

forecasting characteristics contrast starkly to those of certain state-level, sharply poll-driven models much in vogue.

Forecasting the Electoral College Vote

What finally matters is the Electoral College vote. We have used popular vote share to predict electoral vote share (Lewis-Beck and Tien 2012b):

$$\begin{aligned}\text{Electoral Vote} &= -200.15 + 4.91 * \text{Popular Vote} & (5) \\ & \quad (-11.88) \quad (15.27) \\ R\text{-sq.} &= .94, \text{Adj. } R\text{-sq.} = .94, \text{SEE} = 6.96, \\ D\text{-W} &= 1.44, N = 16 \text{ (1948–2008)},\end{aligned}$$

* = statistical significant at .05, two tails, figures in parentheses are t-ratios.

Using this regression equation, the Proxy Model forecast of 52.7 predicts an electoral vote share of 58.61% or 315 Electoral College votes, which misses the 2012 Electoral College Obama vote of 332 by only 17 votes.

Conclusions

The proxy approach to US presidential election forecasting offers something new. Our Proxy Model appears to work well. Moreover, it has the favorable traits of a good forecasting instrument (accuracy, lead, parsimony, replication). Viewed substantively, it suggests the importance of economic voting in the Obama victory. Moreover, the fact that the model errors in the positive direction (that is, it is 0.9 points too high), also comports with our argument that Obama could expect to pay a “racial cost” from his expected vote total (Tien, Nadeau, and Lewis-Beck 2012). The Proxy Model also has familiarity value, following the tradition of national-level forecasting models. Further, it has ready transparency. The proxy approach may pose a path through the forecasting thicket.

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CLOSENESS COUNTS IN HORSE SHOES, DANCING, AND FORECASTING

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On September 10, 2012, immediately following the close of the Democratic Party’s national nominating convention and 57 days before Election Day on November 6, my Convention Bump and Economy Model predicted that Barack Obama was likely to receive 51.3% of the national two-party popular vote.

The Convention Bump and Economy Model consists of Gallup’s preconvention preference poll, the net convention bump in the polls, and an adjusted second quarter GDP growth rate. The forecast pegged the certainty of an Obama plurality at 67%. No sure thing, but more likely than not. The traditional Trial-Heat and Economy Model predicted Obama’s vote at 52.0%. The Convention Bump and Economy Model’s prediction was the preferred forecast in 2012 because of the lateness of the parties’ nominating conventions. Democrats did not even begin their convention until after Labor Day.

President Obama’s actual share of the two-party vote was 51.8 percentage points. The Convention Bump and Economy Model’s forecast error was a mere half of a percentage point. This is about as accurate as it gets. Of course, some portion of the forecast’s accuracy is the result of an omitted variable: luck. No mix of the fundamentals can be reasonably expected to produce a forecast with anything approaching this accuracy, and there were at least the normal number of unanticipated twists and turns in this campaign that could not possibly have been predicted. Among these were the release of the “47 percent” video of Romney that offended some voters, President Obama’s poor performance in the first debate, the odd handling by all involved (including the third debate’s moderator) of the issue regarding the administration’s response to the terrorist attack in Libya and, perhaps most notably, President Obama’s response to Hurricane Sandy about a week before the election accompanied by New Jersey’s Republican governor Chris Christie’s effusive praise for the president. There were certainly many other events as well. Beyond the public arena, the forecast also would not take into account in any way the superior “get out the vote” efforts of the Obama campaign.

Although many important events and developments took place during this campaign that the forecast could not have anticipated, many of these offset one another. The “47 percent video” and hurricane events helped President Obama, but the first debate helped Governor Romney. But beyond the simple cancelling effects of campaign events, this campaign sheds some light on the interesting interactions of the fundamentals and unanticipated campaign events. The pro-Romney effect of the first debate was a mix of the contrast between Romney’s masterful and Obama’s sleepwalking performance, but also President Obama’s weak economic record—a fundamental context of the election. Obama’s weak economic record was the ammunition for Romney’s strong debate showing and would not have been possible without it. The pro-Obama effect of Hurricane Sandy could not have been anticipated because the hurricane itself could not have been anticipated, but when it happened it reflected the impact of presidential incumbency, another fundamental context undergirding the election forecast.

In reviewing the Convention Bump and Economy forecast of the 2012 election, the forecast model appears to have captured successfully the precampaign fundamentals that largely shape presidential elections. The 2012 experience is only one election, but it should reinforce confidence in the model.

One final note: Democratic Party seat gains in the House of seven or eight seats were almost perfectly predicted between

the Seats-in-Trouble Model's forecasts for Democrats to pick up between three and 14 seats.

