Seeing the Economy through Colored Glasses: Partisanship in Macro and (not in) Micro Expectations*

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Abstract

Political views distort macroeconomic expectations in household surveys, yet personal economic experience anchors these beliefs. Using expanded data covering 12 U.S. presidential elections since 1980, we show that, unlike macro expectations, households expectations about their own finances do not exhibit sharp shifts around political turnovers, reflecting more direct information about their circumstances. We develop a model of belief formation in which households project from their heterogeneous economic realities onto views of the broader economy through a partisan lens. Bayesian estimation over 45 years of data decomposes polarization in macroeconomic expectations into components driven by partisan distortions and by underlying microeconomic disparities. We provide evidence for similar mechanisms in driving households' views toward economic policies.

Keywords: Macroeconomic Expectations, Elections, Partisanship, Political Opinions
JEL Codes: E21, E71

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1 Introduction

Political polarization was long perceived as orthogonal to macroeconomic dynamics. However, after Donald Trump won the 2016 U.S. presidential election, a growing literature has emphasized the interaction of polarization and the macroeconomy through the channel of partisanship in households' economic expectations.[1] Belief differences translate into divergent economic decisions, such as stock investments (Meeuwis et al., 2022), and have important macroeconomic consequences including central bank credibility and long-run inflation expectations (Binder et al., 2024; Kuang et al., 2024). Recently, some commentators also link the partisan politics to the so called "vibecession", the unusually negative residual of the post-pandemic consumer sentiment that could not be explained by the headline macroeconomic statistics.[2]

We build on the recent literature documenting a sharp divergence and partisan shift in macroeconomic expectations surrounding U.S. political turnovers. We show that a wide range of macroeconomic – what we call "macro" – expectations have exhibited clear partisan patterns across past U.S. presidential elections–a phenomenon traceable as far back as the 1980s, though with varying intensity over time. In contrast, and uniquely in our study, we find that households perceptions and expectations about their own financial situations – "micro expectations"– exhibit much smaller or even negligible partisan shifts. This finding strikes us as both intuitive and reassuring: households are likely better informed about their personal economic conditions, and partisan beliefs cannot fully override expectations shaped by their heterogeneous and idiosyncratic realities. Such a pattern also provides a natural explanation for why the observed partisan switches in consumer sentiment around election turnover did not translate into actual spending differences in the equally dramatic manner, as reported by Mian et al. (2021). The reason is that personal expectations affect consumption/saving decisions more directly than macro expectations do.

As a preliminary demonstration of our results, we conduct an empirical exercise similar to Mian et al. (2021) to estimate partisan differences in expectations about key labor market outcomes, based on estimated individual-level partisan affiliations (with the procedure to be introduced in Section 2.1). Figure 1 averages economic expectations in Republican and Democratic counties, across the three U.S. presidential election cycles of 2016, 2020, and 2024. Households

[1] See Kamdar and Ray (2022), Mian et al. (2021), Meeuwis et al. (2022), Stantcheva (2024), and Binder et al. (2024), etc. Partisanship in consumer sentiment has been a recurring theme in the monitoring reports of the Michigan Survey of Consumer Expectations (University of Michigan, 2022, 2024) and Gallup (Evans, 2025). More strikingly, the partisan switch around political turnovers was observed in real-time the week after the 2024 U.S. election in consumer sentiment measures by Morning Consult, as reported in *New York Times*(Casselman, 2024). Examples are proliferating.

[2] See Economist (2023, 2024b,a); Burn-Murdoch (2024) for media coverage of this topic and Harris and Sojourner (2024); Bolhuis et al. (2024) for further scholarly analysis. Particularly relevant to our paper is the blog post by Cummings and Mahoney (2023), who attributes the mismatch of sentiment and economic fundamentals partly to the asymmetric partisan biases between Democrats and Republicans.

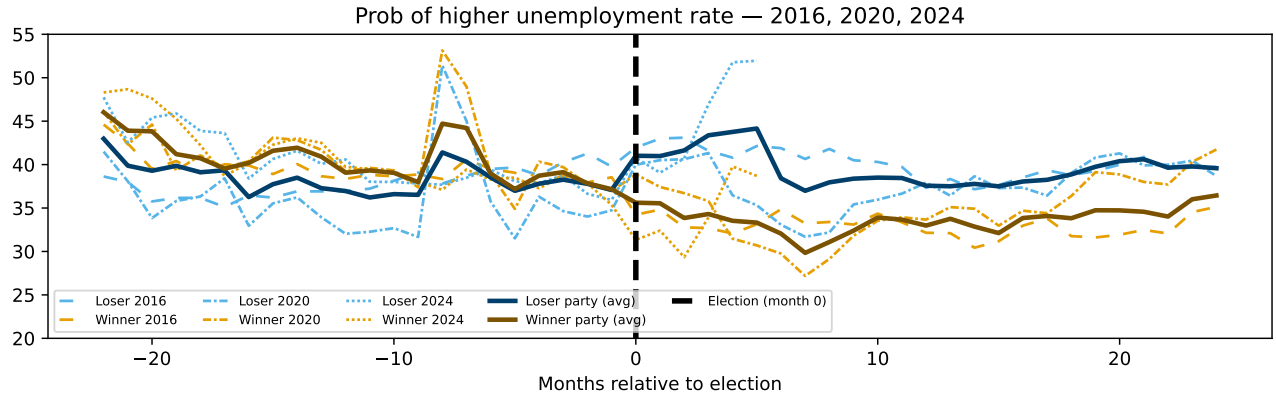
politically aligned with the winning candidate (i.e. Democratic counties after the Democratic candidate, Joe Biden, won the 2020 election) had lower expectations of a higher national unemployment rate (Subfigure 1a) than those aligned with the losing candidate (i.e. Republican counties during the 2020 election). In contrast, this partisan divergence did not occur in expectations about individually perceived job separation and job finding rates (Subfigures 1b and 1c). We present this visual evidence as preliminary support for the idea that partisan shifts in expectations are more pronounced for macroeconomic indicators than for microeconomic ones.

When respondents' political preferences are not directly observed, researchers often rely on geographic information to infer partisanship, as in Mian et al. (2021) and Meeuwis et al. (2022). We instead impute individual-level partisan preferences using a richer set of demographic variables in addition to geographic locations cross-walked between the *American National Election Study* (ANES) (American National Election Studies, 2021) and two major surveys of household expectation–the *Survey of Consumer Expectations* (SCE) and the Michigan *Survey of Consumers* (MSC). For each U.S. presidential election cycle from 1980 to 2024, we use estimated voter profiles from individual-level ANES to infer each respondent's political leanings in the SCE and MSC, conditional on their demographic characteristics and the relevant election year. Estimating profiles for each election enables us to capture time-varying voter profiles across elections(Vilbig and England (2026), Brown et al. (2025), etc.). Our empirical strategy enables a systematic evaluation of the role of partisanship in shaping economic expectations across 12 presidential elections from 1980 to 2024.[3]

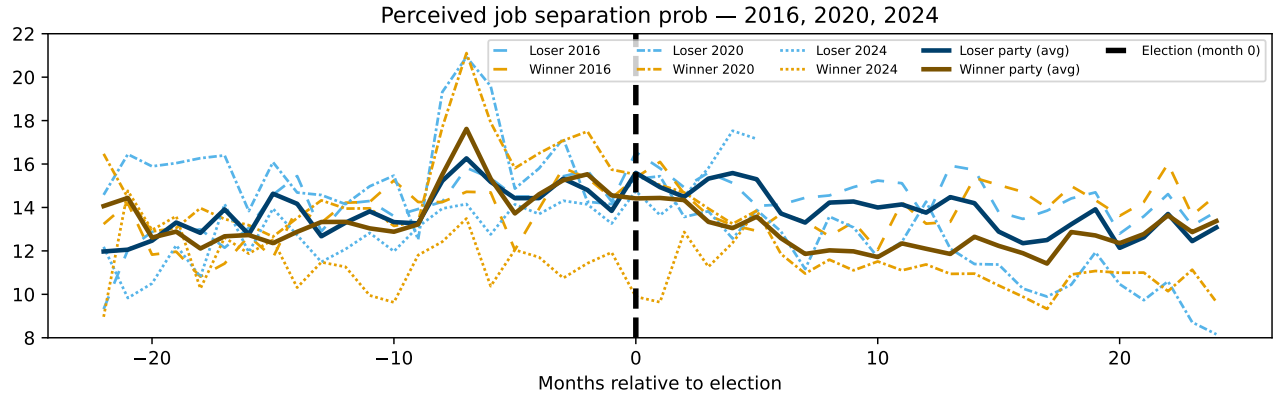
We first empirically examine how partisanship affects macroeconomic expectations using a difference-in-differences (DiD) regression design centered around an election cycle. To link individual-level and aggregate outcomes, we focus on pairs of micro- and macroeconomic expectations. One such example of a pair is personal job separation probabilities and the aggregate unemployment rate. We consider three distinct channels through which partisanship may shape expectations. First, *partisan bias* refers to persistent differences in expectation levels between Democrats and Republicans throughout the election cycle. Second, *partisan sentiment* captures the idea that expectations shift depending on which party holds office, with changes in leadership prompting corresponding changes in beliefs. Third, *belief extrapolation* describes how individuals map their personal economic outlooks onto the broader economy, projecting micro-level experiences onto macroeconomic forecasts. We find strong evidence that partisanship influences expectations through all three channels, though the magnitude of these effects varies across micro-macro expectation pairs and election cycles.

[3]The SCE does not publicly release political affiliation data for respondents and only began in 2013. The MSC includes sporadic data on political preferences starting in 2006 (with brief earlier coverage from 1980-1985) and began collecting this information on a consistent monthly basis only in February 2017. As a result, prior studies–particularly those using SCE data–have typically focused only on the 2016 and/or 2020 elections.

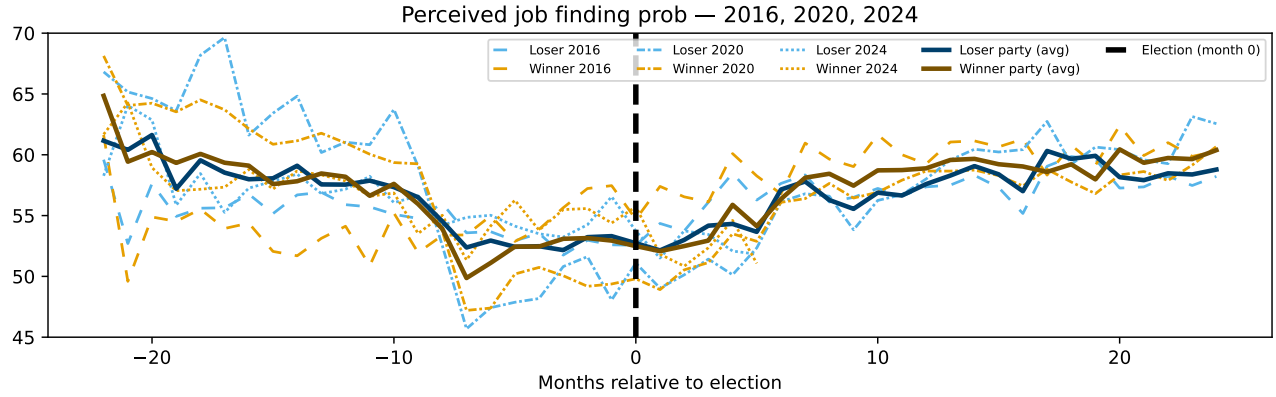
Figure 1: Expectations about Labor Market Outcomes by Individual-level Inferred Partisanship.



(a) Unemployment rate, next 12 months



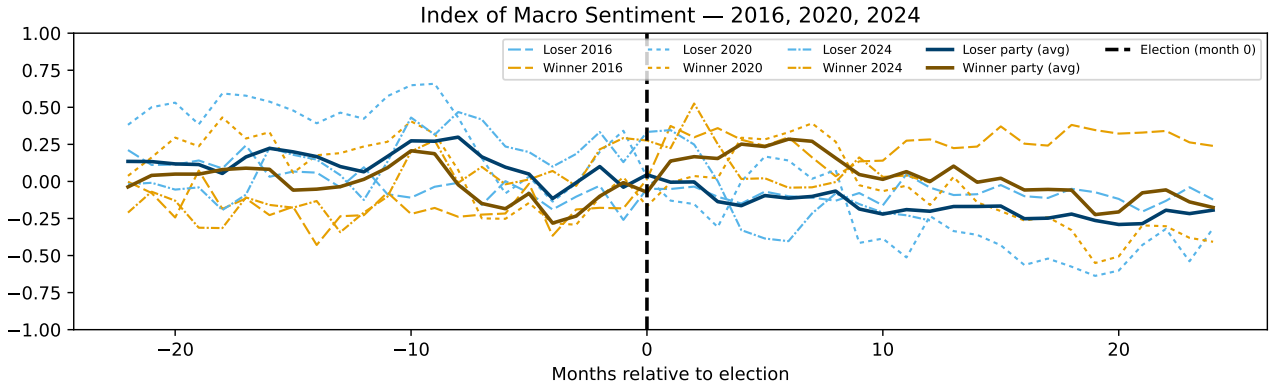
(b) Job separation rate, next 12 months



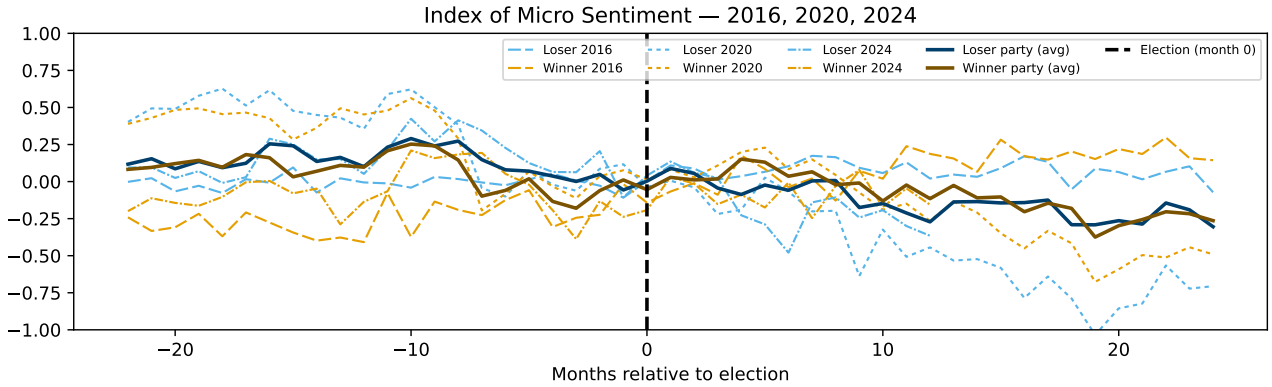
(c) Job finding rate, next 12 months

Notes: Individual political party affiliations are inferred from the procedure in Section 2.1. These tables are generated using data from the 2016, 2020, and 2024 American National Election Study (ANES) and the Survey of Consumer Expectations (SCE) from the calendar year before and after the election. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the perceived probability of a higher nationwide unemployment rate in the next 12 months, (ii) the perceived probability of the respondent being separated from their job in the next 12 months, and (iii) the perceived probability of the respondent finding a new job in the next 3 months conditional on being separated from their job. Orange lines indicate the mean responses of respondents affiliated with the winning party, blue lines indicate those respondents affiliated with the losing one, and the black line indicates the date of the Presidential election.

Figure 2: MSC Macro and Micro Sentiment Indicators by Individual-level Inferred Partisanship.



(a) MSC Macro Sentiment Index



(b) MSC Micro Sentiment Index

Notes: Individual political party affiliations are inferred from the procedure in Section 2.1. These tables are generated using data from the 2016, 2020, and 2024 American National Election Study (ANES) and the Michigan Survey of Consumers (MSC) from the calendar year before and after the election. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the index of macro sentiment includes business conditions in the country as a whole during the next 12 months and 5 years (bus12, bus5), (ii) the micro sentiment includes personal financial situation in past and future 12 months (pago, pexp), good time to buy durable goods (dur). Orange lines indicate the mean responses of respondents affiliated with the winning party, blue lines indicate those respondents affiliated with the losing one, and the black line indicates the date of the Presidential election.

We develop a model of macroeconomic belief formation that incorporates all three channels identified earlier. This model formalizes the concept of "seeing the economy through colored glasses", that households rely on their personal economic experiences to shape their views of the broader macroeconomy. However, the mapping from individual experiences to macroeconomic beliefs is influenced by factors such as political preferences and sentiment. Our empirical findings support the first assumption: microeconomic expectations are typically less subjective than macroeconomic ones, and one's macroeconomic views are always associated with their own microeconomic expectations, controlling for other information sources such as news. The second assumption captures how partisanship can shape macroeconomic beliefs, though it does not entirely override the grounding effect of personal experience. We show that both the second and third factors could lead to sudden switching of the macroeconomic expectations around sudden political turnovers, as found in the data. Also, through this framework, we show that disagreement in macroeconomic views arises from both disparities in individual economic conditions and the colored glasses that distort and amplify perceptions of the broader economy.

As an innovation of our paper, we augment the belief model with a measurement block that models the true political preference of each survey respondent as a latent type and is inferred imperfectly with our imputation. This modeling device not only allows us to convey the uncertainty in the belief model estimates due to noisy measures of survey respondents' true types, but also lets the model-implied belief patterns indirectly reveal the error rates of our imputed measures. We use Bayesian methods to jointly estimate belief parameters and measurement errors. To the best of our knowledge, no one has applied Bayesian estimations to estimating survey expectations in a similar context. We estimate the model for 12 election cycles since 1980 using the rich panel structure of the SCE and the repeated cross-sections of the MSC.

Several key findings emerge from our estimation. Across a wide range of expectation domains and spanning twelve U.S. presidential election cycles from 1980 to 2024, we find that there exists not only a level difference between macroeconomic expectations by the incumbent and opponent parties' affiliates but also a varying strength of the link between one's microeconomic expectations and macroeconomic views. Both state-dependent forces contribute to a sudden divergence or even flip in expectations around times of political turnover.

Furthermore, our analysis highlights the evolving influence of partisan affiliation on U.S. households macroeconomic perceptions since the 1980s. Contrary to the notion that partisan effects are a recent development, they were notably pronounced during the 1980s, diminished in the subsequent decade, and reemerged with renewed significance since 2016 election. Despite this resurgence, partisan factors collectively account for no more than 10 percent of the cross-sectional variation in macroeconomic disagreement. Meanwhile, across decades, a large

share of the disagreement in macroeconomic expectations stems from the disparity of microeconomic experiences as measured by dispersion in microeconomic expectations. These findings caution against overstating partisanships role in shaping macroeconomic views. Instead, it emphasizes that microeconomic inequality in experiences is the basis of such distinctive views of the macroeconomy by households.

Why does partisanship drive divides in macroeconomic views? In the last part of this paper, we attempt to provide one explanation for such "colored glasses". Undoubtedly, many non-economic motivations drive the political views of households. We nevertheless find evidence for the importance of self-interest-based rationales underlying people's subjectivity in macroeconomic views. Intuitively, households expect their preferred party/candidate to enact policies that benefit them personally, but also extrapolate such personal benefits onto rosier views of the macroeconomy. It is not just the consideration of self-interest alone, e.g., personally benefiting from expected future policies, but also the extrapolation of policy benefits from the individual to the macroeconomic level ("What is good for me personally, would also be good for the macroeconomy") that matters for such an explanation.

We establish evidence supporting such a hypothesis using the Public Policy submodule of the SCE, which elicits households' expectations about future changes in an array of macroeconomic policies and their perceived effects on such policies on their *personal* economic well-being. During the sample period between 2013 and 2023, we find strong evidence for self-interest-based extrapolation in one's perceptions of the macroeconomy. In particular, when one expects future macroeconomic policies to bring about personal benefits, they not only expect an improvement in personal finances on many fronts but also expect a better outlook for the future macroeconomy across domains. Our results closely align with findings such as Stantcheva (2020), Ferrario and Stantcheva (2022), and Stantcheva (2024) regarding the formation mechanisms of policy views.

Previous Literature

Our paper primarily contributes to the expanding literature that links partisanship to expectations and economic decisions, in the context of stock investments (Addoum and Kumar, 2016; Meeuwis et al., 2022; Cassidy and Vorsatz, 2021), inflation expectations (Binder, 2023; Bachmann et al., 2021; Choi et al., 2022; Gillitzer et al., 2021; Jeong et al., 2025), consumer sentiment (Mian et al., 2021), patenting behavior (Engelberg et al., 2023), corporate investment (Rice, 2020), home sales, (McCartney et al., 2024), bank lending (Dagostino et al., 2023), and credit ratings (Kempf and Tsoutsoura, 2021). A large literature has established that the expectations in survey data affect individual economic decisions, such as consumption spending and portfolio

choices.[4]

Our paper is perhaps closest to Kamdar and Ray (2022), which finds that a major common factor of macroeconomic expectations/decisions of individuals is political sentiment. Individuals are optimistic in economic expectations when they politically prefer the incumbent. This helps explain both the persistent spread ("bias") between optimism and pessimism at any point in time and the swings ("switch") shortly after the election. Building on the factor model framework of expectations, we extend their focus, from only macroeconomic expectations to also microeconomic expectations and emphasize the importance of heterogeneity in individual economic circumstances.

Broadly speaking, we also show additional evidence for the subjectivity of macroeconomic expectations held by households. For instance, Andre et al. (2022) shows that households think of different propagation channels of the shocks, in particular, demand- and supply-side mechanisms. Bursztyn et al. (2023) and Guillochon (2022) focus on politically divided news sources. The mechanisms documented in this paper might also reflect the "motivated belief" (Brunnermeier and Parker, 2005); and the echo chamber effects (Cookson et al., 2023). Our finding of the importance of idiosyncratic experience in driving macroeconomic expectations also echoes the finding by Taubinsky et al. (2024), showing individual circumstances affecting macroeconomic expectations of Danish households. Our joint focus on both micro and macro expectations is also related to the different responsiveness of firms to microeconomic versus macroeconomic news (Born et al., 2022).

Political scientists have long studied the effects of partisanship in survey responses on beliefs about the economy.(Bullock and Lenz, 2019) It has long been established that, for example, Republicans are more likely to respond than Democrats that deficits rose during the Clinton administration[5], while Democrats are more likely to respond that inflation rose under the Reagan administration[6] (Bullock et al., 2015). As early as the 1960s, political scientists have been aware of the "role of enduring partisan commitments in shaping attitudes towards political objects" (Campbell et al. (1960), p. 135). Using ANES survey data, Bartels (2002) found partisan biases in subjective evaluations of the George H. W. Bush administration in 1990-1992, and even in more objective economic data such as unemployment and inflation in the 1980-1988 period. More recently, Prior et al. (2015) found that the survey expectations about the economy reflect a mix of factual beliefs and wishful opinions, although Bullock et al. (2015) found that such partisanship "cheerleading" effects are reduced when respondents are given financial payments for factually correct responses.[7]

[4]Burke and Ozdagli (2023); Crump et al. (2022); Ichiue and Nishiguchi (2015); Dräger and Nghiem (2021); Duca-Radu et al. (2021); Wang (2023).

