

Pocketbook Economics and the American Voter

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32 Annual Levy Economics Institute Conference





POLICY NOTE | November 2024

Trump Wins While Americans Vote for Progressive Policies

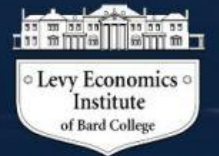
Pavlina R. Tcherneva



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That “Vision Thing”: Formulating a Winning Policy Agenda

Pavlina R. Tcherneva and L. Randall Wray



Outline

- A Postmortem
 - Shift in party allegiances: a long-term trend
 - The swing voter: working class voter
 - The myth of the undecided voter
- What do voters want: pocketbook issues
 - Ballot initiatives
 - Polling
- “It’s that Vision Thing”: An Agenda for Economic Security
- Neoliberalism and the Wall-Street-Silicon Valley nexus

Shifting Allegiances: A Long-term Trend

Trump wins over the poor and unemployed

| Republican Voting Share Increase Quintile | Average Poverty Rate | Average % of Prime Age Adults Not in Work |
|---|-------------------------|--|
| 1 | 12.2% | 21.8% |
| 2 | 13.4% | 22.7% |
| 3 | 14.2% | 24.1% |
| 4 | 15.0% | 25.2% |
| 5 | 17.5% | 27.7% |

Sources: EIG, Census, Atlas data

Quintile 1: Counties with the **lowest** increase in the share of the vote going to Trump between 2020-2024

Quintile 5: Counties with the **highest** increase in the share

Trump won in **economically distressed** counties, overwhelmingly among Americans who **depended heavily on government assistance**

Electoral Shifts by Economic Status, last 3 elections



Source: NYT

Same shift
observed by
median income
or level of
education

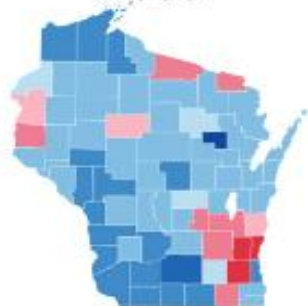
This is Not a Trump Phenomenon

Long Term Demographic Trends

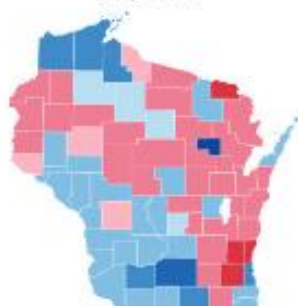
- Long-term decline in the **Latino** vote
- Sweeping losses in **rural** communities
- 2024: first **loss in suburban** areas in 2 decades & a **shrinking urban** vote
- Since 2003, a steady **decline** in Democrats who self-identify as **working/lower class** and steady **increase** in Republicans who identify similarly

