

Seeing the Economy through Colored Glasses: Partisanship in Macro and (not in) Micro Expectations*

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Abstract

Political views affect households' macroeconomic expectations, but personal economic circumstances and self-interested motives remain the dominant factors shaping their beliefs. Using an expanded dataset covering 11 U.S. Presidential elections from 1980 to 2020, we show that households' personal finance expectations exhibit significantly less partisan bias than their macroeconomic expectations, as households are more directly informed about their own situations. By linking microeconomic beliefs to corresponding macroeconomic expectations, we differentiate between *partisan bias*, *political sentiment*, and differences in *belief extrapolation*. An empirically estimated factor model quantifies the time-varying importance of partisanship and microeconomic disparity in driving polarized views of the macroeconomy. Finally, we show that households "cheerlead" for policies to be beneficial to the broader economy, often not because such policies are enacted by their favored winning party, but because they expect to personally gain from them.

Keywords: Macroeconomic Expectations, Elections, Partisanship, Political Opinions

JEL Codes: E21, E71

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1 Introduction

Political polarization was long perceived as orthogonal to macroeconomic dynamics. However, after Donald Trump won the 2016 U.S. presidential election, a growing literature has emphasized the interaction of polarization and the macroeconomy through the channel of partisanship in households’ economic expectations.¹ Belief differences translate into divergent economic decisions, such as stock investments (Meeuwis et al., 2022), and have important macroeconomic consequences including central bank credibility and long-run inflation expectations (Binder et al., 2024; Kuang et al., 2024). Recently, some commentators also link the partisan politics to the so called “vibecession”, the unusually negative residual of the post-pandemic consumer sentiment that could not be explained by the headline macroeconomic statistics.²

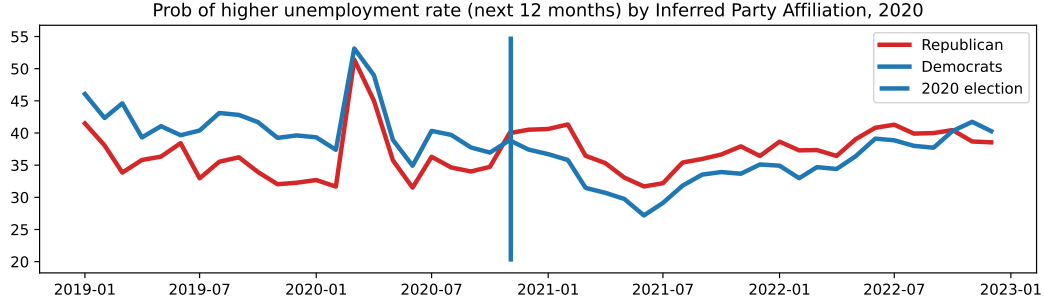
We build on recent literature documenting a sharp divergence and partisan shift in macroeconomic expectations surrounding political turnovers. We show that a wide range of macroeconomic expectations have exhibited clear partisan patterns across past U.S. presidential elections—a phenomenon traceable as far back as the 1980s, though with varying intensity over time. In contrast, and uniquely in our study, we find that households perceptions and expectations about their own financial situations—what we call “micro expectations”—exhibit much smaller or even negligible partisan shifts. This finding strikes us as both intuitive and reassuring: households are likely better informed about their personal economic conditions, and partisan beliefs cannot fully override expectations shaped by their heterogeneous and idiosyncratic realities.

As a preliminary demonstration of our results, we conduct an empirical exercise similar to Mian et al. (2021) to estimate partisan differences in expectations about key labor market outcomes, based on estimated individual-level partisan affiliations (with the procedure to be introduced in Section 2.1). As shown in Figure 1, shortly after Joe Biden’s victory in the 2020 election, expectations of a higher nationwide unemployment rate increased in Republican counties and decreased in Democratic ones. In contrast, this partisan divergence did not occur in expectations about individually perceived job separation and job finding rates (Figures 1b and 1c). We present this visual evidence as preliminary support for the idea that partisan shifts in expectations are more pronounced for macroeconomic indicators than for microeconomic ones.

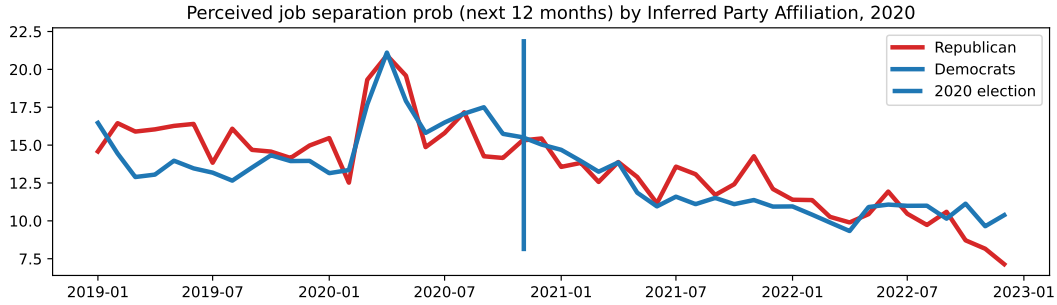
¹See Kamdar and Ray (2022), Mian et al. (2021), Meeuwis et al. (2022), Stantcheva (2024), and Binder et al. (2024), etc. Partisanship in consumer sentiment has been a recurring theme in the monitoring reports of the Michigan Survey of Consumer Expectations (University of Michigan, 2022, 2024) and Gallup (Evans, 2025). More strikingly, the partisan switch around political turnovers was observed in real-time the week after the 2024 U.S. election in consumer sentiment measures by Morning Consult, as reported in *New York Times* (Casselman, 2024). Examples are proliferating.

²See Economist (2023, 2024b,a); Burn-Murdoch (2024) for media coverage of this topic and Harris and Sojourner (2024); Bolhuis et al. (2024) for further scholarly analysis. Particularly relevant to our paper is the blog post by Cummings and Mahoney (2023), who attribute the mismatch of sentiment and economic fundamentals partly to the asymmetric partisan biases between Democrats and Republicans.

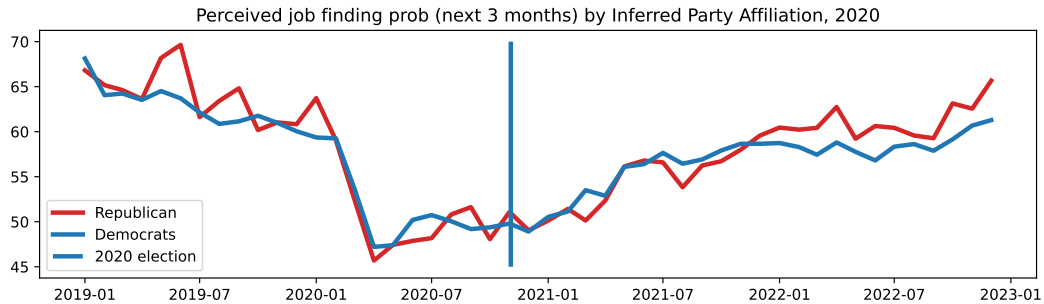
Figure 1: Expectations about Labor Market Outcomes by Individual-level Inferred Partisanship, 2020.



(a) Unemployment rate, next 12 months



(b) Job separation rate, next 12 months



(c) Job finding rate, next 12 months

Individual political party affiliations are inferred from the procedure in Section 2.1. These tables are generated using data from the 2020 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from January 2019 to December 2022. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the perceived probability of a higher nationwide unemployment rate in the next 12 months, (ii) the perceived probability of the respondent being separated from their job in the next 12 months, and (iii) the perceived probability of the respondent finding a new job in the next 3 months conditional on being separated from their job. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the blue line indicates the date of the 2020 Presidential election (in which the Democratic candidate, Joe Biden, won).

When respondents’ political preferences are not directly observed, researchers often rely on geographic information to infer partisanship, as in [Mian et al. \(2021\)](#) and [Meeuwis et al. \(2022\)](#). We instead impute individual-level partisan preferences using a richer set of demographic variables in addition to geographic locations cross-walked between the *American National Election Study* (ANES) ([American National Election Studies, 2021](#)) and two major surveys of household expectation—the *Survey of Consumer Expectations* (SCE) and the *Michigan Survey of Consumers* (MSC). For each U.S. presidential election cycle from 1980 to 2020, we use the estimated voter profiles from individual-level ANES to infer the political leaning of each respondent in the SCE and MSC, conditional on their demographic characteristics and the relevant election year. Our empirical strategy enables a systematic evaluation of the role of partisanship in shaping economic expectations across 11 presidential elections from 1980 to 2020.³

We empirically test how partisanship affects macroeconomic expectations using a difference-in-differences (DiD) regression design centered around an election cycle. To link individual-level and aggregate outcomes, we focus on pairs of micro– and macroeconomic expectations— for example, personal job separation probabilities and the aggregate unemployment rate. We consider three distinct channels through which partisanship may shape expectations. First, *partisan bias* refers to persistent differences in expectation levels between Democrats and Republicans throughout the election cycle. Second, *partisan sentiment* captures the idea that expectations shift depending on which party holds office, with changes in leadership prompting corresponding changes in beliefs. Third, *belief extrapolation* describes how individuals map their personal economic outlooks onto the broader economy, projecting micro-level experiences onto macroeconomic forecasts. We find strong evidence that partisanship influences expectations through all three channels, though the magnitude of these effects varies across micromacro expectation pairs and election cycles.

To reconcile these findings and formalize the process of expectation formation, we develop a model of economic belief formation built on three key assumptions. First, households form their views about the macroeconomy in part by extrapolating from their own economic circumstances, which they are more informed about and personally invested in. This assumption reflects our empirical finding that microeconomic expectations tend to be less subjective than macroeconomic ones. Second, the extent to which individuals project their microeconomic experiences onto macroeconomic expectations is shaped by individual-specific and potentially time-varying factors— most notably, political sentiment. This captures the influence of partisanship in modulating macroeconomic beliefs without fully overriding the anchoring role of

³The SCE does not publicly release political affiliation data for respondents and only began in 2013. The MSC includes sporadic data on political preferences starting in 2006 (with brief earlier coverage from 1980-1985) and began collecting this information on a consistent monthly basis only in February 2017. As a result, prior studies—particularly those using SCE data—have typically focused only on the 2016 and/or 2020 elections.

personal experience. Third, beyond political sentiment, expectations are also influenced by stable personal characteristics and common time-fixed effects, allowing us to isolate both persistent and cyclical variation in belief formation.

We empirically estimate such a factor model of micro and macro expectations using the rich panel structure of the SCE and repeated cross-sections of the MSC. We treat the alignment between a household’s observed or imputed political affiliation and that of the incumbent candidate (or party) as a factor that triggers not only a drift in the level of macroeconomic expectations but also the loadings from microeconomic expectations onto macroeconomic ones of the same individuals. The nexus between micro and macro expectations is governed by such an imperfectly observed mental state. Furthermore, we also allow the beliefs to be driven by partisan biases that entirely stem from one’s political leaning, unconditional on the incumbent’s party. Having individual-specific probability of party affiliation based on our imputation, instead of ones at the level of the geographic units such as U.S. states or counties, provides a richer variation across individuals that helps estimate our model parametrically.

Our estimation results confirm both subjective macro expectations and more objective micro expectations. On one hand, regardless of partisan preferences, one’s macroeconomic views are in general highly correlated with their economic circumstances. On the other hand, households’ macro expectations can be distorted by factors such as their political (dis)alignment with the current political environment. Across a wide range of expectation domains and spanning eleven U.S. presidential election cycles from 1980 to 2020, we find that there exists not only a level difference between macroeconomic expectations by the incumbent and opponent parties’ affiliates but also a varying strength of the link between one’s microeconomic expectations and macroeconomic views. Both state-dependent forces contribute to a sudden divergence or even flip in expectations around times of political turnover.

Why does partisanship drive divides in macroeconomic views? In the last part of this paper, we attempt to provide one explanation for such “colored glasses”. Undoubtedly, many non-economic motivations drive political views of households. We nevertheless find evidence for the importance of self-interest-based rationales underlying people’s subjectivity in macroeconomic views. Intuitively, households expect their preferred party/candidate to enact policies that benefit them personally, but also extrapolate such personal benefits onto rosier views of the macroeconomy. It is not just the consideration of self-interest alone, e.g. personally benefiting from expected future policies, but also the extrapolation of policy benefits from the individual to the macroeconomic level (“What is good for me personally, would also be good for the macroeconomy”) that matters for such an explanation. We establish evidence supporting such a hypothesis using the Public Policy submodule of the SCE, which elicits households’ expectations about future changes in an array of macroeconomic policies and their perceived effects on such

policies on their *personal* economic well-being. During the sample period between 2013 and 2023, we find strong evidence for self-interest-based extrapolation in one’s perceptions of the macroeconomy. In particular, when one expects future macroeconomic policies to bring about personal benefits, they not only expect an improvement in personal finances on many fronts but also expect better outlooks of future macroeconomy across domains. Our results closely align with findings such as [Stantcheva \(2020\)](#); [Ferrario and Stantcheva \(2022\)](#); [Stantcheva \(2024\)](#) regarding the formation mechanisms of policy views.

Previous Literature

Our paper primarily contributes to the expanding literature that links partisanship to expectations and economic decisions, in the context of stock market ([Addoum and Kumar, 2016](#); [Meeuwis et al., 2022](#); [Cassidy and Vorsatz, 2021](#)), inflation expectations ([Binder, 2023](#); [Bachmann et al., 2021](#); [Choi et al., 2022](#); [Gillitzer et al., 2021](#); [Jeong et al., 2025](#)), consumer sentiment ([Mian et al., 2021](#)), patenting behavior ([Engelberg et al., 2023](#)), corporate investment ([Rice, 2020](#)), bank lending ([Dagostino et al., 2023](#)), and credit ratings ([Kempf and Tsoutsoura, 2021](#)). A large literature has established that the expectations in survey data affect individual economic decisions, such as consumption spending and portfolio choices.⁴

Our paper is perhaps closest to [Kamdar and Ray \(2022\)](#), which finds that a major common factor of macroeconomic expectations/decisions of individuals is political sentiment: optimism in economic expectations while the respondent’s preferred candidate is the incumbent. This helps explain the persistent spread (“bias”) between optimism and pessimism at any point in time and swings (“switch”) shortly after the date of the election. Building on the factor model framework of expectations, we extend their focus, from only macroeconomic expectations to also microeconomic expectations and emphasize the importance of heterogeneity in individual economic circumstances.

Broadly speaking, we also show additional evidence for the subjectivity of macroeconomic expectations held by households. For instance, [Andre et al. \(2022\)](#) shows that households think of different propagation channels of the shocks, in particular demand- and supply-side mechanisms. [Bursztyn et al. \(2023\)](#) and [Guillochon \(2022\)](#) focus on politically divided news sources. The mechanisms documented in this paper might also reflect the “motivated belief” ([Brunnermeier and Parker, 2005](#)); and the echo chamber effects ([Cookson et al., 2023](#)). Our finding of the importance of idiosyncratic experience in driving macroeconomic expectations also echoes the finding by [Taubinsky et al. \(2024\)](#) showing individual circumstances affecting macroeconomic expectations of Danish households. Our joint focus on both micro and macro

⁴[Burke and Ozdagli \(2023\)](#); [Crump et al. \(2022\)](#); [Ichiue and Nishiguchi \(2015\)](#); [Dräger and Nghiem \(2021\)](#); [Duca-Radu et al. \(2021\)](#); [Wang \(2023\)](#).

expectations is also related to the different responsiveness of firms to microeconomic versus macroeconomic news (Born et al., 2022).

Political scientists have long studied the effects of partisanship in survey responses on beliefs about the economy.(Bullock and Lenz, 2019) It has long been established that, for example, Republicans are more likely to respond than Democrats that deficits rose during the Clinton administration⁵, while Democrats are more likely to respond that inflation rose under the Reagan administration⁶ (Bullock et al., 2015). As early as the 1960s, political scientists have been aware of the “role of enduring partisan commitments in shaping attitudes towards political objects (Campbell et al. (1960), p. 135). Using survey data from the American National Election Survey (ANES), Bartels (2002) found partisan biases in subjective evaluations of the George H. W. Bush administration in 1990-1992, and even in more objective economic data such as unemployment and inflation in the 1980-1988 period. More recently, Prior et al. (2015) found that the survey expectations about the economy reflect a mix of factual beliefs and wishful opinions, although Bullock et al. (2015) found that such partisanship “cheerleading” effects are reduced when respondents are given financial payments for factually correct responses.⁷

Our framework and findings also corroborate with several studies beyond the economic domain. For instance, Gaines et al. (2007) examines how partisanship influences the interpretation of factual information, leading to different opinions despite similar factual beliefs. It highlights that interpretations, rather than factual beliefs, drive opinions, making policy change signals more likely to come from independents and weak partisans. Compared to these studies, our paper formalizes and estimates a model of belief formation based on survey expectations that align with the long-held idea that partisanship is a lens through which individuals perceive reality. Just like social issues, news events, policies, etc, individuals’ views about future economic conditions can also be influenced by such a factor. Lastly, our finding that personal finance expectations are less subject to partisan bias than macroeconomic expectations echoes the finding of Conover et al. (1987).

2 Empirical Strategy

2.1 Imputation using Individual-level Data

A novel empirical contribution of this paper is to use ANES survey data to impute partisan preferences of SCE/MSR respondents. For each presidential election year, the ANES releases

⁵During the Clinton administration, Fiscal Year 2000 saw the first federal budget surplus in nearly 50 years.

⁶During Reagan’s presidency, CPI inflation fell from 10.3% in 1981 to 4.1% in 1988.

⁷See Bullock and Lenz (2019) for a detailed review of the political science literature of partisanship in survey responses.

microdata of each respondent’s political party affiliation, voting intention/choice on Presidential election candidates, and various demographic variables. We use this information to impute political party preferences under the following procedure:

1. From the ANES survey for each presidential election year, we collect the respondent’s voting intention/choice (which Presidential candidate they voted for/would like to vote for). From each respondent, we also collect demographic variables that appear in both the ANES and the SCE/MSA. The MSA has a more limited set of demographic variables available for use. See Table 1 for the list of demographic variables used in either the SCE or MSA datasets.
2. We run two probit regressions of these demographic variables on the respondent’s party of voting intention/choice: one for respondents who responded Democratic, and another for those who responded Republican.
3. We then take the vector of coefficients from the probit regressions and multiply them by corresponding demographic variables for respondents in the SCE/MSA data for each election cycle. For the purposes of this paper, an “election cycle” is defined as the 2 calendar years leading up to and 2 full calendar years after a U.S. presidential election. For example, we define the 2016 election cycle as the period from January 2015 to December 2018, the 2020 election cycle from January 2019 to December 2022, and etc.

This procedure yields two values: a predicted or imputed value for the SCE/MSA respondent’s likelihood of being a Democrat (after cross-multiplying them by coefficients from the Democrat probit regression from the ANES data) and another for the likelihood of being a Republican.

4. If the SCE/MSA respondent has a higher predicted Democratic value than a predicted Republican value, we impute that SCE/MSA respondent as Democratic, and vice versa.

In Tables A.1 to A.11 of the Appendix, we list coefficients from our imputation method using ANES and MSA data for Democrats and Republicans from the 1980 to 2020 election cycles. In Tables A.12 and A.13, we show the same from our imputation method using ANES and SCE data for the 2016 and 2020 election cycles.

