

NationalJournalMembership

Charlie Cook's Tour of American Politics and Economics

April 21, 2016

First Published: February 13, 2013

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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

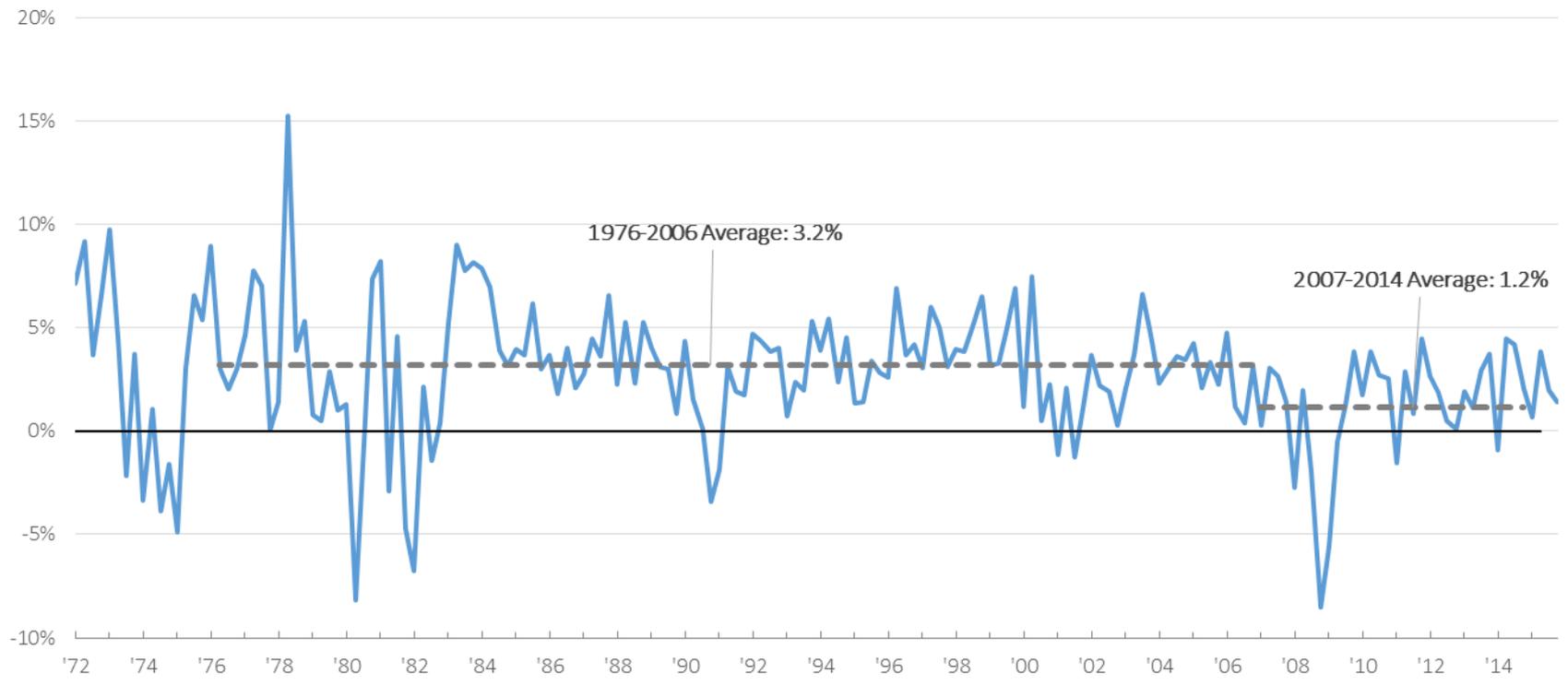


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graph TD; A[Economic Vital Signs] --> B[American Politics]
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American Politics

Economic Growth Just Now Returning to Normal Levels

Real GDP
Percent Change from Prior Quarter Annual Rate

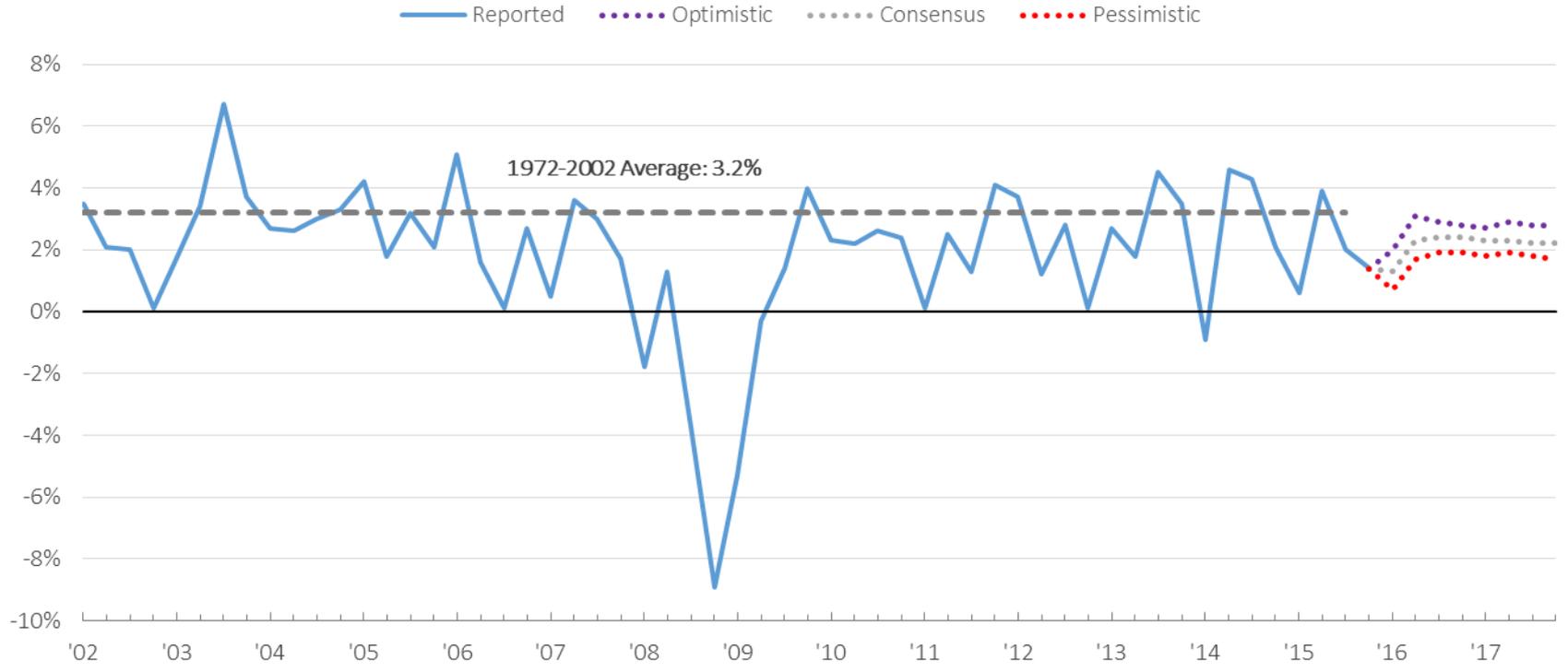


Sources: St. Louis Federal Reserve, March 25, 2016.

Nearly Average Growth Projected for Foreseeable Future

Blue Chip Economic Indicators: GDP

Estimated Quarterly Change in GDP

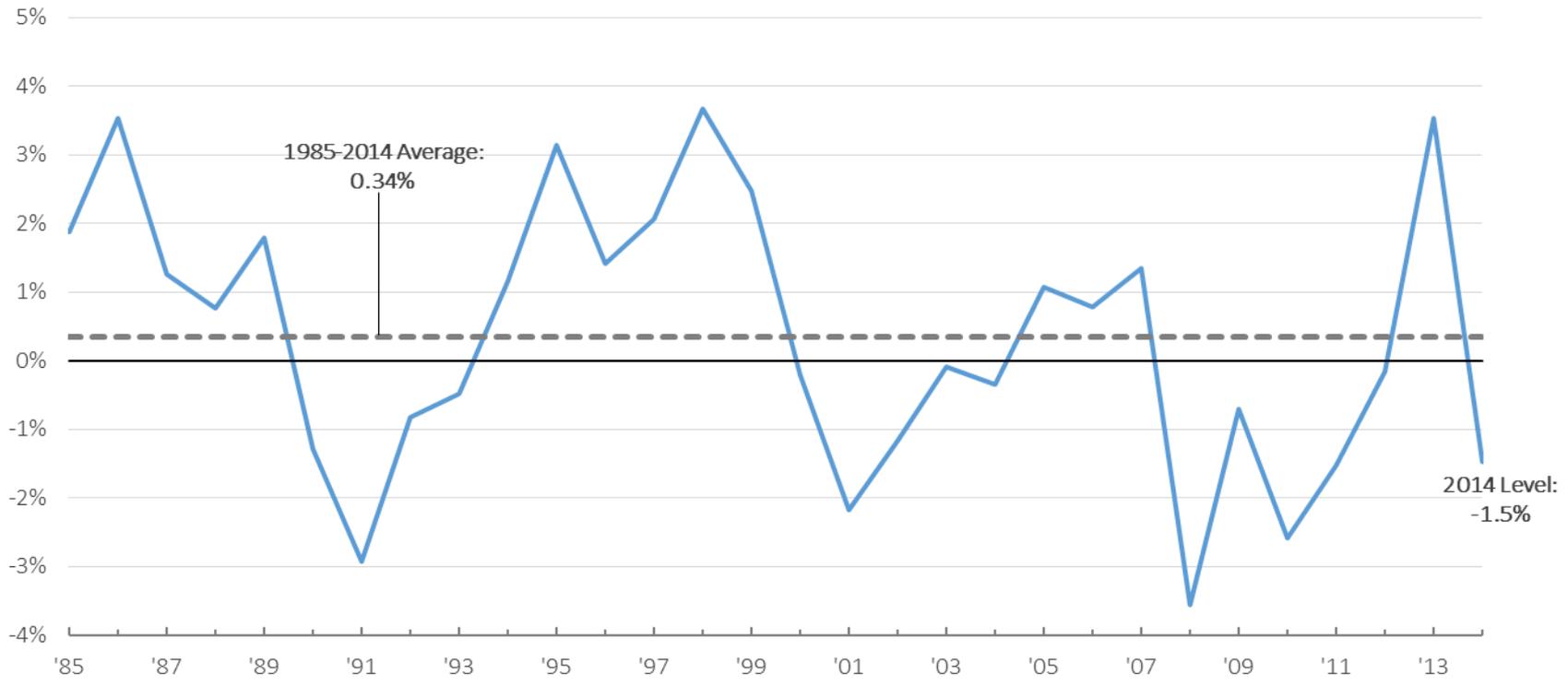


Sources: Bureau of Economic Analysis, 2015; Blue Chip Economic Indicators, April 10, 2016

