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Article

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Intereconomics

Suggested Citation: Gold, Robert (2025) : It Should Be About the Economy – Are Voters Stupid?, Intereconomics, ISSN 1613-964X, Paradigm Publishing Services, Warsaw, Vol. 60, Iss. 5, pp. 270-274, <https://doi.org/10.2478/ie-2025-0053>

This Version is available at:

<https://hdl.handle.net/10419/330930>

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Robert Gold

It Should Be About the Economy – Are Voters Stupid?

Despite a comparatively strong economic outlook in 2024, American voters chose Donald Trump. Does this mean voters no longer care about the economy? This article argues that they do – but not always in the way predicted by conventional theory. By contrasting “Bidenomics” in the United States with regional policy in the European Union, the article explores potential explanations for the apparent inconsistency in voting behaviour. It concludes that to preserve incentives for welfare-enhancing policies, policymakers must engage with the electorate more actively and more emphatically.

They did it again. In November 2024, 77 million voters granted Donald Trump a second term as President of the United States – and the world must cope with the consequences. Roughly two million more Americans voted for Trump than for Kamala Harris. Compared with his first victory in 2016, the 47th president gained an additional 14.3 million votes, albeit in an election with substantially higher turnout. Why is that?

A common mantra, allegedly coined by Bill Clinton’s campaign manager in 1992, is that “It’s the economy, stupid” that wins presidential elections. The 2024 election seems to be no exception: exit polls consistently showed that “the economy” was by far the most important issue shaping Americans’ voting decisions (e.g. CNN, 2024). What is puzzling, however, is that voters who care about the economy chose Donald Trump over Kamala Harris.

Even without hindsight bias – knowing about “retaliatory tariffs” and the “One Big Beautiful Bill” – this decision is hard to understand from an outside perspective. Trump’s first term ended with a recession triggered by the COVID-19 pandemic – and the president’s handling of it. The Biden Administration, by contrast, managed to stabilise the economy, and by 2024 the economic outlook was comparatively positive. Public spending programmes like

the Inflation Reduction Act prioritised investments into structurally weak regions – which had been particularly supportive of Donald Trump in the previous elections. Of course, inflation had risen in response to Russia’s invasion of Ukraine, but the US peak was moderate compared with that of Europe and had already declined by election time. Labour market figures looked promising. So why did voters prefer the economic circus proposed by Trump over a continuation of the rather stable “Bidenomics”? Are American voters perhaps stupid?

One might be tempted to think so. According to exit polls, formal education was among the strongest predictors of vote choice in the 2024 presidential election (CNN, 2024). Trump had the most significant lead over Harris among voters without a college education, while trailing her among those with advanced degrees. Yet formal education is not the same as intelligence. And it is not uniquely American voters who support policies that appear detrimental to their own material interests. Across Western democracies, right-wing populism has gained popularity despite – just as left-wing populism – delivering weaker economic outcomes than centrist governments (Funke et al., 2023). Understanding why is crucial not only for updating theoretical models of voting behavior, but also for assessing the resilience of market democracies compared with autocratic regimes.

This article discusses recent insights into how voters evaluate economic policy at the ballot box, with particular attention to regional policy in the United States and the European Union.

Why voters’ motives matter

In 2024, the Nobel Prize in Economics was awarded to Daron Acemoglu, Simon Johnson and James A. Robinson

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Open Access funding provided by ZBW – Leibniz Information Centre for Economics.

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for their work on the relevance of democratic institutions for economic prosperity. In theoretical models, democracy relies on individuals selecting policies that best serve their interests. Governments are then rewarded for welfare-enhancing policies – a core incentive for responsive policymaking.

This view was challenged in 2016 by the first election of Donald Trump and by the UK's referendum decision to leave the European Union. Surprisingly, Trump's promise to repeal Obamacare drew strong support from voters who appeared to benefit from it. In the UK, "Leave" won significant majorities in regions that had received a lot of funding support from the EU. Accordingly, the key question remains: how "rationally" did voters decide when casting their ballots?

One possibility is that voters rationally weighed their economic losses against ideological gains. In the United States, some may have opposed state intervention strongly enough to support welfare cuts despite income losses. In the UK, Brexit supporters may have deliberately traded weaker growth prospects for projected gains in national sovereignty. Still, many voters expressed rather unrealistic expectations: dismantling the federal state in the United States or making "better trade deals" outside the EU was framed as an economic opportunity – but with little basis in evidence. To err about the future is every voter's right. What is troubling, however, is that populist campaigns tend to exacerbate such misconceptions of economics. The proposed policies often rested on vague promises of prosperity with weak economic grounding. Were voters simply misled?