We argue that our imputation process is important for two reasons: first, we aim to predict SCE/MSA respondents’ political preferences more accurately than simply using geographical(county/state/Census region) information, as done in previous papers such as Mian et al. (2021). Second, survey microdata on political affiliation is not collected or generally withheld for much of the sample period in the MSA or SCE. The MSA did not systematically collect

| Variable | SCE | MSC |
|--|-----|---------------|
| Age (and age squared) | ✓ | ✓ |
| Sex (male/female) | ✓ | ✓ |
| Ethnicity dummies | ✓ | ✗ |
| Level of education dummies | ✓ | ✓ |
| Employment status dummies | ✓ | ✓ |
| Marriage status | ✓ | ✓ |
| Spouse’s employment status | ✓ | ✗ |
| 3+ years in current residence | ✓ | ✗ |
| Homeownership | ✓ | ✓ (from 1992) |
| Income bracket dummies (high, middle, low) | ✓ | ✓ |
| State of residence dummies | ✓ | ✗ |
| Census region of residence dummies | ✗ | ✓ |

Table 1: List of demographic variables used in imputation of individual-level partisanship, in SCE and MSC respondents. Ethnicity dummies: White, Black, Asian, Native American, Hispanic. Level of education dummies: high school or less, high school graduate, some college, associate degree, baccalaureate degree, post-baccalaureate degree. Employment status dummies: working, temporarily laid off, unemployed, retired, permanently disabled, homemaker, student. Census region of residence dummies: Northeast, South, Midwest, West.

political affiliation until the 2016 election (albeit during some months starting from the 2008 election), and public releases of the SCE microdata do not reveal respondents’ political preferences. Therefore, it is important to check how accurate our imputation method is, by comparing our imputation outcomes to the limited available actual data on political preferences. Given its validity, and given that the ANES surveys began in 1948, our imputation would allow us to extend the data to the entire available sample of the SCE or the MSC data, with the latter dataset going back to 1978.

We confirm the first point by showing that our imputation method, with all the available demographic variables, imputes the political affiliations of MSC respondents more accurately than using only geographical information. In Table A.14 of the Online Appendix, we show the probabilities that our imputation with all the demographic variables predicts MSC respondents’ political affiliations (“Correct imputation”), as opposed to the using only geographical or regional data (“Regions-only imputation”). These probabilities are computed for each election cycle. The MSC started collecting data on political affiliations of respondents, sporadically during the 2004, 2008, and 2012 election cycles, then more comprehensively during the 2016 and 2020 election cycles. We find that the more comprehensive imputation, using all available demographic data *and* geographical information, predicts correctly an average of 56.7%, as compared to 49.7% with only geographical information. By election cycle, this difference is as low as 1.2% in 2012, to 12.3% in 2016.

The differences across election cycles also implies that there are changes in the relationship between individual respondents’ political affiliation and their demographic and geographical

variables. In other words, there is political realignment across election cycles, a common theme in U.S. political history. This justifies our approach of running the imputation process for each election cycle, especially given the much greater number of cross-sections (election cycles) in our study as compared to the previous literature.

We also show that partisan expectations under individual-level imputation exhibit time-series paths as those under county-level imputation. For this, we use county-level electoral returns and SCE respondent-level data to impute partisan expectations on macro and micro variables. We use data on county-level electoral returns for each party during the 2016 and 2020 Presidential elections. (Democratic, Republican, and third-party/other votes). We cross-walk counties and aggregate electoral returns into commuting zones, as the SCE lists each respondent’s commuting zone. As a first pass, if a commuting zone had more Democratic(Republican) votes than the other party, we impute the commuting zone as a Democratic(Republican)-leaning commuting zone, and the SCE respondent living in this commuting zone has partisan preferences imputed as Democratic(Republican). We then take the mean response of to various questions from the SCE survey by imputed political party preferences. In Appendix Figure [A.1](#), we show our county-level imputations for the 2016 election cycle, and again demonstrate the partisan switch in macro expectations (unemployment rate, Subfigure [A.1a](#)) around the time of the election, but not in micro expectations (job separation rate and job finding rate, Subfigures [A.1b](#) and [A.1c](#)).

3 Comparing Partisan Expectations around Election Outcomes

3.1 Salient Switches in Macro Expectations

In the remainder of the paper, we will report results based on inferred individual-specific probability of partisan affiliation. We compute the mean level of expectations on several variables relating to the macro- and microeconomic expectations.

In Figure [2](#), we show the mean response of the SCE respondents whom we impute as Democratic (henceforth “Democratic respondents”) and as Republican (“Republican respondents”) on three variables in the 2016 election cycle. Subfigure [2a](#) shows the mean response of (imputed) Democratic and Republican respondents of their expected probability of a higher *nationwide* unemployment rate in the next 12 months. We find a significant increase in the partisan difference in expectations of the unemployment rate shortly after the 2016 Presidential election when the Republican candidate (Donald Trump) won. Shortly after the election, we see that Republican respondents’ mean expected probability of a higher nationwide unemployment rate decreased, while those for Democrats increased, effectively changing the sign of and widening

the partisan difference in macroeconomic expectations of the labor market.

3.2 Less Divergence in Micro Expectations

However, this partisan difference is not as significant in the next two subfigures. In Subfigure 2b, we run the same exercise for the respondent’s own expectations for their perceived probability of job separation in the next 12 months. In Subfigure 2c, we run the same exercise for the respondent’s own expectations for their perceived probability of finding a job in the next 3 months, conditional on becoming unemployed.

In both of these subfigures, the partisan difference is not as apparent before or after the election. As these variables relate to the expectations of the respondent’s *own* job prospects rather than the macroeconomic expectations of the job market as a whole, we include these results as evidence in our hypothesis that there is a greater partisan difference in expectations for macroeconomic variables than microeconomic (individual) ones.

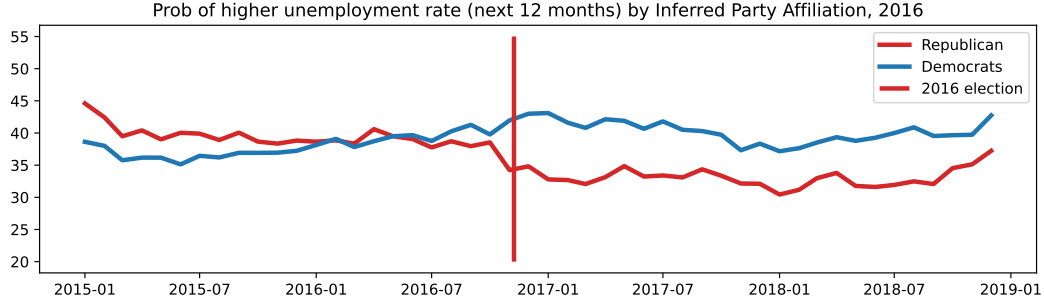
3.3 Partisan Real Income Expectations Driven by Divergent Inflation Expectations

Meanwhile, expectations of respondents’ own real household income growth in the next 12 months exhibit partisan differences punctuated shortly after the presidential elections. We show the results in Figure 3. Democratic expectations on real household income growth are consistently greater than Republican expectations in the 2015-2016 period. These practically disappear during the whole of the Trump administration: in the 2017-2018 period, i.e. the second half of Subfigure 3a, as well as the 2019-2020 period, the first half of Subfigure 3b. After Joe Biden’s election in November 2020, these differences reappeared in the 2021-2022 period, the second half of Subfigure 3b.

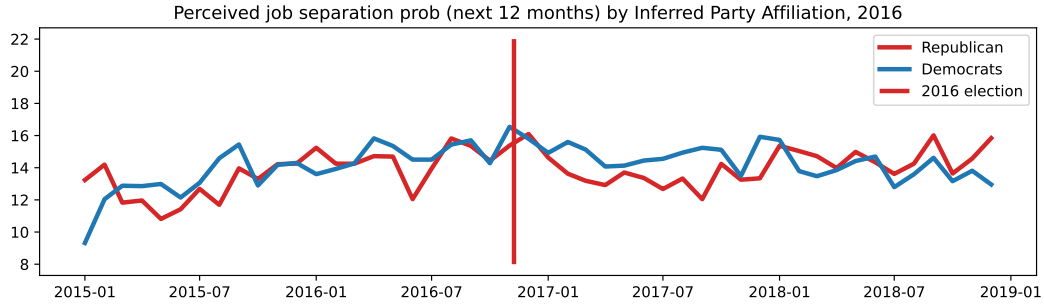
A similar qualitative pattern appears for respondents’ own real wage growth expectations in Subfigures 3c and 3d; a narrowing of partisan expectations during the Trump administration, then a widening during the Biden administration. This difference is much less visually apparent in *nominal* household income expectations (Figure A.3 in the Appendix), which implies that these changes in partisan expectations over time are primarily driven by partisan inflation expectations.

Note that here we treat *nominal* wage and income expectations as *micro* expectations as they are elicited regarding the respondents’ own income/wage changes. This differs from the inflation expectations which necessarily regard the overall price level. Households are more likely to have

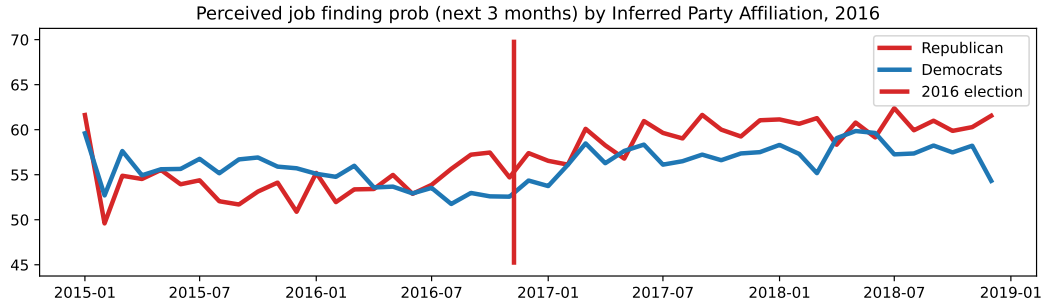
Figure 2: Expectations about Labor Market Outcomes by Individual-level Inferred Partisanship, 2016.



(a) Unemployment rate, next 12 months



(b) Job separation rate, next 12 months



(c) Job finding rate, next 12 months

Individual political party affiliations are inferred from procedures in Sections 3.1 and 4.2. These tables are generated using data from the 2016 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from January 2015 to December 2018. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the perceived probability of a higher nationwide unemployment rate in the next 12 months, (ii) the perceived probability of the respondent being separated from their job in the next 12 months, and (iii) the perceived probability of the respondent finding a new job in the next 3 months conditional on being separated from their job. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the dark red line indicates the date of the 2016 Presidential election (in which the Republican candidate, Donald Trump, won).

direct references on their own income/wage growth as opposed to the aggregate inflation.⁸ The results above again confirm that micro expectations exhibit less partisan switches as those regarding aggregate inflation rate.

3.4 Partisan Expectations over 1980-2020

We also leverage our imputation process with ANES and MSC microdata to display mean partisan expectations across eleven presidential elections from 1980 to 2020.⁹ In Figure 4, we use MSC microdata of respondents’ macro expectations about the unemployment rate (Figure 4a) and business conditions (Figure 4b), as well as micro expectations on real household income (Figure 4c) and nominal income (Figure 4d).

Visually, partisan macro expectations on the unemployment rate and business conditions diverged most around the Republican victories of 1980 and 1984, as well as the more recent 2016 and 2020 elections. With the exception of 1990s and 2000s, partisan switches have been a recurring phenomenon, and it is not new to the recent several elections. Micro expectations of the two parties on nominal household income, in contrast, have moved in tandem despite their persistent level differences, and did not exhibit sudden switches across election turnovers. Meanwhile, we can see sudden switches patterns in real-income expectations, primarily driven by the partisan inflation expectations.

3.5 Detecting Partisan Bias and Sentiment

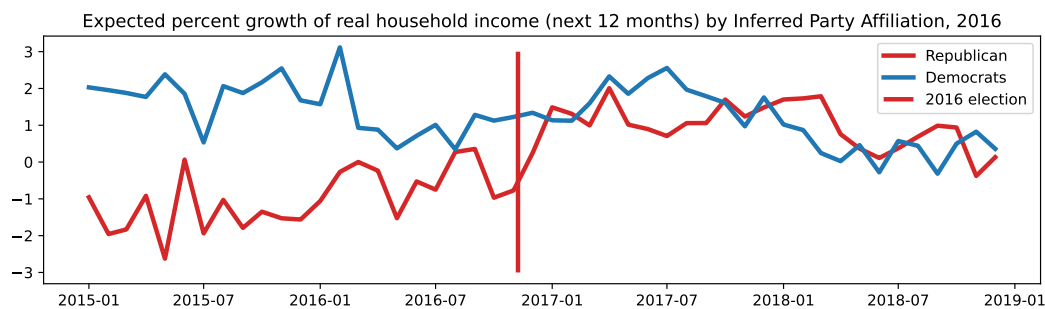
The provided figures above indicate whether there are partisan components to households’ expectations before and after the election. We differentiate between two ways partisanship can influence elicited beliefs. First, *partisan bias* indicates whether Democrats have, on average, different beliefs than Republicans throughout the election cycle. Second, *political sentiment* refers to state-contingent beliefs that an individual might perceive the state of the economy differently depending on whether they are politically aligned with the winner of the presidential election. To get a better sense of these two effects, we apply a regression analysis.

We regress elicited beliefs Belief_{it} from the SCE or MSC on our imputed party affiliation Party_i , a dummy variable for post-election periods PostElect_t , and an interaction term $\text{Party}_i \times$

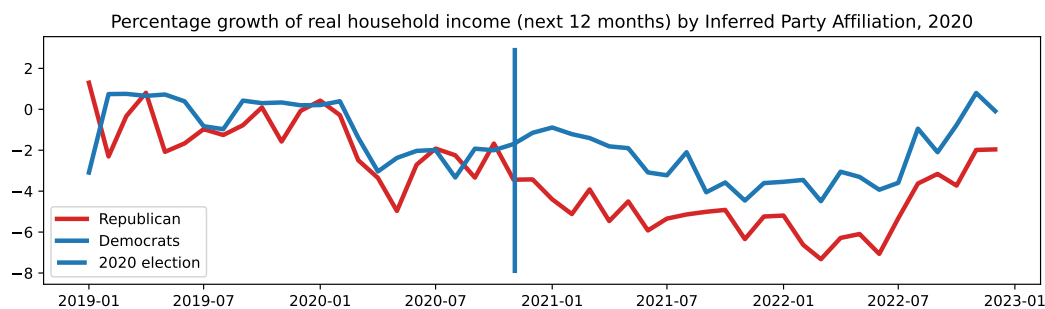
⁸Our interpretation is related to but distinct from the “money illusion”, which posits that individuals are not able to perfectly disentangle real changes from nominal counterparts.

⁹We emphasize again the importance of expanding the number of available U.S. presidential elections in our sample from two (2016 and 2020).

Figure 3: Income/Earning Expectations by Inferred Partisanship, 2016 and 2020.



(a) Real household income growth rate in percentage points, next 12 months, 2015-2018



(b) Real household income growth rate in percentage points, next 12 months, 2019-2022



(c) Real wage growth rate in percentage points, next 12 months, 2015-2018



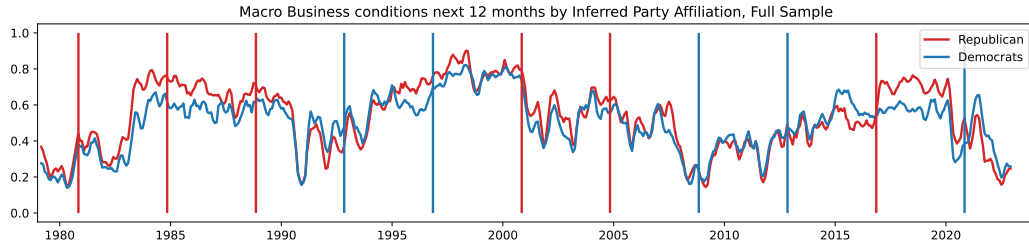
(d) Real wage growth rate in percentage points, next 12 months, 2019-2022

These tables are generated using data from the 2016 and 2020 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from January 2015 to December 2022. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the dark red and dark blue lines indicate the date of the 2016 and 2020 Presidential elections respectively.

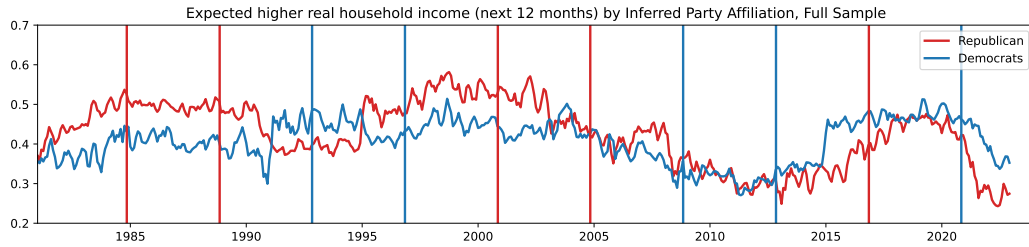
Figure 4: Macro and Micro Expectations by Individual-level Inferred Partisanship, 1980-2020.



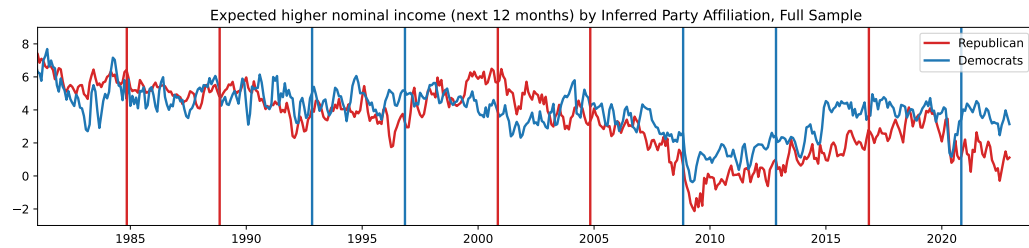
(a) Unemployment rate, 1980-2022



(b) Business conditions, 1980-2022



(c) Real income, 1980-2022



(d) Nominal income, 1980-2022

These tables are generated using data from the American National Election Survey (ANES) and the Michigan Survey of Consumers (MSC) from January 1980 to December 2022. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the red and blue vertical lines indicate the date of the U.S. Presidential elections where Republicans and Democrat candidates won, respectively. All series are in 3-month moving average.

PostElect_t:

$$\text{Belief}_{it} = \alpha_0 + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t + \text{Controls}_{it} + \varepsilon_{it} \quad (1)$$

Here, Party_i reflects whether respondent *i* was affiliated with the a party whose candidate won the Presidential election. For example, in election years where Democrats won (2020, 2012, and 2008), we use Democrats as the independent variable and Republicans for 2016 and 2004.

We interpret the coefficients as follows: $\alpha_1 \neq 0$ indicates partisan *bias*, as households supporting different parties have, on average, a statistically significant difference in expectations of that variable. α_2 indicates a post-election shift of all respondents, regardless of partisan affiliation. $\alpha_3 \neq 0$ implies a *partisan sentiment*, as the post-election changes in expectations of households who support the winner change of that election cycle. We control for all household characteristics we used in the imputation stage and cluster standard errors at the individual level. Tables A.15 - A.16 in the appendix contains estimates for the coefficients of sentiment and bias (α_3 and α_1 respectively) for all micro and macro variables in SCE and MSC for all elections from 1980 to 2000, and from 2004 to 2020 respectively (statistically insignificant coefficients are displayed as 0).

In line with the figures, macro expectations tend to be more prone to partisan bias and switches after election results, in that there are more statistically significant coefficients for macro variables than for micro variables. For instance, the expected probability that the unemployment rate increases dropped by 4.6 percentage points (pp) for Republicans after the 2016 election and by 7.6pp for Democrats after the 2020 election. Contrarily, the perceived probability of job separation is not statistically significant for neither election. For the expected inflation rate, Republicans reduced their estimate on average by 0.9pp in 2016 and Democrats by 1.8pp in 2020. All these effects are not only statistically significant, but also economically meaningful.

In conclusion, the statistical analysis confirmed the partisan *bias* and *sentiment* displayed in the figures for macroeconomic variables such as the unemployment or inflation rate. These effects are weaker for microeconomic variables.

3.6 Micro to Macro: Partisan Bias, Sentiment, and Belief Extrapolation

From the analysis in the previous section, we found that households' expectations about their own economic situation (micro beliefs) are less affected by partisanship than expectations about the macroeconomy, e.g. about everyone else.

In both the SCE and MSC surveys, we select pairs of variables on related micro- and macroe-

conomic expectations. An example of such a pair is a respondent's micro expectations of their own probability of getting fired and their macro expectations of the national unemployment rate (the probability of others being fired). Another example is a respondent's (micro) beliefs on prices of individual categories of goods, such as food, rent, and gasoline, and their macro beliefs on the inflation rate (the prices of all other items). Respondents may observe for themselves the prices of individual items, and, based on those micro beliefs, extrapolate their beliefs on the nationwide inflation rate.

