two-party vote that the model underperformed. The point estimate was off by just under five percentage points. While not terrible, the model did not perform as well as it did in earlier years.

The results from previous years show no readily discernable pattern to the model's mis-estimates. There are some comparatively large misses in recent years, but there are some similarly sized misses in the early years. Looking at whether the incumbent is running for reelection does not seem to help in explaining the errors in the model.

The forecast for the House elections lends additional support for the model. The equation forecast a 25-seat loss for the Republican Party. As of this writing, the Republicans have lost 21 seats. Moreover, the Democratic candidates are ahead in a few of the remaining uncalled races. If their leads hold, then the Republican Party's losses will track even closer to the forecast. Here, both the economy and the number of open seats appear to be of great consequence.

The presidential and House forecasts show that a relatively simple model estimated more than four months before the election (before either of the conventions and before the financial panic) does a reasonable job of forecasting the election outcomes. We should note that including the outcomes for 2008 does not alter the coefficients in a substantively important manner. Elections are comprehensible and predictable.

FORECASTING THE 2008 PRESIDENTIAL ELECTION WITH THE FISCAL MODEL: THE CHALLENGE MET

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The presidential election forecast made with the Fiscal Model three months before Election Day put the incumbents' share of the two-party vote (VOTE2) at 48% (Cuzán and Bundrick 2008). As of the time of this writing, it appears the incumbent-party ticket of John McCain and Sarah Palin took a little less than that (around 46.5%). At 1.5%, the error is less than 2.3%, which is Campbell's (2008, 680) "benchmark" for a "quite accurate" forecast. This is the second time in a row that the Fiscal Model ranks among the best performers (Campbell 2005, 23).

Five predictors of VOTE2 make up the Fiscal Model: the PARTY of the incumbents (Republicans do better than Democrats); DURATION, an index of their time in the White House (borrowed from Fair 2006), which reduces VOTE2 with every additional term beyond the first; GROWTH in *per capita* gross domestic product in the third quarter of the election year and ALLNEWS, the number of quarters during which GROWTH exceeds 3.2%, both variables (also borrowed from Fair 2006) enhancing the in-party's prospects at the polls; and changes in the ratio of federal outlays to GDP, measured by a binary variable, FISCAL or FPRIME. Generally, incumbents that restrain budget expansion retain control of the White House and those who do not are defeated in their bid for reelection. Almost always, FISCAL and FPRIME agree in their rating of fiscal policy and hence in their forecasts. As explained in the October issue (Cuzán and Bundrick 2008), on account of the unprecedented fiscal policy of George W. Bush's presidency, this year these variables did not agree: FISCAL forecast incumbent party reelection and FPRIME forecast defeat. We had to decide which one better fit the case. For the reasons we gave in the October issue, we concluded that FPRIME did. The election outcome suggests that our choice of spending measure was correct. The challenge to the Fiscal Model posed by the 2008 election was met.

Incidentally, the original forecast relied on Ray Fair's July 31 projections of GROWTH and ALLNEWS. On October 31, Fair updated both variables with the latest BEA data. ALLNEWS did not change but GROWTH dropped from 1% to 0.22%. Entering the revised value into the Fiscal Model with FPRIME brings the forecast even closer to the actual result, at 47.6% for the incumbents, only 1.1% off.

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ASSESSING THE ACCURACY OF THE 2008 STATE AND DISTRICT FORECAST MODELS

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Ninety-nine days before the elections I utilized national- and district- or state-level information to forecast the 2008 U.S. presidential, House, and Senate elections (Klarner 2008). Overall, the presidential model performed very well, while the House and Senate models understated the extent of the Democratic wave.

The presidential forecasts were extremely accurate. The model predicted that Barack Obama would attain 53.0% of the two-party popular vote, and, as of November 11, 2008, he had received 53.5% (see Table 1), although the vote tallies are as of this writing still being updated hourly. The model also predicted that he would obtain 346 electoral votes, while in reality he obtained 365. The state and district forecasts of the three models were not published in *PS* (Klarner 2008) due to space constraints, but were posted on the Pollyvote Web site well before the election.[1] The presidential model also did well at calling individual states, forecasting 48 out of 51 correctly, missing only Arkansas, Indiana, and West Virginia. On average, the state-level forecasts were 0.05% off, indicating a lack of bias in the model. The median absolute value of the state-forecast error was 3.3%, indicating that half of the time the state forecast was within 3.3% of the actual vote (the mean error was 4.2%). More importantly, states that were won by 5% of the vote or less saw only an average error of 1.02%

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