Common to both political folk wisdom and political science is the idea that the mid-term congressional election is a referendum on the performance of the current administration. The more popular a president and the more successful his policies, the better his party does at the midterm. The president’s party almost invariably loses some congressional seats in off-year elections (since the Civil War the president’s party has added House seats only once—in 1934—though it occasionally picks up Senate seats). But the extent of its losses varies widely (from one to 56 House seats in postwar midterms), depending, so the theory goes, on how the electorate rates the administration’s performance.

The 1982 congressional elections will, in this view, be a referendum on President Reagan’s administration and in particular on his economic policies, which have been the focus of political attention since inauguration day. If this is true, then economic conditions prevalent through the spring of 1982 (a potentially devastating combination of deep recession, high unemployment, and high interest rates) and Reagan’s shaky support in the polls (less than 50 percent approving his performance in all Gallup surveys during the first four months of 1982), portend a Republican disaster of major proportions in the fall.

Remarkably, almost no one is seriously predicting anything of the kind. And it may indeed be a mistake to bet on enormous Republican losses—partly, we will argue, because they are not widely anticipated. Our purpose here is to explain why this is so. The explanation arises from a particular theory of how national forces are translated into aggregate election results; indeed, the 1982 elections promise to provide a test of the theory against its rivals.\(^1\)

The idea that midterm elections are referenda rests on a solid empirical base. Kramer, Tufte, and others have shown aggregate congressional election results to be highly responsive to national conditions.\(^2\) The state of the economy, variously measured,

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\(^{\text{1}}\)Our discussion deals almost exclusively with House elections; although the basic arguments should apply to Senate elections as well, the special characteristics of Senate elections, structural and otherwise, make it impossible to perform the kind of systematic analysis we offer here. In 1982, for example, 19 of the Senate seats up for election are held by Democrats, only 13 by Republicans (and one by an independent), even though Republicans hold a majority of Senate seats. This will of course make it more difficult for Democrats to gain Senate seats quite independent of national forces.

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and the popular standing of the president are strongly related to shifts in the distribution of the national vote for House candidates. The more positive the responses to the president and the better the performance of the economy, the better the administration’s party’s candidates do on election day. The electorate behaves, collectively, like V. O. Key’s “‘rational god of vengeance and reward.’” 3

Most scholars (Tuft is an exception) have been quick to take collective rationality as evidence of individual rationality: people cast votes for House candidates on the basis of their own economic experiences and feelings about the president. The problem with this interpretation is that studies of individual voting behavior in congressional elections turn up surprisingly little evidence of rationally grateful or vengeful voting. Economic effects on individual voting decisions are particularly hard to find. In some election years feelings about the president were evidently related to voters’ congressional choices, but in others they were not. Even Watergate-related attitudes had little apparent effect on voting behavior in 1974. 4

What survey studies did discover was that, with the possible exception of partisanship, the most important influences on individual voters are familiarity with and evaluations of the two candidates running in the district. The better a voter knows and likes a candidate, relative to the opponent, the more likely he or she is to vote for that candidate. This means that the relative quality of candidates and vigor of campaigns is a crucial factor affecting the outcome of congressional contests. Each specific pair of candidates and campaigns presents a particular choice, and the voting decision depends heavily on the alternatives offered. In contests between incumbents and challengers, the choice is largely determined by the quality and resources of the challenger. Attractive, well-financed challengers can seriously threaten incumbents; most incumbents are reelected easily because they do not face such challengers.

The predominant importance to voters of candidates and campaigns is consistent with an alternative theory of how national forces affect aggregate congressional election results. This theory, which we present in detail in Strategy and Choice in Congressional Elections, argues that politically active elites—candidates and those who recruit and finance them—provide an essential connecting link between national conditions and individual voting decisions.

If we accept that politicians are not fools, it is clear that variations in the quality of candidates and the quantity of resources they can mobilize for a campaign cannot be random. Ambitious career politicians looking to enter or move up the hierarchy of elective offices are likely to be the most formidable challengers. But they also have the most to risk in the attempt; defeat is at best a setback, at worst ends the career. Thus the best candidates will also be the most cautious in deciding when to run for higher office. They will be most sensitive to the odds on winning and most aware of the factors that affect those odds.

One of those factors is of course the availability of money and other resources for the campaign; astute politicians know how important it is. People who control campaign resources must also make strategic decisions about deploying them. And these, too, are strongly affected by electoral odds. Although a variety of motives inspire contributors to political campaigns, most are more likely to give to campaigns of agreeable candidates who seem to have some plausible chance of winning. Among the things they consider is the quality of the candidate. Good candidates attract money, just as the availability of money attracts good candidates.


