

About the Impact of Bidenomics on Voting Behavior

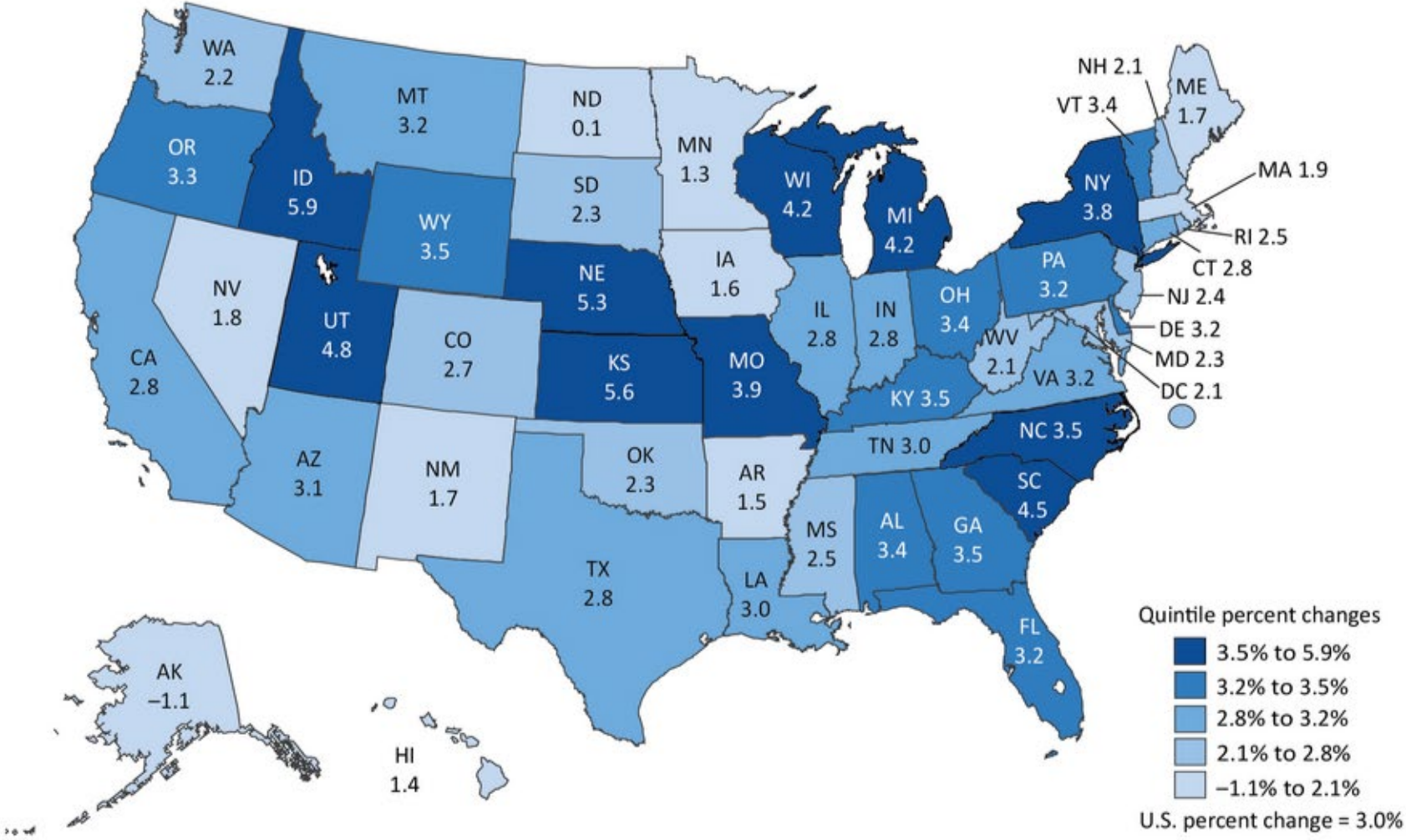
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Forum New Economy Symposium
Berlin
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This is the economy...

