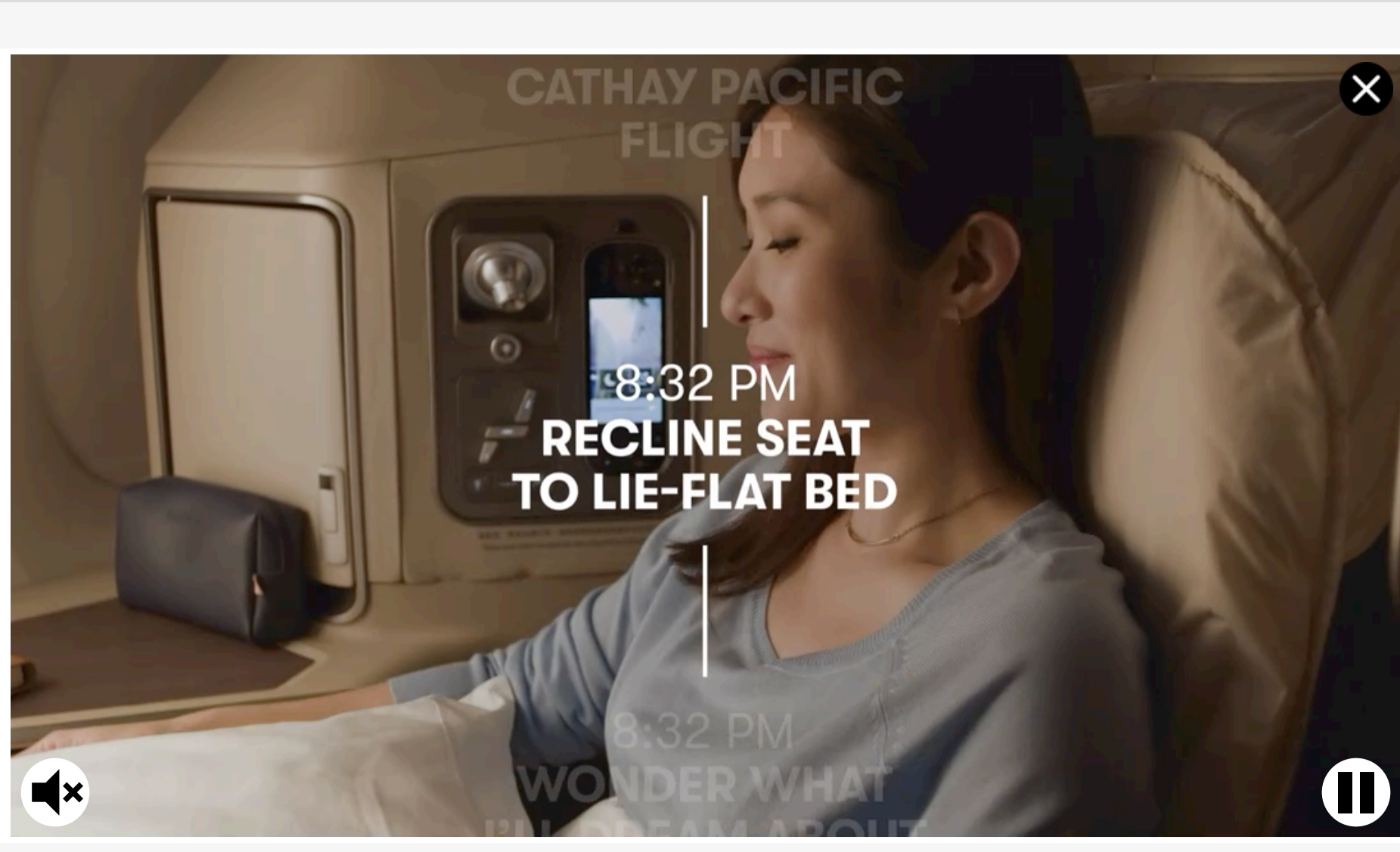


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### The confidence question US elections 2024



Lauren Aratani in New York  
Mon 4 Nov 2024 04:00 EST

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## If the US is heading for a soft landing, why do people feel so hard up?



Illustration: Angelica Alzona/Guardian Design

US economists and everyday Americans seem to live in two different realities - this disconnect could ultimately decide who takes the White House