We may think that agents extrapolate from and make statements about the macroeconomy based on their beliefs of their own individual situations. Under that possibility, agents who are positive in their individual situations (micro beliefs) may think more positive macro beliefs as well.¹⁰ We can include partisanship into the realm of individual situations; households may see a stronger connection between their own situations and the situation of all other agents (micro to macro) depending on their political preferences or the political affiliation of the incumbent president.

Therefore, in this section we test the hypothesis that households' micro beliefs may also affect macro beliefs, in addition to their political preferences and the political affiliation of the current incumbent. Specifically, we augment the specification in Equation 1 with respondents' micro beliefs:

$$\begin{aligned}
\text{MacroBelief}_{it} = & \alpha_0 \\
& + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\
& + \alpha_4 \text{MicroBelief}_{it} + \alpha_5 \text{Party}_i \times \text{MicroBelief}_{it} \\
& + \alpha_6 \text{PostElect}_t \times \text{MicroBelief}_{it} + \alpha_7 \text{Party}_i \times \text{PostElect}_t \times \text{MicroBelief}_{it} \\
& + \text{Controls}_i + \varepsilon_{it}
\end{aligned} \tag{2}$$

where, again, Party_i is an indicator variable equal to 1 if the imputed political affiliation of the respondent is the same as that of the winning candidate in a particular election cycle. Now, MicroBelief_{it} and MacroBelief_{it} are pairs of respondent i 's expectations on micro- and macroeconomic variables.

In this specification, these coefficients have the following interpretations:

- α_1 : Partisan bias of macro variable
- α_3 : Partisan sentiment of macro variable
- α_5 : Partisan bias of extrapolation from micro beliefs to macro beliefs

¹⁰Colloquially, households who are doing well may expect others may be doing well too.

- α_7 : Partisan sentiment of extrapolation from micro beliefs to macro beliefs

Similar to Equation 1, α_1 and α_3 capture how partisanship directly affects the expectation of macro beliefs through partisan *bias* and state-contingent *sentiment*. Additionally, α_5 and α_7 show how the extrapolation from micro variables to macro beliefs are influenced by partisanship. Specifically, α_5 says that Democrats put different weight on own experiences when extrapolating macro variables than their Republican counterparts. Lastly, α_7 indicates whether the micro-macro extrapolation differs depending on the incumbent party. For instance, suppose an individual’s probability of job separation as the micro belief and the aggregate unemployment rate as the macro belief. Individuals who perceive that their probability of job separation is low, but who also do not support the president in power, could think that their own economic situation is due to their own hard work rather than due to the policies of the incumbent president. Individuals might assume a disconnect between their own circumstances and the macroeconomy. Similarly, the connection between micro and macro expectations can be influenced by partisan campaigning, putting either more or less emphasis on these relationships. Hence, while we do not explicitly hypothesize on the sign of α_7 , we find it important to analyze when discussing about partisanship.

As for what constitutes the variables MicroBelief_{it} and MacroBelief_{it} , we focus on two sets of variables. First, there are the variables on the expected inflation rate of categories of items for which we have survey data, such as gas, food, and rent prices of households. Second, there are the variables regarding the overall economy. For example, the MSC Index of Consumer Sentiment (ICS) is computed from responses of five questions, of which three focus on the personal situation¹¹ and two on the macroeconomy¹². Additionally, also from the MSC data, we can relate expected personal finances (PEXP) with expected conditions of businesses (BEXP).

As for the SCE survey data, we relate the micro beliefs of personal job separation job during the next 12 months? and job finding probabilities with the macro beliefs of the aggregate unemployment rate. Additionally, we use the expected rate of inflation and relate it to changes

¹¹To construct our measure of micro sentiment from MSC microdata, we use 3 variables:

Q1 (PAGO) We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?

Q3 (PEXP) Now looking ahead—do you think that a year from now you (and your family living there) will be better off financially, worse off financially, or just about the same as now?

Q19 (DUR) Think about the big things people buy for their homes – such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?

¹²To construct our measure of macro sentiment from MSC microdata, we use 2 variables:

Q5 (BUS12) Now turning to business conditions in the country as a whole—do you think that during the next 12 months we’ll have good times financially or bad times financially?

Q9 (BUS5) Looking ahead, which would you say is more likely – that in the country as a whole we’ll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression?

The index is created by using the sum and divide by base year (2003 January) and adding 2.

in gas and rent prices¹³.

We re-scale all categorical expectations variables to a scale of $[0, 1]$, where larger values indicate more positive sentiment (i.e. 1 for positive, 0 for negative). For example, the MSC codebook includes a question for respondents' expectations of business conditions 12 months from now (**bus12**). For that question, the categorical responses reach from 1 for good (positive), 3 for neutral, and to 5 for bad (negative). In that case, we adjust the responses to a $[0, 1]$ scale such that 1 indicates positive expectations, while 0 indicates negative expectations, and 0.5 for neutral expectations. For expectation variables with numerical percentage responses, we maintain percentages.

Table 2 summarizes the results pooled across recent election cycles in which the incumbent did not win reelection (2008, 2016, 2020). To streamline presentation, we report estimates from the perspective of respondents who supported the incoming presidential candidate in each cycle.

A key finding is the strong correlation between micro and macro expectations, captured by coefficient α_4 : respondents who anticipate increases in personal economic outcomes also tend to expect increases in aggregate outcomes. This correlation is not constant over time. Coefficient α_6 shows that the micromacro relationship shifts before and after the election, suggesting that during the campaign period, macroeconomic narratives may dominate and reduce the influence of personal experience. Given that economic issues differ in relevance across election cycles, the value of this coefficient varies accordingly.

The role of partisanship in shaping the micro-to-macro extrapolation is more nuanced. In the case of inflation expectations (columns 9 - 10), α_5 indicates that supporters of the winning president exhibit a weaker link between perceived increases in gas or rent prices and expected aggregate inflation. However, the post-election interaction term, α_7 , reveals more complex dynamics: for rent, supporters of the winning party who expect rising rent prices actually report lower aggregate inflation expectations after the election, whereas for gas prices, the micromacro loading becomes stronger. These patterns vary across variables and election cycles, making it difficult to draw a uniform conclusion about partisan effects on expectation formation.

In summary, partisanship impacts household beliefs about the macroeconomy through channels other than just bias and sentiment. The degree to which changes in microeconomic circumstances get extrapolated into macroeconomic variables depends significantly on partisanship.

¹³For inflation expectations it is difficult to find a clear micro-macro pair. The SCE also considers prices for food, medical bills, and education, although none of them are phrases to assess the cost of the individual

Table 2: Micro to Macro Partisan Bias and Switch for All Elections
MSC elections 2008, 2016, 2020; SCE elections 2016-2020

| Dep Var Micro Var | MSC Macro Index | MSC Macro Index | MSC Bexp | MSC Bexp Pexp | SCE Unemp | SCE Unemp Job Sep | SCE Unemp Job Find | SCE Inflation | SCE Inflation Gas Price | SCE Inflation Rent |
|---------------------------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|-------------------------|--------------------------|----------------------|-------------------------------|--------------------------|
| Win | -1.420 (8.688) | 7.081 (10.628) | 0.013 (0.028) | -0.007 (0.028) | 0.084 (0.101) | 0.259 (0.364) | 1.510** (0.734) | -0.029*** (0.011) | 0.341*** (0.065) | 0.342*** (0.049) |
| postElect | -26.908*** (1.138) | 7.862 (7.110) | -0.051*** (0.003) | -0.046*** (0.004) | -4.848*** (0.043) | -4.709*** (0.112) | -8.180*** (0.372) | 2.780*** (0.006) | 2.086*** (0.084) | 1.477*** (0.189) |
| Win \times postElect | 42.057** (17.654) | 27.736 (17.022) | 0.170*** (0.048) | 0.167*** (0.062) | -7.168*** (0.249) | -7.769*** (0.549) | -7.993*** (0.410) | -1.924*** (0.087) | -1.401*** (0.157) | -1.018*** (0.096) |
| Micro | | 0.928*** (0.069) | | 0.385*** (0.004) | | 0.223*** (0.002) | -0.041*** (0.006) | | 0.127*** (0.012) | 0.266*** (0.017) |
| Micro \times postElect | | -0.145** (0.059) | | 0.062*** (0.005) | | 0.022*** (0.004) | 0.052*** (0.006) | | 0.062*** (0.013) | 0.025 (0.022) |
| Micro \times Win | | -0.077 (0.111) | | 0.029 (0.059) | | -0.010 (0.016) | -0.024* (0.014) | | -0.058*** (0.007) | -0.035*** (0.004) |
| Micro \times Win \times postElect | | 0.037 (0.113) | | -0.085 (0.062) | | 0.064*** (0.012) | 0.019* (0.011) | | 0.029*** (0.005) | -0.026*** (0.001) |
| Controls | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES |
| Adj. R^2 | 0.064 | 0.208 | 0.011 | 0.125 | 0.023 | 0.057 | 0.024 | 0.091 | 0.135 | 0.169 |
| N | 56115 | 56115 | 56115 | 56115 | 106395 | 63862 | 63882 | 104155 | 90067 | 90315 |

3.7 Micro and News to Macro

Households are not only restricted to form their macro expectations using their individual situation, but receive *news* from media (TV, internet, newspapers, etc.), or colleagues and friends. Being exposed to additional information about the macro economy, such as positive/negative news about the economy, employment, or inflation, will influence how they predict the future.

Therefore, we extend the specification in Equation 2 with a *news* indicator which is 1 if the agent received positive news, 0 if no news and -1 if unfavorable news was received within the last few months.

$$\begin{aligned}
\text{MacroBelief}_{it} = & \alpha_0 \\
& + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\
& + \alpha_4 \text{MicroBelief}_{it} + \alpha_5 \text{Party}_i \times \text{MicroBelief}_{it} \\
& + \alpha_6 \text{PostElect}_t \times \text{MicroBelief}_{it} + \alpha_7 \text{Party}_i \times \text{PostElect}_t \times \text{MicroBelief}_{it} \\
& + \alpha_8 \text{News}_{it} + \alpha_9 \text{Party}_i \times \text{News}_{it} + \alpha_{10} \text{Party}_i \times \text{PostElect}_t \times \text{News}_{it} \\
& + \text{Controls}_i + \varepsilon_{it}
\end{aligned} \tag{3}$$

Using the MSC, we can directly observe whether households received news about a broad set of economic topics, as well as specific information related to prices and unemployment. This allows us to avoid controlling for aggregate macroeconomic fluctuations or inferring who was exposed to which news since this information is available directly from the MSC data. In Table 3, we use the overall news index to study its relationship with the macro sentiment index (columns 1-2), employment-related news to analyze expectations about the unemployment rate

Table 3: Micro and News to Macro Partisan Bias and Switch for All Elections
MSC elections 2008, 2016, 2020

| Dep Var Micro Var News Var | MSC Macro Index | MSC Macro Index Micro Index All News | MSC Unemp | MSC Unemp Job Separation Employment News | MSC Inflation | MSC Inflation Gas Price Inflation News | MSC Inflation Nominal Income Inflation News |
|---------------------------------------|-----------------------|---|----------------------|---|----------------------|---|--|
| Win | -1.420 (8.688) | 5.288 (7.113) | -0.005 (0.027) | 0.002 (0.021) | 0.127 (0.199) | 0.059 (0.293) | 0.130 (0.162) |
| postElect | -26.908*** (1.138) | 6.609** (2.873) | -0.039*** (0.003) | -0.033*** (0.002) | 2.099*** (0.001) | 1.303*** (0.065) | 1.869*** (0.003) |
| Win \times postElect | 42.057** (17.654) | 35.086** (14.067) | -0.131*** (0.050) | -0.118*** (0.037) | -1.403*** (0.045) | -1.242*** (0.165) | -1.568*** (0.072) |
| Micro | | 0.780*** (0.033) | | 0.148*** (0.020) | | 0.015*** (0.003) | -0.011*** (0.002) |
| Micro \times postElect | | -0.142*** (0.025) | | -0.038 (0.024) | | 0.013*** (0.002) | -0.016*** (0.001) |
| Micro \times Win | | -0.058 (0.086) | | -0.029 (0.038) | | 0.002 (0.003) | -0.007 (0.006) |
| Micro \times Win \times postElect | | -0.081 (0.090) | | -0.043 (0.038) | | 0.005 (0.003) | 0.035*** (0.006) |
| News | | 42.805*** (3.757) | | -0.142*** (0.018) | | -1.031*** (0.176) | -1.089*** (0.179) |
| News \times postElect | | -2.461 (3.715) | | 0.035* (0.019) | | 0.039 (0.164) | -0.196 (0.172) |
| News \times Win | | -1.171 (1.842) | | 0.024** (0.011) | | -0.473*** (0.086) | -0.586*** (0.066) |
| News \times Win \times postElect | | 12.120*** (1.953) | | -0.055*** (0.011) | | -0.120 (0.078) | 0.250*** (0.057) |
| Controls | YES | YES | YES | YES | YES | YES | YES |
| Adj. R^2 | 0.064 | 0.275 | 0.052 | 0.086 | 0.064 | 0.103 | 0.073 |
| N | 56115 | 56115 | 56115 | 56115 | 55168 | 33144 | 54776 |

(columns 3-4), and price-related news to examine inflation expectations (columns 5-7).

First, the coefficient on *News* (α_8) is highly significant across all specifications. This indicates that when agents receive positive news, they revise their expectations about macroeconomic variables in a more optimistic direction; for example, expressing more positive macro sentiment or expecting lower unemployment or inflation. Second, we find evidence of partisan sentiment. Households that support the incumbent president respond differently after the election compared to those who supported the previous president. For instance, α_{10} in column 2 shows that supporters of the new president increase their macro sentiment more in response to favorable economic news than those who oppose the new administration. Importantly, the earlier finding that microeconomic beliefs influence macroeconomic expectations remains robust. Thus, the paper’s central mechanism holds even after accounting for the role of news.¹⁴

¹⁴Related to our estimates, [Jeong et al. \(2025\)](#) studies how the same self-reported news exposures affects MSC households’ inflation expectations differently among incumbent versus opposition party’s affiliates. We show that conditional on the news’s impacts, personal finance expectations remain important drivers of macroeconomic expectations.

4 A Model of Expectation with Partisanship

The previous sections established several different channels in which partisanship affects macroeconomic expectations. We aim to formally capture these mechanisms in a coherent modeling framework that allows one to incorporate partisan expectations in standard forward-looking household decision problems. To that end, we introduce a factor model of macroeconomic expectations that can be flexibly estimated from survey data. We set up such a model in this section.

4.1 Setup

We start from a simple benchmark where partisanship does not affect one's macroeconomic expectations. An agent i observes their own individual (micro) situation $s_{i,t}$ with high precision, but does not perfectly observe the state of the aggregate economy ψ_t . They form individual expectations about the aggregate economy, $\tilde{\psi}_{i,t}$, partially based on their individual situation, as governed by the function $z(\cdot)$.

$$\tilde{\psi}_{i,t} = z(s_{i,t}) \quad (4)$$

We assume the form of $z(\cdot)$ to be a linear function of $s_{i,t}$,

$$z(s_{i,t}) = \alpha + \lambda s_{i,t}, \quad (5)$$

where λ measures the sensitivity of the macroeconomic expectations with respect to $s_{i,t}$. One interpretation of such a functional form is that $s_{i,t}$ is a noisy signal of ψ_t , and α is some prior belief about the aggregate economy $\psi_{i,t}$. $z(s_{i,t})$ is formed based on non-sophisticated Bayesian updating, in which agents do not necessarily optimally decide λ based on information precision. Alternatively, $z(\cdot)$ can be interpreted as an ‘‘attribution’’ function in that it measures how much individuals attribute their future individual circumstances to the expected macroeconomic conditions.

In order to capture partisanship-induced belief differences and admit other unspecified sources of variations of beliefs across individuals and time, we assume instead that $z(\cdot)$ is state-dependent, varying with other two variables $\kappa_{i,t}$ and $x_{i,t}$, as specified below.

$$\begin{aligned} z(s_{i,t}, x_{i,t}, \kappa_{i,t}) &= \mathbf{1}(\kappa_{i,t} = D)\omega + \mathbf{1}(x_{i,t} = 1)z^{up}(s_{i,t}) + \mathbf{1}(x_{i,t} \neq 1)z^{down}(s_{i,t}) + \zeta_i + \phi_t + \varepsilon_{i,t} \\ x_{i,t} &= \mathbf{1}(\kappa_{i,t} = D)\mathbf{1}(\Theta_t = D) + \mathbf{1}(\kappa_{i,t} = R)\mathbf{1}(\Theta_t = R) \\ z^{up} &= \alpha^{up} + \lambda^{up}s_{i,t} \\ z^{down} &= \alpha^{down} + \lambda^{down}s_{i,t} \end{aligned} \quad (6)$$

Here, $\kappa_{i,t}$ captures the unconditional partisan affiliation of agent i at time t . For simplicity, we assume $\kappa_{i,t}$ is either one of D or R , but this can be generalized into more than two parties. Therefore, ω is meant to capture the stable difference in the level of macroeconomic expectations held by D compared to that by R . We assume this difference arises from strong priors due to partisanship.

The second part of the beliefs, z^{up} and z^{down} , captures partisan sentiment and extrapolations that vary with current politics. $x_{i,t}$ depends on not only one's political preference but also on whether the current political environment favors their party. $\mathbf{1}(x_{i,t})$ is an indicator function that equals 1 when agent i 's preferred candidate/party is in power, e.g. $x_{i,t} = 1$. z^{up} and z^{down} are state-dependent attribution functions; z^{up} is the agent's attribution from their situation to the macroeconomy in the case where the agent's preferred party is in power, and z^{down} for the opposite case. Although not imposed as a restriction, in general, it may be natural to assume that both $z^{up}(\cdot)$ and $z^{down}(\cdot)$ share signs but have different slopes ($\lambda^{up} \neq \lambda^{down}$), indicating that the responsiveness of macroeconomic belief to idiosyncratic signals is state-dependent. Furthermore, we assume the constant term α also differs across the two states, e.g. $\alpha^{up} \neq \alpha^{down}$, implying that the partisanship also induces level shifts in macroeconomic beliefs independent of one's micro expectations. We refer to the scenario in which λ^{up} is not equal to λ^{down} as partisanship in extrapolation, and the scenario in which α^{up} differs from α^{down} to the partisan shift in the sentiment.

Lastly, ζ_i captures individual-specific and time-invariant heterogeneity in macroeconomic expectations that could stem from many other factors such as demographics, which are deemed as important in the literature. ϕ_t captures common sources of variations to expectations across all respondents, due to changes in economic conditions, common information updating, sentiment changes, etc. While we refer the reader to the large volume of literature that studies the drivers of these components, they are outside the focus of this paper, and we simply exclude these two components in the estimation stage.

On one hand, our model makes the intuitive assumption supported by our regression results, that personal economic expectations serve as a basis of one's macroeconomic expectations. Partisanship does not overrule its relevance in household expectations about macroeconomy. On the other hand, it captures the role of partisanship as a lens between households' perceptions of macroeconomy and their personal economic conditions.¹⁵

Furthermore, with such a formulation, we have a mapping between agent i 's microeconomic expectations at time t , $s_{i,t}$, to their macroeconomic expectations $\tilde{\psi}_{i,t}$, as a function of their partisanship $x_{i,t} \in \{0, 1\}$.

¹⁵It is fair to argue that partisanship is simply one of the many factors, or "mindsets" in the words of [Chinoy et al. \(2023\)](#), that affect how people view the information and reality.

4.2 Model Implications

Our model differentiates three mechanisms which we have broadly called partisanship, as estimated by the reduced form regressions in Section 3.5: (a) ω , the partisan bias unconditional on the current state of the macroeconomy and politics, estimated as α_1 in regressions specified in Equation 1. (b) α^{up} and α^{down} , the post-election sentiment shift in macroeconomic expectations when one's preferred candidate/party wins or loses the presidency; (c) state-dependent extrapolations, e.g. different λ^{up} and λ^{down} , that lead to varying degrees of sensitivity between individual expectations and macroeconomic expectations. It is easy to show that either (b) or (c) could contribute to a sudden switch in the party-specific macroeconomic expectations around elections witnessing partisan changes. This mechanism exactly corresponds to the non-zero estimate of α_3 in the reduced form regression as in Equation 1. Such a switch around election outcomes has been a salient pattern in various macroeconomic expectations, as shown in Section 3.