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If the politicians believe that things like the state of the economy or the popular standing of the president strongly influence congressional voters—and there is plenty of anecdotal evidence that they do—their assessments of such conditions will influence their strategic career decisions. National conditions that are thought to affect election results will govern the perception of election odds. When conditions appear to favor a party, more of its stronger potential challengers will decide that this is the year to make their move. The shrewder and more ambitious politicians of the disadvantaged party will reach the opposite conclusion; the longer odds will convince them to sit this one out.

Suppliers of campaign resources will similarly adjust their strategies to the anticipated prospects of their preferred party. If signs are positive, they will put more into the campaigns of challengers, who enjoy improved chances of winning. If portents are ominous, they will instead concentrate on defending threatened incumbents, giving up on challengers as lost causes. The strategies of candidates and people who control campaign resources are again mutually reinforcing. Because the effects of campaign spending are asymmetrical—the marginal return on campaign spending is much greater for challengers than for incumbents—intersecting offensive and defensive strategies produce a net benefit for challengers of the favored party.

The aggregate consequence of these strategic choices is that the party expected to have a good year will field a larger proportion of high-quality challengers with well-financed campaigns, while the opposing party is stuck with a disproportionate number of feeble challengers lacking the resources for a serious campaign. The choice between pairs of candidates across congressional districts in an election year varies systematically with the strategic decisions of potential candidates and associated activists. The strategic decisions are systematically informed by perceptions of national conditions and beliefs about their electoral consequences. Voters need only respond to the choice between candidates at the district level to reflect, in their aggregate behavior, national political forces. Individual-level analogs of national forces—the voter’s personal economic circumstances and feelings about the president—need not operate as influences on the vote (though this is not precluded by the theory). The intervening strategic decisions of congressional elites provide a mechanism sufficient to explain how national forces can come to be expressed in aggregate congressional election results.

One important implication of this line of reasoning is that, at the extreme, expectations about a party’s electoral performance are self-fulfilling. Choices guided by expectations generate the very conditions that fulfill them. We do not think that this has actually become the case; rather, we argue that electoral prophecies are self-reinforcing. The effects of national forces have been multiplied through the strategic behavior of congressional activists.

We offer in the book a variety of evidence supporting the theory. One example of particular interest here is our discovery that economic conditions measured in the first quarter of the election year—the period in which most potential candidates are making final decisions about running—are more strongly related to the fall election results than are economic conditions measured closer to election day. One important test has been lacking, however. In past elections, both our theory and more orthodox economic voting theories have predicted the same result. Only the mechanism was different: economic conditions and presidential popularity might operate directly on individual voting decisions or their effects might be mediated through elite strategies, but the aggregate outcome would be the same. This fall’s election promises to be different.

The 1982 Election as a Referendum

If the 1982 election is a referendum on Reagan and Reaganomics and the electorate responds as it has in the past to economic conditions and its assessments of the presi-
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dent, it is hard to imagine a scenario that does not involve dramatic Democratic gains. Consider the possibilities in light of Tufte’s analysis. Tufte showed that the division of the House vote in midterm elections is closely related to the state of the economy and the popular standing of the president. He estimated the standardized vote loss of the president’s party (measured as the aggregate two-party vote subtracted from the average vote for the party in the previous eight congressional elections) as a function of (1) the percentage change in real disposable income per capita over the year preceding the election and (2) the president’s standing (percentage approving of the way he is handling the job) in the Gallup Poll just before the election. The resulting equation, updated to cover the period 1946 to 1978, is

Standardized vote loss = -10.56 + .663 Change in Income + (.143)
.130 Presidential Popularity (.042)

N = 9  R² = .84

The standard errors are in parentheses.

The equation estimates a vote percentage, but this is easily translated into an estimate of a shift in the number of seats held by a party, for there is a very strong linear relationship between the proportion of votes and the proportion of seats won by parties in postwar House elections:

Percentage of Seats Held by Democrats = -42.5 + 1.90 Percentage of Votes Won by Democrats (.16)

N = 18  R² = .90

With these equations we can easily calculate how many House seats the president’s party should lose given any combination of economic conditions (measured by change in real income per capita) and presidential popularity. Table 1 lists the predicted loss of House seats by Republicans in 1982 for a range of such combinations. The numbers are quite striking. Real income is unlikely to show much increase between 1981 and 1982, though it probably will not fall. Reagan’s approval level in the Gallup Poll has ranged from 43 percent to 47 percent during the first five months of 1982; the average is 45 percent. Thus a plausible projection is a 1 percent increase in personal income and Reagan’s approval level at 45 percent. But that should cost the Republicans 50 House seats. And it is easy to imagine worse conditions (for Republicans) holding.

