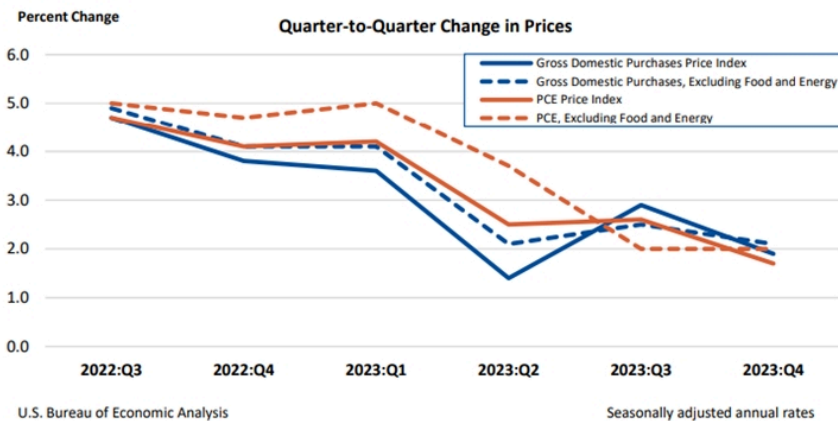


# Divide Still Exists Between Voters & Economists

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## Today Was A Good Day

On January 25<sup>th</sup>, Treasury Secretary Janet Yellen gave a [speech](#) where she said, "The recovery is so strong and so widely shared because Bidenomics is not just about a post-pandemic rebound in demand." She defended the Biden administration's handling of the economy, adding, "We are now doubling down on that strategy with massive investments to position middle-class families to benefit from and drive our country's growth. I call this modern supply-side economics." Biden also gave a [speech](#) on January 25<sup>th</sup> in Wisconsin, where he sought to defend his economic record, referencing Yellen's remarks earlier that day. The speeches were scheduled on the same day that the Commerce Department [released](#) data showing that the real gross domestic product (GDP) rose 3.3% in 4Q23 after increasing 4.9% in 3Q23 based on the strength in consumer spending. It also mentioned that personal consumption (PCE), often viewed as the Federal Reserve's preferred inflation metric, rose 1.7% 4Q23 after increasing 2.6% in 3Q23. The so-called "core PCE," which excludes food and energy, rose 2.0% for both 4Q23 and 3Q23. Real disposable personal income (DPI)—adjusted for taxes and inflation—increased by 2.5% in 4Q23 after increasing by 0.3% in 3Q23.



Note to self: if one sees that the Treasury Secretary and president are scheduled to give speeches the same day that economic figures are going to be released in a presidential election year, then there is probably a good chance those numbers are going to be good since the administration is provided access to them ahead of time and is looking to tout them.

## Survey Says

Also, on January 25<sup>th</sup>, the [Pew Research Center](#) released results from a survey conducted January 16<sup>th</sup> - 21<sup>st</sup> that showed 28% of respondents rate the economy as excellent or good, a 9 percentage point increase from April. However, Pew

found that virtually all the change since then has come among Democrats at 44%— the highest share of Biden’s presidency, compared with 28% of Independents and 13% of Republicans.

**Why do Americans rate the economy the way they do?**

Why did you rate national economic conditions the way you did? (%)  
[open-end]

Among those who say conditions are excellent/good (28% of adults)		Among those who say conditions are only fair/poor (72% of adults)	
	%		%
Low unemployment	43	High inflation	28
Inflation is down	18	High cost of living	21
Wage growth	10	Lack of good paying jobs/ Wages low	15
Positive mentions of stock market	9	National debt	7
U.S. outperforming expectations	5	High cost of food and groceries	6
		High cost of housing	6
		High interest rates	6
		Negative mentions of Biden/Democrats	6
		Illegal Immigration	5
		Wealth inequality	5

Note: Researchers coded up to three responses. Only responses that made up 5% or more of responses are shown here. Refer to topline for full question wording and response list. Source: Survey of U.S. adults conducted Jan. 16-21, 2024.

PEW RESEARCH CENTER

While an improvement, Pew found that the public is far less upbeat today than it was from 2018 through early 2020, during Donald Trump's presidency and before the outbreak of the coronavirus pandemic. In January 2020, 57% of Americans rated economic conditions as excellent or good; positive ratings fell to 23% in April of that year as the coronavirus outbreak spread across the country.

People who view the economy positively – those who rate conditions as excellent or good – most often say low unemployment is a significant reason they feel the way they do (43% say this). Other factors cited are that inflation has come down (18%), wage growth (10%), or the strong performance of the stock market (9%). Among those who rated economic conditions as poor or only fair, 45% cited high inflation (28%) or the high cost of living (21%); 11% specifically pointed to the high cost of food, groceries, or housing.