Figure A.2 in Online Appendix B shows simulated results on how either non-identical α s or non-identical λ s can result in a partisan switch in macroeconomic expectations around elections with a political turnover (a change in the incumbent party). Meanwhile, a non-zero ω implies partisan bias between two parties, and it alone will not cause a discrete switch around elections with political turnover. Meanwhile, the microeconomic expectations $s_{i,t}$ are not subject to such partisan switches, consistent with our empirical findings. Note that we also take the distribution and dynamics of $s_{i,t}$ as given. It may be the case that there are constant differences in microeconomic expectations along partisan lines, reflecting persistent differences between the two parties' supporters in their economic conditions.

The exact degree of importance of each of these channels can be uncovered by estimating such a model using rich microdata spanning multiple election cycles. We can also empirically investigate if the partisanship in macroeconomic expectations has intensified over time and depends on the specific domain of economic expectations.

4.3 Estimation of the Model

To empirically estimate the model, in addition to Equation 6, we also assume that the idiosyncratic shocks/measurement errors $\varepsilon_{i,t}$ follow an i.i.d. normal distribution: $\varepsilon_{i,t} \sim N(0, \sigma_\epsilon)$. Then, we can use the maximum-likelihood estimation (MLE) method to obtain the following parameters: $\Gamma = [\lambda^{up}, \lambda^{down}, \alpha^{up}, \alpha^{down}, \omega]$. We directly approximate σ_ϵ by the unconditional variance of $\tilde{\psi}_{i,t}$ in the data instead of treating it as one of the parameters to be estimated. The parameter estimates vary very little on the choice of σ_ϵ .

Approximating $\kappa_{i,t}$ and $x_{i,t}$: Both $s_{i,t}$ and $\tilde{\psi}_t$ are observed from micro survey data, but we do not perfectly observe $\kappa_{i,t}$ or $x_{i,t}$. Instead, we use the imputed propensities of one’s party affiliations, $\widehat{prob}(\kappa_{i,t} = O) \forall O \in [D, R]$ obtained from the procedure in Section 2.1.

The approximated probability that one’s preferred candidate is power $prob(x_{i,t} = 1)$ is, therefore, the product of the likelihood of i ’s partisanship $\kappa_i \in [D, R]$, and one indicator if the current president is from i ’ preferred party. $\Theta_t \in [D, R]$.

$$\widehat{prob}(x_{i,t} = 1) = \widehat{prob}(\kappa_{i,t} = D)\mathbf{1}(\Theta_t = D) + \widehat{prob}(\kappa_{i,t} = R)\mathbf{1}(\Theta_t = R) \quad (7)$$

Data processing: We difference out time-fixed effects ϕ_t in all expectations. This excludes any common component that drives universal changes in macroeconomic expectations at any point in time, such as changes in macroeconomic conditions, public news releases, etc. For the SCE data, where individuals are surveyed for up to 12 months, we also difference out individual fixed effects ζ_i . To facilitate comparability across variables and time, we also normalize the data by its unconditional standard deviation so that we can interpret sensitivity estimates in the unit change of the respective variable. For expectations measured as probabilities, we use their transformed values based on a logit function, e.g. $f(x) = \log(\frac{x}{1-x})$ in the estimation so that they are not bounded.¹⁶ This is more consistent with the assumption that the measurement errors/shocks $\varepsilon_{i,t}$ are normally distributed.

4.4 Results

For each of the eleven U.S. presidential election cycles from 1980 to 2020, we estimate the vector of five parameters, Γ , for six pairs of micro and macroeconomic expectations elicited in either MSC or SCE, respectively. They include individual job finding probability (*UE_f*) versus nationwide unemployment rate (*Prob_UE*); expected household nominal income growth (*Prob_hhincome_mean*) versus expected inflation rate (*Prob_inflation_mean*); expected nominal wage growth (*Prob_wage_mean*) versus expected inflation rate *Prob_inflation_mean*; MSC sentiment about personal finance *micro_sent* versus macroeconomy *macro_sent*; personal finance expectations (*pexp*) versus overall business conditions (*bexp*); real income expectations (*rinc*) versus business conditions (*bus12*). The estimated parameters are reported in Figure 5. (See Table A.19 in the Appendix for an expanded list of expectations.)

With the exception of the 1996 election cycle, three patterns consistently emerge from our estimates. First, the estimates of $\alpha^{up} - \alpha^{down}$ indicate that, across expectation domains and election cycles, the supporters of the incumbent presidential candidate are more optimistic about

¹⁶For the corner case of $x = 1$, we adjust it by an infinitesimal value before the transformation.

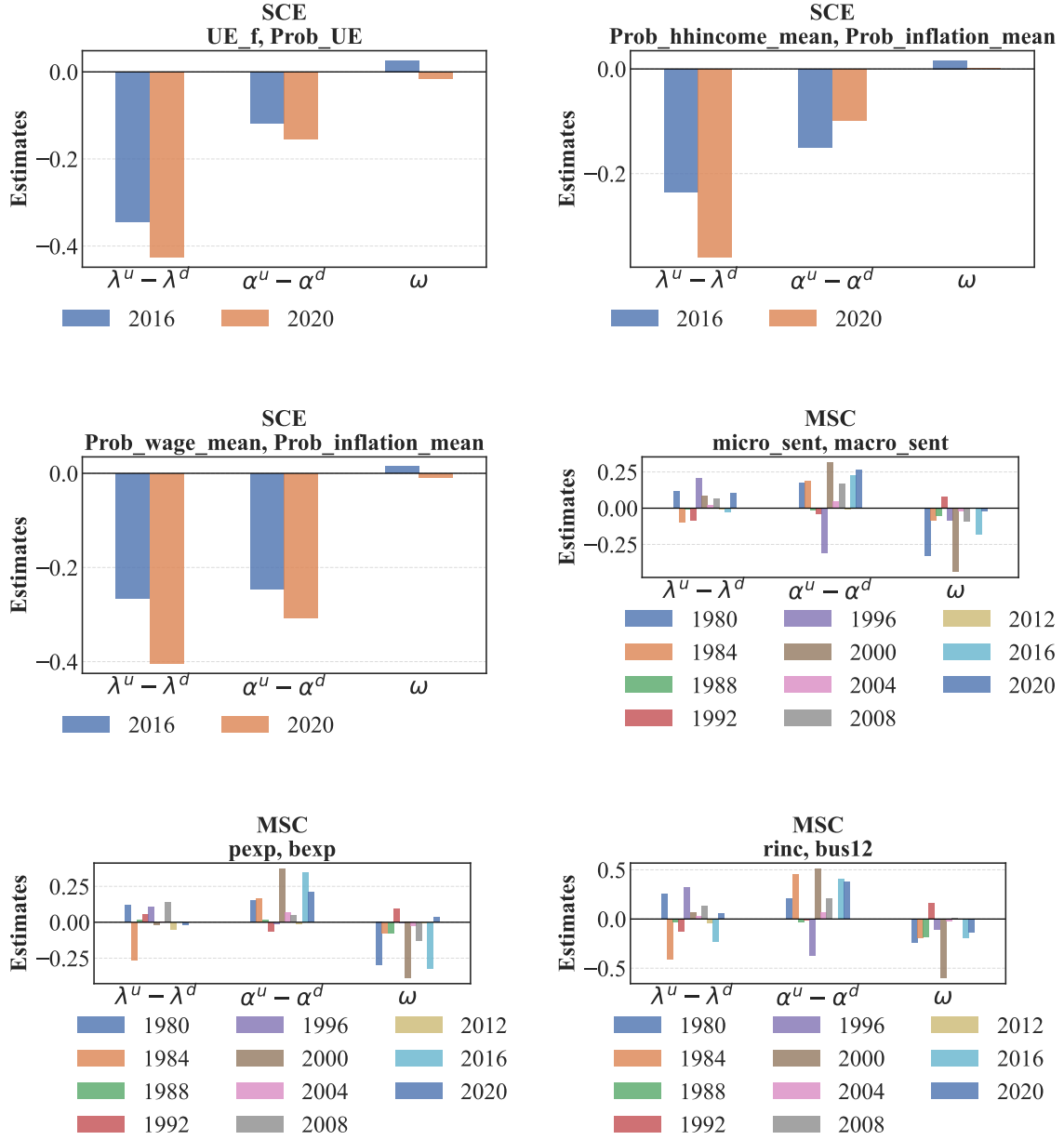
the macroeconomy than those of the challenger. This is seen in negative values of $\alpha^{up} - \alpha^{down}$ for unemployment rate expectations and inflation expectations, and positive values for macroeconomic sentiment, expectations about business conditions, etc. Second, across specifications, supporters of the incumbent and challenger also differ in their degree of belief extrapolation, i.e. λ^{up} generally differing from λ^{down} . Although the exact way the belief extrapolation varies across domains of expectations, the estimates for the 2016 and 2020 election cycles imply that the mapping from microeconomic expectations onto macroeconomic views is more attenuated for incumbent parties. We can interpret these results as households aligned with the incumbent party holding onto their priors and reacting less to their new information in forming their views about the macroeconomy. Third, given the measured heterogeneous microeconomic expectations, all three components as defined above contribute to the partisanship in expectations during our estimation sample. The estimates suggest the overall importance of the state-dependent nature of the partisanship as implied by the non-identical λ 's and α 's. Partisanship is not simply a time-invariant trait across individuals, instead, reflecting its interactions with national politics.

Time-varying importance of partisanship: Through the lens of our model, we are able to compare the time-varying importance of partisanship in macroeconomic beliefs. In particular, we measure such importance by the explanatory power of our factor-model estimates, as measured by R^2 from a linear regression of observed $z_{i,t}$ on $\hat{z}_{i,t}$, which are predicted by observed $s_{i,t}$ and estimated parameters $\hat{\Gamma}$. Also note that values of $z_{i,t}$ are residualized from individual and time-fixed effects. Therefore, the R^2 here can be thought of as the fraction of the variations in macroeconomic beliefs net of common and individual specific factors that can be purely explained by partisan factors. Our headline finding is that partisanship has not been a new phenomenon. Beyond the 2016 and 2020 elections, in which the polarization in views of the macroeconomy has drawn particular discussion, the model estimates of earlier cycles at least since 2004 across an array of beliefs exhibit comparable contribution of partisan factors. Yet it is worth noting that partisanship did seem to play a less important role before 2000. This echoes the often-raised claim of the growing importance of political polarization in the past two decades.

5 The Role of Policy Expectations in Partisanship in Macroeconomic Expectations

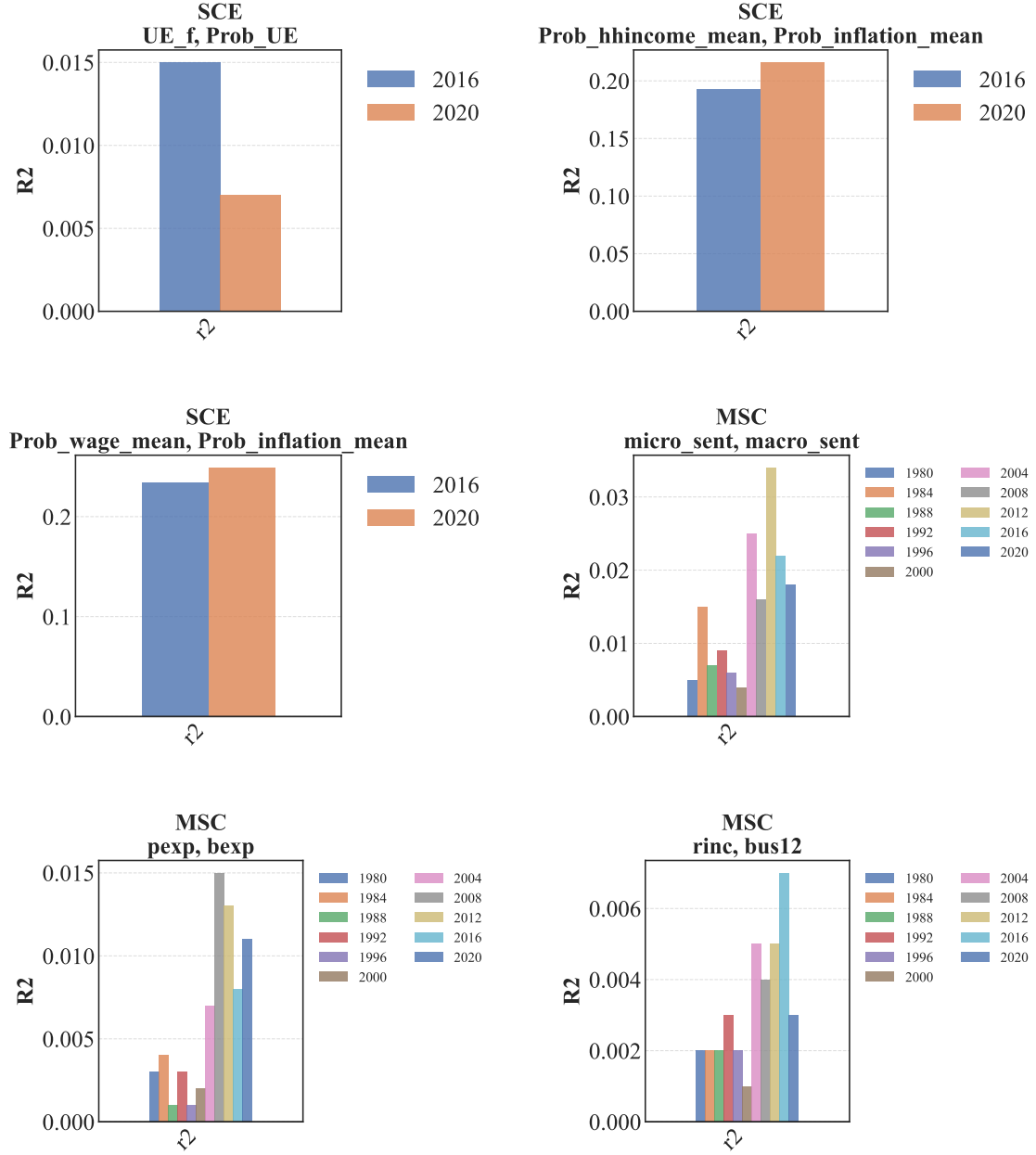
Our evidence confirms that households hold partisan views of the economy. However, we remain agnostic about the underlying causes of the so-called “colored glasses” until this point. In addition to previous explanations by the literature, such as the polarization of news media

Figure 5: Model Estimates



These figures plots the parameter estimates for each survey, each pair of micro and macroeconomic expectations, and each election cycle. Superscripts u and d represent *up* and *down* for brevity.

Figure 6: Time-varying Importance of Partisanship in Macroeconomic Expectations Implied by Model Estimates



The figure plots the R^2 of a linear regression of observed cross-sectional macroeconomic expectations on their predicted values from the model estimates, for each pair of micro and macroeconomic beliefs, and each election cycle.

along partisan lines¹⁷, we inspect the role of households’ expectations of public policies.

Political alignment undoubtedly stems from a wide range of non-economic considerations. Still, as economists, we test the hypothesis that households with different expectations on the positive(negative) macroeconomic effects of policies enacted by the winning presidential candidate can explain sudden shifts in optimistic(pessimistic) shifts of partisan expectations shortly after elections. We find mixed evidence regarding such a hypothesis in Section 5.1. Households only positively associate some policies of their preferred winning party to a better macroeconomy but negatively associate others, which suggests that partisanship cheerleading cannot be the only driver of policy views. Meanwhile, in Section 5.2, we report that self-interest remains prominent in driving households’ views of a policy’s impacts on the macroeconomy. Households tend to believe that policies which are *personally* beneficial are also beneficial to the *macroeconomy*. Our findings of the importance of both self-interest and partisanship echo the framework of Stantcheva (2020, 2024). We now turn to detailed results.

To explore the role of households’ beliefs on public policies on partially, we use data from the Public Policy Survey (PPS) sub-module of the SCE, which is conducted every 4 months. As an example, we look at partisan expectations concerning public policies during the 2016 and 2020 elections. First, we describe the SCE questions on household expectations of public policies. The PPS asks households on two types of questions public policy expectations: first on which direction a respondent thinks that a given policy will change, and second on whether the respondent thinks this presumed policy change will have a positive/negative effect on their own household.¹⁸ We use the PPS submodule’s microdata for 6 types of public policies: welfare benefits, payroll tax increase, unemployment benefits, capital gains tax, income tax, and income tax for the highest income bracket.

We then use these variables to construct proxy variables, for each type of public policy, on the household’s expected “Direction” of policy change and the expected “Effect” of that policy on their individual household. We construct our dataset from the PPS variables as such. We adjust each policy *direction* variable into a $[-1, 1]$ scale where $-1(1)$ indicates that the respondent expects the policy to be reduced/decreased(expanded/increased). We also adjust each policy effect variable, also to a $[-1, 1]$ scale, where -1 indicates that a respondent thinks that the direction of the policy change will have a very negative effect on their household, and 1 for very positive effect. The PPS submodule specifically asks for effects to the responding household and not the wider economy, which allows us to directly observe the policy’s effects on households’ micro expectations.

¹⁷See evidence from Chahrour et al. (2024); Cummings et al. (2024); Harris and Sojourner (2024).

¹⁸For the latter type of variables, the PPS questions specifically ask for the policy change’s effect on the *individual* household, not the general public.

5.1 Partisan Cheerleading and Policy Expectations

In this subsection, we aim to see how partisan households adjust their macro/micro beliefs conditional on their preferred political candidate winning the presidency. Here, for each policy j , we run regressions with the Direction variable $\text{PolicyDirection}_{jit}$ and its interaction terms with the Party_i and PostElect_t variables. Specifically, we look at Democratic households' responses to the Democratic candidate Joe Biden winning the 2020 election: $\text{Party}_i = 1$ for Democrats (and 0 for Republicans), and $\text{PostElect}_t = 1$ for months from December 2020 to December 2022 (and 0 for months from January 2019 to November 2020). We then run the following policy direction belief regressions, separately for each policy j :

$$\begin{aligned} \text{Belief}_{it} = & \alpha_0 + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\ & + \alpha_4 \text{PolicyDirection}_{jit} + \alpha_5 \text{PolicyDirection}_{jit} \times \text{Party}_i \\ & + \alpha_6 \text{PolicyDirection}_{jit} \times \text{PostElect}_t \\ & + \alpha_7 \text{PolicyDirection}_{jit} \times \text{Party}_i \times \text{PostElect}_t + \text{Controls}_i + \varepsilon_{it} \end{aligned} \quad (8)$$

In Table A.18 of the Online Appendix, we show the signs and coefficients from these regressions for the same 6 policies mentioned above, throughout only the 2020 election cycle. In that table, the coefficients in the “Change” column are our α_4 estimates, namely the correlation between the direction of the policy change and the change in macro/micro beliefs. The “ $\times \text{Party}_i$ ” column corresponds to α_5 , namely the additional effect of Democratic partisanship on macro/micro beliefs. The “ $\times \text{postElect}_t$ ” column corresponds to α_6 , the post-electoral shift in households' economic beliefs. Finally, “ $\times \text{Party}_i \times \text{postElect}_t$ ” column corresponds to α_7 , namely the post-electoral partisan effect on Democrats' beliefs after Joe Biden winning the election.

One finding of interest in Table A.18 is on the $\times \text{Party}_i \times \text{postElect}_t$ coefficients, i.e. the change in macro/micro beliefs for Democratic households after the 2020 election. The $\times \text{Party}_i \times \text{postElect}_t$ column (α_7) is generally, if significant, negative. In the case for beliefs on the probability of a higher national unemployment rate, we observe 3 out of 6 of these coefficients as statistically insignificant or zero, and the other 3 coefficients as negative. However, we also see that this coefficient has more null results for the perceived job separation probability (5 zero coefficients, 1 negative coefficient).

