UNIVERSITA' DEGLI STUDI DI PAVIA

Dipartimento di Scienze Politiche e Sociali

Corso di laurea in World Politics and International Relations

The 2024 U.S. Election: The Role of Economic Factors in Electoral Decision-Making - An Economic-Political Analysis

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Tesi di laurea di

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Anno accademico 2024/2025

Abstract

This thesis has its origin in the 2024 presidential election with Donald Trump in the role of the 47th President of the U.S., during which I found myself asking the extent to which economic factors influence Electoral Decision-Making. Through the comprehensive literature review and historical case studies, I found that economic performance of the incumbent candidate shapes political preferences, in particular in the retrospective and rational-choice voting behaviors. The typology is not rigidly deterministic in the sense that not only economic concerns are relevant, it is rather, the whole electoral campaigns messaging, the role of media and disinformation, and the influence of global events. Using the Vote and Popularity function voters tend to support the government responsible for developments in the economy, thus the question elaborated is proven to be correct.
These are the considerations that have guided my own thinking about voter preferences in Electoral Decision-Making during the 2024 Presidential election.

Abstract (Italiano)

Questa tesi trae origine dalle elezioni presidenziali del 2024, con Donald Trump nel ruolo di 47° Presidente degli Stati Uniti, durante le quali mi sono chiesta in che misura i fattori economici influenzassero il processo decisionale elettorale. Attraverso un'ampia revisione della letteratura e studi di casi storici, ho scoperto che la performance economica del candidato in carica forma preferenze politiche, in particolare nel comportamento di voto retrospettivo e quello basato sulla scelta razionale. La tipologia non è rigidamente deterministica, nel senso che non sono rilevanti solo le preoccupazioni economiche, ma piuttosto l'insieme dei messaggi delle campagne elettorali, il ruolo dei media e della disinformazione e l'influenza degli eventi globali. Utilizzando la funzione Voto e Popolarità, gli elettori tendono a sostenere il governo responsabile degli sviluppi economici, quindi la domanda elaborata si è dimostrata corretta.
Queste sono le considerazioni che hanno guidato la mia riflessione sulle preferenze degli elettori nel processo decisionale elettorale durante le elezioni Presidenziali del 2024.

Dedication

This thesis is dedicated to my parents who gave me precious educational opportunities and have always supported me with love and affection.

Thanks to all the people in Pavia, Poitiers, Rome and Miami for the kind and valuable time spent together and giving me strength and willpower to make the best out of these two years.

Acknowledgments

I would like to express my deepest appreciation to my supervisor, Professor Riccardo Puglisi for the precious insights and reflections on American political and economic topics, creating a point of view that I was little aware of. I am also grateful because the Professor encouraged me to write a thesis on evolving events. I thank you for the detailed reading of my thesis.

Special thanks to the co-supervisor Professor Marco Missaglia for the in-depth reading of my thesis and the attention given to me.

I'm extremely grateful to the graduation committee for the opportunity given to me to discuss my thesis remotely, otherwise, I would have had to postpone my discussion to October.

Table of Contents

List of abbreviations

- ABS Asset Backed Security
- ACIP Advisory Committee on Immunization Practices
- AP Associated Press
- BEA Bureau of Economic Analysis
- BLS Bureau of Labor Statistics
- CDO Collateralized Debt Obligation
- CPI-U Consumer Price Index for All Urban Consumers
- CPS Current Population Survey
- EU European Union
- FED Federal Reserve System
- FRM Fixed Rate Mortgage
- GDP Gross Domestic Product
- HORECA Hotel, Restaurant, Catering
- MAGA Make America Great Again
- MBS Mortgage Backed Security
- NAFTA North American Free Trade Agreement
- NATO North Atlantic Treaty Organization
- NRU Natural Rate of Unemployment
- TPP Trans-Pacific Partnership
- UK United Kingdom
- US United States
- USA United States of America
- USSR Union of Soviet Socialist Republics
- VP Vote Popularity
- WHO World Health Organization

Introduction

My thesis seeks to identify the role of economic factors, such as inflation, unemployment, GDP growth to determine the electoral decision making and its political preferences through the study of voter behavior; based on the case study of the 2024 US Presidential election. A standard narrative has been presented with arguments to prove that Presidential elections are usually decided by the perception of the economy. In the current state of the economy with high inflation, rising unemployment, growing national debt, small job creation and a slow economic growth; few Americans believe they and the USA are better off than they were four years ago. The economy was a number one priority for voters, especially in swing states, because their voting can significantly shape and shift the outcome, based on how the candidates addressed those regards. This election was likely decided by how Americans felt about their financial status and national economy, and whether it will get better in the following years.

This research aims to explore to what extent economic factors influence voter preferences in the 2024 U.S. Presidential election, considering key financial measures; and determining whether economic concerns played a more influential role in electoral choices or whether other political and social elements represented a significant role. Thusly, the hypothesis are the following:

H1: Economic concerns are a remarkable priority given their impact on voter electoral decisions.

H2: The vote includes economic factors as well as party identification, socioeconomic status and social and political phenomenon.

It will argue that the economic approach is both based on rational voting behavior as well as retrospective voting. The rational choice theory establishes the voter's maximization of rational utility, meaning that voters are considered as consumers who maximize utility. Voters give their votes in exchange for benefits from parties in exchange for an opportunity cost. They decide to vote only if the benefits of the expected results exceed the costs of voting, assigning their votes to the party or candidate that will provide them with the greatest benefits (Downs, 1957). Therefore, the rational voter is characterized by a high coherence and stability of voting preferences, which are expressed not to demonstrate one's own identity and individuality, but rather to influence specific political choices and, in particular, the future benefits coming from the government. The concept of rational choice voting is fundamental to understand the Trump's 2024 electoral campaign, which was directed specifically to American voters, whose main concerns were economic.

Additionally, voters can also be retrospective, which explains voting behavior based on people's perception of the past performance of the government or the incumbent party (Fiorina, 1978). With regard to this point of view, voters judge their feelings about whether they were satisfied with the developments of the previous years, in the same way consumers do. They are more willing to reward the current administration if the economy grows, unemployment falls, or their personal circumstances improve. However, they will vote for the opposition and penalize the current government if they think that things have become worse.

By putting together retrospective voting and rational voting in my thesis, I will consider retrospective voting as a form of rational behavior. Previous events count as measures for the future. As a matter of fact, voters who look at the past performance is a rational way to predict future outcomes, therefore, if the administration manages to have a stable economy, voters believe they will continue to do so.

My research will be useful because it will help understand the connection between economic conditions and voter behavior in the 2024 U.S. Presidential election. This analysis will identify how financial concerns shaped electoral decisions by studying key economic indicators such as inflation, unemployment, and wage growth. Additionally, this research will provide more clarity on whether voter preferences were influenced primarily by economic fear or if other factors, such as social issues and party loyalty, played a more decisive role. Recognizing these dynamics is critical for political analysts, policymakers, and future candidates in order to develop effective campaign strategies. Moreover, it contributes to the general relationship between democracy and economic stability. The aim is to bring attention to the trend in economic voting behavior by comparing previous elections outcomes to the latter. Based on these economic conditions, these results are likely to be useful in predicting future election trends. Lastly, it will offer new perspectives on the way the economy influences political outcomes.

To begin with, in chapter one, I will analyze two very important case studies of economic influence on presidential elections, those of 1980 and 2008, with a comparison to the recent elections in 2016, 2020, and 2024. Moreover, chapter two will look into the U.S. economy before the 2024 election, discussing the key indicators that led to the victory of former President Donald Trump. Additionally, chapter three will discuss the role of economic factors and electoral mobilization during the 2024 electoral campaign, characterized by various demographic groups and the role of social media in shaping economic narratives. Furthermore, chapter four will delve into the impact of foreign policy on the state of the American economy, e.g., the Ukraine-Russia war, global tariffs, and the debate over military expenditure in NATO. To conclude, my thesis is aimed to prove and determine that microeconomic and macroeconomic factors have a concrete and effective importance in establishing the outcome of elections, in addition to that, however, multiple factors such as international events and wars play a crucial role.

