

The American Panel Survey

Partisanship and Economic Perceptions

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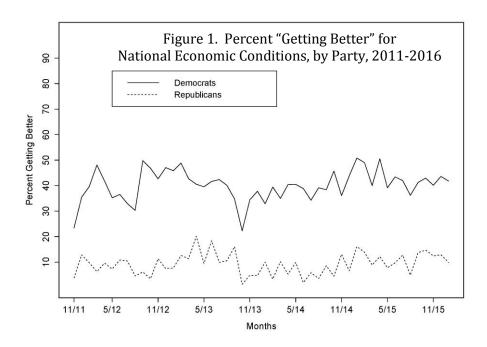
Jonathan Rapkin, Patrick D. Tucker, and Steven S. Smith Washington University

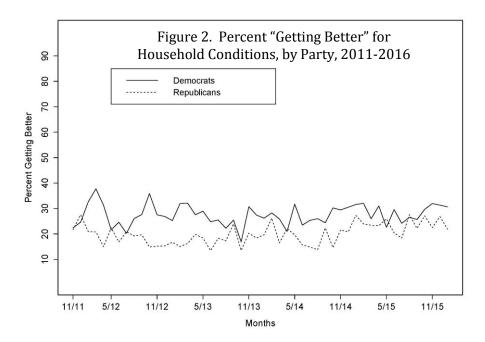
Political scientists have recognized for some time that the standard measures of consumer confidence provided by the Conference Board's Consumer Confidence Index and the University of Michigan Index of Consumer Sentiment are influenced by the partisanship of the citizens who comprise the samples. Democrats tend to rate the national economy more favorably than Republicans when a Democrat is in the White House and Republicans tend to rate the national economy more favorably than Democrats when a Republican is in the White House. We have observed the same pattern in *The American Panel Survey* (TAPS).¹

TAPS has measured perceptions of the economy every month since December 2011. As a panel study that combines consumer confidence measures with a wide range of political variables, this data series gives us a unique perspective of partisanship and consumer confidence. If previous studies are correct, we should see a steady difference between Democrats and Republicans in how favorably the national economy is viewed. TAPS offers more. In addition to asking whether economic conditions in "the country as a whole" are getting better or worse, TAPS has asked the same about economic conditions "in your household" during the same period.²

We hypothesize that there is a difference in the partisan effect found in national and personal economic perceptions. Our theory is that an individual's economic perceptions reflect, in major part, the information that he or she absorbs. National economic conditions are not personally observed; rather they are perceived only through reports from others, opinion leaders and the media. Therefore, we expect that perceptions of the national economy reflect the partisan biases that shape the selection of opinion leaders and media sources. In contrast, household economic conditions are experienced personally and our hunch is that personal knowledge of household conditions will dampen the partisan effect. The partisan effect on household economic perceptions is expected to be visible, but it should be weaker than the partisan effect on national economic perceptions.

Figures 1 and 2 confirm our expectations. With President Barack Obama, a Democrat, in the White House throughout the 2011-2015 period, 30-50 percent of Democrats rated the national economy as excellent or good, while seldom did more than 15 percent of Republicans do the same. The differences between the two sets of partisans are much smaller for household economic perceptions. It is worth special note that Democrats rate national economic conditions more favorably than personal household conditions, while Republicans rate national economic conditions less favorably than household conditions.





It is natural to wonder whether the actual economic conditions experienced by Republicans are worse than those for the Democrats. This seems highly unlikely because we know from other data that Republicans experience higher incomes and less unemployment than Democrats. Nevertheless, it bears closer examination. To do so, we report estimates for the relationship of a set of demographic characteristics, along with partisanship, to economic perceptions. These are shown in Table 1 for the January 2016.

Table 1. Estimates of the Effects of Partisanship and Demographic Characteristics on National and Household Economic Perceptions, January 2016.

	Household Economic	National Economic
	Perception	Perception
black	-0.20***	0.22*
	(0.11)	(0.13)
Hispanic	0.27	-0.11
	(0.07)	(0.07)
age	-0.002	0.00
	(0.001)	(0.00)
female	-0.05	-0.03
	(0.04)	(0.04)
income	0.05***	0.03*
	(0.01)	(0.01)
have job	0.12**	0.01
	(0.04)	(0.05)
Democrat	0.16***	0.48***
	(0.05)	(0.05)
Republican	-0.10*	-0.34***
	(0.04)	(0.05)
Intercept	-0.20	-0.25*
	(0.11)	(0.13)
	$X^2 = 19.7 (p = 0.0002); AIC =$	$X^2 = 7.0 \text{ (p = 0.072); AIC =}$
	2103.4	2265.7

Logit estimates. *** p > .001, ** p > .05, * > .01; excluded categories: non-minority, male, independent.

The table shows that the partisanship effects on national economic perceptions are strong and statistically significant. In addition, blacks and Hispanics, who are heavily Democratic in their partisanship, show even more positive evaluations of the national economy, as do people with higher incomes. Being employed, gender, and age have no effect.

In contrast, the table shows that partisanship has a weaker but still significant effect on household economic perceptions once we take into account income, ethnicity, employment status, and gender. Here, being employed and income have a stronger effect than for national

economic perceptions. Thus, it appears that personal awareness dampens but does not eliminate the effect of partisan bias in economic perceptions.

Partisanship is a powerful force in American society. It may operate through the perceptual screen of partisan identity or through the bias of opinion leaders, but its effects are strong and apparent in the TAPS findings. The findings caution us about simple interpretations of aggregate consumer confidence indices. If economic perceptions are strongly conditioned by partisanship, then real economic events will have effects on the indices: The number of Democrats and Republicans in the polity (and therefore in the samples) and identity of the party that controls the White House will affect the calculated confidence or sentiment measure.

About the Authors

Jonathan Rapkin, Ph.D. is Technical Support Specialist and Data Analyst in the Arts and Sciences Computing at Washington University in St. Louis. Patrick D. Tucker is a PhD candidate in Political Science at Washington University in St. Louis. Steven S. Smith is the Kate M. Gregg Distinguished Professor of Social Sciences, Professor of Political Science, and Director of Weidenbaum Center on the Economy, Government, and Public Policy at Washington University in St. Louis.

About The American Panel Survey

The American Panel Survey (TAPS) is a monthly online panel survey of over 2,200 people. Panelists were recruited as a national probability sample with an addressed-based sampling frame. The survey is conducted by GfK Knowledge Networks for the Weidenbaum Center at Washington University. Individuals without Internet access were provided a laptop and internet service at the expense of the Weidenbaum Center. In a typical month, about 1,700 of the panelists complete the online survey. Analyses in this report use weights based on CPS benchmarks. Technical information about TAPS is available at taps.wustl.edu.

Notes

- The Conference Board survey is described at https://www.conference-board.org/data/consumerconfidence.cfm. The University of Michigan survey is described at http://www.sca.isr.umich.edu. A review of studies of partisanship and consumer confidence can be found in Peter K. Enns, Paul M Kellstedt, and Gregory E. McAvoy, "The Consequences of Partisanship in Economic Perceptions," Public Opinion Quarterly, 76:2 (June 2012): 287-310
- 2. The question wording is, "Do you think that economic conditions in your household [in the country as a whole] are getting better, getting worse, or not changing much?"