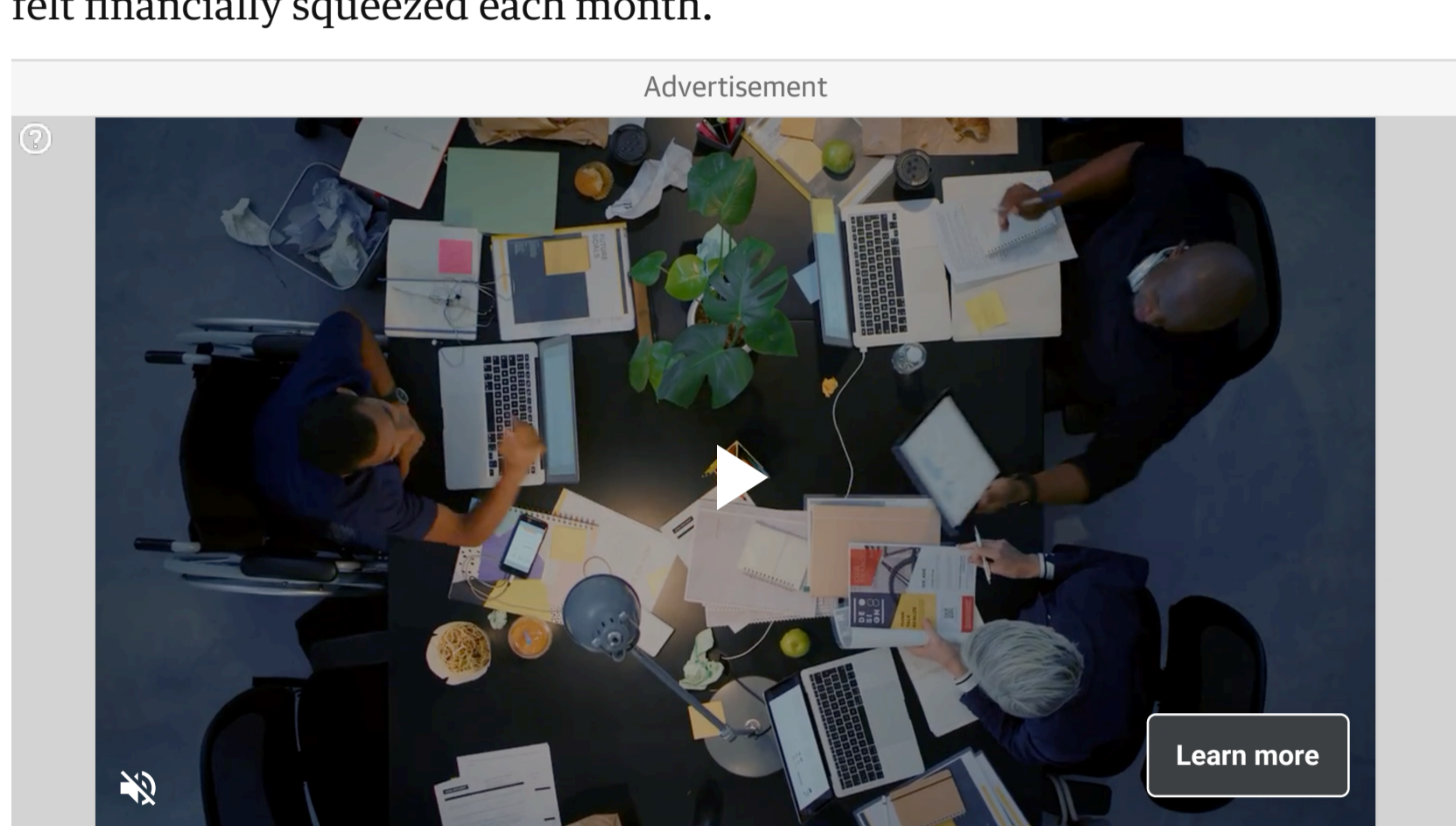
The last few months have been filled with great news, according to US economists. Inflation is a hair's breadth from pre-pandemic levels, unemployment is close to a 50-year low. The stock market keeps hitting record highs. The Federal Reserve cut interest rates last month, the first time since 2020. Some economists have gone so far as to say that the economy we're living in is one of the best seen in decades.

And yet, as the US heads to the polls, many Americans believe the economy stinks. It's a disconnect that could ultimately decide who takes the White House.

Paul Spehar, 62, a maintenance technician based in Daytona Beach, Florida, has seen reports that the economy is doing well but has only seen his savings chip away. His car insurance tripled over the last three years, and he had to take on \$2,000 in debt to pay for the copay of a recent surgery. When Spehar retires, he will have to rely solely on Social Security.

"The system doesn't work for people like me," Spehar said.

It's a common sentiment. In a Harris Poll conducted exclusively for the Guardian in September, nearly 50% of Americans believed that the country was experiencing a recession. Over 60% believed that inflation was increasing, and 50% believed that unemployment was increasing too. Even those who may know what the economists are saying don't feel great: 73% said it was hard to feel good about any positive economic news when they felt financially squeezed each month.



As election day draws closer, and voters consistently say that the economy is their number one issue, the stakes of understanding why voters feel so blue have never been higher. So why do economists and everyday Americans seem to live in two different realities? The answer may come down to how they view inflation.

For economists, inflation is a "nominal thing", said Stefanie Stantcheva, an economist at Harvard. In other words, for economists, inflation is a measure - an important measure, especially for the Federal Reserve, which is tasked with adjusting monetary to control inflation. But for everyday Americans, inflation is a lived experience.

"[Lived experiences] teach us a lot, and they show us that people are suffering a lot from inflation, perhaps more than the baseline numbers say," Stantcheva said. "I think it's very important to not just look at that number and say, 'Oh, but this is what CPI [the consumer price index, a broad measure of inflation] says.' ... People have a different experience from that, and those experiences should be taken seriously."