Real Median Household Income Returning to Normal Levels

Real Median Household Income in the United States

Annual Percent Change



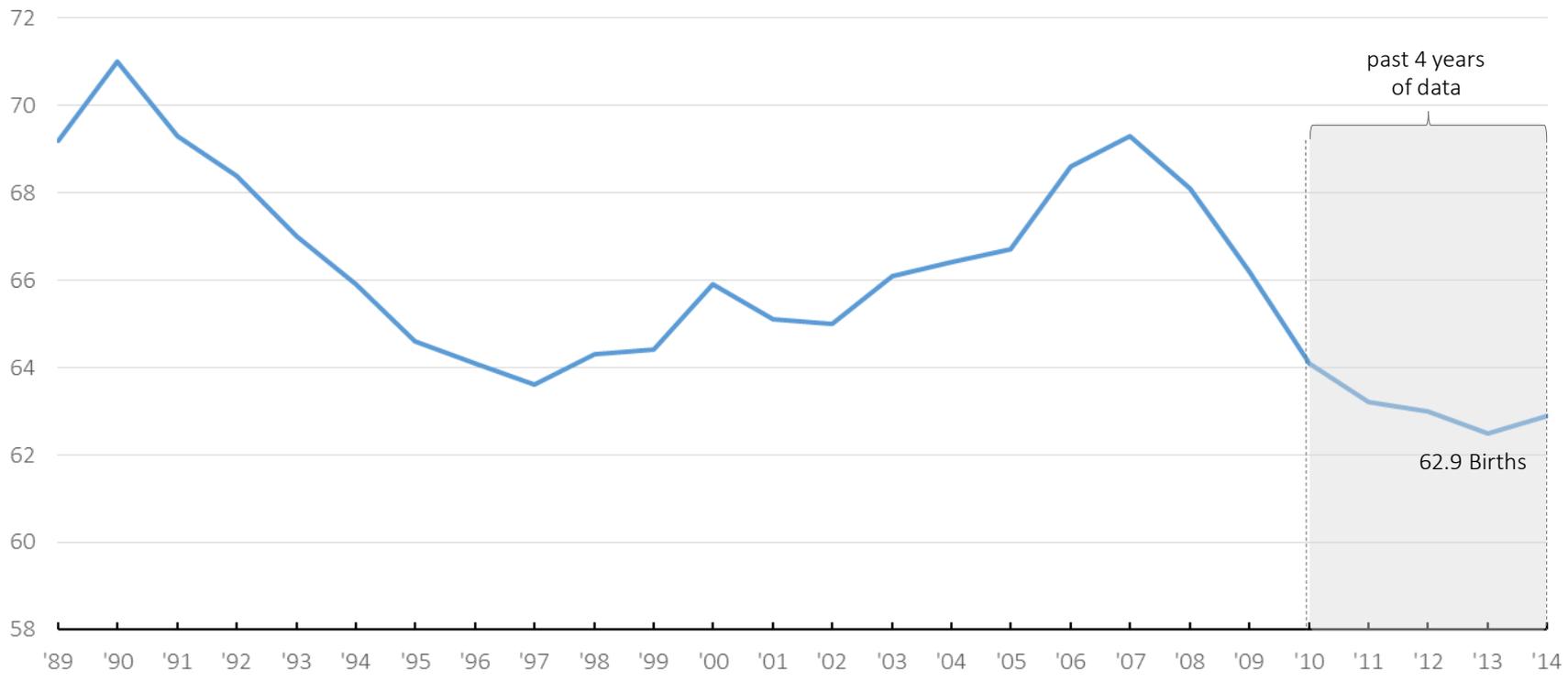
Sources: St. Louis Federal Reserve, October 21, 2015.

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

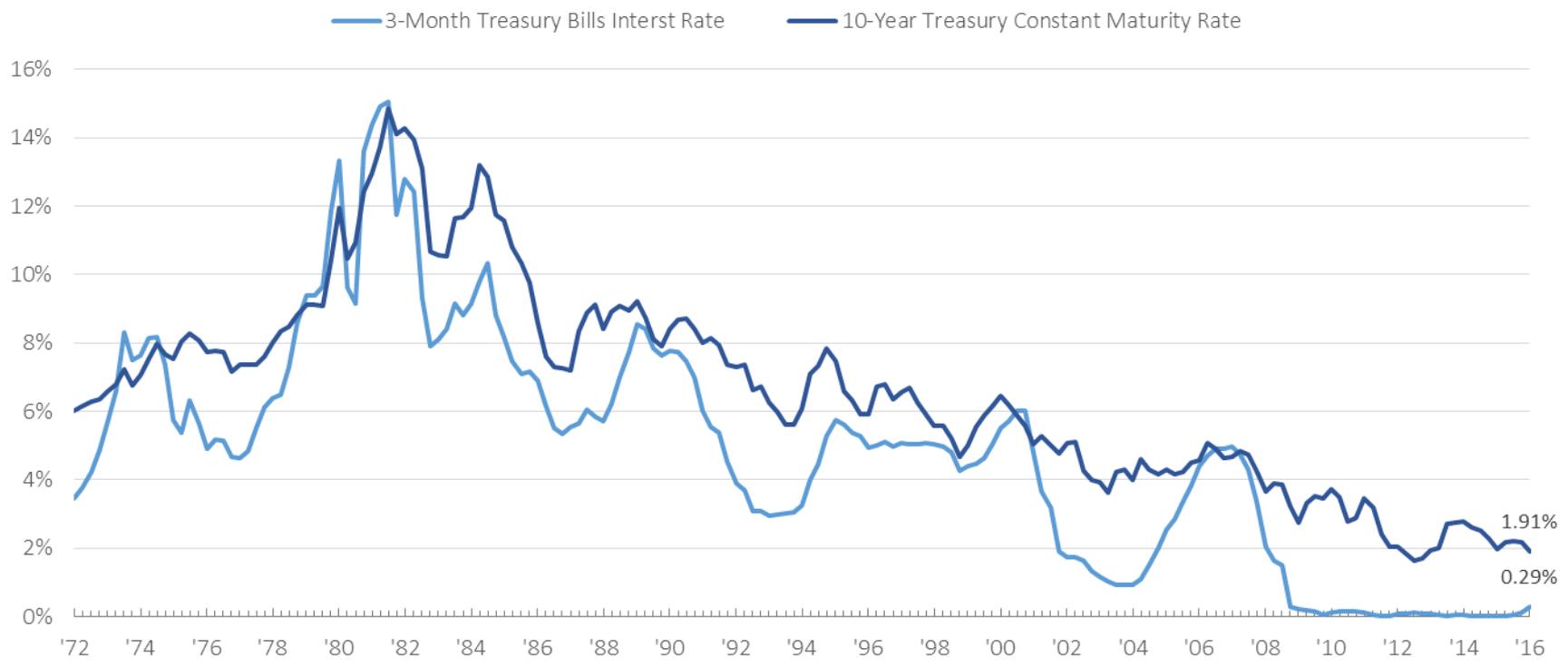


Sources: CDC, National Vital Statistics Report, June 17, 2015.

