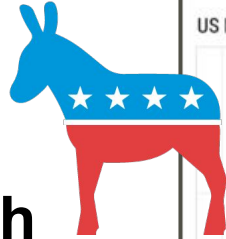


"Calculating Change: The Misery Index's Influence on Presidential Election Outcomes"



Which
Political Party
Will Win the
2024 Election?





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Stavros Center**



Brittany Krieg

c

Links to Lesson Resources

- **Economic Misery and Presidential Elections**
- **Misery Index: Definition, Components, History, and Limitations**
- **538 — Election Polls, Politics, and Analysis**
- **U.S. Bureau of Labor Statistics : U.S. Bureau of Labor Statistics (bls.gov)**
- **U.S. Department of Commerce**
- **Federal Reserve Economic Data | FRED | St. Louis Fed (stlouisfed.org)**

Standards:

National Standards in Economics

Standard: 15 - Economic Growth -Students will understand that: Investment in factories, machinery, new technology, and in the health, education, and training of people stimulates economic growth and can raise future standards of living.

Standard: 19 - Unemployment and Inflation - Students will be able to use this knowledge to: Make informed decisions by anticipating the consequences of inflation and unemployment.

State Standards in Economics

SS.912.E.1.12 Examine the four phases of the business cycle (peak, contraction - unemployment, trough, expansion - inflation)

SS.912.E.2.1 Identify and explain broad economic goals.

SS.912.E.2.7 Identify the impact of inflation on society.

SS.912.E.3.1 Demonstrate the impact of inflation on world economies.

SS.912.E.3.5 Compare the current United States economy with other developed and developing nations.





Agenda

- I. Introduce Unemployment vs Inflation(Different types)
- II. **GDP vs Real GDP-----60 min**
- III. Rules for Misery Indexes (10) History of Misery Index
- IV. **Activity - determine rules and incumbent party win/loss?**
- V. **Walkthroughs of each election and determine if it fit the pattern (60)**
- VI. Why did some years not work? (10)
- VII. **Final q3 predictions on current election?- EXCEL chart <current> (10)**



Unemployment & Inflation

Some Key economic Indicators



Unemployment Rate

[ən-ɪm-ˈplɔɪ-mənt ˈrāʊt]

The proportion of the labor force that is not currently employed.

Investopedia

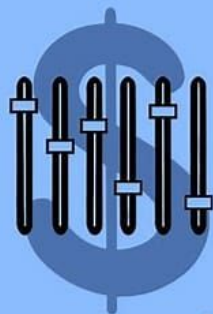


Inflation

[ɪn-ˈflā-shən]

A rise in prices, which can be translated as the decline of purchasing power over time.

Investopedia



Real Gross Domestic Product (Real GDP)

[ˈrɛ(-ə)l ˈɡrɒs dɑ-ˈme-stɪk ˈprɑ-(-)dʌkt]

An inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

Investopedia



Two Statistics based on these indicators


$$\text{Real GDP Per Capita} = \frac{\text{Real GDP}}{\text{Population}}$$


$$\text{Misery Index} = \text{Seasonally Adjusted Rate of Unemployment} + \text{Annual Inflation Rate}$$



Unemployment



Unemployment Rate

[ən-ɪm-'plɔɪ-mənt 'rāʊt]

The proportion of the labor force that is not currently employed.

Civilian Labor Force

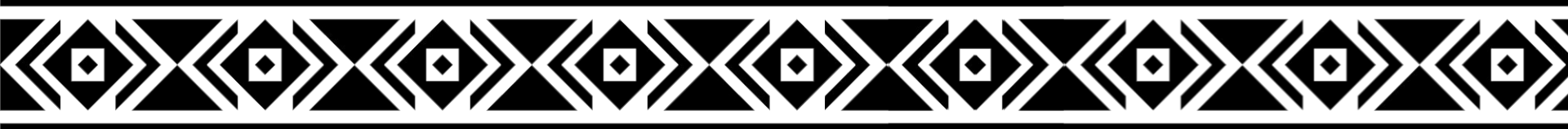
- Total of employed and unemployed people
- Above 16 years old
- Able & willing to work
- Not institutionalized (jail, hospitals)
- Not in military, school full time, or retired



Unemployment Rate

- **Percent of people in labor force who actively want a job but are not employed**

$$\text{Unemployment rate} = \frac{\text{unemployed}}{\text{labor force}} \times 100$$





Types of Unemployment

- **Frictional**
 - **Seasonal**
- **Structural**
 - **Technological**
- **Cyclical**

Frictional Unemployment

- **Qualified workers with transferable skills that are between jobs or temporarily unemployed**



This college grad is looking for his first job.



Seasonal Unemployment



- Type of frictional unemployment
- Jobs appear seasonally and come back each year

Santa will be unemployed by December 26.

Structural Unemployment

- Due to changes in technology or the labor force
- Workers no longer have transferable skills
- Jobs won't return



The competition for a job is fierce.



Cyclical Unemployment

- Due to economic downturns, like recessions and depressions



There was high unemployment during the Great Depression.





Quick Unemployment Lesson!

Have students create an “unemployment” playlist

I have students learn the definition of the different types of unemployment through the comparison of the different types of breakups that relationships go through:



Breakups and Unemployment

The Good/Frictional: “It’s not you, it’s me”

- Person still has skills, but has decided to seek something better

The Bad/Cyclical: “It’s not you...or me. It’s just bad timing”

- Person has skills but entered industry at the wrong time.

The Ugly/Structural: “It’s definitely you.”

- Person needs to learn new skills to find another job.



Assignment

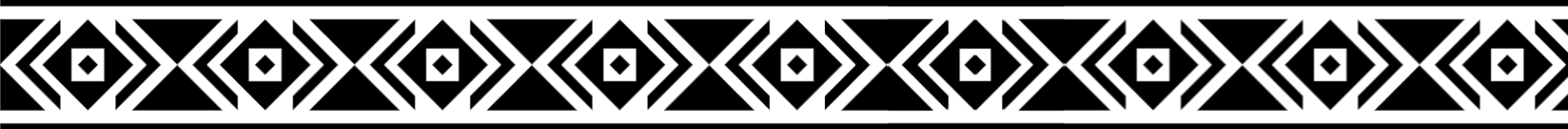
Have students use the definitions of unemployment to find songs that match each type of major unemployment.

