

BIG SWINGS IN THE NATIONAL MOOD ARE A STAPLE OF CONTEMPORARY POLITICS

By Everett Carll Ladd

Polls last fall showed exceptionally steep drops in a series of measures of political sentiment, economic concern, and confidence in overall national direction. For example, George Bush's presidential approval, which reached an all-time high of 89% in the Gallup poll taken as the Gulf War ended, remained very high through the summer. But it then fell off sharply: Just 52% expressed approval at the end of November (see the chart, p. 4), and by December it had dipped below the 50% mark.

Similarly, the proportions of Americans saying "things in the nation are generally headed in the right direction," as opposed to being "off on the wrong track," shifted from 41-38% at the end of August, to 19-64% in late November. The Conference Board's Index of Consumer Confidence fell 22 points from August to November.

What Caused the Plunge?

These shifts are very large when viewed against past performance. The recent drop in the Consumer Confidence Index took that measure to one of the lowest readings recorded in its 22 year existence. (The lowest mark, 43, came in December 1974.) The 19% of Americans saying last month that the US is moving in the right direction was just three points above the lowest ever recorded in scores of askings of this question; the low of 16% came in the fall of 1979.

The prevailing interpretation sees the recent downturn in the "confidence" measures originating in a souring of the US economy, which has left many Americans in something of a panic about their finances. This has in turn "rubbed off" on the President, weakening his popular

standing, and in general has left the country much more pessimistic.

Much More Than Economics

Upon closer examination, this view has lots of flaws. For one thing, while the economy is sluggish, virtually all measures show it stronger now than it was last March—when many confidence readings (though not consumer confidence) were recording near record highs. (See the table on p. 5 for the various economic data.) There wasn't significant economic change this fall, nor was there in September and October last year, when the confidence readings took a plunge virtually identical to what we have just seen.

The performance of the US economy is one element in the swings we have been experiencing. But it's hardly the only major factor, and it probably isn't even the leading one.

One other causal element in the recent shifts—developments in the Persian Gulf, and Americans' reactions to them—is, of course, evident enough. The consumer confidence, "right direction," Bush approval, and many other such scores all rose sharply last winter—and surely not because the economy was improving, for it was in fact sliding backward. The war was front and center in public consciousness, and there the country's performance was deemed excellent. This rising tide of national sentiment lifted all boats—all the disparate readings of mood and confidence.

"Consumer Confidence" as General Mood

The Conference Board's Consumer Confidence Index is based on responses to five survey questions, all narrowly eco-

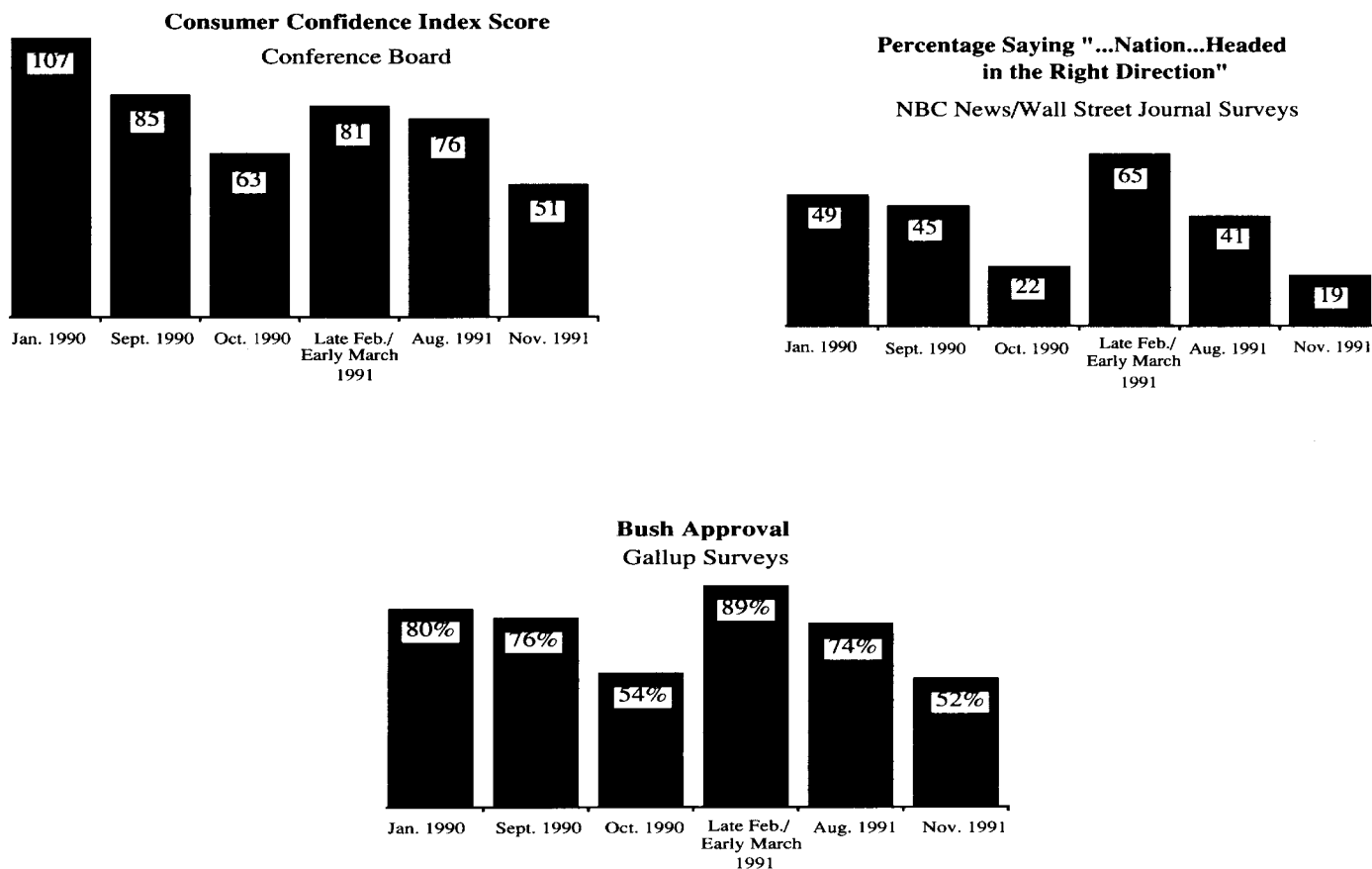
nomie. Respondents are asked to assess business conditions in their area today and to look ahead to what they are likely to be six months hence; to judge the employment situation now and their expectations for it in the immediate future; and to evaluate their own income prospects. But, as was the case last fall and winter and again this past fall, these specifically economic queries often pick up striking shifts that result from non-economic factors.