[5]During the Clinton administration, Fiscal Year 2000 saw the first federal budget surplus in nearly 50 years.

[6]During Reagan's presidency, CPI inflation fell from 10.3% in 1981 to 4.1% in 1988.

[7]See Bullock and Lenz (2019) for a detailed review of the political science literature of partisanship in survey

Our framework and findings also corroborate with several studies beyond the economic domain. For instance, Gaines et al. (2007) examines how partisanship influences the interpretation of factual information, leading to different opinions despite similar factual beliefs. It highlights that interpretations, rather than factual beliefs, drive opinions, making policy change signals more likely to come from independents and weak partisans. Compared to these studies, our paper formalizes and estimates a model of belief formation based on survey expectations that align with the long-held idea that partisanship is a lens through which individuals perceive reality. Just like social issues, news events, policies, etc, individuals' views about future economic conditions can also be influenced by such a factor. Lastly, our finding that personal finance expectations are less subject to partisan bias than macroeconomic expectations echoes the finding of Conover et al. (1987).

2 Empirical Strategy

2.1 Imputation using Individual-level Data

A novel empirical contribution of this paper is to use ANES survey data to impute partisan preferences of SCE/MSC respondents. For each presidential election year, the ANES releases microdata of each respondent's political party affiliation, voting intention/choice on Presidential election candidates, and various demographic variables. We use this information to impute political party preferences under the following procedure:

1. From the ANES survey for each presidential election year, we collect the respondent's voting intention/choice (which Presidential candidate they voted for/would like to vote for). From each respondent, we also collect demographic variables that appear in both the ANES and the SCE/MSC. The MSC has a more limited set of demographic variables available for use. See Table 1 for the list of demographic variables used in either the SCE or MSC datasets.

2. We run two probit regressions of these demographic variables on the respondent's party of voting intention/choice: one for respondents who responded Democratic, and another for those who responded Republican.

3. We then take the vector of coefficients from the probit regressions and multiply them by corresponding demographic variables for respondents in the SCE/MSC data for each election cycle. For the purposes of this paper, an "election cycle" is defined as the 2

responses.

calendar years leading up to and 2 full calendar years after a U.S. presidential election. For example, we define the 2016 election cycle as the period from January 2015 to December 2018, the 2020 election cycle from January 2019 to December 2022, and etc.

This procedure yields two values: a predicted or imputed value for the SCE/MSC respondent's likelihood of being a Democrat (after cross-multiplying them by coefficients from the Democrat probit regression from the ANES data) and another for the likelihood of being a Republican.

4. If the SCE/MSC respondent has a higher predicted Democratic value than a predicted Republican value, we impute that SCE/MSC respondent as Democratic, and vice versa.

Variable	SCE	MSC
Age (and age squared)	✓	✓
Sex (male/female)	✓	✓
Ethnicity dummies	✓	✗
Level of education dummies	✓	✓
Employment status dummies	✓	✓
Marriage status	✓	✓
Spouse's employment status	✓	✗
3+ years in current residence	✓	✗
Homeownership	✓	✓(from 1992)
Income bracket dummies (high, middle, low)	✓	✓
State of residence dummies	✓	✗
Census region of residence dummies	✗	✓

Table 1: List of demographic variables used in imputation of individual-level partisanship, in SCE and MSC respondents. Ethnicity dummies: White, Black, Asian, Native American, Hispanic. Level of education dummies: high school or less, high school graduate, some college, associate degree, baccalaureate degree, post-baccalaureate degree. Employment status dummies: working, temporarily laid off, unemployed, retired, permanently disabled, homemaker, student. Census region of residence dummies: Northeast, South, Midwest, West.

In Tables A.1 to A.12 of the Appendix, we list coefficients from our imputation method using ANES and MSC data for Democrats and Republicans from the 1980 to 2024 election cycles. In Tables A.13, A.14, and A.15, we show the same from our imputation method using ANES and SCE data for the 2016, 2020, and 2024 election cycles.

We argue that our imputation process is important for two reasons: first, we aim to predict SCE/MSC respondents' political preferences more accurately than simply using geographical(county/state/Census region) information, as done in previous papers such as Mian et al. (2021). Second, survey microdata on political affiliation is not collected or generally withheld for much of the sample period in the MSC or SCE. The MSC did not systematically collect political affiliation until the 2016 election (albeit during some months starting from the 2008

election), and public releases of the SCE microdata do not reveal respondents' political preferences. Therefore, it is important to check how accurate our imputation method is, by comparing our imputation outcomes to the limited available actual data on political preferences. Given its validity, and given that the ANES surveys began in 1948, our imputation would allow us to extend the data to the entire available sample of the SCE or the MSC data, with the latter dataset going back to 1978.

We confirm the first point by showing that our imputation method, with all the available demographic variables, imputes the political affiliations of MSC respondents more accurately than using only geographical information. In Table A.16 of the Online Appendix, we show the probabilities that our imputation with all the demographic variables predicts MSC respondents' political affiliations ("Correct imputation"), as opposed to the using only geographical or regional data ("Regions-only imputation"). These probabilities are computed for each election cycle. The MSC started collecting data on political affiliations of respondents, sporadically during the 2004, 2008, and 2012 election cycles, then more comprehensively starting from the 2016 election cycle. We find that the more comprehensive imputation, using all available demographic data *and* geographical information, predicts correctly an average of 56.7%, as compared to 49.7% with only geographical information. By election cycle, this difference is as low as 1.2% in 2012, to 12.3% in 2016.

The differences across election cycles also implies that there are changes in the relationship between individual respondents' political affiliation and their demographic and geographical variables. In other words, there is political realignment across election cycles, a common theme in U.S. political history. This justifies our approach of running the imputation process for each election cycle, especially given the much greater number of cross-sections (election cycles) in our study as compared to the previous literature.

We also show that partisan expectations under individual-level imputation exhibit time-series paths as those under county-level imputation. For this, we use county-level electoral returns and SCE respondent-level data to impute partisan expectations on macro and micro variables. We use data on county-level electoral returns for each party during the 2016, 2020, and 2024 Presidential elections. (Democratic, Republican, and third-party/other votes). We cross-walk counties and aggregate electoral returns into commuting zones, as the SCE lists each respondent's commuting zone. As a first pass, if a commuting zone had more Democratic(Republican) votes than the other party, we impute the commuting zone as a Democratic(Republican)-leaning commuting zone, and the SCE respondent living in this commuting zone has partisan preferences imputed as Democratic(Republican). We then take the mean response of to various questions from the SCE survey by imputed political party preferences. In Appendix Figure A.1, we show our county-level imputations for the 2016 election cycle, and again demonstrate

the partisan switch in macro expectations (unemployment rate, Subfigure A.1a) around the time of the election, but not in micro expectations (job separation rate and job finding rate, Subfigures A.1b and A.1c).

3 Comparing Partisan Expectations around Election Outcomes

3.1 Salient Switches in Macro Expectations

In the remainder of the paper, we will report results based on inferred individual-specific probability of partisan affiliation. We compute the mean level of expectations on several variables relating to the macro- and microeconomic expectations.

In Figure 1, we show the mean response of the SCE respondents whom we impute as favoring the presidential candidate of the winning party ("winner") and losing party ("loser"), on three variables. We take the average of these variables across the three election cycles, 2016, 2020, and 2024. Subfigure 1a shows the mean response of (imputed) winner and loser respondents to their expected probability of a higher *nationwide* unemployment rate in the next 12 months. We find a significant increase in the partisan difference in expectations of the unemployment rate shortly after elections. Specifically, shortly after the election, we see that winning respondents' mean expected probability of a higher nationwide unemployment rate decreased, while losing respondents' expectations increased. This effectively changes the sign of the partisan difference on macroeconomic expectations about the labor market.

3.2 No Switches in Micro Expectations

However, this partisan difference is not as significant in the next two subfigures. In Subfigure 1b, we run the same exercise for respondents' own expectations of their perceived probability of job separation over the next 12 months. In Subfigure 1c, we run the same exercise for the respondent's own expectations for their perceived probability of finding a job in the next 3 months, conditional on becoming unemployed.

In both of these subfigures, the partisan difference is not as apparent before or after the election. As these variables relate to the expectations of the respondent's *own* job prospects rather than the macroeconomic expectations of the job market as a whole, we include these results as evidence in our hypothesis that there is a greater partisan difference in expectations for macroeconomic variables than microeconomic (individual) ones.

3.3 Real Income Expectations Driven by Divergent Inflation Expectations

Meanwhile, expectations of respondents' own real household income growth in the next 12 months exhibit partisan differences punctuated shortly after the presidential elections. We show the results in Figure 3a. The expectations on real household income growth for respondents supporting the winning party are consistently greater than those of the losing party, as averaged across the 2016, 2020, and 2024 elections.

A similar qualitative pattern appears for respondents' own real wage growth expectations in Subfigures A.3b. This difference is much less visually apparent in *nominal* household income expectations (Figure A.3 in the Appendix), which implies that these changes in partisan expectations over time are primarily driven by partisan inflation expectations.

Note that here we treat *nominal* wage and income expectations as *micro* expectations as they are elicited regarding the respondents' own income/wage changes. This differs from the inflation expectations which necessarily regard the overall price level. Households are more likely to have direct references on their own income/wage growth as opposed to the aggregate inflation.[8] The results above again confirm that micro expectations exhibit fewer partisan switches than those regarding the aggregate inflation rate.

3.4 Partisan Expectations over 1980-2024

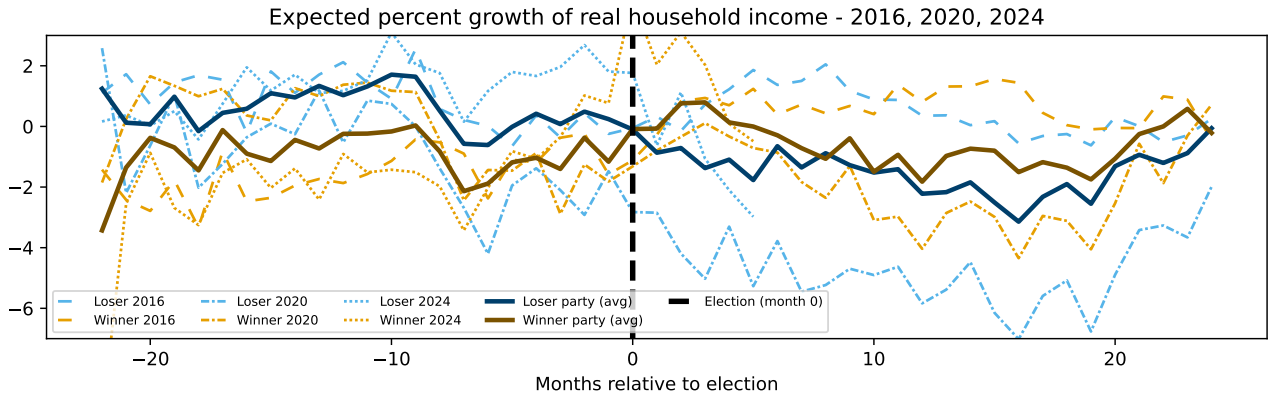
We also leverage our imputation process with ANES and MSC microdata to display mean partisan expectations across twelve presidential elections from 1980 to 2024.[9] In Figure 4, we use MSC microdata of respondents' macro expectations about the unemployment rate (Figure 4a) and business conditions (Figure 4b), as well as micro expectations on real household income (Figure 4c) and nominal income (Figure 4d).

Visually, partisan macro expectations on the unemployment rate and business conditions diverged most around the Republican victories of 1980 and 1984, as well as the more recent 2016 and 2020 elections. With the exception of the 1990s and 2000s, partisan switches have been a recurring phenomenon, and one that has become more visible in since the 2016 election. In contrast, micro expectations of the two parties on nominal household income have moved in tandem despite their persistent level differences, and did not exhibit sudden switches across election turnovers. Meanwhile, we can see sudden switches patterns in expectations of real income growth, primarily driven by the partisan inflation expectations.

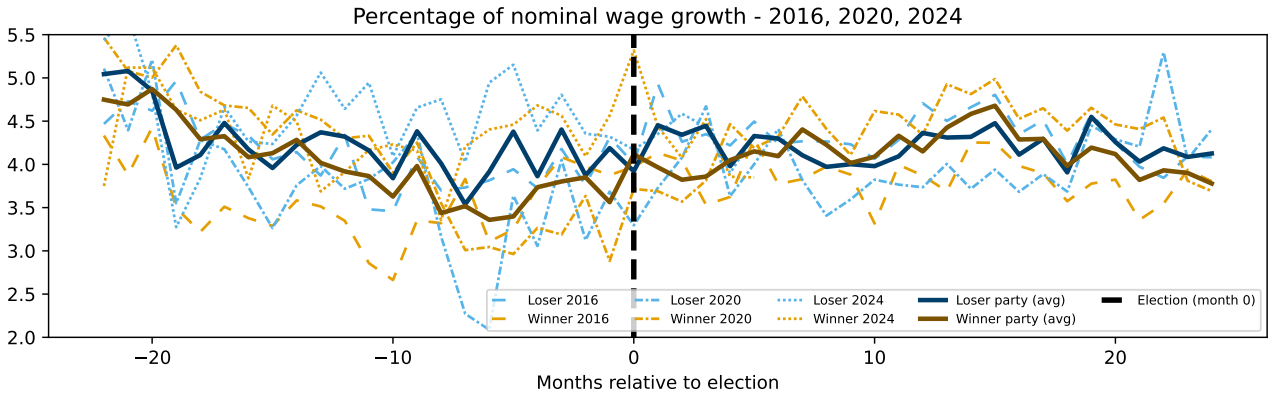
[8] Our interpretation is related to but distinct from the "money illusion", which posits that individuals are not able to perfectly disentangle real changes from nominal counterparts.

[9] We emphasize again the importance of expanding the number of available U.S. presidential elections in our sample from three (2016, 2020, and 2024).

Figure 3: Income/Earning Expectations by Inferred Partisanship, 2016-2024.



(a) Real household income growth rate in percentage points, next 12 months, 2016-2024



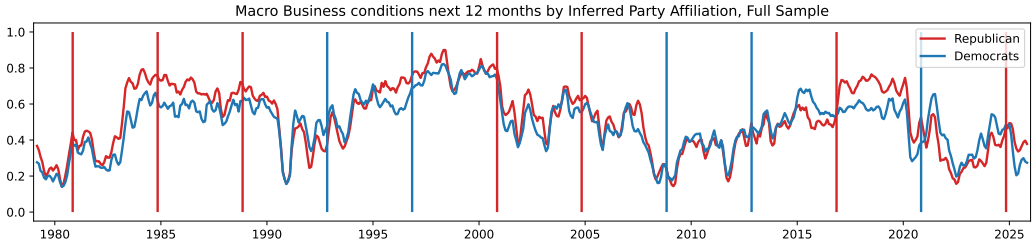
(b) Real wage growth rate in percentage points, next 12 months, 2016-2024

Notes: These tables are generated using data from the 2016, 2020, and 2024 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from the calendar year before and after the election. Orange lines indicate the mean responses of respondents affiliated with the winning party, blue lines indicate those respondents affiliated with the losing one.

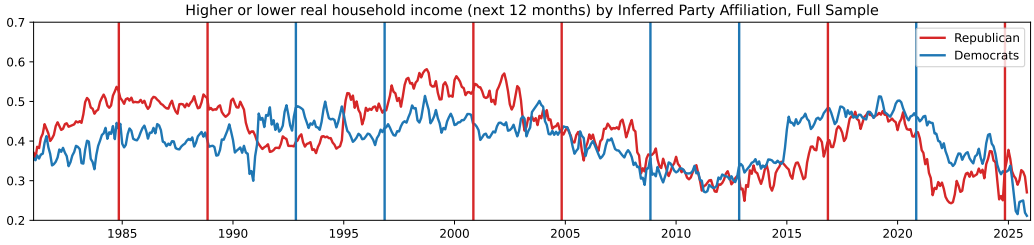
Figure 4: Macro and Micro Expectations by Individual-level Inferred Partisanship, 1980-2024.



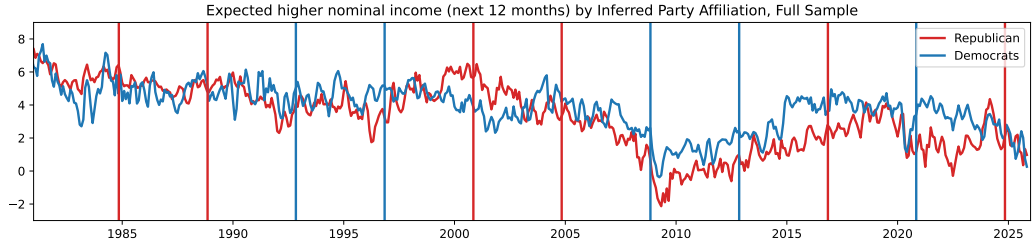
(a) Unemployment rate, 1980-2024



(b) Business conditions, 1980-2024



(c) Real income, 1980-2024



(d) Nominal income, 1980-2024

Notes: These graphs are generated using data from the American National Election Studies (ANES) and the Michigan Survey of Consumers (MSC) from January 1980 to December 2024. Red lines indicate the mean responses of Republican respondents, blue lines indicate those of Democratic respondents, and the red and blue vertical lines indicate the date of the U.S. Presidential elections where Republicans and Democrat candidates won, respectively. All series are in 3-month moving average.

3.5 Detecting Partisan Bias and Sentiment

The provided figures above indicate whether there are partisan components to households' expectations before and after the election. We differentiate between two ways partisanship can influence elicited beliefs. First, *partisan bias* indicates whether Democrats have, on average, different beliefs than Republicans throughout the election cycle. Second, *political sentiment* refers to state-contingent beliefs that an individual might perceive the state of the economy differently depending on whether they are politically aligned with the winner of the presidential election. To get a better sense of these two effects, we apply a regression analysis.

We regress elicited beliefs Belief_{it} from the SCE or MSC on our imputed party affiliation Party_i, a dummy variable for post-election periods PostElect_t, and an interaction term $\text{Party}_i \times \text{PostElect}_t$:

$$\text{Belief}_{it} = \alpha_0 + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t + Controls_{it} + \varepsilon_{it} \quad (1)$$

Here, Party_i reflects whether respondent i was affiliated with the a party whose candidate won the Presidential election. For example, in 2020 we use Democrats, and in 2024 Republicans as the independent variable.

We interpret the coefficients as follows: $\alpha_1 \neq 0$ indicates partisan *bias*, as households supporting different parties have, on average, a statistically significant difference in expectations of that variable. α_2 indicates a post-election shift of all respondents, regardless of partisan affiliation. $\alpha_3 \neq 0$ implies a *partisan sentiment*, as the post-election changes in expectations of households who support the winner change of that election cycle. We control for all household characteristics we used in the imputation stage and cluster standard errors at the individual level. Tables A.17 - A.18 in the appendix contains estimates for the coefficients of sentiment and bias (α_3 and α_1 respectively) for all micro and macro variables in SCE and MSC for all elections from 1980 to 2000, and from 2004 to 2024 respectively (statistically insignificant coefficients are displayed as 0).

In line with the figures, macro expectations tend to be more prone to partisan bias and switches after election results, in that there are more statistically significant coefficients for macro variables than for micro variables. For instance, the expected probability that the unemployment rate increases dropped by 4.6 percentage points (pp) for Republicans after the 2016 election and by 7.6pp for Democrats after the 2020 election. Contrarily, the perceived probability of job separation is not statistically significant for neither election. For the expected inflation rate, Republicans reduced their estimate on average by 0.9pp in 2016 and Democrats by 1.8pp in 2020. All these effects are not only statistically significant, but also economically meaningful.

In conclusion, the statistical analysis confirmed the partisan *bias* and *sentiment* displayed in the figures for macroeconomic variables such as the unemployment or inflation rate. These effects are weaker for microeconomic variables.

3.6 Micro to Macro: Partisan Bias, Sentiment, and Belief Extrapolation

From the analysis in the previous section, we found that households' expectations about their own economic situation (micro beliefs) are less affected by partisanship than expectations about the macroeconomy, e.g. about everyone else.

In both the SCE and MSC surveys, we select pairs of variables on related micro- and macroeconomic expectations. An example of such a pair is a respondent's micro expectations of their own probability of getting fired and their macro expectations of the national unemployment rate (the probability of others being fired). Another example is a respondent's (micro) beliefs on prices of individual categories of goods, such as food, rent, and gasoline, and their macro beliefs on the inflation rate (the prices of all other items). Respondents may observe for themselves the prices of individual items, and, based on those micro beliefs, extrapolate their beliefs on the nationwide inflation rate.

We may think that agents extrapolate from and make statements about the macroeconomy based on their beliefs of their own individual situations. Under that possibility, agents who are positive in their individual situations (micro beliefs) may think more positive macro beliefs as well.[10] We can include partisanship into the realm of individual situations; households may see a stronger connection between their own situations and the situation of all other agents (micro to macro) depending on their political preferences or the political affiliation of the incumbent president.

Therefore, in this section we test the hypothesis that households' micro beliefs may also affect macro beliefs, in addition to their political preferences and the political affiliation of the current incumbent. Specifically, we augment the specification in Equation 1 with respondents' micro beliefs:

$$\begin{aligned}\text{MacroBelief}_{it} = \alpha_0 \\ &+ \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\ &+ \alpha_4 \text{MicroBelief}_{it} + \alpha_5 \text{Party}_i \times \text{MicroBelief}_{it} \\ &+ \alpha_6 \text{PostElect}_t \times \text{MicroBelief}_{it} + \alpha_7 \text{Party}_i \times \text{PostElect}_t \times \text{MicroBelief}_{it} \\ &+ \text{Controls}_i + \varepsilon_{it}\end{aligned} \tag{2}$$

[10] Colloquially, households who are doing well may expect others may be doing well too.

where, again, Party_i is an indicator variable equal to 1 if the imputed political affiliation of the respondent is the same as that of the winning candidate in a particular election cycle. Now, MicroBelief_{it} and MacroBelief_{it} are pairs of respondent i's expectations on micro- and macroeconomic variables.

