

# **Economic Recessions as Divine Providence**

Retrospective Voting and Consolidation of American Democracy

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The presence of regular, peaceful power transitions set the US apart during its early history. We propose a novel explanation for this anomaly: economic voting combined with frequent election-year recessions. We present two key results. First, we find that election-year economic growth predicts whether incumbent presidents ran for and won reelection throughout US history. In fact, only two presidents have ever won during economic contractions. Second, early incumbents faced frequent recessions and suffered unusually bad timing, with recessions occurring disproportionately in election years ending presidents' first or second terms (e.g., Washington, Jefferson, Madison). Recessions may have discouraged incumbents from seeking reelection or weakened their electoral chances if they did run. Voters' focus on the election-year economy may have thus promoted democracy, with recessions rendering presidents too unpopular to either run again or dismantle democratic institutions.

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## INTRODUCTION

A striking aspect of early US history is that no president attempted to retain power by dismantling its proto-democratic institutions. Despite 20<sup>th</sup> century democratic expansion, most of humanity lives under undemocratic regimes (“Freedom in the World 2018” 2018). Moreover, the 18<sup>th</sup> and 19<sup>th</sup> centuries saw few peaceful power transitions. What enabled the American exception in its early years?

This paper explores whether economic voting helps explain the American anomaly. Economic voting refers to voters’ tendency to reward or punish incumbent candidates based on economic growth preceding the election. In modern US presidential elections, economic voting arguably comprises the most important factor determining election outcomes (Erikson 1989; Fair 1996; Healy and Malhotra 2013; Hibbs 1989; Kramer 1971; Lewis-Beck and Stegmaier 2000; Markus 1992; Tufte 1980; Zaller 2004). In congressional elections, where the economy also plays a role, researchers have extended these findings back as far as the 1890s (Kramer 1971; Kiewiet and Udell 1998). Since the timing of the business cycle is largely random, whether incumbents face boom or bust before the election is similarly random. Achen and Bartels (2016) argue that, because voters myopically focus on economic performance just before the election, economic voting turns elections into a game of “musical chairs,” where voters reject incumbents based on vagaries of the business cycle. In this article, we examine whether this large, random component of modern US elections also help explain earlier US elections. Did 18<sup>th</sup> and 19<sup>th</sup> century presidents leave office, not because of democratic values or institutional constraints, but because they faced recessions in the run-up to potential reelections? Did myopic economic voting foster democracy?

Scholars have suggested other explanations for early US democratization. Dahl (1989, 2015) emphasizes civil control of the military, democratic beliefs and political culture, lack of strong foreign influence opposing democracy, and a modern market economy and society. Olson (1993) points to the dispersion of resources among the colonies, themselves divided by crosscutting cleavages. Scholars have noted an association between wealth and democracy, and the US was unusually wealthy with an abundance of fertile farmland (Lipset 1959). Lipset (1998) also emphasized George Washington's role, comparing his personal charisma to Nelson Mandela's. Additionally, the US likely benefitted from the absence of presidential heirs: of the first five office-holders, only Adams fathered a son who survived to adulthood (John Quincy Adams—sixth president, first American dynast, and first to lose reelection rather than retire during a recession).

In this paper, we explore a different explanation. Using historical economic data, we present two findings. First, economic contractions strongly predict both incumbents' choosing to retire and losing when they did run, a pattern that appears to begin with George Washington. Second, by chance, economic downturns confronted most early presidents at the end of their first or second terms, potentially discouraging them from seeking another term or contributing to electoral losses if they did run.

These findings suggest a new interpretation of US democratization. Random yet fortunate downturns made presidents too unpopular to either run again or dismantle democratic institutions may partly explain peaceful presidential transitions. Voters might have been holding presidents accountable for events beyond their control—leading to poor selection and random sanctioning—but doing so may also have inadvertently fostered democracy.