Steady Democratic Losses in Battleground States

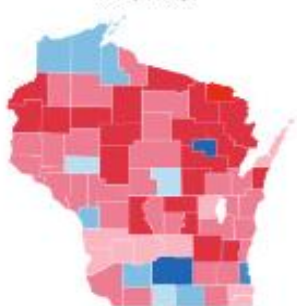
WISCONSIN
2008



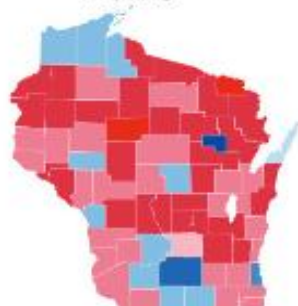
2012



2016



2020



2024



MICHIGAN
2008



2012



2016



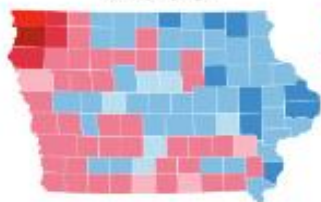
2020



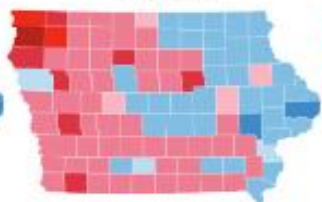
2024



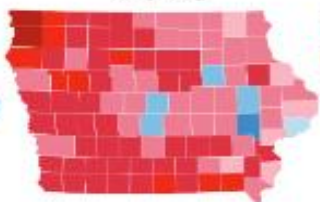
IOWA
2008



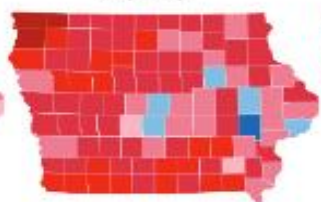
2012



2016



2020



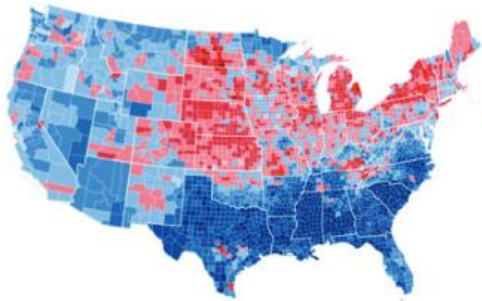
2024



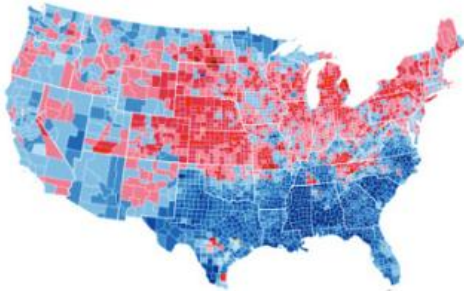
Democratic Presidential Wins Since 1940 (plus 2024 loss)