Thus, by the traditional referendum theory, 1982 shapes up as a great Democratic year. But almost no one thinks that it will be nearly this good even if the economy does not turn around dramatically during the summer. Although Democratic leaders have, on occasion, suggested that the “Democrats could rebound in the way they did in 1958” when they won 47 House seats, 13 Senate seats, and 5 governorships, few see this as a serious possibility. The consensus among AFL-CIO leaders, meeting in February, was that Democrats would pick up only about five seats. The most optimistic projection mentioned at the meeting (based on a poll taken for the American

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9Tufte, Political Control of the Economy, pp. 106-115.
9Lower inflation has probably kept real income from falling despite high unemployment and other components of the recession. The income tax cut and cost-of-living increase for social security recipients on July 1 will help add to real income later in the year, so it is reasonable to expect some overall growth in per capita income between 1981 and 1982.
TABLE 1
Projected Republican Losses in the 1982 House Elections at Selected Levels of Presidential Popularity and Real Income Change (Net Number of Seats Lost)

<table>
<thead>
<tr>
<th>Income Change</th>
<th>Presidential Popularity</th>
<th>40%</th>
<th>50%</th>
<th>60%</th>
</tr>
</thead>
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<td>-2%</td>
<td></td>
<td>72</td>
<td>61</td>
<td>51</td>
</tr>
<tr>
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<td>67</td>
<td>56</td>
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</tr>
<tr>
<td>2%</td>
<td></td>
<td>50</td>
<td>39</td>
<td>29</td>
</tr>
</tbody>
</table>

*aPercentage change in real income per capita between 1981 and 1982.

bPercentage approving Reagan's performance in the last Gallup survey conducted prior to the election.

Federation of State, County, and Municipal Employees) predicted a shift of about 25 seats.8 U.S. Representative Tony Coelho, head of the Democratic Congressional Campaign Committee, predicted in January that Democrats would gain "10 seats at a minimum, and, more likely, about 18."8 Eighteen is the number of seats Tufte's equation would predict Democrats to gain if income growth and presidential popularity matched their highest points in any postwar midterm election (1962). This scarcely seems possible. Republican leaders must show a professional optimism, of course; but there are few signs that they secretly expect a drubbing, either. The consensus in both parties in the spring of 1982 seemed to be that the Democrats will pick up a few House seats, but that the election would be no means by a sweep.

These conservative projections are, we believe, entirely justified. Normally, our theory would also predict a Republican disaster in 1982. Indeed, our equation modifying Tufte's by using first quarter economic data generates slightly higher estimates of Republican House losses. But the connection, as we see it, depends on the strategic decisions of politicians and campaign contributors. If these are, for some reason, not seriously affected by expectations arising from perceptions of economic conditions and the president's standing with the public, the aggregate of choices offered voters across congressional districts may not systematically reflect national conditions. And so neither may the aggregate vote.

The system depicted in our theory is driven by the strategic choices of individual political entrepreneurs in a decentralized political marketplace. It is well known that individually rational decisions can lead to outcomes that leave everyone worse off than might have been possible with collective action. When a party is expected to have a bad year, the strategic decisions of its candidates and contributors multiply the expected effects. Strong parties might be able to deploy candidates and campaign resources to counteract rather than reinforce the effects of national forces. Our interpretation of midterms is predicated on weak and decentralized parties and on politicians who expect the economy and presidential popularity to influence voters. If a party became strong enough to persuade potential candidates that contrary national conditions would not necessarily be fatal to their careers, the system as we describe it would break down. And this seems to be what is happening in 1982.


Most scholars (Tufte is an exception) have been quick to take collective rationality as evidence of individual rationality . . . the problem with this interpretation is that studies of individual voting behavior in congressional elections turn up surprisingly little evidence of rationally grateful or vengeful voting.

The Difference in 1982: Republican Organization

If 1982 is not a Republican disaster, national-level Republican party committees will be the reason. First, they have raised enormous amounts of money to spend on the campaigns. The senatorial committee’s budget is $26 million; $37 million is set for House races. The equivalent Democratic committees will be lucky to have one-tenth as much. As of March 31, the Democratic Congressional Campaign Committee (DCCC) had $200,000 on hand; the Republican House committee had $17 million.\textsuperscript{10} Republicans have been able to raise so much money because they have spent the last eight years perfecting a direct mail fundraising system. Direct mail has provided Republicans with a steady, predictable income quite independent of fluctuations in the political environment. Add to this the support of cooperative PACs (which take direction from the national party in choosing beneficiaries) and it appears that Republicans, unlike Democrats, will not have to make tough strategic choices about which candidates to fund.