In this specification, these coefficients have the following interpretations:

- α_1: Partisan bias of macro variable
- α_3: Partisan sentiment of macro variable
- α_5: Partisan bias of extrapolation from micro beliefs to macro beliefs
- α_7: Partisan sentiment of extrapolation from micro beliefs to macro beliefs

Similar to Equation 1, α_1 and α_3 capture how partisanship directly affects the expectation of macro beliefs through partisan *bias* and state-contingent *sentiment*. Additionally, α_5 and α_7 show how the extrapolation from micro variables to macro beliefs are influenced by partisanship. Specifically, α_5 says that Democrats put different weight on own experiences when extrapolating macro variables than their Republican counterparts. Lastly, α_7 indicates whether the micro-macro extrapolation differs depending on the incumbent party. For instance, suppose an individual's probability of job separation as the micro belief and the aggregate unemployment rate as the macro belief. Individuals who perceive that their probability of job separation is low, but who also do not support the president in power, could think that their own economic situation is due to their own hard work rather than due to the policies of the incumbent president. Individuals might assume a disconnect between their own circumstances and the macroeconomy. Similarly, the connection between micro and macro expectations can be influenced by partisan campaigning, putting either more or less emphasis on these relationships. Hence, while we do not explicitly hypothesize on the sign of α_7, we find it important to analyze when discussing about partisanship.

As for what constitutes the variables MicroBelief_{it} and MacroBelief_{it}, we focus on two sets of variables. First, there are the variables on the expected inflation rate of categories of items for which we have survey data, such as gas, food, and rent prices of households. Second, there are the variables regarding the overall economy. For example, the MSC Index of Consumer Sentiment (ICS) is computed from responses of five questions, of which three focus on the

personal situation[11] and two on the macroeconomy[12]. Additionally, also from the MSC data, we can relate expected personal finances (PEXP) with expected conditions of businesses (BEXP).

As for the SCE survey data, we relate the micro beliefs of personal job separation and job finding probabilities, during the next 12 months, with the macro beliefs of the aggregate unemployment rate. Additionally, we use the expected rate of inflation and relate it to changes in gas and rent prices[13].

We re-scale all categorical expectations variables to a scale of $[0, 1]$, where larger values indicate more positive sentiment (i.e. 1 for positive, 0 for negative). For example, the MSC codebook includes a question for respondents' expectations of business conditions 12 months from now (`bus12`). For that question, the categorical responses reach from 1 for good (positive), 3 for neutral, and to 5 for bad (negative). In that case, we adjust the responses to a $[0, 1]$ scale such that 1 indicates positive expectations, while 0 indices negative expectations, and 0.5 for neutral expectations. For expectation variables with numerical percentage responses, we maintain percentages.

Table 2 summarizes the results pooled across recent election cycles in which the incumbent did not win reelection (2016, 2020, and 2024). To streamline presentation, we report estimates from the perspective of respondents who supported the incoming presidential candidate in each cycle.

A key finding is the strong correlation between micro and macro expectations, captured by coefficient α_4 (*Micro*): respondents who anticipate increases in personal economic outcomes also tend to expect increases in aggregate outcomes. This correlation varies over time. Coefficient α_6 (*Micro* $\times$ *postElect*) shows that the micromacro relationship shifts before and after the election, suggesting that during the campaign period, macroeconomic narratives may dominate and reduce the influence of personal experience. Given that economic issues differ in relevance

[11]To construct our measure of micro sentiment from MSC microdata, we use 3 variables:
Q1 (PAGO) We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?
Q3 (PEXP) Now looking ahead–do you think that a year from now you (and your family living there) will be better off financially, worse off financially, or just about the same as now?
Q19 (DUR) Think about the big things people buy for their homes – such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?

[12]To construct our measure of macro sentiment from MSC microdata, we use 2 variables:
Q5 (BUS12) Now turning to business conditions in the country as a whole–do you think that during the next 12 months we'll have good times financially or bad times financially?
Q9 (BUS5) Looking ahead, which would you say is more likely – that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression?
The index is created by using the sum and divide by base year (2003 January) and adding 2.

[13]For inflation expectations it is difficult to find a clear micro-macro pair. The SCE also considers prices for food, medical bills, and education, although none of them are phrases to assess the cost of the individual

Table 2: Micro to Macro Partisan Bias and Switch for 2016-2024 Elections

Dep Var	MSC Macro Index	MSC Macro Index	MSC Bexp	MSC Bexp	SCE Unemp	SCE Unemp	SCE Unemp	SCE Inflation	SCE Inflation	SCE Inflation
Micro Var		Micro Index		Pexp		Job Sep	Job Find		Gas Price	Rent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Win	-26.433***	-27.451***	-0.076**	-0.108***	-1.130**	-0.895	0.101	-0.251	0.208	0.092
	(3.222)	(9.319)	(0.031)	(0.035)	(0.547)	(0.688)	(0.404)	(0.226)	(0.182)	(0.107)
postElect	-1.044	10.132*	0.003	-0.041	0.189	-1.255***	-3.677***	-1.069***	-0.569***	-0.800***
	(19.408)	(5.997)	(0.051)	(0.032)	(0.524)	(0.438)	(0.177)	(0.208)	(0.031)	(0.120)
Win × postElect	52.503***	43.467***	0.246***	0.221***	-6.543***	-6.440***	-6.451***	-2.669***	-1.207***	-1.149***
	(5.299)	(7.986)	(0.056)	(0.035)	(1.311)	(1.372)	(1.450)	(0.484)	(0.357)	(0.216)
Micro		0.970***		0.390***		0.240***	-0.021**		0.180***	0.304***
		(0.035)		(0.018)		(0.011)	(0.011)		(0.037)	(0.020)
Micro × Win		0.074		0.073		-0.002	-0.018		-0.058***	-0.029*
		(0.073)		(0.050)		(0.006)	(0.012)		(0.004)	(0.015)
Micro × postElect		-0.036		0.091***		0.021	0.052***		0.296***	0.074***
		(0.117)		(0.029)		(0.014)	(0.013)		(0.037)	(0.025)
Micro × Win × postElect		0.005		-0.030		-0.024***	-0.025		0.056***	-0.011
		(0.070)		(0.025)		(0.003)	(0.016)		(0.003)	(0.015)
Controls	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adj. R^2	0.065	0.240	0.041	0.175	0.021	0.060	0.022	0.077	0.136	0.165
N	51949	51949	51949	51949	130924	79506	79528	128334	110456	110446

across election cycles, the value of this coefficient varies accordingly.

The role of partisanship in shaping the micro-to-macro extrapolation is more nuanced. In the case of inflation expectations (columns 9 - 10), α_5 ($Micro \times Win$) indicates that supporters of the winning president exhibit a weaker link between perceived increases in gas or rent prices and expected aggregate inflation. However, the post-election interaction term, α_7 ($Micro \times Win \times postElect$), reveals more complex dynamics: for gas prices, supporters of the winning party who expect rising gas prices actually report stronger aggregate inflation expectations after the election. This emphasizes the importance of oil prices in polling numbers. In contrast, the loading of Job Separation rate on the aggregate unemployment rate (column 6) becomes weaker. Meaning, if the preferred president is in office an increase in someones own job separation rate does not increase the expected unemployment rate as much as if the president is from another party. Therefore, the pattern if respondents have a stronger or weaker micromacro loading varies across variables and election cycles, making it difficult to draw a uniform conclusion about partisan effects on expectation formation.

In summary, partisanship affects household beliefs about the macroeconomy through channels beyond bias and sentiment. The degree to which changes in microeconomic circumstances get extrapolated into macroeconomic variables depends significantly on partisanship.

3.7 Controlling for the Role of Macroeconomic News

Households are not only restricted to form their macro expectations using their individual situation, but receive *news* from media (TV, internet, newspapers, etc.), or colleagues and friends. Being exposed to additional information about the macro economy, such as positive/negative news about the economy, employment, or inflation, will influence how they predict the future.

Therefore, we extend the specification in Equation 2 with a *news* indicator which is 1 if the agent received positive news, 0 if no news and -1 if unfavorable news was received within the last few months.

$$\begin{aligned}\text{MacroBelief}_{it} = \alpha_0 \\ &+ \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\ &+ \alpha_4 \text{MicroBelief}_{it} + \alpha_5 \text{Party}_i \times \text{MicroBelief}_{it} \\ &+ \alpha_6 \text{PostElect}_t \times \text{MicroBelief}_{it} + \alpha_7 \text{Party}_i \times \text{PostElect}_t \times \text{MicroBelief}_{it} \\ &+ \alpha_8 \text{News}_{it} + \alpha_9 \text{Party}_i \times \text{News}_{it} + \alpha_{10} \text{Party}_i \times \text{PostElect}_t \times \text{News}_{it} \\ &+ \text{Controls}_i + \varepsilon_{it}\end{aligned} \tag{3}$$

Using the MSC, we can directly observe whether households received news about a broad set of economic topics, as well as specific information related to prices and unemployment. This allows us to avoid controlling for aggregate macroeconomic fluctuations or inferring who was exposed to which news since this information is available directly from the MSC data. In Table 3, we use the overall news index to study its relationship with the macro sentiment index (columns 1-2), employment-related news to analyze expectations about the unemployment rate (columns 3-4), and price-related news to examine inflation expectations (columns 5-7).

First, the coefficient on *News* (α_8) is highly significant across all specifications. This indicates that when agents receive positive news, they revise their expectations about macroeconomic variables in a more optimistic direction; for example, expressing more positive macro sentiment or expecting lower unemployment or inflation. Second, we find evidence of partisan sentiment. Households that support the incumbent president respond differently after the election compared to those who supported the previous president. For instance, α_{10} (*Party* $\times$ *News* $\times$ *postElect*) in column 2 shows that supporters of the new president increase their macro sentiment more in response to favorable economic news than those who oppose the new administration. Importantly, the earlier finding that microeconomic beliefs influence macroeconomic expectations remains robust. Thus, the paper's central mechanism holds even after accounting for the role of news.[14]

[14]Related to our estimates, Jeong et al. (2025) studies how the same self-reported news exposures affects MSC households' inflation expectations differently among incumbent versus opposition party's affiliates. We show that conditional on the news's impacts, personal finance expectations remain important drivers of macroeconomic expectations.

Table 3: Micro and News to Macro Partisan Bias and Switch for 2016-2024 Elections

Dep Var	MSC Macro Index	MSC Macro Index	MSC Unemp	MSC Unemp	MSC Inflation	MSC Inflation	MSC Inflation
Micro Var		Micro Index		Job Separation		Gas Price	Nominal Income
News Var		All News		Employment News		Inflation News	Inflation News
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Win	-26.433***	-19.977*	0.100***	0.083***	-0.006	0.061	0.167
	(3.222)	(10.495)	(0.004)	(0.010)	(0.393)	(0.432)	(0.279)
postElect	-1.044	12.421***	-0.053	-0.051	1.345	0.710	1.085
	(19.408)	(0.115)	(0.032)	(0.032)	(0.950)	(0.491)	(0.850)
Win × postElect	52.503***	34.902***	-0.237***	-0.209***	-0.861	-1.141*	-1.121*
	(5.299)	(6.803)	(0.034)	(0.034)	(0.667)	(0.594)	(0.666)
Micro		0.818***		0.169***		0.021**	-0.031***
		(0.006)		(0.028)		(0.008)	(0.009)
Micro × Win		0.047		0.028		-0.001	-0.038***
		(0.096)		(0.039)		(0.007)	(0.002)
Micro × postElect		-0.083		0.002		0.015	-0.004
		(0.062)		(0.073)		(0.012)	(0.016)
Micro × Win × postElect		-0.003		-0.029		0.006	0.067**
		(0.051)		(0.106)		(0.011)	(0.031)
News		41.815***		-0.127***		-1.164***	-1.075***
		(2.679)		(0.025)		(0.422)	(0.412)
News × Win		-1.123		0.006		-0.114**	0.044
		(3.540)		(0.040)		(0.046)	(0.077)
News × postElect		2.638		-0.022		-0.261	-0.704
		(2.906)		(0.016)		(0.523)	(0.559)
News × Win × postElect		5.199		0.034		0.744**	0.556***
		(4.488)		(0.047)		(0.346)	(0.213)
Controls	YES	YES	YES	YES	YES	YES	YES
Adj. R^2	0.065	0.310	0.059	0.095	0.064	0.117	0.076
N	51949	51949	51949	51949	51365	29226	47025

4 An Expectation Model with Partisanship

The previous sections established several different channels through which partisanship affects macroeconomic expectations. To formally capture these mechanisms, we introduce a state-dependent model of macroeconomic expectations that can be flexibly estimated from survey data. Importantly, the model estimation also treats the empirically imputed political leaning of each survey respondent as a noisy signal of their true type.

4.1 Setup

We begin by considering a simple benchmark environment in which partisanship does not influence macroeconomic expectations. Each agent i observes their own idiosyncratic (micro-level) state $s_{i,t}$ with high precision, but imperfectly observes the state of the aggregate economy, denoted by ψ_t. Agents form subjective expectations about the aggregate state, which are recorded in survey data as $\tilde{\psi}_{i,t}$. These expectations are formed in part as a function of the agent's individual circumstance, which is governed by the mapping $z(\cdot)$.

In addition, expectations are affected by common shocks ϕ_t that are shared across all agents, and by idiosyncratic measurement errors $\epsilon_{i,t}$.[15] The common component ϕ_t captures aggregate

[15]In principle, there also exist individual fixed effects that are time-invariant. We do not model these explicitly

sources of variation in expectations across respondents, such as changes in macroeconomic fundamentals, common information updates, shifts in sentiment, and related factors.

$$\tilde{\psi}_{i,t} = z(s_{i,t}) + \phi_t + \varepsilon_{i,t} \tag{4}$$

We assume the form of $z(\cdot)$ to be a linear function of $s_{i,t}$,

$$z(s_{i,t}) = \alpha + \lambda s_{i,t}, \tag{5}$$

where λ measures the sensitivity of the macroeconomic expectations with respect to $s_{i,t}$. One interpretation of such a functional form is that $s_{i,t}$ is a noisy signal of ψ_t, and α is some prior belief about the aggregate economy $\psi_{i,t}$. $z(s_{i,t})$ is formed based on non-sophisticated Bayesian updating, in which agents do not necessarily optimally decide λ based on information precision. $z(\cdot)$ can also be interpreted as an "attribution" function, in that it measures how much individuals attribute their future circumstances to expected macroeconomic conditions. Broadly, one can view $s_{i,t}$ as a belief factor driven by personal experiences that loads onto macro beliefs.

In order to capture partisanship-induced belief differences and admit other unspecified sources of variations of beliefs across individuals and time, we assume instead that $z(\cdot)$ is state-dependent, varying with two other variables $\kappa_{i,t}$ and $x_{i,t}$, as specified below.

$$\begin{aligned}
&z(s_{i,t}, x_{i,t}, \kappa_{i,t}) = \mathbf{1}(\kappa_{i,t} = D)\omega + \mathbf{1}(x_{i,t} = 1)z^{up}(s_{i,t}) + \mathbf{1}(x_{i,t} \neq 1)z^{down}(s_{i,t}) \\
&x_{i,t} = \mathbf{1}(\kappa_{i,t} = D)\mathbf{1}(\Theta_t = D) + \mathbf{1}(\kappa_{i,t} = R)\mathbf{1}(\Theta_t = R) \\
&z^{up} = \alpha^{up} + \lambda^{up} s_{i,t} \\
&z^{down} = \alpha^{down} + \lambda^{down} s_{i,t}
\end{aligned} \tag{6}$$

Here, $\kappa_{i,t}$ captures the partisan affiliation of agent i at time t. For simplicity, we assume $\kappa_{i,t}$ is either one of D or R, but this can be generalized to more than two parties. Therefore, ω is meant to capture the stable difference in the level of macroeconomic expectations held by D compared to that by R. We assume this difference arises from strong priors due to partisanship.

The second part of the beliefs, z^{up} and z^{down}, captures partisan sentiment and extrapolations that vary with the current political landscape. $x_{i,t}$ depends not only on one's political preference but also on whether their party is the incumbent. $\mathbf{1}(x_{i,t})$ is equals 1 when agent i's preferred candidate/party is in power. Depending on its value, z^{up} or z^{down}, either one of the state-dependent belief functions is triggered, as the agent's belief mapping from their micro condition

to avoid confounding them with the effects operating through $\kappa_{i,t}$, which is theoretically time-varying but empirically constant at the individual level over a short panel history.

to the macroeconomy. Although not imposed as a restriction, in general, it may be natural to assume that both $z^{up}(\cdot)$ and $z^{down}(\cdot)$ share signs but have different slopes ($\lambda^{up} \neq \lambda^{down}$), indicating that the responsiveness of macroeconomic belief to idiosyncratic signals is state-dependent. Furthermore, we assume the constant term α also differs across the two states, e.g. $\alpha^{up} \neq \alpha^{down}$, implying that partisanship also induces level shifts in macroeconomic beliefs independent of one's micro expectations. We refer to the scenario in which λ^{up} is not equal to λ^{down} as partisanship in extrapolation, and the scenario in which α^{up} differs from α^{down} to the partisan shift in the sentiment.

On the one hand, our model makes the intuitive assumption supported by our regression results, that personal economic expectations serve as a basis for one's macroeconomic expectations. Partisanship does not overrule its relevance in household expectations about the macroeconomy. On the other hand, it captures the role of partisanship as a lens between households' perceptions of the macroeconomy and their personal economic conditions.[16]

With such a formulation, we have a mapping between agent i's microeconomic expectations at time t, $s_{i,t}$, to their macroeconomic expectations $\tilde{\psi}_{i,t}$, as a function of their underlying partisanship $\kappa_{i,t} \in \{D, R\}$ and their alignment with the incumbent party, $x_{i,t} \in \{0, 1\}$.

4.2 Model Implications

Our model differentiates three mechanisms which we have broadly called partisanship, as estimated by the reduced form regressions in Section 3.5: (a) ω, the partisan bias unconditional on the current state of the macroeconomy and politics, estimated as α_1 in regressions specified in Equation 1. (b) α^{up} and α^{down}, the post-election sentiment shift in macroeconomic expectations when one's preferred candidate/party wins or loses the presidency; (c) state-dependent extrapolations, e.g. different λ^{up} and λ^{down}, that lead to varying degrees of sensitivity between individual expectations and macroeconomic expectations. It is easy to show that either (b) or (c) could contribute to a sudden switch in the party-specific macroeconomic expectations around elections, witnessing partisan changes. This mechanism exactly corresponds to the non-zero estimate of α_3 in the reduced form regression as in Equation 1. Such a switch around election outcomes has been a salient pattern in various macroeconomic expectations, as shown in Section 3.

Figure A.2 in Online Appendix B shows simulated results on how either non-identical αs or non-identical λs can result in a partisan switch in macroeconomic expectations around an election turnover (a change in the incumbent party). Meanwhile, a non-zero ω implies partisan

[16] It is possible that partisanship is simply one of the many factors, or "mindsets" in the words of Chinoy et al. (2023), that affect how people view information and reality. We leave it for future research to generalize this insight.

bias between two parties, and it alone does not cause a switch in expectations around elections with political turnover. Meanwhile, the microeconomic expectations $s_{i,t}$ are not subject to such partisan switches, consistent with our empirical findings. Note that we also take the distribution and dynamics of $s_{i,t}$ as given. It may be the case that there are constant differences in microeconomic expectations along partisan lines, reflecting persistent differences between the two parties' supporters in their economic conditions.

The exact degree of importance of each of these channels can be uncovered by estimating such a model using rich microdata spanning multiple election cycles. We can also empirically investigate if the partisanship in macroeconomic expectations has intensified over time and depends on the specific domain of economic expectations.

4.3 Estimation of the Model

Modeling partisanship labeling errors. A central identification challenge is that an individual's true partisan type $\kappa_{i,t}$ is not directly observed. In the previous section, we inferred it as $\hat{\kappa}_{i,t} \in \{D, R\}$ by simply comparing the imputed partisan probabilities from the probit model, $\widehat{prob}(\kappa_{i,t} = D)$ and $\widehat{prob}(\kappa_{i,t} = R)$, i.e.,

$$\hat{\kappa}_{i,t} = \begin{cases} D, & \text{if } \widehat{prob}(\kappa_{i,t} = D) > \widehat{prob}(\kappa_{i,t} = R), \\ R, & \text{otherwise.} \end{cases} \tag{7}$$

Here, we augment the belief model with a measurement block that explicitly specifies the possibility that the generated $\hat{\kappa}_{i,t}$ are subject to labeling errors.[17] In particular, we allow for misclassification between observed type $\hat{\kappa}_{i,t}$ and true type $\kappa_{i,t}$. Let

$$\kappa_{i,t} \sim \text{Bernoulli}(p), \tag{8}$$

and define false-negative and false-positive rates as

$$e_1 = P(\hat{\kappa}_{i,t} = R \mid \kappa_{i,t} = D), \qquad e_0 = P(\hat{\kappa}_{i,t} = D \mid \kappa_{i,t} = R). \tag{9}$$

The former governs the probability of a true Democrat being labeled as a Republican, while the latter governs the fraction of a true Republican labeled as a Democrat.

By explicitly modeling labeling error rates and acknowledging this uncertainty about the

[17] In the Appendix D.2, we alternatively estimate the model in the frequentist approach by maximum-likelihood. There, we don't model the mislabeling. Instead, we use the imputed probability (instead of the binary flag) of one's partisan affiliation to estimate the model. The findings are rather similar to the results reported here.

generated type flag, the model not only avoids treating the imperfectly imputed political type as the ground truth, but also lets the survey belief patterns provide additional information about the true type of the survey respondent.

For likelihood estimation, we also assume that the residual $\varepsilon_{i,t}$ in observed beliefs (Equation 6) is i.i.d. and normally distributed with mean zero and variance σ^2. It captures idiosyncratic noise or measurement error specific to individual i and period t.

Bayesian estimation. Incorporating labeling error into the model allows for joint identification of the belief-formation parameters in Equation 6, the population share of Democratic party affiliates in the population, p, and the misclassification rates (e_0, e_1). The core parameter vector thus consists of $\Gamma = [\lambda^{up}, \lambda^{down}, \alpha^{up}, \alpha^{down}, \omega]$, augmented by (p, e_0, e_1) and the idiosyncratic shock scale σ. Rather than treating $\hat{\kappa}_{i,t}$ as observed without error, the model specification explicitly decomposes the observed variation into components arising from the underlying belief-formation process and from uncertainty in the upstream classification of partisan type.

