

The Challenge of Forecasting the 2024 Presidential and House Elections: Economic Pessimism and Election Outcomes

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Abstract

Utilizing a forecasting model based on economic pessimism and recognizing the difficulties of making such a forecast in such atypical times, the forecasting model predicts a narrow loss for the incumbent presidential party and a loss of 12 seats in the House of Representatives. Even with the unusual nature of politics in the United States over the past decade, this model does a good job of predicting election outcomes. The more pessimistic people are, the worse the incumbent party does in presidential and House elections. Moreover, the power of incumbency shows strongly.

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Forecasting elections is fraught with peril. This year is more difficult or perilous than most recent elections. There were presumptive nominees for each party, but then the incumbent Democrat was cast aside. We were in the situation when, for the first time since 1956, both parties looked as though they would nominate the same candidates as last time. Moreover, it was the first time since 1892 that we would have had an incumbent president running against a former president. There was an attempt on the life of the former president the weekend before his renomination. Clearly, this election season is atypical. The oddities of this year should encourage us to be humble in our forecasts.

Despite the rather unusual nature of this election season, we can still forecast the election. Unlike pundits, we will be making forecasts that are subject to an external reviewer assessing the process by which we made our forecasts. It will not be a seat-of-the-pants judgment. Outside observers can examine our models. If we revise our models, it is transparent.

If we revise our forecasts, there will be a record of what we have done. In a sense, we are a bit like weather forecasters. We try to offer a long range forecast that makes it possible to plan for the future. The earlier the forecast, the greater the opportunity for one to make use of that information. We also want to take new information into account as it becomes available. Both kinds of forecasts have their utility. We want to be able to make plans for the future. Nonetheless, we also want to be able to take advantage of new information as it becomes available. Here, the effort is on making the long range forecast.

The forecast of the 2024 election - presidential and the House elections will be using the largely the same model as used in 2020. Here, the focus is on the long range forecast of the election. The forecast makes use of data that were available as the 5th of July. The long-range forecast has the advantage of allowing more time to adjust behavior before the event. Someone who forecasts the weather well in advance allows people more time to adjust their behavior than a forecaster who gives you a two-minute warning of a storm approaching. People who pay attention to long-range political forecasts can change their behavior in light of the information presented by political forecasters.

Influences on Presidential Election Outcomes

There are, no doubt, many potential variables we could include in the model. In the interest of parsimony and recognizing the small number of cases, we need to be selective. The literature on elections is replete with economic models. Because there are a small number of cases, we cannot include multiple variable representing economic conditions. One of the ongoing debates is whether voters look to the past or the future when casting a ballot. In one sense the decision is easy. The retrospective and prospective economic items are highly correlated (.84).

Recognizing there are still debates on this topic, I follow the lead of Fiorina (1981), Lewis-Beck (1988), Lockerbie (2008, 2020), Nadeau, Lewis-Beck, and Bélanger (2013), whose models focus upon the prospective. I, and those who find themselves in disagreement with me, can take some comfort in the strong relationship between the

retrospective and prospective economic items at the aggregate level. As with earlier endeavors, I make use of the item from Table 8 of the Survey of Consumer Attitudes and Behavior. Instead of averaging the scores from the second quarter, as done in the past, I make use of the percentage replying in the negative from June of the election year.ⁱ This is done because the volatility of the item and the desire to have the latest information consistent with an early forecast. The specific question: "Now looking ahead - do you think you (and your family living there) will be better off or worse off financially a year from now, or about the same?"ⁱⁱ

I should note here that this measure includes no sense of attribution to either party. One can think the economy will be worse off in the future and still vote for the incumbent party because one believes that the incumbent party will be better than the opposition. The retrospective item has one advantage. Even though it does not reference the incumbent party, there is no ambiguity about which party controls the White House during this time.