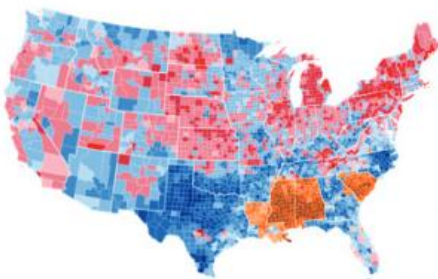
1940 FDR



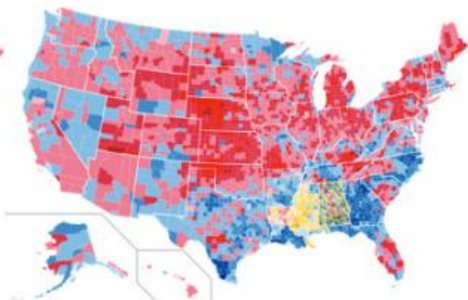
1944 FDR



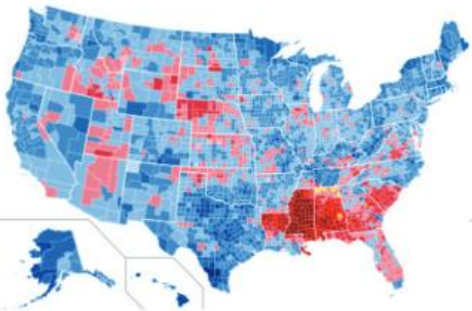
1948 Truman



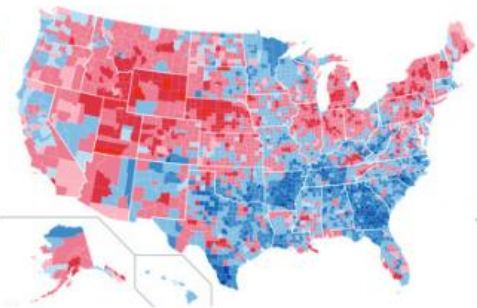
1960 JFK



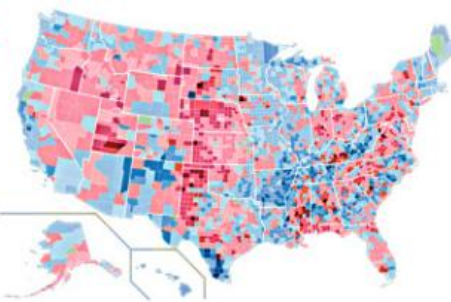
1964 Johnson



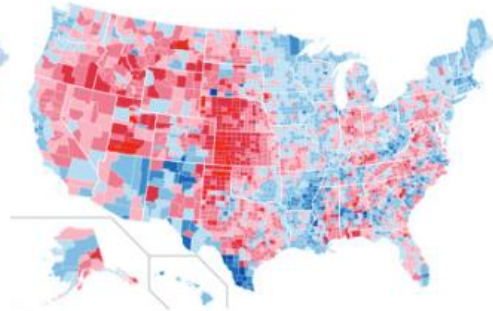
1976 Carter



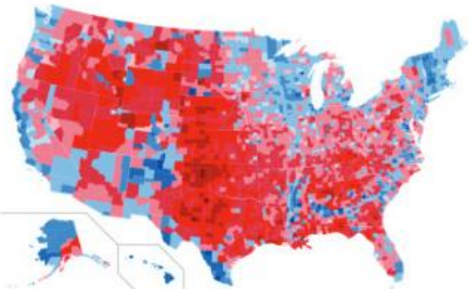
1992 Clinton



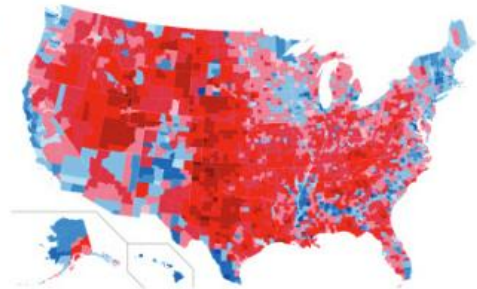
1996 Clinton



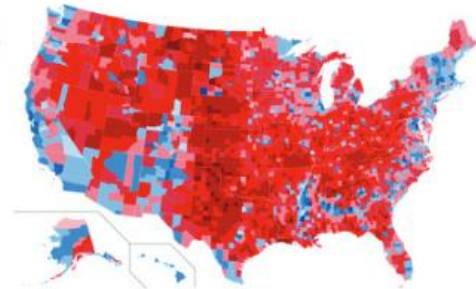
2008 Obama



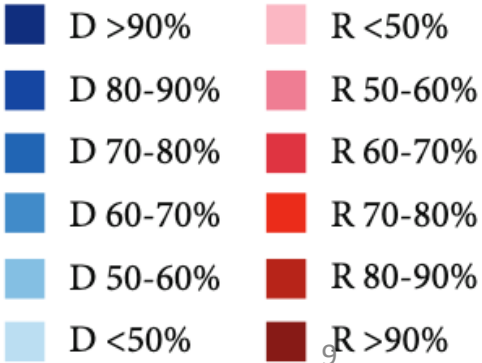
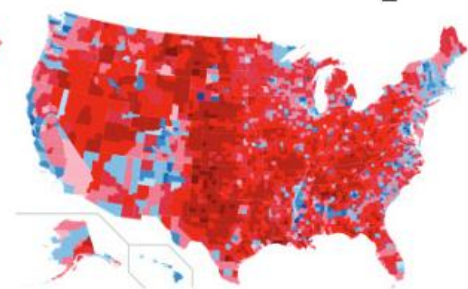
2012 Obama



