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POLITICAL EXCHANGE

Handicapping the VP Race

By **DAVID ROTHSCHILD** and **JUSTIN WOLFERS**
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With the race for the Democratic presidential nominee likely to stretch on for some time and the contest for the Republican ticket basically over, let's look at something fresh: Who will be the Vice Presidential nominees?

The Wall Street Journal Political Market, run in partnership with Intrade.com, provides a few clues.

In recent weeks Democratic circles have been abuzz with the possibility of a Clinton-Obama or Obama-Clinton "dream ticket." And the [responses](#) by the candidates to a direct question by debate moderator Wolf Blitzer only heightened such speculation.

Prediction markets currently suggest [about a 10% chance](#) that Mr. Obama will be the Democratic VP candidate. After his strong victories in Saturday's contests, he is now rated a [two-in-three chance](#) to win the Democratic nomination. Given that Mr. Obama can only be the vice-presidential nominee if he is not already the presidential nominee, this suggests that there is around a three-in-10 chance that Mrs. Clinton will tap him for the job, if she heads the ticket.

Conversely, Mrs. Clinton is [about a 6% chance](#) to take the second spot on the ticket. She remains a [one-in-three chance](#) to head the ticket; combining these numbers yields less than a one-in-10 chance that a successful Mr. Obama will have Mrs. Clinton as his running mate. It is unclear whether traders assign this lower probability because they believe Mr. Obama would not ask Mrs. Clinton to serve, or whether they expect her to decline any overtures from him.

With neither Democratic candidate fitting a typical presidential demographic, it is not surprising that the [other likely possibilities for the number-two slot](#) are all moderate white men from somewhat conservative regions.

Two major competitors, Senator Evan Bayh of Indiana and Ret. General Wesley Clark, have endorsed Mrs. Clinton, and each are around a one-in-10 chance to win the VP slot. While it is not fair to say their possibility of being VP is absolutely contingent on Mrs. Clinton being the nominee, this would surely help their chances.

There has been little public speculation about Al Gore as either potential nominee's VP choice, but the markets rate him an 11% chance, and he would provide useful regional balance for Mr. Obama, as well as a great deal of "experience" in executive government. Still, having served two terms as vice-president and already waved off a move to draft him for a presidential run, Mr. Gore would seem an unlikely outcome.

John Edwards's possibility of a second VP nomination shot up shortly after he dropped out of the race, largely on speculation he may have cut a deal with Mr. Obama to get the second slot. This conjecture has been dismissed by the markets in the last few days, and he is now rated only a 5% chance.

Governor Bill Richardson of New Mexico, whose endorsement has been highly sought by both remaining candidates, has had a consistently high VP probability (upwards of 20%), even while running for president. But that has recently dipped to about 7%.

Other possible candidates of note are Senator Jim Webb of Virginia and Senator Joseph Biden of Delaware. Overall, there is much more certainty of Mrs. Clinton's short list than Mr. Obama's; Thus, as his presidential stock has risen, so has stock

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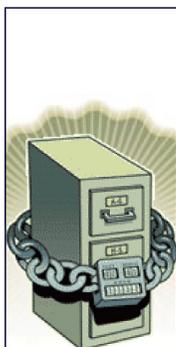
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