Interest Rates at Historic Lows

Savers Punished and Borrowers Rewarded with Low Returns

Interest Rates
Quarterly Percent



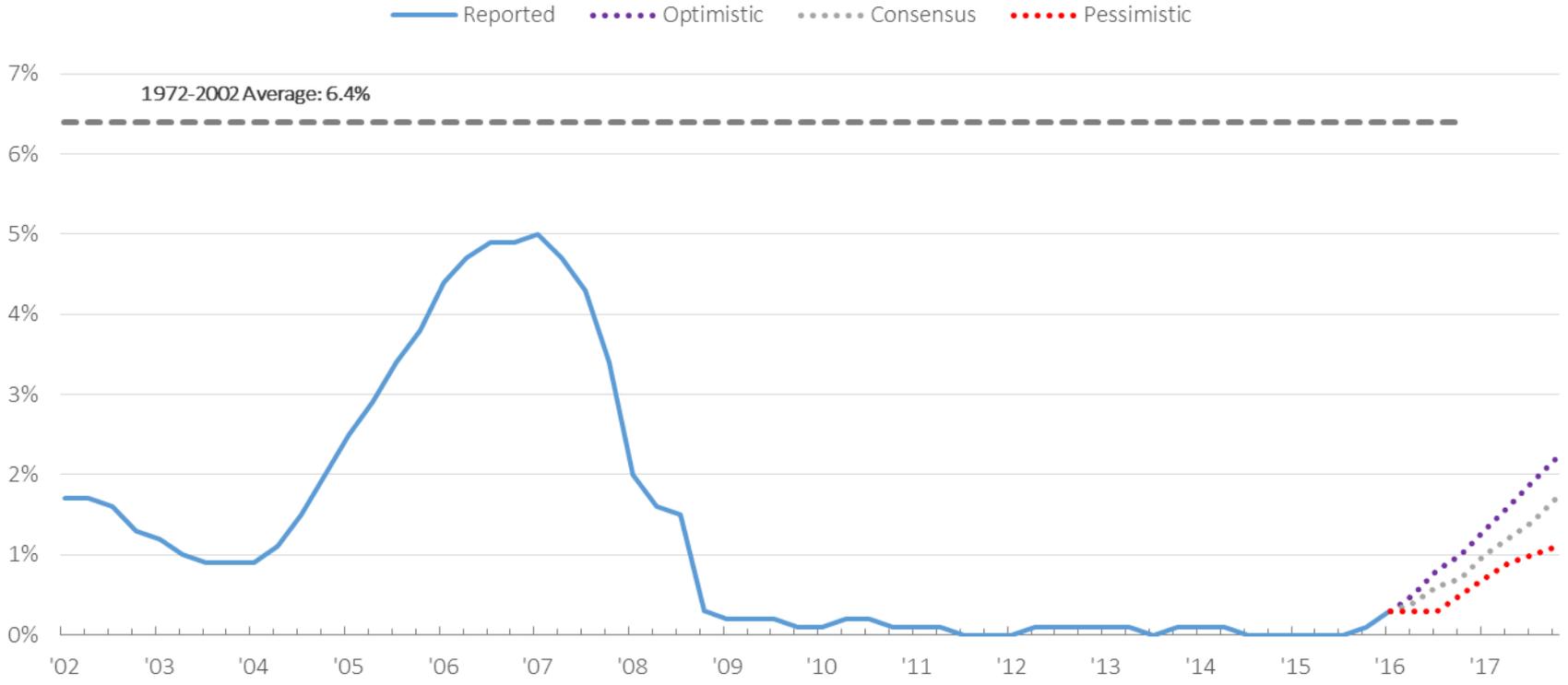
	1976-2006 Average	2007-2015 Average
3-Month T-Bills Interest Rate	6.0%	0.70%
10-Year Treasury Constant Maturity Rate	7.7%	2.9%

Source: St. Louis Federal Reserve, April 4, 2016.

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, April 10, 2016.

Higher Expectations for Interest Rates

Blue Chip Economic Indicators: 10-year Treasury Bills

Estimated 10-year Treasury Constant Maturity Rate

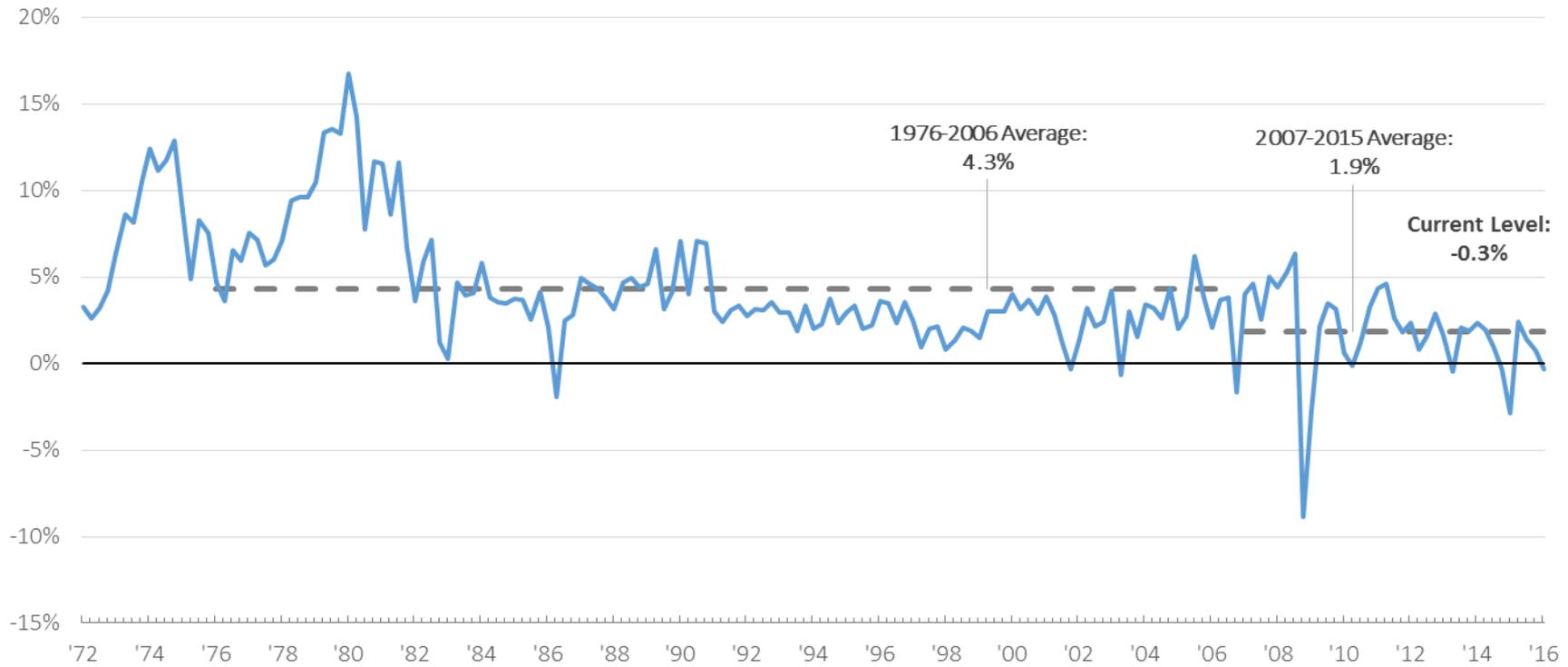


Sources: Blue Chip Economic Indicators, April 10, 2016.

So Far Inflation Stays Very Low

Consumer Price Index for All Urban Consumers

Quarterly Percent Change

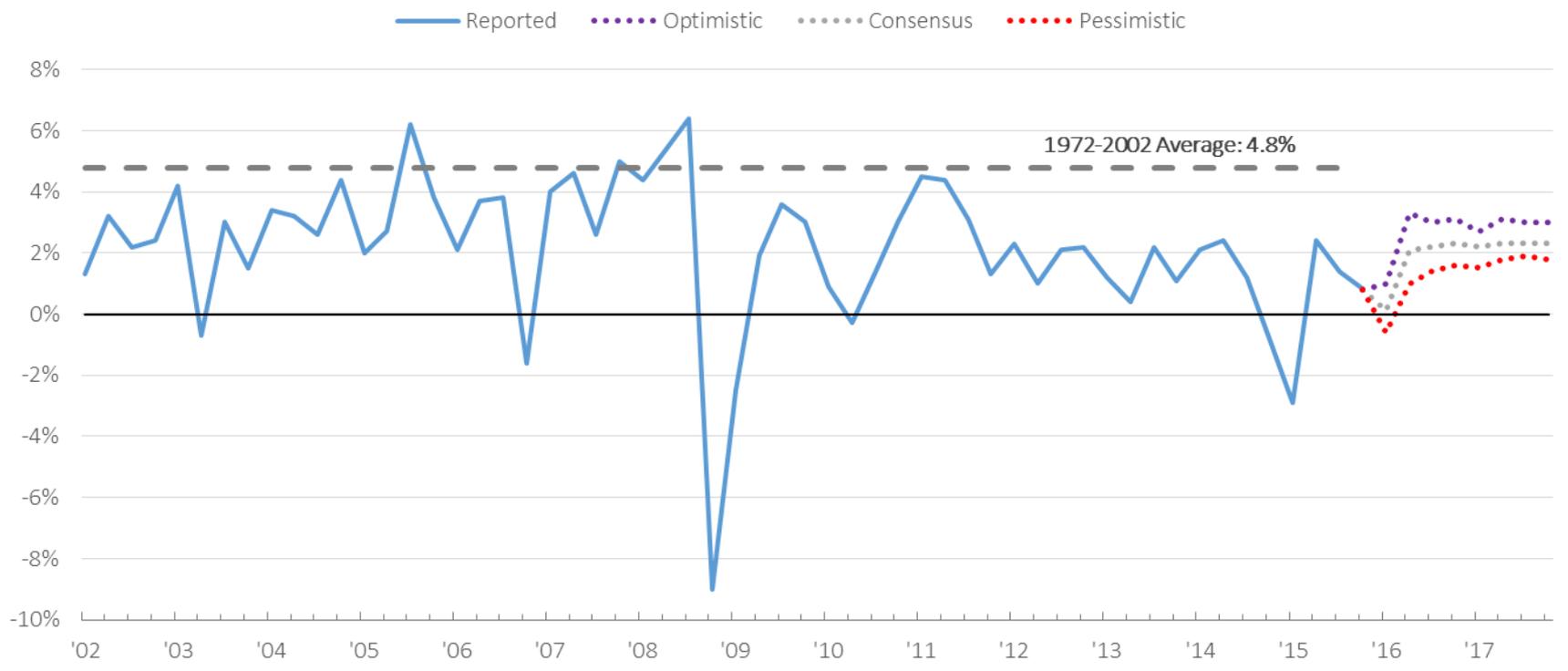


Sources: St. Louis Federal Reserve, April 14, 2016.

