

# [***Is the Economy Strong? It Depends on Your Politics***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6B6C-JP81-DY68-1004-00000-00&context=1516831)

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**Highlight:** How do you feel about the economy? Is your preferred president in office? Apparently, that matters.

**Body**

America's economic strength seems to depend on who you ask, and those views are strongly influenced by their political leanings, according to new data from YouGov.

The perception of economic well-being, a reflection of the Oval Office's current occupant, now ebbs and flows with the political tides, suggesting that for many Americans, economic optimism is less an indicator of financial facts and more a barometer of partisan views.

As the 2024 general election looms, with former President [*Donald Trump*](https://www.newsweek.com/topic/donald-trump?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) and President [*Joe Biden*](https://www.newsweek.com/topic/joe-biden?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) potentially poised for a political rematch, data reveals a national economy seen through a partisan prism that presents a real challenge—discerning the genuine state of fiscal affairs. That dichotomy points to a split in economic sentiment that aligns more with the residents of the White House than traditional economic indicators.

YouGov, the international research and opinion polling company, issued a study this month showing that 48.9 percent of [*Democrats*](https://www.newsweek.com/topic/democrats?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) believe the economy has improved under Biden, while just 6.4 percent of [*Republicans*](https://www.newsweek.com/topic/republicans?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) shared the same sentiment. Conversely, a significant 71.8 percent of Republicans perceive the economy as being in a downturn since Biden's leadership, compared to only 18.8 percent of Democrats.

Why is that? And is the economy actually strong? Let's unpack it. We'll look at how the nation's economic pulse, as measured by job growth, inflation and consumer spending, aligns—or contrasts—with public opinion colored by political allegiance.

**Americans' Views on Economy**

That partisan split in economic sentiment is not confined to abstract opinions on national trends. It seeps into Americans' personal financial outlooks, according to YouGov, with 53 percent of Republicans feeling their situation has worsened in the past year, a contrast to the 18 percent of Democrats in agreement.

Inflation's impact is similarly bifurcated. While 67 percent of Republicans said they felt the impact of inflation, just 39 percent of Democrats acknowledged its pinch.

And, while the overall number of jobs in the nation rises and the unemployment rate remains low, according to YouGov, Democrats are twice as likely as Republicans to recognize job growth.

Those figures prove that economic confidence is now a partisan affair, with Americans' views on job growth, unemployment rates and even their own financial well-being diverging along party lines. In the context of steady job increases and a stable unemployment rate, the numbers signal a deeper polarization in the perception of economic health—a polarization that is increasingly untethered from economic data itself.

Historically, though, shifts in the presidency from one party to another have swayed economic outlooks among the public, often without corresponding shifts in economic indicators. The pattern was evident when Biden succeeded Trump, according to the data, with Republicans' economic optimism waning and Democrats' improving even before any significant policy changes took effect.

**Understanding the Underlying Reasons**

The Brookings Institution, a nonpartisan, nonprofit organization conducting research on public policy issues, published a study this month that lends context to the economic partisan divide—a consistent negative slant in economic news coverage.

Republicans and Democrats diverge in their primary news sources, according to Brookings, with most Republicans favoring [*Fox News*](https://www.newsweek.com/topic/fox-news?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) and Democrats leaning toward [*CNN*](https://www.newsweek.com/topic/cnn?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships) or [*MSNBC*](https://www.newsweek.com/topic/msnbc?utm_source=Synacor&utm_medium=Attnet&utm_campaign=Partnerships). The choices are consequential, as they shape the narrative, economic narrative included, that each group is likely to encounter.

During Trump's tenure, Brookings found that Fox News viewers were exposed to more positive economic stories, a trend that has seemingly reversed under Biden.

Media influence is compounded by a broader trend of increasingly negative economic news coverage, Brookings found. The San Francisco Federal Reserve's Economic News Sentiment Index suggests that economic news tone has become more negative since 2018, diverging from economic fundamentals. That growing negativity gap, particularly pronounced in the past three years, may lead Americans to perceive the economy as less robust than it is, potentially influencing consumer sentiment surveys and perceptions of recession where none exists.

Americans' economic outlook is filtered through a complex mesh of partisanship, personal experience and media consumption, resulting in a perception that may stray far from the macroeconomic data.

**The State of the Economy**

Understanding that the U.S. economy is still in a post-pandemic recovery where a fast, "breakneck" recovery was expected, according to experts, the economy did just that: It grew. Despite the partisan divide in economic perceptions, the actual state of the U.S. economy presents a more nuanced and broadly positive picture, based on data from the Commerce Department and insights from Bill Adams, chief economist at Comerica Bank.

The economy's performance in the fourth quarter of last year (the latest data available) outpaced expectations, with a growth rate of 3.3 percent annually, surpassing economists' forecasts and the predictive models of the Federal Reserve Banks. That growth, although a deceleration from the previous quarter's 4.9 percent, still contributed to an annual increase of 2.5 percent in real GDP for the full year, indicative of continued economic resilience.

"Economic growth was much better than expected in 2023, and the outlook for 2024 is good," Adams said in an emailed statement sent to *Newsweek*. "Inflation is slowing, the Fed is set to lower interest rates, household incomes are outpacing inflation, and rapid growth of domestic energy production is containing the economic effects of wars overseas."

The economist pointed out the importance of wage growth, which, although slower than the peak recovery period, has maintained a higher average than pre-pandemic levels, suggesting robust labor market conditions, which remain near historic lows.

A closer look at the contributing factors to the overall growth in the economy reveals a diversified strength—consumer spending across services and goods, particularly in health care and recreational vehicles, has remained robust. Despite facing headwinds from high interest rates and persistent inflation over the year, consumer sentiment started 2024 on a strong note, and retail sales exceeded projections.

However, the inflation narrative is complex. While the personal-consumption expenditures (PCE) price index—a measure of inflation—rose modestly in the quarter, core PCE, which excludes volatile food and energy prices, remained slightly above the Fed's 2 percent target.

Still, experts provide an optimistic outlook, citing the slowing of inflation, prospects of interest rate cuts by the Fed, and a strong job market as reasons for a positive economic trajectory in 2024.

While perceptions of the economy may vary widely across the political spectrum, the numbers tell a story of an economy that has demonstrated resilience and adaptability, positioning itself for a potentially strong performance in the coming year.

[*Link to Image*](https://d.newsweek.com/en/full/2341373/yougov.jpg)

**Graphic**

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