American Government and Politics

The Impact of Job Growth and Inflation on Presidential Elections

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The Impact of Job Growth and Inflation on Presidential Elections

Abstract

This study seeks to identify the economic forces and structural variables that influence the share of the popular vote received by incumbent political parties for the 17 elections over the 1956-2020 period. The regression findings show that percentage changes over differing time periods prior to the election in employment and the CPI are highly significant in explaining the share of the popular vote received by presidential candidates. The share of the popular vote received by third parties did not significantly affect the outcome of any of the presidential elections in our sample. The optimal look-back period was explored to measure the cumulative impact of the percentage change on employment and the CPI. The findings suggest that voters have a longer recall for job versus price changes. Finally, simulations are presented to forecast the share of the popular vote for the presidential candidate of the incumbent party in the 2024 election.

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1 Introduction

This study will focus on identifying the economic factors that explain the popular vote for US Presidents 1956 – 2020 so as to make a prediction for the election of 2024.   In particular, we are interested in exploring the salience of those economic variables over which a President has at least some influence. To attempt an answer, we need to create a forecasting model that makes use of data available at the time the President decides to implement any such strategy.

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6. Conclusion

Using cumulative employment and price data for months before a Presidential election and allowing the period of look-back to be different for these two economic measures, we developed a model that takes into account the possibility of voters having differing memories going into an election. These economic variables, with only one structural variable (whether the incumbent party's candidate was running for a third or fourth term), were able to explain 15 of the last 17 Presidential popular vote margins with a tight-fitting equation. Using the A. Gary Anderson