

What Matters to Voters? Micro & Macro-Level Drivers of Economic & Political Beliefs

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Introduction and Summary

- Constituent beliefs are crucial for incumbent electoral fortunes.
- In the absence of wars, beliefs about the *economy* are central.
 - But what features of the economy are relevant?
 - Are health outcomes (Case and Deaton, 2020) an overlooked set of variables?
 - Researchers face a high-dimensional problem.
- We estimate covariate importance via permutation tests in random forests.
- We identify the most prognostic individual- and contextual-level predictors.
- We find that party affiliation is the most important predictor in most cases, spiking to above 3 times the next most important predictor prior to presidential elections.
- However, we also find that objective conditions – measured as local unemployment but also *other features of community well-being* – are important.

Data

- Gallup interviews about 1,000 Americans each day.
- We use data from 2008 to 2018 (over 3.7 million respondents).
- We predict respondents' subjective evaluations of the economy as function of her individual-level and county-level characteristics.
 - These include age, gender, race, marital status, income, and party affiliation at the individual level.
 - Unemployment rate, manufacturing workers, a variety of crime rates, a variety of mortality rates, and demographic information at the county level.

We consider **distinct geographic units**:

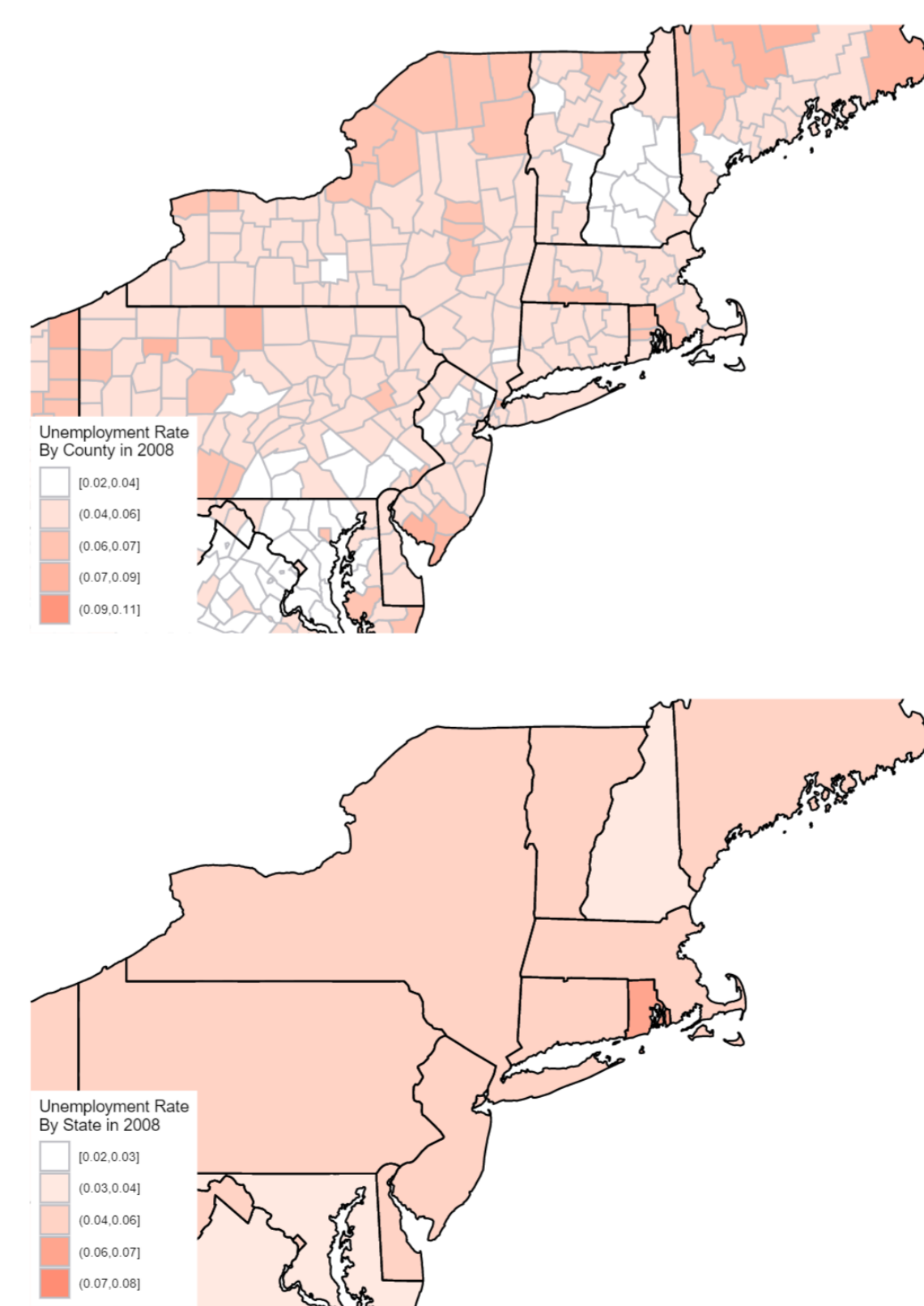


Figure 1: Economic conditions in northeastern counties and states in the U.S.