THE BREAD AND PEACE MODEL: 2012 PRESIDENTIAL ELECTION POSTMORTEM

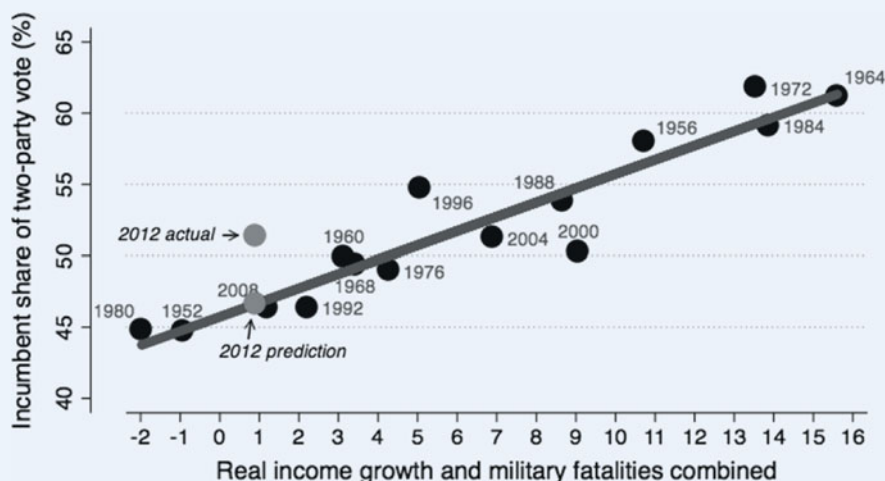
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President Obama received approximately 51.5% of the two-party vote in the 2012 election. The last Bread and Peace Model forecast of Obama's vote share, based on advance estimates of 2012:quarter 3 personal income posted on October 26, 2012, by the Bureau of Economic Analysis (BEA), was 46.6%—lower than the 47.5% forecast appearing in the October issue of *PS*, which was based on July 27, 2012, BEA data. The Bread and Peace Model therefore underpredicted Obama's vote by 4 to 5 percentage points, equivalent to around 2 model standard errors. The president's vote therefore benefited from a +2-sigma composite shock to Bread and Peace Model fundamentals. Figure 1 shows actual and predicted values for 2012 in perspective of incumbent vote shares at all presidential elections 1952–2012.

My *PS* article in October emphasized that the Bread and Peace Model aims to pin down quantitatively the persistent influence of objectively measured political-economic fundamentals, rather than to predict vote shares optimally or to track them statistically after the fact. Consequently the model makes no use of time-coded variables or poll readings of presidential approval and vote intentions. It is not surprising that models incorporating the latter, along with generic poll data (especially those so skillfully aggregated by Nate Silver at 538) and betting price data (my personal prediction favorite), delivered the most accurate 2012 forecasts at all sensible preelection horizons. However, forecasts based on polls or betting prices yield no insight about causal forces driving political valuation and electoral choice—which are what the Bread and Peace Model is designed to identify. Models including both fundamental variables (almost always measures of economic performance) and poll readings of presidential approval rates or vote intentions supply some information about underlying causal forces, but I am unable to determine how much because poll variables clearly are endogenous. We learn nothing about the causes of electoral outcomes from correlations between aggregated poll data on preelection candidate sentiments and Election Day outcomes.

Demographic analyses of poll data suggest that partisan cleavage over immigration reform and reproductive rights were the main idiosyncratic issues behind President Obama over-

Figure 1
Bread and Peace Voting in 2012—Actual and Predicted Values in Postwar Perspective



Combination of real growth and fatalities weights each variable by its estimated coefficient. Estimated effects of fatalities on vote shares: -0.7% in 2008 (Iraq), -7.4% in 1968 (Vietnam), -9.7% in 1952 (Korea); negligible in 1964, 1976, 2004, 2012, and null in other years. Source: www.douglas-hibbs.com, November 11, 2012

coming the poor reelection prospects implied by weak economic performance. If those issues turn out to be enduring, I would be delighted to enhance the Bread and Peace Model with a composite “social” variable measuring their net, concrete effects on the electorate’s aggregate wellbeing. But I do not know how to calibrate those net concrete effects objectively and ex-ante. Yet I believe immigration will prove to be transitory because in the wake of 2012 a widely accepted resolution of the issue will attract enough Republican support to pass comfortably on a bipartisan basis in the next Congress, and that will remove immigration tensions from the national political arena. I am more uncertain about reproductive rights. A decisive affirmation of *Roe v. Wade* by the Supreme Court (perhaps after a new appointment or two during Obama’s second term) would put that issue to rest nationally as well, but I don’t have much confidence in this conjecture.

Of course if every election were dominated by transitory, idiosyncratic issues—and there is no reason, in principle, why not—one would not observe the strong relationship of incumbent vote shares to Bread and Peace fundamentals graphed in the figure, notwithstanding the model’s 2-sigma error in 2012.

POSTMORTEM: INCUMBENCY, NATIONAL CONDITIONS, AND US PRESIDENTIAL ELECTIONS

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The Incumbency and National Conditions (presidential approval and aggregated personal finances) Model predicted President Obama would garner 47.9% of the two-party vote, whereas he ended up with 51.8% (based on available information on December 3, 2012). The error in this forecast (3.9