump	_____
2021	5.6	5.4	4.7	10.1				
2022	1.6	3.6	8.0	11.6				
2023	2.0	3.6	4.1	7.7				
2024	????	????	????	????	_____	_____	Biden / Trump	_____

ACTIVITY 3

A WORKSHEET ON ELECTIONS AND THE ECONOMY

Directions: Working with others in your group, use information from Table 2 to answer the following questions, as directed by your teacher.

Part I. Who Won?

1. Circle the winner of each presidential election.
2. Under the column “Incumbent Party Wins or Loses?” Write “Win” or “W” if the incumbent party won the election. Write “Lose” or “L” if the incumbent party lost the election. In each set of listed candidates, the first candidate mentioned is the Democratic candidate and the second candidate is the Republican candidate. In three contests, there was a third-party candidate who is listed as the last entry. To get started, note that the president prior to the Kennedy/Nixon election was Eisenhower, who was a Republican. Therefore, since Kennedy won the presidential election, your group should enter “Lose” in the appropriate spot in the last column of Table 2, since the incumbent party lost the election.

Part II. Predictions

1. Create a Real GDP per capita Growth Rule based on the instructions your teacher gives you.

Real GDP per capita Growth Rule:

The incumbent party usually wins if the real GDP per capita growth

_____.

2. For each election, write “Win” or “W” in the column under Real GDP per capita Growth Rule if the rule predicts the incumbent party will win. Write “Lose” or “L” in the column if the rule predicts the incumbent party will lose.

This real GDP per capita Growth Rule is correct _____ out of 16 times.

3. Create a Misery Index Rule based on the instructions your teacher gives you.

Misery Index Rule: The incumbent party usually wins if the misery index

_____.

4. For each election, write “Win” or “W” in the column under Misery Index Rule if the rule predicts the incumbent party will win. Write “Lose” or “L” in the column if the rule predicts the incumbent party will lose.

The Misery Index Rule is correct _____ out of 16 times.