Real GDP: Percent Change at Annual Rate, 2024:Q1–2024:Q2



... are they stupid?

Most important issue

22,914 total respondents

	Foreign policy 4%	Abortion 14%	Economy 32%	Immigration 11%	Democracy 34%
● Harris	37%	74%	19%	9%	80%
● Trump	57%	25%	80%	90%	18%

Condition of the nation's economy

22,914 total respondents

	Excellent 5%	Good 27%	Not so good 35%	Poor 33%
● Harris	89%	91%	44%	10%
● Trump	10%	8%	54%	87%

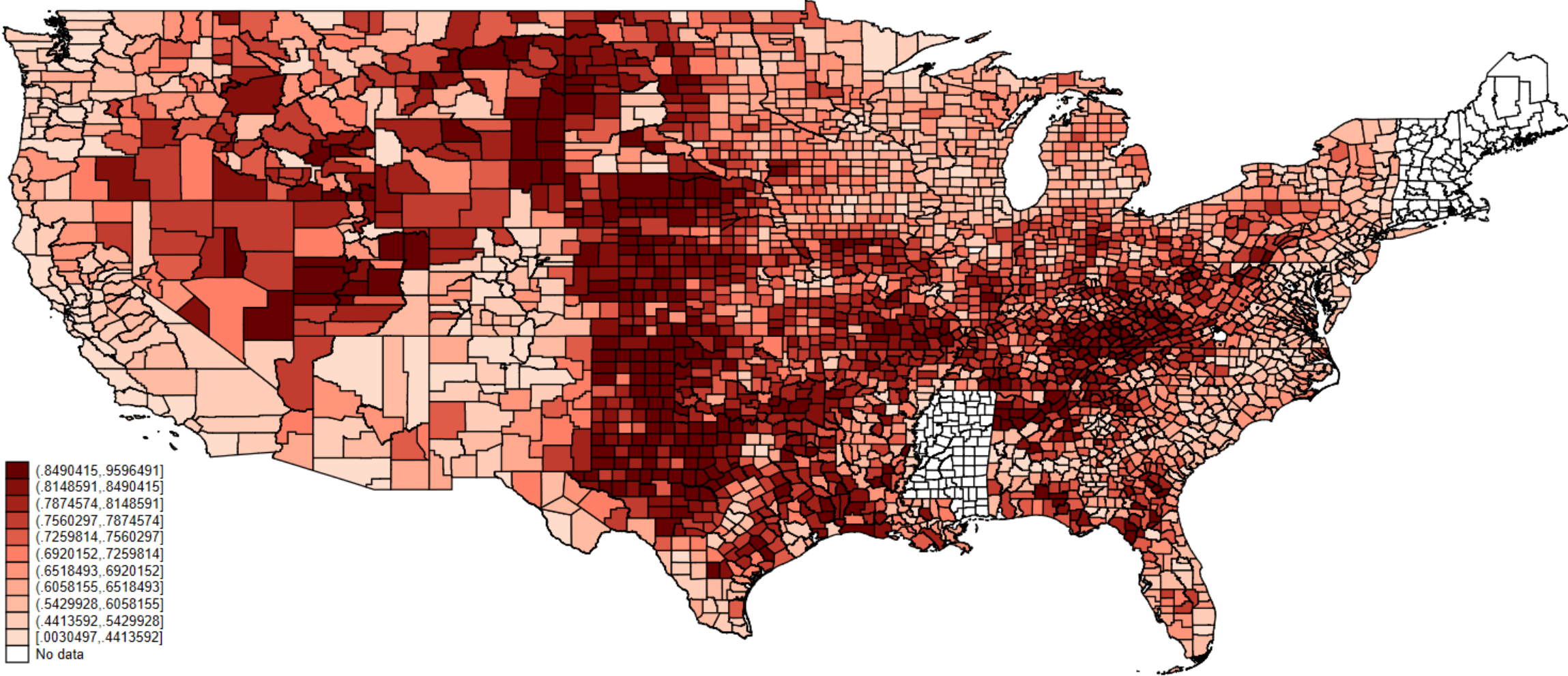
Source: CNN.com

How voters may react to “Bidenomics”