2020 Biden



*2024 Trump



The Swing Voter: The Working Class

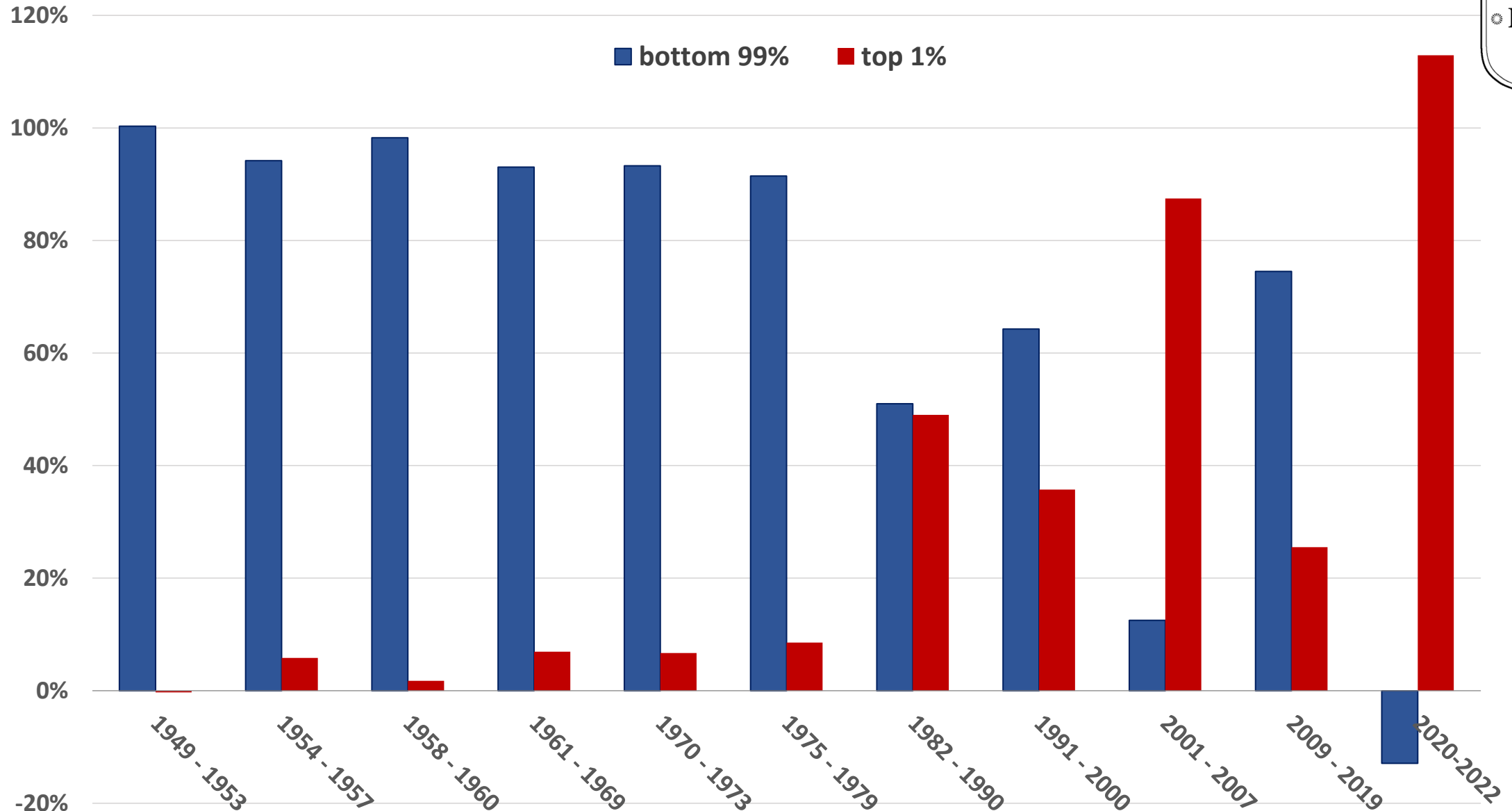
- The worker exodus from D to R: a long-term phenomenon
- Working class swings from voting to not voting

