The retention of state governors

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1. Introduction

There is a sizable literature in political economy concerned with the accountability of incumbent parties and politicians for current economic conditions at the time of elections. However, the opinions expressed in this literature are exceptionally diverse, ranging from the view that economic conditions have no influence on voting (Stigler, 1973) to the view that such conditions are pivotal determinants of voting (Kramer, 1971; Meltzer and Vellrath, 1975; Fair, 1978).

In this paper we develop a measure of performance by state economies that is specific to particular administrations of governors of those states, whose reelection probabilities are the dependent variable in our analysis. By carrying out such a measurement, and by contrasting the statistical influence on reelection chances of economic performance during a governor's tenure with the statistical influences of national economic conditions and the coattail effects emphasized by previous writers, the degree of accountability may be further clarified.

Peltzman (1987, 1988) also viewed gubernatorial elections as providing an opportunity to separate the effects of local and national economic conditions. In his opinion, an informed electorate would not hold incumbent governors responsible for state economic performance, because governors lack the power to change the prosperity of their states. The relationship between reelection chances and economic conditions is then all coattails: governors are more likely to be returned to office given above normal national economic growth under a president of the same party, are less likely to be returned in the contrary circumstances, and are not held responsible for any differential between state and national growth, which is claimed to be determined outside of state politics. And indeed, the regression estimates for postwar gubernatorial elections appear to support the hypothesis.1

We revisit the subject of gubernatorial accountability with some new evidence. Without denying the existence of coattails, which are reminiscent of

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switches between brands in politics, the weakness of the governor as a force in state prosperity strikes us as exaggerated. Governors, because of their veto and appointive powers, have considerable power in state governments. Imperfect factor mobility associated with locational rents gives each state some latitude in setting tax rates and subsidy levels (Epple and Zelenitz, 1981; Adams, 1986). Moreover, the choice of taxation and expenditure policies is not independent of state prosperity, due in part to its effect on industrial location decisions. Firms are not perfectly immobile, despite their imperfect mobility. Thus, latitude of choice by the governor over state fiscal policies implies at least some ability to influence state prosperity, and contrary to Peltzman (1987, 1988), we regard a degree of accountability of governors as a reasonable position on the part of voters, and set out to measure its importance. In fact, the main theme in Adams and Kenny (1986) is that original accountability in elections is transformed by the incumbency of governors: governors become more accountable to influential voters, but less accountable to the general electorate.

The remainder of the paper consists of an exploration of this point of view. Section 2 discusses the sample, the nature of the variables, and the estimating equations. Results are then presented in Section 3. A brief summary and conclusions are offered in Section 4.

2. Characteristics of the data

Our data consist of the entire set of bids for reelection by governors who made it into the final election (past primaries or party caucuses) for the years 1946 through 1984, a sample of 342 observations. We restricted the sample to reelectons in order to reduce the influence of unobservable personal characteristics associated with incumbency, but more importantly, so that we could measure the performance of the state economy during the incumbent's administration. The dependent variable WIN is dichotomous, coded 1 if the candidate wins reelection, and 0 otherwise. Logit analysis is employed as the estimation procedure. The means and standard deviations for all the variables are reported in Table 1. Over 70% of the bids for reelection are successful. Let us now turn to the independent variables.

The benefits of a particular party affiliation vary across states and over time. STATE PARTY captures ease of reelection and is the fraction of postwar gubernatorial elections won by the candidate's party in the state. COATTAIL is one measure of congruence between the incumbent's position and the position favored by the electorate in that year: the fraction of governor's races won by the candidate's party in the year of reelection. The candidate's chances of reelection rise with COATTAIL because of the coattail effect.

Five variables measure the ease of forming electoral coalitions. TURNOUT