## DATA

We analyze presidential elections from 1792 through 2016, drawing electoral data from Leip (2018). We include only the 52 contests in which incumbents did not face 22<sup>nd</sup> amendment term limits, thereby excluding five elections (1960, 1988, 2000, 2008, and 2016). We primarily rely on annual real GDP change data from Johnston and Williamson (2018), which encompasses American history since independence. GDP tracking began only in the 1930s, but scholars have estimated pre-1930s GDP using sources not originally intended for national accounting (McCusker 2000). Johnston and Williamson (2018) provide the most comprehensive GDP estimates. They rely on GDP estimates from census years, when more information is available, and then attempt to bridge those once-a-decade estimates with economic series available on a yearly basis. Although they therefore caution against using these data for yearly timeseries analysis, we show that our results hold up with alternative economic measures and when we simply categorize years into expansions and contractions. In particular, we check robustness with GDP estimates from the Maddison Project (Bolt et al. 2018), updated versions of NBER recession dating (Davis 2006; National Bureau of Economic Research 2018), data on historical industrial production (Board of Governors of the Federal Reserve System 2018; Davis 2004), and annual qualitative analyses of the economy through 1926 (Thorp and Thorp 1926). While the magnitude of booms and busts may be imprecise, the indicators agree on whether the economy expanded or contracted in any given year agree almost 90% of the time (202 of 229 years). With multiple measures of the economy, we could use a measurement error approach, but the measures depend on similar sources to estimate year-to-year changes in between census years (where we have the best estimates of GDP levels), so measures are not independent. Appendix

Table A1 provides descriptive statistics for the variables, and Supporting Information (SI) section 2 describes the datasets.

## **RECESSIONS AFFECT RUNNING AND WINNING**

Figure 1 depicts the relationship between GDP growth and presidential electoral outcomes 1792-2016. It presents incumbents who run and win as squares, lost reelection bids as crosses, and retirements as circles. The figure shows that when GDP contracted, presidents rarely ran and/or won. In the 15 elections occurring during contractions, only two incumbents ran and won (i.e., only two squares fall below the 0% GDP change): Abraham Lincoln in 1864 and Theodore Roosevelt in 1904. Both exceptions prove the rule: Lincoln likely benefitted from Civil War victories (Shafer 2016), while Roosevelt saw economic recovery set in by the summer of 1904, long before voters cast their ballots (Flood 2009; Davis 2006; Thorp and Thorp 1926).

We find that with negative GDP growth only 47% of eligible incumbents ran for reelection, and only 13% ran and won. With positive GDP growth, 84% sought another term and 54% succeeded. Using a chi-squared test, the difference on running is significant at  $p=0.006$ , while the difference on running and winning is significant at  $p=0.011$ .<sup>1</sup>

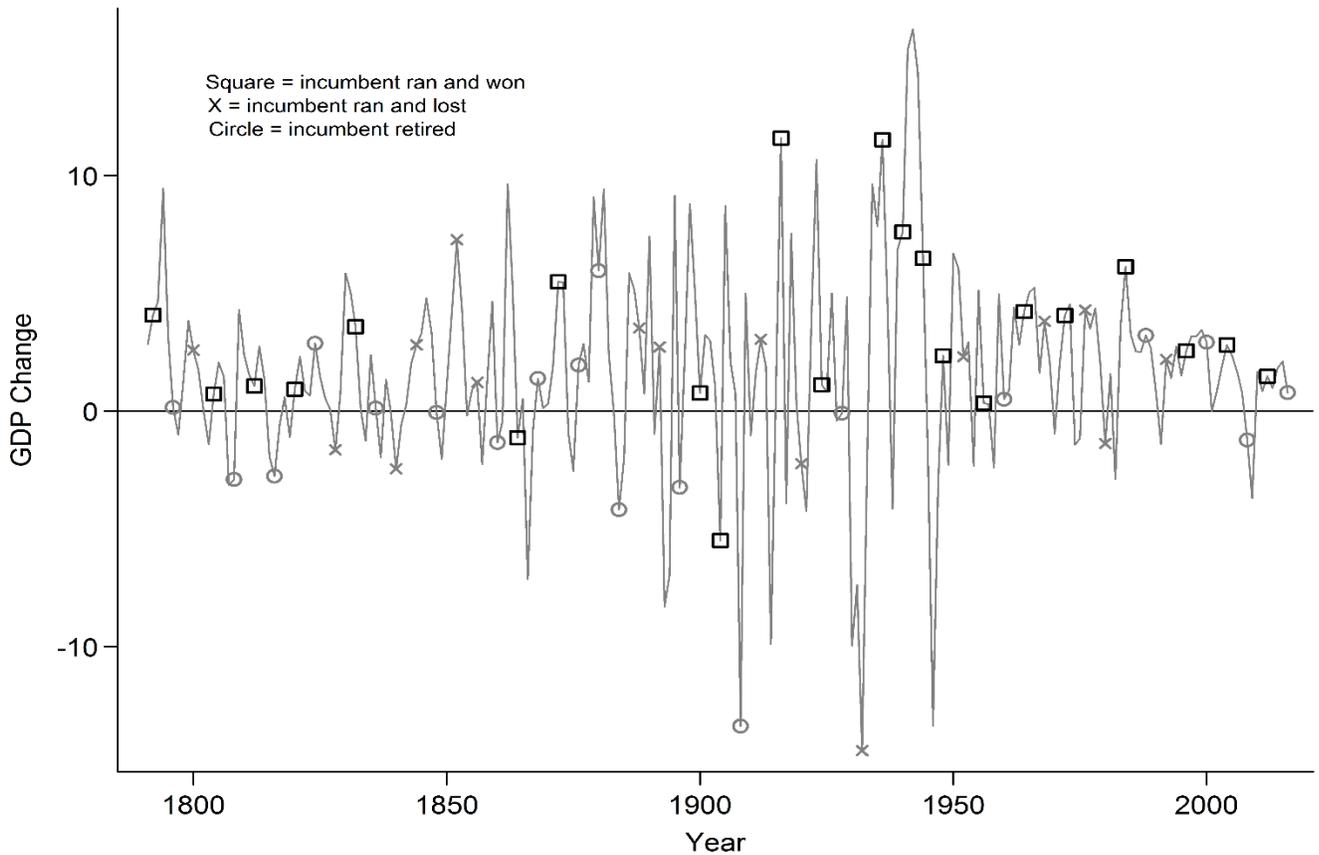
Presidents rarely sought and won reelection with declining election-year GDP, but their behavior fits the model less well during economic expansions, when almost half still leave office. Most notably, Millard Fillmore, Rutherford B. Hayes, Lyndon B. Johnson, and Gerald Ford each