- Song Title
 - “Movin Out” (Anthony’s Song)
- Artist
 - Billy Joel
- Lyrics that fit the type of unemployment

“You can pay Uncle Sam with the overtime
Is that all you get for your money?
And if that's what you have in mind
Yeah, if that's what you're all about
Good luck movin' up, 'cause I'm moving out.”

Natural Rate of Unemployment

- Frictional unemployment & structural unemployment are unavoidable
- Together, they make up natural rate of unemployment



Full Employment

- No cyclical unemployment
- Same as Natural Rate of Unemployment

=



4-6%
unemployment
is “full
employment”

Inflation



Inflation

[in-'flā-shən]

A rise in prices, which can be translated as the decline of purchasing power over time.

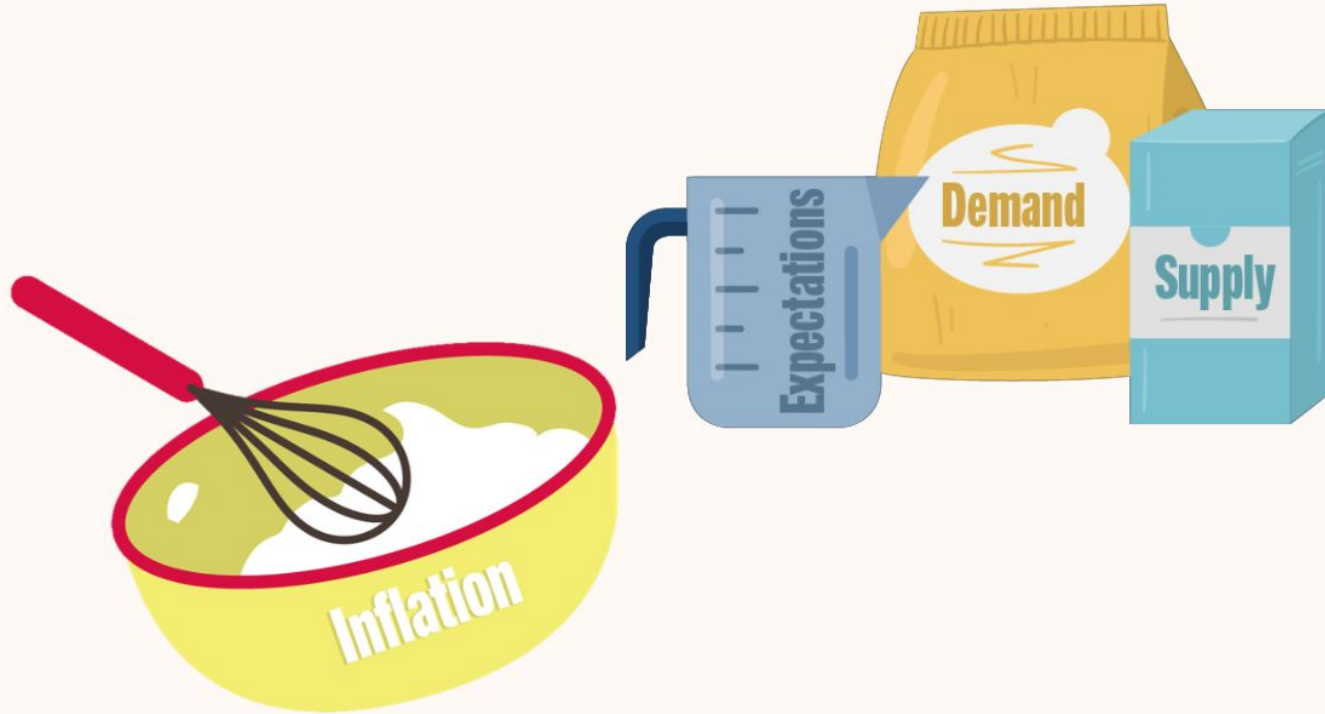


How is Inflation measured?

The government tracks the prices of the same goods and services each year.

- This “**market basket**” is made up of about 300 commonly purchased goods
- **The Inflation Rate**-% change in prices in 1 year
- They also compare changes in prices to a given base year (usually 1982-1984)
- Prices of subsequent years are then expressed as a percentage of the base year
- **Examples:**
 - 2005 inflation rate was 3.4%
 - U.S. prices have increase 98.3% since 1982 (base year).
 - The inflation rate in Bolivia in 1985 was 50,000%
 - This is called **Hyperinflation**
 - A \$25 meal today would cost \$12,525 a year later

What causes inflation?



How Does Inflation Work?

Inflation represents the rate at which the cost of goods and services increase over a period of time.

Demand-Pull



When demand for goods/service exceeds production capacity.

Cost-Push



When production costs increase prices.

Built-In



When prices rise, wages rise too, in order to maintain living costs.

Inflation is a sustained increase in the overall level of prices.

Disinflation is a slowing of the inflation rate.

Deflation is a sustained fall in the overall level of prices.

**Inflation is a change in
the overall level of prices.**



**Inflation is not a change
in a specific price.**





Historical Price Comparison Poster Project

Choose Items:

- Have students or groups choose 5-10 common goods (e.g., a gallon of milk, a loaf of bread, the cost of a movie ticket, etc.).

Research Prices:

- Students will research the historical prices of these goods from at least 4 different time periods (e.g., 1960s, 1980s, 2000s, and today).

Visual Representation:

- Students create a poster that visually shows the change in prices over time, using graphs, timelines, or images.

Presentation:

- Each group presents their poster and discusses which items were most affected by inflation, how wages and cost of living may have adjusted, and how this affects families and the economy.



“Inflation Chronicles” Story Writing

Set the Stage:

- Begin by teaching students about hyperinflation through examples (e.g., Weimar Germany, Zimbabwe). Explain how money loses its value and prices rise dramatically.

Writing Challenge:

- Have students write a short story set in a world where hyperinflation is happening. Encourage them to include how characters struggle with rising prices, how businesses and consumers adjust, and the effects on society. They can add imaginative elements (like bartering, alternative currencies, etc.).

Sharing:

- Students can read their stories aloud or post them around the room. This can lead to a discussion on how societies cope with extreme inflation and what preventative measures can be taken.