Arguably, the academic debate on voting behaviour and the rise of populism may have indirectly contributed. Populist movements, left or right, share a central conviction: that a detached elite governs in its own interest, ignoring ordinary citizens. This "elite" is ambiguously defined to include policymakers, judges, journalists – and academics. As with every good conspiracy theory, there may be a grain of truth in this. While there is certainly no conspiracy to suppress "the will of the people", the public debate on economic policy is indeed dominated by a relatively narrow group of experts. Economists play a vital role in providing neutral analysis, but the way expertise is communicated may appear detached – or elitist. Populists exploit this perception to ridicule experts as out of touch. In turn, providing economic expertise for the broader public is becoming more difficult. Specifically, reaching out to an audience without economic background is challenging in a diversified and polarised media environment.

The Brexit referendum illustrates this dynamic. Rarely have economists agreed so strongly: the overwhelming

majority was convinced that Brexit would harm the UK economy. Yet this message clearly failed to resonate. At its 2017 annual conference, the Royal Economic Society debated why – and how to improve public advice in the future. In a lively discussion, many blamed the BBC's impartiality rules, which required balancing expert warnings with pro-Brexit claims, regardless of credibility. This gave fringe arguments equal airtime with professional expertise.

Oversimplified as this may be, it highlights the difficulty experts face in reaching the public and informing people with no previous knowledge about economic regularities.

However, for voters to make informed decisions, they need such unbiased information. Academics, particularly those on the public payroll, have a responsibility to provide it. The challenge is that expertise is often complex, and modern media ecosystems blur the lines between fact and opinion, between reasoning, entertainment and misinformation. Traditional media once mediated between experts and the public and translated academic jargon into digestible information. Today, digital platforms flood citizens with competing claims, which they must filter themselves. Populists thrive in this environment by politicising scientific advice and by framing established facts as contested.

Just like policymakers, academics are still struggling to adjust to the new environment. Understanding how voters – especially those inclined towards populism – process information is therefore critical and requires more research. A good starting point might be the notion that many do not evaluate policies through individual cost-benefit calculation alone. Even if some may be insufficiently informed, this does not make them stupid. They react to economic incentives, but also factor in feelings, sentiments and normative convictions. Populists understand this well, campaigning on emotion at least as much as economics. To win voters back, democratic actors must engage not only with facts, they must reach out to the public more comprehensively, striving to bridge the perceived divide between opinion leaders and those who passively follow the public debate.

It is not only the economy, stupid

The literature on the economic causes of populism provides some preliminary insights into voters' evaluation of economic policy. Other factors have certainly contributed to the rise of populism as well, particularly to the success of right-wing parties and candidates in Western democracies. However, there is ample evidence that right-wing populism is also a backlash of voters dissatisfied with

economic developments such as globalisation and technological change (Guriev & Papaioannou, 2022). To be sure, economic progress created many new opportunities but also deepened inequality and spurred insecurity. Advanced economies have shifted towards knowledge-intensive services, while traditional manufacturing declined. On aggregate, this shift increased prosperity. But benefits were unevenly distributed: blue-collar workers with lower qualifications often struggled to find well-paid jobs with long-term prospects in the booming industries. Many turned towards populist parties.

Why did they turn to supporting populists from the right fringe, though? Should not left-wing parties promising redistribution benefit from economic inequality? One has to acknowledge the effectiveness of the campaign strategies of right-wing populists in mobilising discontent with economic change. More importantly, however, it is the depth of this discontent that matters. Those disadvantaged by economic change not only face income losses that could be easily compensated by transfer payments. Much more, they lose development perspectives and see their life plans disrupted. Thus, their frustration runs deeper than just dissatisfaction with government policies. Many feel disregarded and call the free market economy into question more generally. From this perspective, a more radical political alternative that prioritises national interests over the benefits of international economic exchange seems attractive.

As Rodrik (2018) points out, the populist backlash is more a backlash against globalisation than against structural change in general. While people are accustomed to adapting to structural change over time, international competition feels externally imposed. Accordingly, job losses from outsourcing and offshoring are perceived as unfair and beyond individual control. Indeed, democracy alone will not protect minorities from the downsides of a development that is otherwise welfare-enhancing. Thus, workers whose life plans are derailed by macroeconomic developments may lose trust in the democratic system. Populists amplify this sense of injustice, framing globalisation as a betrayal by elites and international institutions. Accordingly, although triggered by economics, the voting response is also affected by normative considerations of fairness, equal representation and control.