Literature review

Electoral behavior studies are a key part to understand electoral choices in presidential and parliamentary elections. In the following paragraph there will be reported studies on electoral behavior by economists and political scientist's authors who have tried to explain voters' choices through different theoretical approaches. According to Anthony Downs work in his book "An Economic Theory of Democracy" published in 1957, voters behave rationally based on the rational choice analysis. The study shows that voters evaluate political party programs and choose rationally based on what they perceive to be in their interests. On the other hand, political parties are likely to tackle important and sensible issues to attract the most votes in order to win elections. In his study American voters converge towards a middle ideological spectrum, and political parties try to win the support of the median voter. In the case of a perception of a declining and weak economy the rational voter will cast its vote for the candidate whose policies are likely to maximize their individual financial situation. This situation leads to an egotropic voting behavior since it is only taken into consideration the voter personal situation.

Another important author in this field of study is Morris Fiorina, who in his book "Economic Retrospective Voting in American National Elections: A Micro-Analysis" published in 1981. The author develops the theory of retrospective voting, in which voters judge the governing party on the basis of its past performance, particularly on economic issues. This perspective is based on the reward punishment theory, which will have accountable the government in the case of negative performances of the national economy, and hold responsible the incumbent government if the voters' economic situation and the country overall are going towards a better economy. In this case there is the sociotropic voting behavior, in which the national economy is as important as the voters' personal situation.

Both models are very different from each other, but together they can explain and figure out the way citizens evaluate and anticipate in presidential elections the impact of policies on the economy. In the first case the voter is mostly focused on the policies enacted to reach its goal, and, in the second case the voter is focused on the outcome of the election. Overall, the literature available was ideal for my research because most of it has been focused on presidential systems, as a consequence, American presidential elections are a perfect fit because they have a stable two party system with a large supply of available data for examining how economic conditions influence voter preferences and government's responsibility. However, the research has gradually expanded further from the U.S., for instance, the British political scientist Simon Hix in the article "Parliamentary Behavior with Two Principals: Preferences, Parties, and Voting in the European Parliament" which was published in 2002 has extended the analysis to the European Union and its parliament, therefore, enlarging the question also to parliamentary systems.

The relationship between economic conditions and electoral outcomes is a central concept in order to understand contemporary politics. Essentially, in literature, the idea that economic performance plays a decisive role in shaping voter preferences is known as an economic voting theory. It is argued that voters act according to their self-interests and make a decision under the influence of economic developments that affect them, therefore, voters decide in compliance with the economic performance of the political party in the government. (Armutcu, Tan, 2021) This literature review examines the major theories and empirical studies on economic voting, it explores how macroeconomic indicators, individual economic perceptions, and financial trends have influenced past elections.

A. Economic voting theories

Rui Jorge da Silva Antunes – *Theoretical Models of Voting Behavior*

In his analysis, Antunes discusses the main theories of voting behavior, dividing them into sociological, psychological, and rational economic models. He argues that the first model values the contribution of social and historical contexts that gave rise to the emergence of political parties and successively justifies the party political divisions and the resulting behavior of voters. The second model finds a strong relationship between voters and political parties; this emotional link gives rise to partisanship, which is defined as a psychological identification. The third model considers that the key role in shaping voting behavior is played by the evaluation of political and economic factors that characterize each election in itself.

Douglas A. Hibbs, Jr. – *Political Parties and Macroeconomic Policies and Outcomes in the United States*

In his research, Hibbs claims that political parties have clear economic policy preferences; for instance, Democrat's parties focus more on reducing unemployment, on the other hand Republican's parties prioritize controlling inflation. Therefore, the economy becomes a government's tool to control the electorate for the preferred macroeconomic policies.

John E. Mueller – *Presidential Popularity from Truman to Johnson*

In his article, Mueller examines and measures presidential popularity from the beginning of the Truman administration in 1945 to the Johnson administration in 1969. He used four independent variables, which are: coalition of minorities, rally round the flag, economic slump, and a war. He showed that presidential popularity declines over time, especially with the occurrence of a crisis or an ongoing war, and with the increasing unemployment; however, an increase in unemployment does not affect the president's popularity.

Angus Campbell, Philip E. Converse, Warren E. Miller, and Donald E. Stokes – *The American Voter*

These authors argue that many voters rely heavily on party identification, voter's perceptions of the parties and candidates. Their argument is that sociological and psychological factors have much more political significance rather than economic factors. In this case, the political environment plays a big role in shaping voting behavior, taking into consideration personality traits, social class and economic status.

Anthony Downs – *An Economic Theory of Democracy*

In his study Downs introduces the idea of voters as rational actors who make decisions based on maximizing their own utility. His theory is commonly named as rational choice, he assumes that voters and political parties are directly in relation to their interests. In his view, he assumes that voters look at economic issues and outcomes and then choose the party that best serves their concerns.

Gerald H. Kramer – *Short-Term Fluctuations in U.S. Voting Behavior*

In his work Kramer investigates whether macroeconomic factors had any effect on voting behavior. The data provides evidence that variation in personal income and inflation strongly affect elections in the U.S. congressional elections, however, unemployment and coattails do not matter at all. He argues that voters consider economic concerns only the year before the election, on the other hand, previous years are not relevant at all.

Morris P. Fiorina – Economic Retrospective Voting in American National Elections: A Micro-Analysis

Fiorina showed support for the idea of retrospective voting in congressional elections and presidential elections between 1962 and 1972, judging incumbents based on past business conditions. The analysis shows that voters prefer a fall in unemployment, lower prices, and a stable economy. However, he also notices that voters take into consideration many other concerns besides the economic and financial issues. Some of the topics mentioned in the paper are: civil rights, the war in Vietnam, and the U.S. and its foreign relations.

Ray C. Fair – *The Effect of Economic Events on Votes for President*

Fair builds a statistical model showing that economic variables like GNP and GDP measures, inflation, and unemployment rates influence election outcomes. He shows that voters do not consider the past performance of the non-incumbent party, and with respect to the incumbent party, consider only the events within the year of the election. His results focus on voters who not only focus on a single economic indicator but also evaluate the overall economic performance of the country.

David J. Lanoue – *Retrospective and Prospective Voting in Presidential-Year Elections*

Lanoue explains the difference between retrospective voting, in which voters look at past performance, and prospective voting, in which voters base their vote on expectations for the future. His research considered economic voting between two presidential elections of 1984 and 1988. The final result indicates that most voters are retrospective, meaning they reward or punish incumbents based on recent economic conditions.

Love Christensen, Mikael Persson, Jana Schwenk – *Dimensions of Economic Voting*

These authors argue that economic voting literature is simplistic and voters are able to use advanced reasoning through four different levels: macroeconomic, egotropic, sociotropic, and distributive. The study examines the case of the and its U.S. voters, it is shown that no single factor guides people’s insight into the economy. Therefore, voters review multiple elements in depth than previously recognized. Incumbent governments in order to get full credit for a strong and stable economy, must provide not only a balanced GDP growth but also a solid stock market performance, combined with low inflation and low unemployment

Jessica Rowden, David J. Lloyd, Nigel Gilbert – *A Model of Political Voting Behaviors Across Different Countries*

This paper uses a mathematical model called Markov, that analyses voter behavior in different countries. The model suggests that voters only take into consideration the most recent election in making their electoral vote. They show that economic voting works differently depending on the country and its political system.

The most widely known definition of economic voting is given by Dorussen and Palmer (2003), who describe it as a “mechanism of democratic accountability”. The characterizing element of this ideology is “to express at the pool its preferences about a correct management of the economy, which is potentially the most important area of domestic politics”.

Lewis-Beck and Paldam (2000) have shown that voters hold the current government responsible for economic events. Dorussen and Palmer (2003) found that inflation, unemployment, growth, value of national currency, development of stock prices are elements that affect the electoral outcome. Therefore, presidents who ignore the public's political goals or who reveal incompetence when dealing with the economy are dismissed from office. This theory suggests the reward punishment mechanism (Ippolito, Ercolano, Cicatiello, 2023).

In all these aspects, the theory is characterized by an applied rational choice perspective on electoral behavior. This type of perspective occurs when a person votes based on their individual interest and has carefully studied the policies previously discussed during the electoral campaign, as well as the candidates. In this model, there is the assumption that economic policy controls a large part of the electorate, impacting the electoral outcome. However, evidence demonstrated by Dorussen and Palmer (2003) shows that it's possible that voters won't understand the relevant policy results or properly assign responsibility for them to the policy-making process. Voters with inadequate knowledge may vote for or against incumbent governments at the polls depending on their inaccurate evaluation of the results of policies, and as a result, the wrong politicians may be punished or rewarded.