We estimate the model using Bayesian methods implemented in PyMC (see Appendix D for details). Because the true partisan type $\kappa_{i,t}$ is latent and discrete, the likelihood is analytically marginalized over $k \in \{D, R\}$ at each observation (i, t), as shown in Equation 10. Specifically, the model evaluates the joint likelihood of the imputed label $\hat{\kappa}_{i,t}$, the macro belief $\tilde{\psi}_{i,t}$, and the micro signal $s_{i,t}$ as a weighted mixture over the two possible true states, combining the misclassification process with a Normal observation model for macroeconomic expectations. This marginalized representation keeps the likelihood continuous in the unknown parameters while preserving the measurement-error structure implied by $P(\hat{\kappa}_{i,t} \mid \kappa_{i,t})$.

$$L = \sum_{k \in \{D,R\}} P(\kappa_{i,t} = k) \cdot P(\hat{\kappa}_{i,t} \mid \kappa_{i,t} = k) \cdot P(\tilde{\psi}_{i,t} \mid \kappa_{i,t}, s_{i,t}) \tag{10}$$

For the mislabeling parameters, we impose Beta$(1, 4)$ priors on the false-positive and false-negative rates (e_0, e_1), reflecting the prior belief that misclassification is relatively rare, and a symmetric Beta$(2, 2)$ prior on the population share of Democrats p. All belief-level parametersintercepts $(\alpha^{up}, \alpha^{down})$, slopes $(\lambda^{\text{up}}, \lambda^{\text{down}})$, and the partisan-bias term $(\omega)$are assigned weakly informative $\mathcal{N}(0, 2)$ priors, while the residual standard deviation σ follows a HalfNormal(2) prior. Posterior inference is conducted using the No-U-Turn Sampler (NUTS) with four parallel chains, each run for 1,500 warmup iterations followed by 1,500 post-warmup draws, and a target acceptance rate of 0.95.

Lastly, we estimate the model for each election cycle separately so that we can assess whether the parameters implied by the survey data actually vary over time. For six elections with no partisan switch, relying on a 4-year window around each election cannot identify belief changes

attributable to changes in $x_{i,t}$. For these non-switch cycles, we extended our sample backward by one or two cycles to include a political turnover.

4.4 Results

For each of the 12 U.S. presidential election cycles from 1980 to 2024, we estimate all model parameters for three pairs of micro and macro expectations elicited in MSC.[18] The variable pairs include the following: MSC sentiment about personal finance *micro_sent* versus macroeconomy *macro_sent*; personal finance expectations (*pexp*) versus overall business conditions (*bexp*); real income expectations (*rinc*) versus business conditions (*bus*12).

The estimated parameters are reported in Figure 5. Each diagram corresponds to one of the three: $\lambda^{up} - \lambda^{down}$, $\alpha^{up} - \alpha^{down}$, and ω, and contains the estimates for all 12 election cycles and for 3 expectation pairs. Their highest-density interval (HDI) between 10% and 90% from the posterior distribution is plotted. Unconverged estimations are separately flagged as gray bars.

With the exception of the 1996 election cycle, three patterns consistently emerge from our estimates. First, the estimates of $\alpha^{up} - \alpha^{down}$ indicate that, across expectation domains and election cycles, the supporters of the incumbent president's party are more optimistic about the macroeconomy than those of the opposition party. This is implied by consistently positive differences between α^{up} and α^{down} across all expectation pairs, with higher expectation values corresponding to a more positive outlook.

Second, it seems that, across measures and years, a predicted Democrat holds less positive views about the macroeconomy than a predicted Republican, which is implied by the negative estimate of ω. Overall, given the measured heterogeneity in microeconomic expectations, all three components, as defined above, contribute to partisanship in expectations during our estimation sample. The estimates suggest the overall importance of the state-dependent nature of the partisanship as implied by the non-identical λ's and α's. Partisanship is not simply a time-invariant trait across individuals; instead, it reflects its interactions with national politics.

Third, across specifications, supporters of the incumbent and challenger also differ in their degree of belief extrapolation, i.e., λ^{up} generally differing from λ^{down}. Although the exact way belief extrapolation varies across domains of expectations is unclear, the estimates for the 2016 to 2024 election cycles imply that the mapping from microeconomic expectations to macroeconomic views is more intensified for incumbent parties. We can interpret these results as households supporting the opposition party holding onto their priors and reacting less to their new information in forming their views about the macroeconomy.

[18] We focus on MSC due to its long historical span.

Across all election cycles, 1992 and 1996 stand out as caveats to the overall pattern. But there seem to be good reasons for this. For instance, Figure 4c shows that during these periods, real income expectations, which we treat as microeconomic expectations, actually experienced a sudden switch around midterm elections, 2 years before the presidential race. This sudden positive shift in Democrats' personal real income expectations would predict too high macroeconomic expectations. This pushes the implied α estimates in the opposite direction compared to other times.

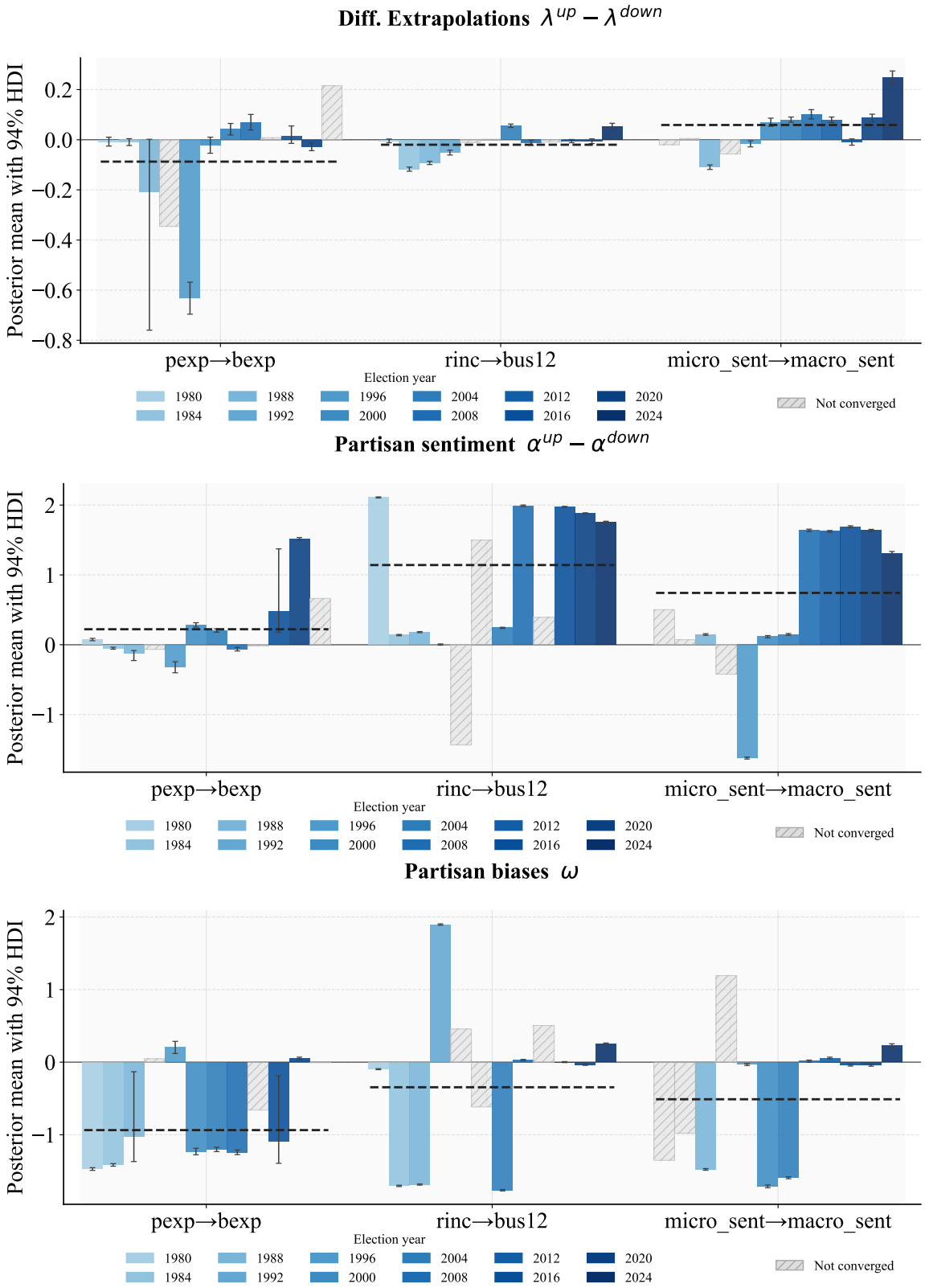
Time-varying importance of partisanship: Once the model is estimated, we evaluate the time-varying importance of each mechanism in generating cross-sectional differences in macroeconomic expectations. According to our model, polarized views about the macroeconomy stem from both dispersed microeconomic conditions ($s_{i,t}$) of different households, and the "colored" glasses which induce distorted views of the same micro reality.[19] we assess the relative contribution of these two channels as well as the overall importance of the model mechanisms in explaining the macroeconomic expectations' heterogeneity.

Our decomposition is implemented through a sequential shutdown procedure applied to 500 posterior draws of all parameters. For each draw, the full parameter vector is used to compute the within-month cross-sectional variance of model-predicted macro belief $\hat{\psi}_{i,t}$. Channel contributions are identified by setting parameters to neutral values one at a time (e.g., $\omega = 0$, $\alpha^{up} = \alpha^{down}$, $\lambda^{up} = \lambda^{down}$) and measuring the resulting change in variance relative to the previous step. Since the model explicitly yields estimates of labeling error rates and population-type probabilities, we use these estimates to correct the imputed label based on Bayes' rule. Our variance decomposition accounts for the uncertainty of the measures. Figure 6 presents the variance decomposition by election cycle for each pair of expectations. The bar chart displays the relative contribution of each channel to the model-implied variance of macroeconomic expectations (excluding the residual component). The line chart below reports the absolute, time-varying share attributable to partisan mechanisms. Consequently, one minus the plotted share corresponds to the period-specific residual variance that remains unexplained by the model.

According to the decomposition, the relevance of different partisan channels varies over time. During the 1980 election and again in the post2016 periodphases marked by substantial partisan switching in proximity to electionsthe partisan sentiment channel emerges as the predominant explanatory factor. By contrast, in the elections held between 1984 and 1992, partisan bias

[19] As one example of how the increasing economic inequality leads to polarized politics, see Autor et al. (2020). The paper documents the political polarization as partly a consequence of the increasing economic inequality experienced by impacted workers. Although our focus is primarily on short-term personal economic conditions, it is sensible to assume that more persistent/permanent income inequality may enter macroeconomic expectations in ways similar to our $s_{i,t}$.

Figure 5: Parameter estimates by election cycle



Notes: These figures plot, for 12 election cycles, the belief parameter estimates based on their posterior modes and their 10% and 90% highest density intervals. Gray bars flag non-converged estimates.

constituted the primary source of partisan influence. The contribution of partisan extrapolation is relatively limited, although it remains empirically relevant. When all partisan channels are deactivated, the residual variation is accounted for by dispersion in households micro-level expectations, $s_{i,t}$, which remains consistently large across elections and variables.

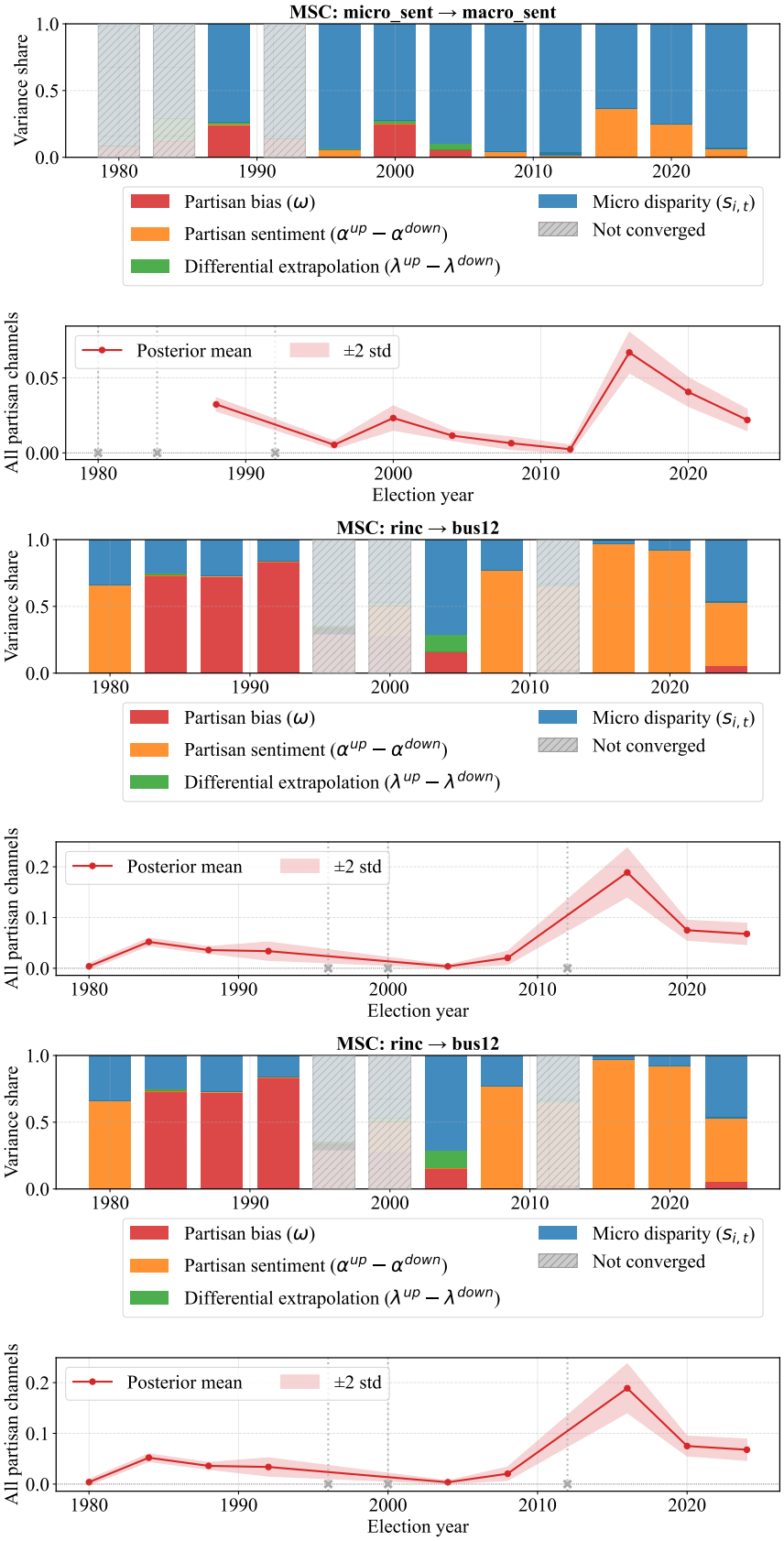
The results also suggest that the partisan influences on macroeconomic expectations are not purely a recent phenomenon, although they have intensified markedly in the three election cycles since 2016. This pattern aligns with recent evidence emphasizing polarization during the 2016 and 2020 elections. 2016 did stand out as the most polarized election, with 20% variance share explained by the model. However, model estimates from earlier periods, particularly since 2008, also show meaningful contributions from partisan factors across several expectations. An earlier episode of relatively elevated partisan influence occurred in the 1980s, though at levels below those observed in the past decade. By contrast, during the three intervening decades, partisanship plays only a limited role in explaining heterogeneity in macroeconomic expectations.

Finally, it is important to note that the micro disparity captured by $s_{i,t}$ does not fully reflect the importance of personal circumstances in shaping macroeconomic beliefs. A large share of the variation in expectations remains unexplained by the model, likely reflecting unobserved heterogeneity and more persistent differences in households economic conditions and outlooks. This reinforces the paper's central theme: despite the growing politicization of macroeconomic expectations, most of the observed dispersion cannot be attributed to partisan channels alone.

Estimated mislabel rates versus actual mislabel rates. With estimates of the mislabeling rates $\hat{e}_0$ and $\hat{e}_1$, we can evaluate the model's out-of-sample performance in an interesting way. That is to compare the model-implied mislabel rates with the actual mislabeling rates. The latter is calculated for imputations $\hat{\kappa}_{i,t}$ relative to the actual partisan affiliations, which are mostly available since 2016. This is an out-of-sample validation of the belief model, in that the model-based error rates are inferred indirectly from the belief patterns, without relying on the MSC's actual labels. Remember that our imputed types $\hat{\kappa}_{i,t}$ are based on a different data set, ANES, and such labels are not all part of in-sample training. Therefore, the observed mislabeling rates are truly external benchmarks for assessing such model-based inference. Figure 7 plots such a comparison. The estimated error rates for each election cycle are averaged across variable pairs. Surprisingly, the two sets of error rates align quite closely, especially for the recent three election cycles.

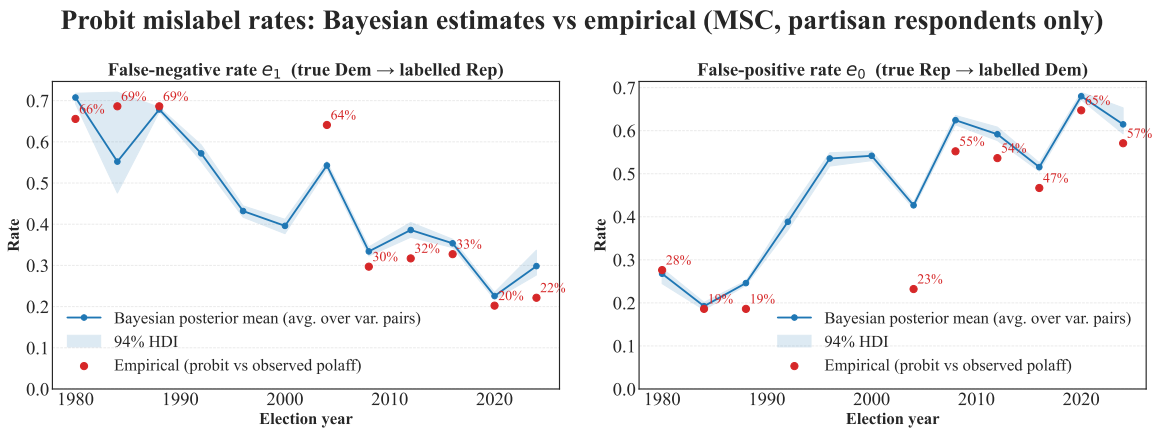
Note, meanwhile, that both error rates are not always low. The chance of mislabeling a true Democrat in the early sample and mislabeling a Republican as a Democrat in the later sample could be as high as 70%. This does not validate our model's specification per se, but instead suggests that overall our imputation is a rather noisy measure of one's true political affiliation.

Figure 6: Decompositions of Dispersion in Macroeconomic Expectations: Heterogeneity: Partisanship and Micro Disparity



Notes: These figures plot the variance contribution of each partisan channel to the within-election-cycle variations of the macroeconomic expectations. The variance contribution is obtained by sequentially shutting down each channel in 500 draws from the posterior distribution. Non-converged estimations are flagged.

Figure 7: Mislabel rates: model estimation versus actual



5 Inspecting the Role of Policy Expectations Driving Partisan Macroeconomic Expectations

Our evidence confirms that households hold partisan views of the economy. However, we remain agnostic about the underlying causes of the so-called "colored glasses" until this point. In addition to previous explanations by the literature, such as the polarization of news media along partisan lines[20], we inspect the role of households' expectations of public policies.

Political alignment undoubtedly stems from a wide range of non-economic considerations. Still, as economists, we test the hypothesis that households with different expectations on the positive(negative) macroeconomic effects of policies enacted by the winning presidential candidate can explain sudden shifts in optimistic(pessimistic) shifts of partisan expectations shortly after elections. We find mixed evidence regarding such a hypothesis in Section 5.1. Households only positively associate some policies of their preferred winning party to a better macroeconomy but negatively associate others, which suggests that partisanship cheerleading cannot be the only driver of policy views. Meanwhile, in Section 5.2, we report that self-interest remains prominent in driving households' views of a policy's impacts on the macroeconomy. Households tend to believe that policies which are *personally* beneficial are also beneficial to the *macro*economy. Our findings of the importance of both self-interest and partisanship echo the framework of Stantcheva (2020, 2024). We now turn to detailed results.

To explore the role of households' beliefs on public policies on partially, we use data from the Public Policy Survey (PPS) sub-module of the SCE, which is conducted every 4 months. As an example, we look at partisan expectations concerning public policies during the 2016 and 2020 elections. First, we describe the SCE questions on household expectations of public policies. The PPS asks households on two types of questions public policy expectations: first

[20]See evidence from Chahrour et al. (2024); Cummings et al. (2024); Harris and Sojourner (2024).

on which direction a respondent thinks that a given policy will change, and second on whether the respondent thinks this presumed policy change will have a positive/negative effect on their own household.[21] We use the PPS submodule's microdata for 6 types of public policies: welfare benefits, payroll tax increase, unemployment benefits, capital gains tax, income tax, and income tax for the highest income bracket.

We then use these variables to construct proxy variables, for each type of public policy, on the household's expected "Direction" of policy change and the expected "Effect" of that policy on their individual household. We construct our dataset from the PPS variables as such. We adjust each policy *direction* variable into a $[-1, 1]$ scale where $-1(1)$ indicates that the respondent expects the policy to be reduced/decreased(expanded/increased). We also adjust each policy effect variable, also to a $[-1, 1]$ scale, where -1 indicates that a respondent thinks that the direction of the policy change will have a very negative effect on their household, and 1 for very positive effect. The PPS submodule specifically asks for effects to the responding household and not the wider economy, which allows us to directly observe the policy's effects on households' micro expectations.

5.1 Partisan Cheerleading and Policy Expectations

In this subsection, we aim to see how partisan households adjust their macro/micro beliefs conditional on their preferred political candidate winning the presidency. Here, for each policy j, we run regressions with the Direction variable $\text{PolicyDirection}_{jit}$ and its interaction terms with the Party_i and PostElect_t variables. Specifically, we look at Democratic households' responses to the Democratic candidate Joe Biden winning the 2020 election: $\text{Party}_i = 1$ for Democrats (and 0 for Republicans), and $\text{PostElect}_t = 1$ for months from December 2020 to December 2022 (and 0 for months from January 2019 to November 2020). We then run the following policy direction belief regressions, separately for each policy j:

$$\begin{aligned}\text{Belief}_{it} = {} & \alpha_0 + \alpha_1 \text{Party}_i + \alpha_2 \text{PostElect}_t + \alpha_3 \text{Party}_i \times \text{PostElect}_t \\ & + \alpha_4 \text{PolicyDirection}_{jit} + \alpha_5 \text{PolicyDirection}_{jit} \times \text{Party}_i \\ & + \alpha_6 \text{PolicyDirection}_{jit} \times \text{PostElect}_t \\ & + \alpha_7 \text{PolicyDirection}_{jit} \times \text{Party}_i \times \text{PostElect}_t + Controls_i + \varepsilon_{it} \end{aligned} \tag{11}$$

In Table A.20 of the Online Appendix, we show the signs and coefficients from these regressions for the same 6 policies mentioned above, throughout only the 2020 election cycle. In that table, the coefficients in the "Change" column are our α_4 estimates, namely the correla-

[21] For the latter type of variables, the PPS questions specifically ask for the policy change's effect on the *individual* household, not the general public.

tion between the direction of the policy change and the change in macro/micro beliefs. The "$\times$Party$_i$" column corresponds to α_5, namely the additional effect of Democratic partisanship on macro/micro beliefs. The "$\times$postElect$_t$" column corresponds to α_6, the post-electoral shift in households' economic beliefs. Finally, "$\times$Party$_i \times$ postElect$_t$" column corresponds to α_7, namely the post-electoral partisan effect on Democrats' beliefs after Joe Biden winning the election.