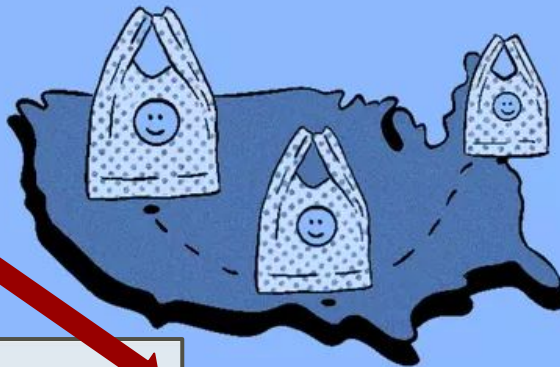
GDP & RGDP

FRED®



ECONOMIC DATA | ST. LOUIS FED

[Federal Reserve Economic Data | FRED](#)



GDP

[ˈjē ˈdē ˈpē]

The total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

Investopedia

Nominal GDP = C + I + G + (X-M)

Where:

C = Consumer Spending

I = Business Investment

G = Government Spending

X-M = Total net exports



What is included in GDP?

- **Total** (all production added up)
- **Dollar value** (GDP is calculated in dollars, not items)
- **Final goods and services**
 - (final goods are bought by a consumer, not intermediate products used to make other goods)
- **Goods and Services produced in that YEAR only**
 - (not second hand goods, or items counted when they are purchased... they are counted in GDP when they are PRODUCED)
- In the given **Nation**

2024

Units:
Billions of Dollars,
Seasonally Adjusted Annual Rate

Frequency:
Quarterly

1Y | 5Y | 10Y | Max

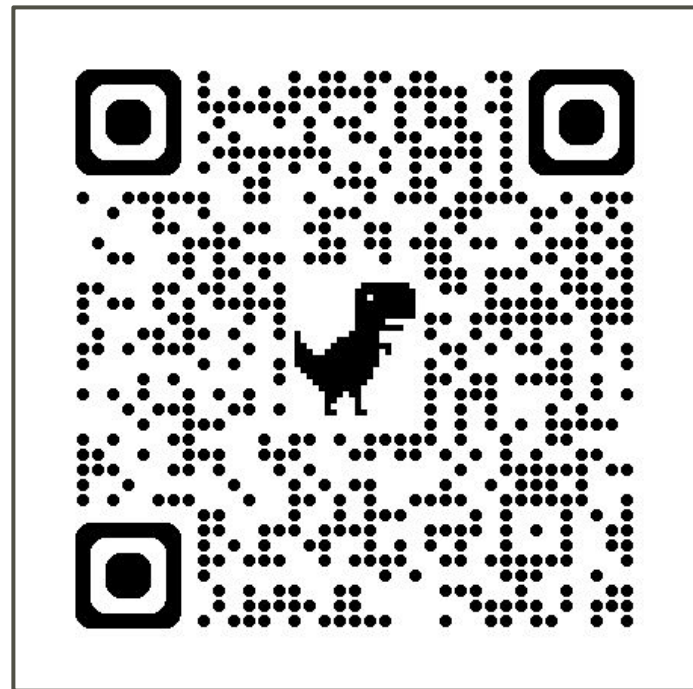
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to

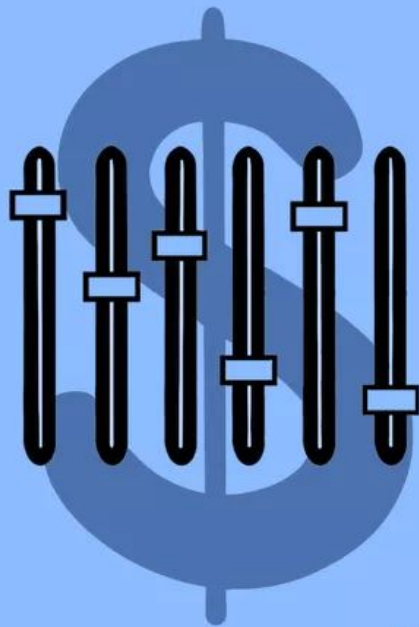
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Q2 2024: 28,652.337





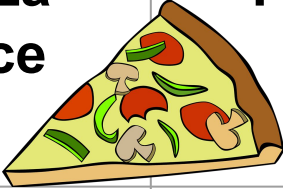
Take
the
inflation
out!!!



Real Gross Domestic Product (Real GDP)

[ˈrē(-ə)l ˈgrōs də-ˈme-stik ˈprä-(.)dækt]

An inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year.

Pizza Slice 	Price	Quantity	Total Production	Did we have inflation?
1950	\$0.15	100	\$15.00	 Consumer Price Index (CPI) [kan-'sü-mär 'prīs 'in-'deks] An index that measures the monthly change in prices paid by U.S. consumers. Investopedia
2024	\$2.29	100	\$229.00	

Let's say in

1950

Select initial year

then purchased the same item in

2024

Select final year

you bought something for

\$0.15

Enter a dollar amount here

Due to inflation, that same item would cost:

