

**NationalJournal**Membership

# Charlie Cook's Tour of American Politics and Economics

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When you think economics, think elections;  
When you think elections, think economics.

- *Edward Tufte, Political Control of the Economy (1978)*

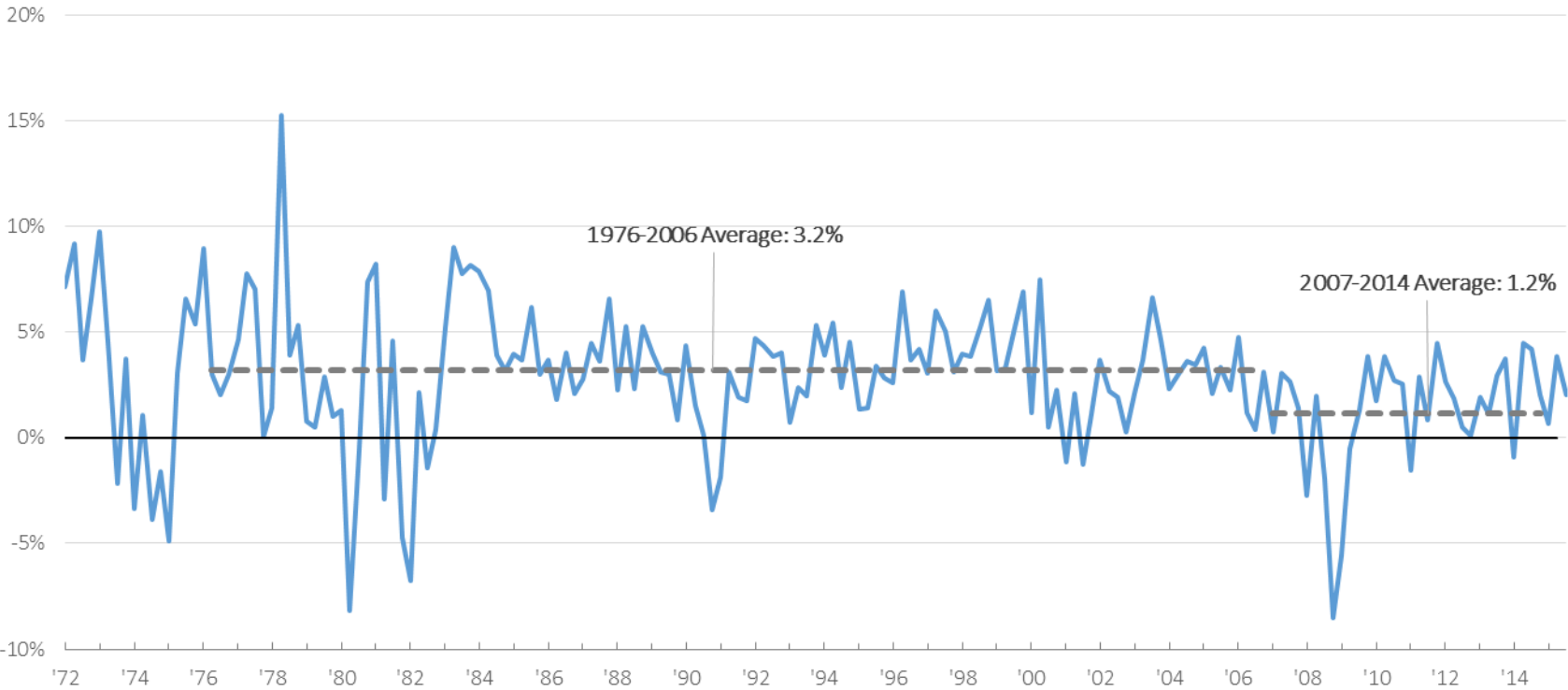
# Roadmap for the Presentation

Economic Vital Signs

└─ American Politics

# Economic Growth Just Now Returning to Normal Levels

**Real GDP**  
Percent Change from Prior Quarter Annual Rate

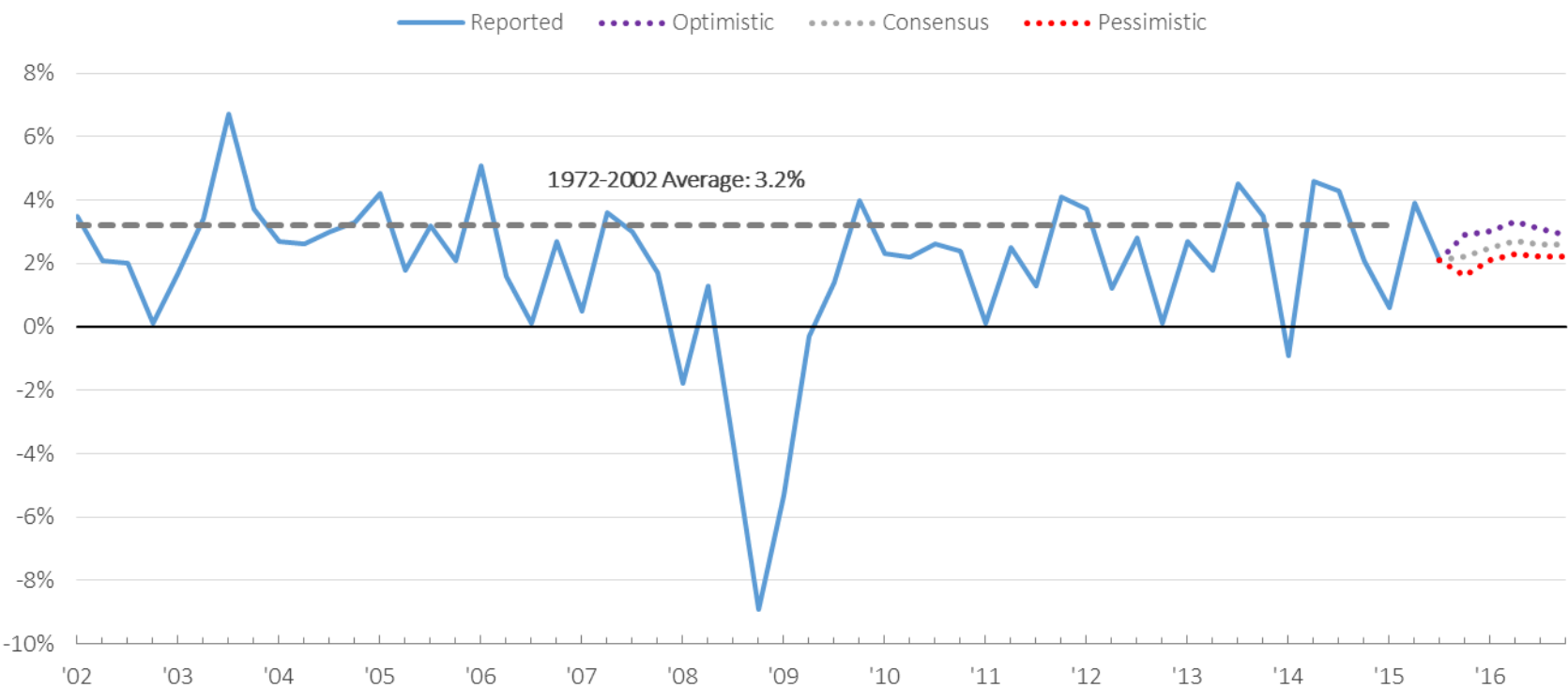


Sources: St. Louis Federal Reserve, December 22, 2015

# Nearly Average Growth Projected for Foreseeable Future

## Blue Chip Economic Indicators: GDP

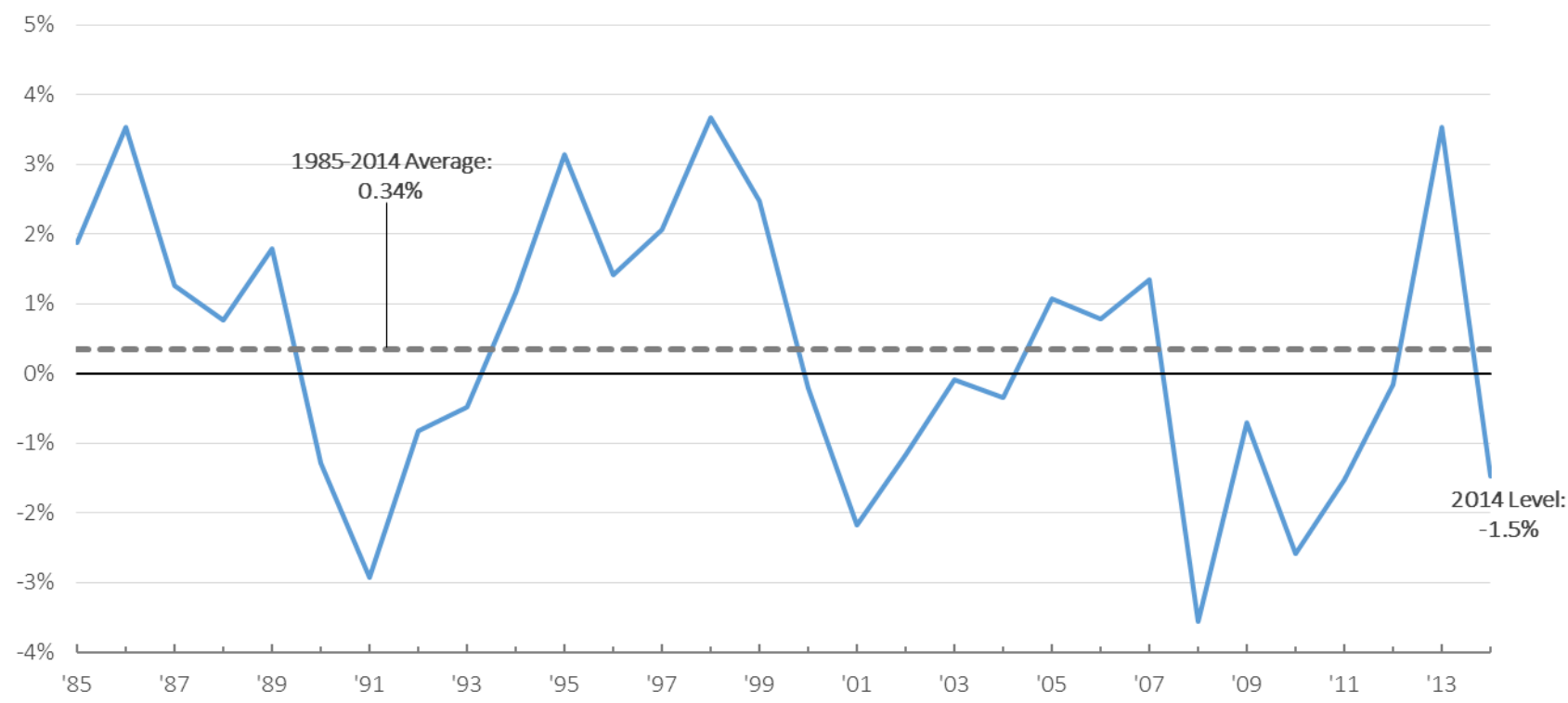
Estimated Quarterly Change in GDP



Sources: Bureau of Economic Analysis, 2015; Blue Chip Economic Indicators, December 10, 2015