Additionally, economic management issues are not generally of equal significance. According to Dorussen and Palmer (2003), the salience hypothesis, economic conditions must be strong enough to influence voting decisions through responsibility or issue priority attribution. The psycho-sociological structure that prioritizes economic conditions is a prerequisite for economic voting. It asserts that voters may take the economy for granted and turn their focus to other concerns during favorable and normal circumstances. Voters are especially sensitive to economic issues because they are careful to take risks. On the contrary, in the case of an economic crisis, sentiments of uncertainty or even terror may also take the lead, intensifying the influence of economic conditions on voting behavior. Nonetheless, many countries throughout history faced either economic or political crises. As specified by Clarke, Stewart, and Whiteley (2010), crises are expected to lead the way to a changing economic voter by assessing the importance of emotional responses to domestic and individual financial position. Therefore, when people feel the threat of an economic crisis, their voting behavior can clearly change. This helps to explain why, during recent years, economic threat is connected to the rise and support of radical right parties, which many times take advantage of these feelings. (Abou-Chadi and Kurer, 2021).

As a matter of fact, voters can be retrospective, which include a person who votes based on the recent history and accomplishments of the politician. Evidence provided by Fiorina (1978) shows that for economic retrospective voting in the election, macroeconomic factors are all correct signs, and most of them are statistically significant.

Moreover, a voter can be prospective, in this case, it takes place when a person votes based on their predictions of the national economy, its own personal welfare, and how a party and its candidate will perform in the future.

Overall, research by Lanoue (1994) finds that decisions made in the past seem to have a greater influence on votes at all levels than those made in the future; therefore, retrospective, rather than prospective, have more impact on the vote outcome. Additionally, as Bergson (1958) points out, analyzing "An Economic Theory of Democracy" by Down (1957) shows that previous performance is the best determinant of future performance; in this way, voters who focus on the past may also be future voters.

Lastly, a voter can be labeled as party-line voting, and it occurs when a person votes for all the candidates of a voter's party; in this case, party ideology plays a big role, since it leads to assigning different economic priorities (Lewis-Beck and Paldam, 2000). For instance, it should be much more important for a Democratic administration to demonstrate competency in handling unemployment and for a Republican administration to control inflation.

The literature on economic voting provides strong evidence that economic factors play a crucial role in shaping electoral outcomes, however, at the same time, individual perceptions and social and political dynamics influence voter behavior just as much as macroeconomic conditions. Future research should continue examining the relationship between economics and politics, considering how new economic challenges might reshape electoral behavior in the later decades.

Methodology

In order to investigate the extent to which economic factors influenced voter preferences in the 2024 U.S. Presidential election, the methodology I will apply to understand and decide whether economic factors influence voter behavior in the 2024 U.S. presidential election is both a theoretical and an empirical approach. The research will adopt the assumptions and methodology of the VP functions, which links economics and voting, and a practical part using a survey to understand how people evaluate the economy and how it influences voting.

Peter Nannestad and Martin Paldam are Professors respectively of Political Science and Economic and Business at the University of Aarhus. Additionally, to them, Michael Lewis-Beck and Mary Stegmaier are respectively Professor of Political Science at the University of Iowa, and Comparative Politics scholar at the University of Missouri. They are some of the founders of the Vote and Popularity function as applied to voter behavior. VP functions are concerned with explaining the support for the government as a function of economic and political outcomes. The Vote and Popularity function is based on the theory of the so called responsibility hypothesis, in which voters hold the government responsible for the developments in the economy. The link between the two elements is known as economic vote. As indicated by Nannestad and Paldam (1994) in their article, they developed a model composed of two mutually dependent parts. The V explains the Vote, or the change in the vote for the government at elections, by (the change in) economic and political variables; whereas, P stands for Popularity Poll. Both functions have an e-part and a p-part.

Level version

$$VP_t = [\alpha_1 \cdot Lp_t + \alpha_2 \cdot Lu_t + \ldots]_e + [\beta_{1i} \cdot B_i + \beta_2 \cdot T_t + \{\beta_3 \cdot Lv_t + \ldots\}]_p + r_t \qquad (1)$$

Change version (in first differences)[a]

$$\Delta VP_t = [\alpha_1 \cdot L\Delta p_t + \alpha_2 \cdot L\Delta u_t + \ldots]_e + [\beta_{1i} \cdot B'_i + \beta_2 \cdot T'_t + \{\beta_3 \cdot L\Delta v_t + \ldots\}]_p + e_t \qquad (2)$$

General features/Conventions

VP	the Vote or the Poll series used. VP_t is expressed in percent of all voters.
α, β	coefficients to be estimated.
e_t, r_t	residuals.
Δ	first difference operator. The next variable is in change form: $\Delta z_t = z_t - z_{t-1}$.
L	backshift/lag operator. The next variable may be lagged, often by less than a year.

1. Linear formulation of the VP-Function.

Following the research by Lewis-Beck and Stegmaier (2013) they identified various economic propositions, confirmed and approved by the link between microeconomic and macroeconomic findings and electoral outcomes. The hypotheses tested in the field will be useful for the foundation of my analysis.

1. The economic vote almost always registers a strong effect.

This finding still holds success since Lewis-Beck and Stegmaier (2000) offer an extensive survey of economic determinants in presidential and legislative elections in the United States, demonstrating that the economy affects voting decisions and election results, based on individual level survey research. Therefore, it is illustrated that economic concerns are generally the top issue for the electorate, both in terms of rank and structural effect. As a matter of fact, the economy was a key theme of Trump's campaign, which focused on the implementation of new economic policies based on tax cuts and tariffs towards foreign countries.

2. Sociotropic economic voting has a greater impact than egotropic voting.

This statement is demonstrated in the United States by the study of Kiewiet (1983), who shows that in congressional and presidential elections, sociotropic effects are stronger compared to egotropic effects, which are weak to nonexistent. Voters are more influenced by the overall national economy than by their financial situation. It was for this reason that during Trump's electoral campaign, he repeatedly proclaimed a large consolidation of the U.S. industry, leading to a positive effect for many American citizens. Moreover, his MAGA policy fits the sociotropic evaluation, since it emphasizes the collective challenges faced by American citizens, driving voters to examine how their choices affect society rather than just their individual situation.

3. Retrospective economic voting has a greater impact than prospective voting.

This assertion about voters judging the government based on past economic performance rather than future expectations has mixed opinions and remains controversial. As a matter of fact, voters who look at the past performance is a method to forecast future electoral outcomes; in fact, if the government handles the economy well, voters believe they will continue to do so. As a consequence, past events are taken into account as measures for the future.

4. Sociotropic economic voting is not necessarily self-interested.

The self-interest logic only works if economic voters are egotropic, which would explain voters only taking into consideration their own finances. On the other hand, the motivation for the economic voter to be sociotropic shows a concern for the collective well-being of the public interest. The claim leads to the conclusion that the sociotropic voter may be motivated purely by self-interest or by public interest, since the voters use national economic performance as a determinant for their personal financial resources. Consequently, they understand that when the country has a strong economy, they are more likely to do well.

5. The economic vote is influenced by interactions with political agents, i.e., it is influenced by the clarity of government responsibility for the economy.

This statement holds strong support because it shows that the economic vote is also shaped by the interconnection of domestic and international political agents. In countries with globalized economies that are especially dependent on foreign trade, citizens might find it difficult to decide whom to hold responsible for economic ups and downs.

Therefore, it is shown that the more economic interdependence the country experiences with the increasing phenomenon of globalization, the economic vote will be weaker. In today's world, where people, economies, cultures, goods, services, and technology can easily connect and share, the implementation of fixed tariffs of 20 percent on all imports and 25 percent tariffs on cars will lead to the probability of a recession in the near future.

6. Voters do not have much knowledge about the economy.

The affirmation in the current days is considered incorrect, since it is shown that in the United States with the great majority of voters tend to make the least error in estimating the unemployment rate. Consequently, voters appear to understand much more about the economy, also thanks to the media and news. At this moment in time, the role of the mass media during the 2024 U.S. electoral campaign played a pivotal role in producing content with a strong impact on the target audience.