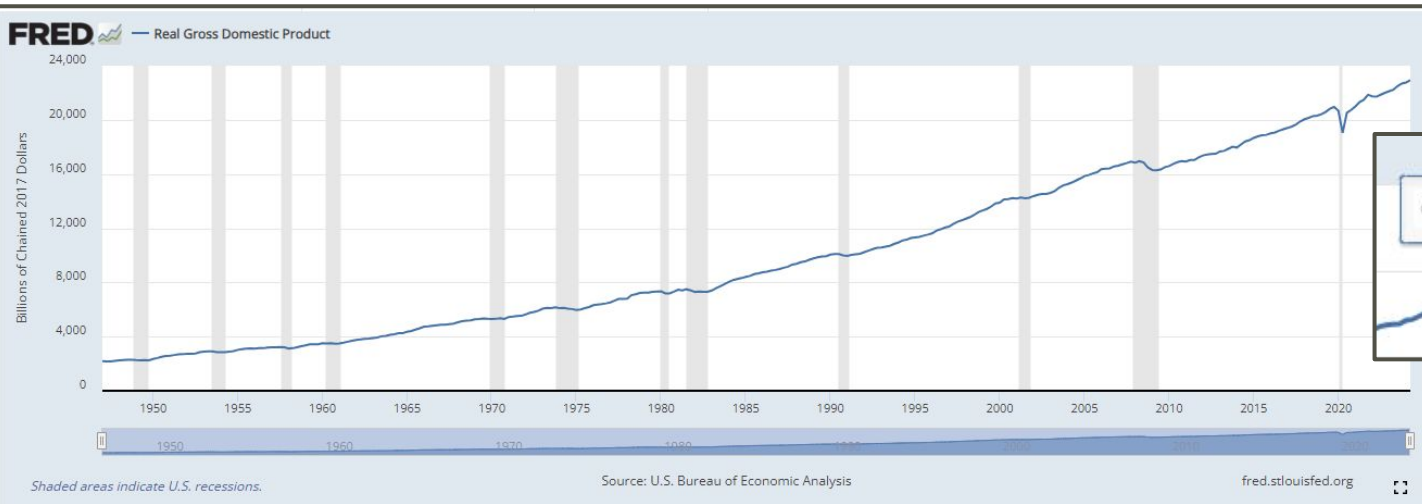
\$1.96



GDP

**28.6
Trillion**

Compare



RGDP

**22.9
Trillion**

Differences Between Real GDP and Nominal GDP

	Real GDP	Nominal GDP
Based On	Base year market prices	Current market prices
Adjusted for Inflation	Yes	No
Value (During Inflation)	Lower	Higher
How Accurate	More accurate	May overstate growth during times of inflation
Other Names	Constant dollar or inflation-adjusted GDP	Current dollar GDP





 Investopedia

Per Capita GDP

[(,)pər-'ka-pə-tə 'jē 'dē 'pē]

A financial metric that breaks down a country's economic output per person and is calculated by dividing the GDP of a nation by its population.

**What is an
even better
statistic for
comparison!?!?**



$$\text{GDP Per Capita Formula} = \frac{\text{Real GDP}}{\text{Population}}$$



337,005,000

**People in the
United States
as of August of 2024**

-US Census Bureau

GDP per Capita

is a measure of a country's economic output that accounts for its number of people

It divides the country's gross domestic product by its total population

$$\text{Per capita real GDP} = \frac{\text{Real GDP}}{\text{Population}}$$

 the balance



$\$22,924,000,000 / 337,005,000 =$

\$68,025.29 roughly....





Rules for Misery Indices (10)

History of the Misery Index

How it came to be developed...

The **Misery Index** was created by American economist **Arthur Okun** in the 1970s. Okun, who served as an advisor to President Lyndon B. Johnson, sought a straightforward way to reflect how economic conditions affected the average person.

Its' aim was to show the combined impact of two significant economic problems:

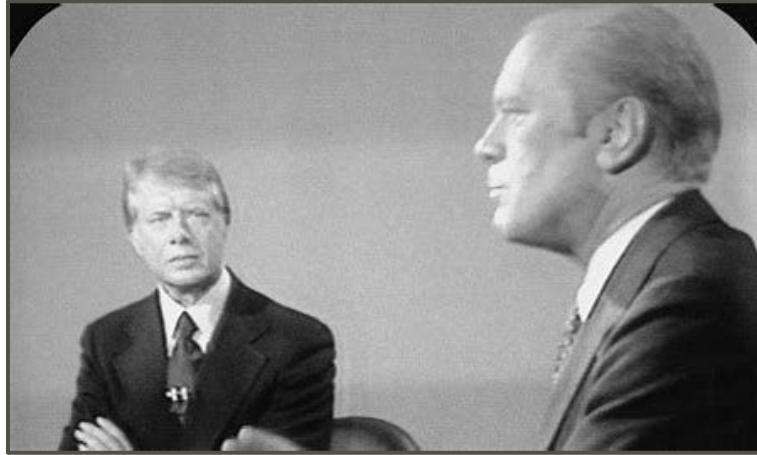
- **inflation** (which erodes purchasing power)
- **unemployment** (which indicates a lack of job opportunities).

Gained traction during the stagflation years of the 1970s.



Also famous for his “rule of thumb” Okun’s Law
1% increase in UE leads to -2% GDP growth

Use in Political Campaigns...



The Misery Index became popular as a political tool. In the 1976 U.S. presidential election, challenger **Jimmy Carter** famously used it to criticize incumbent President **Gerald Ford** for the poor state of the economy.



Similarly, **Ronald Reagan** used the Misery Index against President **Carter** in the 1980 election, noting how much it had risen during his term. Reagan's campaign slogan, "Are you better off than you were four years ago?" effectively highlighted the index.

Adjustments over time...

The original Misery Index was adopted and adapted by other countries. In some cases, other factors, such as interest rates or underemployment, were added to the calculation to more accurately reflect the specific conditions in different economies.

While the Misery Index is still cited today, it is often viewed as a simplified measure of economic health.

Many economists and policymakers now look at a broader range of indicators (such as the **Consumer Price Index (CPI)**, **GDP growth**, and **labor force participation**) to assess economic conditions more comprehensively.

It remains, however, a popular and easily understandable indicator, especially in public discourse and political commentary.



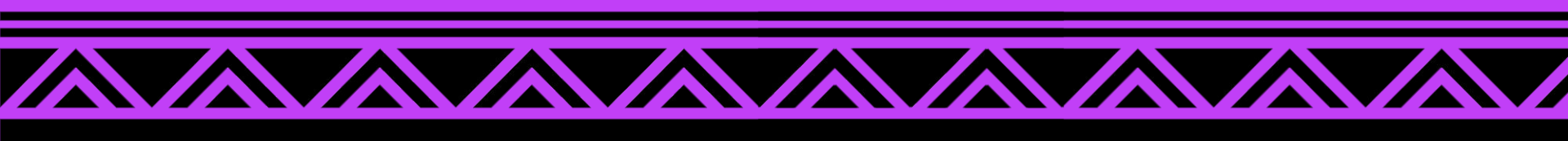
Hanke's Modified Misery Index:

- In more recent years, **Steve Hanke**, an economist from Johns Hopkins University, introduced a modified version of the Misery Index, adding **interest rates** to the equation, which is particularly relevant in economies where high borrowing costs also add to economic discomfort.
- Used for international comparisons



Activity

- 
1. **Circle the winner** of each presidential election.
 2. Under the column "Incumbent Party Wins or Loses?" write **"Win"** or **"W"** if the incumbent party won the election. Write **"Lose"** or **"L"** if the incumbent party lost the election.
 - a. In each set of listed candidates, the first candidate mentioned is the Democratic candidate and the second candidate is the Republican candidate.
 - b. In three contests, there was a third-party candidate who is listed as the last entry.
 - c. To get started, note that the president prior to the Kennedy/Nixon election was Eisenhower, who was a Republican.
 - d. Therefore, since Kennedy won the presidential election, your group should enter "Lose" in the appropriate spot in the last column of Table 2, since the incumbent party lost the election.



