Table 1

Incumbency-Based Forecasting Model for US Presidential Elections

	1952–2008		1952–2012	
	b	t	b	t
National Conditions	0.42	6.63	.39	6.29
Open Seat	17.49	2.47	14.88	2.10
National Conditions* Open Seat	−0.27	−2.92	−.24	−2.58
Constant	21.20	4.22	23.80	4.92
N	15		16	
Adj. R^2	0.81		.78	
R.M.S.E. (sample)	2.54		2.60	
R.M.S.E. (out-of-sample)	3.29		3.66	
Mean Absolute Out-of-Sample Error	**2.39**		**2.49**	

Note: The dependent variable is the percent of the two-party vote won by the incumbent presidential party.

points) is somewhat higher than the average out-of-sample error from 1952 to 2008 (2.4 points). Although the forecast was off the mark, the addition of the 2012 result to the data set does little to change the slope estimates, and the overall fit of the model is only slightly worse (table 1).

The updated model still points to the importance of incumbency as a conditioning variable: incumbents are given more blame or credit for existing national conditions. In 2012, President Obama did not bear the full brunt of tepid approval ratings and generally negative evaluations of personal finances. There are a number of plausible explanations for this—including differences in campaign strategies—and they all may have played some role. From the perspective of a forecasting model, however, the 2012 election represents another useful data point to add to the pool of experiences from which we can generate future predictions.

ECONOMIC EXPECTATIONS AND ELECTION OUTCOMES

Brad Lockerbie, *East Carolina University*

At its most basic level, this forecast of the 2012 presidential election performed successfully. The model forecasted the reelection of President Obama. With 53.8% of the two-party vote; he ended up with 51.8% (as of November 28, 2012), yielding an error of 2.0 percentage points. Prior to 2012 the average out-of-sample forecasting error was 3.34 points. Here, the model does better than the average of the previous years by almost a point. Running the model with the added data point does not change matters appreciably. The economic item increases slightly and the logged time in the White House item weakens slightly. The overall fit of the model is just a bit lower.

The results of the House of Representatives model were not quite as accurate. The model forecast that the Republicans would pick up 10 seats. Instead, they lost nine seats (as of November 13, 2012). The model was off by 19 seats and the average out-of-sample error prior to 2012 was 15 seats. One possibility for this result is that the larger than average error might be the result of the first election after redistricting. An examination of the out-of-sample forecasts does not support that conjecture.

Looking forward to 2016, the incumbent party will be at a disadvantage. Given that the Democrats will be seeking a third term, the nation will have to be less pessimistic than is typical for the incumbent party to emerge victorious. If the electorate is as pessimistic in 2016 as they were this election season, the Democrats will lose handily.

FISCAL MODEL FAILURE: A MEASUREMENT PROBLEM? A PRELIMINARY ASSESSMENT

Alfred G. Cuzán, *University of West Florida*

The Fiscal Model of presidential elections not only failed to predict that President Obama would win reelection handily, but the error incurred in the forecast of the incumbent share of the two-party vote was such (46.9% *vs.* 51.8% or more) as to warrant a rating of "inaccurate" or "quite inaccurate" in Campbell's table of benchmarks for evaluating forecasts (Campbell 2012, 611). This recap is a preliminary assessment of what went wrong.

Five predictors make up the Fiscal Model. Two measures of the economy, a weighted index of length of party reign and the party of the incumbents are borrowed or adapted from Fair (2012). Finally comes fiscal policy, the variable after which the model is named, categorized as expansionary or contractionary on the basis of quadrennial changes in F, the share of gross domestic product taken up by federal outlays, from one presidential election year to the next (Cuzán 2012).

Fiscal policy is a potent predictor of incumbent victory or defeat in presidential elections. Normally, incumbents under whose administration federal spending relative to GDP falls or decelerates are reelected, while those who pursue an expansionary fiscal policy are not. It is this relationship that prompted me to ask as early as the spring of 2009 whether Barack Obama would turn out to be a one-term president. As I wrote at the time, "The most recent estimate for 2012 is that federal outlays will take up 24.3% of GDP, up 3.5% points since 2008. This is the second-largest peacetime increase from one election year to the next since 1880, edged out only by Franklin D. Roosevelt's first-term surge of 3.6% points" (Cuzán 2009).

The Roosevelt parallel was not lost on President Obama. In his acceptance speech at the Democratic National Convention he invoked FDR's name. Elsewhere he has done so indirectly, by claiming to have "inherited the worst economy since the Great Depression." The electorate appears to agree with this claim: exit polls on Election Day show that a majority blames George W. Bush for the poor economy. If that is the case, there can be little doubt that in 1936, too, most voters held Hoover responsible for the economic problems with which FDR was wrestling.

But if the electorate rationally parcels out blame for a depressed or recessionary economy between a Democratic

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