7. Unemployment and Inflation, but sometimes Growth, are the most important predictors.

This finding shows that the impact of unemployment has increasingly become a decisive factor in decision-making. With respect to the growth rate variable, it also plays an important role in decision making, since for every percentage point of GDP growth in the election year, the major incumbent party stands to gain 1.4 percent of the vote. As well for the case of inflation, it was determined as an important concern, finding that voters punish increases in inflation.

These three variables played a pivotal role during Trump's campaign, aiming to illustrate proposals on inflation and the recovery of purchasing power. The economy is the theme that matters the most in the U.S. presidential election. Regarding the issue of inflation and helping to restore purchasing power to American families, Trump's proposals are very aggressive, as previously mentioned, with a massive deregulation operation, higher duties on imports from abroad, and zero tolerance on irregular immigration.

To further support these propositions, this research will use two main economic indicators, unemployment rate, and inflation rate, collected by official sources such as Gallup polls, Pew Research center, US Census Bureau. Moreover, the use of polls will be able to show the voter's economic sentiment before the 2024 election and the different priorities in diverse demographic groups in the USA.

To help support this approach, I will refer to the survey questions proposed in the article "Dimensions of Economic Voting" by Christensen, Persson, and Schwenk (2020). Their work is useful for my research because it supports the idea that economic factors vary remarkably across voter groups. The empirical analysis used in their research also highlights the importance of the following variables: unemployment, inflation, and growth rate, which they show to have an influence on economic perceptions and voter behavior. In the case of elections, surveys are valuable for examining the patterns of election results, underlining the important role of attitudes, beliefs, and personal characteristics. In order to explore in depth public opinion and values that drive voter behavior, the authors analyzed four party identification questions, four labor position questions, and one demographic question. Some of the key questions include the consideration of both sociotropic (national level) and egotropic (individual level) economic evaluations.

1. Given this economic development, would you say that your own economy got better, stayed about the same, or got worse during this time period?
2. Would you vote for a president responsible for this economic development?
3. Would you say that over the past year the nation's economy has gotten better, stayed the same, or gotten worse?
4. Would you say that you are better off, worse off, or just about the same financially as you were a year ago?

Questions one and number two are relevant to personal financial situations, trying to better comprehend the voters' rating of their personal experience with the national US economy. On the other hand, questions three and four focus on national economic perceptions, which are useful to distinguish whether voters are influenced more by their general perception of the country's economic performance or by their individual economic conditions.

These particular questions in the survey are very relevant in the context of the 2024 U.S. electoral campaign and the outcome that it achieved. Economic dissatisfaction, financial concerns, and tariff promises, were the main focus in Trump's presidential campaign supported by the MAGA movement. Trump's strategy included making negative comments about the Biden administration, therefore, highlighting a retrospective voting behavior, in which he blamed the Democrat government for the current poor economic situation, regarding inflation, energy prices, and cutting taxes for corporations.

This union of the VP-Function framework with survey instruments allows for a complete analysis of economic voting behavior in the 2024 U.S. Presidential election, providing both a macro and a micro perspective on the phenomenon.

Chapter 1. The Role of Economic Factors in the U.S. Elections

1.1 Historical case studies of economic influence on elections

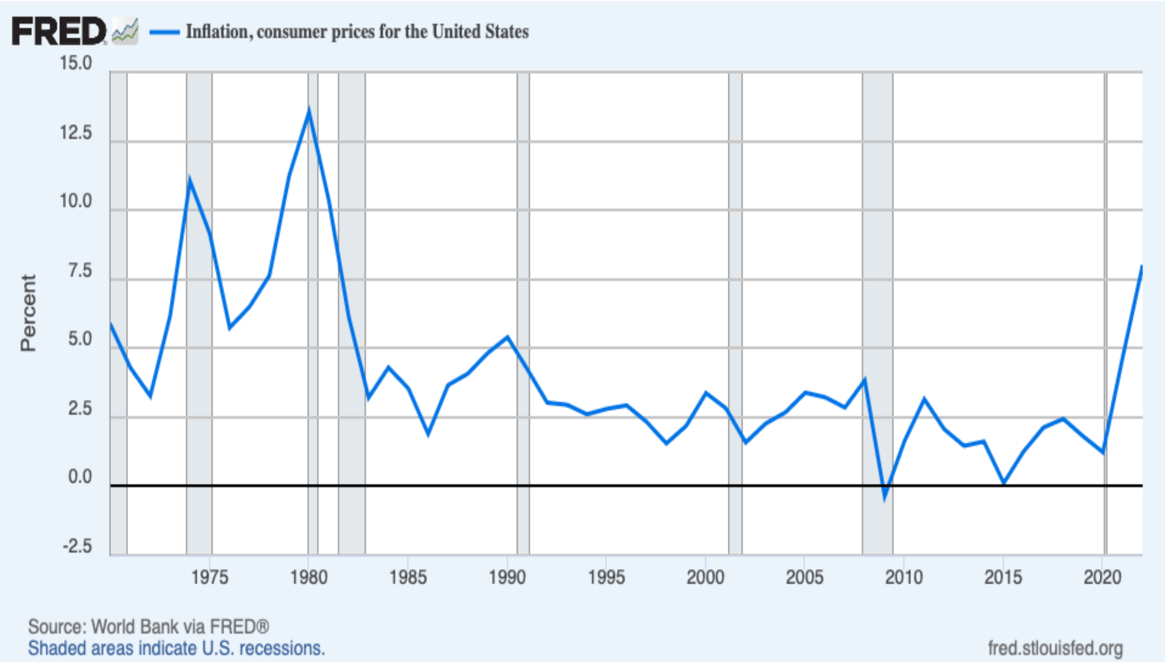
Voter opinion and changes in political leadership have historically been influenced by economic factors, which have a significant impact on election results. This relationship is most effectively demonstrated by two significant historical case studies: the 1980 election of Ronald Reagan, which was driven by troubles in the economy and stagflation, and the 2008 financial crisis, which supported Barack Obama's victory by drawing attention to the flaws of the previous administration's economic policies.

1.1.2 1980

Reaganomics refers to the economic policies of Ronald Reagan, the 40th president of the U.S. This economic policy was created during the 1980s, when Ronald Reagan was elected, the U.S. economy was in a state of great inflation since 1965. A major goal was a program to rebuild the American economy with high levels of investments and a faster productivity level. (Comiskey, 1990) The decade leading to Reagan’s presidency was characterized by a phenomenon known as stagflation. Stagflation refers to inflation and a high level of unemployment, meanwhile economic growth slows and productivity stops increasing. (Olson, 1982)

As reported by the Board of Governors of the Federal Reserve System (US), (2024b), in 1981 the Federal Reserve, U.S. central bank allowed interest rates up to 19 percent. The move kept inflation under control, but it led to widespread economic pain. In fact, it was very difficult to get inflation under control without weakening the economic activity.

According to the World Bank (1960), in the U.S. up until the early 1980's it happened one of the worst case scenario known as the Great Inflation, inflation rates spiked up to almost 14 percent in 1980. The origin of this was the FED's loose monetary policy and rising oil prices.



This type of situation damaged the U.S. economy as well as economies around the world, due to the effects of global spillovers. Therefore, the Reagan administration found a solution, which was an economic plan that became known by his supporters as Reaganomics. Reaganomics was based on the trickle-down theory which focuses on the challenge of increasing the equity of the distribution of income. Thus, this theory is inconsistent with a view of overall economic growth that leaves the distribution of income unchanged, so that all income groups, rich and poor benefit proportionately. (Arndt, 1983) The theory shows that by lowering costs for corporations by cutting their taxes, businesses will use those savings to invest. By providing more money for corporations, it implies more jobs and higher wages for workers, therefore, increase spending. However, trickle-down is also a controversial idea, since by cutting corporate taxes domestic social programs will suffer. And only a small number of rich individuals will become even richer.