Non-voters: 31% consider themselves Democrats, 28% Independents, 26% Republicans

- 50% high school/some college, 60% \leq \$75,000, and 50% \leq 45yo
- 21%: **Established Progressives** (lean Democratic, civically engaged, strong views on issues)
- 20%: **Modern Moderates** (lean Democratic, strong views)
- 17%: **Traditional Conservatives** (lean Republican, strong views)
- 64%: “I want a say in major decisions in the US that impact my life”
- Primary reason for not voting: “No candidate who speaks to my issues”
- Non-voters are more progressive than voters

Democratic Party Has Become the Party of the Comfortable Classes

Distribution of Average Income Growth During Expansions



source: Pavlina R. Tcherneva analysis based on Piketty/Saez data and NBER

Market income before transfers, excluding capital gains

What Do Voters Really Want

What Do Voters Want: Pocketbook Issues



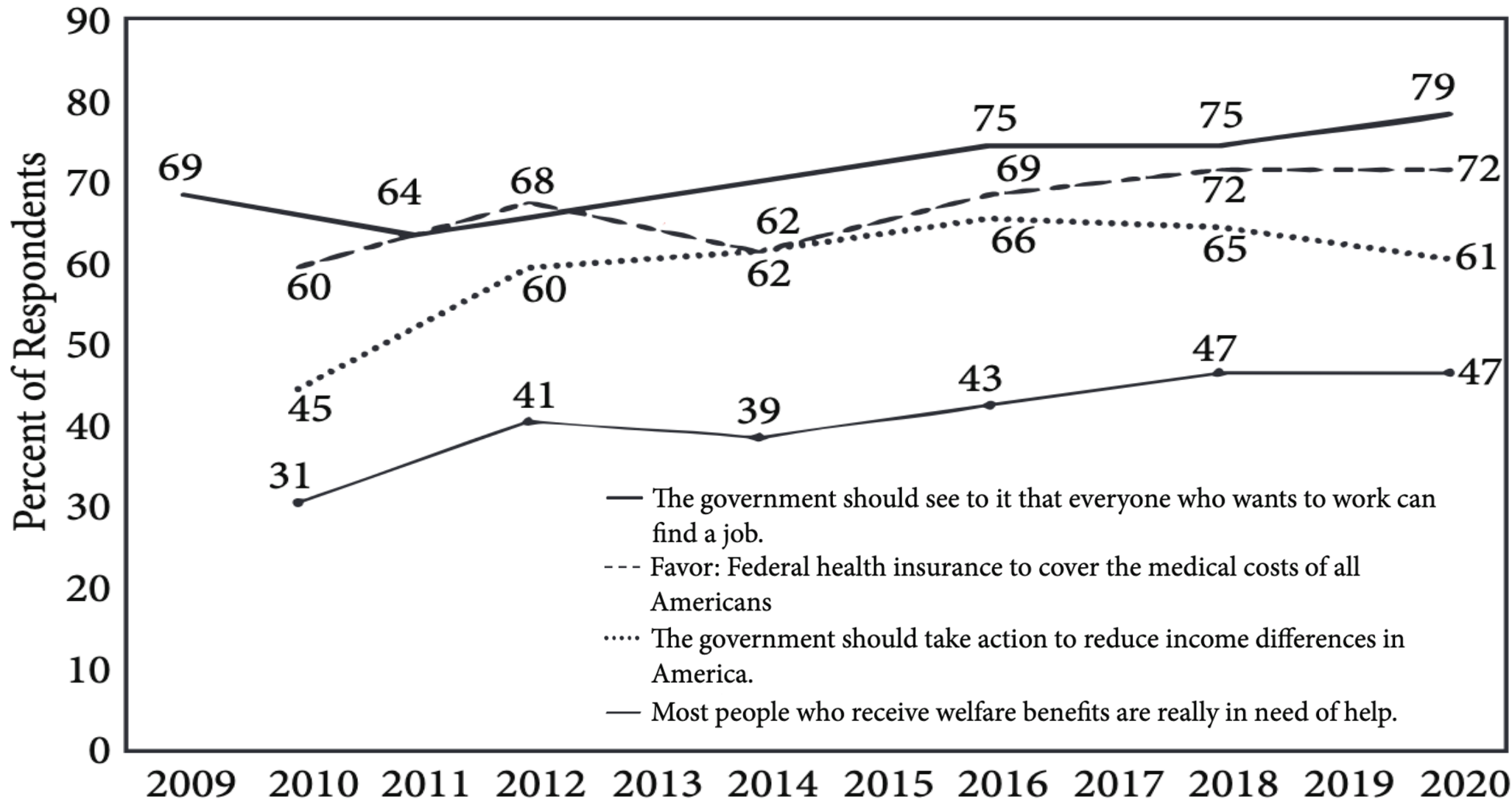
Ballot Initiatives

- Raise **minimum wages**, **paid leave**, increase **tipped worker pay**, reject state money going to private schools, protect **art and culture**, **caps** on payday loans
- Direct Democracy? Since 2017, 100 bills to restrict - even overturn - ballot initiatives, (e.g., MO paid sick leave)

Polling

- **69%** support **\$15/hr Minimum Wage** (Ipsos 2024)
- **73%: Ending taxes on tipped incomes** (Ipsos 2024)
- **85%** support **medical leave**, **82%** paid **maternity** leave, 69% are in favor of **paid paternity** leave (Pew 2017)
- **61%** of Americans believe corporations and wealthy individuals **do not pay their fair share** in taxes and support **tax increases** on earnings of \$400,000+ (Pew 2023), **85%** (D) and **62%** (R) believe that **corporations have too much market power** (a significant shift in Republican attitudes over the last 5 years)
- A **majority** believe **climate change** causing harm to Americans, **63%** expect things to get worse in their lifetime
- **Only 22%** of Americans think **cost of education** is worth it, **only 33%** of American's are satisfied **with their pay**

Support for programs to reduce the inequalities in American society (2009-2020)