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<sup>1</sup> We do not present results for winning restricted to incumbents who ran again, due to presidents' strategically choosing to retire and due to the small  $n$ . Nevertheless, GDP growth remains somewhat predictive of winning among those who ran. We also attempted to analyze incumbent party vote or electoral college share, but changing party systems complicate such a measure through history.

likely retired or lost for non-economic reasons, ranging from slavery to war to Watergate (SI section 3).

Figure 1: GDP Change and Electoral Outcomes, 1790-2016



Note: Figure 1 shows the relationship between GDP change and presidential elections 1792-2016. Incumbent reelections are depicted with squares, lost reelection bids with crosses, and retirements with circles. When GDP declines, presidents rarely ran (47% of eligible incumbents) and even fewer won (13%). With positive GDP growth, 84% sought another term and 54% succeeded. Using a chi-squared test, the difference on running is significant at  $p=0.006$ , while the difference on running and winning is significant at  $p=0.011$ . Only two incumbents with negative growth ran and won: Abraham Lincoln in 1864 and Theodore Roosevelt in 1904—both exceptions proving the rule (see text). For a similar graph that includes presidents' names, see SI section 3.

To examine the strength of this finding and its consistency over time, we present additional regression estimates in Tables 1 and 2. Our two dependent variables capture whether an incumbent sought another term and whether they attained one. We focus on the strategic choice to seek another term because many early presidential transitions stemmed from such decisions. We code *Run Again* 1 if the incumbent ran for office and 0 if they retired, while we code *Run-Win* 1 for a victory and 0 for a retirement or loss. Some of those coded as having sought another term may surprise. John Tyler, Millard Fillmore, Franklin Pierce, Woodrow Wilson, Harry Truman, and Lyndon B. Johnson each tried and failed to win renomination (SI section 3 for citations).<sup>2</sup>

Table 1 presents regression estimates using linear probability models. Columns 1 and 5 show the bivariate estimates, revealing that GDP growth moderately effects the chances of running again and winning. The run-again coefficient of 0.03 implies that, per one-point increase in GDP growth, the incumbent's probability of running again rises by 3%. The bivariate estimated effect on winning of 0.04 suggests that a one-point increase in GDP growth increases the incumbent's chances of running-winning by 4%. These imply that the effects could be substantial: a five-percentage point GDP swing would imply a 16-point change in the probability of running again and a 19-point change in the probability of running-winning. Historically such five-point GDP changes were common, occurring in 22% of years between 1790 and 2016. These estimates are all highly statistically significant (tests fail to find evidence of serial correlation). We employ "bootstrap" standard errors throughout the analysis, but they generally match plain-vanilla standard errors, as shown in Table 2.