One finding of interest in Table A.20 is on the $\times$Party$_i \times$postElect$_t$ coefficients, i.e. the change in macro/micro beliefs for Democratic households after the 2020 election. The $\times$Party$_i \times$ postElect$_t$ column (α_7) is generally, if significant, negative. In the case for beliefs on the probability of a higher national unemployment rate, we observe 3 out of 6 of these coefficients as statistically insiginificant or zero, and the other 3 coefficients as negative. However, we also see that this coefficient has more null results for the perceived job separation probability (5 zero coefficients, 1 negative coefficient).

In other words, after Joe Biden's election in November 2020, Democrats' beliefs of the macroeconomy (the national unemployment rate) generally decreased by more than Republicans' beliefs, but much less so for their own personal economic situation (the perceived probability of job separation). The evidence implies a partisan and post-electoral effect of households' macro beliefs, but less so in micro beliefs; Democrats who saw Joe Biden win the 2020 election thought that the economy would improve (lower national unemployment) even if their own circumstances would not change. Thus, our results in Table A.20 point to our main finding again, that electoral turnover are more likely to affect households' beliefs about the macroeconomy than those about their personal economic situation.

5.2 Self-interested Motives in Policy Views

In this subsection, we look into self-interested motives as a possible cause of the partisan shift in micro and macro expectations. We run regressions for each policy to a select number of macro/micro belief variables Belief$_{it}$, with control variables and an election cycle dummy variable,[22] separately for each policy j:

$$\text{Belief}_{it} = \alpha_0 + \alpha_1 \text{PolicyDirection}_{jit} + \alpha_2 \text{PolicyEffect}_{jit} + Controls_i + \varepsilon_{it}$$

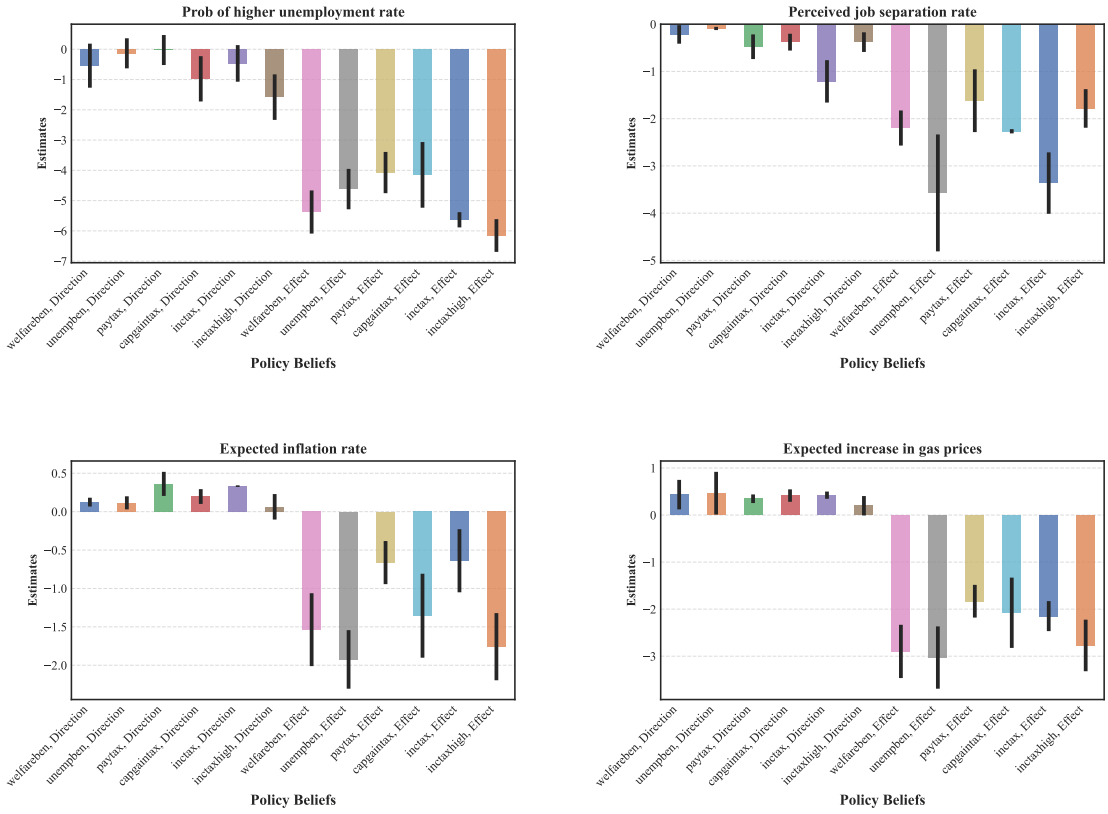
where α_1 represents how much individuals' beliefs on expected direction of policy changes affects macro/micro beliefs, and α_2 represents the same for expected effects of policy changes.

In Table A.19 of the Online Appendix, we show the signs and significance levels of each policy belief coefficient in each regression involving a macro or micro expectation variable. For

[22]Given that the SCE currently only has data for the 2016, 2020, and 2024 election cycles, we simply include a dummy variable for the 2020 election cycle.

a visual summary, we include bar plots, with standard error bands, for 4 variables in Figure 8. We include results for expectations for the national unemployment rate, the individual job separation rate, as well as the probability of inflation increasing, and the expected increase in gas prices, all in the next 12 months. Each bar represents the estimated coefficient of the policy belief variable on a macro/micro belief variable.

Figure 8: Estimates of Coefficients from Policy Belief Regressions



Notes: Bar plot of estimated coefficients from policy belief regressions, for select macro/micro belief variables. Each thick colored bar is the estimated coefficient in the corresponding regression for the policy, with ±1 standard deviation around the mean in thin black bars. The left half of each bar plot shows the estimated coefficients for the policy belief *direction* variables, and the right half for the policy belief *effect* variables.

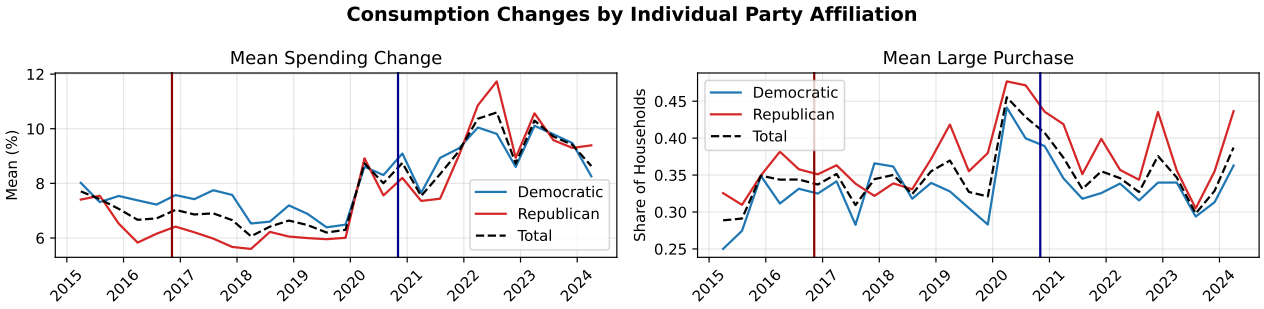
It is visually striking that the coefficients for the vast majority of the "Effect" variables, regardless of the policy (and of the direction of change of policy), are highly significant and exhibit the same sign. For example, for the national unemployment rate, all the Effect variables (the right half of the graph) are negative and statistically significant. We also see this for expectations of individuals' job separation rates and also for expectations of the inflation rate and of gas prices. In other words, individuals who expect policy changes that will have a positive effect on their households also tend to expect macroeconomic conditions to improve in the future (lower unemployment, lower inflation, etc.). Generally, we interpret these results as preliminary evidence that individuals relate their expectations on the effects of policies to

expectations of macro and micro variables. We take these results as supporting evidence to our claim that households' expectations of their personal circumstances are positively correlated with their expectations of the macroeconomy.

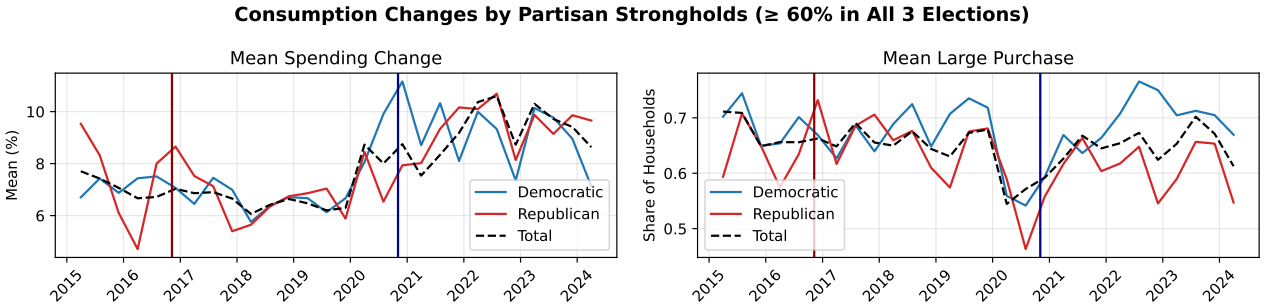
6 Macroeconomic Consequences (in progress)

In this section, we analyze the macroeconomic implications of partisan differences in expectations. Motivated by the growing literature showing that household consumption and saving decisions depend on subjective expectations, we contrast the implications of heterogeneity in macroeconomic versus household-specific (micro) expectations.

Using the spending survey from the Survey of Consumer Expectations (SCE), we examine how household consumption responds to election outcomes. Specifically, we study two dimensions. First, we compare changes in consumption across individuals with different partisan affiliations following elections. Second, we analyze whether aggregate consumption differs across states with strong partisan leanings.



(a) Consumption changes by individual party affiliation



(b) Consumption changes by partisan strongholds

Figure 9: Partisan consumption changes

Figure 9 reports two measures of consumption behavior: the average change in non-durable consumption over the past 12 months and the share of households purchasing a large durable

good within the last four months. Panel (a) presents results by individual party affiliation using our imputed partisanship measure, while Panel (b) aggregates outcomes for households residing in strongly Democratic or Republican states.[23]

Across both specifications, we find little evidence of systematic differences in consumption between Democrats and Republicans. Despite substantial partisan disagreement in macroeconomic expectations documented earlier in the paper, these differences do not translate into meaningful divergence in realized consumption behavior.

This finding has important implications for the role of expectations in household decision-making. If consumption responds to expectations, the absence of strong consumption responses suggests that households may place greater weight on household-specific conditions – such as income risk or employment prospects – rather than on aggregate macroeconomic outlooks. Consistent with this interpretation, we showed that partisan differences are pronounced for macroeconomic expectations but substantially weaker for microeconomic expectations.

To quantify the macroeconomic implications of this mechanism, we embed the observed shifts in expectationsspecifically, beliefs about unemployment and job separationinto a standard heterogeneous-agent (HA) model. Using the estimated change in sentiment following a typical election, we simulate the implied consumption responses of Democrats and Republicans. This exercise allows us to assess how partisan belief heterogeneity translates into aggregate consumption dynamics. (TBC)

7 Conclusion

A rapidly growing literature highlights the role of partisanship in shaping households macroeconomic expectations. Our findings show that while such partisan patterns are evident in macro beliefs, they are much less pronounced in households expectations about their own economic futures–likely because individuals are better informed about their personal circumstances. We document this distinction across a wide array of beliefs using data from both the SCE and MSC surveys. Leveraging imputed political preferences spanning 12 U.S. election cycles (1980-2024), we further show that partisan gaps in macroeconomic views vary over time, with particularly sharp divides in the 1980s and after 2016.

To explain these patterns, we propose a model of belief formation–what we term "seeing the economy through colored glasses." In this framework, individuals directly observe their

[23]States are classified as strongholds if they received at least 60% of votes for a given party in the 2020 - 2024 elections. Democratic strongholds were California, DC, Hawaii, Maryland, Massachusets, and Vermont. Republican strongholds were Alabama, Arkansas, Idaho, Kentucky, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, West Virginia, and Wyoming.

personal economic realities and project them onto the broader economy, with partisanship shaping how this extrapolation occurs. Empirical estimates across multiple pairs of micro and macro expectations confirm that partisanship affects not only the level of macroeconomic beliefs, but also the way individuals map personal experiences onto national economic assessments.

Our central conclusion is that, despite partisan biases, personal experience remains the foundation of macroeconomic beliefs. In line with this, we show that individuals views on macroeconomic policy are also shaped by self-interested extrapolation: rather than evaluating policies based on their aggregate effects, people interpret them through the lens of their own potential gains or losses.

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A Empirical Appendix

1980 (MSC)	Democrat		Republican	
Age	-0.0084	(0.0111)	0.0062	(0.0114)
Age squared	0.0001	(0.0001)	0	(0.0001)
Female	0.2201***	(0.0813)	-0.249***	(0.0795)
HS or less	0.3029***	(0.1108)	-0.343***	(0.1121)
Some College	0.084	(0.1113)	-0.1168	(0.1096)
BA Degree	-0.2776**	(0.136)	0.1826	(0.1264)
Post BA	0.1791	(0.1736)	-0.1503	(0.1717)
Married	-0.0375	(0.0911)	0.1951**	(0.0897)
3+ children	0.3223**	(0.1305)	-0.243*	(0.1334)
Income Mid	-0.1775	(0.1115)	0.2167*	(0.113)
Income High	-0.2751**	(0.1239)	0.3221***	(0.1234)
Constant	-0.264	(0.2515)	-0.5301**	(0.259)
Nobs	1,109		1,109	
R2	0.042		0.046	

Table A.1: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1980 Presidential election, with sample period from Jan 1979 to Dec 1982.

1984 (MSC)	Democrat		Republican	
Age	0.0208**	(0.0093)	-0.0072	(0.0093)
Age squared	-0.0002**	(0.0001)	0.0001	(0.0001)
Female	0.1464**	(0.0601)	-0.107*	(0.0598)
HS or less	0.262***	(0.0845)	-0.3178***	(0.085)
Some College	0.0607	(0.0803)	0.0224	(0.0794)
BA Degree	0.116	(0.1003)	-0.0155	(0.0997)
Post BA	0.3794***	(0.1349)	-0.3762***	(0.1351)
Married	-0.149**	(0.0652)	0.2114***	(0.065)
3+ children	-0.1683	(0.1081)	0.121	(0.1074)
Income Mid	-0.2689***	(0.0776)	0.353***	(0.0778)
Income High	-0.4695***	(0.0906)	0.5923***	(0.0904)
Constant	-0.4243**	(0.2101)	-0.1957	(0.2093)
Nobs	1,940		1,940	
R2	0.031		0.053	

Table A.2: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1984 Presidential election, with sample period from Jan 1983 to Dec 1986.

1988 (MSC)	Democrat		Republican	
Age	0.0405***	(0.0111)	0.0243**	(0.0114)
Age squared	-0.0003***	(0.0001)	-0.0001	(0.0001)
Female	0.0931	(0.0669)	-0.0739	(0.067)
HS or less	-0.0125	(0.1249)	-0.3134**	(0.1351)
Some College	0.1124	(0.09)	0.3515***	(0.0892)
BA Degree	0.1298	(0.098)	0.5589***	(0.0946)
Post BA	0.5563***	(0.1353)	0.1461	(0.1379)
Married	0.029	(0.0725)	0.1336*	(0.0738)
3+ children	-0.1062	(0.118)	0.1245	(0.1196)
Income Mid	0.1172	(0.0833)	0.3107***	(0.0879)
Income High	-0.1377	(0.1051)	0.6925***	(0.105)
Constant	-1.6311***	(0.2608)	-1.8709***	(0.2677)
Nobs	1,803		1,803	
R2	0.028		0.104	

Table A.3: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1988 Presidential election, with sample period from Jan 1987 to Dec 1990.

1992 (MSC)	Democrat		Republican	
Age	-0.0091	(0.0102)	0.0178*	(0.0101)
Age squared	0.0001	(0.0001)	-0.0001	(0.0001)
Female	-0.0514	(0.0572)	0.128**	(0.057)
HS or less	0.0228	(0.1156)	-0.025	(0.1151)
Some College	-0.0903	(0.0787)	0.0219	(0.0779)
BA Degree	0.1691**	(0.0836)	0.0219	(0.0843)
Post BA	-0.02	(0.1117)	0.2858***	(0.1099)
Married	0.1255*	(0.066)	-0.1417**	(0.0653)
3+ children	0.1844**	(0.0911)	-0.2698***	(0.0945)
Own Residence	0.01	(0.0645)	0.0442	(0.0643)
Income Mid	-0.0687	(0.0752)	-0.0569	(0.0746)
Income High	-0.0454	(0.0928)	-0.1636*	(0.0926)
Constant	-0.1839	(0.2393)	-0.7018***	(0.2381)
Obs.	2,112		2,112	
R2	0.008		0.018	

Table A.4: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1992 Presidential election, with sample period from Jan 1991 to Dec 1994.

1996 (MSC)	Democrat		Republican	
Age	0.0275**	(0.0117)	-0.0143	(0.0125)
Age squared	-0.0003**	(0.0001)	0.0002**	(0.0001)
Female	0.2141***	(0.0671)	-0.1589**	(0.0702)
HS or less	0.1545	(0.1842)	-0.5855**	(0.2287)
Some College	-0.3023***	(0.0901)	0.2789***	(0.0939)
BA Degree	-0.2672***	(0.0938)	0.3786***	(0.0964)
Post BA	-0.049	(0.1225)	0.2011	(0.1256)
Married	-0.2077***	(0.0768)	0.1077	(0.0812)
3+ children	0.0042	(0.2369)	0.0176	(0.2545)
Own Residence	-0.1239	(0.0809)	0.0669	(0.086)
Income Mid	-0.2273**	(0.0896)	0.3987***	(0.0977)
Income High	-0.3703***	(0.1116)	0.6256***	(0.1189)
Constant	-0.0959	(0.2843)	-0.9602***	(0.3045)
Obs.	1,536		1,536	
R2	0.051		0.073	

Table A.5: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 1996 Presidential election, with sample period from Jan 1995 to Dec 1998.

2000 (MSC)	Democrat		Republican	
Age	0.0369**	(0.0155)	-0.045***	(0.0157)
Age squared	-0.0003**	(0.0001)	0.0004***	(0.0001)
Female	0.2944***	(0.083)	-0.1955**	(0.0833)
HS or less	0.0254	(0.2089)	-0.1677	(0.2191)
Some College	-0.1802*	(0.1052)	0.2671**	(0.1056)
BA Degree	-0.1957*	(0.1146)	0.1177	(0.1142)
Post BA	-0.0164	(0.144)	0.0882	(0.144)
Married	-0.1821**	(0.0917)	0.1469	(0.0931)
3+ children	0.0027	(0.1345)	0.0609	(0.1345)
Own Residence	-0.2421**	(0.0997)	0.3888***	(0.1026)
Income Mid	0.0039	(0.0973)	0.0192	(0.0981)
Income High	0.1479	(0.1159)	-0.0219	(0.1155)
Constant	-0.8795**	(0.4024)	0.513	(0.4046)
Obs.	1,059		1,059	
R2	0.039		0.039	

Table A.6: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2000 Presidential election, with sample period from Jan 1999 to Dec 2002.

2004 (MSC)	Democrat		Republican	
Age	-0.0254	(0.016)	0.0349**	(0.0162)
Age squared	0.0002	(0.0002)	-0.0003**	(0.0002)
Female	0.0633	(0.0961)	0.0254	(0.0969)
HS or less	0.1554	(0.2126)	-0.233	(0.2186)
Some College	-0.03	(0.1235)	0.0632	(0.1241)
BA Degree	0.0568	(0.1284)	-0.056	(0.1286)
Post BA	0.5101***	(0.1545)	-0.5052***	(0.1556)
Married	-0.2157**	(0.1045)	0.343***	(0.1048)
3+ children	-0.3418	(0.2374)	0.3335	(0.2338)
Own Residence	0.0148	(0.1146)	0.0482	(0.1156)
Income Mid	-0.1435	(0.1092)	0.2355**	(0.1099)
Income High	-0.2044	(0.1632)	0.3403**	(0.1636)
Constant	0.6207*	(0.3626)	-1.3031***	(0.3703)
Obs.	780		780	
R2	0.029		0.052	

Table A.7: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2004 Presidential election, with sample period from Jan 2003 to Dec 2006.

2008 (MSC)	**Democrat**		**Republican**	
Age	0.03	(0.022)	-0.0389*	(0.0226)
Age squared	-0.0004*	(0.0002)	0.0005**	(0.0002)
Female	0.0451	(0.1024)	0.0266	(0.1043)
HS or less	0.5821***	(0.2157)	-0.7769***	(0.236)
Some College	-0.0225	(0.1396)	0.0838	(0.1412)
BA Degree	0.1563	(0.1356)	-0.0809	(0.1369)
Post BA	0.2372	(0.1909)	-0.268	(0.1924)
Married	-0.5213*	(0.2965)	0.654**	(0.3258)
3+ children	-0.0999	(0.1574)	0.2913*	(0.1602)
Own Residence	-0.0174	(0.14)	0.1374	(0.145)
Income Mid	-0.2554	(0.1662)	0.3056*	(0.1735)
Income High	-0.7633***	(0.1823)	0.8769***	(0.1881)
Constant	0.5421	(0.5804)	-0.9408	(0.6006)
Obs.	667		667	
R2	0.065		0.091	

Table A.8: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2008 Presidential election, with sample period from Jan 2007 to Dec 2010.

2012 (MSC)	**Democrat**		**Republican**	
Age	0.068***	(0.0219)	-0.0544**	(0.0224)
Age squared	-0.0007***	(0.0002)	0.0006***	(0.0002)
Female	-0.0805	(0.1028)	0.0527	(0.1057)
HS or less	0.5747***	(0.1824)	-0.8648***	(0.2088)
Some College	-0.1456	(0.146)	0.1983	(0.1483)
BA Degree	-0.1099	(0.143)	0.1913	(0.1443)
Post BA	0.2607	(0.1702)	-0.2443	(0.1738)
Married	-0.5071***	(0.1435)	0.6448***	(0.154)
3+ children	0.1856	(0.1997)	-0.1651	(0.2087)
Own Residence	-0.3092**	(0.1262)	0.2517*	(0.131)
Income Mid	-0.3078**	(0.1331)	0.2679*	(0.1396)
Income High	-0.3533**	(0.1575)	0.3191**	(0.1628)
Constant	-0.5314	(0.4937)	-0.1734	(0.5094)
Obs	661		661	
R2	0.075		0.101	

Table A.9: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2012 Presidential election, with sample period from Jan 2011 to Dec 2014.