Inflation Projected to Stay Low

Blue Chip Economic Indicators: Consumer Price Index

Estimated Quarterly CPI

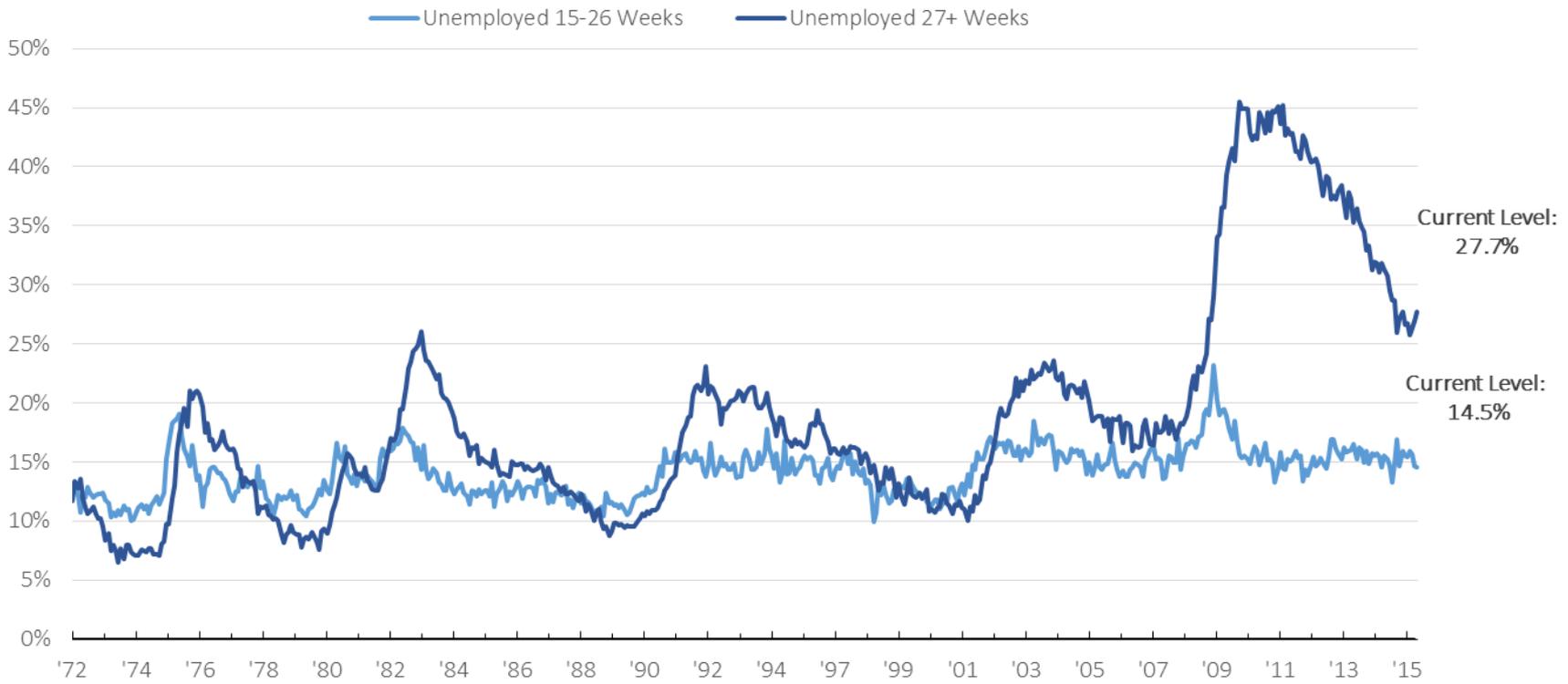


Sources: Blue Chip Economic Indicators, April 10, 2016.

Long-Term Unemployment Rate Gradually Declines

Unemployment Rate

Percentage of Unemployed by Duration of Unemployment



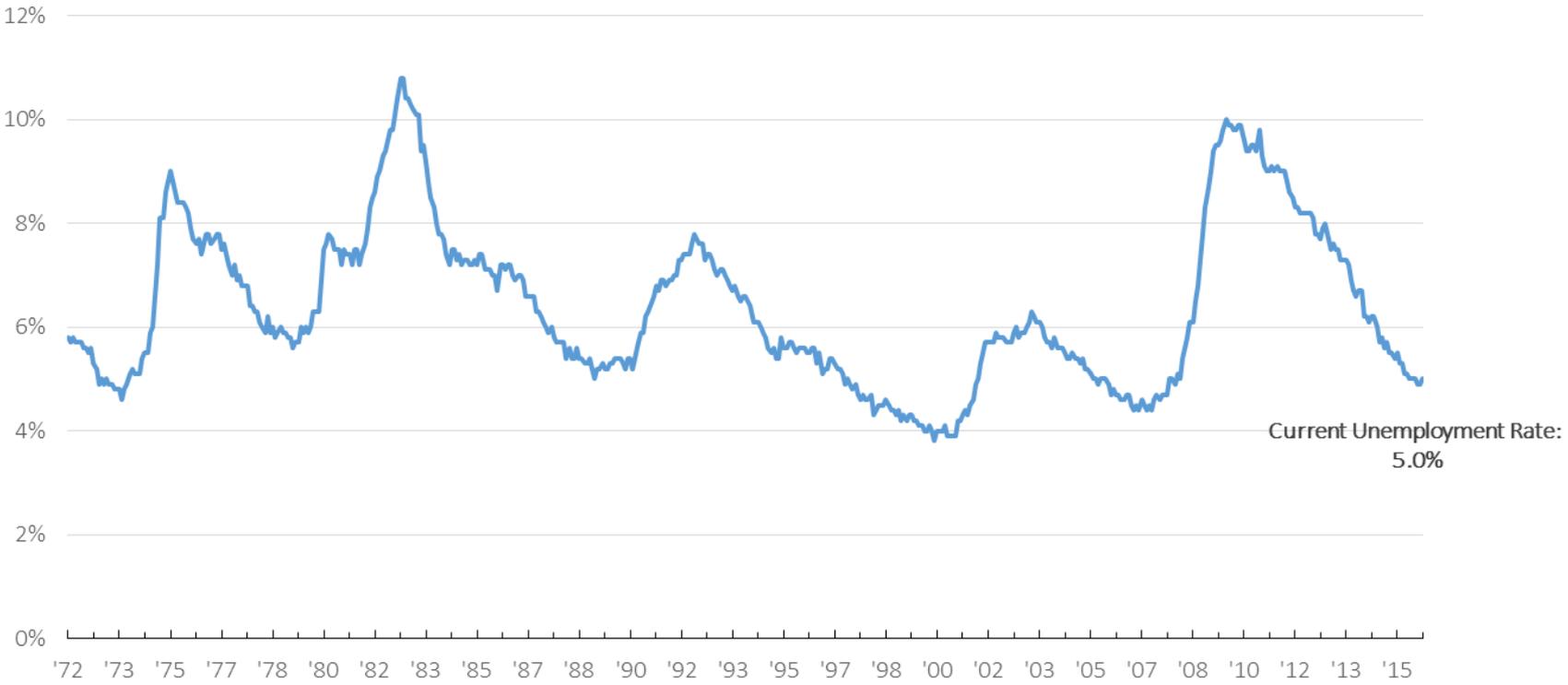
Sources: St. Louis Federal Reserve, April 1, 2016.

Unemployment Dropping

Unemployment Direction is Positive

Unemployment Rate

Actual Year-to-Date Unemployment Rates



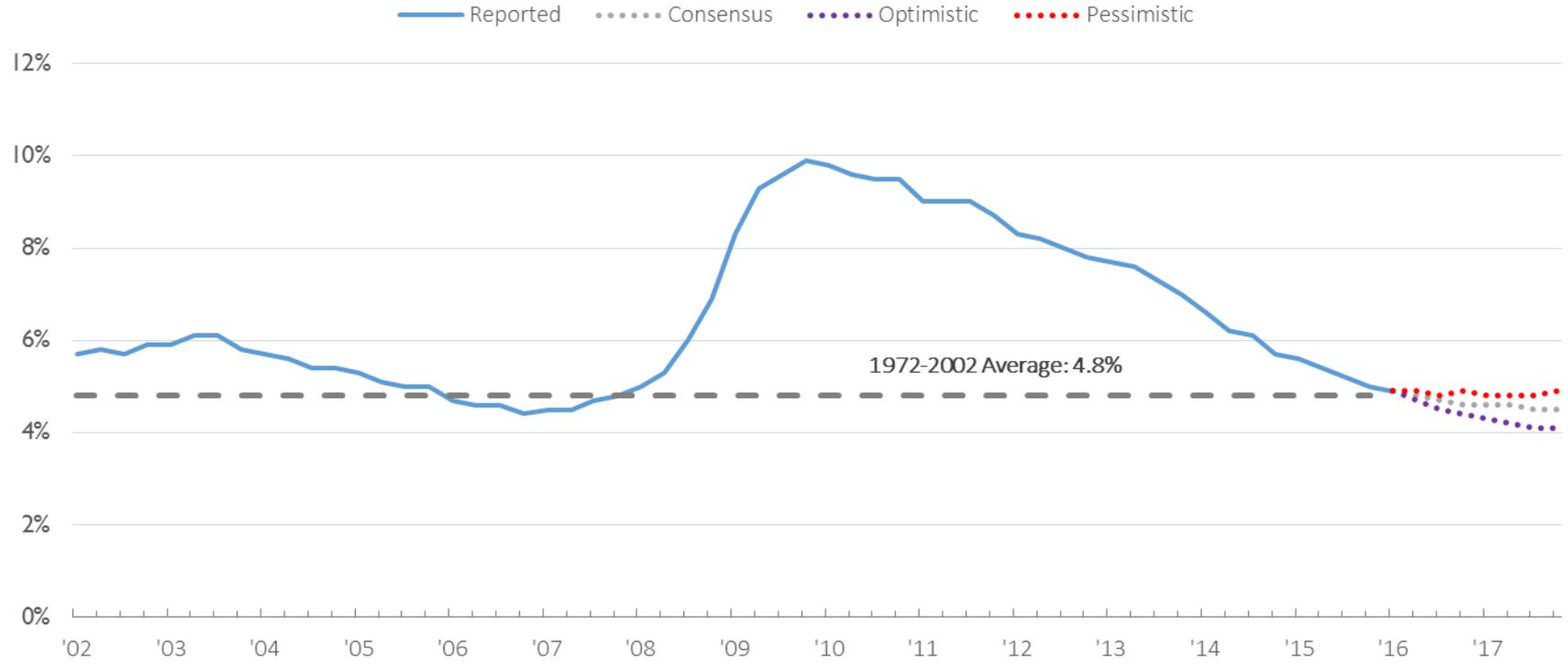
Sources: St. Louis Federal Reserve, April 1, 2016.

