The 1980 returns exemplify how the state of the economy before a presidential election can affect an incumbent's ability to stay in office. Moreover, at times presidents might attempt to use their fiscal prerogatives to court reluctant constituencies or to win highly contested regions of the country. These two observations, however, do not readily translate into a political theory of business cycles, as some analysts have alleged.

Rationales for a political business cycle have existed at least since Marx and encompass many variations. The simplest modern version of the theory argues that an incumbent president will use expansionary fiscal policies and exert pressure on the Federal Reserve to pump up the economy prior to an election. Then, once secure in office, the administration will act to cool down the overheated economy that it has theoretically created.

One strongly predisposed toward a political view of the world might point to the pattern of GDP and fiscal policy, but the theory requires several questionable assumptions about voters and policymakers. As an explanation for economic fluctuations, it requires that citizens have short memories and base their expectations solely on their immediate experiences. It does not consider that rational voters will understand the relationship between elections and economic activity, thereby negating the strategy's political usefulness. In addition, the theory of a political business cycle credits policymakers with greater ability to micromanage the economy than experience warrants.