2016 (MSC)	Democrat		Republican	
Age	0.0088	(0.0087)	0.0093	(0.0088)
Age squared	-0.0001	(0.0001)	0	(0.0001)
Female	0.2474***	(0.0495)	-0.169***	(0.05)
HS or less	0.1977	(0.1267)	-0.165	(0.1287)
Some College	0.0748	(0.0701)	-0.02	(0.0701)
BA Degree	0.2468***	(0.0661)	-0.2236***	(0.0665)
Post BA	0.658***	(0.0759)	-0.5618***	(0.0775)
Married	-0.1309**	(0.0559)	0.1968***	(0.0563)
3+ children	-0.2399**	(0.1055)	0.1447	(0.1041)
Own Residence	-0.2902***	(0.0614)	0.2963***	(0.0622)
Income Mid	-0.0608	(0.0631)	0.1302**	(0.0641)
Income High	0.012	(0.0783)	0.0342	(0.0796)
Constant	-0.246	(0.2056)	-1.0045***	(0.2123)
Obs.	2,777		2,777	
R2	0.054		0.068	

Table A.10: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2016 Presidential election, with sample period from Jan 2015 to Dec 2018.

2020 (MSC)	Democrat		Republican	
Age	-0.0166	(0.015)	0.0299*	(0.0153)
Age squared	0.0002	(0.0001)	-0.0002	(0.0001)
Female	0.0758	(0.0592)	-0.046	(0.0599)
HS or less	-0.2409	(0.1919)	-0.0334	(0.1786)
Some College	0.0611	(0.0915)	0.0378	(0.0892)
BA Degree	0.3677***	(0.0827)	-0.2619***	(0.0826)
Post BA	0.5688***	(0.0859)	-0.4963***	(0.0876)
Married	-0.1679*	(0.0908)	0.3146***	(0.0955)
3+ children	-0.2997***	(0.1045)	0.3212***	(0.1016)
Own Residence	-0.1393*	(0.0833)	0.1417*	(0.0855)
Income Mid	0.1022	(0.0911)	0.1232	(0.0906)
Income High	0.1761*	(0.0953)	-0.0204	(0.0955)
Constant	0.2334	(0.3611)	-1.6531***	(0.3748)
Obs	1,925		1,925	
R^2	0.050		0.056	

Table A.11: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2020 Presidential election, with sample period from Jan 2019 to Dec 2022.

2024 (MSC)	**Democrat**		**Republican**	
Age	-0.0005	(0.0094)	0.0130	(0.0095)
Age squared	0.0001	(0.0001)	-0.0001	(0.0001)
Female	0.2756***	(0.0425)	-0.2665***	(0.0428)
HS or less	-0.2831**	(0.1355)	0.0082	(0.1256)
Some College	0.1265**	(0.0645)	-0.0890	(0.0636)
BA Degree	0.5004***	(0.0573)	-0.3255***	(0.0573)
Post BA	0.7518***	(0.063)	-0.6077***	(0.0642)
Married	-0.2545***	(0.048)	0.2776***	(0.0483)
3+ children	-0.3849***	(0.0902)	0.3302***	(0.0858)
Own Residence	-0.0252	(0.0538)	0.0595	(0.0538)
Income Mid	0.0505	(0.0562)	0.0509	(0.0563)
Income High	0.1994***	(0.063)	-0.0684	(0.0636)
Constant	-0.4332*	(0.2273)	-0.7057***	(0.2293)
Obs	3,769		3,769	
R^2	0.078		0.059	

Table A.12: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Michigan Survey of Consumers (MSC) cross-sectional data. 2024 Presidential election, with sample period from Jan 2023 to November 2025.

2016 (SCE)	**Democrat**		**Republican**	
Age	0.0145	(0.0103)	0.0102	(0.0105)
Age squared	-0.0002	(0.0001)	0.0000	(0.0001)
Female	0.2993	(0.0531)***	-0.2213	(0.0542)***
Black	1.2749	(0.1125)***	-1.7102	(0.1602)***
Asian	0.1588	(0.1452)	-0.3948	(0.1555)**
Native American	0.6905	(0.4262)	-0.8248	(0.4566)*
Hispanic	0.8564	(0.0967)***	-0.8534	(0.1045)***
Multiracial	0.4035	(0.1361)***	-0.3351	(0.1385)**
HS or less	0.0402	(0.1418)	0.0796	(0.1462)
Some College	0.0838	(0.0855)	0.0066	(0.0862)
Assoc. Degree	-0.0424	(0.0945)	0.1141	(0.0942)
BA Degree	0.3179	(0.0828)***	-0.2392	(0.0834)***
Post BA	0.7240	(0.0923)***	-0.5719	(0.0937)***
Temporarily Laid Off	-0.1638	(0.2911)	-0.0097	(0.2975)
Unemployed	-0.0232	(0.125)	-0.0497	(0.1321)
Retired	0.1126	(0.0972)	-0.1377	(0.0973)
Permanently Disabled	-0.0060	(0.1459)	-0.1139	(0.1555)
Homemaker	-0.4402	(0.1265)***	0.3452	(0.1226)***
Student	0.3137	(0.1648)*	-0.0479	(0.1811)
Married	-0.0598	(0.0652)	0.1623	(0.0663)**
Spouse: Temporarily Laid Off	-0.0387	(0.4342)	-0.2555	(0.4473)
Spouse: Unemployed	-0.1291	(0.1644)	0.0357	(0.1717)
Spouse: Retired	0.1450	(0.0972)	-0.1696	(0.0974)*
Spouse: Permanently Disabled	-0.0244	(0.1865)	-0.0431	(0.1892)
Spouse: Homemaker	-0.1322	(0.1153)	-0.0259	(0.1119)
Spouse: Student	-0.1030	(0.2229)	0.2852	(0.226)
Resided 3+yrs in Current Address	0.0337	(0.0614)	-0.0262	(0.063)
Own Residence	-0.2412	(0.0707)***	0.2557	(0.0726)***
Other Residence	-0.1647	(0.1118)	0.1845	(0.1166)
3+ children	-0.2945	(0.1156)**	0.2287	(0.114)**
Income Mid	-0.0583	(0.0663)	0.1490	(0.0679)**
Income High	0.0514	(0.0813)	-0.0041	(0.0829)
Constant	-0.6975	(0.2719)**	-0.7665	(0.2805)***
Obs.	2,810		2,810	
R^2	0.133		0.150	

Table A.13: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Survey of Consumer Expectations (SCE) cross-sectional data. 2016 Presidential election, with sample period from Jan 2015 to Dec 2018.

2020 (SCE)	**Democrat**		**Republican**	
Age	-0.0227	(0.0172)	0.0442	(0.018)**
Age squared	0.0002	(0.0002)	-0.0004	(0.0002)**
Female	0.0601	(0.0638)	-0.0402	(0.0658)
Black	0.6326	(0.1565)***	-1.4077	(0.2342)***
Asian	-0.0766	(0.1598)	-0.2219	(0.17)
Native American	0.0929	(0.2461)	-0.1839	(0.2529)
Hispanic	0.3342	(0.1154)***	-0.5155	(0.1222)***
Multiracial	0.2803	(0.1741)	-0.2922	(0.1827)
HS or less	-0.2591	(0.2091)	0.0311	(0.1959)
Some College	0.0941	(0.1142)	0.0438	(0.1122)
Assoc. Degree	0.0838	(0.1217)	0.0134	(0.119)
BA Degree	0.4346	(0.1085)***	-0.2775	(0.1078)**
Post BA	0.6131	(0.1116)***	-0.4876	(0.1127)***
Temporarily Laid Off	0.1595	(0.2067)	-0.0137	(0.2153)
Unemployed	-0.5285	(0.4016)	0.4455	(0.368)
Retired	-0.0837	(0.1216)	0.0131	(0.1213)
Permanently Disabled	0.1919	(0.2049)	-0.0173	(0.2121)
Homemaker	-0.2848	(0.1323)**	0.1971	(0.1285)
Student	0.8045	(0.6288)	-1.2620	(0.9386)
Married	-0.0755	(0.0949)	0.2073	(0.1019)**
Spouse: Temporarily Laid Off	-0.0487	(0.1969)	-0.1042	(0.2019)
Spouse: Unemployed	-0.1502	(0.1454)	-0.0050	(0.1506)
Spouse: Retired	0.1435	(0.1118)	-0.0229	(0.1124)
Spouse: Permanently Disabled	-0.0982	(0.2061)	-0.0734	(0.2109)
Spouse: Homemaker	-0.1372	(0.1357)	0.1289	(0.1336)
Spouse: Student	0.0983	(0.3676)	0.3276	(0.3777)
Resided 3+yrs in Current Address	0.0220	(0.0785)	0.1038	(0.0818)
Own Residence	-0.1786	(0.0922)*	0.1031	(0.0978)
Other Residence	-0.3184	(0.2313)	0.0924	(0.2269)
3+ children	-0.2639	(0.108)**	0.2613	(0.1067)**
Income Mid	0.1018	(0.0948)	0.0946	(0.0954)
Income High	0.1572	(0.1007)	-0.0506	(0.1024)
Constant	0.2748	(0.4261)	-1.5831	(0.4486)***
Obs.	1,941		1,941	
R^2	0.083		0.110	

Table A.14: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Survey of Consumer Expectations (SCE) cross-sectional data. 2020 Presidential election, with sample period from Jan 2019 to Dec 2022.

2024 (SCE)	**Democrat**		**Republican**	
Age	-0.0227	(0.0172)	0.0442	(0.018)**
Age squared	0.0002	(0.0002)	-0.0004	(0.0002)**
Female	0.0601	(0.0638)	-0.0402	(0.0658)
Black	0.6326	(0.1565)***	-1.4077	(0.2342)***
Asian	-0.0766	(0.1598)	-0.2219	(0.17)
Native American	0.0929	(0.2461)	-0.1839	(0.2529)
Hispanic	0.3342	(0.1154)***	-0.5155	(0.1222)***
Multiracial	0.2803	(0.1741)	-0.2922	(0.1827)
HS or less	-0.2591	(0.2091)	0.0311	(0.1959)
Some College	0.0941	(0.1142)	0.0438	(0.1122)
Assoc. Degree	0.0838	(0.1217)	0.0134	(0.119)
BA Degree	0.4346	(0.1085)***	-0.2775	(0.1078)**
Post BA	0.6131	(0.1116)***	-0.4876	(0.1127)***
Temporarily Laid Off	0.1595	(0.2067)	-0.0137	(0.2153)
Unemployed	-0.5285	(0.4016)	0.4455	(0.368)
Retired	-0.0837	(0.1216)	0.0131	(0.1213)
Permanently Disabled	0.1919	(0.2049)	-0.0173	(0.2121)
Homemaker	-0.2848	(0.1323)**	0.1971	(0.1285)
Student	0.8045	(0.6288)	-1.2620	(0.9386)
Married	-0.0755	(0.0949)	0.2073	(0.1019)**
Spouse: Temporarily Laid Off	-0.0487	(0.1969)	-0.1042	(0.2019)
Spouse: Unemployed	-0.1502	(0.1454)	-0.0050	(0.1506)
Spouse: Retired	0.1435	(0.1118)	-0.0229	(0.1124)
Spouse: Permanently Disabled	-0.0982	(0.2061)	-0.0734	(0.2109)
Spouse: Homemaker	-0.1372	(0.1357)	0.1289	(0.1336)
Spouse: Student	0.0983	(0.3676)	0.3276	(0.3777)
Resided 3+yrs in Current Address	0.0220	(0.0785)	0.1038	(0.0818)
Own Residence	-0.1786	(0.0922)*	0.1031	(0.0978)
Other Residence	-0.3184	(0.2313)	0.0924	(0.2269)
3+ children	-0.2639	(0.108)**	0.2613	(0.1067)**
Income Mid	0.1018	(0.0948)	0.0946	(0.0954)
Income High	0.1572	(0.1007)	-0.0506	(0.1024)
Constant	0.2748	(0.4261)	-1.5831	(0.4486)***
Obs.	3,799		3,799	
R^2	0.127		0.115	

Table A.15: Coefficients of demographic variables from Probit regression of Democratic/Republican party affiliation using demographic variables common to American National Election Survey (ANES) and Survey of Consumer Expectations (SCE) cross-sectional data. 2024 Presidential election, with sample period from Jan 2023 to April 2025.

MSC imputations (%)	2004	2008	2012	2016	2020	2024
True Positives	**18.74**	**35.84**	**32.02**	**34.55**	**40.70**	**40.87**
True Negatives	**35.02**	**20.73**	**23.13**	**25.56**	**17.08**	**19.79**
False Positives	11.64	27.23	22.93	23.27	31.93	26.05
False Negatives	34.60	16.20	21.93	16.62	10.29	13.29
Correct imputation	**53.76**	**56.57**	**55.15**	**60.11**	**57.78**	**60.66**
Regions-only imputation	48.51	50.39	53.94	47.88	47.85	50.71
Obs.	**971**	**5,759**	**1,496**	**10,707**	**18,170**	**10,571**

Table A.16: Accuracy of imputation method using MSC data. All numbers are in percentages of total sample for each Presidential election period (2004, 2008, 2012, 2016, 2020, and 2024). True positives: Imputation method correctly identifies respondent as Democrat. True negatives: Imputation method correctly identifies respondent as Republican. False positives: Imputation method falsely identifies respondent as Democrat. False negatives: Imputation method falsely identifies respondent as Republican. Regions-only imputation: accuracy of imputation given only U.S. Census region dummies (Northeast, Midwest, South, and West).

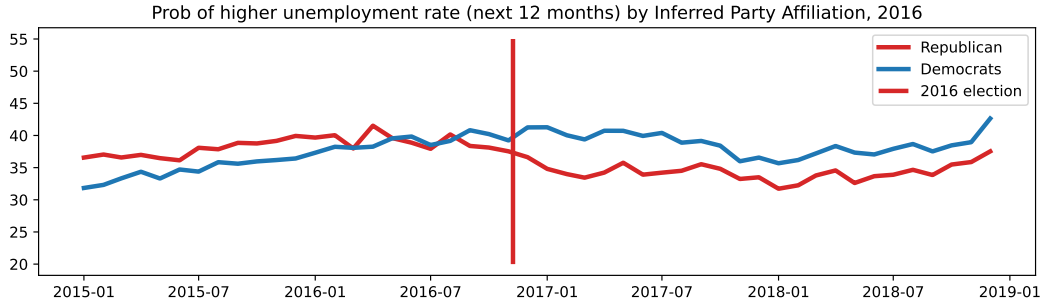
Variable description	Horizon	Macro/Micro	Survey	Election 1980		Election 1984		Election 1988		Election 1992		Election 1996		Election 2000	
				Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias
Labour Market															
Prob of higher unemployment rate	12m	Macro	MSC	-0.194***	0	0.100***	0	0.040***	0.060*	0	-0.151*	0	0	-0.102***	0.080***
Prob of higher nominal income	12mo	Micro	MSC	0	-10.534***	-0.706**	-1.180*	0	-4.576***	0	-2.624*	-0.804**	0	0	0
Higher vs lower real household income	12mo	Micro/Macro	MSC	0.075***	-0.432***	-0.028*	-0.081**	0	-0.160***	0	0	0	0	0.056***	-0.054*
Better/worse personal financial situation (future)	12mo	Micro	MSC	0.096***	-0.335***	-0.043***	0	0	0	0	-0.154**	0	0	0	-0.057**
Micro Inflation															
Expected Increase in gas prices	12mo	Micro/Macro	MSC	0	0	0	5.384***	0	4.263***	0	-12.223*	0	0	0	0
Expected Increase in gas prices	5y	Micro/Macro	MSC	0	0	0	24.963***	0	0	0	-48.649***	2.447*	7.421***	0	-12.780***
Macro Variables															
Expected inflation rate	12mo	Macro	MSC	-1.156***	-7.749***	0	-0.868*	0	-0.772*	0	-3.047***	-0.449**	0	-0.420**	0
Expected inflation rate	5y	Macro	MSC	-1.856**	-9.629***	0	0	0	0	0	0	0	0.427**	0	0
Interest rates rise/fall	12mo	Macro	MSC	-0.109***	-0.289***	0	-0.102**	-0.109***	0.123***	0.143***	-0.220**	-0.035*	0	-0.044**	0
Business conditions improve/decline	12mo	Macro	MSC	0.159***	0	-0.070***	0	0	0	-0.072*	0.365***	0.068***	0.039*	0.132***	-0.066**
Business financial conditions improve/decline	12mo	Macro	MSC	0.031*	-0.147*	-0.057***	0	0	0.099*	0	0	0.097***	-0.109***	0.086***	0
Index of Consumer Sentiment	12mo	Macro	MSC	7.590***	-25.019***	-8.166***	0	0	0	-7.282*	0	3.283*	-9.354***	8.123***	-7.698***
Index of Current Economic Conditions	12mo	Macro	MSC	0	-27.900***	-10.476***	0	0	14.804***	0	-19.915*	0	-10.753***	4.784*	0
Index of Consumer Expectations	12mo	Macro	MSC	11.285***	-23.168***	-6.682***	0	0	0	0	0	6.942***	-9.406***	9.982***	-9.253***
Macro Sentiment Index	12mo	Macro	MSC	13.100***	0	-9.955***	0	0	0	0	0	16.303***	-22.080***	22.020***	-15.074**
Micro Sentiment Index	12mo	Macro	MSC	6.088***	-35.670***	-9.199***	0	0	8.719**	0	-21.150**	0	-6.044***	3.552*	-6.345**

Table A.17: Comparison of Expectation Variables throughout Elections 1980-2000

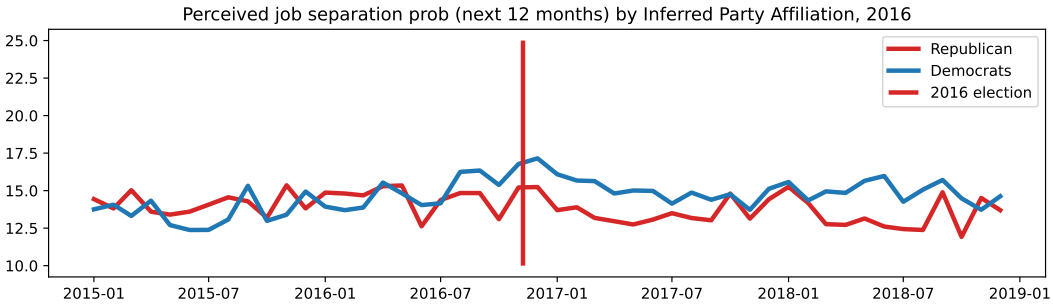
Variable description	Horizon	Macro/Micro	Survey	Election 2004		Election 2008		Election 2012		Election 2016		Election 2020		Election 2024	
				Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias	Switch	Bias
Labour Market															
Prob of higher unemployment rate	12m	Macro	MSC	0	0.187***	0	0	-0.032**	0.232***	-0.225***	0.175***	-0.237***	0.177***	-0.255***	0.083***
Prob of higher unemployment rate	12mo	Macro	SCE							-4.662***	0	-7.618***	11.143*	-10.317***	0
Prob of losing job	5y	Micro	MSC	0	0.046***	0	-0.055***	0	0	-0.038***	0.033***	-0.036***	0	-0.060***	0
Perceived job separation prob	12mo	Micro	SCE							0	3.922**	0	0	-2.433***	0
Perceived job finding prob	3mo	Micro	SCE							2.252**	0	0	0	0	9.771*
Prob of quitting	12mo	Micro	SCE							0	0	0	0	0	6.130*
Higher or lower personal wage rate	12mo	Micro	SCE							0	0	-0.047**	0	0	0
Prob of higher nominal income	12mo	Micro	MSC	0	-2.286***	0	0	0	0	0.901***	-0.888***	1.123***	0	1.992***	-1.452***
Percentage of real wage growth	12mo	Micro	SCE							0	0	0	0	0	0
Higher vs lower real household income	12mo	Micro/Macro	MSC	0	-0.143***	0.048***	0.059***	0	0	0.086***	-0.099***	0.090***	-0.048**	0.143***	0
Better or worse personal financial situation (future)	12mo	Micro	MSC	0	-0.166***	0	0	0	0	0.112***	-0.122***	0.164***	-0.037*	0.237***	-0.052**
Higher or lower nominal household income	12mo	Micro	SCE							-0.045***	0.045**	-0.076***	0.402**	-0.076***	0
Percentage of real household income growth	12mo	Micro/Macro	SCE							0.624*	0	0	0	0	0
Household Spending															
Higher or lower spending	12mo	Micro	SCE							0	0	0	0	0.053**	0
Percentage of spending growth	12mo	Micro	SCE							-0.403*	0	0	4.808**	-1.440***	0
Micro Inflation															
Expected Increase in gas prices	12mo	Micro/Macro	MSC	0	0	0	3.726*	0	-22.690***	-3.033**	0	-12.563***	12.296***	-5.618**	0
Expected Increase in gas prices	5y	Micro/Macro	MSC	0	0	-4.737*	23.005***	0	-74.467***	-11.100***	0	-21.532***	26.049***	-14.235***	0
Expected Increase in gas prices	12mo	Micro/Macro	SCE							-1.585***	1.502***	-2.933***	0	-3.614***	0
Expected Increase in food prices	12mo	Micro/Macro	SCE							-0.490***	0.998***	-1.815***	0	-3.395***	0
Expected Increase in medical prices	12mo	Micro/Macro	SCE							-1.598***	1.484**	-1.283***	0	-2.872***	0
Expected increase in college prices	12mo	Micro/Macro	SCE							-0.517**	0	0	0	-1.976***	0
Expected increase in rent	12mo	Micro/Macro	SCE							-0.394*	0	-1.248***	0	-2.610***	0
Expected increase in gold	12mo	Micro/Macro	SCE							0	0	-1.068**	0	-1.615***	0
Macro Variables															
Expected inflation rate	12mo	Macro	MSC	0	0	-0.416***	0	0	1.709***	-0.564***	0	-2.247***	1.736***	-2.291***	0
Expected inflation rate	5y	Macro	MSC	0	0	-0.357***	0	0	0	-0.314***	0	-0.541***	0.977***	-1.701***	0
Inflation or deflation	12mo	Macro	SCE							0.018***	-0.046**	0.018*	0	0.115***	0
Expected inflation rate	12mo	Macro	SCE							-0.937***	0	-1.843***	0	-4.016***	0
Higher or lower house prices	12mo	Macro	SCE							0	-0.095*	-0.129***	0.415**	0.071**	0
Expected house price change	12mo	Macro	SCE							-0.305*	0	0	-3.171***	-1.655***	0
Prob of higher interest rate	12mo	Macro	SCE							2.479***	-9.660**	1.979**	0	-2.092**	7.351*
Interest rates rise/fall	12mo	Macro	MSC	-0.026*	0	-0.078***	0.074***	-0.029**	0	0	0	0.045***	0	-0.130***	0
Prob of higher stock market	12mo	Macro	SCE							2.285***	-5.969***	3.720***	0	1.680*	11.335**
Business conditions improve/decline	12mo	Macro	MSC	0	-0.128***	0.028**	-0.072***	0.038***	-0.100*	0.229***	-0.164***	0.268***	-0.162***	0.340***	-0.124***
Business financial conditions improve/decline	12mo	Macro	MSC	0	-0.269***	0.091***	-0.061**	0	-0.216***	0.334***	-0.225***	0.352***	-0.181***	0.294***	-0.068**
Index of Consumer Sentiment	12mo	Macro	MSC	0	-24.960***	6.179***	-3.909*	0	-19.251***	28.173***	-20.997***	32.662***	-14.553***	32.282***	-6.833**
Index of Current Economic Conditions	12mo	Macro	MSC	0	-14.183***	0	0	0	-14.973**	14.206***	-12.184***	19.404***	-4.867*	25.241***	-6.036*
Index of Consumer Expectations	12mo	Macro	MSC	0	-31.883***	9.138***	0	0	-21.997***	37.144***	-26.659***	41.178***	-20.775***	36.804***	-7.345**
Macro Sentiment Index	12mo	Macro	MSC	0	-52.959***	20.246***	-11.110**	0	-45.336***	71.604***	-46.949***	74.668***	-42.210***	57.971***	-10.993*
Micro Sentiment Index	12mo	Macro	MSC	0	-17.933***	0	0	0	-10.710*	15.211***	-14.361***	21.318***	-5.132**	28.927***	-6.660**