# Real Median Household Income Returning to Normal Levels

Real Median Household Income in the United States  
Annual Percent Change

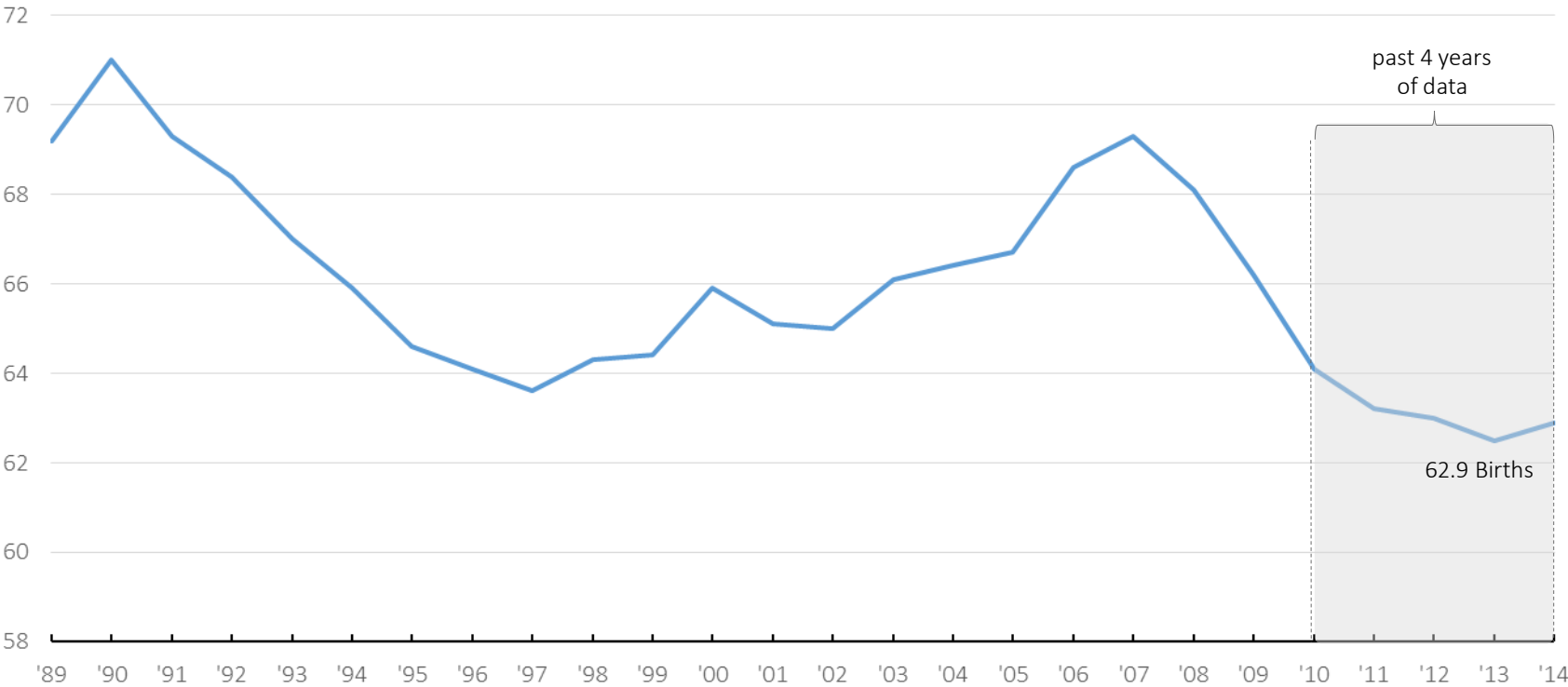


Sources: St. Louis Federal Reserve, October 21, 2015

# Ultimate Sign of Pessimism: Birth Rate Down

*People Starting to Defer Starting or Expanding a Family*

**U.S. General Fertility Rate**  
Births to Women Aged 15-44 Years



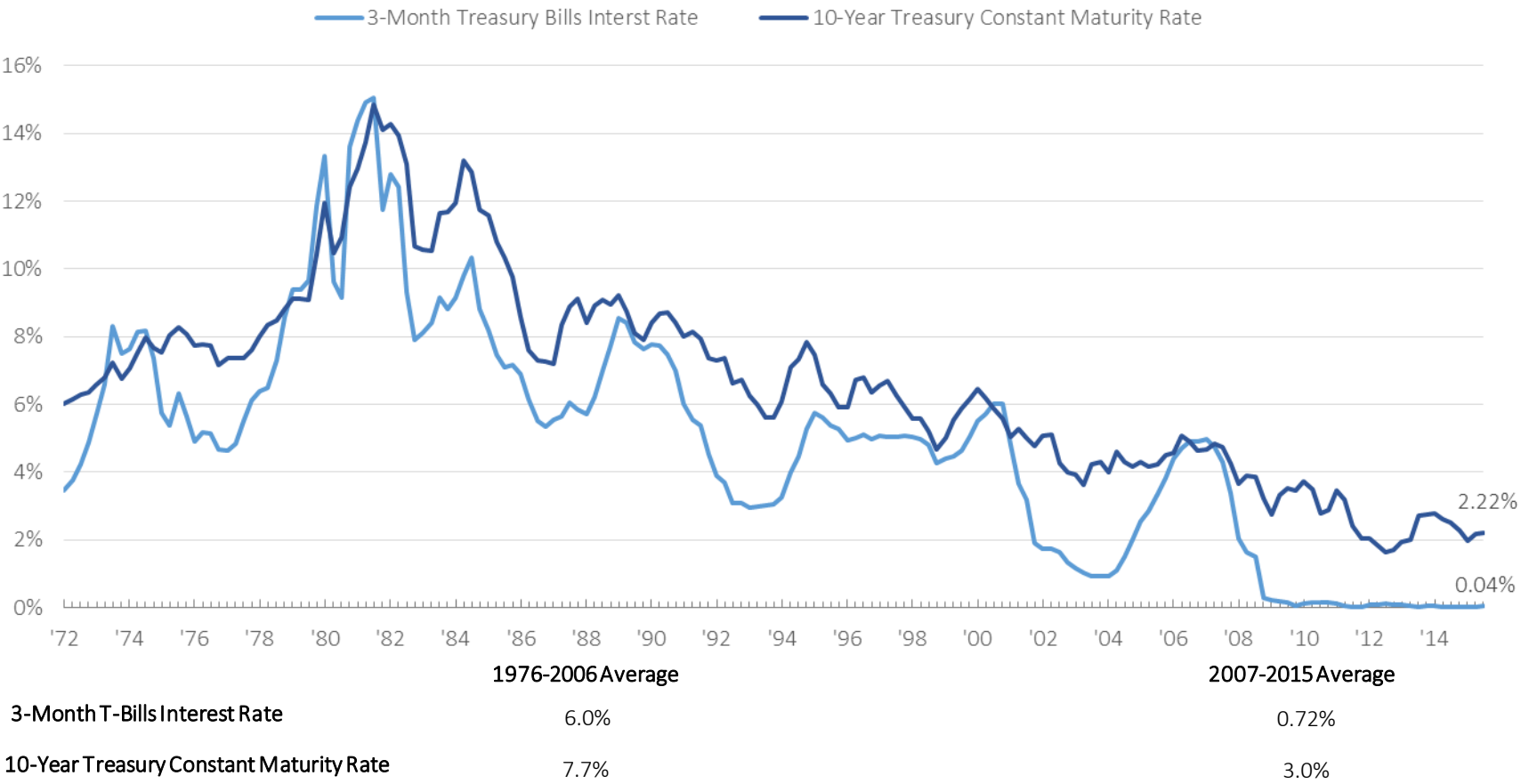
Sources: CDC, National Vital Statistics Report, June 17, 2015

# Interest Rates at Historic Lows

*Savers Punished and Borrowers Rewarded with Low Returns*

## Interest Rates

Quarterly Percent

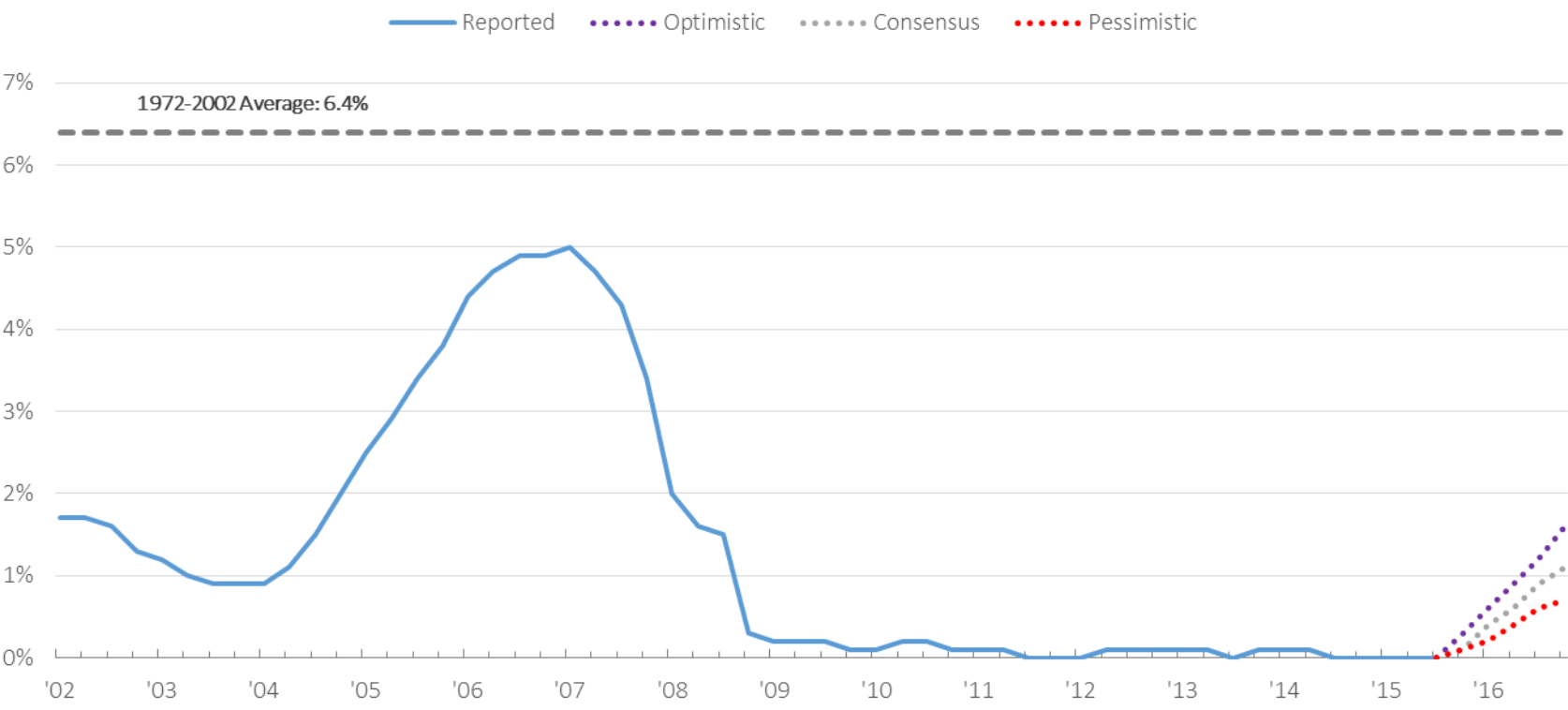


Source: St. Louis Federal Reserve, December 28, 2015



# Higher Expectations for Interest Rates Reflect Improved Growth Expectations

Blue Chip Economic Indicators: Three-Month Treasury Bills  
Estimated Quarterly Interest of Three-Month T-Bills