Equally important, Republicans have figured out what to do with their money. They have used it to recruit and train high-quality candidates as well as to help finance their campaigns (the promise of money, of course, helping to recruit strong candidates). Much of the recruiting for 1982 took place in 1981, when Reagan was dominating Congress and talk was of realignment and perhaps a Republican House after 1982. Joe Gaylord, the National Republican Congressional Committee’s campaign director, reported that “the identification of good, qualified Republicans is our main priority, and we have spent almost all of 1981 carrying out that priority.”\textsuperscript{11} When the economy turned sour, committee officials were worried that good candidates might be scared off; “I’d check every day,” said Nancy Sinott, the committee’s executive director, “but it wasn’t happening.”\textsuperscript{12} Republican consultant Eddie Mahe said in March that “we had so many candidates out so early, we’re in pretty good shape. If the heavy decision-making was going on now, we might be suffering” because of the expected impact of the recession. He compared 1982 with 1974, when Watergate and another recession scared off good Republican candidates: “the candidates we had that year couldn’t even be the drivers for this year’s bunch.”\textsuperscript{13}


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Republican recruitment efforts have, to be sure, sustained some damage from the recession. Three midwestern Republican governors (Milliken of Michigan, Quie of Minnesota, Ray of Iowa) chose not to seek reelection and a fourth (Rhodes of Ohio) declined to challenge a Senate incumbent (Metzenbaum). The economy was a factor in all of these decisions; all of them weaken the Republican ticket. But there is no sign that the damage is widespread, "no evidence of the sort of panicky rededication to the practice of law" observed among potential Republican candidates in 1974.

Republicans have concentrated on recruiting good candidates because they have a clear understanding of how important this is. Representative Vander Jagt, chairman of the NRCC, has argued that "just as they say pitching is 80 percent of baseball, in a Congressional race the candidate is 80 percent of winning. A good candidate can win it, no matter how bad the conditions, and a bad candidate can lose it, no matter how good the conditions." Bernadette Budde, director of political education for the Business-Industry PAC went to far as to argue that "the economy matters for a party only if its candidates think it matters."

Democrats have been slower to adopt this view. Interviewed in February, Coelho expressed the traditional attitude that "a national atmosphere, or a regional atmosphere, that is conducive to your party" is more important than recruiting strong candidates. But only a month later he was saying that "the critical time for the November elections is November through February, when candidates decide to run or not. Whoever has the best candidates usually still wins." Perhaps Coelho found this idea more attractive as Democratic recruitment picked up. He admitted that the Democrats had found it hard to attract good candidates during the first half of 1981 but claimed they had done better since the fall. "Now they’re coming to me because they smell victory in 1982."

At present, it appears that both parties will be fielding strong challengers in 1982 but for very different reasons. Strong Democratic challengers have been attracted in the usual way: by their belief that serious economic problems and Reagan's declining popularity make it a good year to go after Republican incumbents. Strong Republican challengers have emerged despite unfavorable national conditions through the work and money of national-level party committees. The party has managed to organize a strong countercyclical thrust—strong enough to convince many observers of national politics that 1982 will not be an especially good Democratic year.

Just because Republican candidacies are not following the pattern expected in a bad year for Republicans, the 1982 elections should provide a real test of alternative theories of the midterm referendum. If the vote is a direct response to national forces, Republicans should lose approximately the number of House seats predicted by Tufte’s equation. If it is largely a response to particular pairs of candidates and campaigns in each district, Republican losses should be much smaller.

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17Cohen, "Congress," p. 60.
21Clymer, "Parties are Running About Even," p. 4.
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One November scenario is that, with both parties fielding strong challengers (and accepting that the vigor of the challenge is the crucial variable in these contests), a larger than usual number of incumbents from both parties will be defeated. But the Republicans’ advantage in campaign resources might minimize Democratic gains in another way. By mounting an unusually large number of formidable challenges, Republicans may compel people and groups that supply funds to Democrats to concentrate their resources on defending incumbents, leaving even attractive challengers underfunded and therefore unlikely to win. An energetic offensive strategy may force a defensive strategy on the Democrats, both strategies working to the benefit of the Republicans.

If we (and Republican strategists) are right, the results of the 1982 election will not reflect the performance of the administration and the popular standing of the president nearly as strongly as they have in the past. The lesson will not be lost on political professionals. The independent value of effective national organization will be unmistakable. And over the long run, repeated demonstrations that candidates’ fates are not governed by national forces will foster career strategies that are not nearly so attentive to those forces. As a result, voters, responding now to insulated choices, will no longer reflect in their preferences the strategic advantages national forces once provided.