Forecasts Predict Continual Decrease in Unemployment

Forecasted Quarterly Rate Nearing 5%

Blue Chip Economic Indicators: Unemployment Rate

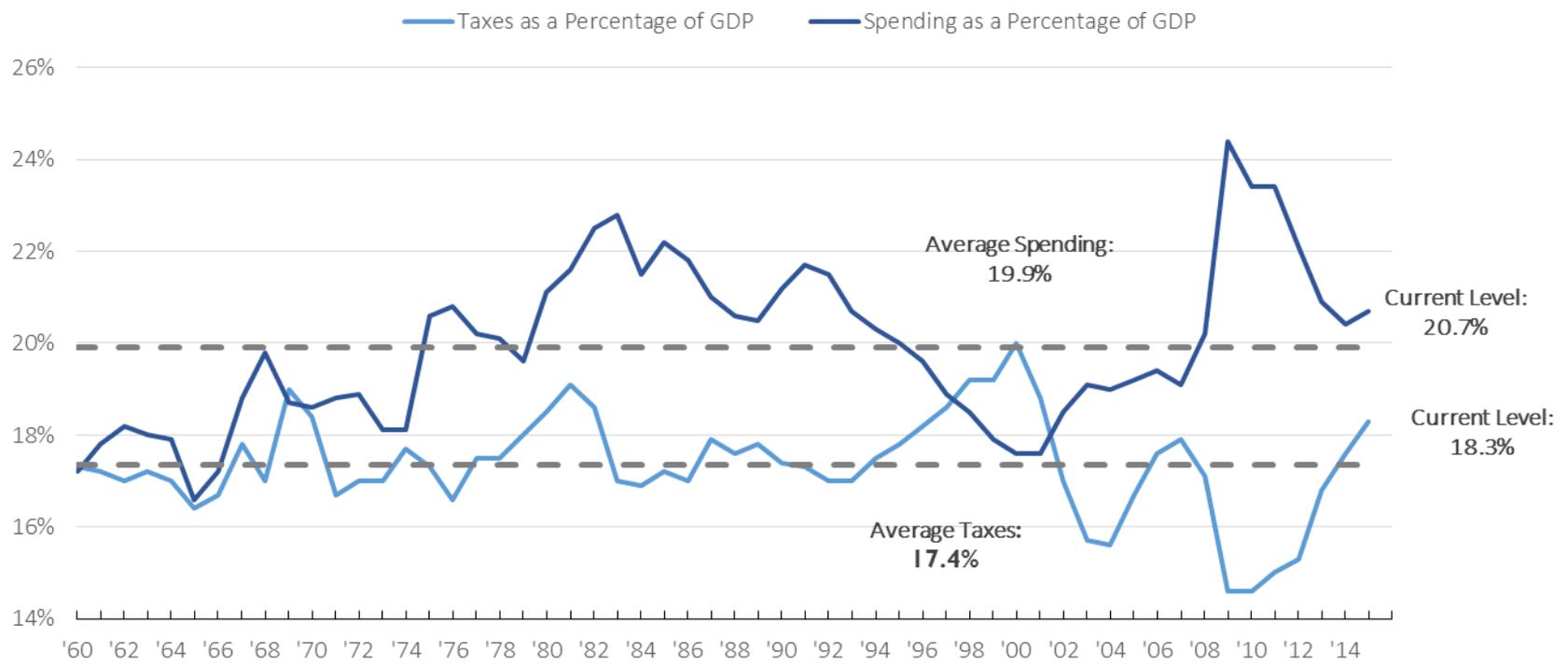
Estimated Quarterly Unemployment



Sources: Blue Chip Economic Indicators, April 10, 2016.

Deficit Problem Stems from Both Increased Spending and Decreased Taxing

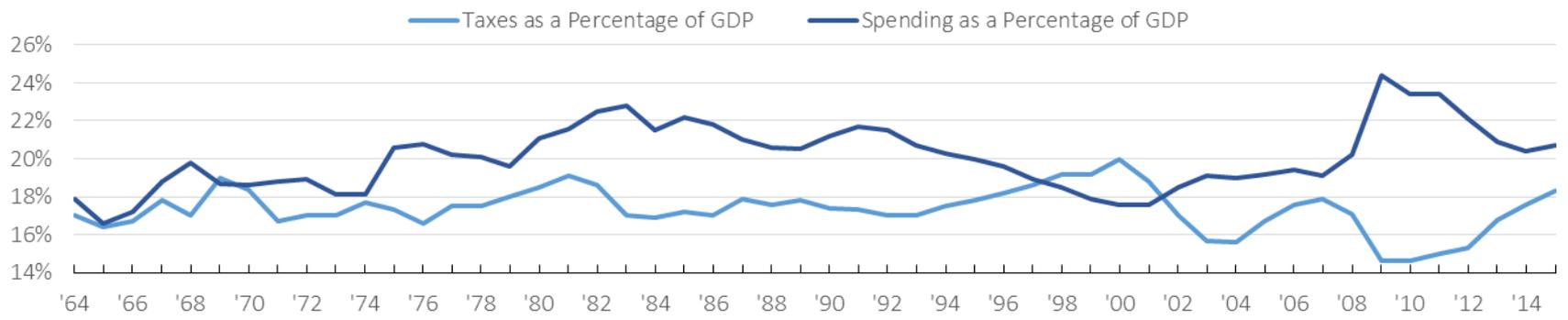
Taxes and Spending as Percentage of GDP



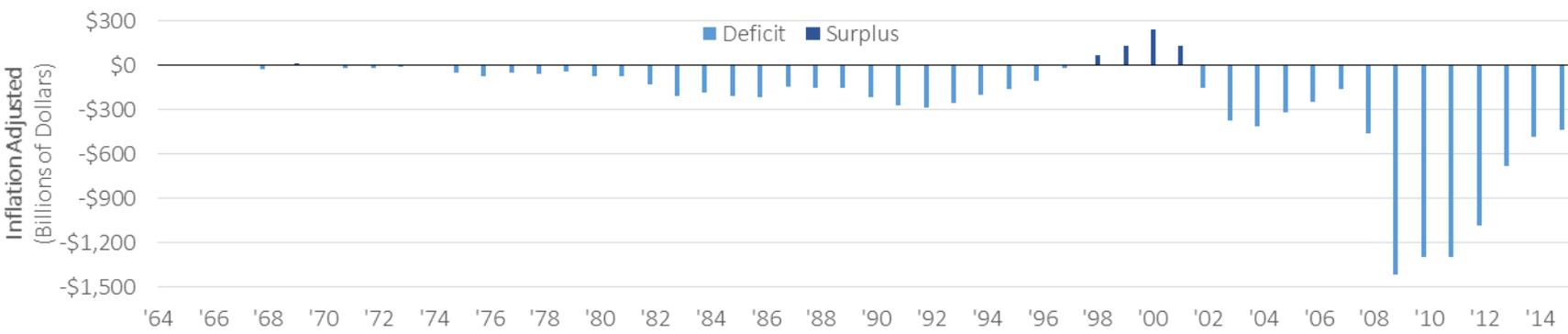
Sources: White House Office of Management and Budget, Historical Tables, 2016.

Gap Between Taxing and Spending Creates Deficit or Surplus

U.S. Taxing and Spending as Percentage of GDP



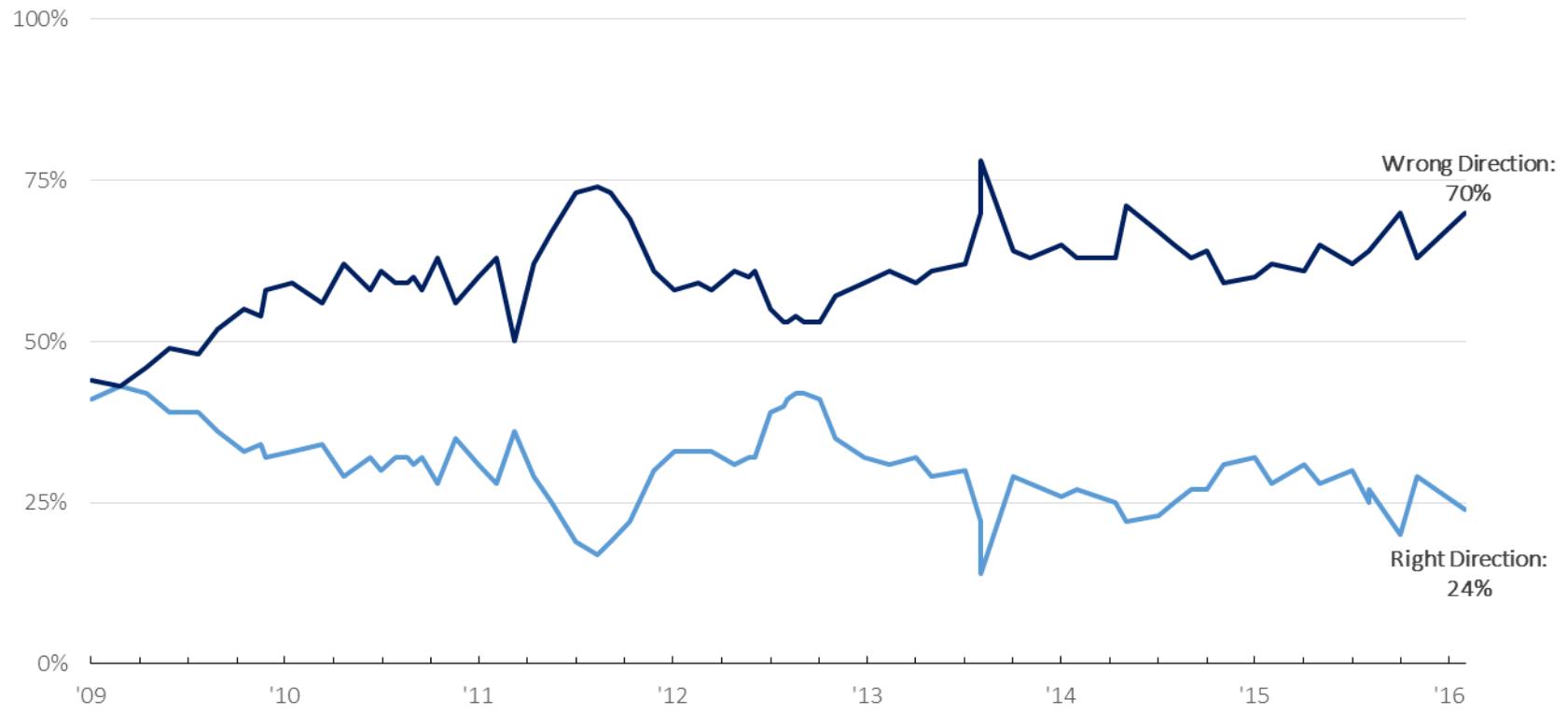
U.S. Deficits and Surplus



Sources: White House Office of Management and Budget, Historical Tables, 2016.