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<sup>2</sup> Several former presidents sought non-consecutive terms (such as van Buren, Fillmore, Grant, and Theodore Roosevelt), but these do not factor into our analysis.

We next control for variables that could correlate with growth or with the dependent variables. Since some of these variables have complex coding and none of them change the main finding, we present the details in SI section 3. To capture the impact of poor health on a president's decision to (not) run again, we code a *Dies Within One Term* variable to 1 when a president died naturally within one term of leaving office. War could influence both elections and growth (Haynes and Stone 2004), so we control for *War* by subjectively coding 1 for a politically popular war near the election, -1 for an unpopular conflict, and 0 otherwise. Following Achen and Bartels (2016), we also include the variable *Party Years in Power* representing how long a party had continuously controlled the presidency. We also try to account for lengthy periods in US history when one party failed to effectively contest national elections by including the variable *Dominant Party*, subjectively coding 1 for years in which incumbents faced comparatively weak opposition, -1 when facing comparatively strong opposition, and 0 otherwise. Because even strong candidates may lose elections if their party fails to coalesce or significant third-party bids siphon votes, we code *Multicandidate* 1 if three or more candidates each secured 10% or more of the popular vote. This covariate is likely posttreatment and only relevant for winning. Across a variety of designations, Table 1 shows that these variables leave the GDP estimate unchanged.

**Table 1: Effect of GDP Change on Presidents' Decisions to Run Again and on Whether They Ran and Won, 1792-2016**

	DV: Run Again (1 run again, 0 retire)				DV: Run-Win (1 run and win, 0 retire or lose)				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
GDP Log % Change	0.03 (0.01)	0.03 (0.01)	0.03 (0.01)	0.03 (0.01)	0.04 (0.01)	0.04 (0.01)	0.04 (0.01)	0.04 (0.01)	0.04 (0.01)
Dies Within One Term		-0.48 (0.22)	-0.54 (0.21)	-0.53 (0.22)		-0.40 (0.24)	-0.37 (0.24)	-0.33 (0.23)	-0.28 (0.23)
War			-0.24 (0.12)	-0.26 (0.13)			0.12 (0.14)	0.01 (0.14)	0.01 (0.14)
Party Years in Power				-0.01 (0.01)				-0.03 (0.01)	-0.03 (0.01)
Dominant Party				0.04 (0.11)				0.25 (0.12)	0.27 (0.11)
Multicandidate Race									-0.35 (0.17)
Constant	0.69 (0.06)	0.73 (0.06)	0.73 (0.06)	0.79 (0.11)	0.37 (0.07)	0.40 (0.07)	0.40 (0.07)	0.53 (0.12)	0.58 (0.12)
Observations	52	52	52	52	52	52	52	52	52
R-squared	0.10	0.19	0.25	0.26	0.13	0.18	0.19	0.30	0.36

Note: Bootstrap standard errors in parentheses. Each column shows a separate regression model. The table shows that GDP change predicts presidents' decision to run again and run and win, even with a range of control variables. Appendix Table A1 shows descriptive statistics. See text for variable coding. SI section 3 presents similar analysis with incumbent party reelection as the DV, finding a similar if slightly weaker relationship.

The control variables generally have their expected effects and none change the GDP effect estimates. Imminent death decreases the probability of running again and winning. War has the opposite of the expected effect on running again—a result of Wilson, Truman, and Lyndon Johnson seeking but losing renomination in the midst or wake of an unpopular conflict (SI section 3). The party's years in power has a negative effect on running again and a larger effect on winning. Further analysis, however, reveals that this effect is absent in America's first century (SI section 3). Party dominance weakly predicts running again, but better predicts winning. The presence of multiple candidates understandably hurts the incumbent's chances of winning, although this may just represent a posttreatment consequence of a weak incumbent.

The finding that GDP influences running again and winning appears generally robust. Table 2 displays the coefficient, standard error (bootstrapped), r-squared, and *n* across a variety

of specifications. The first set of columns (1-4) shows these estimates for the dependent variable Run Again, and the second set (5-9) show Run-Win. The top row reiterates the baseline results, covering the period 1792-2016 and the 52 elections featuring an incumbent eligible for re-election (those limited by the 22<sup>nd</sup> Amendment are excluded throughout).