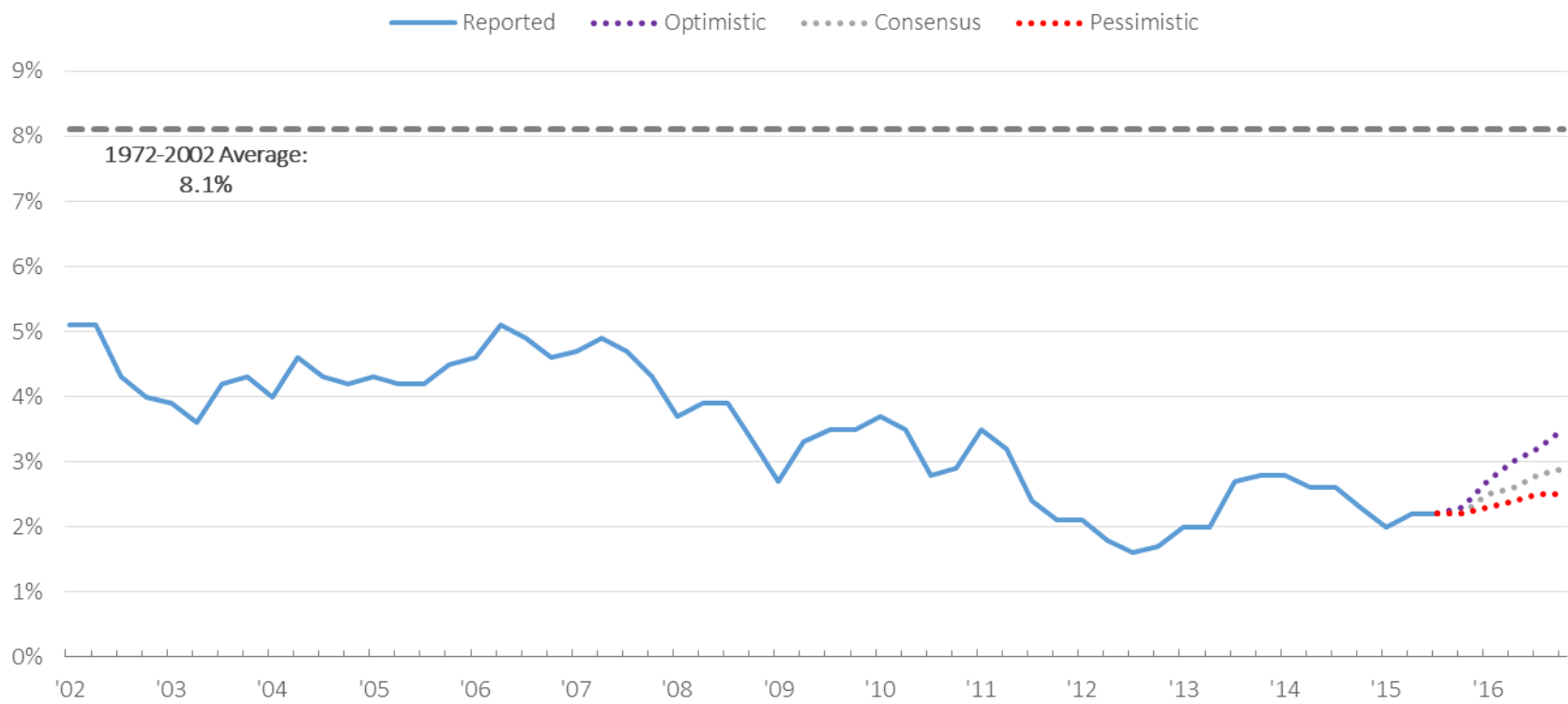


Sources: Blue Chip Economic Indicators, December 10, 2015

# Higher Expectations for Interest Rates

## Blue Chip Economic Indicators: 10-year Treasury Bills

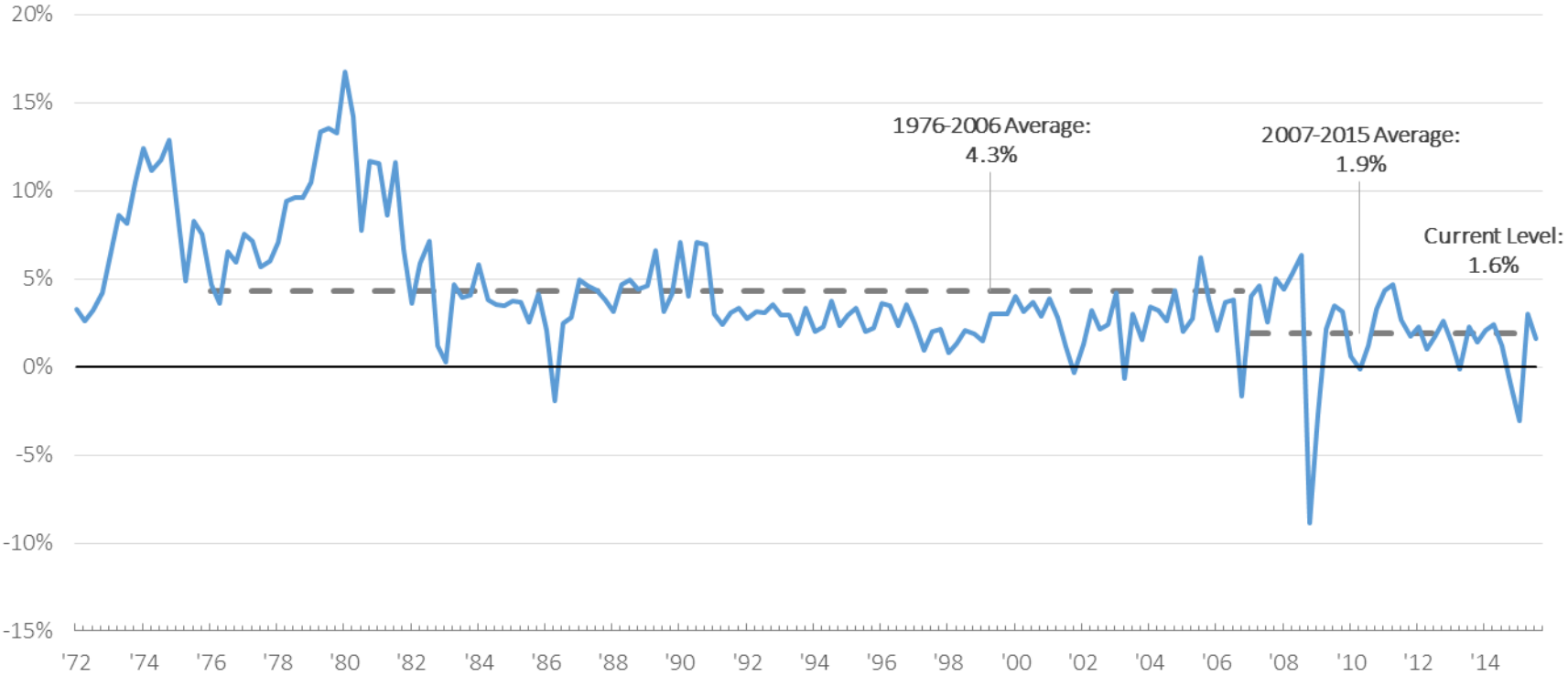
Estimated 10-year Treasury Constant Maturity Rate



Sources: Blue Chip Economic Indicators, December 10, 2015

# So Far Inflation Stays Very Low

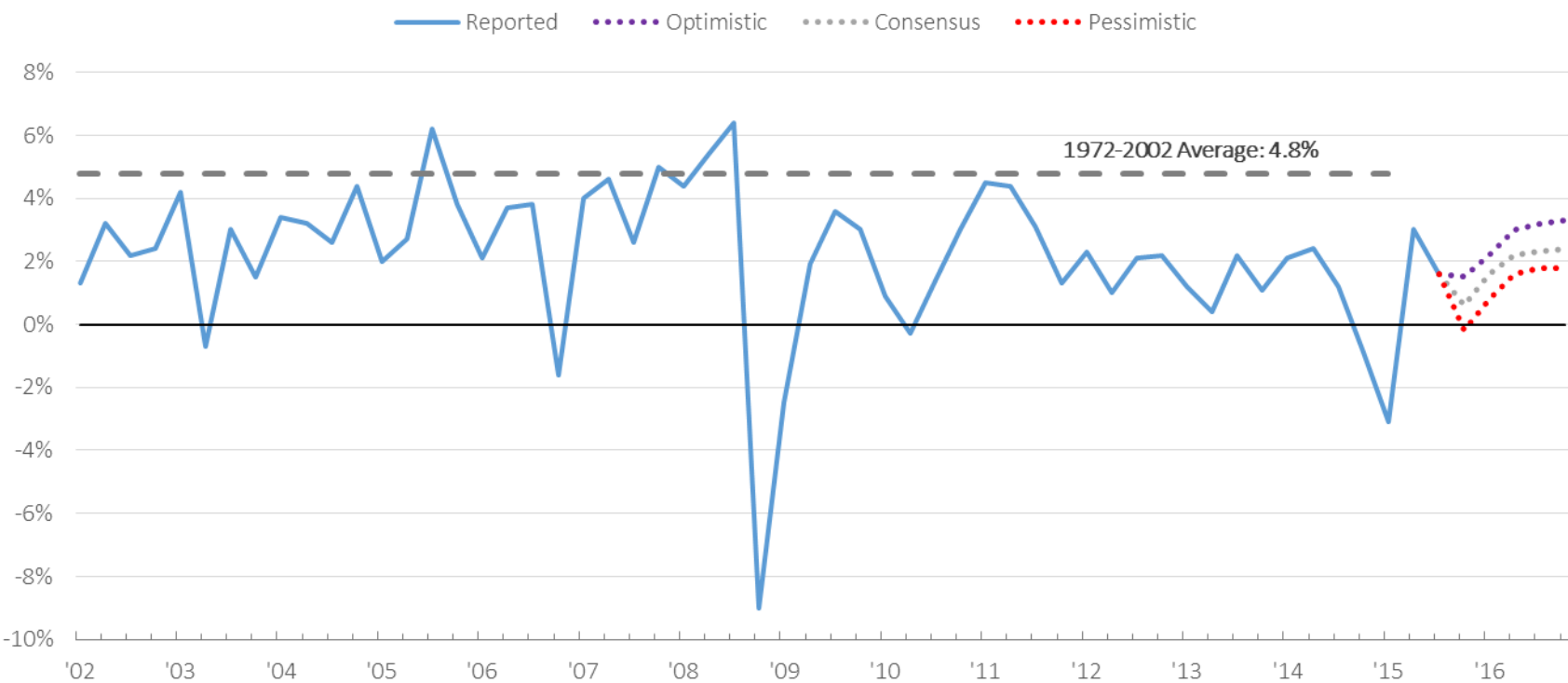
Consumer Price Index for All Urban Consumers  
Quarterly Percent Change