An [Economist/YouGov](#) poll released on January 25<sup>th</sup> and conducted January 21<sup>st</sup>-23<sup>rd</sup> found similar results, with 29% giving the economy a positive rating (7% excellent, 22% good) compared with 70%% who gave it a negative rating (27% fair, 42% poor). Like Pew, there was a sharp partisan divide as 51% of Democrats had a positive view of the economy (13% excellent, 38% good) compared with 86% of Republicans who had an unfavorable view (22% fair and 64% poor). 48% of Democrats had a negative view of the economy, but more concerning is that 76% of Independents did as well (50% poor, 26% fair).

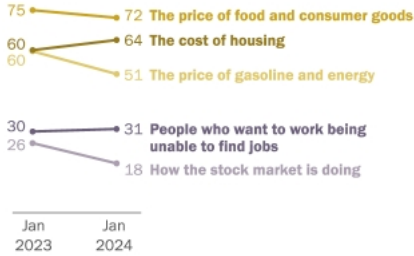
When asked whether they were better off financially compared with a year ago, 16% said yes, 42% said about the same, 39% said worse. 26% of Democrats said they were better off, with 53% saying they were about the same, and 18% said they were worse off. 56% of Republicans said they were worse off, and 34% said about the same. Independents were more closely aligned with Republicans, as 45% said they were worse off, and 38% said about the same.

# Future Forecast

According to the [Pew Research Center](#) survey, 33% believe the economy will be worse a year from now, down from 46% in April. However, more continue to say that conditions will be worse than better (26%) next year; 41% expect the economy will be about the same as it is today. 72% say they are very concerned about food and consumer goods prices, which have changed little from last year. The cost of housing is also a significant issue, with 64% very concerned. However, the shares expressing a great deal of concern about gasoline and energy prices and how the stock market is doing have declined 9 points and 8 points, respectively, since last January.

## Consumer prices remain a major concern, but fewer say they are very concerned about energy prices

% who say they are *very concerned* about each of the following economic issues in the country today



Note: Item on stability of banks not asked in January 2023.  
Source: Survey of U.S. adults conducted Jan. 16 -21, 2024.

PEW RESEARCH CENTER

Pew also found that the share of Americans saying Biden will be an unsuccessful president in the long run has increased steadily throughout his tenure. 55% say Biden will be unsuccessful, 23% say he will be successful, and 20% say it is too early to tell. Like other views of Biden, these opinions are deeply partisan: Republicans overwhelmingly say Biden will be unsuccessful (87%). Among Democrats, 45% say he will be successful, 26% say unsuccessful, and 28% say it is too early to tell.

According to the [Economist/YouGov](#) poll, when asked about the economy's future, 22% said better, 27% said about the same, and 47% said worse. Again, it was heavily broken down by political leanings, with 42% of Democrats saying it would get better, compared with 71% of Republicans who think it will get worse. 52% of Independents believe it will get worse compared with 27% who think it will be about the same and 15% who think it will improve.

# Approval Rating

A [Gallup](#) poll also released on January 25<sup>th</sup> and conducted January 2<sup>nd</sup>-22<sup>nd</sup> found that Biden's average approval rating during his third year in office was 39.8%, lower than any other modern-era president, except for Jimmy Carter at 37.4%. Donald Trump was 42%, and Barack Obama was 44.5%. Biden's third-year average was also lower than his first-year (48.9%) and second-year (41.0%) averages. Though better than his third-year average, his first- and second-year ratings also ranked second lowest for recent presidents, ahead of only Trump in both years. During Biden's third year in office, an average of 83% of Democrats and 5% of Republicans approved of the job he was doing, a 78-point party gap. Only Trump had greater party splits in his job approval ratings among third-year presidents, averaging 82 points. Biden's

third-year party figures duplicate those from his second year in office and tie as the fifth most polarized annual average for any president. Trump's fourth year, covering most of 2020 and early 2021, holds the record for the most significant average party gap in job approval ratings. That year, 91% of Republicans and 6% of Democrats approved of the job he was doing.

**Third-Year Average Job Approval Ratings for Post-World War II U.S. Presidents Elected to Their First Term**

President	Dates of third year	Average approval rating	Number of polls
Eisenhower	Jan 20, 1955-Jan 19, 1956	72.1	15
G.H.W. Bush	Jan 20, 1991-Jan 19, 1992	69.5	40
Kennedy	Jan 20, 1963-Nov 22, 1963	61.8	12
G.W. Bush	Jan 20, 2003-Jan 19, 2004	59.6	41
Nixon	Jan 20, 1971-Jan 19, 1972	49.6	13
Clinton	Jan 20, 1995-Jan 19, 1996	47.5	23
Reagan	Jan 20, 1983-Jan 19, 1984	44.9	22
Obama	Jan 20, 2011-Jan 19, 2012	44.5	351
Trump	Jan 20, 2019-Jan 19, 2020	42.0	21
<b>Biden</b>	<b>Jan 20, 2023-Jan 19, 2024</b>	<b>39.8</b>	<b>12</b>
Carter	Jan 20, 1979-Jan 19, 1980	37.4	24