Table 2 first shows the stability of the estimates across US history. Row 2 shows 1792-1928 election estimates—before both the modern party system and GDP estimates—and row 3 shows 1932-2016. Row 4 displays 1792-1840—capturing the critical early years of the republic—and row 5 presents 1840-2016. Row 6 shows 1792-1856 estimates—before the outbreak of the Civil War—and row 7 shows 1860-2016. Finally, row 8 presents 1792-1952 estimates—before the 22<sup>nd</sup> Amendment—and row 9 shows 1956-2016. The estimates for both dependent variables remain notably similar across these timeframes. The GDP change coefficients for Run-Again remain in the range 0.025-0.072, although we cannot estimate it during 1928-2016 elections because all incumbents ran again unless termed out. The estimated effect of GDP change on Run-Win ranges between 0.025-0.116.

Table 2 next shows that the results are not a function of long-run trends in politics or economics by controlling for time. The estimates remain nearly identical to the baseline model when we control for the year, year<sup>2</sup>, and year<sup>3</sup> (rows 10-12). Row 13 demonstrates their robustness to outliers: excluding the four election years that had the greatest expansions (1916, 1936) and the deepest contractions (1908, 1932) strengthens the results. Row 14 shows that the estimates are insensitive to excluding any one of the 52 elections—the smallest Run Again coefficient occurs when we exclude the 1908 election, while the smallest Run-Win coefficient occurs when we exclude the 1940 election. We then present two alternative standard errors (row

15, robust standard error and row 16, regular standard error), both suggesting statistical significance below conventional levels. Row 17 shows results using probit rather than regression.

Next, we test the results using indicators of expansion rather than GDP change. These indicators help address heteroskedasticity and concerns about noise in the GDP estimates. In row 18, we replace the continuous GDP variable with a dummy that captures positive growth (coded as 1) or negative growth (0). Row 19 presents the *Davis* indicator of expansions (1) and contractions (0), based on estimates of industrial production through 1914 and NBER recession history afterward (Davis 2006; National Bureau of Economic Research 2018). Unsurprisingly, we find that recession decreased the chances that an incumbent ran again, while even further reducing their chances of reelection if they did run.

To further check robustness, we employ other economic measures, although these share similar sources (SI section 3 describes their methodologies). In row 20 we use the Maddison Project GDP dataset—drawn from numerous estimates but focused on cross-country comparison—and find similar results, albeit suggesting a milder association between GDP and electoral outcomes (Bolt et al. 2018). Next, row 21 shows results based on industrial production indexes (Board of Governors of the Federal Reserve System 2018; Davis 2004). We also use a qualitative measure based on Thorp and Thorp (1926), who provided annual descriptions of the US economy from 1790 to 1926. We had three coders independently rate each year on a 3-point scale (-1 to +1) based on Thorp’s descriptions, and use the median score they assigned (Cronbach’s alpha = .84). Although economists have noted flaws in his work (such as a tendency to miss signs of recovery and overreliance on commodity prices, thereby exaggerating volatility), row 22 shows that his descriptions also predict running and Run-Win, albeit imprecisely. These variables cover somewhat different timespans: the Maddison project starts before the 1804

election, while Thorp's qualitative descriptions end in 1926, explaining some of the difference in coefficients for various measures.

Consistent with studies finding a myopic focus on election-year conditions, row 23 shows that total growth over the previous four years matters substantially less than election-year growth. In section 3 of the SI, we also report estimates for each year individually and the first and second halves of presidential terms. In those estimates, we find that only the election-year predicts both run again and run-win, though year three growth also predicts run-win (consistent with Wlezien 2015).

Finally, row 24 assesses whether GDP growth's relationship with the choice to run again holds up with a more conservative coding of who ran again. In particular, we restrict the run again cases to only those presidents who continued to run after the nomination conventions (using the nomination itself does not work because of incumbents who ran on third party tickets). We thus switch three cases to retiring—Wilson, Truman, and Johnson—rather than seeking further terms. As row 24 shows, the estimate remains identical in size.

We have focused on whether incumbents cede power by retiring or losing reelection. Given that democracies frequently break down because incumbents establish authoritarian regimes, we think this represents an important focus. However, a party establishing an authoritarian regime would also have posed a threat. Do economic contractions also influence party turnovers, potentially limiting this possibility? We examine whether the economy affects parties by using incumbent party reelection as the DV, finding largely similar if weaker relationships. We present these results in SI section 3.