- “Rationally” (‘Objective’ factors)
 - Micro \neq Macro: Voters differently affected by cost of living
 - Recent recovery has not yet fully materialized
 - Remaining inequalities in development perspectives (by qualification & region)
 - “Irrationally” (Psychological factors)
 - Hindsight bias: Just feeling worse off than 4 years ago
 - Fueled by populist campaigning
 - Subjectively rational (factoring in ideological factors)
 - “Drill, baby, drill” instead of “green growth”
 - State intervention == socialism
- Explore regional variation to learn more about relative importance

Anyways...

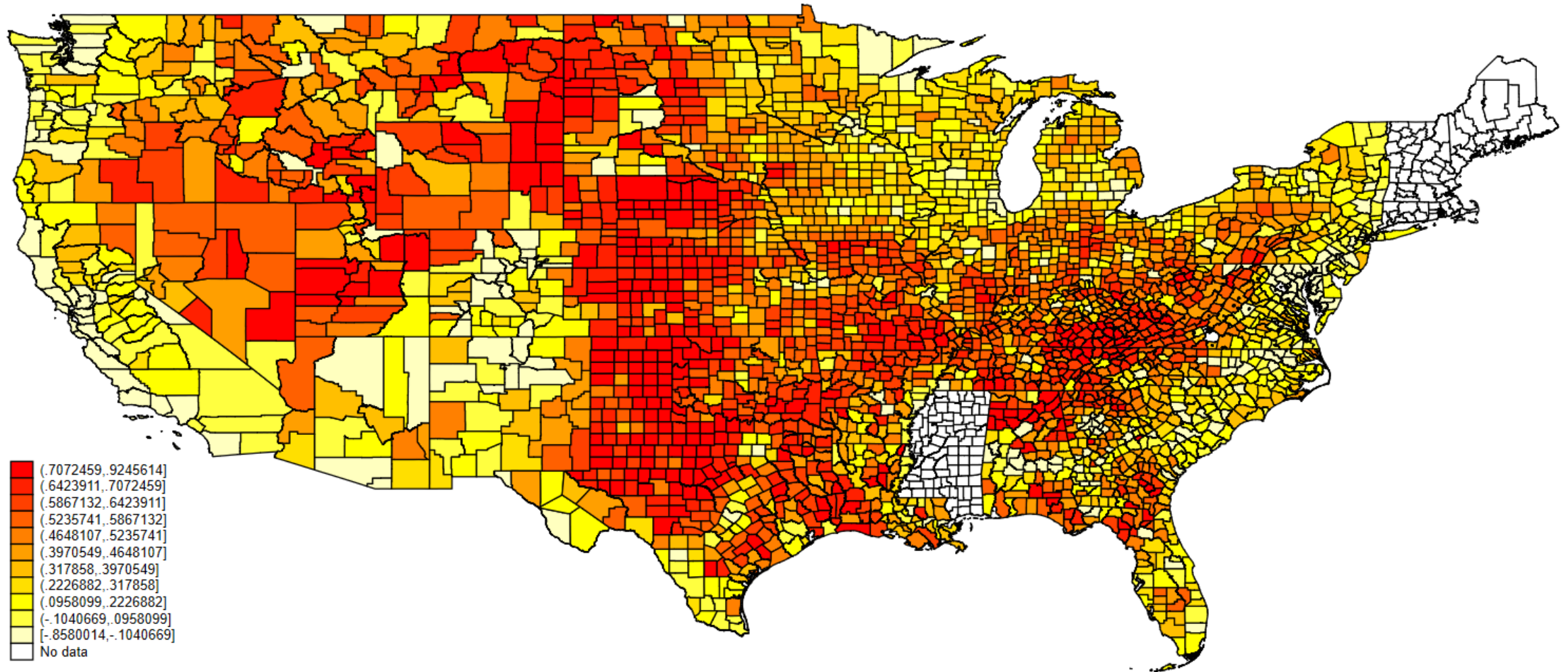
GOP Vote Share 2024



Note: Provisional data, results subject to change.

