Economic voters and partisan consumers: Assessing how political views affect economic decisions

By Chris Anderson

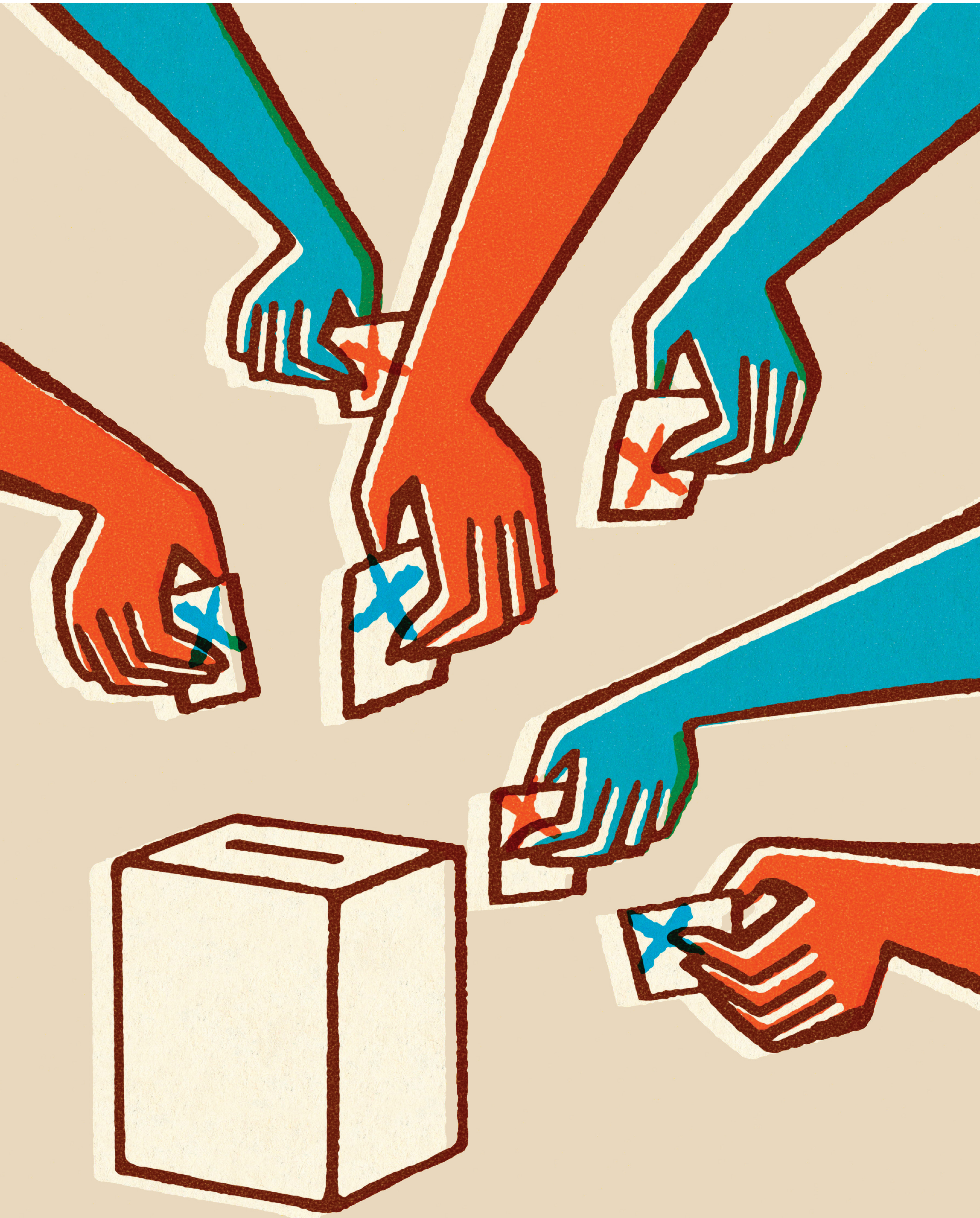
Soon after the Brexit referendum in 2016, the economic opinions of Leavers and Remainers began to diverge, with Remainers becoming more pessimistic about the state of the UK economy, and those supporting Brexit reporting a much rosier outlook. A similar phenomenon emerged in the United States following the election of US President Donald Trump that same year; Republicans expressed much more positive assessments of the current and future economy than Democrats did.