Sources: St. Louis Federal Reserve, December 15, 2015

# Inflation Projected to Stay Low

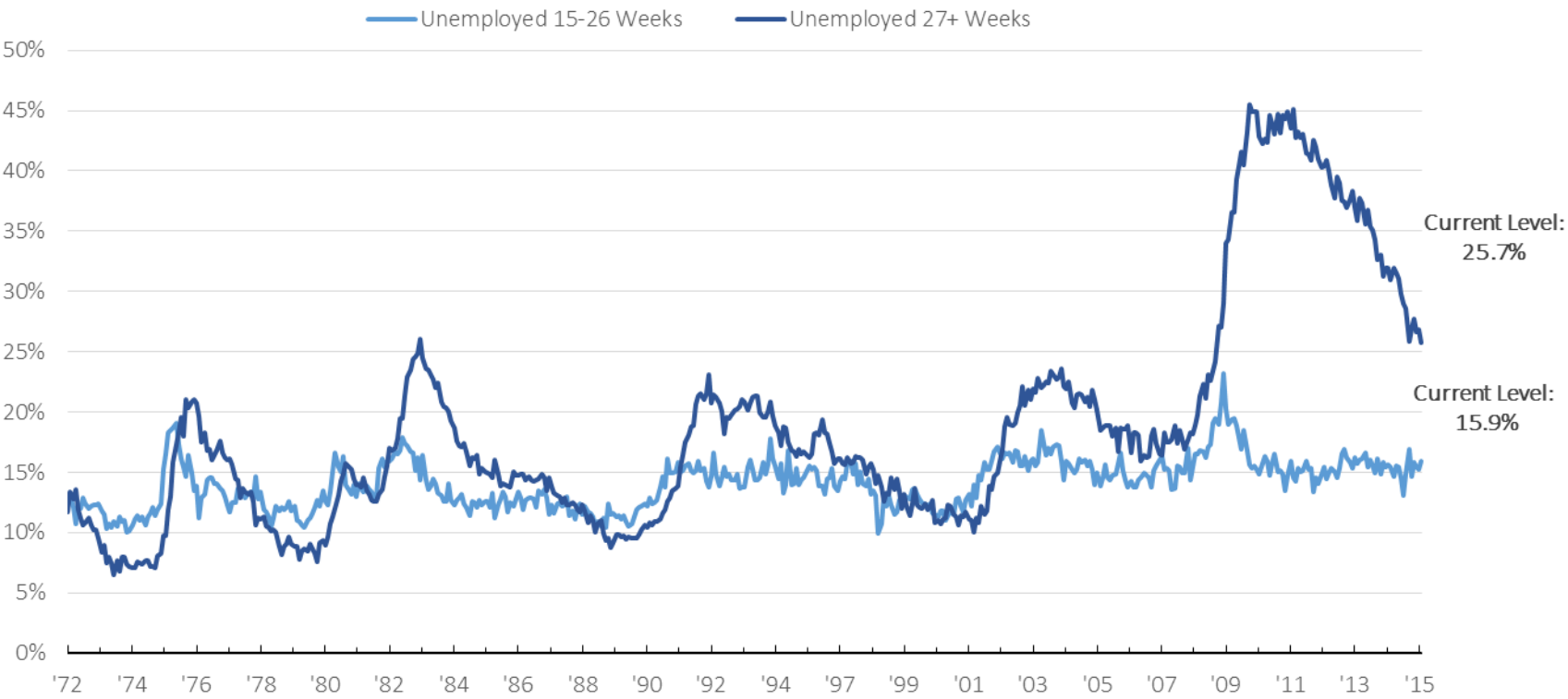
Blue Chip Economic Indicators: Consumer Price Index  
Estimated Quarterly CPI