**Table 2: Robustness Checks**

		DV: Run Again			DV: Run-Win			
		b	SE	R <sup>2</sup>	b	SE	R <sup>2</sup>	N
<i>GDP growth's bivariate estimate (from first row of Table 1)</i>								
1	Baseline: Election-year GDP change, 1792 - 2016	.031	.014	.105	.039	.012	.13	52
<i>GDP growth's robustness to various historical periods</i>								
2	1792 - 1928	.042	.016	.125	.025	.019	.051	35
3	1932 - 2016	--	--	--	.043	.019	.219	17
4	1792 - 1840	.072	.056	.115	.116	.042	.300	13
5	1844 - 2016	.027	.015	.109	.033	.012	.119	39
6	1792 - 1856	.076	.038	.17	.045	.043	.067	17
7	1860 - 2016	.025	.018	.103	.037	.011	.154	35
8	1792 - 1952	.028	.015	.089	.035	.012	.134	41
9	1956 - 2016	--	--	--	.086	.095	.115	10
<i>GDP growth's robustness to various time trends</i>								
10	Controlling for year	.027	.014	.201	.036	.011	.17	52
11	Controlling for year and year <sup>2</sup>	.026	.014	.216	.033	.012	.197	52
12	Controlling for year, year <sup>2</sup> , and year <sup>3</sup>	.025	.013	.234	.033	.012	.212	52
<i>GDP growth's robustness to outliers</i>								
13	Excluding the four biggest GDP swing elections (1908, 1916, 1932, 1936)	.053	.022	.125	.043	.023	.066	48
14	Smallest estimates after dropping each year, one by one, and reestimating	.027	.015	.064	.037	.014	.116	51
<i>GDP growth's robustness to alternative standard errors and estimators</i>								
15	Robust standard errors (rather than bootstrapped)	.031	.014	.105	.039	.012	.13	52
16	Regular standard errors (rather than bootstrapped)	.031	.013	.105	.039	.010	.13	52
17	Probit estimate with bootstrapped standard errors	.099	.079	--	.136	.065	--	52
<i>Indicators for expansion (1) versus contraction (0) instead of GDP growth</i>								
18	Indicator based on GDP growth	.371	.147	.144	.407	.124	.139	52
19	Indicator based on NBER recession history and Davis revisions (2006)	.239	.129	.067	.335	.131	.107	52
<i>Robustness to alternative economic growth measures</i>								
20	GDP growth from Maddison Project data (1804-2016)	.022	.015	.057	.033	.011	.102	49
21	Davis + FRED Industrial Production Data (1790-1915, 1919-2016)	.014	.009	.061	.013	.007	.041	51
22	Thorp's economic descriptions coded to 3-point scale (1792-1924)	.259	.096	.157	.159	.117	.063	34
<i>Election year or whole term?</i>								
23	Whole-Term GDP Change, 1796 - 2016	.006	.006	.025	.011	.006	.063	51
<i>Conservative Run-Again Coding</i>								
24	Wilson, Truman, Lyndon Johnson Retire	.031	.016	.095	--	--	--	52

Note: Each row presents estimates from two regression models based on the regression models in Table 1. Rows 1-17 use election-year GDP change as the key explanatory variable. Rows 18-23 check the results with other measures of the economy. Appendix Table A1 shows descriptive statistics; SI section 3 has a table analogous to Table 2 but analyzing party rather than presidential victories.

## CONSOLIDATING AMERICAN DEMOCRACY?

Early presidents faced worse economic odds and bad timing. In nonelection years, presidents faced recessions in 41% of years from 1792 through 1840. However, in election years during this span presidents faced recessions 54% of the time (1796, 1808, 1812, 1816, 1828, 1836, and 1840; SI section 4 presents a table of early economic data from each source). Washington, Jefferson, Madison, and Jackson each retired during contractions. The only immediate male heir of an early president, John Quincy Adams, attempted to win a second term amid the 1828 contraction and lost, abbreviating the first American dynasty. Martin van Buren also lost reelection in 1840 amidst a recession.

In contrast, presidents elected in the postwar period—those most familiar to readers—less frequently suffered recessions and enjoyed better timing of those that occurred. Recessions struck in 21% of non-election years 1940-2016, but only in 16% of election years. Indeed, only three election years had recessions since the Great Depression brought FDR to power, and each saw the incumbent party lose power (1960, 1980, 2008). Of course, this seeming “luck” may owe partly to election-year economic manipulations (Tufte 1980; Bartels 2008; Achen and Bartels 2016).

