

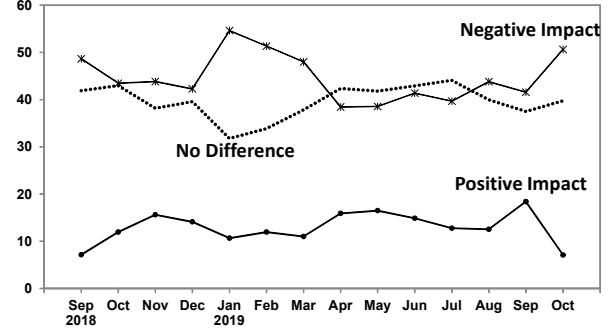


Subject: Trump's Ability to Remain Focused on Economy
From: Richard Curtin, Director

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A unique advantage of the University of Michigan's surveys is its inclusion of a full range of questions that ask consumers to describe in their own words their reasons for holding or changing their economic expectations. These open-ended questions enhance our understanding of the factors that shape how their expectations were formed as well as provide some indication of potential future changes. Readers of these reports recognize the importance of these spontaneous references; in the October survey one-in-four consumers mentioned the negative impact of tariffs, but references to the negative economic impact of impeachment were largely absent—mentioned by just 2%. None of the standard questions mentions the name Trump, as has been the case for past presidents; this helps to avoid any potential partisan response, from either side of the aisle. Following the standard questions, at the very end of the interview, a new question was added in September 2018. This question specifically asked whether any recent events surrounding the Trump administration

The Impact of Events on Trump's Ability to Focus on the Economy (Percent of Sample)



would have a positive, negative, or no impact on Trump's ability to focus on the economy. A president's ability to successfully counter potential economic adversity may be diminished by other non-economic issues that demand the administration's attention, especially the impeachment process as happened under Nixon. In the October 2019 survey, 51% of all consumers expected a negative impact on Trump's focus on the economy, while just 7% anticipated a positive impact (see the chart above). Also note that 40% in the October survey thought it would make no difference. Given the importance of fiscal policies to minimize any potential downturn, a diminished focus could be consequential in the year ahead.

The distribution of responses indicate broadly similar trends across income and age subgroups, with only those with incomes in the top third and those under age 35 showing somewhat more negative views (see the charts below). In contrast, there was a systematic difference across educational subgroups, with higher education corresponding with more negative views on Trump's ability to focus on the economy. While education and income are usually highly correlated, it would appear that in this case, education captured more political rather than economic variations. The most significant relationship was obtained for party identification, with a very large gap between Republicans and Democrats. Moreover, the partisan gap showed little variation since 2018. Nonetheless, the largest monthly loss among Republicans was recorded in October. Whether this Republican shift continues and whether it will have any impact on consumer expectations is as yet unknown.

The Impact of Events on Trump's Ability to Focus on the Economy by Demographics and Party Affiliation

%Positive - %Negative