Sources: Blue Chip Economic Indicators, December 10, 2015

# Long-Term Unemployment Rate Gradually Declines

Unemployment Rate  
Percentage of Unemployed by Duration of Unemployment

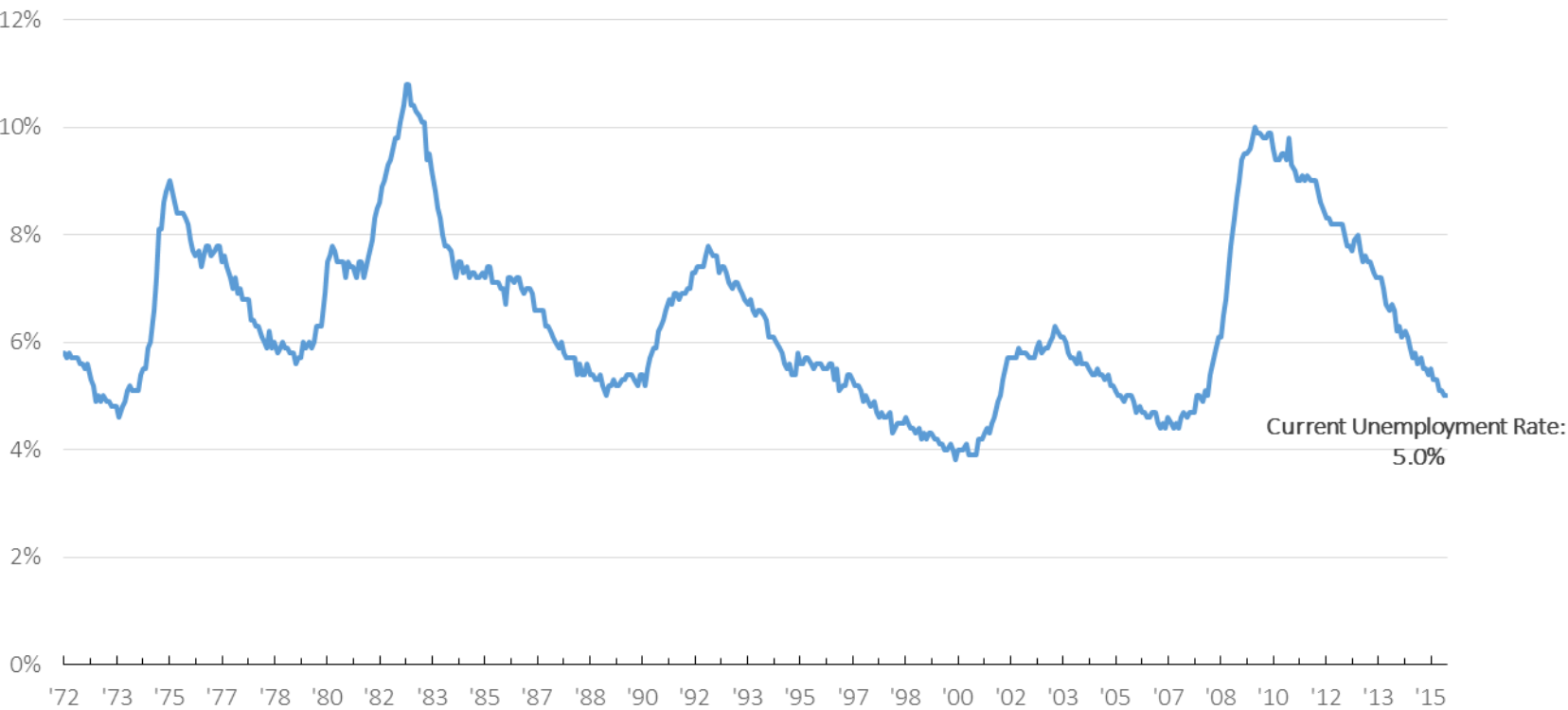


Sources: St. Louis Federal Reserve, December 4, 2015

# Unemployment Dropping

*Unemployment Direction is Positive*

**Unemployment Rate**  
Actual Year-to-Date Unemployment Rates

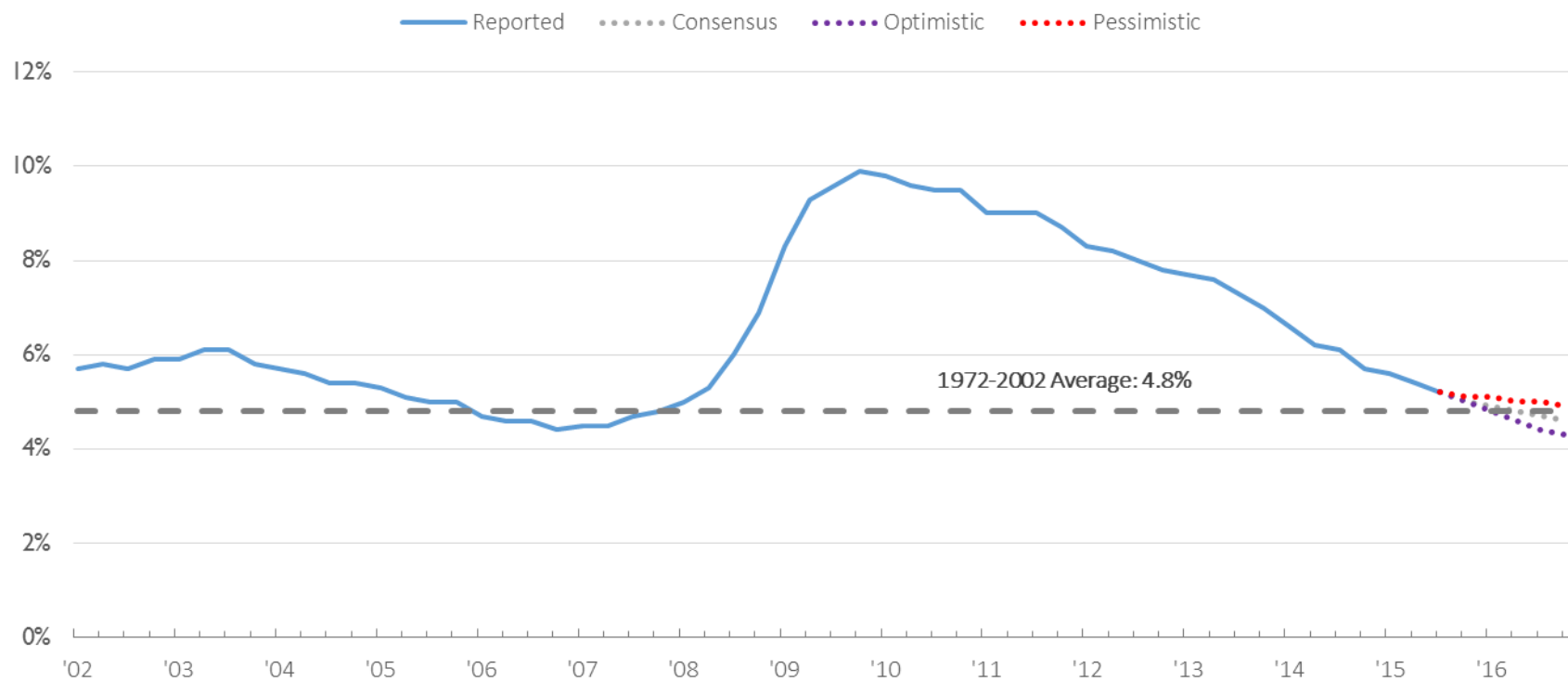


Sources: St. Louis Federal Reserve, December 4, 2015

# Forecasts Predict Continual Decrease in Unemployment

*Forecasted Quarterly Rate Nearing 5%*

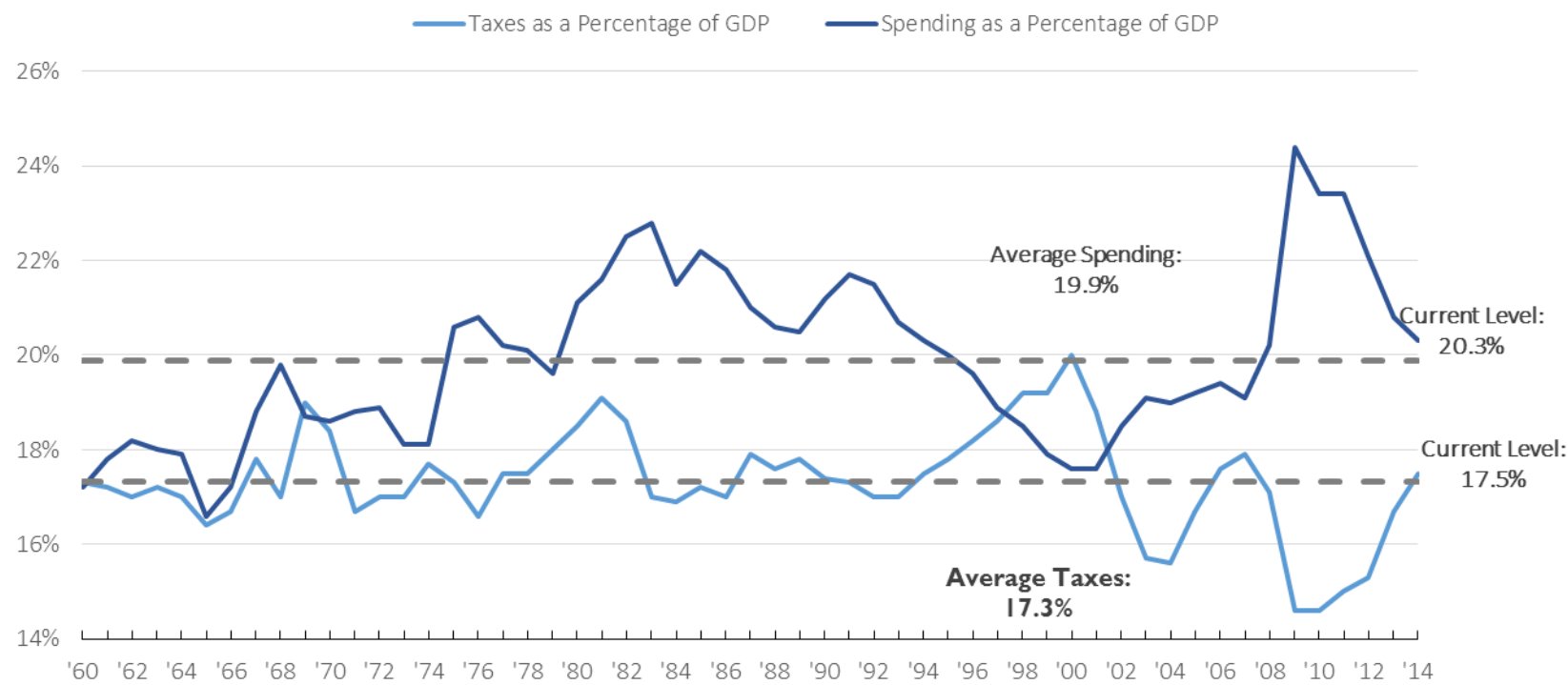
**Blue Chip Economic Indicators: Unemployment Rate**  
Estimated Quarterly Unemployment