From the perspective of American democracy, the timing of contractions in the early Republic was especially lucky. How lucky? In the calculations below, we assume recessions occur at the yearly modern rate of 21%, but one can easily substitute the rate of 27% for US history or the 41% for the first few decades. At 21%, a recession would have occurred in each of Washington’s, Jefferson’s, and Madison’s eighth year only 0.9% of the time. Of course, each of these presidents could have suffered a recession in either their fourth or eighth year—increasing the likelihood they would retire or lose. The chances a recession would occur for all three in

either their fourth or eighth years is only 7%. We can also calculate the chance that a president would avoid a career-ending, democratic-inducing recession for a certain number of terms. For example, Washington had a 49% chance of presiding over election-year growth in his fourth, eighth, and, had he ran again, twelfth years. We can also assess the fortuity of recession timing by moving the business cycle forward or backward and calculating probabilities incumbents would run and win (according to the baseline model). If we move the business cycle forward two years, Washington's chances of running again in his eighth year rise from 69% to 98%. If we move the business cycle backward only one year, Jefferson's chances of running again in his eighth year jump from 60% to 82%.

Could recessions have spurred Washington, Jefferson, Madison, and Jackson to step down, thereby helping establish the precedent of relinquishing power? While no scholars have suggested economic explanations for these retirements, the importance of the economy surfaces in newspaper coverage at the time. This section documents that coverage, demonstrating that blaming incumbents for contractions was common and so that such economic rationales were widely available.

The contraction in Washington's eighth year began with a land speculation bubble bursting. Benjamin Bache's *Aurora General Advertiser* directly blamed Washington: under his leadership "our ears are dinned with the tales of bankruptcy, the ruin of our commerce, and the distress of our citizens" (Mann 2002, 168). Shortly before Washington announced his retirement, it charged that the "insidious and ambitious administration" established "funding and bank systems" that fostered speculation, and "substituted an avarice of wealth for the glory and love of country... Had America in the year 1775 been what she is now, a nation governed by stock jobbers, stockholders, bank directors, and brokers," the colonies would have continued under

British rule for fear of “suffering our lust of wealth to meet with a moment’s interruption...” (Aurora General Advertiser 1796). These attacks on Washington’s administration appear to become more strident and organized as his second term progressed. Although Washington’s biographers devote surprisingly little attention to his retiring from office (SI section 4), they do note his chagrin at his perceived unpopularity and, in particular, his frustration with newspaper criticism (Chernow 2010; Ferling 2009).

Newspaper coverage of Jefferson also frequently blamed him for an ongoing economic contraction in 1808—an easy connection to draw because his Embargo Act likely caused the hard times. Even in 1804, one editorial asserted:

In remarking on the embarrassed situation of our commerce... Every person, not hood-winked by passion and prejudice, could perceive that the low pitch of degradation to which our nation was brought, was to be solely ascribed to the nerveless imbecility of our government... Our former prosperity and our present depression were of course contrasted, and such a contrast was sufficient to strike sophistry dumb. (The Balance, and Columbian Repository 1804)

By 1808, these attacks developed into resolutions denouncing the “notorious and deplorable... oppression of the Embargo” that had “depressed the pulse of industry and continues to inflict loss and deprivation... where the American flag droops in captivity and decay” in ports abandoned by sailors for lack of work (Impartial Observer 1808).

Newspapers in 1816 similarly connected Madison to the hard times in his eight year as president, which stemmed from a financial panic. Federalists asserted that, under his administration’s measures against Britain,

The land groaned under the oppression. Honest Commerce was depressed. Knavish Commerce patronized. The Merchant was sorrowful and disappeared. The smuggler was full of joy, and walked unblushing upon the high places of trade. Our streets were deserted—Grass grew on our wharves—the tenants quitted our stores...” These were “the breaches in our prosperity, which the war and the anti-commercial spirit of our rulers have made. (Boston Gazette 1815)

Others accused the administration’s support for establishing the Second Bank of the United States as “means by which speculators alone” could access national resources, “at the expense of the public” (Weekly Aurora 1816). Although the Federalist Party collapsed and Madison’s protégé Monroe easily won the election, linking late-term economic conditions to running and winning had become habitual.