Trump Success Despite Bidenomics

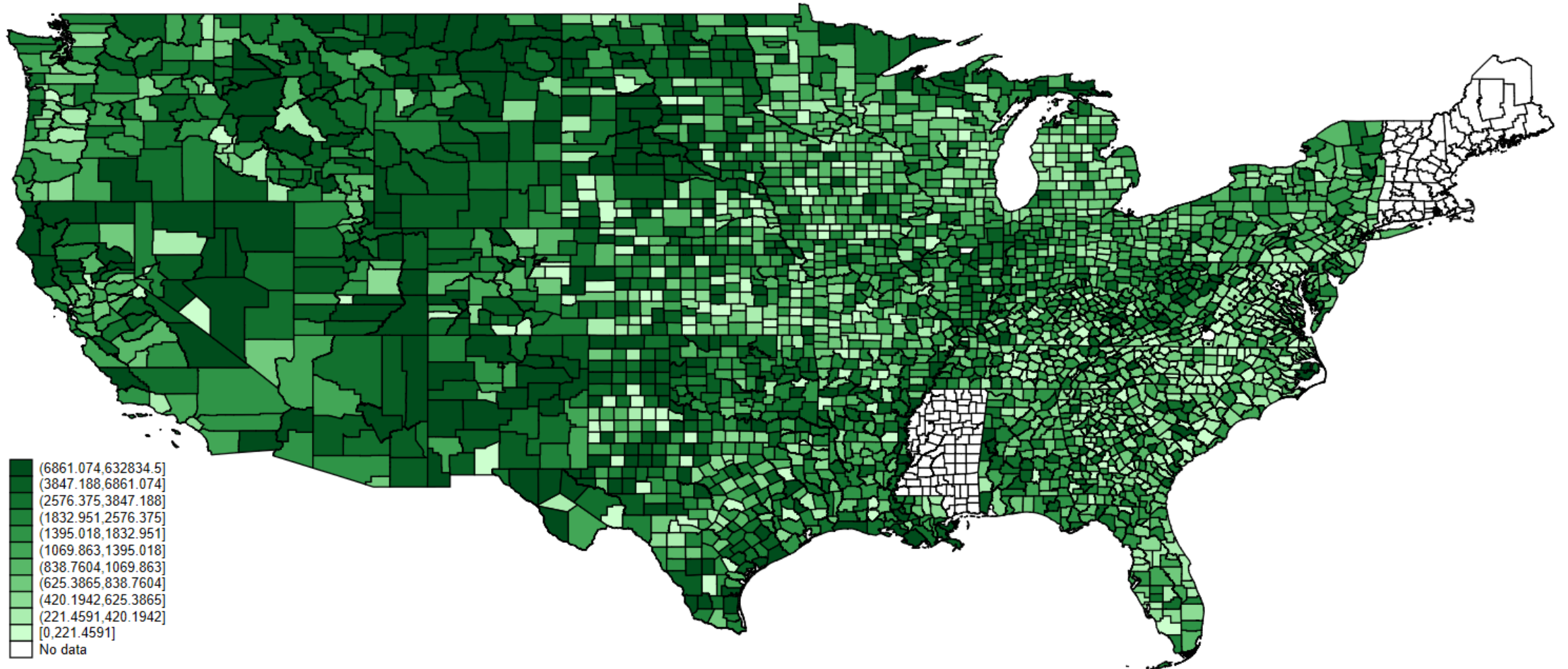
GOP Lead 2024



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