Aside from economics, there are other factors that are relevant for forecasting presidential elections. Specifically, Abramowitz (2000) has shown that the incumbent party's share of the two-party vote is negatively related to how long it has controlled the White House. Specifically having held the White House for two terms puts one in a worse position than holding it for just one term. Nonetheless, we should note that in the last two elections, the incumbent party has lost after holding for just one term. Before that in 2012, the incumbent won with a lower percentage of the vote than the original election. To account for the penalty for having held the White House for a long time, I make use of the log of the time the incumbent party has controlled the presidency.ⁱⁱⁱ

In the interest of humility and transparency, this forecast model was off by quite a bit in 2020. Donald Trump was forecast to be the victor by a comfortable margin. The actual result was a comfortable victory for Joe Biden. There are several potential explanations for this. The unprecedented nature of the pandemic may have heightened anxiety about the overall state of the economy. Even with the modest pessimism about the economy in 2020, the pandemic may have given many people pause about voting to return Trump to the White House.

Similarly, the protests following the death of George Floyd and the rise of the Black Lives Matter movement might have made people more uneasy about the future. The non-economic anxiety might have also made people less inclined to give Trump another four years. The 2020 election underscored the limitations of these models in the face of unprecedented national and international events. I still have confidence the prospective model will perform well.

Consequently, I do not think there needs to be a fundamental change in the model. Even with the error of 2020, the model performs reasonably well over time. Nonetheless, forecasters and those who use forecasts should be aware of the role of events outside the model in influencing the accuracy of the forecast. Similarly, we ought not to be too quick to jump to current events to revise our models or explain mistaken forecasts. If we do so, we run the risk of engaging in ad hoc speculation that cannot be tested.

Presidential Election Forecast

Table 1 shows the results from the equations forecasting elections. The results of this effort are similar to those of earlier years. The more pessimistic people are, the more likely the incumbent party is to lose. As before, the longer a party has controlled the White House, the lower its share of the vote. The forecast for 2024 is that the incumbent party will receive 49.09% of the two-party vote. This and the popular press discussions of the election suggest a very close election.

Table 1: Forecasting Equations 1954-2024

	Presidential Vote	House Seat Change
Next Year Worse	-.49(.001)	-.78(.07)
Log of time in White House	-6.57(.01)	
Open Seat Interaction		.41(.001)
Constant	68.90	5.36
R-squared	.59	.42
Adjusted R-squared	.54	.38
N	17	35
2024 forecast	49.09	-12

Significance levels in the parentheses

We can look at the out-of-sample equations to assess the utility of this model. To assess the model's performance, we take one case out of the data set, re-estimate the equation, and use the results to forecast the excluded election. We then repeat this process for each case. The results are shown in Table 2. I have put the election years forecast correctly in bold. The average absolute error is 3.3 percentage points. Even with all the vagaries of presidential elections, the model does an excellent job of forecasting presidential elections.

Table 2: Out-of-Sample Presidential Forecasts and Errors

Year	Presidential Forecast	Actual Vote	Absolute Error
1956	56.7	57.8	1.1
1960	53.4	49.9	3.5
1964	56.6	61.3	4.7
1968	51.0	49.6	1.4
1972	56.0	61.8	5.8
1976	49.5	48.9	0.4
1980	50.2	44.7	5.5
1984	53.9	59.2	5.3
1988	50.0	53.9	3.9
1992	47.8	46.5	1.3
1996	55.5	54.7	0.8
2000	52.7	50.2	2.5
2004	54.8	51.2	3.6
2008	40.3	46.5	6.2
2012	52.6	51.8	0.8
2016	50.8	51.1	0.3
2020	56.9	48.8	8.1

Influences on House Election Outcomes

House elections are a bit different from presidential elections. The House elections are more likely to be influenced by the incumbency. We know that if an incumbent seeks reelection, that incumbent is likely to be successful. We are confident in predicting the overwhelming majority of House incumbents who seek reelection will win reelection (Alford and Hibbing 1981; Collie 1981; Ferejohn 1977). Open seats present the best opportunity for a party to pick off seats from the other party. To account for this, I include an interaction term between the number of open seats and whether it will be a good or bad year for the incumbent party. Midterms are, by definition, a bad year for the president's party. On-year elections are a little more complicated. If the vast majority of the electorate believes one party is likely to be victorious, we should expect it to pick up more seats, if there are a large number of open seats. The number of open seats is multiplied by -1 if it looks like a bad year for the incumbent president's party, by +1 if it looks like a good year for the incumbent president's party, and by 0 if it is neither a good or bad year for the incumbent president's party.^{iv}