The 1981 program policy had four main goals. The first one was to reduce the growth of government spending, the second one was to reduce the marginal tax rates on income from both labor and capital, the third one was to reduce regulation, and lastly to reduce inflation by controlling the growth of the money supply. (Niskanen, 2014)

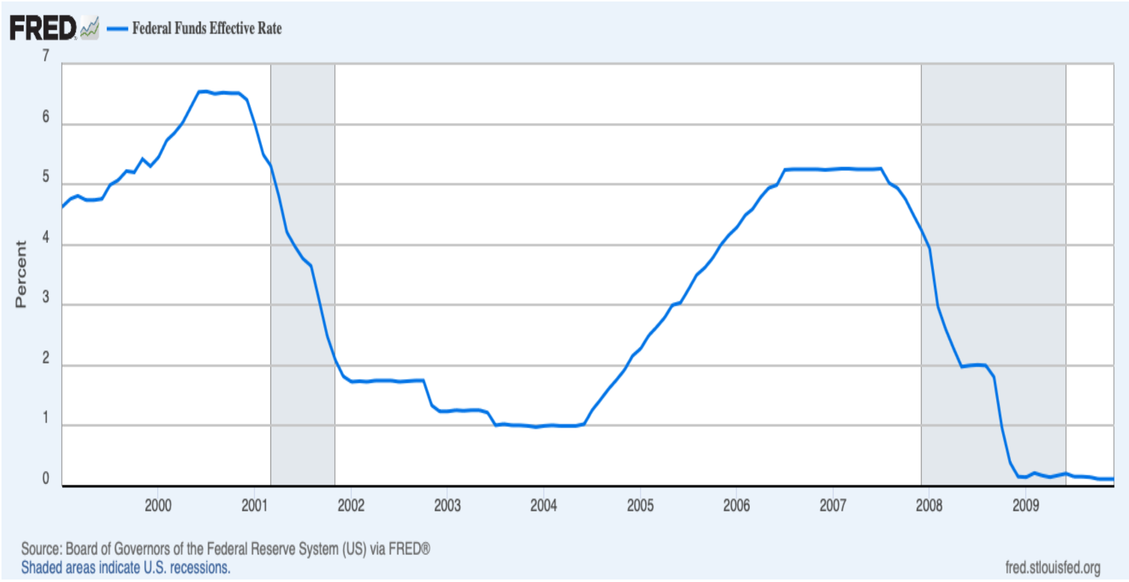
During his presidency Reagan signed three tax bills into law, the first one in 1981 known as the Economic Recovery Tax Act and the second one the Tax Equity and Fiscal Responsibility Act of 1982, and the third one in 1986 known as the Tax Reform Act. However, these policies were highly debated by economists arguing about the pros and cons in terms of both immediate and lasting effects. As a combined result of the three bills, the top marginal tax rate on individual income was reduced from 70 percent to 28 percent, and the corporate income tax rate was reduced from 48 percent to 34 percent. (Niskanen, 2014) Overall, the nation's economy started to recover from stagflation, leading to a period of economic prosperity. It is shown that economic growth increased from a 2.8 percent annual rate, productivity in the manufacturing sector increased at a 3.8 percent annual rate, unemployment rate declined from 7.0 percent in 1980 to 5.4 percent in 1988, and inflation rate declined from 10.4 percent in 1980 to 4.2 percent in 1988. (Niskanen, 2014)

Critics also find that Reaganomics led to larger fiscal and trade deficits leading to a larger public and foreign debts in the long run. (Blanchard et al., 1987) For instance, cutting taxes towards corporations and wealthy people, was a policy that favored the rich, leading to an increased wealth inequality, hurting the middle and working classes. Based on the findings of Income gap between richest, poorest biggest since 1947 - UPI Archives (1989a), at the end of 1898 upper income Americans were the main direct beneficiaries of tax cuts in the early 1980s, having no evidence that those benefits trickled down to lower income Americans. Therefore, based on a normal economic cycle, the economy would have recovered from the recession on its own.

1.1.3 2008

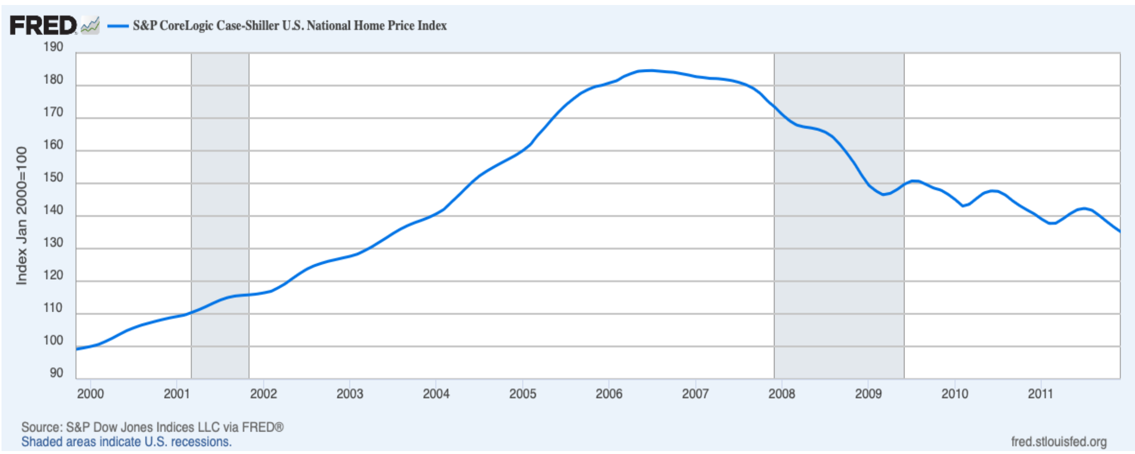
It has been almost 17 years since the Lehman Brothers bankruptcy, considered as the 2008 financial crisis and one of the most serious financial crises in history, which contributed to the Democratic Presidential election shift in 2009. The factors that caused the crisis are multiple and are both macroeconomic and microeconomic.

From a macroeconomic point of view, the main variable that contributed to the crisis was the intervention of the Federal Reserve which drastically cut interest rates in the years following the 2001 crisis. This monetary policy was characterized by low rates for a prolonged period of time, which led to a strengthened U.S. economy. (Board of Governors of the Federal Reserve System (US), (2024b) System (US), 2024b)



On the other hand, from a microeconomic perspective, the main variable that contributed to the crisis was securitization, a technique implemented by banks to transform non-liquid assets into securities, by transferring the credit risk from the bank to the bondholders. The most important factor in securitization is that the cash flow generated by the capital asset can be employed to support one or more securities that may be of higher credit quality than the company's secure debt. (Fabozzi & Kothari, 2008)

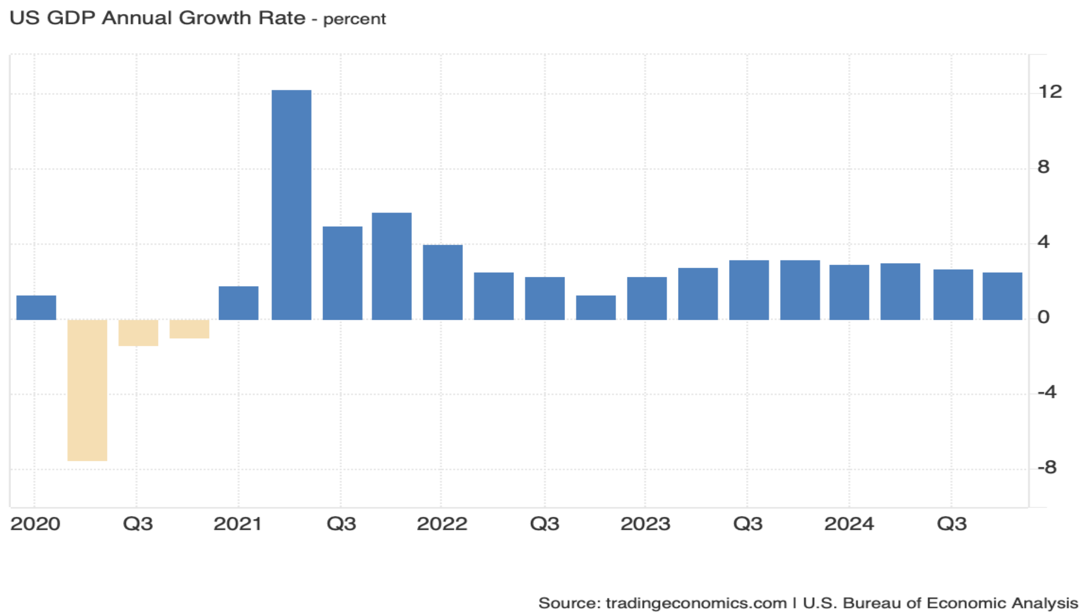
For instance, securitization can be explained with the following concept that American banks gave loans to any borrower, without looking at their creditworthiness. This phenomenon became very widespread in the U.S. in the early 2000s, leading banks granting loans to borrowers without creditworthiness, also known as subprime borrowers. Low interest rates and available mortgages to anyone helped fuel the US housing bubble in the early 2000s, as indicated by *SandP/Case-Shiller U.S. National Home Price Index* (2022b) index nearly doubled between 2000 and 2007, where the index measures monthly changes in the value of homes in the United States.