Sources: Blue Chip Economic Indicators, December 10, 2015

# Deficit Problem Stems from Both Increased Spending and Decreased Taxing

Taxes and Spending as Percentage of GDP

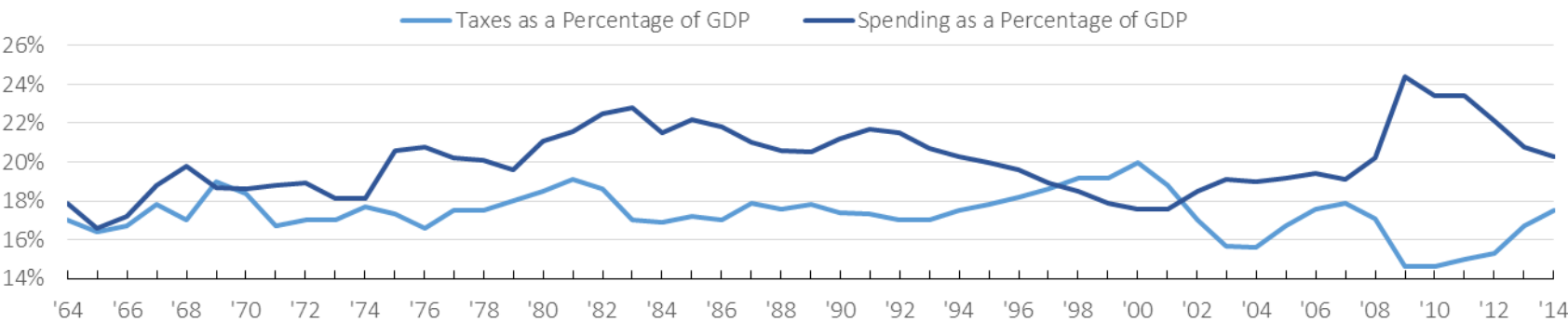


Sources: White House Office of Management and Budget, Historical Tables, 2015

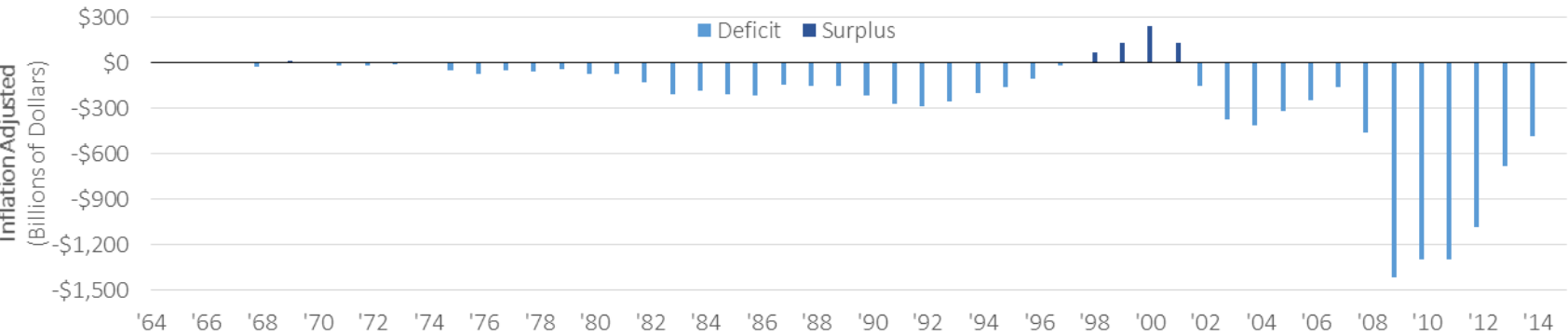


# Gap Between Taxing and Spending Creates Deficit or Surplus

## U.S. Taxing and Spending as Percentage of GDP



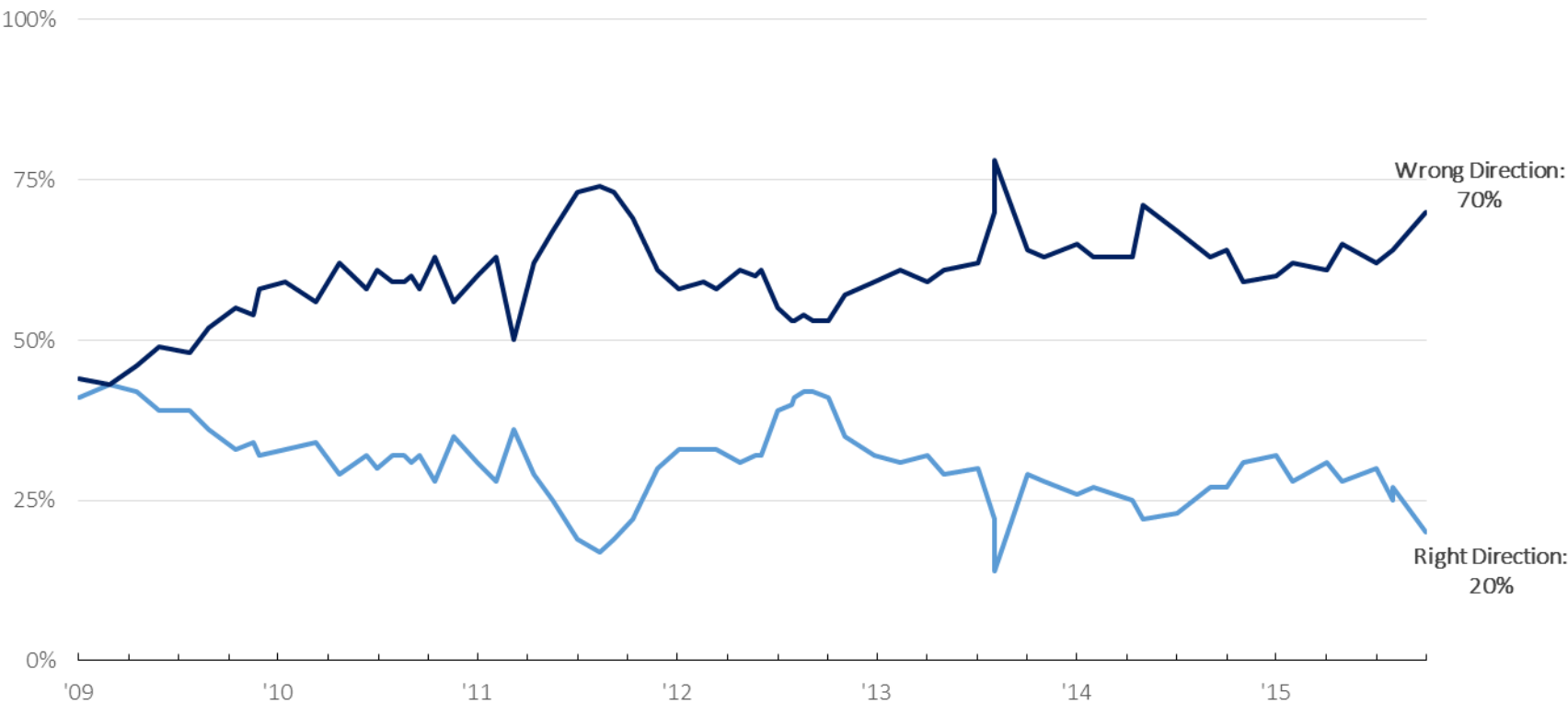
## U.S. Deficits and Surplus



Sources: White House Office of Management and Budget, Historical Tables, 2015

# Public Still Skeptical on National Outlook

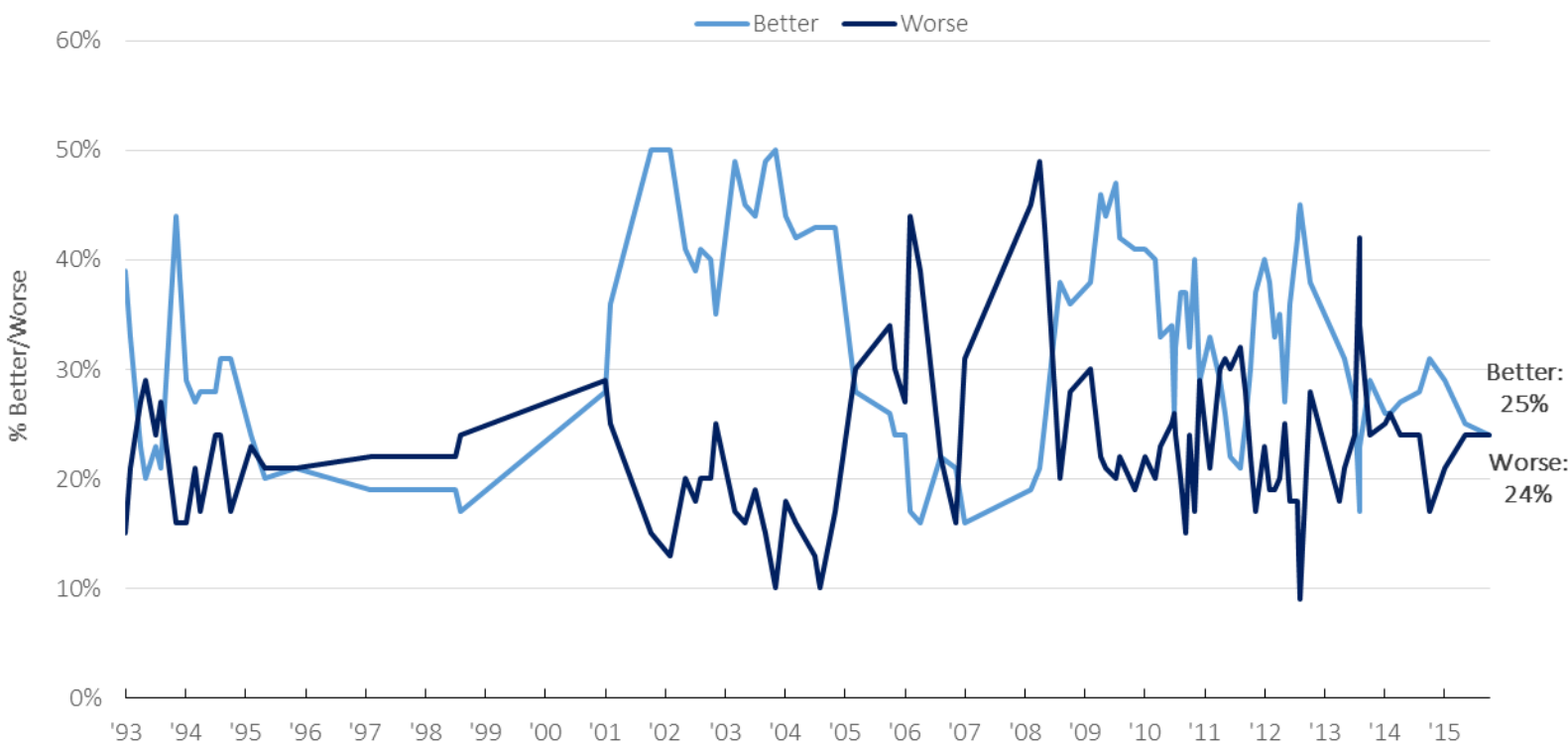
**Percentage Responding to the Question:** “All in all, do you think things in the nation are generally headed in the right direction, or do you feel things are off on the wrong track?”



Sources: NBC/WSJ Poll, December 6-9, 2015

# Public Outlook for Economy Gradually Improving

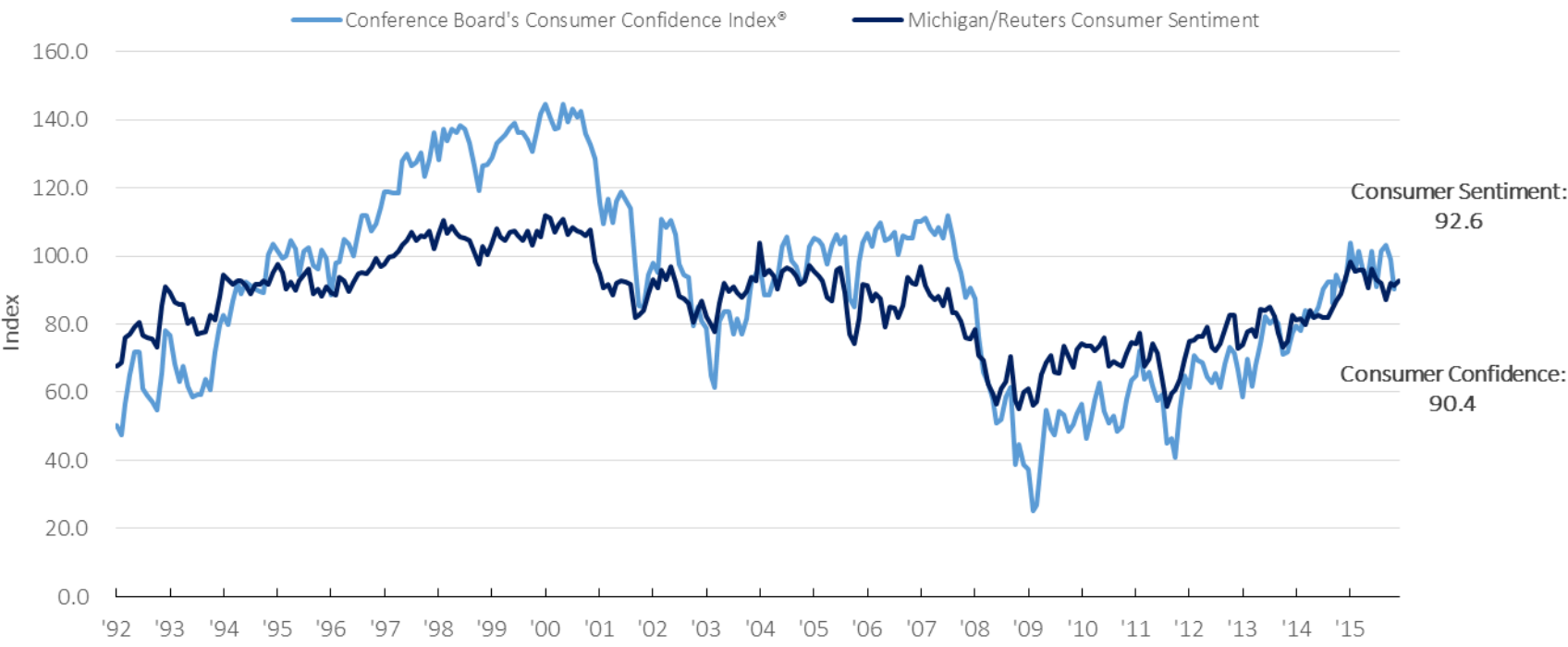
**Percentage Responding to the Question:** “During the next twelve months, do you think that the nation’s economy will get better or worse?”



Sources: NBC/WSJ Poll, December 6-9, 2015

# Consumers Optimism Improving But Still Low by Historical Measures

Consumers Confidence Index ® and Consumer Sentiment



Sources: Conference Board, November, 2015; Thomson Reuters/University of Michigan Surveys of Consumers, December 2015

# Roadmap for the Presentation

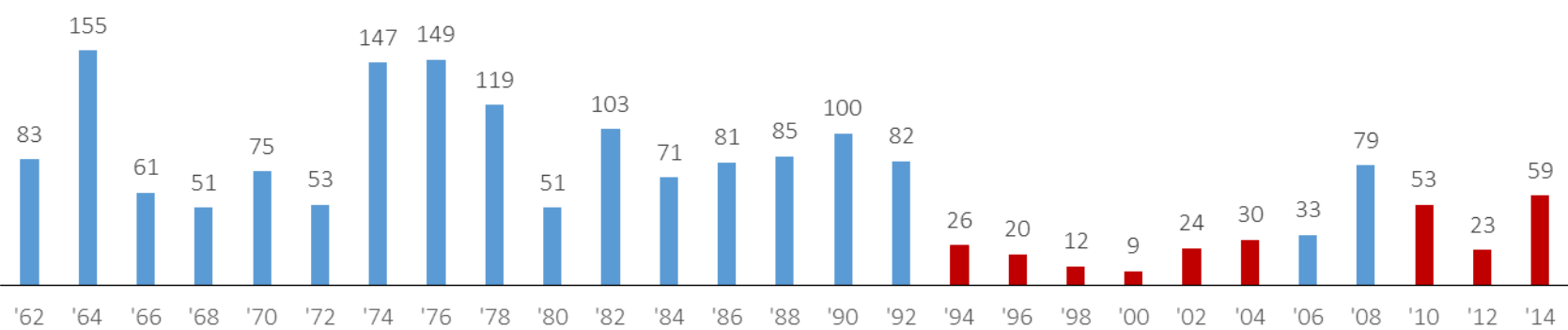
Economic Vital Signs



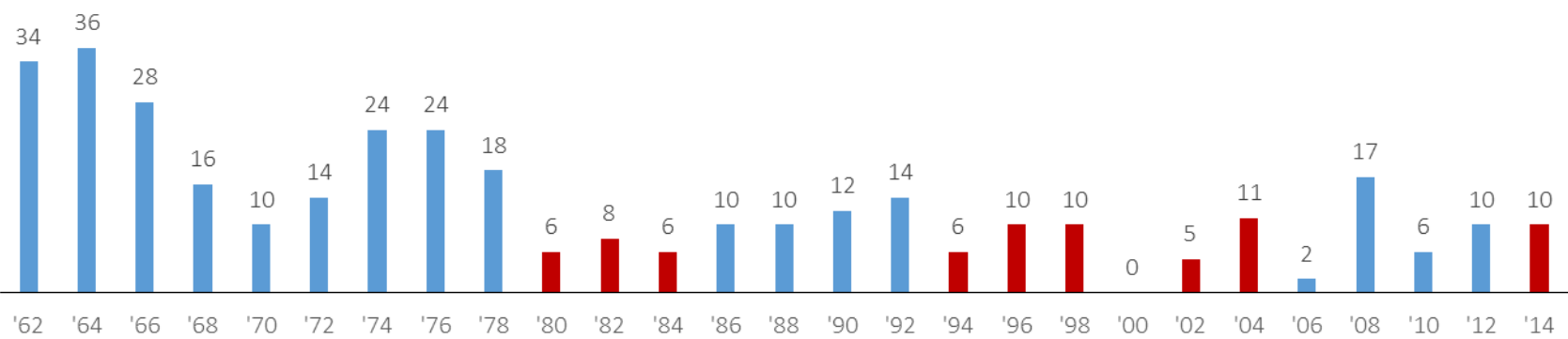
American Politics

# Congressional Partisanship Frames Fiscal Fights

Margin of House Control After Election  
88<sup>th</sup>-114<sup>th</sup> Congress