Looking at Table 1, we can see that this equation does a reasonably good job of forecasting House elections. The more pessimistic people are, the more likely the incumbent party loses seats. The more open seats in a good (bad) year here are, the more seats the incumbent party is likely to gain (lose). The forecast for 2024 is that the incumbent party will lose 12 seats.

Table 3: Out-of-Sample House Forecasts and Errors

Year	Forecast House Seat Change	Actual Seat Change	Absolute Error
1954	-14	-19	5
1956	12	-2	14
1958	-17	-49	32
1960	2	22	20
1962	-14	-1	13
1964	18	37	19
1966	-16	-47	31
1968	-13	-5	8
1970	-20	-12	8
1972	22	12	10
1974	-33	-49	16
1976	-4	-1	3
1978	-35	-15	20
1980	-14	-34	20
1982	-29	-26	3
1984	7	14	7
1986	-21	-5	16
1988	-2	-2	0
1990	-15	-9	6
1992	-4	10	14
1994	-23	-52	29
1996	19	3	16
1998	-13	4	17
2000	1	1	0
2002	-17	8	25
2004	-3	3	6
2006	-17	-31	14
2008	-14	-21	7
2010	-13	-64	51
2012	-6	8	14
2014	-25	-13	12
2016	-2	-6	4
2018	-26	-40	14
2020	-13	12	25
2022	-40	-10	30

We can, as before, look at the out-of-sample equations to assess the utility of this model. The results are shown in Table 3. The average absolute error is 16.8 seats.

Conclusion

When we look at the forecast for the 2024 election, it is essentially a jump ball. The Democratic party is likely to lose the presidency, and the House is likely to remain in the hands of the Republican party. If the forecasts of a Democrat losing the White House and not regaining control of the House of Representatives are correct, it will mean a return to unified government, at least as it regards the presidency and the House of Representatives.^v

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Data Availability Statement

Research documentation and data that support the findings of this study have not yet been verified by PS's replication team. Data will be openly available at the Harvard Dataverse upon publication of the final article.

Conflicts of Interest

The author declares there are no ethical issues or conflicts of interest in this research.

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ⁱ Where there was not a survey from June, I make use of the survey after June that is closest to June, but not the month of the election. If the only one after June is in November, I use the one closest to June, but before. These data were made available by Z. Tuba Suzer-Gurtekin, at the Survey of Consumers, Institute for Social Research, University of Michigan.

ⁱⁱ There is some controversy as to whether economic models of overstate the role of the economy on elections. Wlezien, Franklin, and Twiggs (1997) and Enns, Kellstedt, and McAvoy (2012) argue that these items are, at least in part, partisan rationalizations. We should note Yagi and Oyvat (2020) argue this is more likely with sociotropic items than egocentric items. The item used here does not mention the party names. Moreover, Stiers, Dassonneville, and Lewis-Beck (2020) and Lockerbie (2008) show that, even with controls for partisanship, economic concerns are a consequential part of the explanation of elections. See Stegmaier, Lewis-Beck, and Brown (2021) for a discussion of the role of economic perceptions in elections.

ⁱⁱⁱ See Mueller (1973) for a discussion of the "coalition of minorities" argument.

^{iv} Earlier versions of this model included the time in the White House variable for the House equations. After reviewing the analysis for the earlier years which showed it as wildly insignificant, I opted, in the interest of parsimony, to drop it from the model.

^v This, of course, leaves out the Senate. I did run an equation for the Senate, but its explanatory power is abysmal. I would suggest that the staggered nature of Senate elections contributes to this poor showing. Nonetheless, it does forecast a 4 seat loss for the Democrats. If this comes to pass, we will have unified government across the executive and legislative branches of government.