Methods

- Taking a holistic approach: a broad set of (potential) features without pre-specifying model inputs.
- We use random forests to flexibly predict the respondent's views of the economy.

Results

Variable Importance Tests

- We test the importance of each variable using permutation tests in which each predictor is randomly permuted over all trees after growing a random forest.
- The importance of each predictor is the average decrease in the accuracy of the model when a given predictor is permuted.
- We see that among the top 5 predictors, 4 reflect respondents' local conditions (rather than personal characteristics).

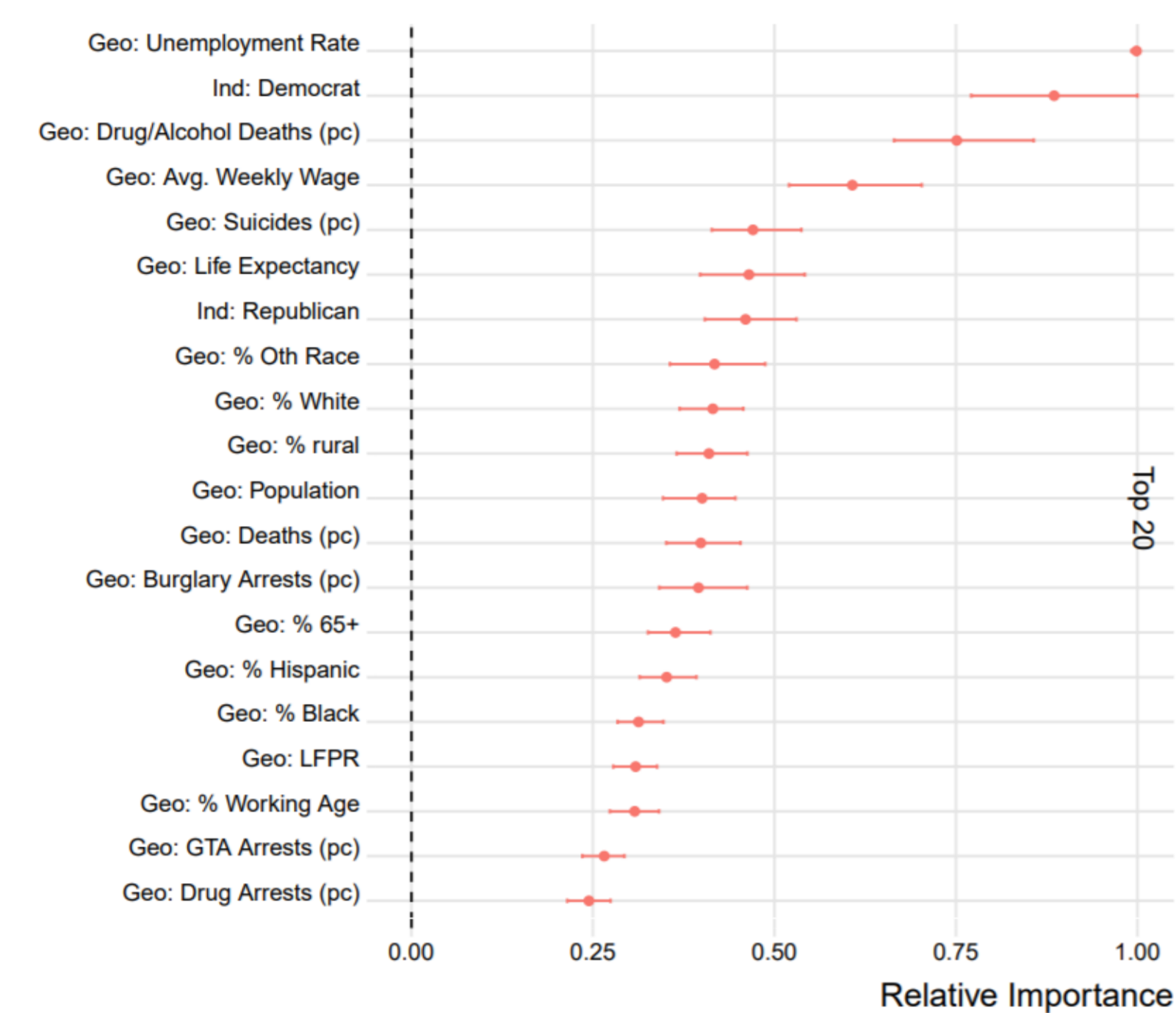


Figure 2: Top 20 most prognostic features for predicting respondents' subjective economic evaluations.