This all led to many families to take out mortgages to purchase a home because of low interest rates, leading to an increase in the price of housing; which eventually, it led to an increase in the demand for loans by American families who wanted a home, following the bank's strong demand for credit. For this reason, banks decided to use securitization to clean up their balance sheets and at the same time acquire resources to grant new mortgages. This circuit strengthened itself for a few years in which banks granted loans to anyone and had the credits owed to thousands of borrowers packaged into Asset Backed security (ABS) or Mortgage Backed security (MBS). These bonds were sold to investors because they were certified safe by rating agencies; however, securitization was also developed for ABS and MBS creating Collateral Debt Obligations (CDO). (Senanayake, 2010)

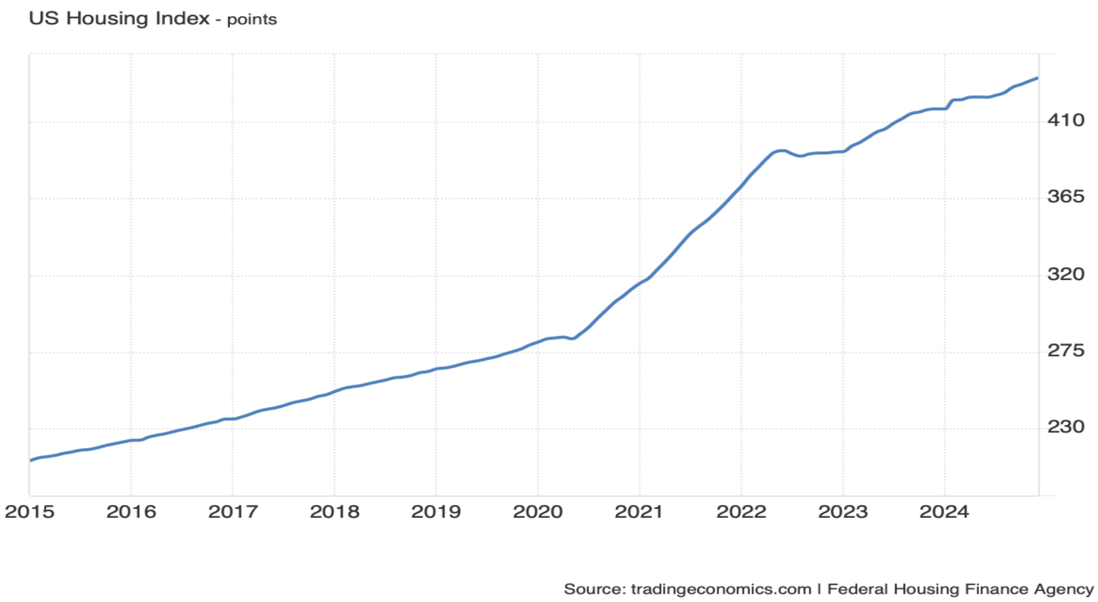
Starting in early 2004, the U.S. Central Bank began to raise interest rates because of the strong economic recovery after the 2000-2001 crisis. This increase resulted in a higher rate of adjustable rate mortgages. The increase in the rate of adjustable rate mortgages led to a crisis among subprime borrowers. The rate hike implemented by the FED to avoid economic overheating which would have triggered an inflation. The borrower defaults spread throughout the financial system, banks had in their assets a lot of ABS, MBS and CDO, which became useless since most of the borrowers were unable to repay their mortgage payments. The mass default of subprime mortgage lenders led to the bankruptcy of Lehman Brothers on September 15, 2008, which resulted in the loss of 25,000 jobs, the largest bankruptcy filing in U.S. history. (Mishkin, 2011) Lehman Brothers was allowed to fail, thus weakening the "Too Big to Fail" example, which believed that a bank could not be allowed to fail because of its importance in the financial system. FED intervened to support the economy, by lowering interest rates to a minimum and by implementing large quantitative easing interventions. These large stimuli significantly helped the banking sector for those companies that were actually too big to fail.

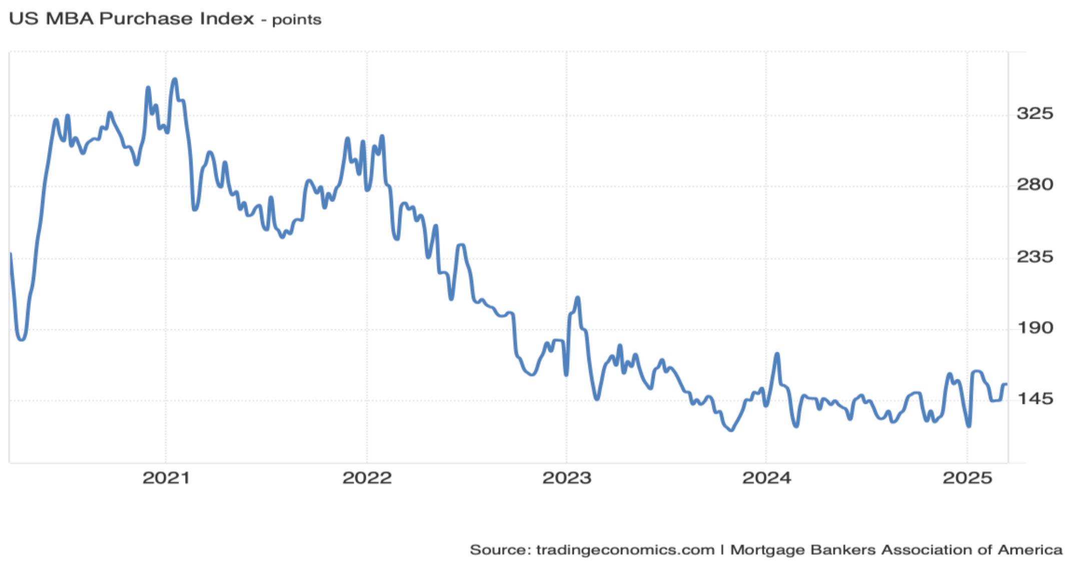
As the years went by, the American economy managed to slowly recover. Between 2015 and 2018, the FED raised interest rates again from 2.25 percent to 2.50 percent, without the Trump encouragement, given the strong and healthy economy. (Schneider & Saphir, 2018) However, during that time, it didn't take long before something started to go wrong with international tensions and the trade war between the U.S. and China. The economy shows sign of slowing down, so the FED decides to intervene by starting to lower interest rates. In 2020 with the pandemic and the lockdown, an economic crisis started again, but despite the difficulty it held up. All this thanks to the stimulus from the central bank that worked in coordination with the government. The economy accelerates again, until it seems too strong. (Trading Economics, 2019a)