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, April 10-14, 2016.

Public Outlook for Economy Gradually Improving

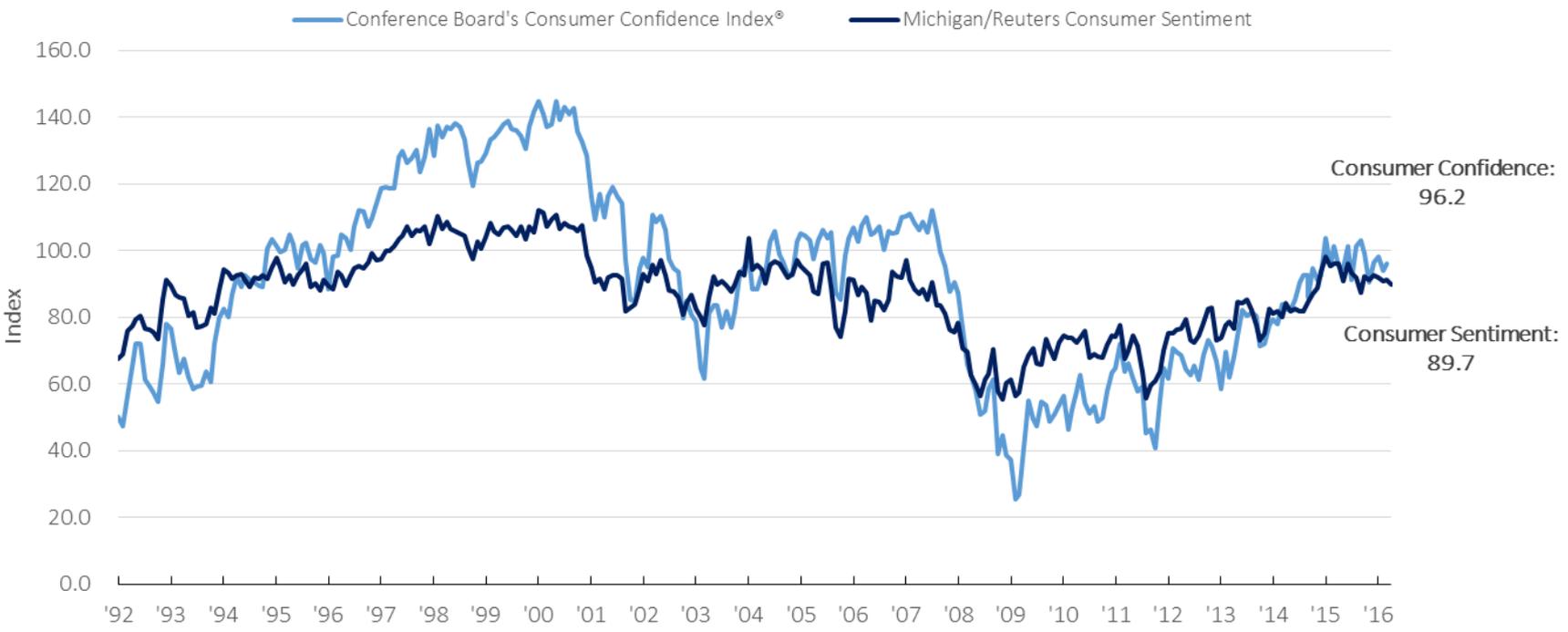
Percentage Responding to the Question: "During the next twelve months, do you think that the nation's economy will get better or worse?"



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, April 2016; Thomson Reuters/University of Michigan Surveys of Consumers, April 2016.