GALLUP

According to Gallup, presidents have had mixed results in improving their job approval rating from their third year into their fourth year, coinciding with their re-election campaigns. Biden may see some modest gains in approval if the Democrats who disapprove of him come back into the fold. That pattern typically occurs in a presidential election year. Among prior presidents, all but the two Bushes saw higher ratings from their party's supporters in their third and fourth years in office. However, according to Gallup, the key to Biden's winning re-election may lie more in convincing a larger percentage of Independents that he is doing a good job and deserving of a second term. His approval rating among independents has mostly been below 40% since the fall of 2021 but was above 50% during the honeymoon phase of his presidency.

- Four presidents- Nixon (+7 percentage points), Reagan (+11 points), Clinton (+8 points), and Obama (+4 points)- saw meaningful improvement in their fourth year, and all four won re-election.
- Three presidents saw no significant change -- including the extremely popular Eisenhower, who won re-election, and Carter and Trump, who were defeated for a second term.
- Two presidents- George H.W. Bush and George W. Bush- saw their approval ratings nosedive in their fourth year. The elder Bush lost his re-election bid after a 28-point drop, while the younger Bush, whose rating declined nine points, won.

## Disconnect

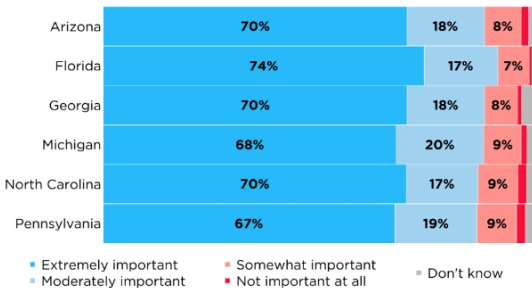
Much to the chagrin of the Biden administration, the disconnect between recent positive macroeconomic data and negative voter perception of the economy remains. The White House hopes that positive economic trends will continue and that voter perceptions are a lagging indicator that will catch up before November. That may happen, but then

again, it may not. In 1992, an improving economy was not enough to save George H.W. Bush, though some would point out that had it not been for the third-party candidacy of Ross Perot, he would have been re-elected. That may be why the Biden campaign fears a potential third-party spoiler this time.

### Cost of Living as an Election Issue

As a voter, to what extent, if at all, how important will the following be in determining how you will vote in the 2024 Presidential Election:

**The cost of living?**



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During this period of extreme polarization, Biden is also an incumbent president seeking re-election, with people applying their political views to most things, including the economy. This means that few Republicans are inclined to give Biden the benefit of the doubt even if economic conditions improve. Similarly, more Democrats will wear rose-colored glasses in their view of the economy. Still, the concern for Biden and the White House is that Independents are still more aligned with Republican skepticism towards Biden’s economic stewardship. Regardless, in this era of hyper-partisanship, one should not expect to see large approval ratings on most issues, including the economy. More worrying would be if voters apply their partisan views about the economy to their consumption habits.

There is also a disconnect in the measurement periods. Economists and the White House cite marginal improvements in wage gains compared with inflation by month or over the last year. In contrast, many voters may be applying a pre-pandemic starting point to how they measure Biden's handling of the economy. On November 27<sup>th</sup>, [Bloomberg](#) reported that it now requires \$119.27 to buy the same goods and services a family could afford with \$100 before the pandemic. The problem for Biden is that the issue of inflation is cumulative in voters' minds. Smaller increases last year and massive increases in the prior two years may not feel like progress. In his 1980 challenge to Jimmy Carter, Ronald Reagan asked voters to ask themselves, “Are you better off today than you were four years ago?” Biden hopes voters do not ask themselves that same question this time.

In a November 29<sup>th</sup> [Politico](#) interview, Democratic strategist Jame Carville warned, “People’s attitudes about the economy are pretty stubbornly in the wrong place” for Biden. Carville added that when it comes to Biden and the economy, it is possible that “people have just rendered a judgment and are not revisiting the judgment.”

It is also difficult for Biden to take credit for preventing a recession, given that it is hard to prove a counterfactual. In contrast, voters have a very real experience with inflation, of which many blame Biden for making worse instead of better through his fiscal stimulus. Therefore, it may not be surprising that Biden is not receiving a significant bump from voters for trying to take credit for solving a problem that voters feel he helped create and make worse.

If Biden were a skilled political communicator like Bill Clinton or Barack Obama, then it is possible he could help persuade the public. However, Biden never had these talents, and his age and cognitive decline have only made it more difficult for him to convince voters in 2024 that the economy is fine under his stewardship.

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