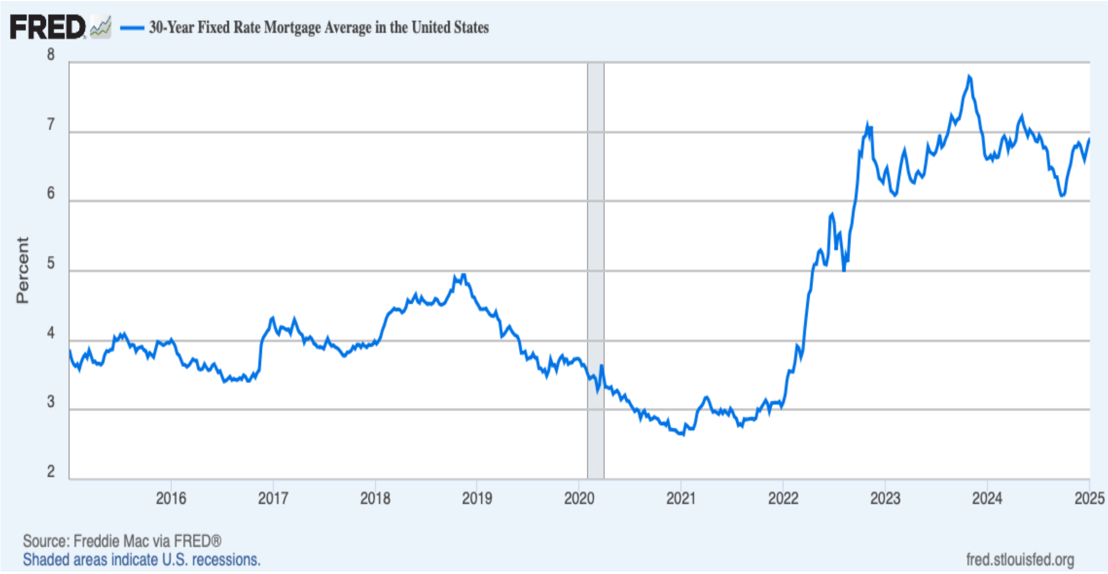
Nevertheless, inflation seems to become out of control and central banks are forced to intervene, and as a result interest rates are immediately raised. (Trading Economics, 2025a)

This is the cycle before a crisis or recession. Low interest rates and economic stimulus help the economy recover from a crisis and save the economy. However, the consequence is that this stimulus keeps weak companies alive, but as soon as the stimulus is reduced and interest rates are raised, the weak companies begin to fail and put the economy as a whole in difficulty, thus repeating the cycle. The issue is that these economic stimuli generate bad investments (such as excess supply or high prices that could collapse immediately) and resources are not allocated efficiently, thus laying the foundation for the development of the next crisis. As observed by *United States House Price Index MoM Change | 1991-2020 Data | 2021-2022 Forecast* and *United States MBA Purchase Index* (2025a) the real estate market is at its highest, despite the fact that mortgage applications are at a 30 year low, a paradoxical situation.





This is caused by the fact that there are many people who bought a house when mortgages had much lower interest rates than today. For example, all the people who would want to sell a house, they would have to close a mortgage opened in the past quarter of 2024 on which they payed 3 percent interest, in order to open a new one paying double the interest. (Freddie Mac, 1971)



As a result, all these people are stuck with their low interest mortgages and are not selling their homes, causing the supply of real estate to contract. In this situation, the demand for real estate is low, but the supply of real estate on the market is also very low. However, this problem combined with rising rents explains why real estate prices are holding up for now. In these period in the U.S., there is a clear example of high prices that could collapse at any moment, unless central banks intervene early and prevent disaster.

These case studies show how the political landscape can be shaped by economic factors and financial crises, which in the long run will change government concerns and modify public opinion. Economic variables continue to play a key role in electoral decision-making, influencing voter preferences and the administration national policies, whether through inflation, unemployment, or financial instability.

1.2 Comparisons with recent elections

Donald Trump is back in action at the White House, after the 2024 election Trump became the 47th president of the USA. In 2016 American voters were living under the Trump's policies and the majority of them decided that he still was the right candidate. Even though the outcome of this election was the same as the 2016 election, Trump's behavior can look much more different. The major visible differences compared to before are Trump's organization and policy objectives. The following section will analyze the policies that shaped Trump's voter support in 2016 and affected the economy, which are immigration, trade, taxes, foreign affairs and wars.

1.2.1 How Trump’s economic policies shaped voter support in 2016

A. Immigration

The zero tolerance policy towards immigration from the southern border combined with other critical aspects such as the suppression of Obama's policy which allowed minors who entered in the U.S. territory without documents to remain there (Dreamers), and ban citizens from the majority of Muslim countries. When he said, "A new national pride will stir ourselves, lift our sights and heal our divisions. It’s time to remember that old wisdom our soldiers will never forget, that whether we are black or brown or white, we all bleed the same red blood of patriots"(Golshan, 2017). The United States is a country with vast areas and many ethnic races and multiple religious’ denominations. Black Americans are the largest minority population in the United States, despite the poverty of quite a few of them, it would not be the same flourished American civilization since before the Declaration of American independence, especially in the agricultural aspect.

As reported by the projections by the US Census Agency by 2045 the white population, essentially European, non-Hispanic origin, will become a minority. (Colby & Ortman, 2015) This phenomenon seems to be at the root of a fear among the white population of losing one's dominant position in society, sort of white cultural anxiety in front of the prospect of having to share the American dream with non white foreigners. The middle class fears the arrival of people in severe need, which would burden on welfare programs and public funds, weighing on American taxes. According to Boorstein and Zauzmer (2018), as many as 75 percent of Protestant White evangelicals say the undocumented crackdown on immigration, as carried out by the Trump administration, is positive, unlike 46 percent of the total US population. The Christian right is one of the pillars of Donald Trump's electoral base, sees him in a puritanical sense as a self-made man and is a strong supporter of his zero tolerance migration policy. As stated by Burton (2018), 51 percent of Americans believe that the country has a duty to welcome immigrants while 68 percent of white evangelicals argue that the country has no responsibility in this regard. Moreover, from the perspective of Cox et al. (2017) a study of the Public Religion Research Institute, made with the political magazine The Atlantic, about 65 percent of the white working class believe that American culture is "deteriorating", 68 percent fear the loss of the "American identity", 62 percent consider the immigrants a threat to "American culture". And more than half believe that discrimination against whites is as strong as the one affecting minorities.

B. Trade

Donald Trump has launched Trump Trade, deleting from his agenda the TPP, the free trade agreement between the US and eleven countries bordering the Pacific. It is the first step towards the America First program, which envisages the dismantling of the free trade treaties stipulated by the Obama administration, the TPP and NAFTA, the free trade treaty with Canada and Mexico, stipulated in 1993. For this reason, in his speech, he said, “For many decades, we've enriched foreign industry at the expense of American industry” (Staff, 2017a). To replace the treaties, it will come the Trump Trade, based on a very simple idea, America being put in first place, repeatedly proclaimed by Trump during the election campaign. It is a slogan which in fact will have to be translated into a more nationalist and protectionist economic policy, and into new international relations based on higher tariffs towards China. Trump's intention is to apply a 45 percent tariff to goods from China, raising a barrier against Chinese products and, at the same time, precluding American products from an easy outlet in China. Trump, on the other hand, will favor the outlet of US industry on the domestic market, but will force US consumers to buy products at higher prices than before, since there are no longer made in China products at bargain prices.

C. Taxes

In 2017, the Tax Cuts and Jobs Act, the tax reform desired by the president, became operational. The new law was supposed to include tax cuts for middle income and hard-working Americans, close loopholes and cut corporate taxes so employers can create new jobs, increase wages and strengthen their competitiveness worldwide. His plan consisted of bringing economic growth from 2 percent to 3 percent, generating budget savings of 3 trillion over 10 years. The tax reform was the only legislative intervention approved during the first year of his mandate.

D. Foreign affairs

Trump touched on domestic issues that are related to U.S. foreign policy, but he put it in an emotional dimension to tickle their national feelings. For example, in his inauguration speech he said, “We have spent trillions and trillions of dollars overseas while America’s infrastructure has fallen into disrepair and decay. We’ve made other countries rich while the wealth, strength and confidence of our country has dissipated over the horizon". (U.S. Mission Italy, 2017b) Through this sentence, Trump wanted to say that the United States is no longer as strong as before, and that foreign industrial sectors have benefited at the expense of American industry, which is undeniable. However, saying that there have been

countries that have received American aid and then become wealthy, this is false. The United States has protected some poor foreign countries because of their strategic location. During the electoral campaign Trump had criticized NATO and its sixty-eight years alliance with Europe. NATO is considered the most successful operation in opposition to the USSR during the Cold War. However, Trump argued that NATO was obsolete, and much of the criticism was related to money. His question was “Why does the USA have to pay 3.5 million dollars for the defense of Europe?” (Woodward, 2020) During his presidency an example of foreign policy that has been discussed by the President was about Afghanistan. He has always been opposed to the conflict, writing many tweets about the topic. In March 2013 he wrote “Let’s leave Afghanistan. Let’s rebuild the USA first!” In April he wrote “This government is so pathetic that the billions given to Afghanistan end up in the hands of terrorists.” In November he wrote “Don't let the idiots who rule us sign an agreement that will keep us stuck in Afghanistan until 2024. Make America Great!” Trump considers Afghanistan as the Vietnam, such as a quagmire with no reason to stay there for national security and yet another inconsistency of American policies.
Trump held a very specific person responsible, former President George W. Bush, who started the war in Afghanistan in 2001 and then the one in Iraq in 2003. Trump criticized his decisions as rash and catastrophic.

