

## References

- Ames, James Barr.** 1908. Law and Morals. *Harvard Law Review* 22: 97–113.
- Epstein, Richard A.** 1973. A Theory of Strict Liability. *Journal of Legal Studies* 2: 151–204.
- Epstein, Richard A.** 1985. *Takings: Private Property and the Power of Eminent Domain*. Cambridge, Mass.: Harvard University Press.
- Epstein, Richard A.** 1989. The Utilitarian Foundations of Natural Law. *Harvard Journal of Law and Public Policy* 12: 713–751.
- Hyman, David.** 2006. Rescue Without Law: An Empirical Perspective on the Duty to Rescue. *Texas Law Review* 84(3): 653–737.

# An Economist's Most Regrettable Statement

Sam Peltzman<sup>10</sup>

Sometime in the middle of 1988 I ventured to predict the outcome of the upcoming Presidential election. I cannot remember now whether this regrettable move was made in a working paper or some professional forum. Fortunately, as far as I recall, it never went further. I asserted confidently that Michael Dukakis would win handily over George H. W. Bush. Since Bush won with a popular vote margin of about eight percentage points and by over 300 electoral votes I could hardly have been more wrong. I exited the election prediction industry forthwith, and I have never returned, at least in professional guise.

At that time the election-prediction industry had more economists hanging around its edges than it does today. There was a flurry of interest among economists in quantifying the connection between economic conditions and electoral outcomes. I have some entries on this topic in this period (e.g., Peltzman 1987; 1990). Economists working in the area were busy presenting, discussing, and

---

10. University of Chicago, Chicago, IL 60637.

regressing on questions such as: Which set of conditions mattered—those prevailing just before the election, or conditions over the whole political term? And which conditions—income, unemployment, inflation, etc.—mattered? Whose income or employment mattered—mine (the voter's) or thine (the country's)? I am not sure that a consensus ever emerged on these weighty questions, or on why we should ask them in the first place, but it was fun while it lasted.

Part of the fun was that you could plug a few numbers into the right-hand side of your favorite empirical model and generate predictions. That is the trap I fell into in mid-1988. I had some results that could generate predicted values for each state, and so generate them I did. They predicted an Electoral College romp for Dukakis. Well, as they say, you live and you learn.

I hope I learned something more than never to do it again. With hindsight the methodological stupidity seems obvious: Predicted values in our usage are conditional, not forecasts; they come with standard errors; and so forth. In this case the stuff that concerned us—the macro background—could only be decisive in close elections, and the standard errors were substantial enough to make any forecasting unwise. The work was sloppy. It involved much ad hoc fishing with little serious thought as to why we were fishing hither rather than yon. Certainly the issues that obsess us today—identification, omitted variables, and the like—were of little concern back then.

The larger lesson I would draw from the fiasco was one of humility. I like doing empirical work, and I have always tried to do it carefully. I think I enjoyed mashing the electoral data that went into my ill-fated prediction, and I don't think there was some obvious error either in data or procedure. But I no longer regard a single result, mine or anyone else's, with the kind of confidence that led me then to sally forth into embarrassment.

## References

- Peltzman, Sam.** 1987. Economic Conditions and Gubernatorial Elections. *American Economic Review* 77(2): 293–297.
- Peltzman, Sam.** 1990. How Efficient Is the Voting Market? *Journal of Law and Economics* 33(1): 27–63.