

# [***White House sees consumer sentiment underpinning hopes for November amid persistent economic pessimism***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BSM-9WT1-JBSS-S00P-00000-00&context=1516831)

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**Byline:** By Kayla Tausche, CNN

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**Body**

Washington (CNN) &#8212; White House advisers are looking to one economic indicator in particular for signs that the economy is heading in the right direction amid persistent inflation, high interest rates and lackluster wage gains.

Consumer sentiment - a gauge of how average Americans feel about their financial situation and purchasing power - has climbed more than 30% since late last year. The index rose to 79.4 in March, up from 61.3 in November. While new data show a two-point downtick in the first two weeks of April - in part due to higher-than-anticipated inflation - the Biden administration is cautiously optimistic that the general upward trend means economic exasperation could be easing.

"I place a tremendous amount of importance on how people feel about the economy," Jared Bernstein, President Joe Biden's chief economist, told CNN. Consumer sentiment "answers a very important question, which is: 'Are you on the right track?'"

Researchers from the University of Michigan compile the [*biweekly data*](http://www.sca.isr.umich.edu/) by asking 600 American households [*the same simple questions*](https://data.sca.isr.umich.edu/fetchdoc.php?docid=24770) - two about their current financial situation, and three about how they see that financial situation changing over the next one to five years.

That inherently makes consumer sentiment more forward-looking than data on economic growth or job creation, which reflect data one to three months in the past. And Bernstein said that's good news for November.

"Every road has bumps," Bernstein said. "But the trend has been our friend."

Critics warn the increase could be too little too late for the president's political fortunes - especially since that trend, during Biden's term, has been far from friendly.

Because respondents are asked whether it's a good time to make a big purchase - like a television or a refrigerator - the indicator is particularly sensitive to inflation, a fact underscored by its drop Friday to 77.9.

When inflation peaked in June 2022, the University of Michigan consumer sentiment gauge hit 50.0 - the lowest point in the survey's history, dating back to 1952. That meant consumers felt worse about their finances two years into Biden's term than they did at the height of the Covid-19 pandemic, the Great Recession, the dotcom bust, or the Savings & Loan Crisis. The last time the index got near those lows (with a 51.7 reading) was May 1980, when inflation stood above 14%.

Former White House chief of staff Ron Klain argued that President Joe Biden is focusing too much on local infrastructure projects funded by his signature legislation and not focusing enough on the household financial issues that are driving voters' priorities.

"The president's most effective economic message is contrast around 'whose side are you on,' and compassion for the (pinch) of family budgets, and his agenda to bring down costs and raise incomes," Klain said at private event in DC, according to [*Politico*](https://www.politico.com/news/2024/04/09/ron-klain-joe-biden-infrastructure-00151438), which obtained exclusive audio. "Lauding achievements - especially ones with abstract benefits - is less persuasive with voters."

A senior administration official told CNN that Klain had already shared his views on the White House's messaging, which he reportedly described at the event as a "fool's errand," with top Biden aides.

Andrew Bates, a White House spokesman, said he saw no disconnect between what Klain said and Biden's "crisscrossing the country building on his State of the Union message."

Outside economists - even some who share Biden's ***politics*** - have also raised concerns.

Jason Furman, former President Barack Obama's chief economist, noted that economists keep underestimating how high consumer prices remain. "The main perspective one should have on the inflation data is that inflation remains a real concern for the economy," Furman [*posted on X*](https://twitter.com/jasonfurman/status/1778047947994775710).

For three years, inflation outpaced the growth in employees' wages - leading workers to feel that, even with raises, they couldn't keep up with the cost of living. That changed in February 2024, when growth in wages began rising faster than the cost of other goods and services. But Tomas Philipson, who served as the acting chair for the Council of Economic Advisers under former President Donald Trump, said the damage is done.

"Real wages are increasing now, but they declined so much," Philipson, now an economist at the University of Chicago, told CNN. The hundreds of thousands of new jobs created each month, he says, are "nothing compared to the 160 million people in the labor market who experienced declines in compensation."

Voter discontent - especially with the economy - remains broad-based. [*A poll conducted in late March*](https://s.wsj.net/public/resources/documents/WSJ_Swing_States_Partial_March_2024.pdf) by the Wall Street Journal found 64% of respondents saw the economy as "poor" or "not so good." And in each of seven swing states polled, voters saw Trump as the better choice to manage the economy.

Bernstein pointed out that voters frequently say the national economy is weak while saying the situation closer to home is strong. To that end, the WSJ found 54% of respondents saw their state's economy as "good" or "excellent."

He said the Biden administration plans to keep executing its agenda, and while nothing is linear, rising household incomes should mean the economic indicators rise, too.

In Philipson's view, changing voters' perception of the economy that much in a short amount of time will be difficult.

"If you're down 20 points in a football game at halftime, and then you score a field goal," he said, "that doesn't mean you're winning."

By Kayla Tausche, CNN

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