Take the top predictor: unemployment rate. How much does geography matter?

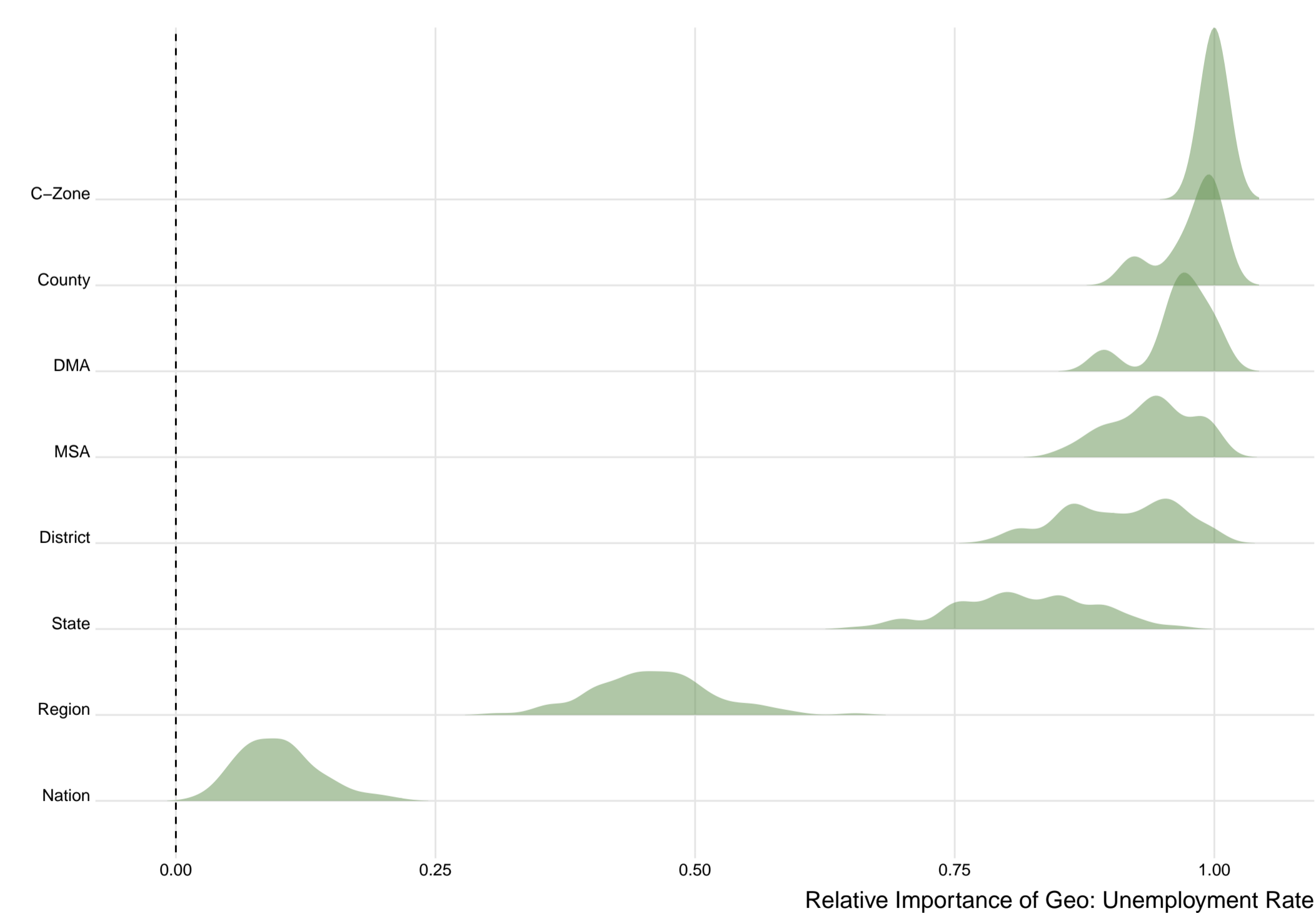


Figure 3: Importance by geographic unit of aggregation.