The inequalities in the benefits and disadvantages of economic change have a distinct regional dimension. In particular, urban areas benefit from the shift to knowledge-intensive production and servitisation. Traditional manufacturing sites in the hinterland tend to lose out. These inequalities in the regional development perspectives fuel a political polarisation in space.

Throughout Western economies, populist parties and candidates tend to have their strongholds in peripheral regions struggling to cope with structural change. Importantly, support extends beyond those directly affected by job losses. Regional decline affects quality of life more broadly, reducing trust in democratic institutions to deliver for its citizens in the country – and spurring support for populist alternatives.

The very existence of these regional inequalities is probably less surprising than their persistence. From a theoretical perspective, one would expect more workers to move from the lagging periphery to the flourishing centres where good new jobs are created. In reality, however, mobility is significantly constrained. Due to skill mismatches, not all workers can easily switch between sectors. Even if they can, not all are willing to give up their regional roots for better job prospects and higher wages in the urban centres. Again, they factor in their emotional attachment to their home region and their social network. Even in the comparatively mobile United States, many people are unwilling to leave their home communities for better opportunities (see Autor et al., 2013). This immobility, particularly pronounced in peripheral areas, makes citizens more receptive to populist narratives portraying liberal economic policies as an attack on the rural way of life.

Regional policy in the US and the EU – Two cases in point

The empirical literature on the economic causes of populism also hints at potential remedies. Accordingly, lagging regional growth fuels populism (Autor et al., 2020; Dippel et al., 2022), especially when compounded by spending cuts (Baccini & Sattler, 2025; Fetzer, 2019).

Consequently, targeted investment in struggling regions should be able to mitigate support for populist parties. For the EU, there is evidence that regional policy does indeed have this effect. Specifically, investments from EU structural funds into the development of lagging regions reduce right-populist vote shares in European Parliament elections (Gold & Lehr, 2024). Why, then, did the Biden Administration's regional investments not deliver a similar effect in the US?

US labour markets were hit hard by China's rise as a manufacturing power. Specifically, the manufacturing heartlands were struck by outsourcing and offshoring – and these communities became central to Trump's base in 2016. Thus, it is probably no coincidence that the Biden Administration put industrial renewal at the centre of its economic policy agenda, with a specific focus on structurally weak – and Republican-leaning – regions. Why did

this approach of Bidenomics – to grow the economy from the “middle out and bottom up” – not pay off at the ballot box?

Of course, Bidenomics is not directly comparable to EU regional policy. The latter is a well-structured policy programme, directly targeting lagging regions. The former consists of several large policy initiatives meant to stimulate growth in the aftermath of the COVID-19 pandemic that incentivises investments in periphery regions rather indirectly. Still, given the scope of Biden’s economic programmes, and the relevance of rural deprivation to Donald Trump’s success, one might have expected the Democratic party to perform better in 2024.

Essentially, Bidenomics rests on three landmark programmes:

- the *Infrastructure Investment and Jobs Act*, investing more than US \$1 trillion in transportation, digital and energy infrastructure
- the *CHIPS and Science Act*, funding research and production of semiconductors in the US with around US \$300 billion
- the *Inflation Reduction Act* that contains a bundle of measures to support investments into green technologies with about US \$800 billion, predominantly through tax credits.

All three aim to create new manufacturing jobs in the US, explicitly or implicitly prioritising investment in lagging regions. Thus altogether, Bidenomics had the potential to win back dissatisfied voters, much like EU regional policy in Europe. What went wrong?

Many reasons have been brought forward for Bidenomics not being rewarded by the American voters. For sure, issues other than regional development were more prominent in the hot phase of the election campaign, specifically inflation and the cost of living (see Federle et al., 2024). With that, economics remained decisive. Apparently, many voters simply did not see Bidenomics as policy that could improve their own livelihoods.

Partly, this seems to reflect voters’ poor knowledge of the key policies. In a survey conducted by the University of Maryland in 2023, for instance, 70% of the respondents stated they had heard nothing or only little about the Inflation Reduction Act (Washington Post, 2023). Among those who had heard of it, a majority was supportive of the bill, though. This suggests a lack of visibility rather than opposition. In a poll conducted by *Politico* (2024),

40% of registered voters state that Joe Biden had done more to promote infrastructure improvements – but 37% said it was Donald Trump. Comparing just the scale of the Infrastructure Investment and Jobs Act to the first Trump Administration’s infrastructure policy, this suggests that some voters were simply not thoroughly informed.

