

Will the Election Focus on the Economy?

The upcoming election throws a multitude of conflicting issues into focus. Taxes, tariffs, crime and health care are just a few. One matter that is a concern for both parties is the economy. Will it define the election?

History Suggests Recessions Lead to Change in Oval Office

Year	Candidate	Recession in Past Two Years?	Reelected?
2020	Trump	✓	?
2012	Obama		✓
2004	GW Bush		✓
1996	Clinton		✓
1992	GH Bush	✓	X
1984	Reagan		✓
1980	Carter	✓	X
1976	Ford	✓	X
1972	Nixon		✓
1964	Johnson		✓
1956	Eisenhower		✓
1948	Truman		✓
1944	Roosevelt		✓
1940	Roosevelt		✓
1936	Roosevelt		✓
1932	Hoover	✓	X

Source: Bruce Mehlman: The Roaring 2020s and Alger.

- According to elections dating back to 1932, the economy is a good indicator of whether the incumbent will be reelected. A recession in the preceding two years has historically indicated a change in the Oval Office.
- The unprecedented Covid-19 pandemic drove the nationwide business shutdowns that caused this year's recession. The downturn began in March 2020. Trump motioned to open up local economies as quickly as possible but do voters view those reopenings favorably?
- The economy continues to recover; the S&P 500 has shrugged off the impact of the pandemic and the unemployment rate has come down. The question of whether Trump is responsible for the recession or mishandled the economy in the face of it remains to be seen in the outcome of the election.



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