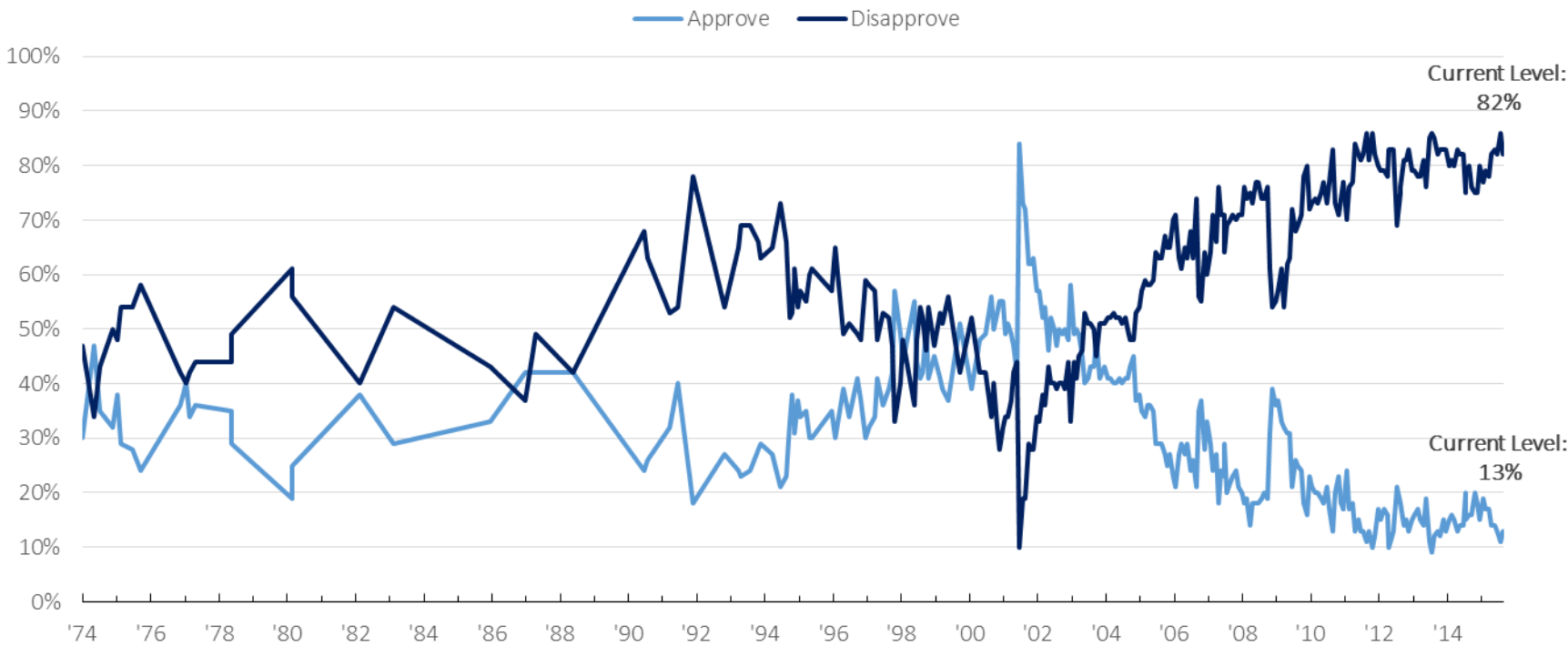
Margin of Senate Control After Election  
88<sup>th</sup>-114<sup>th</sup> Congress



Sources: Senate.gov, 2015; Office of the Clerk of the House of Representatives, 2014