Walkthrough Historical Elections

Eisenhower (R)

Incumbent Party Wins or Loses?

1960

D
R

Kennedy/
Nixon

L

1964

D
R

Johnson/
Goldwater

W

1968

D
R

Humphrey/
Nixon/
Wallace

L

Incumbent Party Wins or Loses?

1972

D McGovern/
R Nixon

W

1976

D Carter/
R Ford

L

1980

D Mondale/
R Reagan

L

Incumbent Party Wins or Loses?

1988

D Dukakis/**R** Bush**W**

1992

D Clinton/**R** Bush/**I** Perot**L**

1996

D Clinton/**R** Dole**W**
_____

2000

D

Gore/

R

Bush

Incumbent Party Wins or Loses?

L

2004

D

Kerry/

R

Bush

W

2008

D

Obama/

R

McCain

L



Incumbent Party Wins or Loses?

2012

D

Obama/

R

Romney

W

2016

D

Clinton/

R

Trump

L

2020

D

Biden/Trump

R

L



Incumbent Party Wins or Loses?

*(First half of
2024 data)*

2024

D **R** ?
Harris/Trump _____

3. Create a **Real GDP per capita Growth Rule** based on the instructions your teacher gives you.

Real GDP per capita Growth Rule: The incumbent party usually wins if ...

The growth rate of Real GDP per capita accelerates (higher %) in the election year than the previous year.

4. For each election, write **"Win"** or "W" in the column under **Real GDP per capita Growth Rule**
if the rule predicts the incumbent party will win.

Write **"Lose"** or "L" in the column
if the rule predicts the incumbent party will lose.

Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
------	---	----------------------------------	-----------------------------	-----------------	---	-------------------------	------------	--------------------------------------

1957	0.3	4.3	3.4	7.7				
------	-----	-----	-----	-----	--	--	--	--

1958	-2.4	6.8	2.7	9.5				
------	------	-----	-----	-----	--	--	--	--

1959	5.1	5.5	0.9	6.4				
------	-----	-----	-----	-----	--	--	--	--

1960	0.5	5.5	1.5	7.0				
------	-----	-----	-----	-----	--	--	--	--

	L		Kennedy/ Nixon		L
--	---	--	-------------------	--	---

1959: 5.1 %
fell to
.5% in 1960



Less
growth...

1960



5. Create a **Misery Index Rule** based on the instructions your teacher gives you.

Misery Index Rule: The incumbent party usually wins if ...

The Misery Index has not increased from the year prior to the election.

6. For each election, write **"Win"** or "W" in the column under **Misery Index Rule**

if the rule predicts the incumbent party will win.

Write **"Lose"** or "L" in the column

if the rule predicts the incumbent party will lose.

Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
------	---	----------------------------------	-----------------------------	-----------------	---	-------------------------	------------	--------------------------------------

1957	0.3	4.3	3.4	7.7				
1958	-2.4	6.8	2.7	9.5				
1959	5.1	5.5	0.9	6.4	L	L	Kennedy/ Nixon	L
1960	0.5	5.5	1.5	7.0				

1959: 6.4 %

rose to
7.0% in

1960



More
misery...

1960



Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1961	0.9	6.7	1.1	7.8				
1962	4.5	5.6	1.2	6.8				
1963	2.9	5.6	1.3	6.9			Johnson/ Goldwater	W
1964	4.3	5.2	1.3	6.5				

Now You Try!

Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
------	---	----------------------------------	-----------------------------	-----------------	---	-------------------------	------------	--------------------------------------

1961	0.9	6.7	1.1	7.8
1962	4.5	5.6	1.2	6.8
1963	2.9	5.6	1.3	6.9
1964	4.3	5.2	1.3	6.5

W

W

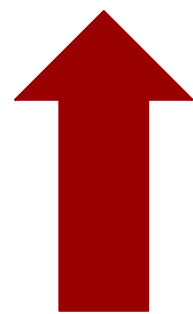
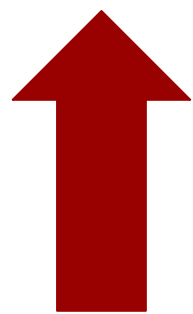
Johnson/
Goldwater

W





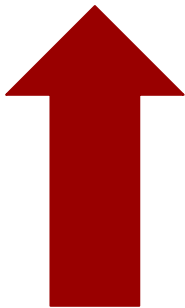
Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1965	5.2	4.5	1.6	6.1				
1966	5.4	3.8	3.0	6.8				
1967	1.6	3.8	2.8	6.6	W	L	Humphrey/ Nixon/	L
1968	3.9	3.6	4.2	7.8			Wallace	



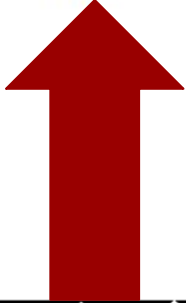


Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
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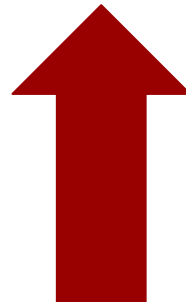
1969	2.1	3.5	5.4	8.9				
1970	-1.0	5.0	5.9	10.9				
1971	2.0	6.0	4.2	10.2	<u>W</u>	<u>W</u>	McGovern/	<u>W</u>
1972	4.1	5.6	3.3	8.9			Nixon	



Year	Growth in Real GDP per Capita (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1973	4.6	4.9	6.3	11.2				
1974	-1.4	5.6	11.0	16.6				
1975	-1.2	8.5	9.1	17.6	W	W	Carter/ Ford	L
1976	4.4	7.7	5.8	13.5				

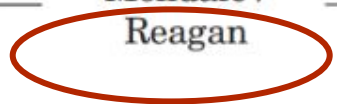
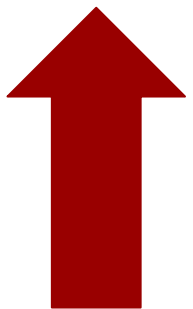


Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1977	3.6	7.1	6.5	13.6				
1978	4.4	6.1	7.6	13.7				
1979	2.0	5.9	11.3	17.2	L	L	Mondale/	L
1980	-1.4	7.2	13.5	20.7	L	L	Reagan	L





Year	Growth in RealGDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1981	1.5	7.6	10.3	17.9				
1982	-2.9	9.7	6.2	15.9	<u>W</u>	<u>W</u>		<u>W</u>
1983	3.6	9.6	3.2	12.8				
1984	6.3	7.5	4.3	11.8			Mondale / Reagan	



Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
------	---	----------------------------------	-----------------------------	-----------------	---	-------------------------	------------	--------------------------------------

1985 3.2 7.2 3.5 10.7

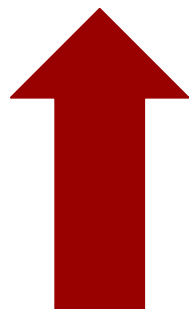
1986 2.5 7.0 1.9 8.9

1987 2.5 6.2 3.6 9.8

1988 3.2 5.5 4.1 9.6

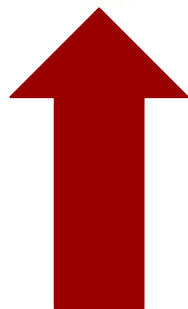
W W Dukakis/
Bush W

Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1989	2.7	5.3	4.8	10.1				
1990	0.8	5.6	5.4	11.0				
1991	-1.4	6.9	4.2	11.1	W	W	Clinton/ Bush/	L
1992	2.2	7.5	3.0	10.5			Perot	



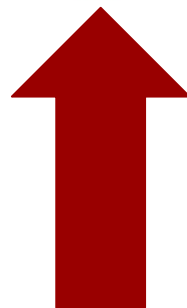
Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
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1993	1.4	6.9	3.0	9.9				
1994	2.8	6.1	2.6	8.7				
1995	1.5	5.6	2.8	8.4	W	W	Clinton/ Dole	W
1996	2.6	5.4	2.9	8.3				

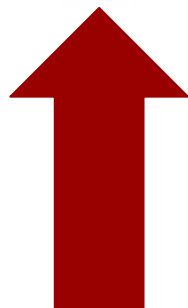


Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
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1997	3.2	4.9	2.3	7.2				
1998	3.3	4.5	1.5	6.0				
1999	3.6	4.2	2.2	6.4	L	L	Gore/ Bush	L
2000	3.0	4.0	3.4	7.4	L	L	L	L



Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2001	0.0	4.7	2.8	7.5				
2002	0.8	5.8	1.6	7.4				
2003	1.9	6.0	2.3	8.3	W	W	Kerry/ Bush	W
2004	2.9	5.5	2.7	8.2				



Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
------	---	----------------------------------	-----------------------------	-----------------	---	-------------------------	------------	--------------------------------------

2005

2.6

5.1

3.4

8.5

2006

1.9

4.6

3.2

7.8

2007

0.9

4.6

2.9

7.5

2008

-1.1

5.8

3.8

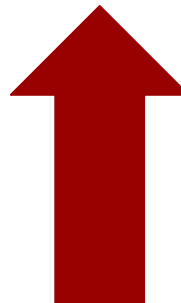
9.6

L

L

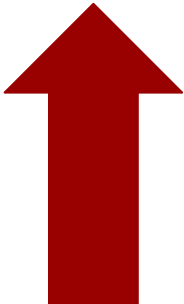
Obama/
McCain

L



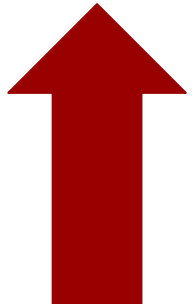


Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2009	-3.4	9.3	-0.3	9.0				
2010	1.7	9.6	1.6	11.2				
2011	0.8	8.9	3.1	12.0	W	W	Obama/ Romney	W
2012	1.5	8.1	2.1	10.2				

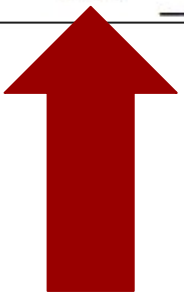




Year	Growth in Real GDP per Capita (in %)	Unemploy- ment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2013	1.1	7.4	1.5	8.9				
2014	1.8	6.2	1.6	7.8				
2015	2.2	5.3	.01	5.4	L	L	Clinton/ Trump	L
2016	0.9	4.9	1.3	6.2				



Year	Growth in Real GDP per capita (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2017	1.7	4.4	2.1	6.5				
2018	2.3	3.9	2.4	6.3				
2019	2.0	3.7	1.8	5.3	L	L		L
2020	-3.15	8.1	1.2	9.3	L	L	Biden/Trump	L



A Guaranteed Loss

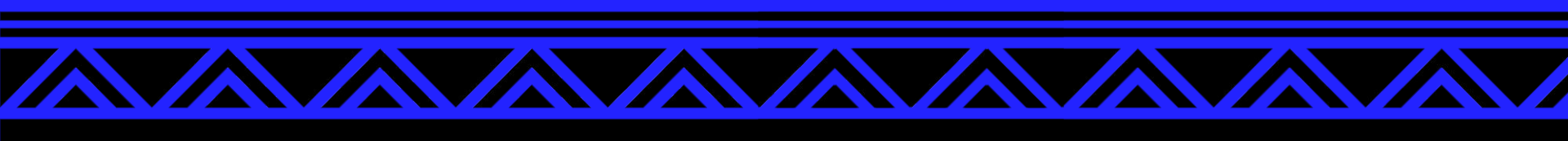
Rule:

The incumbent party has always lost if:

(1) The real GDP per capita growth is less than 2.5%

AND

(2) The misery index has increased from the year prior to the election to the year of the election.



**Why did some
years not
work?**

1968 Presidential Election

Year	Growth in Real GDP per Capita (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1965	5.2	4.5	1.6	6.1				
1966	5.4	3.8	3.0	6.8				
1967	1.6	3.8	2.8	6.6	W	L	Humphrey/	
1968	3.9	3.6	4.2	7.8			Nixon/ Wallace	L

- **Misery Index:** 7.8 (moderate, lower than several later elections)
- **Incumbent Party:** Democratic Party (Lyndon B. Johnson was the outgoing president; Hubert Humphrey ran as the Democratic candidate)
- **Outcome:** Richard Nixon (Republican) won.



Despite the Misery Index being relatively moderate, the election was dominated by other issues, such as the Vietnam War and civil rights unrest. These non-economic factors overshadowed the Misery Index.

