Inflation and the 2024 Election

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1 Summary

This is an extension of our write-up trying to match inflation to swings towards Trump. We intuit that the current partisan control of MSAs is one mechanism through which voters perceive the economy, perceptions which they use to make voting decisions. To check this, we incorporate controls related to the current partisan control of MSAs.

The key takeaway is that it appears voters' reactions to inflation appears structurally different across states, depending on the partisan composition of state government. In particular, it appears that only in states where government was split is there any sort of suggestion of a significant association between intra-MSA variation in inflation and intra-MSA variation in swings towards Trump from 2020-2024.

2 Results

The following regression results report the point estimates fitting this linear equation (using cluster-robust errors and OLS):

$$\text{SWING}_i = \alpha_0 + \beta_1(\text{R}_i \times \text{Biden\_RPP\_Change}_i) + \beta_2(\text{D}_i \times \text{Biden\_RPP\_Change}_i) + \beta_3(\text{SPLIT}_i \times \text{Biden\_RPP\_Change}_i)$$
$$+\beta_4(\text{BATTLEGROUND}_i \times \text{Biden\_RPP\_Change}_i) + \beta_5\text{R}_i + \beta_6\text{D}_i + \beta_7\text{Biden\_RPP\_Change}_i + \beta_8\text{BATTLEGROUND}_i + \epsilon_i \tag{1}$$

where R_i, D_i, and SPLIT_i are dummy variables referring to whether the state in which a particular MSA, denoted by i, is governed by either a unified Republican, unified Democrat, or split government (this data was scraped from Ballotpedia – shoutout Caleb Brobst for providing the web scraping code) and BATTLEGROUND_i is a dummy variable indicating whether msa i is located in a battleground state.[1] I included the battleground state dummy because there was presumably some effect of these states being practically the only place where candidates Harris and Trump campaigned; thus, I only included the dummy and its interaction in the presidential election outcome regression, since house candidates would campaign hard in their district, irregardless of whether it is thought of as a battleground.[2]

In the 'pres' results, we focus on 2020-2024 swings towards President Trump and for 'house' results, we focus on 2020 - 2024 swings towards the Republican House of Representatives candidate.

Table 1: Regression Results by Category for pres

category	const	R interaction	D interaction	Split interaction	Split	battleground	battleground interaction
all items	2.551 (0.132)***	-0.153 (0.067)**	-0.224 (0.076)***	0.056 (0.156)	0.320 (0.321)	-1.329 (0.276)***	-0.096 (0.113)
goods	2.408 (0.123)***	-0.593 (0.151)***	-0.371 (0.097)***	0.389 (0.268)	0.872 (0.484)*	-1.537 (0.436)***	-0.414 (0.236)*
housing	2.534 (0.137)***	-0.068 (0.015)***	-0.092 (0.020)***	-0.090 (0.037)**	0.492 (0.392)	-1.556 (0.327)***	0.039 (0.031)
other services	2.569 (0.130)***	-0.142 (0.061)**	-0.231 (0.063)***	0.175 (0.109)	-0.053 (0.243)	-0.902 (0.205)***	-0.316 (0.096)***
utilities	2.554 (0.133)***	-0.232 (0.052)***	-0.226 (0.055)***	-0.336 (0.074)***	0.314 (0.422)	-1.351 (0.349)***	-0.014 (0.062)

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[1]The battleground states here are defined as Georgia, Pennsylvania, Michigan, Wisconsin, North Carolina, Nevada, and Arizona.
Since some MSAs span state lines, in cases where an MSA matched to multiple states, I defaulted to the state higher in population. This was an imperfect solution, I can customize a matching function.

[2]This is coarse; we can further add dummies for a geographic area being 'close' as there would be more candidate competition in these areas than in hyper-partisan areas.