The spending impact emerged only among voters, suggesting that the act of voting, rather than partisanship drove the effects.

A NUMBER OF STUDIES have documented the fact that voters see the economy differently in the aftermath of an election. The reasons behind this shift are not well understood, though researchers suspect that it has two potential causes: changes in income expectations by partisans of different stripes, depending on whether their party or candidate won; and/or people's desire to maintain consistency in their political behaviour and cognitions. Regardless, the more important question may be: does it really matter if partisans' views of the economy depend on who won the most recent election?

Until recently, political economists have not asked this question. Researchers have long been interested in whether and how the economy moves people's political choices and, therefore, elections, but they have paid less attention to the reverse relationship: how do elections and the political choices voters make affect their subsequent economic decisions?

Work I conducted with Peter Enns of Cornell University investigates this question by examining the extent to which the choices people make at the ballot box influence their subsequent consumption choices. Essentially, we investigate whether voters are, in fact, political consumers. ▶



To see if economic activity in the aftermath of an election is politically motivated, and to develop a more precise understanding of whether voters react to election outcomes by changing their economic behaviour, we analysed individual-level data of consumer spending collected in the United States in 2000. To pinpoint the effect of elections, we were able to utilise a unique set of consumer surveys of household and individual expenditures conducted before and after the 2000 US. presidential election between Republican George W. Bush and Democrat Al Gore. These surveys of a representative sample of over 36,000 respondents provided detailed reports of their economic activities, and allowed us to identify individual consumers' partisan affiliations and voting behaviour. We analysed surveys that corresponded to periods when partisan control of the White House changed, and, thus, when Democrats and Republicans diverged in their economic opinions. As a result, we were able to evaluate whether voters' consumption patterns corresponded with their economic evaluations, as well as whether consumption patterns of Democratic and Republican voters differed systematically before and after the election.

Our work was motivated by two ideas. On one hand, a "future income" hypothesis would suggest that elections rearrange who has the power to implement economic policy; this, in turn, would affect people's expectations of future income and, as a consequence, their economic behaviour. Put simply, supporters of the winning candidate will expect higher benefits during the president's term in office. As a consequence, differential (post-election) opinions and economic behaviour by partisans reflect differences in people's calculations of differential future income streams.

While this hypothesis is intuitive and elegant, an alternative story is equally if not more plausible. Instead of revealing calculations of future income streams, post-election changes in partisans' economic decisions may simply reflect voters' desire for consistency during times when politics (via elections) is particularly prominent and, thus, is highly salient. This hypothesis, too, expects backers of the winning candidate to express more positive attitudes about the economy, and to consume more after the election as a result. However, any partisan differences in actual consumption resulting from the election should be observed primarily among voters, and these differences should be short lived.

Is economic activity in the aftermath of an election politically motivated?

Our analyses of spending on discretionary goods and services show that the election of the Republican candidate, George W. Bush, as President of the United States in 2000 indeed induced partisan differences in individual purchasing patterns. We found that Democratic voters reduced their spending on groceries, going to the movies, and eating at restaurants. Republicans, in contrast, ate out more than before the election and did not change the frequency of trips to the cinema. However, these effects were modest – the election did not lead to large shifts in spending – and they were temporary, with consumption reverting to pre-election patterns within a year's time. Thus, the election temporarily aligned economic opinions and behaviours for winners and losers, but the two diverged again with the passage of time. Critically, the spending impact emerged only among voters, demonstrating that the act of voting, rather than partisanship per se, drove these effects.

Our results suggest that elections play a role in shaping voters' economic decisions, and that a more multi-faceted assessment of the links among the economy, elections, and voter behaviour at different points of the electoral cycle is warranted. If elections can trigger changes in voters' consumption patterns, common assumptions about economic and political behaviour may require modification. Thus, partisans of different stripes do not just see the political world differently – they also come to hold different views about the health of the economy, and, for at least a period of time, they act on these differing views. Thus, especially in the aftermath of elections, politics and economics become tightly interwoven in citizens' minds to such an extent that political considerations can tinge economic activity. At the same time, this state of affairs does not last, and the economy becomes delinked from electoral politics over time as the election trigger recedes in voters' memory, and people go back to their regular lives and routine decisions. ◀

After US voters elected the Republican nominee, George W. Bush, as president in 2000, Democratic voters reduced spending, but Republicans began going to restaurants more frequently.

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