2021 Survey of Youths, 18-24-year-olds

- 81% **wanted expanded opportunities** through AmeriCorps
- 71% **would consider serving** in the program.
- 87% this was **part of their civic duty**
- 86% believed it would empower them to **help address problems in their communities**
- 86% wanted to address the **threats of climate change**
- 85% believed they would **gain valuable experience** before **entering an uncertain job market**

That Vision Thing in the Neoliberal Era

- **Carter:** National Malaise
- **Reagan:** Morning In America; Get government off our backs
- **Bush Sr:** Senate bio: Bush suffered from his lack of what he called '*the vision thing*'
- **Bill Clinton:** more empowerment, *less entitlement*, end welfare as we know it
- **Bush Jr:** Ownership Society, Social Security privatization, Compassionate conservatism
- **Obama:** Audacity of Hope: government should work for every American *willing to work*
- **Hillary Clinton:** It's Hillary's turn, America can't succeed unless you succeed
- **Trump I:** MAGA
- **Biden:** Build back better: Together, we can and will rebuild our economy
- **Harris:** An '*opportunity economy*' where everyone has a *chance to compete*
- **Trump II:** We're a failing nation. Serious decline, They're destroying our country; We're treated unfairly!
- **Post Trump Vision:** Abundance?

A Progressive Policy Framework

- True Full Employment and Community Revival through a Job Guarantee
- Guaranteed Post-High School Internships for all, National Climate Service Corps
- Raising the Minimum Wage, Paid Family Leave, Sick Leave, and Vacations
- Expanded Medicare and Medicaid, Establishing Network of Community Health Clinics
- Medical Debt Forgiveness
- Free Community College Education, Income-Based Student Loan Repayment Plan
- Free Universal Childcare
- Reduce the Power of PACs (short-term), Repealing *Citizens United* (longer-term)
- Housing Policy to Ensure Adequate Supply of Homes, Affordable Homes, Ending Homelessness
- Selective Tariffs
- Promoting Supply to Reduce Inflation

Not a portmanteau of policies, a renewed framework for the role of the state grounded on rights and guarantees

Thank you