Labor market conditions at the national level are 88-92% less informative about respondents' beliefs than the **unemployment rate as it is experienced by voters at the level of the commuting zone**.

The evidence suggests what people encounter in their daily lives influences their economic evaluations.

Temporal dynamics

Is the relative importance of personal attributes (mainly partisanship) and contextual variables stable over time? No. Elections make objective economic circumstances *relatively* less informative about what people believe (or what they say they believe).

- Estimating RF models quarter-by-quarter: we find that the relative importance of party ID ebbs and flows in accordance with presidential terms.
- The importance of party affiliation is greatest prior to presidential elections.
- In absolute terms, the signal contained in objective economic data remains stable. Objective conditions eclipse party affiliation in the two quarters immediately following the office of president switching parties.

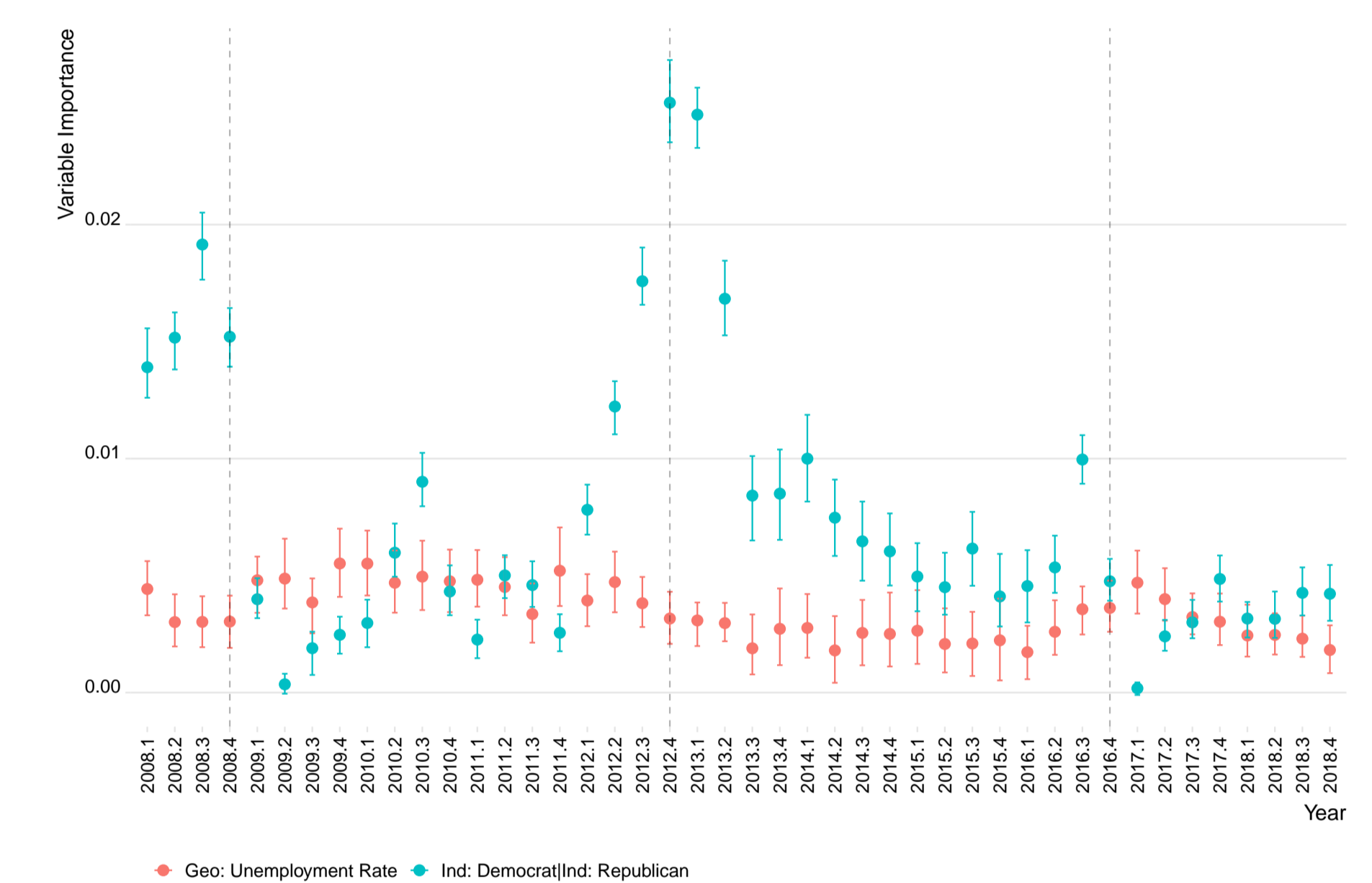


Figure 4: Dynamic importance of the key individual-level variable (partisanship) and the key contextual variable (local unemployment rate).