In other words, after Joe Biden's election in November 2020, Democrats' beliefs of the macroeconomy (the national unemployment rate) generally decreased by more than Republicans' beliefs, but much less so for their own personal economic situation (the perceived probability of job separation). The evidence implies a partisan and post-electoral effect of households' macro beliefs, but less so in micro beliefs; Democrats who saw Joe Biden win the 2020 election

thought that the economy would improve (lower national unemployment) even if their own circumstances would not change. Thus, our results in Table A.18 point to our main finding again, that electoral turnover are more likely to affect households’ beliefs about the macroeconomy than those about their personal economic situation.

5.2 Self-interested Motives in Policy Views

In this subsection, we look into self-interested motives as a possible cause of the partisan shift in micro and macro expectations. We run regressions for each policy to a select number of macro/micro belief variables Belief_{it} , with control variables and an election cycle dummy variable,¹⁹ separately for each policy j :

$$\text{Belief}_{it} = \alpha_0 + \alpha_1 \text{PolicyDirection}_{jit} + \alpha_2 \text{PolicyEffect}_{jit} + \text{Controls}_i + \varepsilon_{it}$$

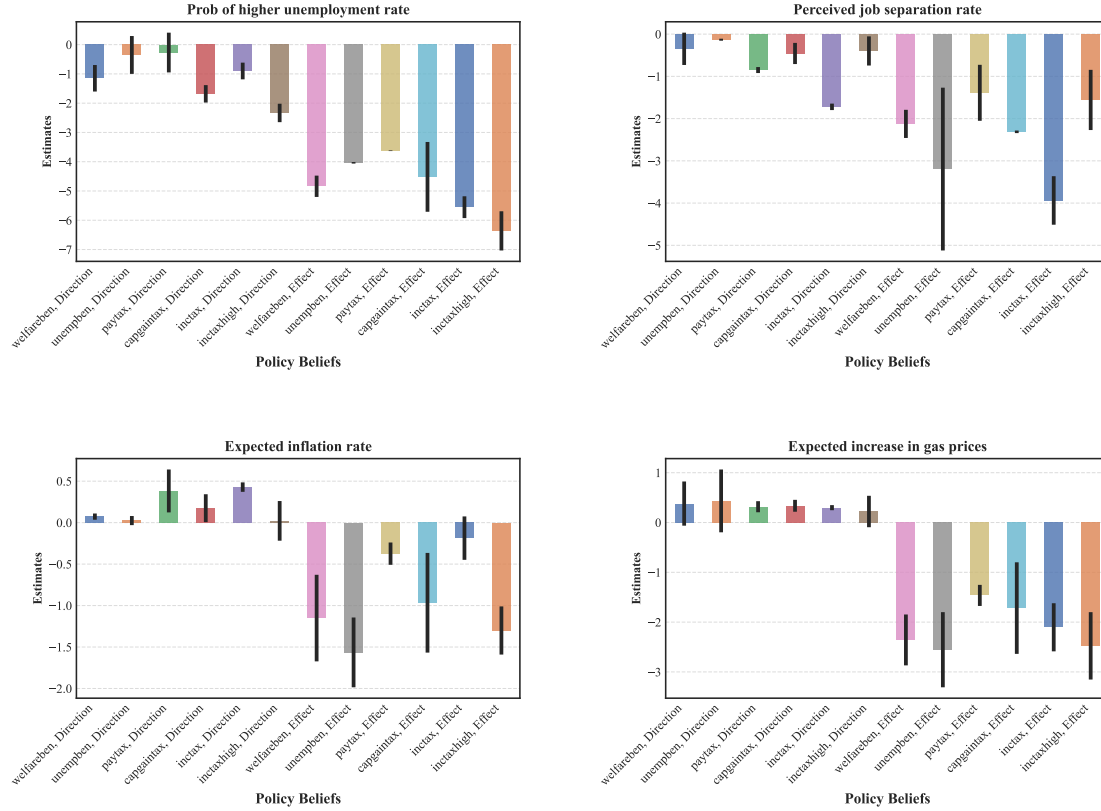
where α_1 represents how much individuals’ beliefs on expected direction of policy changes affects macro/micro beliefs, and α_2 represents the same for expected effects of policy changes.

In Table A.17 of the Online Appendix, we show the signs and significance levels of each policy belief coefficient in each regression involving a macro or micro expectation variable. For a visual summary, we include bar plots, with standard error bands, for 4 variables in Figure 7. We include results for expectations for the national unemployment rate, the individual job separation rate, as well as the probability of inflation increasing, and the expected increase in gas prices, all in the next 12 months. Each bar represents the estimated coefficient of the policy belief variable on a macro/micro belief variable.

It is visually striking that the coefficients for the vast majority of the “Effect” variables, regardless of the policy (and of the direction of change of policy), are highly significant and exhibit the same sign. For example, for the national unemployment rate, all the Effect variables (the right half of the graph) are negative and statistically significant. We also see this for expectations of individuals’ job separation rates and also for expectations of the inflation rate and of gas prices. In other words, individuals who expect policy changes that will have a positive effect on their households also tend to expect macroeconomic conditions to improve in the future (lower unemployment, lower inflation, etc.). Generally, we interpret these results as preliminary evidence that individuals relate their expectations on the effects of policies to expectations of macro and micro variables. We take these results as supporting evidence to our claim that households’ expectations of their personal circumstances are positively correlated with their expectations of the macroeconomy.

¹⁹Given that the SCE currently only has data for the 2016 and 2020 election cycles, we simply include a dummy variable for the 2020 election cycle.

Figure 7: Estimates of Coefficients from Policy Belief Regressions



Bar plot of estimated coefficients from policy belief regressions, for select macro/micro belief variables. Each thick colored bar is the estimated coefficient in the corresponding regression for the policy, with ± 1 standard deviation around the mean in thin black bars. The left half of each bar plot shows the estimated coefficients for the policy belief *direction* variables, and the right half for the policy belief *effect* variables.

6 Conclusion

A rapidly growing literature highlights the role of partisanship in shaping households macroeconomic expectations. Our findings show that while such partisan patterns are evident in macro beliefs, they are much less pronounced in households expectations about their own economic futures likely because individuals are better informed about their personal circumstances. We document this distinction across a wide array of beliefs using data from both the SCE and MSC surveys. Leveraging imputed political preferences spanning 11 U.S. election cycles (1980-2020), we further show that partisan gaps in macroeconomic views vary over time, with particularly sharp divides in the 1980s and after 2016.

To explain these patterns, we propose a model of belief formation—what we term “seeing the economy through colored glasses.” In this framework, individuals directly observe their personal economic realities and project them onto the broader economy, with partisanship shaping how this extrapolation occurs. Empirical estimates across multiple pairs of micro and macro expectations confirm that partisanship affects not only the level of macroeconomic beliefs, but also the way individuals map personal experiences onto national economic assessments.

Our central conclusion is that, despite partisan biases, personal experience remains the foundation of macroeconomic beliefs. In line with this, we show that individuals views on macroeconomic policy are also shaped by self-interested extrapolation: rather than evaluating policies based on their aggregate effects, people interpret them through the lens of their own potential gains or losses.

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A Online Appendix

| 1980 (MSC) | Democrat | | Republican | |
|---------------------|-----------|----------|------------|----------|
| Age | -0.0084 | (0.0111) | 0.0062 | (0.0114) |
| Age squared | 0.0001 | (0.0001) | 0 | (0.0001) |
| Female | 0.2201*** | (0.0813) | -0.249*** | (0.0795) |
| HS or less | 0.3029*** | (0.1108) | -0.343*** | (0.1121) |
| Some College | 0.084 | (0.1113) | -0.1168 | (0.1096) |
| BA Degree | -0.2776** | (0.136) | 0.1826 | (0.1264) |
| Post BA | 0.1791 | (0.1736) | -0.1503 | (0.1717) |
| Married | -0.0375 | (0.0911) | 0.1951** | (0.0897) |
| 3+ children | 0.3223** | (0.1305) | -0.243* | (0.1334) |
| Income Mid | -0.1775 | (0.1115) | 0.2167* | (0.113) |
| Income High | -0.2751** | (0.1239) | 0.3221*** | (0.1234) |
| Constant | -0.264 | (0.2515) | -0.5301** | (0.259) |
| Nobs | 1109 | | 1109 | |
| R2 | 0.042 | | 0.046 | |

Table A.1: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1980 Presidential election, with sample period from Jan 1979 to Dec 1982.

| 1984 (MSC) | Democrat | | Republican | |
|---------------------|------------|----------|------------|----------|
| Age | 0.0208** | (0.0093) | -0.0072 | (0.0093) |
| Age squared | -0.0002** | (0.0001) | 0.0001 | (0.0001) |
| Female | 0.1464** | (0.0601) | -0.107* | (0.0598) |
| HS or less | 0.262*** | (0.0845) | -0.3178*** | (0.085) |
| Some College | 0.0607 | (0.0803) | 0.0224 | (0.0794) |
| BA Degree | 0.116 | (0.1003) | -0.0155 | (0.0997) |
| Post BA | 0.3794*** | (0.1349) | -0.3762*** | (0.1351) |
| Married | -0.149** | (0.0652) | 0.2114*** | (0.065) |
| 3+ children | -0.1683 | (0.1081) | 0.121 | (0.1074) |
| Income Mid | -0.2689*** | (0.0776) | 0.353*** | (0.0778) |
| Income High | -0.4695*** | (0.0906) | 0.5923*** | (0.0904) |
| Constant | -0.4243** | (0.2101) | -0.1957 | (0.2093) |
| Nobs | 1940 | | 1940 | |
| R2 | 0.031 | | 0.053 | |

Table A.2: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1984 Presidential election, with sample period from Jan 1983 to Dec 1986.

| 1988 (MSC) | Democrat | | Republican | |
|---------------------|------------|----------|------------|----------|
| Age | 0.0405*** | (0.0111) | 0.0243** | (0.0114) |
| Age squared | -0.0003*** | (0.0001) | -0.0001 | (0.0001) |
| Female | 0.0931 | (0.0669) | -0.0739 | (0.067) |
| HS or less | -0.0125 | (0.1249) | -0.3134** | (0.1351) |
| Some College | 0.1124 | (0.09) | 0.3515*** | (0.0892) |
| BA Degree | 0.1298 | (0.098) | 0.5589*** | (0.0946) |
| Post BA | 0.5563*** | (0.1353) | 0.1461 | (0.1379) |
| Married | 0.029 | (0.0725) | 0.1336* | (0.0738) |
| 3+ children | -0.1062 | (0.118) | 0.1245 | (0.1196) |
| Income Mid | 0.1172 | (0.0833) | 0.3107*** | (0.0879) |
| Income High | -0.1377 | (0.1051) | 0.6925*** | (0.105) |
| Constant | -1.6311*** | (0.2608) | -1.8709*** | (0.2677) |
| Nobs | 1803 | | 1803 | |
| R2 | 0.028 | | 0.104 | |

Table A.3: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1988 Presidential election, with sample period from Jan 1987 to Dec 1990.

| 1992 (MSC) | Democrat | | Republican | |
|----------------------|-----------------|----------|-------------------|----------|
| Age | -0.0091 | (0.0102) | 0.0178* | (0.0101) |
| Age squared | 0.0001 | (0.0001) | -0.0001 | (0.0001) |
| Female | -0.0514 | (0.0572) | 0.128** | (0.057) |
| HS or less | 0.0228 | (0.1156) | -0.025 | (0.1151) |
| Some College | -0.0903 | (0.0787) | 0.0219 | (0.0779) |
| BA Degree | 0.1691** | (0.0836) | 0.0219 | (0.0843) |
| Post BA | -0.02 | (0.1117) | 0.2858*** | (0.1099) |
| Married | 0.1255* | (0.066) | -0.1417** | (0.0653) |
| 3+ children | 0.1844** | (0.0911) | -0.2698*** | (0.0945) |
| Own Residence | 0.01 | (0.0645) | 0.0442 | (0.0643) |
| Income Mid | -0.0687 | (0.0752) | -0.0569 | (0.0746) |
| Income High | -0.0454 | (0.0928) | -0.1636* | (0.0926) |
| Constant | -0.1839 | (0.2393) | -0.7018*** | (0.2381) |
| Obs. | 2112 | | 2112 | |
| R2 | 0.008 | | 0.018 | |

Table A.4: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1992 Presidential election, with sample period from Jan 1991 to Dec 1994.

| 1996 (MSC) | Democrat | | Republican | |
|----------------------|-----------------|----------|-------------------|----------|
| Age | 0.0275** | (0.0117) | -0.0143 | (0.0125) |
| Age squared | -0.0003** | (0.0001) | 0.0002** | (0.0001) |
| Female | 0.2141*** | (0.0671) | -0.1589** | (0.0702) |
| HS or less | 0.1545 | (0.1842) | -0.5855** | (0.2287) |
| Some College | -0.3023*** | (0.0901) | 0.2789*** | (0.0939) |
| BA Degree | -0.2672*** | (0.0938) | 0.3786*** | (0.0964) |
| Post BA | -0.049 | (0.1225) | 0.2011 | (0.1256) |
| Married | -0.2077*** | (0.0768) | 0.1077 | (0.0812) |
| 3+ children | 0.0042 | (0.2369) | 0.0176 | (0.2545) |
| Own Residence | -0.1239 | (0.0809) | 0.0669 | (0.086) |
| Income Mid | -0.2273** | (0.0896) | 0.3987*** | (0.0977) |
| Income High | -0.3703*** | (0.1116) | 0.6256*** | (0.1189) |
| Constant | -0.0959 | (0.2843) | -0.9602*** | (0.3045) |
| Obs. | 1536 | | 1536 | |
| R2 | 0.051 | | 0.073 | |

Table A.5: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1996 Presidential election, with sample period from Jan 1995 to Dec 1998.

| 2000 (MSC) | Democrat | | Republican | |
|----------------------|-----------------|----------|-------------------|----------|
| Age | 0.0369** | (0.0155) | -0.045*** | (0.0157) |
| Age squared | -0.0003** | (0.0001) | 0.0004*** | (0.0001) |
| Female | 0.2944*** | (0.083) | -0.1955** | (0.0833) |
| HS or less | 0.0254 | (0.2089) | -0.1677 | (0.2191) |
| Some College | -0.1802* | (0.1052) | 0.2671** | (0.1056) |
| BA Degree | -0.1957* | (0.1146) | 0.1177 | (0.1142) |
| Post BA | -0.0164 | (0.144) | 0.0882 | (0.144) |
| Married | -0.1821** | (0.0917) | 0.1469 | (0.0931) |
| 3+ children | 0.0027 | (0.1345) | 0.0609 | (0.1345) |
| Own Residence | -0.2421** | (0.0997) | 0.3888*** | (0.1026) |
| Income Mid | 0.0039 | (0.0973) | 0.0192 | (0.0981) |
| Income High | 0.1479 | (0.1159) | -0.0219 | (0.1155) |
| Constant | -0.8795** | (0.4024) | 0.513 | (0.4046) |
| Obs. | 1059 | | 1059 | |
| R2 | 0.039 | | 0.039 | |

Table A.6: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2000 Presidential election, with sample period from Jan 1999 to Dec 2002.

| 2004 (MSC) | Democrat | | Republican | |
|----------------------|-----------------|----------|-------------------|----------|
| Age | -0.0254 | (0.016) | 0.0349** | (0.0162) |
| Age squared | 0.0002 | (0.0002) | -0.0003** | (0.0002) |
| Female | 0.0633 | (0.0961) | 0.0254 | (0.0969) |
| HS or less | 0.1554 | (0.2126) | -0.233 | (0.2186) |
| Some College | -0.03 | (0.1235) | 0.0632 | (0.1241) |
| BA Degree | 0.0568 | (0.1284) | -0.056 | (0.1286) |
| Post BA | 0.5101*** | (0.1545) | -0.5052*** | (0.1556) |
| Married | -0.2157** | (0.1045) | 0.343*** | (0.1048) |
| 3+ children | -0.3418 | (0.2374) | 0.3335 | (0.2338) |
| Own Residence | 0.0148 | (0.1146) | 0.0482 | (0.1156) |
| Income Mid | -0.1435 | (0.1092) | 0.2355** | (0.1099) |
| Income High | -0.2044 | (0.1632) | 0.3403** | (0.1636) |
| Constant | 0.6207* | (0.3626) | -1.3031*** | (0.3703) |
| Obs. | 780 | | 780 | |
| R2 | 0.029 | | 0.052 | |

Table A.7: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2004 Presidential election, with sample period from Jan 2003 to Dec 2006.

| 2008 (MSC) | Democrat | | Republican | |
|----------------------|------------|----------|------------|----------|
| Age | 0.03 | (0.022) | -0.0389* | (0.0226) |
| Age squared | -0.0004* | (0.0002) | 0.0005** | (0.0002) |
| Female | 0.0451 | (0.1024) | 0.0266 | (0.1043) |
| HS or less | 0.5821*** | (0.2157) | -0.7769*** | (0.236) |
| Some College | -0.0225 | (0.1396) | 0.0838 | (0.1412) |
| BA Degree | 0.1563 | (0.1356) | -0.0809 | (0.1369) |
| Post BA | 0.2372 | (0.1909) | -0.268 | (0.1924) |
| Married | -0.5213* | (0.2965) | 0.654** | (0.3258) |
| 3+ children | -0.0999 | (0.1574) | 0.2913* | (0.1602) |
| Own Residence | -0.0174 | (0.14) | 0.1374 | (0.145) |
| Income Mid | -0.2554 | (0.1662) | 0.3056* | (0.1735) |
| Income High | -0.7633*** | (0.1823) | 0.8769*** | (0.1881) |
| Constant | 0.5421 | (0.5804) | -0.9408 | (0.6006) |
| Obs. | 667 | | 667 | |
| R2 | 0.065 | | 0.091 | |

Table A.8: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2008 Presidential election, with sample period from Jan 2007 to Dec 2010.

| 2012 (MSC) | Democrat | | Republican | |
|----------------------|------------|----------|------------|----------|
| Age | 0.068*** | (0.0219) | -0.0544** | (0.0224) |
| Age squared | -0.0007*** | (0.0002) | 0.0006*** | (0.0002) |
| Female | -0.0805 | (0.1028) | 0.0527 | (0.1057) |
| HS or less | 0.5747*** | (0.1824) | -0.8648*** | (0.2088) |
| Some College | -0.1456 | (0.146) | 0.1983 | (0.1483) |
| BA Degree | -0.1099 | (0.143) | 0.1913 | (0.1443) |
| Post BA | 0.2607 | (0.1702) | -0.2443 | (0.1738) |
| Married | -0.5071*** | (0.1435) | 0.6448*** | (0.154) |
| 3+ children | 0.1856 | (0.1997) | -0.1651 | (0.2087) |
| Own Residence | -0.3092** | (0.1262) | 0.2517* | (0.131) |
| Income Mid | -0.3078** | (0.1331) | 0.2679* | (0.1396) |
| Income High | -0.3533** | (0.1575) | 0.3191** | (0.1628) |
| Constant | -0.5314 | (0.4937) | -0.1734 | (0.5094) |
| Obs. | 661 | | 661 | |
| R2 | 0.075 | | 0.101 | |

Table A.9: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2012 Presidential election, with sample period from Jan 2011 to Dec 2014.

| 2016 (MSC) | Democrat | | Republican | |
|----------------------|------------|----------|------------|----------|
| Age | 0.0088 | (0.0087) | 0.0093 | (0.0088) |
| Age squared | -0.0001 | (0.0001) | 0 | (0.0001) |
| Female | 0.2474*** | (0.0495) | -0.169*** | (0.05) |
| HS or less | 0.1977 | (0.1267) | -0.165 | (0.1287) |
| Some College | 0.0748 | (0.0701) | -0.02 | (0.0701) |
| BA Degree | 0.2468*** | (0.0661) | -0.2236*** | (0.0665) |
| Post BA | 0.658*** | (0.0759) | -0.5618*** | (0.0775) |
| Married | -0.1309** | (0.0559) | 0.1968*** | (0.0563) |
| 3+ children | -0.2399** | (0.1055) | 0.1447 | (0.1041) |
| Own Residence | -0.2902*** | (0.0614) | 0.2963*** | (0.0622) |
| Income Mid | -0.0608 | (0.0631) | 0.1302** | (0.0641) |
| Income High | 0.012 | (0.0783) | 0.0342 | (0.0796) |
| Constant | -0.246 | (0.2056) | -1.0045*** | (0.2123) |
| Obs. | 2777 | | 2777 | |
| R² | 0.054 | | 0.068 | |