Table 2: Regression Results by Category for house

category	const	R interaction	D interaction	Split interaction	Split
all items	3.506 (0.509)***	-0.289 (0.232)	-0.319 (0.345)	-0.014 (0.188)	-2.226 (0.632)***
goods	3.679 (0.604)***	-0.005 (0.381)	-0.732 (0.452)	0.145 (0.396)	-2.126 (0.721)***
housing	3.559 (0.540)***	-0.156 (0.095)	-0.018 (0.112)	-0.080 (0.050)	-2.202 (0.663)***
other services	3.484 (0.499)***	-0.041 (0.171)	-0.403 (0.240)*	0.181 (0.159)	-2.139 (0.619)***
utilities	3.471 (0.485)***	0.149 (0.168)	0.151 (0.199)	-0.101 (0.183)	-2.052 (0.622)***

For context, we can focus on the 'goods' category of inflation and visualize the following scatterplots:
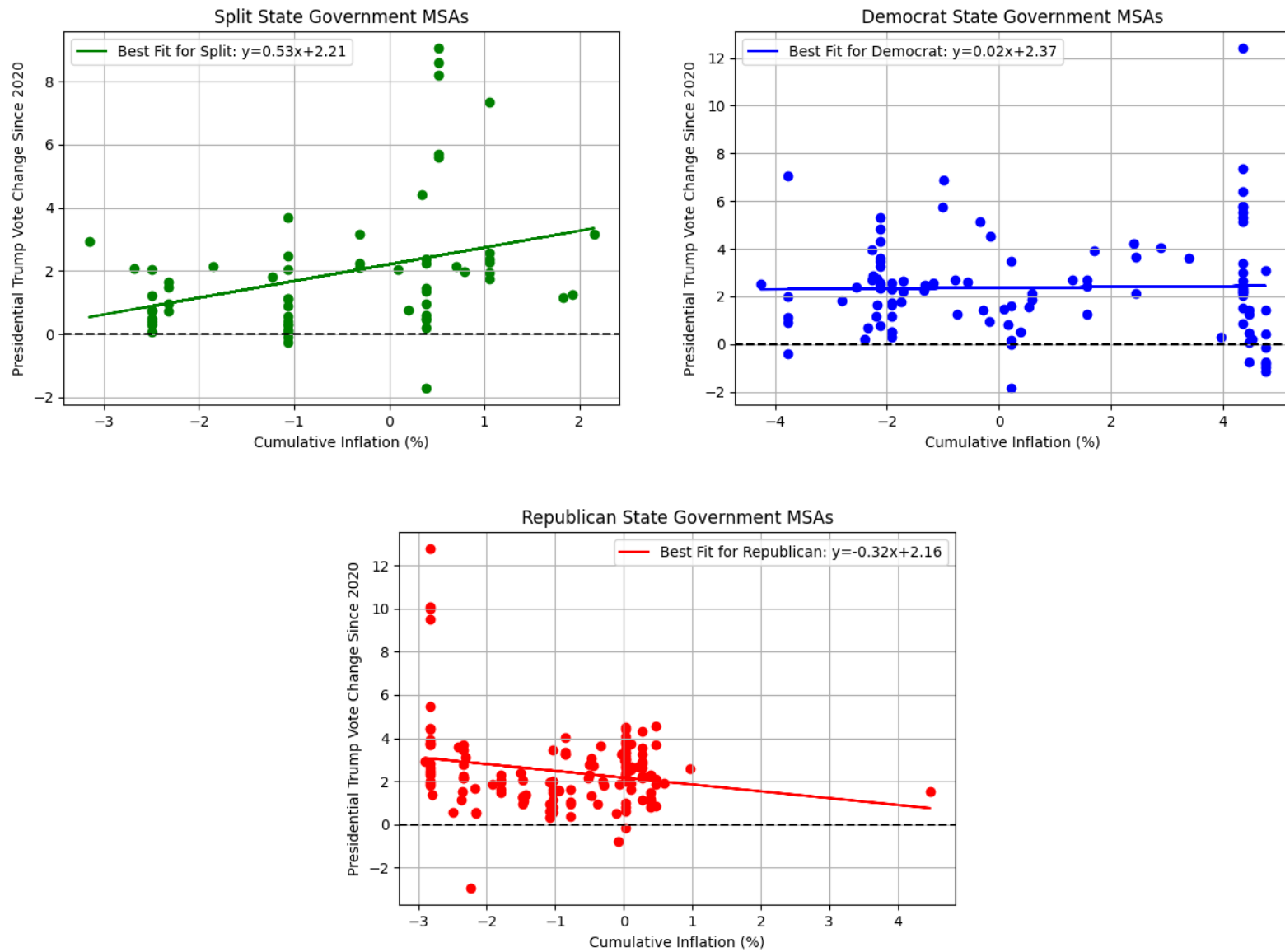
Figure 1: Swing Towards President Trump, by State Government Partisan Composition
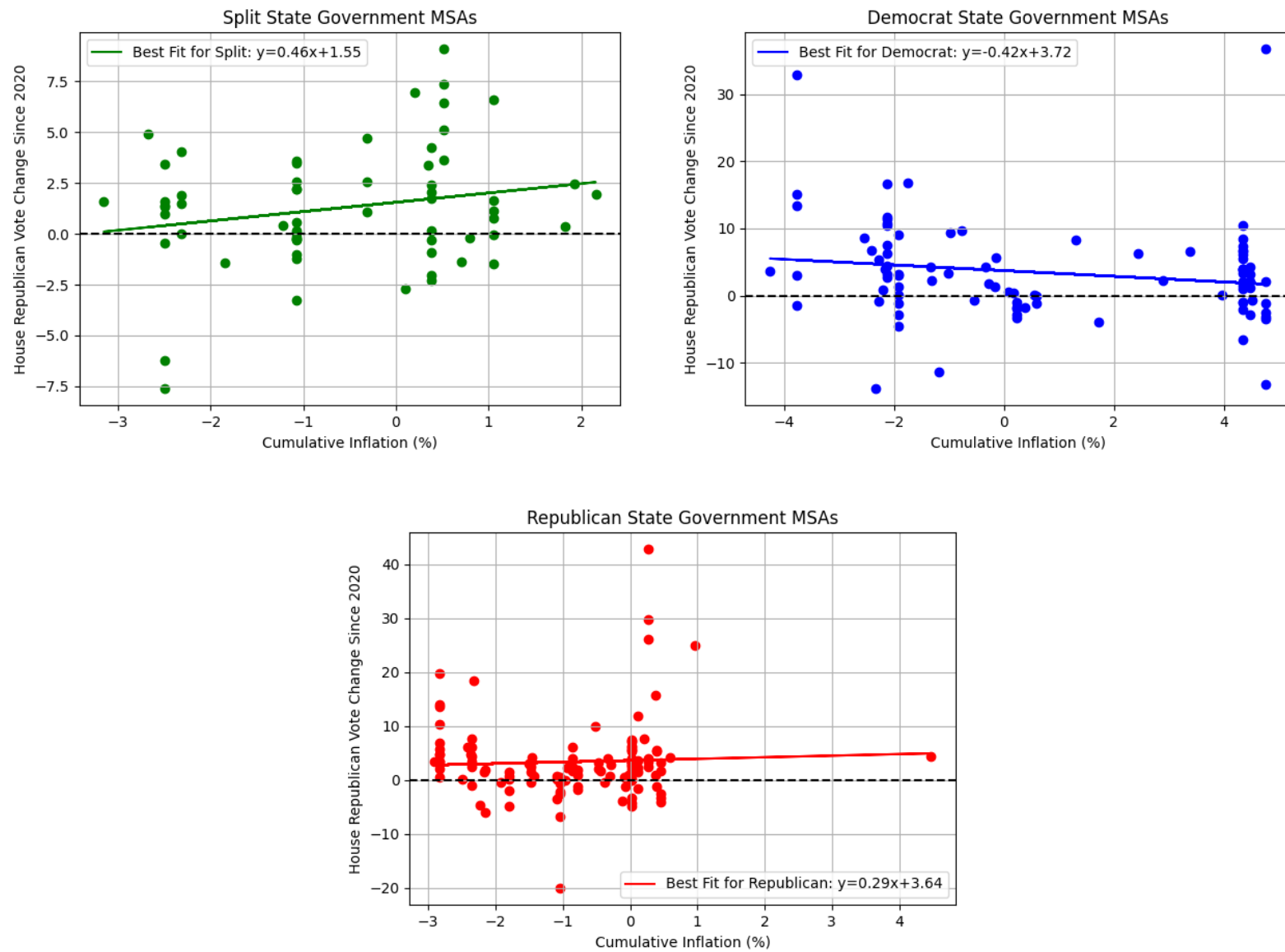
Figure 2: Swing Towards Republican House Candidates, by State Government Partisan Composition