Table A.18: Comparison of Expectation Variables throughout Elections 2004-2024

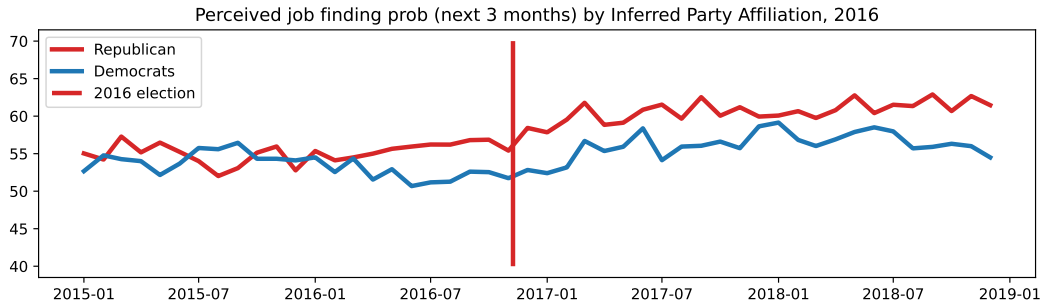
Figure A.1: Expectations about Labor Market Outcomes by County-level Electoral Returns, 2016



(a) Unemployment rate, next 12 months



(b) Job separation rate, next 12 months



(c) Job finding rate, next 12 months

Notes: County-level political party affiliations are inferred from procedures in Section 2.1. These tables are generated using data from the 2016 U.S. Presidential election results and the Survey of Consumer Expectations (SCE) from January 2015 to December 2018. From top to bottom, the figures show mean (inferred) partisan expectations for (i) the perceived probability of a higher nationwide unemployment rate in the next 12 months, (ii) the perceived probability of the respondent being separated from their job in the next 12 months, and (iii) the perceived probability of the respondent finding a new job in the next 3 months conditional on being separated from their job. Red lines indicate the mean responses of Republican counties, blue lines indicate those of Democratic counties, and the red vertical line indicates the date of the 2016 Presidential election (in which the Republican candidate, Donald Trump, won).

	Welfare Benefits		Unemployment Benefits		Payroll Tax		Capital Gains Tax		Income Tax		Income Tax, High Incomes	
	Direction	**Effect**	**Direction**	**Effect**	**Direction**	**Effect**	**Direction**	**Effect**	**Direction**	**Effect**	**Direction**	**Effect**
Prob of higher unemployment rate	-**	-***	0	-***	0	-***	-***	-***	-***	-***	-***	-***
Perceived job separation prob	0	-***	-***	-*	-***	-**	-*	-***	-***	-***	0	-**
Perceived job finding prob	0	0	0	0	+***	0	+***	+***	0	0	0	+**
Prob of hiring more workers	0	+***	0	0	0	0	+**	+***	+***	+***	0	+***
Prob of quitting	0	0	0	0	0	-***	0	0	-***	-***	0	0
Higher/lower personal wage rate	-***	-***	+***	-***	0	-***	-**	0	0	-***	0	-***
Percentage of real wage growth	0	+***	-***	+***	0	0	0	+***	0	+***	0	0
Higher/lower real household income	0	-***	-***	-***	0	-**	-***	0	0	-***	-***	-***
Percentage of real household income growth	-***	+***	-***	+**	+***	+***	+**	+**	0	+***	+*	0
Interest rates rise/fall	0	0	-***	0	0	+*	0	0	0	0	0	+***
Prob of higher stock market	0	+***	0	+***	-***	+***	-***	+***	-***	+***	0	+***
Inflation/deflation	0	+*	0	+***	-*	+***	-**	0	0	+***	0	+***
Expected inflation rate	+*	-**	0	-***	0	-***	0	0	+***	0	0	-***
Easier to get credit now	+***	+**	0	0	+***	+**	0	+***	0	+***	0	+***
Easier to get credit in future	+***	+***	+***	+***	0	+***	0	+***	0	+***	+***	+***
Higher/lower house prices	0	0	0	0	0	-***	-***	0	-*	-***	-***	0
Expected house price change	+***	-*	-***	-**	0	-**	+*	0	0	+*	0	0
Expected probability of spending growth	-***	+***	0	0	-***	0	-**	0	0	+***	-***	+***
Expected spending growth rate	0	-***	-***	-***	+**	-*	0	-***	+*	-***	0	-***
Expected Increase in gas prices	0	-***	0	-***	+***	-***	+***	-*	+***	-***	0	-***
Expected Increase in food prices	0	-***	0	-**	0	-***	0	-**	0	-*	0	-**
Expected Increase in medical prices	0	-***	0	-***	0	-***	0	-***	0	-***	0	-***
Expected increase in college prices	-**	-***	-***	-***	0	-***	0	-***	0	-***	-***	-***
Expected increase in rent	-*	-***	-***	-***	0	-***	0	-**	0	-***	0	-***

Table A.19: Signs and significance levels of coefficients in regressions of policy beliefs on selected macro/micro expectations variables. Data from the SCE's Public Policy Survey (PPS) sub-module. For each type of public policy (columns), "Direction" stands for the direction of the policy change, on a scale of -1 to 1 (-1 for reduce/decrease, 1 for expand/increase), and "Effect" stands for the SCE PPS respondent's expectations of the effects of the respondent's expected policy change on their own households, on a scale from -1 to 1 (-1 for negative, 1 for positive). Separate regression results for each type of public policy on each type of micro/macro beliefs (rows). *, **, and *** represent significance of the coefficient at the 10%, 5%, and 1% levels.

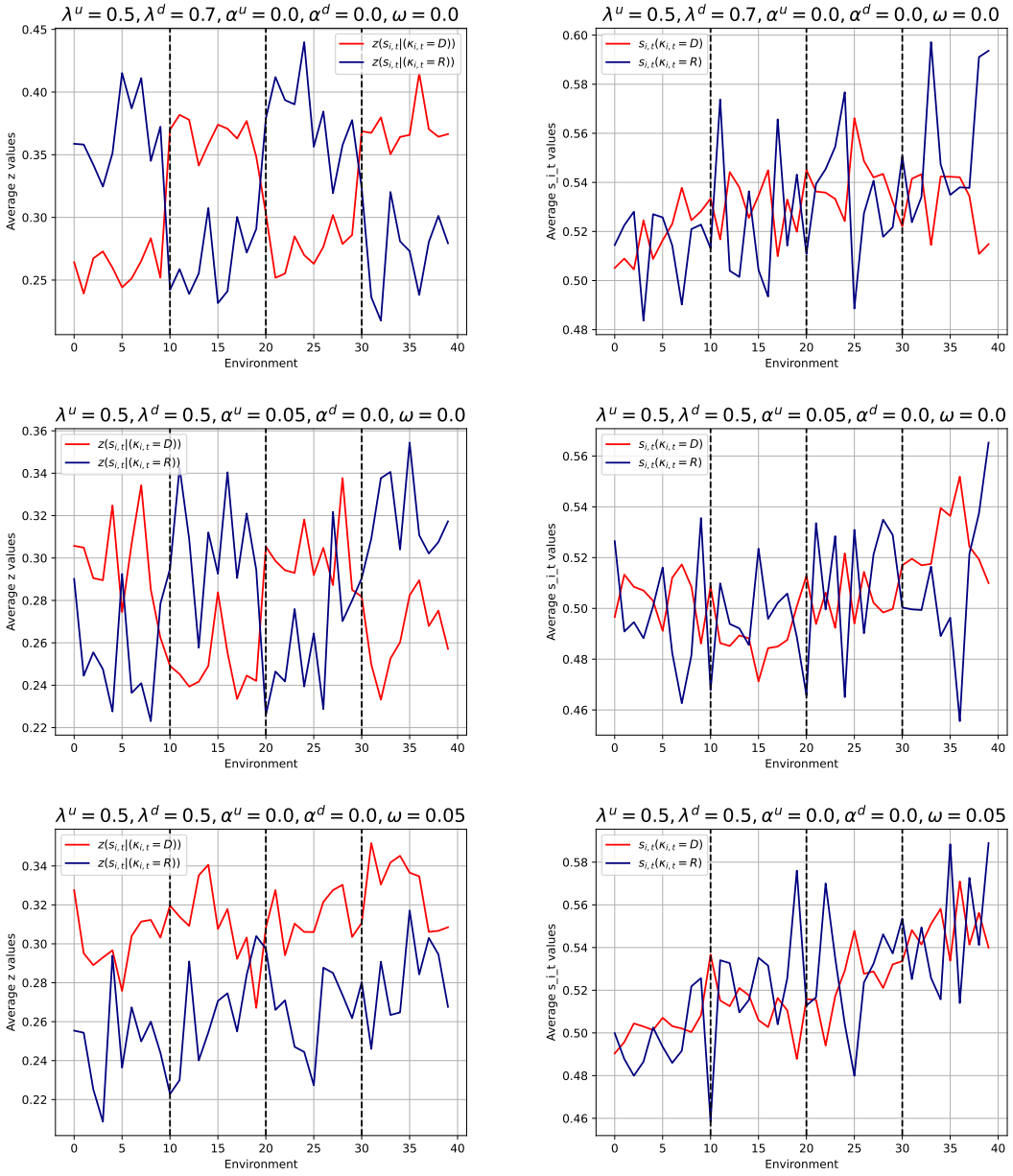
Policy beliefs, 2020 election only	(1) Welfare Benefits				(2) Unemployment Benefits				(3) Payroll Tax			
	Change	×Party$_i$	×postElect$_t$	×Party$_i$ ×postElect$_t$	Change	×Party$_i$	×postElect$_t$	×Party$_i$ × postElect$_t$	Change	×Party$_i$	×postElect$_t$	×Party$_i$ × postElect$_t$
Prob of higher unemployment rate	0	+***	+*	-***	0	0	0	0	0	0	+***	0
Perceived job separation prob	+**	+***	-***	-***	0	0	-**	0	+***	-*	-***	0
Percentage of real wage growth	-**	0	+**	0	-***	0	0	-**	+**	-***	-***	-***
Percentage of real household income growth	-**	0	0	+***	-***	+***	0	+***	0	0	0	+*
Expected inflation rate	-***	-***	0	-***	-**	0	+***	+**	+***	-*	0	-***
Expected Increase in gas prices	0	0	+*	-**	0	0	+***	+*	+***	0	+***	0
Expected Increase in food prices	0	+**	0	-***	0	+*	+***	0	+***	-**	+***	-***
	(4) Capital Gains Tax				(5) Income Tax				(6) Income Tax for Highest Income Bracket			
	Change	×Party$_i$	×postElect$_t$	×Party$_i$ ×postElect$_t$	Change	×Party$_i$	×postElect$_t$	×Party$_i$ × postElect$_t$	Change	×Party$_i$	×postElect$_t$	×Party$_i$ × postElect$_t$
Prob of higher unemployment rate	-***	0	+***	+***	0	-***	+***	+***	-***	0	0	0
Perceived job separation prob	+*	0	0	0	0	-***	0	+***	+***	0	-***	+***
Percentage of real wage growth	0	0	+**	0	0	0	0	-***	-***	0	+***	0
Percentage of real household income growth	0	0	0	0	0	0	0	-***	0	-**	0	+***
Expected inflation rate	+***	-***	0	+***	+***	-***	+***	-**	-**	+**	0	+***
Expected Increase in gas prices	+**	0	+***	-**	+***	-***	+***	0	0	-***	+***	+***
Expected Increase in food prices	0	+***	+***	-***	0	-***	+***	0	0	+***	+***	+***

Table A.20: Signs and significance levels of coefficients in regressions of beliefs on policy **changes** on selected macro/micro expectations variables. 2020 election cycle only. Data from the SCE's Public Policy Survey (PPS) sub-module. For each type of public policy (columns), "Direction" stands for the direction of the policy change, on a scale of -1 to 1 (-1 for reduce/decrease, 1 for expand/increase). Party$_i$: Interaction with party dummy variable (1 for Democrats, 0 for Republicans). postElect$_t$: Interaction with post-election dummy variable (1 for after November 2020, 0 otherwise). Separate regression results for each type of public policy on each type of micro/macro beliefs (rows). *, **, and *** represent significance of the coefficient at the 10%, 5%, and 1% levels.

B Additional Model Results

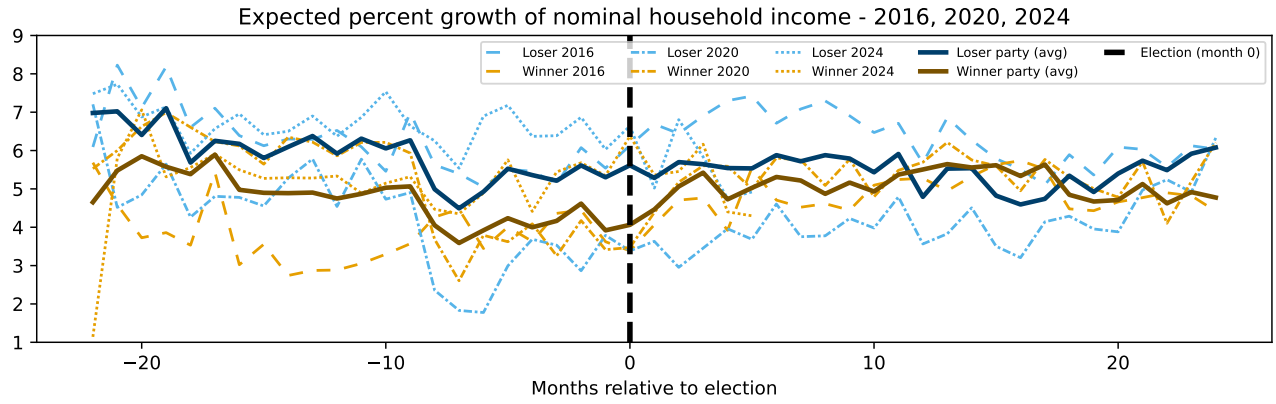
Figure A.2 plots the simulated average beliefs of respondents from each party over a sample period covering three assumed switches in election outcomes.

Figure A.2: Model simulation with different parameter values

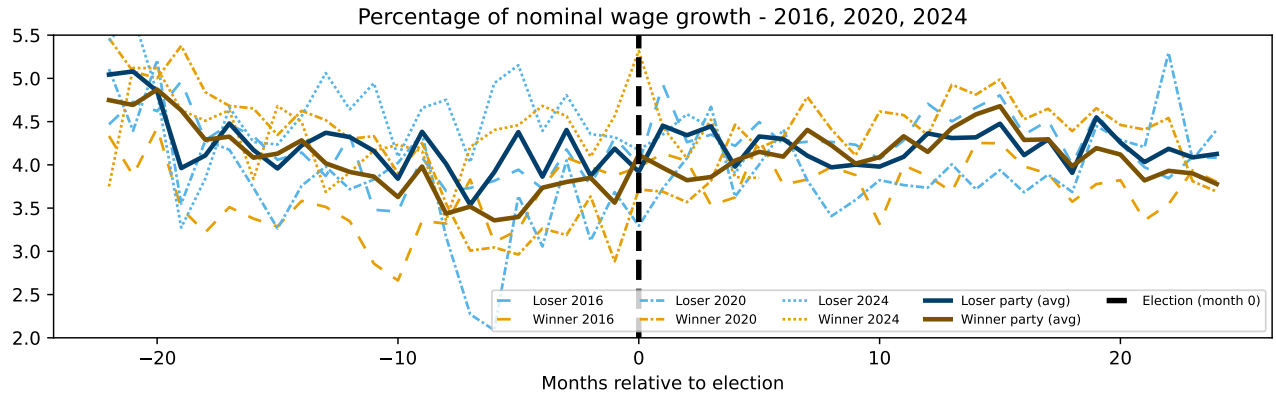


C Additional empirical results

Figure A.3: **Nominal** Income/Earning Expectations by Inferred Partisanship.



(a) Nominal household income growth rate in percentage points, next 12 months



(b) Nominal wage growth rate in percentage points, next 12 months

Notes: These tables are generated using data from the 2016, 2020, and 2024 American National Election Survey (ANES) and the Survey of Consumer Expectations (SCE) from the calendar year before and after the election. Orange lines indicate the mean responses of respondents affiliated with the winning party, blue lines indicate those respondents affiliated with the losing one.

D Details of the Bayesian Estimation

Table A.21 reports the prior distribution used for each parameter in the estimation.

Table A.21: Priors

Parameter	Prior	Rationale
p	Beta(2, 2)	Symmetric; weakly informative around 0.5
$e_1,\ e_0$	Beta(1, 4)	Mean 0.2; mislabeling uncommon but possible
$\alpha,\ \delta,\ \lambda_{\text{up}},\ \lambda_{\text{down}},\ \omega_1$	$\mathcal{N}(0,\ 2)$	Weakly informative; variables are standardized
σ	HalfNormal(2)	Positive support; weakly informative

All continuous expectation variables ($s_{i,t}$, $\psi_{i,t}$) are standardized prior to estimation, so Normal$(0, 2)$ priors are weakly informative on a unit-variance scale.

Posterior Sampling: NUTS. Posterior inference is carried out via Markov Chain Monte Carlo using the No-U-Turn Sampler (NUTS), a self-tuning variant of Hamiltonian Monte Carlo (HMC), implemented in PyMC (Abril-Pla et al., 2023).

Algorithm sketch. At each iteration, NUTS augments the parameter vector $\theta \in \mathbb{R}^d$ with a momentum variable $r \sim \mathcal{N}(0, M)$, where M is a diagonal mass matrix adapted during warm-up. It then simulates Hamiltonian dynamics

$$H(\theta, r) = -\log \pi(\theta \mid \text{data}) + \tfrac{1}{2} r^\top M^{-1} r, \tag{12}$$

by leapfrog integration with step size ε. Unlike standard HMC, which requires the user to specify the number of leapfrog steps, NUTS grows a binary tree of trajectory proposals forward and backward in time, doubling the path length at each level, and stops when the trajectory begins to double back on itself (the "U-turn" criterion). A proposal is drawn uniformly from the resulting set of tree leaves via slice sampling, and accepted with a Metropolis correction. Because the dynamics are nearly energy-preserving, acceptance rates are high, and the sampler moves efficiently through the posterior.

Tuning. During the warm-up phase, PyMC adapts ε and the diagonal of M using a dual-averaging scheme targeting an acceptance rate of 0.95. This high target acceptance rate is chosen to encourage small step sizes and careful exploration, which matters given the mixture structure of the likelihood: the marginalization over k_i^* can produce multimodal or funnel-shaped posteriors for the mislabeling parameters.

Sampler settings. See Table A.22.

Table A.22: Sampler setting

Setting	Value
Chains	4 (run in parallel)
Warm-up (tuning) draws	1,500
Post-warm-up draws per chain	1,500
Target acceptance rate	0.95
Posterior subsample for decomposition	500

D.1 Convergence Diagnostics

Convergence is monitored using the split $\hat{R}$ statistic (**??**), which compares within-chain to between-chain variance. Values near 1 indicate that all chains have mixed to the same distribution. We flag any model-year-variable combination for which $\max_\theta \hat{R} > 1.01$ and re-estimate it with an extended budget (2,000 draws, 2,000 tuning steps, target acceptance rate 0.96). We additionally report bulk and tail effective sample sizes (ESS) to verify that the tails of the posterior are adequately explored.

D.2 Estimation results based on imputed likelihood

See Figure A.4 and A.5.

Figure A.5 evaluates the contributions of all partisan mechanisms to the observed macroeconomic belief dispersion, based on the frequentist parameter estimates from MLE. We measure such importance by the explanatory power of our factor-model estimates, as measured by R^2 from a linear regression of observed $z_{i,t}$ on $\hat{z}_{i,t}$, which are predicted by observed $s_{i,t}$ and estimated parameters $\widehat{\Gamma}$. Also note that values of $z_{i,t}$ are residualized from individual and time-fixed effects. Therefore, the R^2 here can be thought of as the fraction of the variations in macroeconomic beliefs net of common and individual-specific factors that can be purely explained by partisan factors.

E Data Appendix

This online appendix provides the specific questions of the variables we use for our empirical analysis.

