

Progress On The Economy

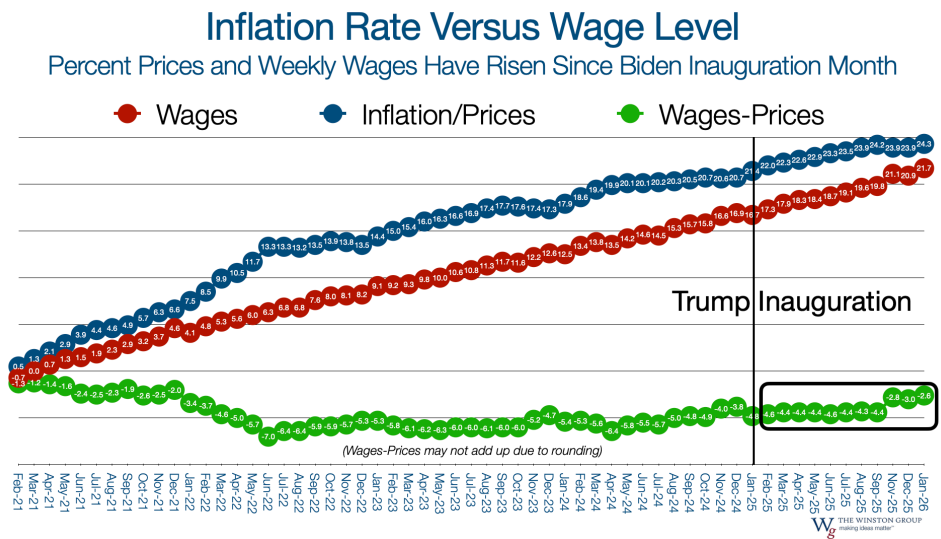
One of the key questions going into the midterm election will be this: have Republicans made progress on the economy? Since November of last year, we have seen the direction of economy improve slightly from 31-58 to 36-51 in January. This is still a negative view, but going in the right direction.

To get a better understanding of the question about the economic outlook, we asked voters in the January survey about progress on the economy. The largest group said the economy is not getting better at all (49%) but with 46% identifying progress of some kind. Of that percentage seeing progress, about half (23%) said the progress is acceptable, but the other half (23%) said the rate of progress is not acceptable. This indicates there is not a clear cut negative view, but more work needs to be done.

In thinking more specifically about how the economy is doing, which one comes closer to your view?	Overall	GOP	Indep	Dem
The economy is getting better, and the rate of progress is acceptable.	23	39	18	11
The economy is getting better, but the rate of progress is still unacceptable.	23	35	21	14
The economy is not getting better at all.	49	22	54	73

Republican voters are more satisfied with progress (39%) but this is not the majority view. Among independents, more than half (54%) say the economy is not getting better at all, and of those that say there has been progress, 21% say the rate of progress is unacceptable while 18% believe progress is acceptable. What does progress being unacceptable mean? Voters can be positive in their outlook on the current economy, but do not believe the cumulative effect of the “Biden economy” has been resolved in their personal situation. The BLS data on wages and prices in the chart below sheds light on this outlook.

Our chart shows how much prices (blue line) and weekly wages (red line) have increased since Biden’s inaugural month. The green line shows for each month how much prices had outpaced wages since Biden’s inaugural. Since the beginning of 2021, this gap was at its widest point in June 2022 at 7%, meaning the average family had lost 7% of their purchasing power. By the end of Biden’s term, the gap between prices over wages stood at 4.8%. As shown in the chart, the gap between the blue and red lines reflects lost purchasing power and was the driving reason for the Republican trifecta win in 2024.



Since the Trump inauguration, that gap between wages and prices has improved, but real progress has just started to emerge over the last three months. The electorate sees some areas of improvement such as gas prices. However they are still behind in household costs like food prices, especially meats, and electricity. If Republican policies (hopefully) continue to close this margin between prices and wages, the goal should be to see voters who view the current rate of progress as unacceptable move toward saying progress is acceptable, and more saying the economy is getting better.

Voters are not just looking for the economy to improve since Biden left office — they want the economy fixed. Their reference point for progress is not January 2025 but rather January 2021. The key moment at an individual level will be when a voter goes into a grocery store and decides if they are now in a reasonable position to handle costs.

Have a good weekend.

David & Myra