That "nominal" number elicits feelings of anger, fear, anxiety and stress - along with a sense of inequality and injustice, when people are asked open-ended questions about how inflation makes them feel, said Stantcheva.

People "think that wages are not keeping pace with prices at all, and so their standards of living are eroding", Stantcheva said. "Inflation affects us as consumers, as workers, as asset holders, and also emotionally. And we see that lots of people, especially lower-income ones."

Inflation peaked in the summer of 2022 at 9.1% - the highest it had been since the early '80s. It would take over two years for inflation to get back to levels under 3%. The Federal Reserve started ratcheting up interest rates, making the cost of borrowing money more expensive, to tackle rising prices. It has worked, but for many, the economic data and the reality of lived experiences have diverged.

For economists, it seems likely that the Federal Reserve pulled off what they call a "soft landing" - a rare feat where inflation goes down, but the unemployment rate remains relatively low. The opposite, a "hard landing" - which many economists had forecast - would have meant that unemployment would go up as inflation goes down, triggering a recession.

But for many Americans, this is anything but a soft landing.

Inflation coming down doesn't mean prices have come down, which would be deflation, something economic theory says would actually be a bad sign for the economy. So prices have and will remain elevated. Food prices, for example, went up 25% between 2019 and 2023, according to the US Department of Agriculture.

The impact of higher interest rates has also taken time to ripple through the economy, so in addition to inflation, Americans are also still getting hit with high interest rates. As prices increased, so did the cost of buying a home, getting a loan for a car and the rates on credit card bills.

What economists call a soft landing "is diametrically opposed to ordinary Americans, who see themselves in the middle of turbulence", said John Gerzema, CEO of Harris Poll.

While economists - and the Biden administration - celebrate low unemployment, it's harder for everyday Americans to appreciate the good news even if they still have their jobs.

"Unemployment is highly personal when it happens to you," Gerzema said. But for most people, unemployment is not a big factor in their lives. "But inflation is personal and persistent. Every week it's changing your benchmark."

MaryKate, 25, who requested she be identified by only her first name for fear of professional repercussions, said that she is still living at home with her parents because rent has been too expensive. When she graduated from college in 2021, it took her a year to find a full-time job with benefits, and saving up to move out has been hard. She recently got financing for a new car, which she uses to commute to work.

"I didn't intend to be at home for this long," MaryKate said. "It's hindering my personal growth."

MaryKate said she thinks about how her parents were able to move up from the lower middle class to a middle class during their life, and doesn't feel like the mobility they experienced is possible for her.

"At least in my family, that was kind of always the thought, that the next generation does better than the previous one," she said. "I don't know if that's necessarily going to be the case for me."

It's a sentiment that many Americans share. In the September Harris/Guardian poll, 42% of Americans said they are not financially better off today than their parents were at their age.

The one thing that Donald Trump and Kamala Harris seem to agree on is that inflation has hurt Americans, and they are acting accordingly. It's why Trump **re-emphasized** ending taxes on tips at a rally in Las Vegas and Harris has **shifted her emphasis away** from Bidenomics - investing in infrastructure, boosting the US chip industry - to putting housing costs and crackdowns on price gouging at the center of her economic proposals.

Gerzema says these kinds of policies are "personally relevant appeals" that focus on the granular "pixels" of the economy, not the overall picture. Purchasing power, personal sentiment on job security, student loans, the price of gas - are all pixels that make up the picture of a person's individual economy.

"I think the pixels just become so incredibly important because when you look at those, you really start to understand a different picture," Gerzema said.

Both presidential candidates seem to understand that much of the election hinges on these emotions. This week, voters will choose who they think has understood them best.

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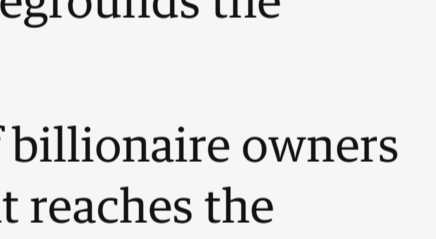
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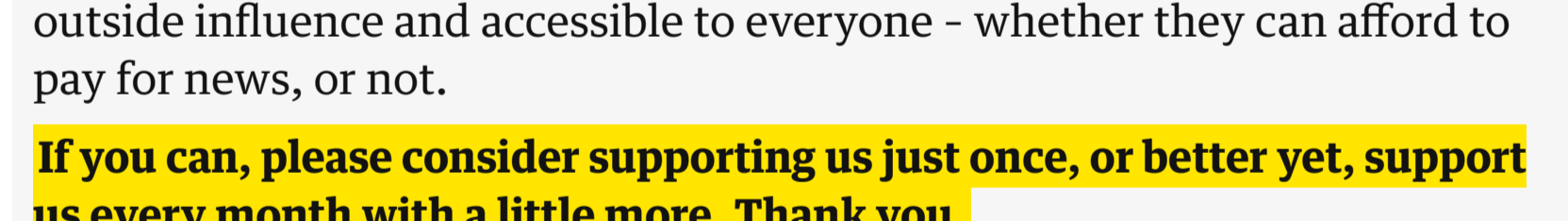
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