We probably should drop "consumer" from the Index's name. The questions tap elements of confidence or mood, which may well influence economic behavior. The sources of these responses, however, except during extremes of national economic experience (i.e., in a very deep recession), reach far beyond the economy.

Though ostensibly very different in their focus, the various measures we have been examining all tap a diffuse amalgam we can call simply the national mood. In our age of pervasive electronic communication, this mood—at least at a surface level—behaves like an express elevator. What's more, it doesn't take major shifts in the country's foundations to bring about a mood change. In the fall of 1990, for example, the spectacle of president and Congress locked in endless budget wrangling, and the President's backing off on his "no new taxes" pledge, was enough to sour public sentiment.

In the case of the Gulf war, it was the President's leadership and the military's performance, widely applauded, which dramatically raised the national mood, which in turn led people to proclaim greater economic confidence. Of course, Americans are bound to feel better about the economy when what they are seeing nightly are victories in the Gulf war, than

Figure 1
The Nation's Mood:
Measures Now Show Exceptional Volatility



when they are being told nightly that the economy is in shambles—the case this fall and winter.

With, and Without, the Anchor of Personal Experience

When people are asked about their own economic position—about which they have full personal knowledge—their responses show great stability. Most Americans' economic fortunes stay fairly constant, and their assessments reflect this. Each year since 1972, the University of Chicago's National Opinion Research Center has asked its respondents whether

they are "pretty well satisfied," "more or less satisfied," or "not at all satisfied" with their personal financial situation. Not once over these two decades has the proportion saying they are dissatisfied dropped lower than 23%, or risen higher than 30%. In the survey taken earlier this year it was 27%. This past summer and fall, when consumer confidence measures were showing such a steep decline, NBC News and the Wall Street Journal surveys found Americans' assessments of their own economic situations changing not at all.

Similarly, when asked about their family life, or their social and religious

values, people's responses vary little, whatever the headlines of the day. They are firmly anchored by concrete experience.

When asked, however, about "how is it all going," in a world where so much is going on, and being transported into their living rooms in full color each night in such differing mixes of reporting, Americans now evince big if fairly superficial swings of mood. This is one more novel feature of media-centered, information-laden, "post-industrial" politics.

Table 1
Measuring U.S. Economic Performance: 1991

	March	August	November
Inflation Rates (Percent change in consumer prices from year earlier)	4.9%	3.8%	3.0%
Index of Leading Economic Indicators (Index of 11 indicators designed to forecast overall economic activity)	141.5	145.5	145.1
Unemployment Rate (Unemployment as percent of total labor force. Monthly data seasonally adjusted)	6.8	6.7	6.8
Industrial Production Index (Index of total industrial production, 1987=100)	105.0	108.0	107.8
Total Manufacturers' Orders of Durable Goods (in billions of dollars)	112.1	125.5	124.7
Personal Income (in billions of dollars)	4,781.4	4,854.2	4,878.7
	First Quarter	Second Quarter	
Personal Consumption Expenditures (in billions of dollars)	3,742.8	3,841.8	
Real GNP (Gross national product expressed in 1987 dollars)	4,843.7	4,872.3	
Real GDP (Gross domestic product expressed in 1987 dollars)	4,824.0	4,861.0	

Source: Council of Economic Advisors, *Economic Indicators*, February, September, and November, 1991, pp. 2, 4, 5, 12, 17, 20, 21, 24; Department of Commerce, Bureau of Economic Statistics, unpublished data; Department of Labor, Bureau of Labor Statistics, unpublished data.

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