1976 Presidential Election

Year	Growth in Real GDP per Capita (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1973	4.6	4.9	6.3	11.2				
1974	-1.4	5.6	11.0	16.6				
1975	-1.2	8.5	9.1	17.6				
1976	4.4	7.7	5.8	13.5				

↑ ↓

W W Carter/Ford L

- **Misery Index:** 13.5 (high due to stagflation under Gerald Ford)
- **Incumbent:** Gerald Ford (Republican)
- **Outcome:** Jimmy Carter (Democrat) won.



While this election might seem to follow the Misery Index rule on the surface—since Ford lost—other factors played a significant role. Ford's pardon of Richard Nixon after the Watergate scandal and his own gaffes in the campaign were more pivotal than economic issues alone. Though the index was high, Carter's appeal as an outsider post-Watergate was a key driver of his victory.

1992 Presidential Election

- **Misery Index:** 10.5 (moderate, but not alarmingly high compared to historical standards)
- **Incumbent:** George H.W. Bush (Republican)
- **Outcome:** Bill Clinton (Democrat) won.

Year	Growth in Real GDP per Capita (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
1989	2.7	5.3	4.8	10.1				
1990	0.8	5.6	5.4	11.0				
1991	-1.4	6.9	4.2	11.1				
1992	2.2	7.5	3.0	10.5				

↑ ↓

W W L

Clinton/
Bush/
Perot



While the Misery Index was not particularly high by historical standards, Bush lost due to other factors, such as a perceived detachment from domestic issues and the recession, despite his foreign policy success in the Gulf War. Clinton's focus on "It's the economy, stupid" resonated more with voters even though the Misery Index alone would not have predicted such a decisive defeat for Bush.



**So... how many
times did
Economics fail?**

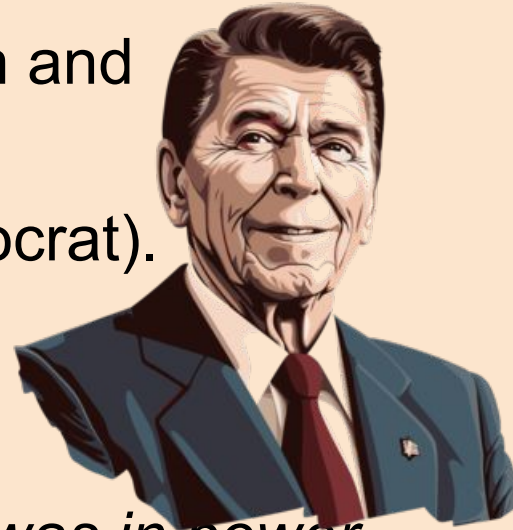


BTW...

1980 Presidential Election

Take note...
HIGHEST MISERY!!!

- **Misery Index:** Very high (21.98), primarily due to stagflation — a combination of high inflation and unemployment.
- **Incumbent:** President Jimmy Carter (Democrat).
- **Challenger:** Ronald Reagan (Republican).
- **Outcome:** Reagan won in a landslide.



This example does fit the rule because Carter was in power during a period of economic difficulty, and he lost.

2012 Presidential Election

2012 worked...
BUT.....

- **Misery Index:** 9.8 (moderately high due to the lingering effects of the Great Recession)
- **Incumbent:** Barack Obama (Democrat)
- **Outcome:** Obama was re-elected.

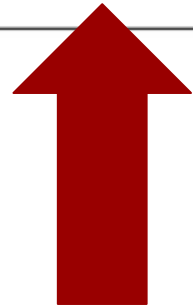


Despite the relatively high Misery Index, **Obama managed to win re-election.** The aftermath of the Great Recession saw slow but steady recovery, and voters attributed economic struggles more to the policies of George W. Bush rather than Obama's first term.



2024 Election predictions?

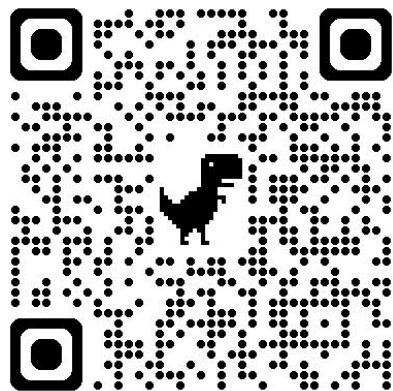
Year	Growth in Real GDP (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2021	5.6	5.4	4.7	10.1				
2022	1.56	3.6	8.0	11.6	<u>W</u>	<u>W</u>	(First half of 2024 data)	<u>?</u>
2023	2.0	3.5	4.1	7.6				
2024	2.8	4.0	3.3	7.3			Harris/Trump	





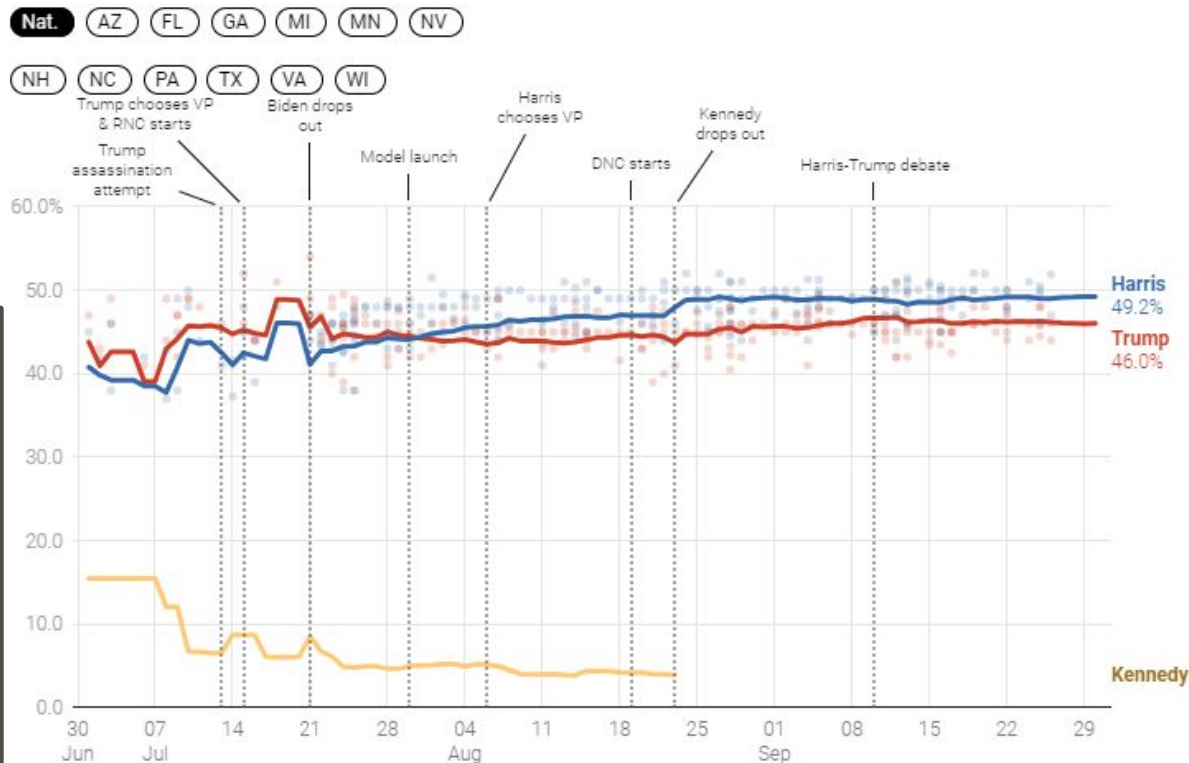
 ***Last update: 2:15 p.m., Monday, September 30.*** One of Trump's better polling days recently, though on light volume and not particularly high-quality polling. The gap between Pennsylvania and national polls is opening up again, however: Harris leads by 3.2 points nationally and 1.2 points in PA in our latest averages, suggesting that the Electoral College is ***still a big net disadvantage for Democrats.***