Roadmap for the Presentation

Economic Vital Signs

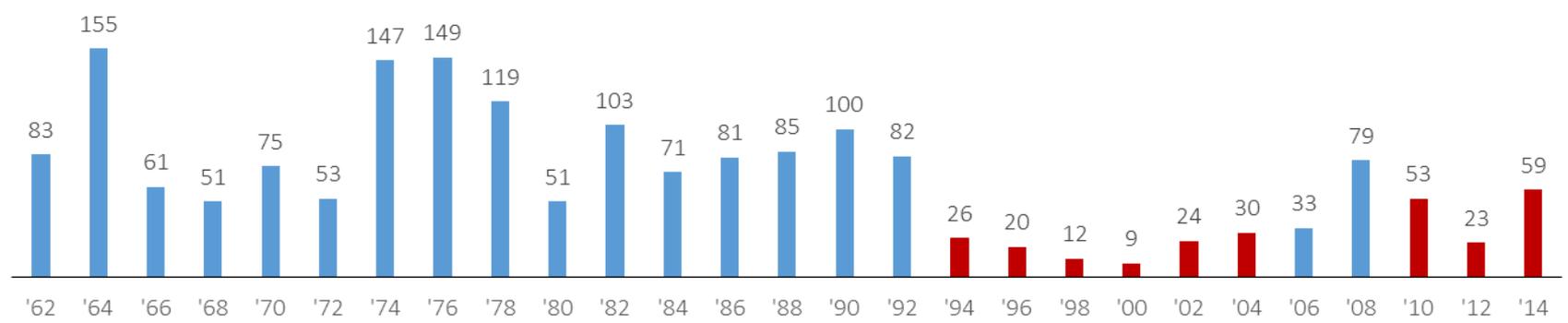


American Politics

Congressional Partisanship Frames Fiscal Fights

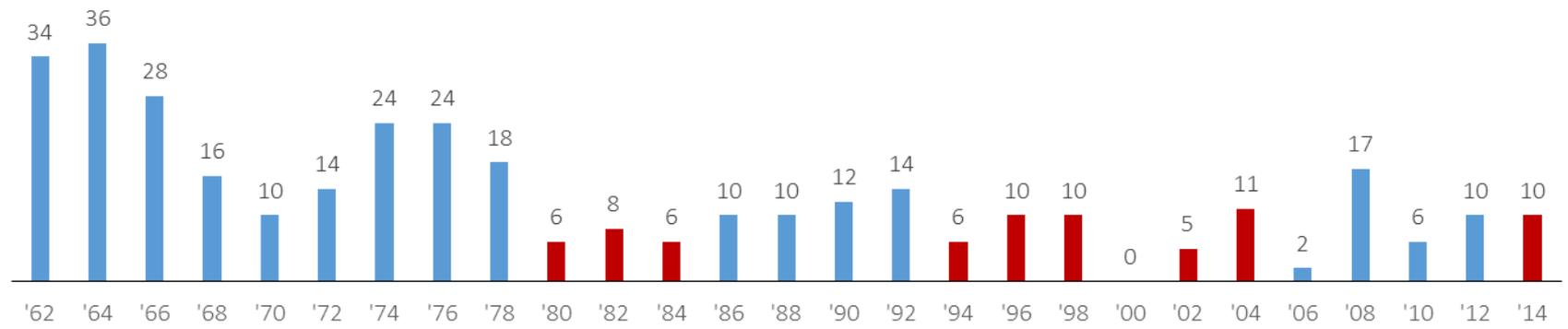
Margin of House Control After Election

88th-114th Congress



Margin of Senate Control After Election

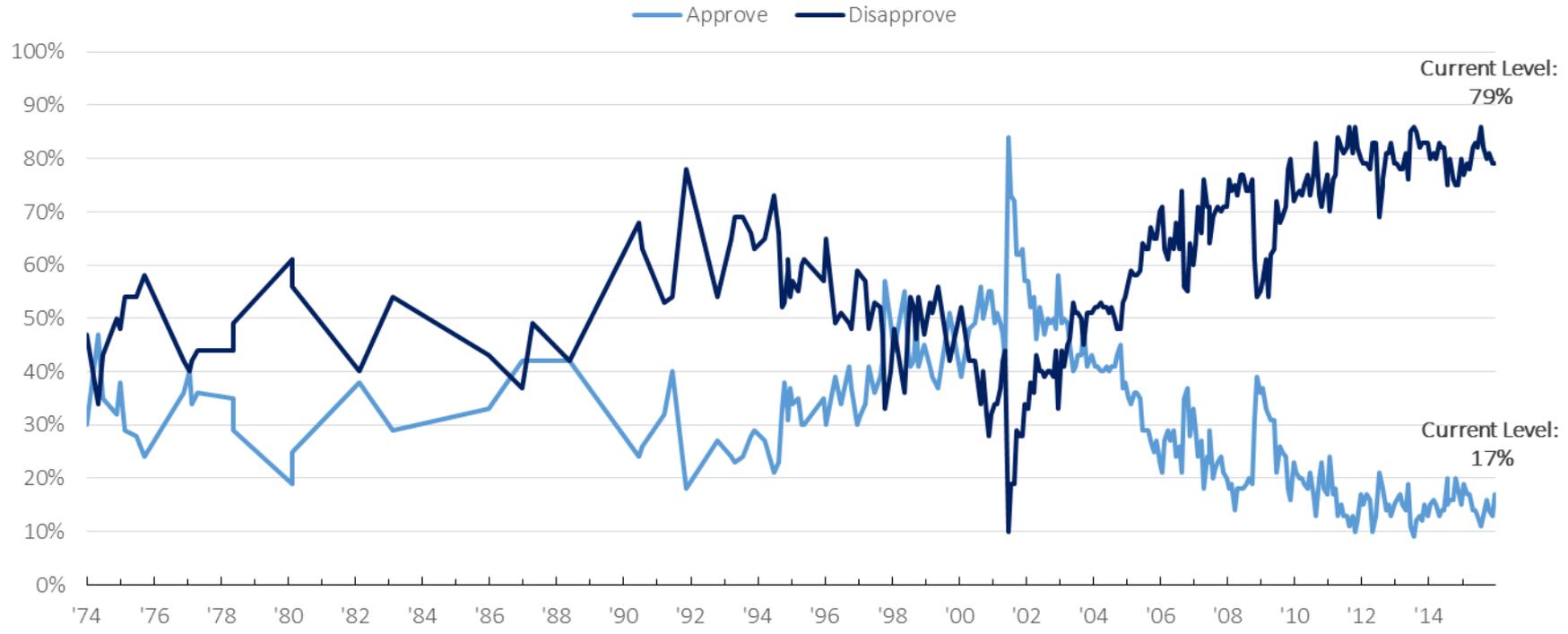
88th-114th Congress



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

Congressional Approval Hovers Near Three-Decade Low

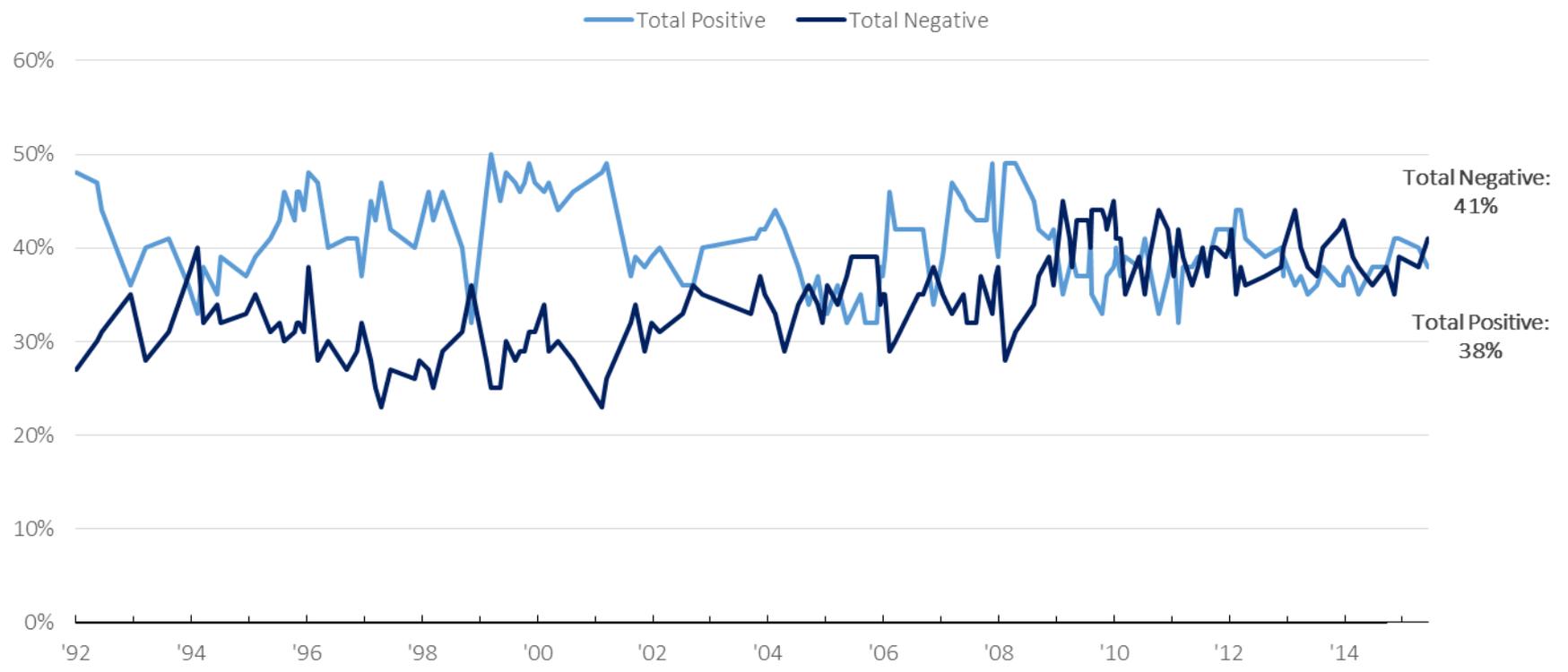
Congressional Approval Rating



Sources: Gallup.com, April 6-10, 2016.