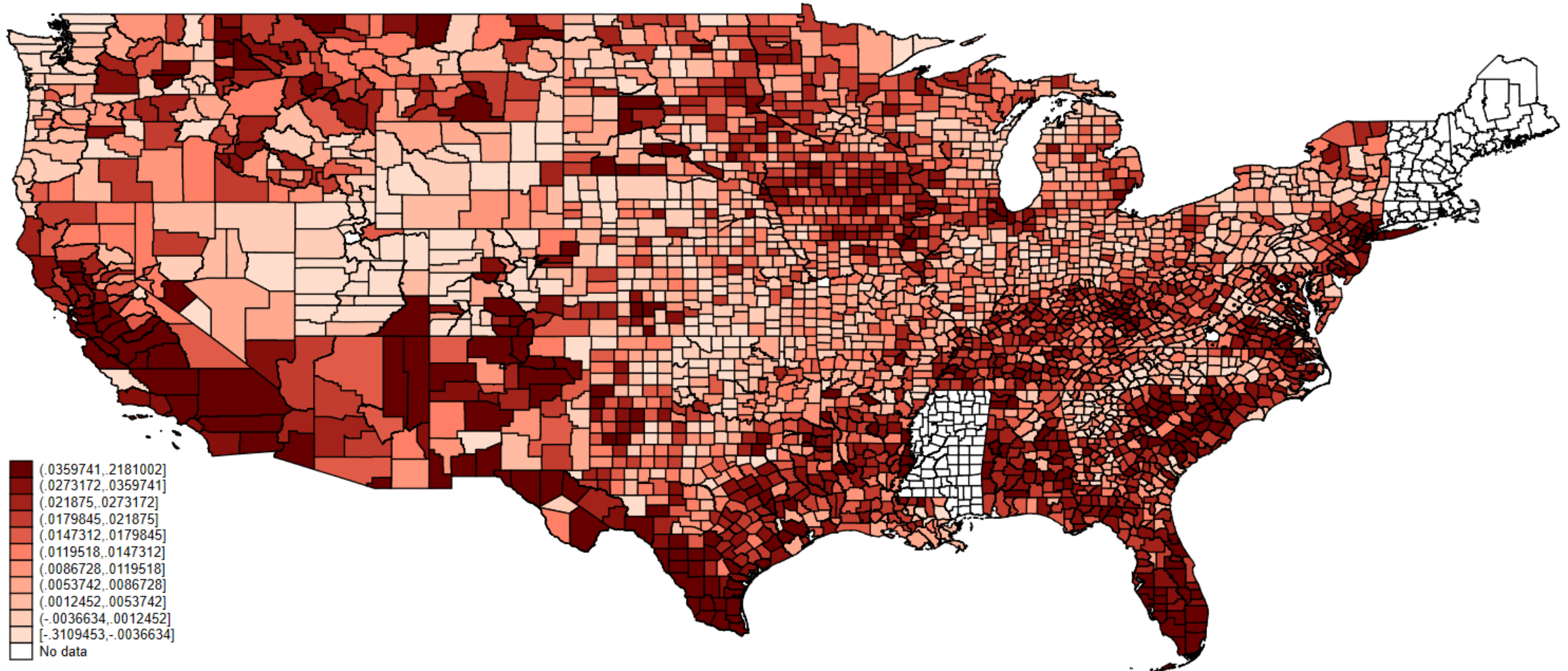
Regional Impacts of Bidenomics?

Per-Capita-Investment IRA, BIL, CHIPS



Did Democrats loose less in treated regions?