SILVER BULLETIN



Who's ahead in the polls?

An updating average of 2024 presidential general election polls, accounting for each poll's quality, sample size and recency. Click the buttons to see the polling average in different contests



Note: Polling averages are adjusted based on trends in both state and national polls.

Updated September 30, 2024 • [Get the data](#)

SILVER BULLETIN



Unemployment

☆ Unemployment Rate (UNRATE)

DOWNLOAD

Observation:

Aug 2024: 4.2

(+ more)

Updated: Sep 6, 2024 7:46 AM CDT

Units:

Percent,
Seasonally Adjusted

Frequency:

Monthly

1Y | 5Y | 10Y | Max

2024-01-01

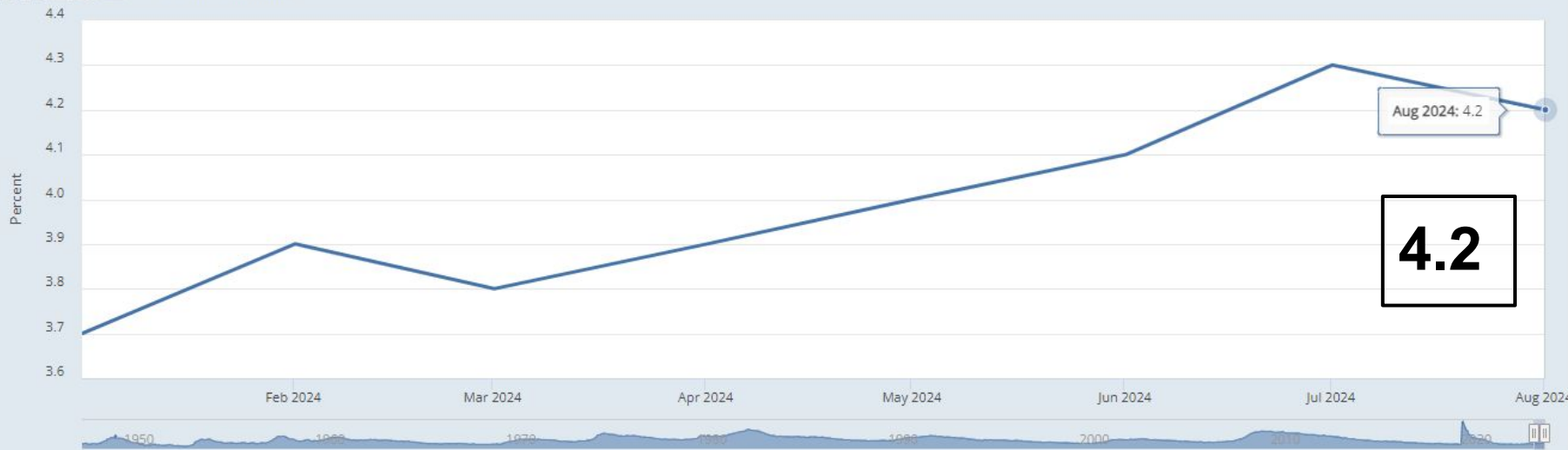
to

2024-08-01

EDIT GRAPH

FRED

— Unemployment Rate



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org



☆ Real gross domestic product per capita (A939RX0Q048SBEA)

[DOWNLOAD](#)

Observation:

Q2 2024: **68,977**

(+ more)

Updated: Sep 26, 2024 7:48 AM CDT

Units:

Chained 2017 Dollars,
Seasonally Adjusted Annual Rate

Frequency:

Quarterly

1Y | 5Y | 10Y | Max

2024-01-01

to

2024-04-01

[EDIT GRAPH](#)

FRED

— Real gross domestic product per capita



Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org



Most recent FRED updated data

Federal Reserve Economic Data | FRED |

AT A GLANCE

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LATEST RELEASES

FEATURED

[Consumer Price Index for All Urban Consumers: All Items](#)**+2.6** % Chg. from Yr. Ago on Aug 2024[Real Gross Domestic Product](#)**3.0** % Chg. from Preceding Period on Q2 2024[Industrial Production Index](#)**+0.8** % Chg. on Aug 2024[10-Year Treasury Constant Maturity Rate](#)**3.75** % on 2024-09-27[U.S. / Euro Foreign Exchange Rate](#)**1.1159** U.S. \$ to 1 Euro on 2024-09-27[Unemployment Rate](#)**4.2** % on Aug 2024[All Employees: Total Nonfarm Payrolls](#)**+142** Chg., Thous. of Persons on Aug 2024[Initial Claims](#)**218,000** on 2024-09-21

Year	Growth in Real GDP (in %)	Unemployment Rate (in %)	Inflation Rate (in %)	Misery Index	Real GDP per Capita Growth Rule	Misery Index Rule	Candidates	Incumbent Party Wins or Loses?
2021	5.6	5.4	4.7	10.1				
2022	1.56	3.6	8.0	11.6			(First half of 2024 data)	?
2023	2.0	3.5	4.1	7.6				
2024	2.8	4.0	3.3	7.3	_____	_____	Harris/Trump	



Survey Please!