For assessments of economic conditions and Obama's presidential approval (left panel, Fig. 5), partisanship is a top feature. **But are some financial/economic evaluations less tainted by political considerations?**

We find that *party ID is among the least important predictors* for understanding respondents' satisfaction with their standard of living (right panel).

Own living standards are, we suspect, more closely connected to voters' welfare than generic evaluations of the broader economy.

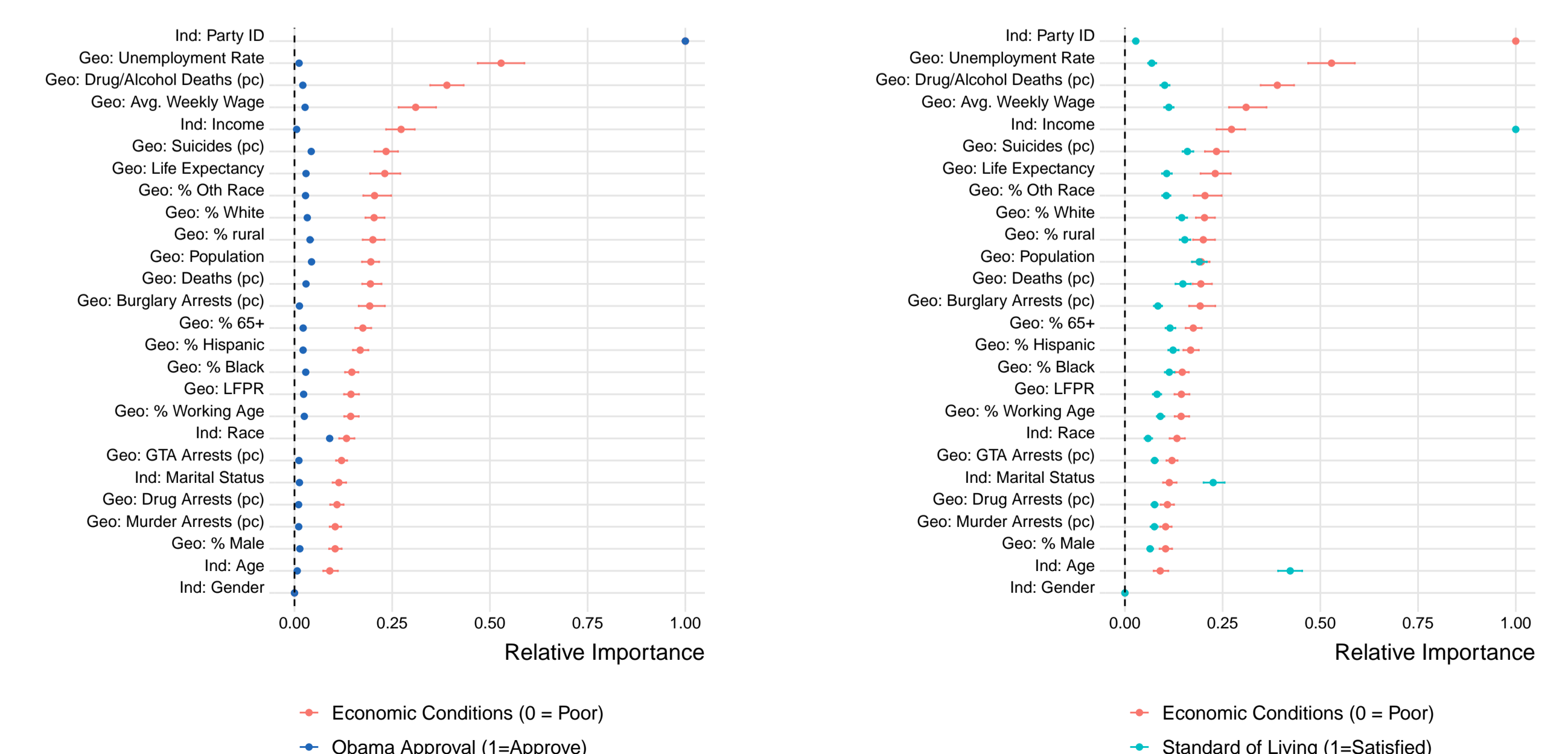


Figure 5: Relative variable importance, summing over categorical variables, for economic evaluations (orange) and the respondent's approval of President Obama (left panel, blue) and satisfaction with their standard of living (right panel, teal).