The polls also reveal a stark partisan divide in voters’ evaluation of the two presidents’ economic policies. Respondents who identified as Democrats had a significantly more positive view of Bidenomics, while hardly any self-assessed Republican supported the policies. Apparently, voters do not evaluate policies strictly on the basis of fact and figures. Ideological leanings and political or personal sympathies seem to be more important.

Certainly, the partisan divide in the knowledgeability and evaluation of central economic policies relates to partisan media structures and selective news consumption. However, it also hints at differences in the effectiveness of political campaigning. The Democratic party failed to convince voters of the accomplishments of their flagship economic policies. Specifically, it did not convince lower income groups that they would benefit from Bidenomics. Conversely, the Republican party was very successful at convincing people that Bidenomics was a failure – and that they would be better off under Donald Trump’s presidency.

Without facts and figures in their favour, the Republican campaign resorted to more normative arguments. For instance, just labelling a huge public spending programme Inflation Reduction Act became a boomerang for the Democratic party. The name was meant to facilitate the passage of the bill in Congress. This strategic move backfired when inflation rose, since Republicans could easily accuse Democrats of incompetence or deception. On the contrary, Republicans did not explain how they intended to fulfil Donald Trump’s pledge to bring prices down, making it less vulnerable to scrutiny.

Although the Democratic campaign put quite some effort into convincing swing-state voters of the benefits of its economic agenda, it failed. Arguably, the challenge was bigger than one might expect from looking just at spending figures and labour market data. Apart from some lighthouse projects, many investments were announced but not yet implemented at the time of the election. Moreover, tax credits for companies are difficult to connect to specific investments or policies from a voters’ perspective. Infrastructural investments may be more visible, but they take time to materialise in economic growth. Thus, while Bidenomics had strong potential to foster growth in lagging regions on paper, the benefits were not yet tangible for voters on the ground, and therefore they

would have had to trust the Democrats to deliver on their promise. The Republican campaign successfully undermined that trust by waving in ideological arguments. For instance, the Inflation Reduction Act promised economic recovery on the basis of green growth. Parts of the electorate found the Republican alternative to “drill, baby, drill” just more compelling. Eventually, emotional slogans resonated more with the electorate than factual information about complex policy programmes.

Conversely, why did EU regional policy succeed in winning back voters from populism on the other side of the Atlantic? Of course, parliamentary elections are different than presidential elections – the party landscape differs, and the median voter in the US is different from her counterpart in the EU. What is more, EU support for regional growth is a well-established policy familiar to many. It is particularly salient – with own brands and signs making investments by the EU’s structural funds visible. Another hint may be given by Gold and Lehr (2024), who also investigate how European citizens react to EU regional investments. Interestingly, when asked about their own economic perspectives, respondents living in funded regions hardly differ from those who do not directly benefit from EU support. However, EU funding significantly increases respondents’ trust in democratic institutions. This seems to be one reason for the voting response to regional policy in the EU. Investments into regional development restore trust in democracy, making the populist alternative less attractive. The key to voter consent, then, is not only economic impact but also the perception that democratic institutions respond to citizens’ needs.

Conclusion

Voting behaviour is shaped by economics, but not always as theory predicts. Populist voters in particular tend to interpret objectively positive economic developments in negative terms. Lack of information plays a role, but so do emotions, values and trust in institutions – including academia. Blaming “stupid” voters misses the point. These voters simply use different heuristics rather than strictly rational cost-benefit analyses.

For academics, this means rethinking how expertise is communicated. Complex models and data are needed to derive reliable policy conclusions, but insights must also be accessible and comprehensible for a broader public. Economists should reach out more emphatically to voters discontented with the economy to regain credibility.

For policymakers, delivering good policies is not enough to win back voters from populism. Benefits must be vis-

ible, tangible and framed in ways that resonate emotionally as well as rationally with the electorate.

The economic success of market democracies rests on rewarding good policies at the ballot box and punishing poor performance. For this mechanism to function, voters must connect policies to outcomes they can feel in their daily lives. Economic policy must therefore deliver not only welfare gains but also trust in the democratic process itself. Winning voters’ heads requires facts; winning their trust requires that they feel democracy delivers for them personally, and that policymakers are responsive.

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