Table A.10: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2016 Presidential election, with sample period from Jan 2015 to Dec 2018.

| 2020 (MSC) | Democrat | | Republican | |
|----------------------|------------|----------|------------|----------|
| Age | -0.0166 | (0.015) | 0.0299* | (0.0153) |
| Age squared | 0.0002 | (0.0001) | -0.0002 | (0.0001) |
| Female | 0.0758 | (0.0592) | -0.046 | (0.0599) |
| HS or less | -0.2409 | (0.1919) | -0.0334 | (0.1786) |
| Some College | 0.0611 | (0.0915) | 0.0378 | (0.0892) |
| BA Degree | 0.3677*** | (0.0827) | -0.2619*** | (0.0826) |
| Post BA | 0.5688*** | (0.0859) | -0.4963*** | (0.0876) |
| Married | -0.1679* | (0.0908) | 0.3146*** | (0.0955) |
| 3+ children | -0.2997*** | (0.1045) | 0.3212*** | (0.1016) |
| Own Residence | -0.1393* | (0.0833) | 0.1417* | (0.0855) |
| Income Mid | 0.1022 | (0.0911) | 0.1232 | (0.0906) |
| Income High | 0.1761* | (0.0953) | -0.0204 | (0.0955) |
| Constant | 0.2334 | (0.3611) | -1.6531*** | (0.3748) |
| Obs | 1925 | | 1925 | |
| R² | 0.050 | | 0.056 | |

Table A.11: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2020 Presidential election, with sample period from Jan 2019 to Dec 2022.

| 2016 (SCE) | Democrat | | Republican | |
|---|-----------------|-------------|-------------------|-------------|
| Age | 0.0145 | (0.0103) | 0.0102 | (0.0105) |
| Age squared | -0.0002 | (0.0001) | 0.0000 | (0.0001) |
| Female | 0.2993 | (0.0531)*** | -0.2213 | (0.0542)*** |
| Black | 1.2749 | (0.1125)*** | -1.7102 | (0.1602)*** |
| Asian | 0.1588 | (0.1452) | -0.3948 | (0.1555)** |
| Native American | 0.6905 | (0.4262) | -0.8248 | (0.4566)* |
| Hispanic | 0.8564 | (0.0967)*** | -0.8534 | (0.1045)*** |
| Multiracial | 0.4035 | (0.1361)*** | -0.3351 | (0.1385)** |
| HS or less | 0.0402 | (0.1418) | 0.0796 | (0.1462) |
| Some College | 0.0838 | (0.0855) | 0.0066 | (0.0862) |
| Assoc. Degree | -0.0424 | (0.0945) | 0.1141 | (0.0942) |
| BA Degree | 0.3179 | (0.0828)*** | -0.2392 | (0.0834)*** |
| Post BA | 0.7240 | (0.0923)*** | -0.5719 | (0.0937)*** |
| Temporarily Laid Off | -0.1638 | (0.2911) | -0.0097 | (0.2975) |
| Unemployed | -0.0232 | (0.125) | -0.0497 | (0.1321) |
| Retired | 0.1126 | (0.0972) | -0.1377 | (0.0973) |
| Permanently Disabled | -0.0060 | (0.1459) | -0.1139 | (0.1555) |
| Homemaker | -0.4402 | (0.1265)*** | 0.3452 | (0.1226)*** |
| Student | 0.3137 | (0.1648)* | -0.0479 | (0.1811) |
| Married | -0.0598 | (0.0652) | 0.1623 | (0.0663)** |
| Spouse: Temporarily Laid Off | -0.0387 | (0.4342) | -0.2555 | (0.4473) |
| Spouse: Unemployed | -0.1291 | (0.1644) | 0.0357 | (0.1717) |
| Spouse: Retired | 0.1450 | (0.0972) | -0.1696 | (0.0974)* |
| Spouse: Permanently Disabled | -0.0244 | (0.1865) | -0.0431 | (0.1892) |
| Spouse: Homemaker | -0.1322 | (0.1153) | -0.0259 | (0.1119) |
| Spouse: Student | -0.1030 | (0.2229) | 0.2852 | (0.226) |
| Resided 3+yrs in Current Address | 0.0337 | (0.0614) | -0.0262 | (0.063) |
| Own Residence | -0.2412 | (0.0707)*** | 0.2557 | (0.0726)*** |
| Other Residence | -0.1647 | (0.1118) | 0.1845 | (0.1166) |
| 3+ children | -0.2945 | (0.1156)** | 0.2287 | (0.114)** |
| Income Mid | -0.0583 | (0.0663) | 0.1490 | (0.0679)** |
| Income High | 0.0514 | (0.0813) | -0.0041 | (0.0829) |
| Constant | -0.6975 | (0.2719)** | -0.7665 | (0.2805)*** |
| Obs. | 2810 | | 2810 | |
| R^2 | 0.133 | | 0.150 | |

Table A.12: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Survey of Consumer Expectations (SCE) cross-sectional data. 2016 Presidential election, with sample period from Jan 2015 to Dec 2018.

| 2020 (SCE) | Democrat | | Republican | |
|---|-----------------|-------------|-------------------|-------------|
| Age | -0.0227 | (0.0172) | 0.0442 | (0.018)** |
| Age squared | 0.0002 | (0.0002) | -0.0004 | (0.0002)** |
| Female | 0.0601 | (0.0638) | -0.0402 | (0.0658) |
| Black | 0.6326 | (0.1565)*** | -1.4077 | (0.2342)*** |
| Asian | -0.0766 | (0.1598) | -0.2219 | (0.17) |
| Native American | 0.0929 | (0.2461) | -0.1839 | (0.2529) |
| Hispanic | 0.3342 | (0.1154)*** | -0.5155 | (0.1222)*** |
| Multiracial | 0.2803 | (0.1741) | -0.2922 | (0.1827) |
| HS or less | -0.2591 | (0.2091) | 0.0311 | (0.1959) |
| Some College | 0.0941 | (0.1142) | 0.0438 | (0.1122) |
| Assoc. Degree | 0.0838 | (0.1217) | 0.0134 | (0.119) |
| BA Degree | 0.4346 | (0.1085)*** | -0.2775 | (0.1078)** |
| Post BA | 0.6131 | (0.1116)*** | -0.4876 | (0.1127)*** |
| Temporarily Laid Off | 0.1595 | (0.2067) | -0.0137 | (0.2153) |
| Unemployed | -0.5285 | (0.4016) | 0.4455 | (0.368) |
| Retired | -0.0837 | (0.1216) | 0.0131 | (0.1213) |
| Permanently Disabled | 0.1919 | (0.2049) | -0.0173 | (0.2121) |
| Homemaker | -0.2848 | (0.1323)** | 0.1971 | (0.1285) |
| Student | 0.8045 | (0.6288) | -1.2620 | (0.9386) |
| Married | -0.0755 | (0.0949) | 0.2073 | (0.1019)** |
| Spouse: Temporarily Laid Off | -0.0487 | (0.1969) | -0.1042 | (0.2019) |
| Spouse: Unemployed | -0.1502 | (0.1454) | -0.0050 | (0.1506) |
| Spouse: Retired | 0.1435 | (0.1118) | -0.0229 | (0.1124) |
| Spouse: Permanently Disabled | -0.0982 | (0.2061) | -0.0734 | (0.2109) |
| Spouse: Homemaker | -0.1372 | (0.1357) | 0.1289 | (0.1336) |
| Spouse: Student | 0.0983 | (0.3676) | 0.3276 | (0.3777) |
| Resided 3+yrs in Current Address | 0.0220 | (0.0785) | 0.1038 | (0.0818) |
| Own Residence | -0.1786 | (0.0922)* | 0.1031 | (0.0978) |
| Other Residence | -0.3184 | (0.2313) | 0.0924 | (0.2269) |
| 3+ children | -0.2639 | (0.108)** | 0.2613 | (0.1067)** |
| Income Mid | 0.1018 | (0.0948) | 0.0946 | (0.0954) |
| Income High | 0.1572 | (0.1007) | -0.0506 | (0.1024) |
| Constant | 0.2748 | (0.4261) | -1.5831 | (0.4486)*** |
| Obs. | 1941 | | 1941 | |
| R^2 | 0.083 | | 0.110 | |

Table A.13: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Survey of Consumer Expectations (SCE) cross-sectional data. 2020 Presidential election, with sample period from Jan 2019 to Dec 2022.

| MSC imputations (%) | 2004 | 2008 | 2012 | 2016 | 2020 |
|--------------------------------|--------------|--------------|--------------|---------------|---------------|
| True Positives | 18.74 | 35.84 | 32.02 | 34.55 | 40.70 |
| True Negatives | 35.02 | 20.73 | 23.13 | 25.56 | 17.08 |
| False Positives | 11.64 | 27.23 | 22.93 | 23.27 | 31.93 |
| False Negatives | 34.60 | 16.20 | 21.93 | 16.62 | 16.62 |
| Correct imputation | 53.76 | 56.57 | 55.15 | 60.11 | 57.78 |
| Regions-only imputation | 48.51 | 50.39 | 53.94 | 47.88 | 47.85 |
| Obs. | 971 | 5,759 | 1,496 | 10,707 | 18,170 |

Table A.14: Accuracy of imputation method using MSC data. All numbers are in percentages of total sample for each Presidential election period (2004, 2008, 2012, 2016, and 2020). True positives: Imputation method correctly identifies respondent as Democrat. True negatives: Imputation method correctly identifies respondent as Republican. False positives: Imputation method falsely identifies respondent as Democrat. False negatives: Imputation method falsely identifies respondent as Republican. Regions-only imputation: accuracy of imputation given only U.S. Census region dummies (Northeast, Midwest, South, and West).

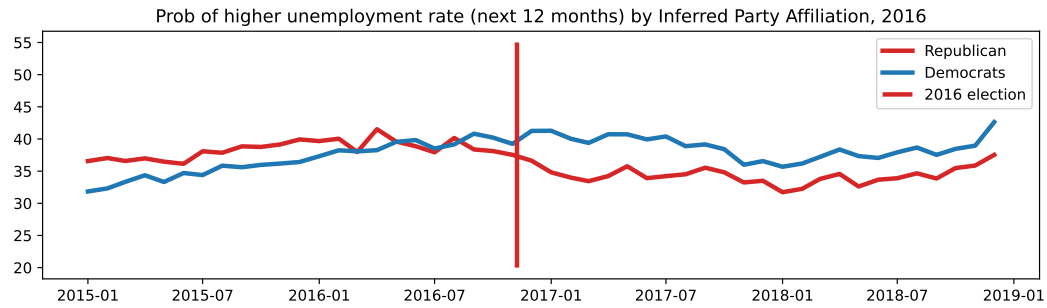
| Variable description | Horizon | Macro/Micro | Survey | Election 1980 | | Election 1984 | | Election 1988 | | Election 1992 | | Election 1996 | | Election 2000 | |
|--|---------|-------------|--------|---------------|------------|---------------|-----------|---------------|-----------|---------------|------------|---------------|------------|---------------|------------|
| | | | | Switch | Bias | Switch | Bias | Switch | Bias | Switch | Bias | Switch | Bias | Switch | Bias |
| Labour Market | | | | | | | | | | | | | | | |
| Prob of higher unemployment rate | 12m | Macro | MSC | -0.194*** | 0 | 0.100*** | 0 | 0.040*** | 0.060* | 0 | -0.151* | 0 | 0 | -0.102*** | 0.080*** |
| Prob of higher nominal income | 12mo | Micro | MSC | 0 | -10.534*** | -0.706** | -1.180* | 0 | -4.576*** | 0 | -2.624* | -0.804** | 0 | 0 | 0 |
| Higher vs lower real household income | 12mo | Micro/Macro | MSC | 0.075*** | -0.432*** | -0.028* | -0.081** | 0 | -0.160*** | 0 | 0 | 0 | 0 | 0.056*** | -0.054* |
| Better/worse personal financial situation (future) | 12mo | Micro | MSC | 0.096*** | -0.335*** | -0.043*** | 0 | 0 | 0 | 0 | -0.154** | 0 | 0 | 0 | -0.057** |
| Micro Inflation | | | | | | | | | | | | | | | |
| Expected Increase in gas prices | 12mo | Micro/Macro | MSC | 0 | 0 | 0 | 5.384*** | 0 | 4.263*** | 0 | -12.223* | 0 | 0 | 0 | 0 |
| Expected Increase in gas prices | 5y | Micro/Macro | MSC | 0 | 0 | 0 | 24.963*** | 0 | 0 | 0 | -48.649*** | 2.447* | 7.421*** | 0 | -12.780*** |
| Macro Variables | | | | | | | | | | | | | | | |
| Expected inflation rate | 12mo | Macro | MSC | -1.156*** | -7.749*** | 0 | -0.868* | 0 | -0.772* | 0 | -3.047*** | -0.449** | 0 | -0.420** | 0 |
| Expected inflation rate | 5y | Macro | MSC | -1.856** | -9.629*** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.427** | 0 | 0 |
| Interest rates rise/fall | 12mo | Macro | MSC | -0.109*** | -0.289*** | 0 | -0.102** | -0.109*** | 0.123*** | 0.143*** | -0.220** | -0.035* | 0 | -0.044** | 0 |
| Business conditions improve/decline | 12mo | Macro | MSC | 0.159*** | 0 | -0.070*** | 0 | 0 | 0 | -0.072* | 0.365*** | 0.068*** | 0.039* | 0.132*** | -0.066** |
| Business financial conditions improve/decline | 12mo | Macro | MSC | 0.031* | -0.147* | -0.057*** | 0 | 0 | 0.099* | 0 | 0 | 0.097*** | -0.109*** | 0.086*** | 0 |
| Index of Consumer Sentiment | 12mo | Macro | MSC | 7.590*** | -25.019*** | -8.166*** | 0 | 0 | 0 | -7.282* | 0 | 3.283* | -9.354*** | 8.123*** | -7.698*** |
| Index of Current Economic Conditions | 12mo | Macro | MSC | 0 | -27.900*** | -10.476*** | 0 | 0 | 14.804*** | 0 | -19.915* | 0 | -10.753*** | 4.784* | 0 |
| Index of Consumer Expectations | 12mo | Macro | MSC | 11.285*** | -23.168*** | -6.682*** | 0 | 0 | 0 | 0 | 0 | 6.942*** | -9.406*** | 9.982*** | -9.253*** |
| Macro Sentiment Index | 12mo | Macro | MSC | 13.100*** | 0 | -9.955*** | 0 | 0 | 0 | 0 | 0 | 16.303*** | -22.080*** | 22.020*** | -15.074** |
| Micro Sentiment Index | 12mo | Macro | MSC | 6.088*** | -35.670*** | -9.199*** | 0 | 0 | 8.719** | 0 | -21.150** | 0 | -6.044*** | 3.552* | -6.345** |

Table A.15: Comparison of Expectation Variables throughout Elections 1980-2000

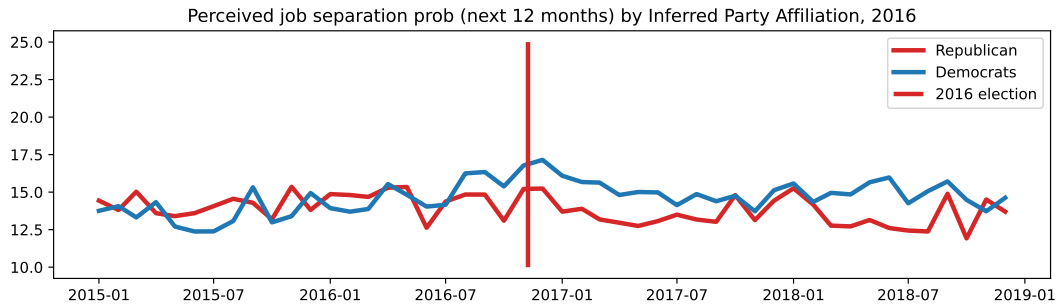
| Variable description | Horizon | Macro/Micro | Survey | Election 2004 | | Election 2008 | | Election 2012 | | Election 2016 | | Election 2020 | |
|--|---------|-------------|--------|---------------|------------|---------------|-----------|---------------|------------|---------------|------------|---------------|------------|
| | | | | Switch | Bias | Switch | Bias | Switch | Bias | Switch | Bias | Switch | Bias |
| Labour Market | | | | | | | | | | | | | |
| Prob of higher unemployment rate | 12m | Macro | MSC | 0 | 0.187*** | 0 | 0 | -0.032** | 0.232*** | -0.225*** | 0.175*** | -0.237*** | 0.177*** |
| Prob of higher unemployment rate | 12mo | Macro | SCE | | | | | | | -4.662*** | 0 | -7.618*** | 11.143* |
| Prob of losing job | 5y | Micro | MSC | 0 | 0.046*** | 0 | -0.055*** | 0 | 0 | -0.038*** | 0.033*** | -0.036*** | 0 |
| Perceived job separation prob | 12mo | Micro | SCE | | | | | | | 0 | 3.922** | 0 | 0 |
| Perceived job finding prob | 3mo | Micro | SCE | | | | | | | 2.252** | 0 | 0 | 0 |
| Prob of quitting | 12mo | Micro | SCE | | | | | | | 0 | 0 | 0 | 0 |
| Higher/lower personal wage rate | 12mo | Micro | SCE | | | | | | | 0 | 0 | -0.047** | 0 |
| Prob of higher nominal income | 12mo | Micro | MSC | 0 | -2.286*** | 0 | 0 | 0 | 0 | 0.901*** | -0.888*** | 1.123*** | 0 |
| Percentage of real wage growth | 12mo | Micro | SCE | | | | | | | 0 | 0 | 0 | 0 |
| Higher/lower real household income | 12mo | Micro/Macro | MSC | 0 | -0.143*** | 0.048*** | 0.059*** | 0 | 0 | 0.086*** | -0.099*** | 0.090*** | -0.048** |
| Better/worse personal financial situation (future) | 12mo | Micro | MSC | 0 | -0.166*** | 0 | 0 | 0 | 0 | 0.112*** | -0.122*** | 0.164*** | -0.037* |
| Higher/lower nominal household income | 12mo | Micro | SCE | | | | | | | -0.045*** | 0.045** | -0.076*** | 0.402** |
| Percentage of real household income growth | 12mo | Micro/Macro | SCE | | | | | | | 0.624* | 0 | 0 | 0 |
| Household Spending | | | | | | | | | | | | | |
| Higher/lower spending | 12mo | Micro | SCE | | | | | | | 0 | 0 | 0 | 0 |
| Percentage of spending growth | 12mo | Micro | SCE | | | | | | | -0.403* | 0 | 0 | 4.808** |
| Micro Inflation | | | | | | | | | | | | | |
| Expected Increase in gas prices | 12mo | Micro/Macro | MSC | 0 | 0 | 0 | 3.726* | 0 | -22.690*** | -3.033** | 0 | -12.563*** | 12.296*** |
| Expected Increase in gas prices | 5y | Micro/Macro | MSC | 0 | 0 | -4.737* | 23.005*** | 0 | -74.467*** | -11.100*** | 0 | -21.532*** | 26.049*** |
| Expected Increase in gas prices | 12mo | Micro/Macro | SCE | | | | | | | -1.585*** | 1.502*** | -2.933*** | 0 |
| Expected Increase in food prices | 12mo | Micro/Macro | SCE | | | | | | | -0.490*** | 0.998*** | -1.815*** | 0 |
| Expected Increase in medical prices | 12mo | Micro/Macro | SCE | | | | | | | -1.598*** | 1.484** | -1.283*** | 0 |
| Expected increase in college prices | 12mo | Micro/Macro | SCE | | | | | | | -0.517** | 0 | 0 | 0 |
| Expected increase in rent | 12mo | Micro/Macro | SCE | | | | | | | -0.394* | 0 | -1.248*** | 0 |
| Expected increase in gold | 12mo | Micro/Macro | SCE | | | | | | | 0 | 0 | -1.068** | 0 |
| Macro Variables | | | | | | | | | | | | | |
| Expected inflation rate | 12mo | Macro | MSC | 0 | 0 | -0.416*** | 0 | 0 | 1.709*** | -0.564*** | 0 | -2.247*** | 1.736*** |
| Expected inflation rate | 5y | Macro | MSC | 0 | 0 | -0.357*** | 0 | 0 | 0 | -0.314*** | 0 | -0.541*** | 0.977*** |
| Inflation/deflation | 12mo | Macro | SCE | | | | | | | 0.018*** | -0.046** | 0.018* | 0 |
| Expected inflation rate | 12mo | Macro | SCE | | | | | | | -0.937*** | 0 | -1.843*** | 0 |
| Higher/lower house prices | 12mo | Macro | SCE | | | | | | | 0 | -0.095* | -0.129*** | 0.415** |
| Expected house price change | 12mo | Macro | SCE | | | | | | | -0.305* | 0 | 0 | -3.171*** |
| Prob of higher interest rate | 12mo | Macro | SCE | | | | | | | 2.479*** | -9.660** | 1.979** | 0 |
| Interest rates rise/fall | 12mo | Macro | MSC | -0.026* | 0 | -0.078*** | 0.074*** | -0.029** | 0 | 0 | 0 | 0.045*** | 0 |
| Prob of higher stock market | 12mo | Macro | SCE | | | | | | | 2.285*** | -5.969*** | 3.720*** | 0 |
| Business conditions improve/decline | 12mo | Macro | MSC | 0 | -0.128*** | 0.028** | -0.072*** | 0.038*** | -0.100* | 0.229*** | -0.164*** | 0.268*** | -0.162*** |
| Business financial conditions improve/decline | 12mo | Macro | MSC | 0 | -0.269*** | 0.091*** | -0.061** | 0 | -0.216*** | 0.334*** | -0.225*** | 0.352*** | -0.181*** |
| Index of Consumer Sentiment | 12mo | Macro | MSC | 0 | -24.960*** | 6.179*** | -3.909* | 0 | -19.251*** | 28.173*** | -20.997*** | 32.662*** | -14.553*** |
| Index of Current Economic Conditions | 12mo | Macro | MSC | 0 | -14.183*** | 0 | 0 | 0 | -14.973** | 14.206*** | -12.184*** | 19.404*** | -4.867* |
| Index of Consumer Expectations | 12mo | Macro | MSC | 0 | -31.883*** | 9.138*** | 0 | 0 | -21.997*** | 37.144*** | -26.659*** | 41.178*** | -20.775*** |
| Macro Sentiment Index | 12mo | Macro | MSC | 0 | -52.959*** | 20.246*** | -11.110** | 0 | -45.336*** | 71.604*** | -46.949*** | 74.668*** | -42.210*** |
| Micro Sentiment Index | 12mo | Macro | MSC | 0 | -17.933*** | 0 | 0 | 0 | -10.710* | 15.211*** | -14.361*** | 21.318*** | -5.132** |