E.1 Michigan Survey of Consumers

Variable Description	Question Number	Question Text
Prob of higher unemployment rate	Q11	How about people out of work during the coming 12 months – do you think that there will be more unemployment than now, about the same, or less unemployment than now?
Prob of losing job	Q27b	During the next five years, what do you think the chances are that you (or your spouse/partner) will lose a job that you wanted to keep?
Prob of higher nominal income	Q16a	By about what percent do you expect your total (family) income to increase/decrease during the next 12 months?
Higher or lower real household income	Q15	During the next year or two, do you expect that your (family) income will go up more than prices will go up, about the same as prices go up, or less than prices will go up?
Better or worse personal financial status (future)	Q3	Now looking ahead–do you think that a year from now you (and your family living there) will be better off financially, worse off financially, or just about the same as now?
Better or worse personal financial status (past)	Q1	We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?
Expected Increase in gas prices 1y	Q21a	About how many cents per gallon do you think gasoline prices will go up/down during the next five years compared to now?
Expected Increase in gas prices 5y	Q22a	About how many cents per gallon do you think gasoline prices will go up/down during the next twelve months compared to now?
Expected inflation rate	Q13a	By about what percent do you expect prices to go up/down on the average, during the next 12 months?
Expected inflation rate	Q14a	By about what percent per year do you expect prices to go up/down on the average, during the next 5 to 10 years?
Interest rates rise/fall	Q12	No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months –will they go up, stay the same, or go down?
Business conditions improve/decline	Q8	And how about a year from now, do you expect that in the country as a whole, business conditions will be better or worse than they are at present, or just about the same?
Business financial conditions improve/decline 1y	Q5	Now turning to business conditions in the country as a whole–do you think that during the next 12 months we'll have good times financially or bad times financially?
Business financial conditions improve/decline 5y	Q9	Looking ahead, which would you say is more likely – that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression?
Index of Consumer Sentiment		Q1 + Q3 + Q5 + Q9 + Q19
Index of Current Economic Conditions		Q1 + Q19

Index of Consumer Expectations	Q3 + Q5 + Q9
Macro Sentiment Index	Q5 + Q9
Micro Sentiment Index	Q1 + Q3 + Q19

Table A.24: Data Description: Michigan Survey of Consumers

E.2 NY Fed Survey of Consumer Expectations

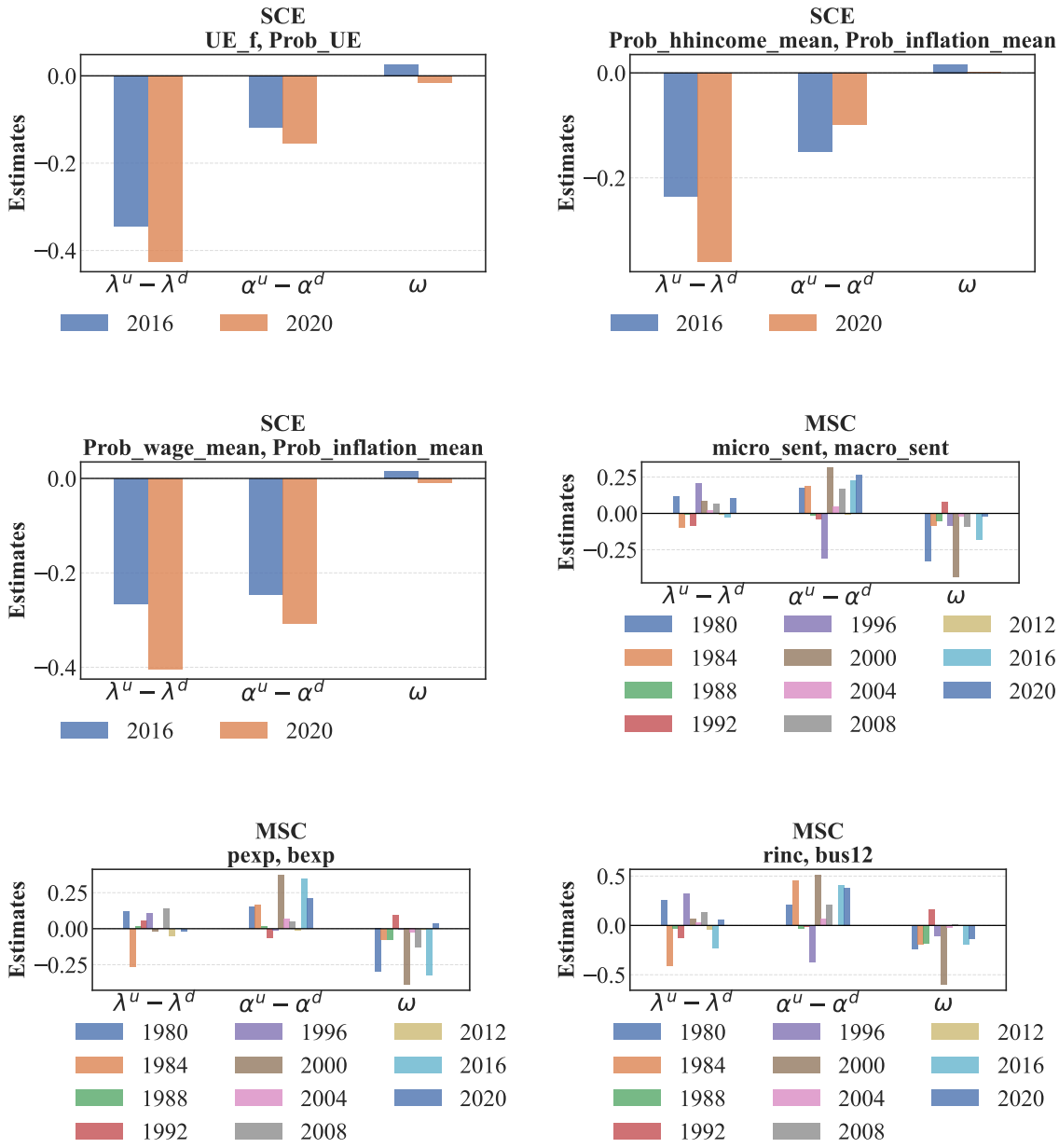
Variable Description	Question Number	Question Text
Prob of higher unemployment rate	Q4new	What do you think is the percent chance that 12 months from now the unemployment rate in the U.S. will be higher than it is now?
Perceived job separation prob	Q13new	What do you think is the percent chance that you will lose your ["main" if Q11>1, "current" if Q11=1] job during the next 12 months?
Perceived job finding prob	Q22new	Suppose you were to lose your ["main" if Q11>1] job this month. What do you think is the percent chance that within the following 3 months, you will find a job that you will accept, considering the pay and type of work?
Prob of quitting	Q14new	What do you think is the percent chance that you will leave your ["main" if Q11>1, "current" if Q11=1] job voluntarily during the next 12 months?
Higher or lower personal wage rate	Q23v2	Please think ahead to 12 months from now. Suppose that you are working in the exact same ["main" if Q11>1] job at the same place you currently work, and working the exact same number of hours. What do you expect to have happened to your earnings on this job, before taxes and deductions?
Percentage of real wage growth	Q23v2part2	By about what percent do you expect your earnings to have [increased/decreased as in Q23]? Please give your best guess.
Higher or lower household income	Q25v2	Over the next 12 months, what do you expect will happen to the total income of all members of your household (including you), from all sources before taxes and deductions?
Percentage of real household income growth	Q25v2part2	By about what percent do you expect your total household income to [increase/decrease as in Q25v2]? Please give your best guess.
Higher or lower spending	Q26v2	Over the next 12 months, what do you expect will happen to the total spending of all members of your household (including you)?
Percentage of spending growth	Q26v2part2	By about what percent do you expect your total household spending to [increase/decrease as in Q26v2]? Please give your best guess.
Expected Increase in gas prices	C4_1	Twelve months from now, what do you think will have happened to the price of the following items? Price of a gallon of oil
Expected Increase in food prices	C4_2	Twelve months from now, what do you think will have happened to the price of the following items? Price of food

Expected Increase in medical prices	C4_3	Twelve months from now, what do you think will have happened to the price of the following items? Price of medical care
Expected increase in college prices	C4_4	Twelve months from now, what do you think will have happened to the price of the following items? Cost of a college education
Expected increase in rent	C4_5	Twelve months from now, what do you think will have happened to the price of the following items? Cost of renting a typical house/apartment
Expected increase in gold	C4_6	Twelve months from now, what do you think will have happened to the price of the following items? Price of gold
Inflation or deflation	Q8v2	The next few questions are about inflation. Over the next 12 months, do you think that there will be inflation or deflation?
Expected inflation rate	Q8v2part2	What do you expect the rate of [inflation (if Q8v2=inflation)/deflation (if Q8v2=deflation)] to be over the next 12 months? Please give your best guess.
Higher or lower house prices	Q31v2	Over the next 12 months, what do you expect will happen to the average home price nationwide?
Expected house price change	Q31v2part2	By about what percent do you expect the average home price to [increase/decrease as in Q31v2]? Please give your best guess.
Prob of higher interest rate	Q5new	What do you think is the percent chance that 12 months from now the average interest rate on saving accounts will be higher than it is now?
Prob of higher stock market	Q6new	What do you think is the percent chance that 12 months from now, on average, stock prices in the U.S. stock market will be higher than they are now?
Federal welfare benefits: direction	qp1x5	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Federal welfare benefits
Unemployment benefits: direction	qp1x6	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Unemployment benefits
Payroll tax rate: direction	qp1x9	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Payroll tax rate
Capital gains tax rate: direction	qp1x11	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Capital gains tax rate
Average income tax rate: direction	qp1x16	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Average income tax rate
Income tax rate for highest income bracket: direction	qp1x17	What do you think is the percent chance that over the next 12 months there will be an increase/expansion, decrease/reduction, or no change in each of the following? Income tax rate for highest income bracket
Federal welfare benefits: effect	qp2x5	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Federal welfare benefits

Unemployment benefits: effect	qp2x6	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Unemployment benefits
Payroll tax rate: effect	qp2x9	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Payroll tax rate
Capital gains tax rate: effect	qp2x11	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Capital gains tax rate
Average income tax rate: effect	qp2x16	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Average income tax rate
Income tax rate for highest income bracket: effect	qp2x17	If the following policy changes were implemented in the next 12 months, how would you and your household be impacted? Income tax rate for highest income bracket

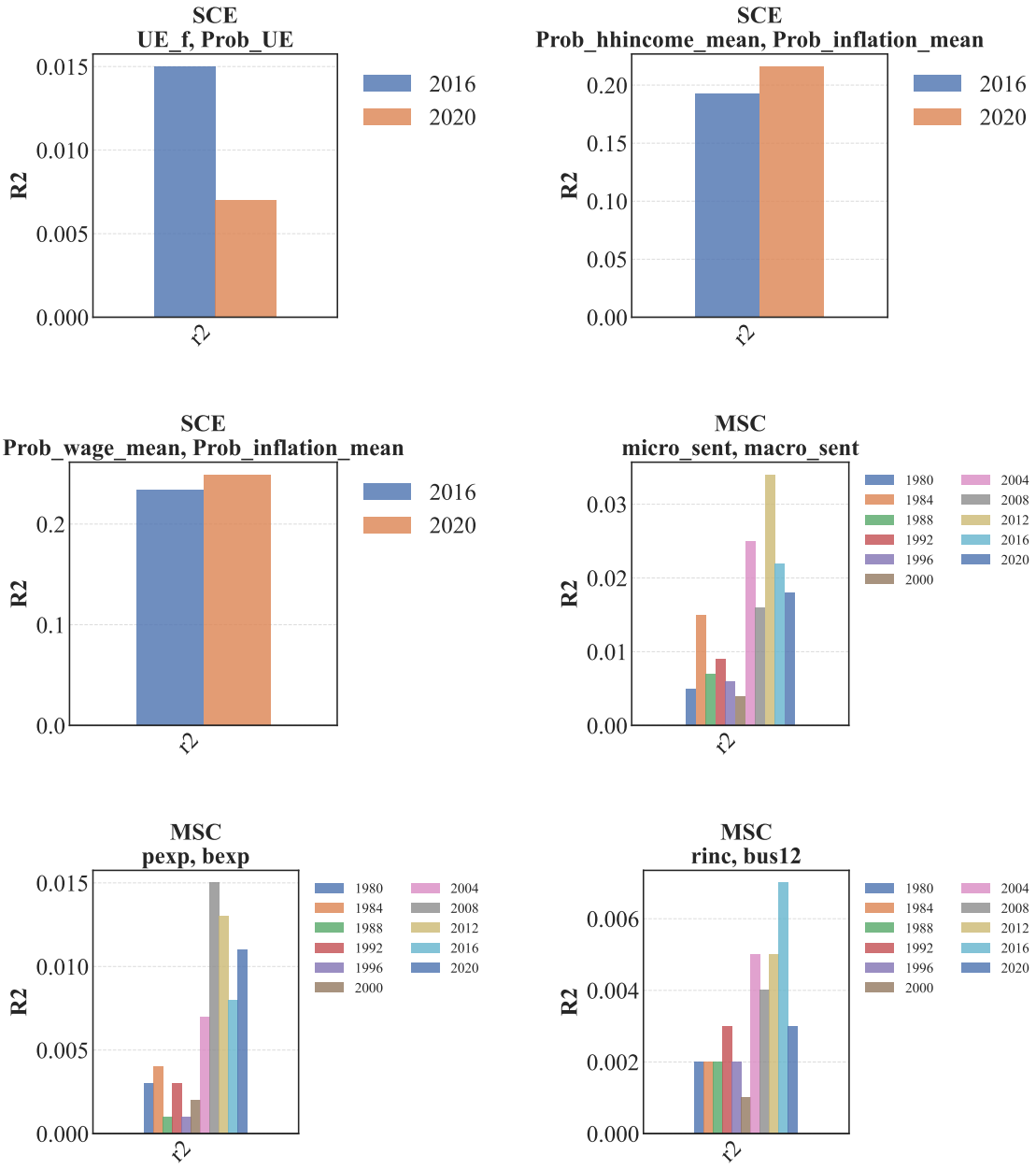
Table A.25: Data Description: Survey of Consumer Expectations

Figure A.4: Model Estimates



These figures plot the parameter estimates for each survey, each pair of micro and macroeconomic expectations, and each election cycle. Superscripts u and d represent *up* and *down* for brevity.

Figure A.5: Time-varying Importance of Partisanship in Macroeconomic Expectations Implied by Model Estimates



Notes: The figure plots the R^2 of a linear regression of observed cross-sectional macroeconomic expectations on their predicted values from the model estimates, for each pair of micro and macroeconomic beliefs, and each election cycle.

Table A.23: Model Estimates

					slope_up	slope_down	shift_up	shift_down	bias	coeff	r2	p_value
	pexp	bexp	dem	1980	0.301	0.178	0.180	0.027	-0.298	0.055	0.003	0.000
			rep	1980	0.309	0.167	-0.285	-0.084	0.404	0.054	0.003	0.000
			dem	1984	0.129	0.394	0.094	-0.074	-0.074	0.058	0.004	0.000
			rep	1984	0.361	0.126	-0.127	0.052	0.052	0.052	0.003	0.000
			dem	1988	0.202	0.188	0.030	0.015	-0.077	0.032	0.001	0.000
			rep	1988	0.206	0.184	0.039	-0.006	-0.045	0.025	0.001	0.001
			dem	1992	0.277	0.220	-0.071	-0.010	0.096	0.057	0.003	0.000
			rep	1992	0.352	0.154	0.126	-0.050	-0.074	0.054	0.003	0.000
			dem	1996	0.261	0.152	-0.003	0.008	-0.003	0.033	0.001	0.000
			rep	1996	0.246	0.194	0.023	-0.021	0.023	0.042	0.002	0.000
			dem	2000	0.211	0.226	0.361	-0.013	-0.389	0.045	0.002	0.000
			rep	2000	0.293	0.149	-0.311	0.001	0.368	0.054	0.003	0.000
			dem	2004	0.300	0.301	0.039	-0.026	-0.026	0.079	0.007	0.000
			rep	2004	0.288	0.313	-0.057	0.026	0.026	0.090	0.009	0.000
			dem	2008	0.420	0.282	0.100	0.051	-0.128	0.114	0.015	0.000
			rep	2008	0.281	0.421	-0.065	-0.018	0.118	0.117	0.015	0.000
			dem	2012	0.329	0.377	-0.003	0.008	-0.003	0.106	0.013	0.000
			rep	2012	0.398	0.319	0.009	-0.011	0.009	0.117	0.016	0.000
			dem	2016	0.300	0.299	0.324	-0.025	-0.323	0.084	0.008	0.000
			rep	2016	0.337	0.270	-0.287	0.013	0.339	0.085	0.008	0.000
			dem	2020	0.340	0.355	0.089	-0.119	0.033	0.101	0.011	0.000
			rep	2020	0.354	0.345	-0.068	0.050	0.027	0.118	0.016	0.000
MSC	rinc	bus12	dem	1980	0.301	0.048	0.193	-0.021	-0.242	0.038	0.002	0.000
			rep	1980	0.047	0.285	-0.389	-0.002	0.417	0.026	0.001	0.000
			dem	1984	0.078	0.487	0.253	-0.198	-0.198	0.037	0.002	0.000
			rep	1984	0.453	0.062	-0.330	0.135	0.135	0.063	0.005	0.000
			dem	1988	0.189	0.225	0.040	0.071	-0.188	0.043	0.002	0.000
			rep	1988	0.158	0.253	-0.017	-0.089	0.145	0.046	0.002	0.000
			dem	1992	0.137	0.260	-0.066	-0.056	0.159	0.049	0.003	0.000
			rep	1992	0.246	0.169	0.120	0.088	-0.249	0.042	0.002	0.000
			dem	1996	0.343	0.016	-0.113	0.261	-0.113	0.040	0.002	0.000
			rep	1996	0.040	0.260	0.127	-0.114	0.127	0.042	0.002	0.000
			dem	2000	0.196	0.130	0.527	0.014	-0.601	0.032	0.001	0.000
			rep	2000	0.196	0.133	-0.490	0.013	0.557	0.019	0.000	0.013
			dem	2004	0.299	0.273	0.040	-0.027	-0.027	0.070	0.005	0.000
			rep	2004	0.261	0.312	-0.033	0.015	0.015	0.081	0.007	0.000
			dem	2008	0.292	0.162	0.098	-0.116	0.014	0.060	0.004	0.000
			rep	2008	0.186	0.268	-0.075	0.085	-0.016	0.047	0.002	0.000
			dem	2012	0.264	0.303	-0.001	0.002	-0.001	0.069	0.005	0.000
			rep	2012	0.309	0.264	-0.000	0.001	-0.000	0.078	0.007	0.000
			dem	2016	0.141	0.375	0.297	-0.111	-0.197	0.076	0.007	0.000
			rep	2016	0.346	0.174	-0.248	0.130	0.152	0.073	0.006	0.000
			dem	2020	0.271	0.211	0.255	-0.126	-0.133	0.049	0.003	0.000
			rep	2020	0.275	0.213	-0.173	0.017	0.236	0.046	0.002	0.000
	micro_sent	macro_sent	dem	1980	0.302	0.184	0.203	0.028	-0.330	0.068	0.005	0.000
			rep	1980	0.221	0.258	-0.351	-0.106	0.496	0.066	0.005	0.000
			dem	1984	0.325	0.424	0.107	-0.085	-0.085	0.113	0.015	0.000
			rep	1984	0.419	0.314	-0.155	0.063	0.063	0.120	0.016	0.000
			dem	1988	0.287	0.298	0.008	0.024	-0.056	0.082	0.007	0.000
			rep	1988	0.276	0.305	-0.087	-0.118	0.281	0.091	0.009	0.000
			dem	1992	0.247	0.335	-0.053	-0.013	0.081	0.088	0.009	0.000
			rep	1992	0.278	0.309	0.033	0.012	-0.054	0.085	0.008	0.000
			dem	1996	0.375	0.169	-0.089	0.221	-0.089	0.075	0.006	0.000
			rep	1996	0.144	0.344	0.145	-0.122	0.145	0.086	0.008	0.000
			dem	2000	0.287	0.203	0.362	0.046	-0.440	0.060	0.004	0.000
			rep	2000	0.256	0.237	-0.311	-0.020	0.412	0.063	0.004	0.000
			dem	2004	0.410	0.389	0.030	-0.020	-0.020	0.148	0.025	0.000
			rep	2004	0.385	0.416	-0.040	0.018	0.018	0.133	0.020	0.000
			dem	2008	0.386	0.321	0.140	-0.029	-0.095	0.118	0.016	0.000
			rep	2008	0.332	0.374	-0.109	0.034	0.105	0.113	0.014	0.000
			dem	2012	0.430	0.439	-0.002	0.005	-0.002	0.168	0.034	0.000
			rep	2012	0.445	0.426	0.004	-0.007	0.004	0.162	0.031	0.000
			dem	2016	0.377	0.404	0.199	-0.031	-0.182	0.136	0.022	0.000
			rep	2016	0.411	0.373	-0.185	0.042	0.179	0.142	0.024	0.000
			dem	2020	0.432	0.324	0.144	-0.122	-0.024	0.123	0.018	0.000
			rep	2020	0.432	0.331	-0.104	-0.004	0.167	0.121	0.017	0.000
SCE	UE_s	Prob_UE	dem	2016	-0.048	0.156	0.415	0.117	0.002	0.134	0.016	0.000
			rep	2016	-0.035	0.145	0.449	0.083	-0.010	0.139	0.017	0.000
			dem	2020	-0.111	0.224	0.495	-0.039	-0.059	0.070	0.005	0.000
			rep	2020	-0.096	0.206	0.441	-0.007	-0.053	0.079	0.006	0.000
	UE_f	Prob_UE	dem	2016	-0.180	0.165	0.260	0.379	0.026	0.135	0.016	0.000
			rep	2016	-0.163	0.148	0.310	0.338	0.015	0.133	0.016	0.000
			dem	2020	-0.245	0.181	0.193	0.348	-0.015	0.081	0.006	0.000
			rep	2020	-0.217	0.164	0.212	0.347	-0.043	0.073	0.005	0.000
	Prob_wage_mean	Prob_inflation_mean	dem	2016	-0.077	0.189	-0.960	-0.715	0.014	0.486	0.229	0.000
			rep	2016	-0.056	0.169	-0.943	-0.731	0.015	0.492	0.229	0.000
			dem	2020	-0.132	0.272	-1.025	-0.718	-0.008	0.511	0.253	0.000
			rep	2020	-0.071	0.154	-0.811	-0.964	-0.024	0.513	0.254	0.000
	Prob_hhincome_mean	Prob_inflation_mean	dem	2016	-0.095	0.141	-0.950	-0.800	0.016	0.431	0.187	0.000
			rep	2016	-0.042	0.088	-0.905	-0.849	0.022	0.438	0.190	0.000
			dem	2020	-0.158	0.202	-0.971	-0.873	0.001	0.459	0.216	0.000
			rep	2020	-0.086	0.122	-0.794	-1.020	-0.041	0.464	0.221	0.000
	Prob_wage	Prob_stock	dem	2016	-0.085	0.052	-0.028	0.396	-0.011	0.065	0.004	0.000
			rep	2016	-0.047	0.019	0.056	0.336	-0.019	0.064	0.004	0.000
			dem	2020	-0.115	0.080	-0.076	0.456	-0.068	0.038	0.001	0.000
			rep	2020	0.064	-0.105	0.313	-0.061	0.072	0.042	0.002	0.000