First differences DEM-Voteshare



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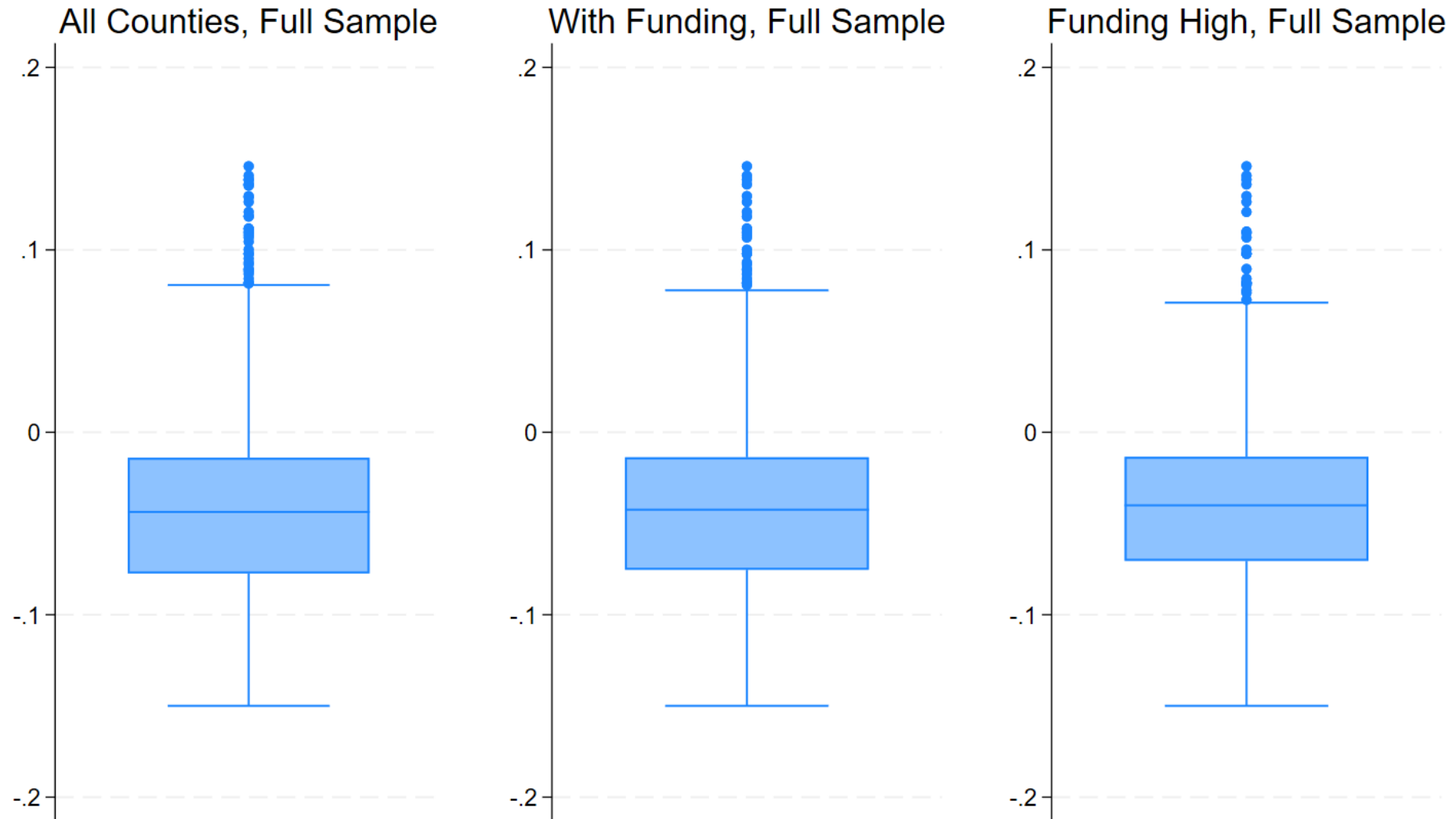
Empirical Strategy