# Congressional Approval Hovers Near Three-Decade Low

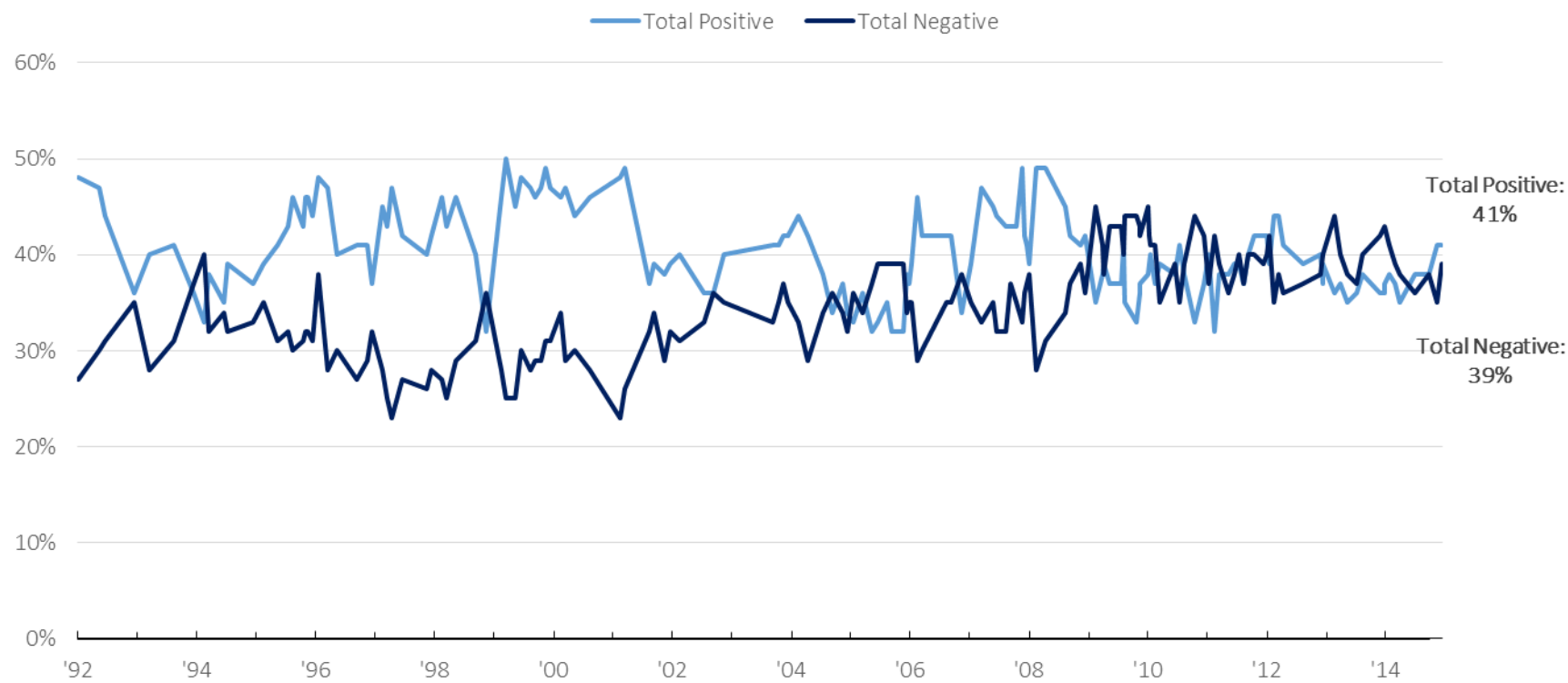
Congressional Approval Rating



Sources: Gallup.com, December 2-6, 2015

# Public Opinion Split on Democratic Party

NBC/WSJ Thermometer: Democratic Party

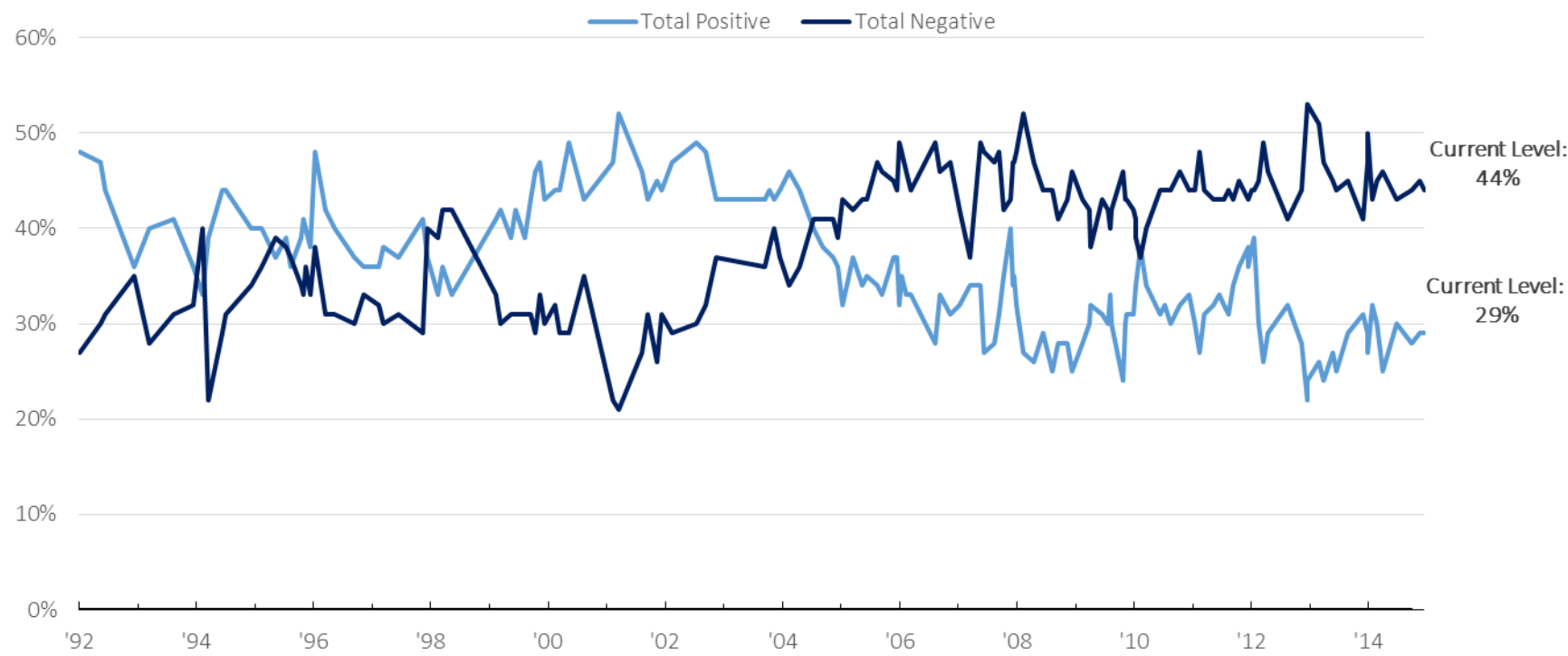


Sources: NBC/WSJ Poll, October 25-29, 2015



# Public Holds Negative Opinion of GOP

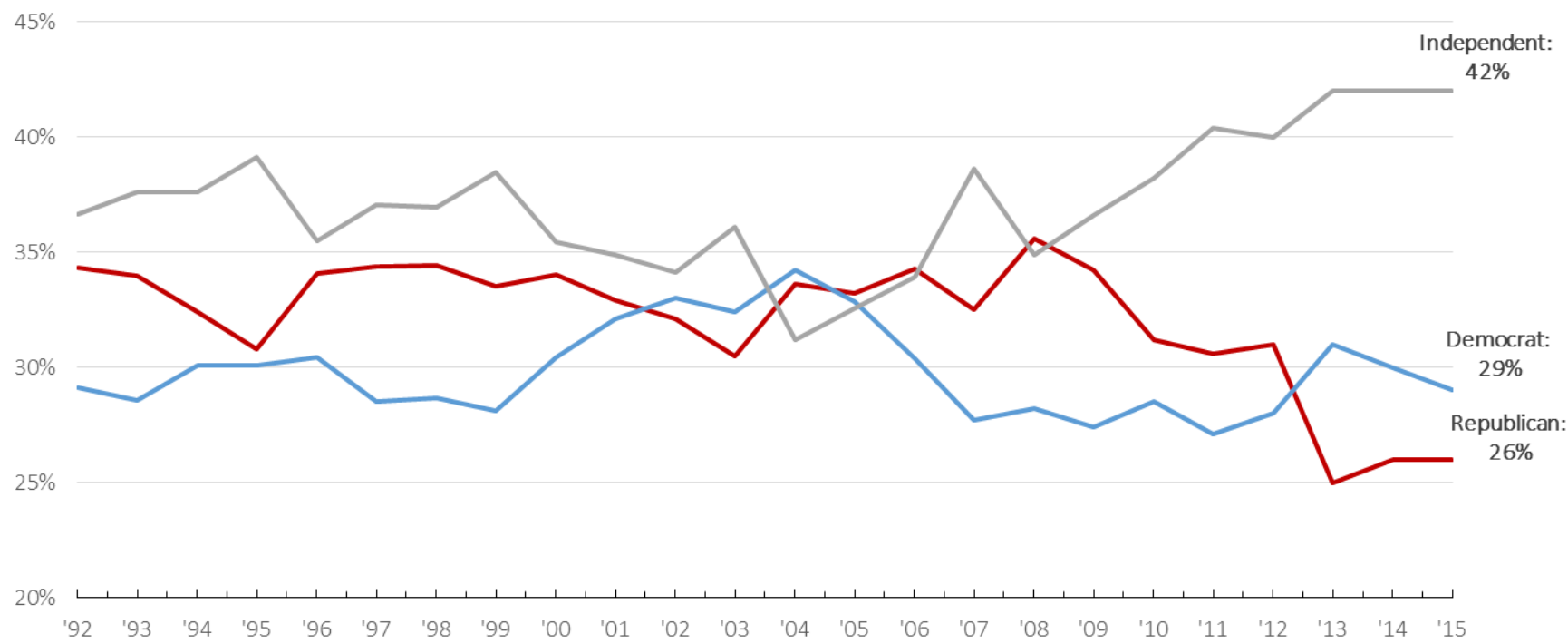
NBC/WSJ Thermometer: Republican Party



Sources: NBC/WSJ Poll, October 25-29, 2015

# Share of Self-Described Independents Grows at Expense of Both Parties

Gallup’s Party Affiliation Survey, Percentage Responding to the Question:  
“In politics, as of today, do you consider yourself a Republican, Democratic, or an Independent?”



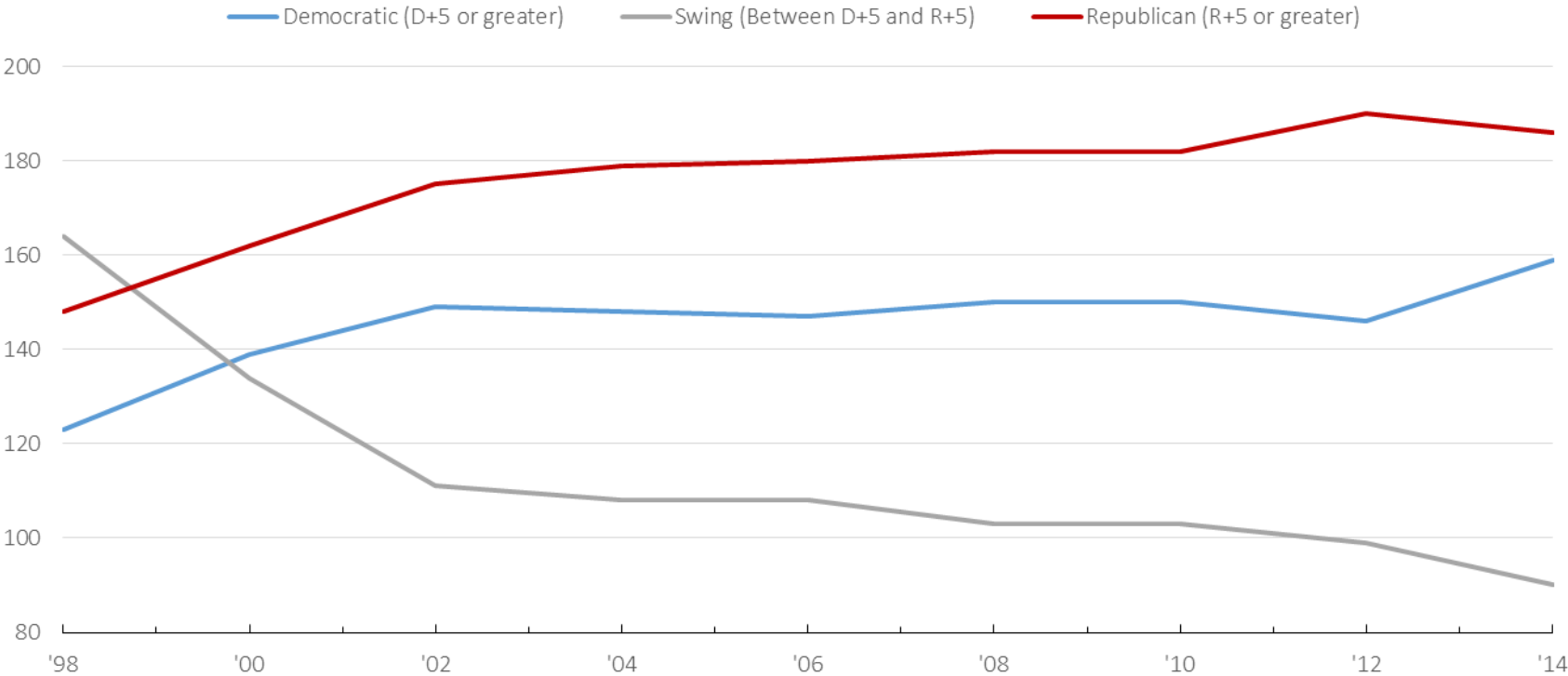
Sources: Gallup.com, 2015

# In House, Fewer “Swing Seats, More Polarization”

*As district populations grow increasingly liberal or conservative, incumbents fear radical primary challengers*

## Cook Political Report Rates the Districts

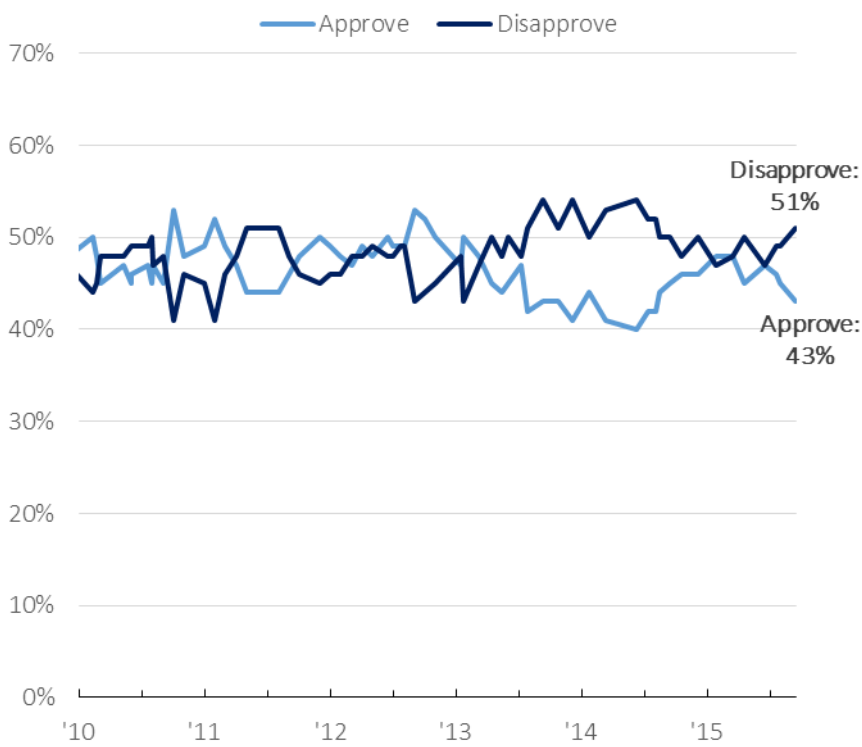
House Makeup by Cook Partisan Vote Index



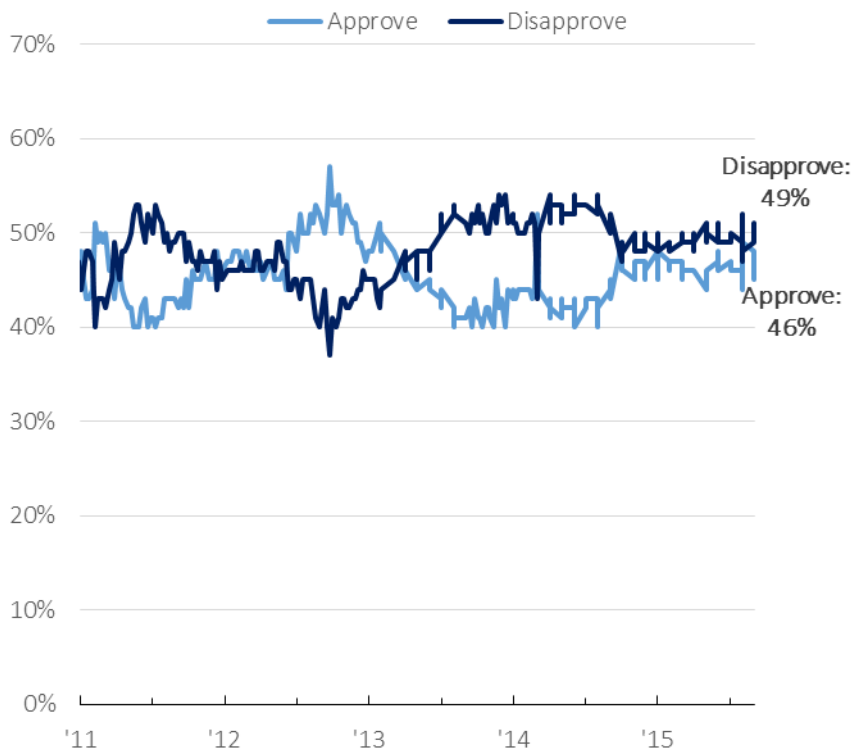
Source: Cook Political Report, 2015.

# Public Nearly Split on Obama’s Job Approval

NBC/WSJ’s Presidential Job Approval



Gallup’s Presidential Job Approval



Sources: NBC/WSJ Poll, December 15, 2015; Gallup.com, December 21-27, 2015