

## Macro Roundup Article

**Headline:** [Should We Believe Americans When They Say the Economy is Bad?](#)

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**Tweet:** American consumer sentiment has significantly diverged from its projected level based on economic indicators in a way that it has not for other advanced economies. @jburnmurdoch speculates political polarization is the source of the divergence.

**Summary:** One question from the Michigan survey asks whether people think now is a good time to buy big household items. When the pandemic hit, Democrats and Republicans alike moved sharply towards “not a good time to buy”. But just months later, when Joe Biden won the presidential election — while Covid-19 still raged — Democrats suddenly declared conditions ripe for purchases of new fridge-freezers. Republicans did not. It seems US consumer sentiment is becoming the latest victim of expressive responding, where people give incorrect answers to questions to signal wider tribal political or social affiliations. My advice: if you want to know what Americans really think of economic conditions, look at their spending patterns. Unlike cautious Europeans, US consumers are back on the pre-pandemic trendline and buying more stuff than ever.

**Related Articles:** The Pandemic Has Broken a Closely Followed Survey of Sentiment and The Economy Is Great. Why Are Americans in Such a Rotten Mood? and Why Less Engaged Voters Are Biden’s Biggest Problem

**Primary Topic:** Politics

**Topics:** Business Cycle, Financial Markets, GDP, Op-Ed/Blog Post, Politics

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