- Compare similar counties with/without funding

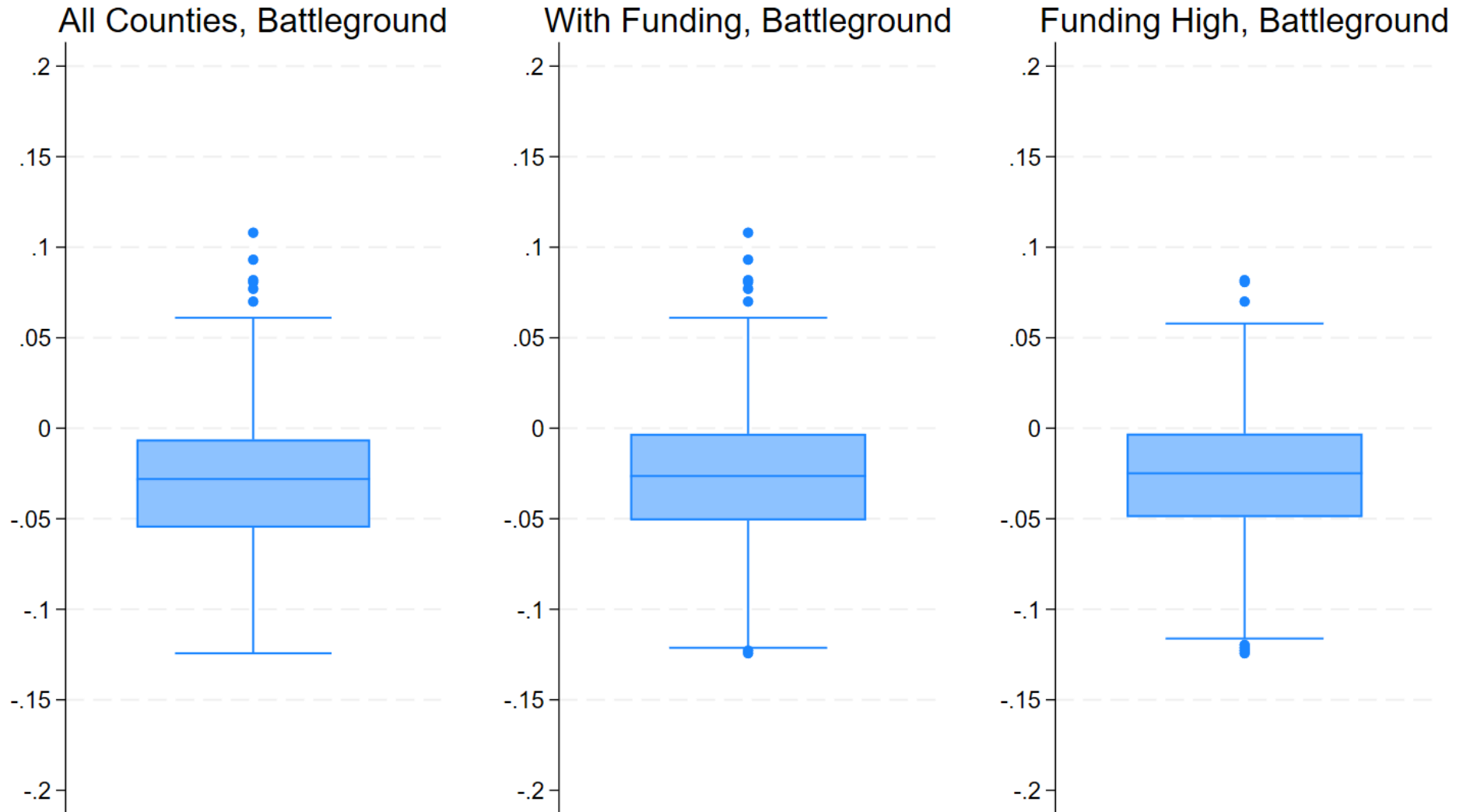
$$\Delta y_{it} = \alpha + \beta_1 IRA_exposure_i + \Delta X'_{it} \beta_2 + \varepsilon_{it}$$

- y = Democratic vote shares ($i \sim$ county)
 - t = treatment period (2024-2020) or placebo period (2020-2016)
 - X'_{it} = regional-level controls
 - $IRA_exposure_i$ from matched Sample
- Assess Effect heterogenities w.r.t. regional characteristics
 - LM-Conditions
 - Demographics
 - Invesment types

Currently (& preliminary): Rather no overall-effect



... but potentially meaningful regional variation



Preliminary Conclusion

- Bidenomics did not pay off for the democrats
 - Too little, too late?
 - Bad marketing?
 - Voters' ignorance?
 - Overshadowed by other topics?
- Need to better understand the reasons to guide future policy design
 - Assess regional effect heterogeneity to inform the debate
 - Democracy relies on policymakers being awarded for enacting welfare-enhancing policies