Table A.16: Comparison of Expectation Variables throughout Elections 2004-2020

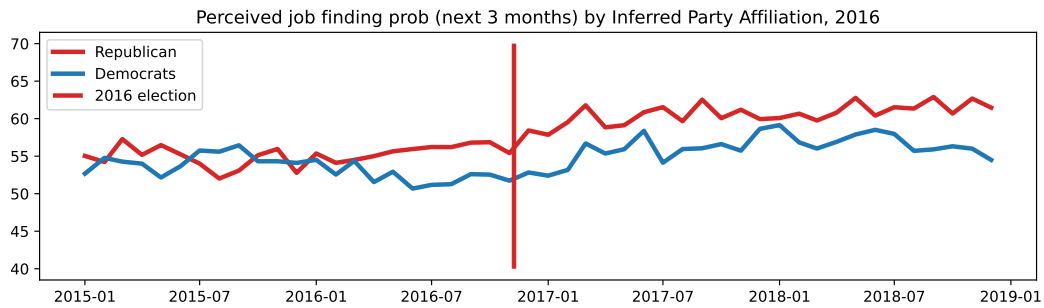
Figure A.1: Expectations about Labor Market Outcomes by County-level Electoral Returns, 2016



(a) Unemployment rate, next 12 months



(b) Job separation rate, next 12 months



(c) Job finding rate, next 12 months

County-level political party affiliations is inferred from procedures in Section 2.1. These tables are generated using data from the 2016 U.S. Presidential election results and the Survey of Consumer Expectations (SCE) from January 2015 to December 2018. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the perceived probability of a higher nationwide unemployment rate in the next 12 months, (ii) the perceived probability of the respondent being separated from their job in the next 12 months, and (iii) the perceived probability of the respondent finding a new job in the next 3 months conditional on being separated from their job. Red lines indicate the mean responses of Republican counties, blue lines indicate those of Democratic counties, and the red vertical line indicates the date of the 2016 Presidential election (in which the Republican candidate, Donald Trump, won).

| | Welfare Benefits | | Unemployment Benefits | | Payroll Tax | | Capital Gains Tax | | Income Tax | | Income Tax, High Incomes | |
|--|------------------|--------|-----------------------|--------|-------------|--------|-------------------|--------|------------|--------|--------------------------|--------|
| | Direction | Effect | Direction | Effect | Direction | Effect | Direction | Effect | Direction | Effect | Direction | Effect |
| Prob of higher unemployment rate | _* | _*** | 0 | _*** | 0 | _*** | _*** | _*** | _*** | _*** | _*** | _*** |
| Perceived job separation prob | 0 | _*** | _*** | _* | _*** | _** | _* | _*** | _*** | _*** | 0 | _** |
| Perceived job finding prob | 0 | 0 | 0 | 0 | +*** | 0 | +*** | +*** | 0 | 0 | 0 | +** |
| Prob of hiring more workers | 0 | +*** | 0 | 0 | 0 | 0 | +** | +*** | +*** | +*** | 0 | +*** |
| Prob of quitting | 0 | 0 | 0 | 0 | 0 | _*** | 0 | 0 | _*** | _*** | 0 | 0 |
| Higher/lower personal wage rate | _*** | _*** | +*** | _*** | 0 | _*** | _** | 0 | 0 | _*** | 0 | _*** |
| Percentage of real wage growth | 0 | +*** | _*** | +*** | 0 | 0 | 0 | +*** | 0 | +*** | 0 | 0 |
| Higher/lower real household income | 0 | _*** | _*** | _*** | 0 | _** | _*** | 0 | 0 | _*** | _*** | _*** |
| Percentage of real household income growth | _*** | +*** | _*** | +** | +*** | +*** | +** | +** | 0 | +*** | +* | 0 |
| Interest rates rise/fall | 0 | 0 | _*** | 0 | 0 | +* | 0 | 0 | 0 | 0 | 0 | +*** |
| Prob of higher stock market | 0 | +*** | 0 | +*** | _*** | +*** | _*** | +*** | _*** | +*** | 0 | +*** |
| Inflation/deflation | 0 | +* | 0 | +*** | _* | +*** | _** | 0 | 0 | +*** | 0 | +*** |
| Expected inflation rate | +* | _** | 0 | _*** | 0 | _*** | 0 | 0 | +*** | 0 | 0 | _*** |
| Easier to get credit now | +*** | +** | 0 | 0 | +*** | +** | 0 | +*** | 0 | +*** | 0 | +*** |
| Easier to get credit in future | +*** | +*** | +*** | +*** | 0 | +*** | 0 | +*** | 0 | +*** | +*** | +*** |
| Higher/lower house prices | 0 | 0 | 0 | 0 | 0 | _*** | _*** | 0 | _* | _*** | _*** | 0 |
| Expected house price change | +*** | _* | _*** | _** | 0 | _** | +* | 0 | 0 | +* | 0 | 0 |
| Expected probability of spending growth | _*** | +*** | 0 | 0 | _*** | 0 | _** | 0 | 0 | +*** | _*** | +*** |
| Expected spending growth rate | 0 | _*** | _*** | _*** | +** | _* | 0 | _*** | +* | _*** | 0 | _*** |
| Expected Increase in gas prices | 0 | _*** | 0 | _*** | +*** | _*** | +*** | _* | +*** | _*** | 0 | _*** |
| Expected Increase in food prices | 0 | _*** | 0 | _** | 0 | _*** | 0 | _** | 0 | _* | 0 | _** |
| Expected Increase in medical prices | 0 | _*** | 0 | _*** | 0 | _*** | 0 | _*** | 0 | _*** | 0 | _*** |
| Expected increase in college prices | _** | _*** | _*** | _*** | 0 | _*** | 0 | _*** | 0 | _*** | _*** | _*** |
| Expected increase in rent | _* | _*** | _*** | _*** | 0 | _*** | 0 | _** | 0 | _*** | 0 | _*** |

Table A.17: Signs and significance levels of coefficients in regressions of policy beliefs on selected macro/micro expectations variables. Data from the SCE's Public Policy Survey (PPS) sub-module. For each type of public policy (columns), "Direction" stands for the direction of the policy change, on a scale of -1 to 1 (-1 for reduce/decrease, 1 for expand/increase), and "Effect" stands for the SCE PPS respondent's expectations of the effects of the respondent's expected policy change on their own households, on a scale from -1 to 1 (-1 for negative, 1 for positive). Separate regression results for each type of public policy on each type of micro/macro beliefs (rows). *, **, and *** represent significance of the coefficient at the 10%, 5%, and 1% levels.

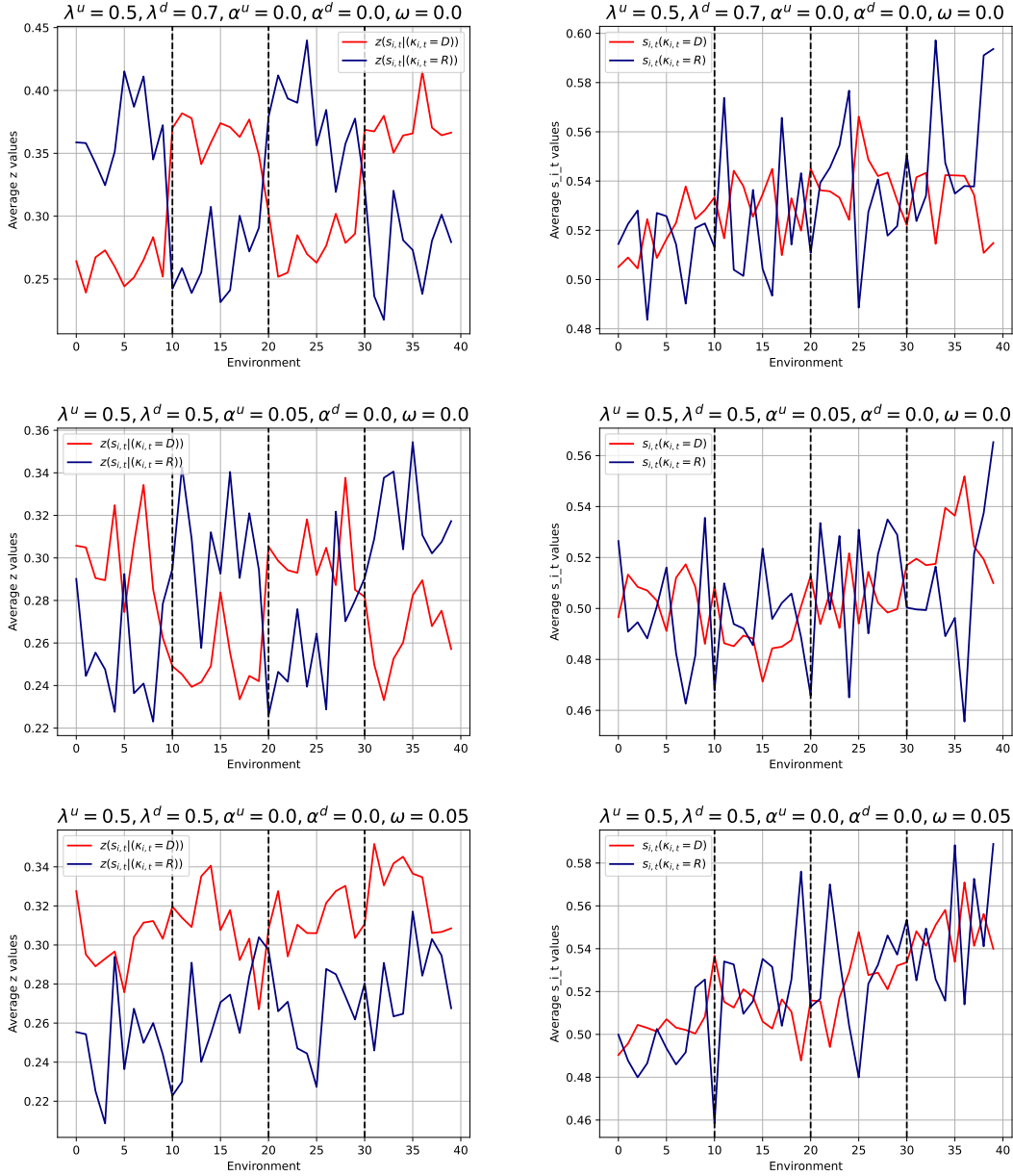
| Policy beliefs, 2020 election only | (1) Welfare Benefits | | | | (2) Unemployment Benefits | | | | (3) Payroll Tax | | | |
|--|-----------------------|-------------------------|-----------------------------|---|---------------------------|-------------------------|-----------------------------|---|---|-------------------------|-----------------------------|---|
| | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ |
| Prob of higher unemployment rate | 0 | + | + | - | 0 | 0 | 0 | 0 | 0 | 0 | + | 0 |
| Perceived job separation prob | + | + | - | - | 0 | 0 | - | 0 | + | - | - | 0 |
| Percentage of real wage growth | - | 0 | + | 0 | - | 0 | 0 | - | + | - | - | - |
| Percentage of real household income growth | - | 0 | 0 | + | - | + | 0 | + | 0 | 0 | 0 | + |
| Expected inflation rate | - | - | 0 | - | - | 0 | + | + | + | - | 0 | - |
| Expected Increase in gas prices | 0 | 0 | + | - | 0 | 0 | + | + | + | 0 | + | 0 |
| Expected Increase in food prices | 0 | + | 0 | - | 0 | + | + | 0 | + | - | + | - |
| | (4) Capital Gains Tax | | | | (5) Income Tax | | | | (6) Income Tax for Highest Income Bracket | | | |
| | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ | Change | $\times \text{Party}_i$ | $\times \text{postElect}_t$ | $\times \text{Party}_i \times \text{postElect}_t$ |
| Prob of higher unemployment rate | - | 0 | + | + | 0 | - | + | + | - | 0 | 0 | 0 |
| Perceived job separation prob | + | 0 | 0 | 0 | 0 | - | 0 | + | + | 0 | - | + |
| Percentage of real wage growth | 0 | 0 | + | 0 | 0 | 0 | 0 | - | - | 0 | + | 0 |
| Percentage of real household income growth | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - | 0 | + |
| Expected inflation rate | + | - | 0 | + | + | - | + | - | - | + | 0 | + |
| Expected Increase in gas prices | + | 0 | + | - | + | - | + | 0 | 0 | - | + | + |
| Expected Increase in food prices | 0 | + | + | - | 0 | - | + | 0 | 0 | + | + | + |

Table A.18: Signs and significance levels of coefficients in regressions of beliefs on policy **changes** on selected macro/micro expectations variables. 2020 election cycle only. Data from the SCE's Public Policy Survey (PPS) sub-module. For each type of public policy (columns), "Direction" stands for the direction of the policy change, on a scale of -1 to 1 (-1 for reduce/decrease, 1 for expand/increase). Party_i : Interaction with party dummy variable (1 for Democrats, 0 for Republicans). postElect_t : Interaction with post-election dummy variable (1 for after November 2020, 0 otherwise). Separate regression results for each type of public policy on each type of micro/macro beliefs (rows). *, **, and *** represent significance of the coefficient at the 10%, 5%, and 1% levels.

B Additional Model Results

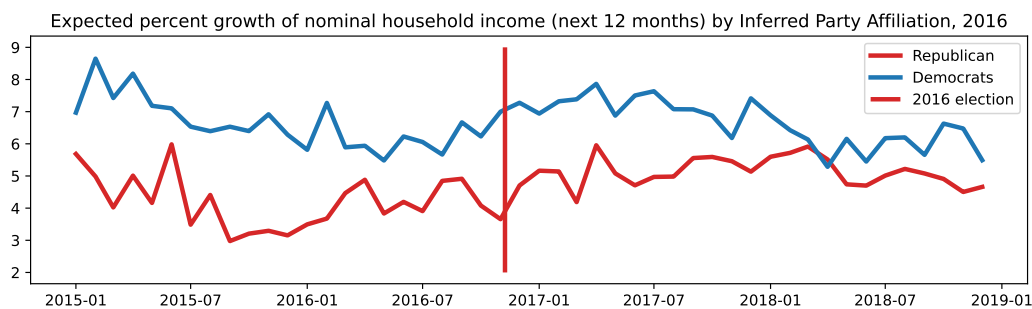
Figure A.2 plots the simulated average beliefs of respondents from each party over a sample period covering three assumed switches in election outcomes.

Figure A.2: Model simulation with different parameter values

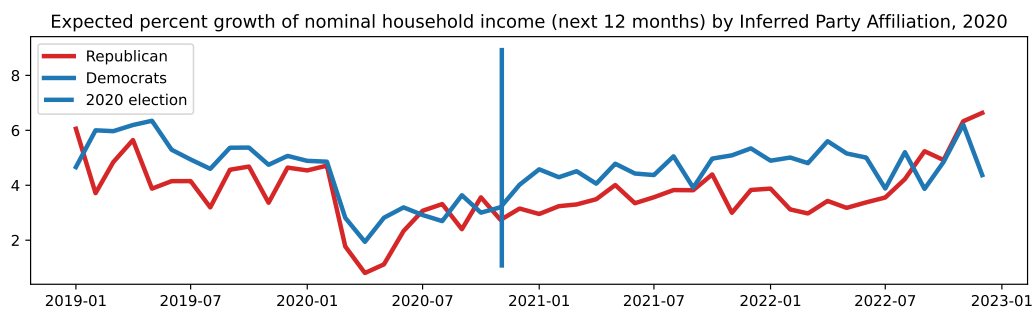


C Additional empirical results

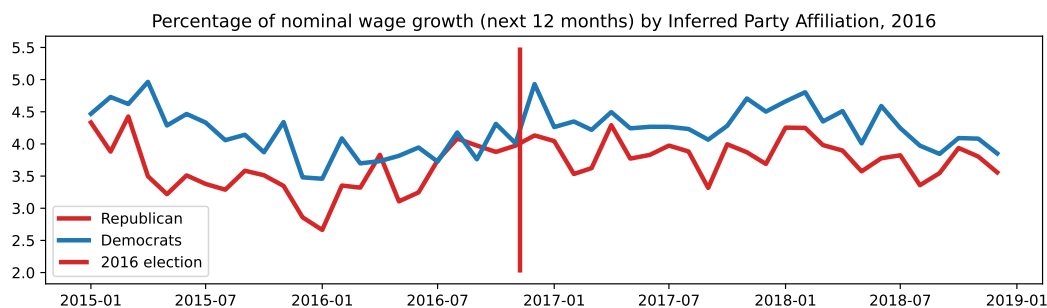
Figure A.3: **Nominal** Income/Earning Expectations by Inferred Partisanship, 2016 and 2020.



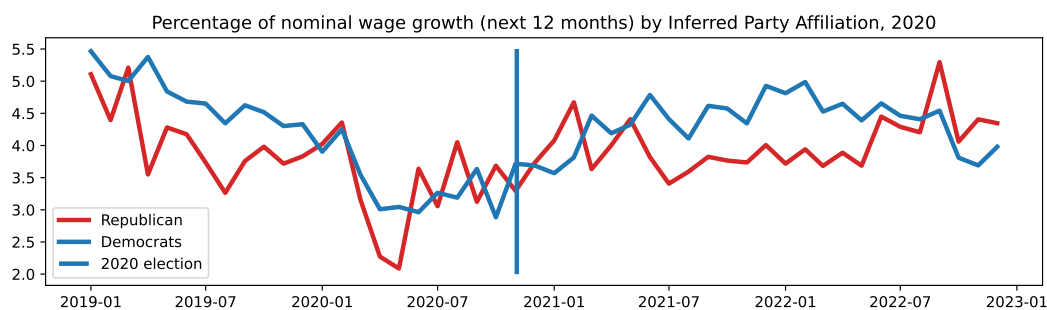
(a) Nominal household income growth rate in percentage points, next 12 months, 2015-2018



(b) Nominal household income growth rate in percentage points, next 12 months, 2019-2022



(c) Nominal wage growth rate in percentage points, next 12 months, 2015-2018



(d) Nominal wage growth rate in percentage points, next 12 months, 2019-2022

These tables are generated using data from the 2016 and 2020 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from January 2015 to December 2022. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the vertical red and blue lines indicate the date of the 2016 and 2020 Presidential elections respectively.