This rhetoric continued in later elections, and some commentators addressed the pervasiveness of electoral appeals to myopic economic conditions. In 1836, Jackson faced a contraction stemming in part from his own policies that spurred a banking crisis. Contemporary news coverage asserted:

As the election approaches, the federalists commence playing the old farce which has so often been hissed off by the people—of Ruin and Bankruptcy... When Gen. Jackson vetoed the Mammoth Bank... the people examined the condition of the country and found it healthy—they found that the assertions of the opposition were a complete tissue of lies, fabricated for the purpose of creating unjust prejudices against the administration, and displacing the worthy incumbent of the Presidential chair... (Rhode-Island Republican 1836)

In Martin van Buren's fourth year he lost reelection during a severe recession, earning the nickname "Martin van Ruin." Boston news coverage satirized the extensive coverage of the recession by other newspapers, bemoaning the growth of local commerce:

To what a sad state the commerce of Boston has been reduced by this wicked administration? ... What good cause the merchants of Boston have to make war on Mr. Van Buren. Their foreign commerce in his administration is in six months only a little more than equal to that of a whole year in 1830. If these things go on at this rate, and democratic administrations continue, what will be the fate of Boston? (New-Hampshire Gazette 1840)

Other coverage noted that Whigs "foolishly charge [Van Buren's administration] with a design to 'sink labor both in price and in character, to the degraded standard of the ignorant and suffering laborer of the worst parts of Europe,'" while countering that "the success of Gen. Harrison, the 'candidate of the financiers,' would insure [the assumption of state debts], and legislate millions into the pockets of British and American speculators, at the expense of the people. Sixteen millions of souls must be taxed to raise princely revenues for some six thousand stock jobbers!" (The Pittsfield Sun 1840).

These attacks on incumbent administrations for financial suffering underscore the long history of economic-voting rationales. These early elections featured growing but sharply limited suffrage. Yet those who could claim the right to vote were also likely those most attuned to the economic conditions, whether locally or nationally, and most likely to read newspaper tirades blaming presidents for hard times.

The possibility we suggest here—that recessions helped consolidate democracy—seems inconsistent with evidence that recessions spur democratic collapse, especially in poor

democracies (Przeworski and Limongi 1997) and in unconsolidated democracies (Svolik 2015). We note, however, that researchers have not explored whether well-timed recessions—occurring in years where incumbents face reelection—might increase democratic survival. Another way of reconciling these findings is to note that, as evident in figure 1, recessions appeared generally mild in the first US decades, potentially sparking just enough discontent to spur transitions without undermining the electoral institutions.

Probably the most widely accepted explanation for early US transitions is that Washington personally established a two-term norm, which subsequent presidents felt bound to follow. Although widely believed, scholarly accounts provide little support for this contention, noting that Washington opposed setting constitutional term limits and retired for other reasons (Brookhiser 1996; Chernow 2010; Milkis and Nelson 2012; Peabody 2001). See SI section 1 for details.

## **CONCLUSION**

Early presidents not only contended with more frequent recession, but also confronted unusually bad luck in the timing thereof, thereby frequently either retiring amid economic downturns or feeling the sting of electoral defeat. When Washington stepped down after two terms as president, King George III supposedly remarked that he was “the greatest character of the age” for retiring (Lipset 1998; Chernow 2010). Retiring may have been a purely noble act—or it may have also been a politically savvy decision, given bad economic times and newspapers blaming the administration. While making strong inferences about why early presidents ceded power remains impossible, the economic data presented here suggests that, until FDR, economic voting may have rendered many presidents too unpopular to successfully either claim more than

two terms or undermine democratic institutions. Although other factors contributed to democratization in the early United States, this retrospective economic explanation may help explain the American anomaly. Despite the flaws of “musical chairs” elections, they may have interacted with providentially-timed recessions to foster peaceful presidential transitions.

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## APPENDIX

**Table A1: Descriptive Statistics**

VARIABLES	(1) Mean	(2) SD	(3) Min	(4) Max	(5) N
Run Again	0.731	0.448	0	1	52
Run-Win	0.423	0.499	0	1	52
GDP Log % Change	1.347	4.645	-14.44	11.59	52
Dies Within One Term	0.0769	0.269	0	1	52
War	-0.0192	0.464	-1	1	52
Party Years in Power	8.442	5.819	3	28	52
Dominant Party	0.327	0.585	-1	1	52
Multicandidate	0.135	0.345	0	1	52
Indicator based on NBER recession history and Davis revisions (2006)	-0.365	0.486	-1	0	52
GDP growth from Maddison Project data (1804-2016)	1.303	4.890	-16.38	11.52	49
Thorp's economic descriptions coded to 3-point scale (1792-1924)	0.088	0.9	-1	1	34