Public Opinion Split on Democratic Party

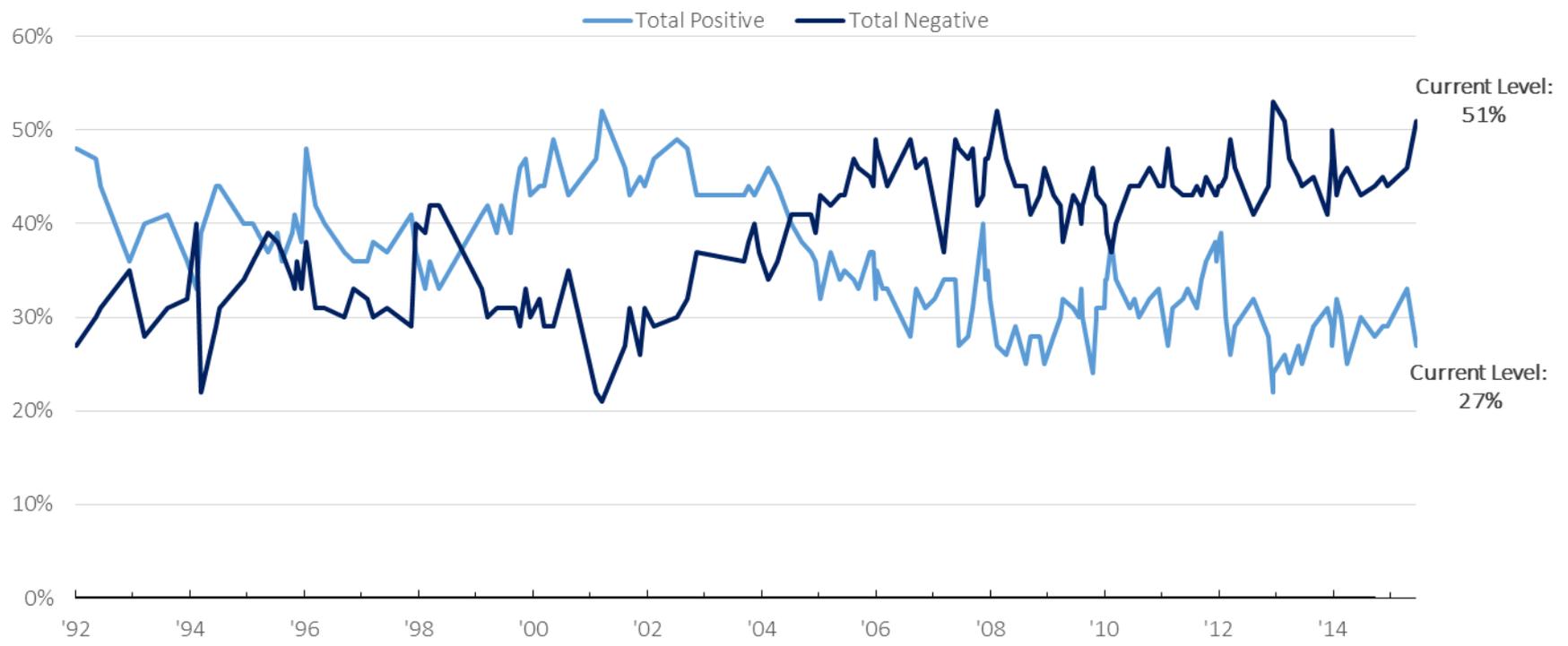
NBC/WSJ Thermometer: Democratic Party



Sources: NBC/WSJ Poll, April 10-14, 2015

Public Holds Negative Opinion of GOP

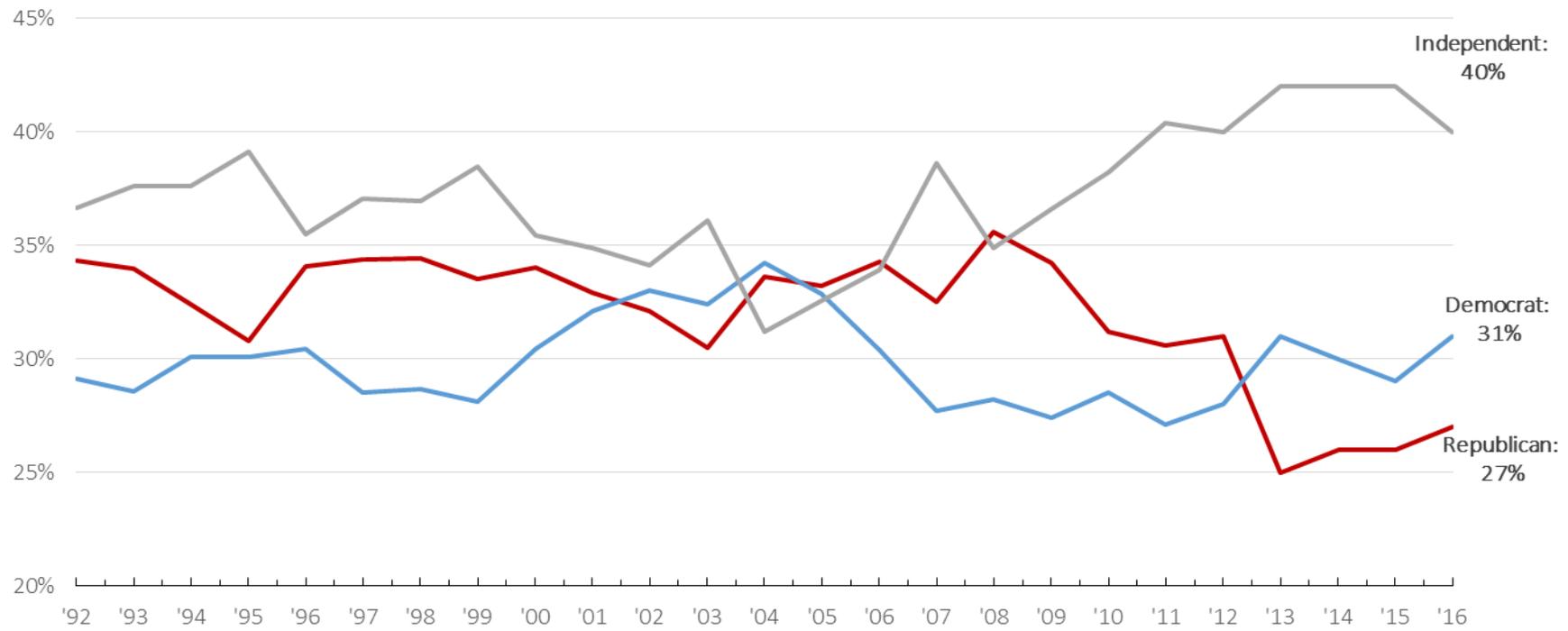
NBC/WSJ Thermometer: Republican Party



Sources: NBC/WSJ Poll, April 10-14, 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?"



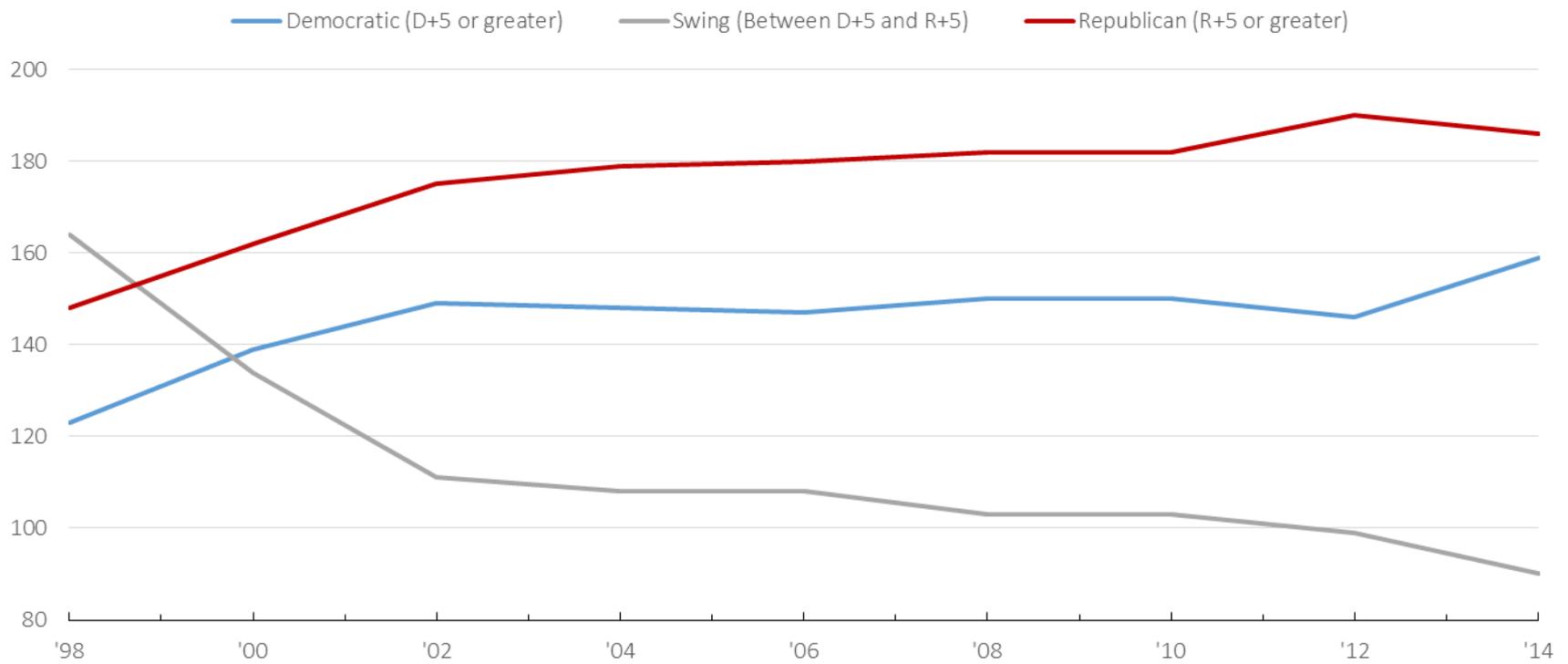
Sources: Gallup.com, 2016.

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

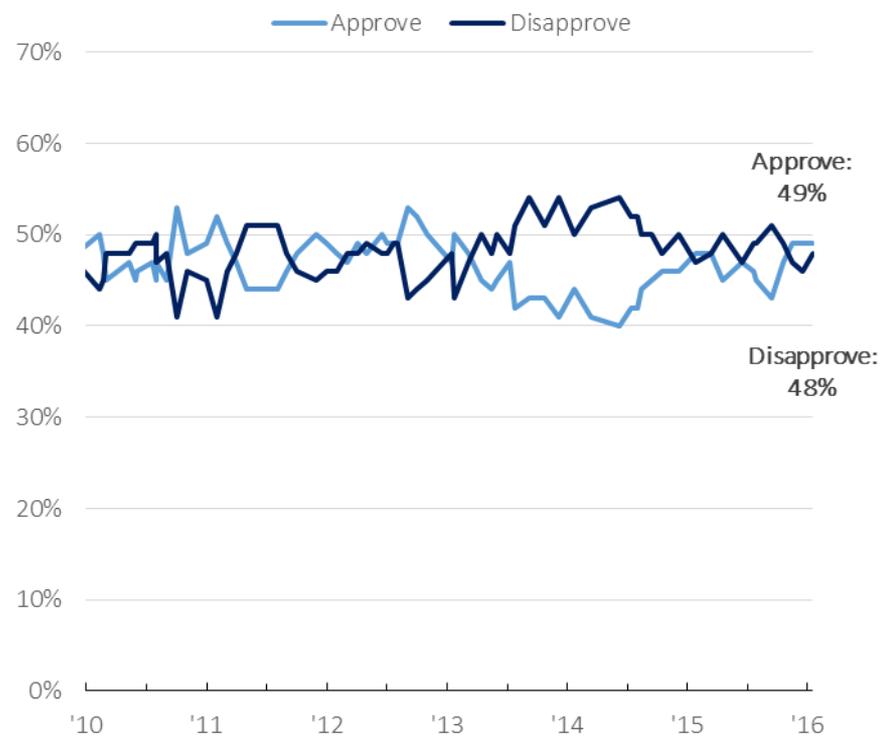
House Makeup by Cook Partisan Vote Index



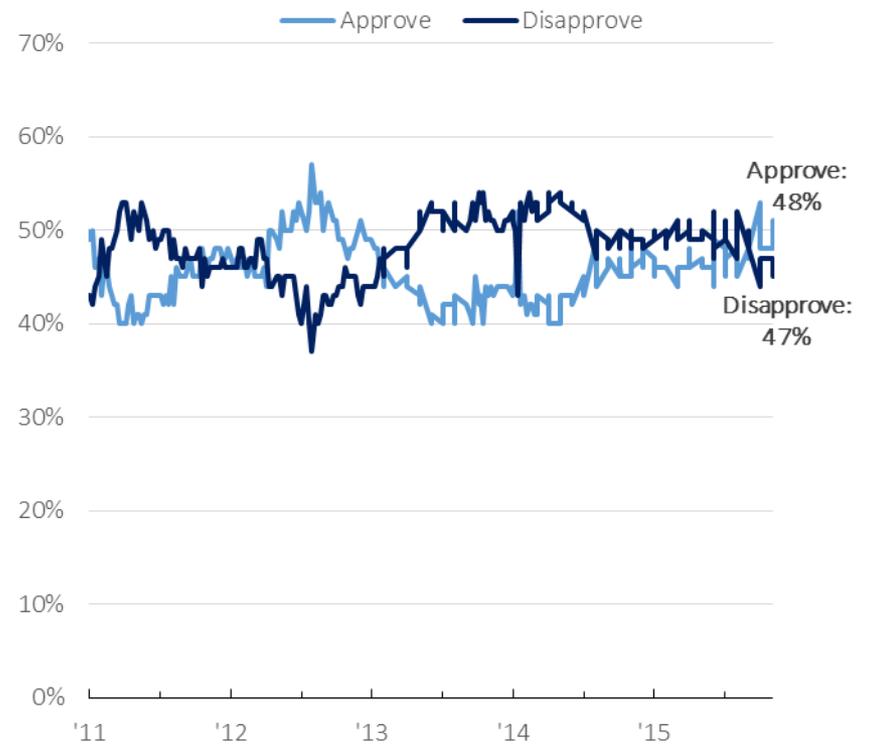
Source: Cook Political Report, 2015.

Public Nearly Split on Obama's Job Approval

NBC/WSJ's Presidential Job Approval



Gallup's Presidential Job Approval



Sources: NBC/WSJ Poll, April 14, 2016; Gallup.com, April 11-17, 2016.