Table A.19: Model Estimates

| | | | slope_up | slope_down | shift_up | shift_down | bias | coeff | r2 | p_value |
|------------|--------------------|----------|----------|------------|----------|------------|--------|-------|-------|---------|
| pexp | bexp | dem 1980 | 0.301 | 0.178 | 0.180 | 0.027 | -0.298 | 0.055 | 0.003 | 0.000 |
| | | rep 1980 | 0.309 | 0.167 | -0.285 | -0.084 | 0.404 | 0.054 | 0.003 | 0.000 |
| | | dem 1984 | 0.129 | 0.394 | 0.094 | -0.074 | -0.074 | 0.058 | 0.004 | 0.000 |
| | | rep 1984 | 0.361 | 0.126 | -0.127 | 0.052 | 0.052 | 0.052 | 0.003 | 0.000 |
| | | dem 1988 | 0.202 | 0.188 | 0.030 | 0.015 | -0.077 | 0.032 | 0.001 | 0.000 |
| | | rep 1988 | 0.206 | 0.184 | 0.039 | -0.006 | -0.045 | 0.025 | 0.001 | 0.001 |
| | | dem 1992 | 0.277 | 0.220 | -0.071 | -0.010 | 0.096 | 0.057 | 0.003 | 0.000 |
| | | rep 1992 | 0.352 | 0.154 | 0.126 | -0.050 | -0.074 | 0.054 | 0.003 | 0.000 |
| | | dem 1996 | 0.261 | 0.152 | -0.003 | 0.008 | -0.003 | 0.033 | 0.001 | 0.000 |
| | | rep 1996 | 0.246 | 0.194 | 0.023 | -0.021 | 0.023 | 0.042 | 0.002 | 0.000 |
| | | dem 2000 | 0.211 | 0.226 | 0.361 | -0.013 | -0.389 | 0.045 | 0.002 | 0.000 |
| | | rep 2000 | 0.293 | 0.149 | -0.311 | 0.001 | 0.368 | 0.054 | 0.003 | 0.000 |
| | | dem 2004 | 0.300 | 0.301 | 0.039 | -0.026 | -0.026 | 0.079 | 0.007 | 0.000 |
| | | rep 2004 | 0.288 | 0.313 | -0.057 | 0.026 | 0.026 | 0.090 | 0.009 | 0.000 |
| | | dem 2008 | 0.420 | 0.282 | 0.100 | 0.051 | -0.128 | 0.114 | 0.015 | 0.000 |
| | | rep 2008 | 0.281 | 0.421 | -0.065 | -0.018 | 0.118 | 0.117 | 0.015 | 0.000 |
| | | dem 2012 | 0.329 | 0.377 | -0.003 | 0.008 | -0.003 | 0.106 | 0.013 | 0.000 |
| | | rep 2012 | 0.398 | 0.319 | 0.009 | -0.011 | 0.009 | 0.117 | 0.016 | 0.000 |
| | | dem 2016 | 0.300 | 0.299 | 0.324 | -0.025 | -0.323 | 0.084 | 0.008 | 0.000 |
| | | rep 2016 | 0.337 | 0.270 | -0.287 | 0.013 | 0.339 | 0.085 | 0.008 | 0.000 |
| | | dem 2020 | 0.340 | 0.355 | 0.089 | -0.119 | 0.033 | 0.101 | 0.011 | 0.000 |
| | | rep 2020 | 0.354 | 0.345 | -0.068 | 0.050 | 0.027 | 0.118 | 0.016 | 0.000 |
| MSC | rinc | dem 1980 | 0.301 | 0.048 | 0.193 | -0.021 | -0.242 | 0.038 | 0.002 | 0.000 |
| | | rep 1980 | 0.047 | 0.285 | -0.389 | -0.002 | 0.417 | 0.026 | 0.001 | 0.000 |
| | | dem 1984 | 0.078 | 0.487 | 0.253 | -0.198 | -0.198 | 0.037 | 0.002 | 0.000 |
| | | rep 1984 | 0.453 | 0.062 | -0.330 | 0.135 | 0.135 | 0.063 | 0.005 | 0.000 |
| | | dem 1988 | 0.189 | 0.225 | 0.040 | 0.071 | -0.188 | 0.043 | 0.002 | 0.000 |
| | | rep 1988 | 0.158 | 0.253 | -0.017 | -0.089 | 0.145 | 0.046 | 0.002 | 0.000 |
| | | dem 1992 | 0.137 | 0.260 | -0.066 | -0.056 | 0.159 | 0.049 | 0.003 | 0.000 |
| | | rep 1992 | 0.246 | 0.169 | 0.120 | 0.088 | -0.249 | 0.042 | 0.002 | 0.000 |
| | | dem 1996 | 0.343 | 0.016 | -0.113 | 0.261 | -0.113 | 0.040 | 0.002 | 0.000 |
| | | rep 1996 | 0.040 | 0.260 | 0.127 | -0.114 | 0.127 | 0.042 | 0.002 | 0.000 |
| | | dem 2000 | 0.196 | 0.130 | 0.527 | 0.014 | -0.601 | 0.032 | 0.001 | 0.000 |
| | | rep 2000 | 0.196 | 0.133 | -0.490 | 0.013 | 0.557 | 0.019 | 0.000 | 0.013 |
| | | dem 2004 | 0.299 | 0.273 | 0.040 | -0.027 | -0.027 | 0.070 | 0.005 | 0.000 |
| | | rep 2004 | 0.261 | 0.312 | -0.033 | 0.015 | 0.015 | 0.081 | 0.007 | 0.000 |
| | | dem 2008 | 0.292 | 0.162 | 0.098 | -0.116 | 0.014 | 0.060 | 0.004 | 0.000 |
| | | rep 2008 | 0.186 | 0.268 | -0.075 | 0.085 | -0.016 | 0.047 | 0.002 | 0.000 |
| | | dem 2012 | 0.264 | 0.303 | -0.001 | 0.002 | -0.001 | 0.069 | 0.005 | 0.000 |
| | | rep 2012 | 0.309 | 0.264 | -0.000 | 0.001 | -0.000 | 0.078 | 0.007 | 0.000 |
| | | dem 2016 | 0.141 | 0.375 | 0.297 | -0.111 | -0.197 | 0.076 | 0.007 | 0.000 |
| | | rep 2016 | 0.346 | 0.174 | -0.248 | 0.130 | 0.152 | 0.073 | 0.006 | 0.000 |
| | | dem 2020 | 0.271 | 0.211 | 0.255 | -0.126 | -0.133 | 0.049 | 0.003 | 0.000 |
| | | rep 2020 | 0.275 | 0.213 | -0.173 | 0.017 | 0.236 | 0.046 | 0.002 | 0.000 |
| micro_sent | macro_sent | dem 1980 | 0.302 | 0.184 | 0.203 | 0.028 | -0.330 | 0.068 | 0.005 | 0.000 |
| | | rep 1980 | 0.221 | 0.258 | -0.351 | -0.106 | 0.496 | 0.066 | 0.005 | 0.000 |
| | | dem 1984 | 0.325 | 0.424 | 0.107 | -0.085 | -0.085 | 0.113 | 0.015 | 0.000 |
| | | rep 1984 | 0.419 | 0.314 | -0.155 | 0.063 | 0.063 | 0.120 | 0.016 | 0.000 |
| | | dem 1988 | 0.287 | 0.298 | 0.008 | 0.024 | -0.056 | 0.082 | 0.007 | 0.000 |
| | | rep 1988 | 0.276 | 0.305 | -0.087 | -0.118 | 0.281 | 0.091 | 0.009 | 0.000 |
| | | dem 1992 | 0.247 | 0.335 | -0.053 | -0.013 | 0.081 | 0.088 | 0.009 | 0.000 |
| | | rep 1992 | 0.278 | 0.309 | 0.033 | 0.012 | -0.054 | 0.085 | 0.008 | 0.000 |
| | | dem 1996 | 0.375 | 0.169 | -0.089 | 0.221 | -0.089 | 0.075 | 0.006 | 0.000 |
| | | rep 1996 | 0.144 | 0.344 | 0.145 | -0.122 | 0.145 | 0.086 | 0.008 | 0.000 |
| | | dem 2000 | 0.287 | 0.203 | 0.362 | 0.046 | -0.440 | 0.060 | 0.004 | 0.000 |
| | | rep 2000 | 0.256 | 0.237 | -0.311 | -0.020 | 0.412 | 0.063 | 0.004 | 0.000 |
| | | dem 2004 | 0.410 | 0.389 | 0.030 | -0.020 | -0.020 | 0.148 | 0.025 | 0.000 |
| | | rep 2004 | 0.385 | 0.416 | -0.040 | 0.018 | 0.018 | 0.133 | 0.020 | 0.000 |
| | | dem 2008 | 0.386 | 0.321 | 0.140 | -0.029 | -0.095 | 0.118 | 0.016 | 0.000 |
| | | rep 2008 | 0.332 | 0.374 | -0.109 | 0.034 | 0.105 | 0.113 | 0.014 | 0.000 |
| | | dem 2012 | 0.430 | 0.439 | -0.002 | 0.005 | -0.002 | 0.168 | 0.034 | 0.000 |
| | | rep 2012 | 0.445 | 0.426 | 0.004 | -0.007 | 0.004 | 0.162 | 0.031 | 0.000 |
| | | dem 2016 | 0.377 | 0.404 | 0.199 | -0.031 | -0.182 | 0.136 | 0.022 | 0.000 |
| | | rep 2016 | 0.411 | 0.373 | -0.185 | 0.042 | 0.179 | 0.142 | 0.024 | 0.000 |
| | | dem 2020 | 0.432 | 0.324 | 0.144 | -0.122 | -0.024 | 0.123 | 0.018 | 0.000 |
| | | rep 2020 | 0.432 | 0.331 | -0.104 | -0.004 | 0.167 | 0.121 | 0.017 | 0.000 |
| SCE | UE_s | dem 2016 | -0.048 | 0.156 | 0.415 | 0.117 | 0.002 | 0.134 | 0.016 | 0.000 |
| | | rep 2016 | -0.035 | 0.145 | 0.449 | 0.083 | -0.010 | 0.139 | 0.017 | 0.000 |
| | | dem 2020 | -0.111 | 0.224 | 0.495 | -0.039 | -0.059 | 0.070 | 0.005 | 0.000 |
| | | rep 2020 | -0.096 | 0.206 | 0.441 | -0.007 | -0.053 | 0.079 | 0.006 | 0.000 |
| | UE_f | dem 2016 | -0.180 | 0.165 | 0.260 | 0.379 | 0.026 | 0.135 | 0.016 | 0.000 |
| | | rep 2016 | -0.163 | 0.148 | 0.310 | 0.338 | 0.015 | 0.133 | 0.016 | 0.000 |
| | | dem 2020 | -0.245 | 0.181 | 0.193 | 0.348 | -0.015 | 0.081 | 0.006 | 0.000 |
| | | rep 2020 | -0.217 | 0.164 | 0.212 | 0.347 | -0.043 | 0.073 | 0.005 | 0.000 |
| | Prob_wage_mean | dem 2016 | -0.077 | 0.189 | -0.960 | -0.715 | 0.014 | 0.486 | 0.229 | 0.000 |
| | | rep 2016 | -0.056 | 0.169 | -0.943 | -0.731 | 0.015 | 0.492 | 0.229 | 0.000 |
| | | dem 2020 | -0.132 | 0.272 | -1.025 | -0.718 | -0.008 | 0.511 | 0.253 | 0.000 |
| | | rep 2020 | -0.071 | 0.154 | -0.811 | -0.964 | -0.024 | 0.513 | 0.254 | 0.000 |
| | Prob_hhincome_mean | dem 2016 | -0.095 | 0.141 | -0.950 | -0.800 | 0.016 | 0.431 | 0.187 | 0.000 |
| | | rep 2016 | -0.042 | 0.088 | -0.905 | -0.849 | 0.022 | 0.438 | 0.190 | 0.000 |
| | | dem 2020 | -0.158 | 0.202 | -0.971 | -0.873 | 0.001 | 0.459 | 0.216 | 0.000 |
| | | rep 2020 | -0.086 | 0.122 | -0.794 | -1.020 | -0.041 | 0.464 | 0.221 | 0.000 |
| | Prob_wage | dem 2016 | -0.085 | 0.052 | -0.028 | 0.396 | -0.011 | 0.065 | 0.004 | 0.000 |
| | | rep 2016 | -0.047 | 0.019 | 0.056 | 0.336 | -0.019 | 0.064 | 0.004 | 0.000 |
| | | dem 2020 | -0.115 | 0.080 | -0.076 | 0.456 | -0.068 | 0.038 | 0.001 | 0.000 |
| | | rep 2020 | 0.064 | -0.105 | 0.313 | -0.061 | 0.072 | 0.042 | 0.002 | 0.000 |

D Data Appendix

This online appendix provides the specific questions of the variables we use for our empirical analysis.

D.1 Michigan Survey of Consumers

| Variable Description | Question Number | Question Text |
|--|-----------------|---|
| Prob of higher unemployment rate | Q11 | How about people out of work during the coming 12 months – do you think that there will be more unemployment than now, about the same, or less unemployment than now? |
| Prob of losing job | Q27b | During the next five years, what do you think the chances are that you (or your spouse/partner) will lose a job that you wanted to keep? |
| Prob of higher nominal income | Q16a | By about what percent do you expect your total (family) income to increase/decrease during the next 12 months? |
| Higher or lower real household income | Q15 | During the next year or two, do you expect that your (family) income will go up more than prices will go up, about the same as prices go up, or less than prices will go up? |
| Better or worse personal financial status (future) | Q3 | Now looking ahead–do you think that a year from now you (and your family living there) will be better off financially, worse off financially, or just about the same as now? |
| Better or worse personal financial status (past) | Q1 | We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago? |
| Expected Increase in gas prices 1y | Q21a | About how many cents per gallon do you think gasoline prices will go up/down during the next five years compared to now? |
| Expected Increase in gas prices 5y | Q22a | About how many cents per gallon do you think gasoline prices will go up/down during the next twelve months compared to now? |
| Expected inflation rate | Q13a | By about what percent do you expect prices to go up/down on the average, during the next 12 months? |
| Expected inflation rate | Q14a | By about what percent per year do you expect prices to go up/down on the average, during the next 5 to 10 years? |
| Interest rates rise/fall | Q12 | No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months –will they go up, stay the same, or go down? |
| Business conditions improve/decline | Q8 | And how about a year from now, do you expect that in the country as a whole, business conditions will be better or worse than they are at present, or just about the same? |
| Business financial conditions improve/decline 1y | Q5 | Now turning to business conditions in the country as a whole–do you think that during the next 12 months we’ll have good times financially or bad times financially? |

| | | |
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| Business financial conditions improve/decline 5y | Q9 | Looking ahead, which would you say is more likely – that in the country as a whole we’ll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression? |
| Index of Consumer Sentiment | | Q1 + Q3 + Q5 + Q9 + Q19 |
| Index of Current Economic Conditions | | Q1 + Q19 |
| Index of Consumer Expectations | | Q3 + Q5 + Q9 |
| Macro Sentiment Index | | Q5 + Q9 |
| Micro Sentiment Index | | Q1 + Q3 + Q19 |

Table A.20: Data Description: Michigan Survey of Consumers

D.2 NY Fed Survey of Consumer Expectations

| Variable Description | Question Number | Question Text |
|--|-----------------|---|
| Prob of higher unemployment rate | Q4new | What do you think is the percent chance that 12 months from now the unemployment rate in the U.S. will be higher than it is now? |
| Perceived job separation prob | Q13new | What do you think is the percent chance that you will lose your [“main” if Q11>1, “current” if Q11=1] job during the next 12 months? |
| Perceived job finding prob | Q22new | Suppose you were to lose your [“main” if Q11>1] job this month. What do you think is the percent chance that within the following 3 months, you will find a job that you will accept, considering the pay and type of work? |
| Prob of quitting | Q14new | What do you think is the percent chance that you will leave your [“main” if Q11>1, “current” if Q11=1] job voluntarily during the next 12 months? |
| Higher or lower personal wage rate | Q23v2 | Please think ahead to 12 months from now. Suppose that you are working in the exact same [“main” if Q11>1] job at the same place you currently work, and working the exact same number of hours. What do you expect to have happened to your earnings on this job, before taxes and deductions? |
| Percentage of real wage growth | Q23v2part2 | By about what percent do you expect your earnings to have [increased/decreased as in Q23]? Please give your best guess. |
| Higher or lower household income | Q25v2 | Over the next 12 months, what do you expect will happen to the total income of all members of your household (including you), from all sources before taxes and deductions? |
| Percentage of real household income growth | Q25v2part2 | By about what percent do you expect your total household income to [increase/decrease as in Q25v2]? Please give your best guess. |

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| Higher or lower spending | Q26v2 | Over the next 12 months, what do you expect will happen to the total spending of all members of your household (including you)? |
| Percentage of spending growth | Q26v2part2 | By about what percent do you expect your total household spending to [increase/decrease as in Q26v2]? Please give your best guess. |
| Expected Increase in gas prices | C4_1 | Twelve months from now, what do you think will have happened to the price of the following items? Price of a gallon of oil |
| Expected Increase in food prices | C4_2 | Twelve months from now, what do you think will have happened to the price of the following items? Price of food |
| Expected Increase in medical prices | C4_3 | Twelve months from now, what do you think will have happened to the price of the following items? Price of medical care |
| Expected increase in college prices | C4_4 | Twelve months from now, what do you think will have happened to the price of the following items? Cost of a college education |
| Expected increase in rent | C4_5 | Twelve months from now, what do you think will have happened to the price of the following items? Cost of renting a typical house/apartment |
| Expected increase in gold | C4_6 | Twelve months from now, what do you think will have happened to the price of the following items? Price of gold |
| Inflation or deflation | Q8v2 | The next few questions are about inflation. Over the next 12 months, do you think that there will be inflation or deflation? |
| Expected inflation rate | Q8v2part2 | What do you expect the rate of [inflation (if Q8v2=inflation)/deflation (if Q8v2=deflation)] to be over the next 12 months? Please give your best guess. |
| Higher or lower house prices | Q31v2 | Over the next 12 months, what do you expect will happen to the average home price nationwide? |
| Expected house price change | Q31v2part2 | By about what percent do you expect the average home price to [increase/decrease as in Q31v2]? Please give your best guess. |
| Prob of higher interest rate | Q5new | What do you think is the percent chance that 12 months from now the average interest rate on saving accounts will be higher than it is now? |
| Prob of higher stock market | Q6new | What do you think is the percent chance that 12 months from now, on average, stock prices in the U.S. stock market will be higher than they are now? |
| Federal welfare benefits: direction | qp1x5 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Federal welfare benefits |
| Unemployment benefits: direction | qp1x6 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Unemployment benefits |
| Payroll tax rate: direction | qp1x9 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Payroll tax rate |
| Capital gains tax rate: direction | qp1x11 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Capital gains tax rate |

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|---|--------|---|
| Average income tax rate: direction | qp1x16 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Average income tax rate |
| Income tax rate for highest income bracket: direction | qp1x17 | What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Income tax rate for highest income bracket |
| Federal welfare benefits: effect | qp2x5 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Federal welfare benefits |
| Unemployment benefits: effect | qp2x6 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Unemployment benefits |
| Payroll tax rate: effect | qp2x9 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Payroll tax rate |
| Capital gains tax rate: effect | qp2x11 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Capital gains tax rate |
| Average income tax rate: effect | qp2x16 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Average income tax rate |
| Income tax rate for highest income bracket: effect | qp2x17 | If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Income tax rate for highest income bracket |

Table A.21: Data Description: Survey of Consumer Expectations