Trump's 2016 administration firmly strengthened economic policies that were rooted in nationalism and protectionism, such as tax cuts, trade restrictions, and immigration policies. His America First trade policy, the withdrawal from TPP and tariffs on China reshaped global trade relations fueling economic tensions. In the beginning these policies intensified economic growth and businesses profits, they also led to lower international cooperation in global markets. During the 2024 Presidential election, the impact of these policies is still important to voter decisions. GDP growth, inflation, unemployment and trade are main concerns shaping electoral preferences, underlying the influence of economic conditions on political outcomes.

1.2.2 The effect of COVID-19 on economic voting in 2020

The COVID-19 pandemic presented unprecedented challenges to governments worldwide, and the Trump and Biden administrations were no exception. The USA became one of the most severely affected countries during the later stages of the pandemic. The USA experienced a rapid stream of cases of COVID-19 through the end of 2020. The government faced immediate and critical challenges to put an end to the infections and prevent the healthcare system from becoming overwhelmed. The choices made by the Trump government's role during the Covid-19 emergency have profoundly shaken the stability of the polarized American political system. The COVID-19 pandemic constituted an unprecedented shock for democratic political systems worldwide. The Trump administration was tasked with implementing effective public health and safety measures to contain the spread of the virus. The first term agenda included suspended entry from China, travel restrictions, and social distancing, however, the threat of the virus was underrated since the virus continued to spread quickly with many deaths. Instead of curbing the risks associated with public health, and limiting citizens' freedom of movement with national lockdowns, the Trump administration gave many conflicting messages and often disagreed with the scientific evidence provided by health specialists and federal officials. The central claim of Trump's 2020 campaign was about how he had made America great again by achieving a powerful economy, low unemployment, and a growing stock market and during the crisis, Trump's priority was his attempt for reelection. (Woodward, 2020) Therefore, it led to many people losing faith in the Trump leadership. There was confusion and uncertainty without any coordinated federal plans on how to protect its citizens, and the government was not working enough on behalf of the people. Such measures brought about one of the most critical economic recessions in modern history and led to a shift in voting for the Democrat candidate Biden in November 2020.

The absence in the U.S. Constitution of norms which specifically regulate situations of emergency, has made it necessary to adapt to these new unforeseen events. (Fisch, 1990) Given that the constitution does not specifically grant health as a federal competency, it is generally reserved to the states. (Tonti, 2022)

The Secretary of Health and Human Services holds authority to provide assistance to States or localities in meeting health emergencies under the section 319 of the Public Health Service Act. Moreover, Federal law also provides the president and other federal officials with authority to declare emergencies under specified conditions through the Stafford Disaster Relief and Emergency Assistance Act and the National Emergencies Act. (Adkins et al., 2025)

The social impact of the pandemic has been mostly on the vulnerable population. The pandemic disproportionately affected the elderly and those with preexisting health conditions. On March 13, 2020 the president declared COVID-19 a national emergency, therefore, it made it possible to authorize funding, mobilize resources, and respond with greater flexibility. (Pollitz et al., 2020) The Administration addressed the social impact of the crisis by relying on the single states. Trump managed the Coronavirus by the Aid, Relief, and Economic Security Act, a $2.2 trillion economic plan that was passed into law on March 27, 2020, to address the economic fallout of the COVID-19 pandemic. (AJMC, 2021) In addition, the U.S. has launched Operation Warp Speed, a significant initiative to expedite research, development, and distribution of coronavirus vaccines. The President has also signed four emergency spending bills passed by Congress, providing trillions of dollars to tackle COVID-19 and provide relief and flexibilities for individuals and businesses. Additionally, he activated the Defense Production Act to increase production, prioritize, and distribute supplies in the United States. Moreover, a program called Operation Warp Speed was developed to quicken coronavirus vaccine research, development, and distribution. (Pollitz et al., 2020) This included measures which provided funding to facilitate and accelerate the development of a COVID-19 vaccine. While not all U.S. states completely followed the Advisory Practice's guidelines, states with the help of federal law facilitated the incorporation of ACIP guidance in their COVID-19 vaccination efforts. (Tonti, 2022) The consequences of the social impact have had effects on many young people. The closure of schools and universities posed challenges for the education system. The government had to adapt quickly to implement remote learning solutions and address the digital tools to ensure that students had access to the necessary resources. The educational challenges extended beyond the immediate health crisis and had long term implications for the country's workforce and educational outcomes.

Regarding international collaboration, the USA following the America first attitude chose not to participate in various international meetings to confront the pandemic, moreover, it has terminated funding for the WHO and its desire to withdraw from the organization. (The White House, 2025a) The pandemic was testing all elements of U.S. leadership. The authority derived from the United States domestic governance, provision of global public goods, and capacity and willingness to organize and coordinate a global response to crises have all contributed to the country's historical place as a global leader. (Campbell & Doshi, 2020)

Trump's inclinations to act independently have been strengthened by the outbreak, which has revealed Washington's lack of readiness to lead an international response. On the other hand, other European countries were able to test their decisions on evidence and facts in a coordinated manner to keep the citizens safe, following the self-isolation requirements and maintaining a sense of responsibility in order to keep the positive cases as little as possible.

The end of the state of emergency Covid-19 unfortunately is not coinciding with the end of the pandemic. The next logical step was to suppress the spreading, therefore, the vaccination campaign had begun. As vaccines became available, the government faced challenges in rolling out an effective vaccination campaign; through securing an adequate supply of vaccines, organizing distribution, and addressing vaccine hesitancy. A crucial issue was the clear and transparent communication with the public about vaccination efforts and public health guidelines. The pandemic highlighted the need for long term structural reforms in areas such as healthcare and economic adaptability. President Trump has downplayed the threat of COVID-19, which characterized the first phase of the pandemic, leading to a shift in economic voting with the defeat of Trump in the 2020 U.S. Presidential elections. If anything, the pandemic contributed to intensifying tensions within the parties, especially on issues related to crisis management and international cooperation.

The pandemic was a difficult problem to solve in a global and multifaceted way. Just with a conflicting point of view, the entire operating and organizing machine is not put into action, nor the speed of undertaking paths and stages of operation. Nonetheless, not only wars destroy countries and populations, not only dictators create humanitarian tragedies; but also irrational and illogical decisions can create difficult health, economic, social and mortality troubles.

Chapter 2. The U.S. Economy Before the 2024 Election

Although the Biden administration is acknowledged to have reduced inflation and helped leading the country to recover after the Covid-19 pandemic, American people are still concerned for the overall well-being of the nation and angered at the unstable housing market and the high prices of food and gas. According to Peoples and Sanders (2024) by the Associated Press, a poll showed that about two thirds of voters, majority young, believe that the U.S. is headed in the wrong direction. This pessimistic view of the U.S. economy was particularly strengthened during the Biden mandate.

In the view of Öner (2010) economic activity has a major effect on unemployment; in fact, growth and unemployment function as two sides of the same coin: higher economic activity leads to more goods and services overall, which requires more workers to produce greater quantities of goods and services. Meanwhile, companies reduce employees and unemployment increases during periods of low economic activity. Consequently, unemployment is countercyclical, increasing during periods of weak economic development and vice versa.

2.1 The long term trend of unemployment

The unemployment rate has been particularly felt since the 1970s. As indicated by the Federal Reserve Bank of St. Louis (2024) illustrates the trend of the unemployment rate in the USA in the period 1968-2022. The incidence of the unemployed in the total workforce increased significantly in the two-year period 1975-1976 in correspondence with the global energy crisis induced by the rise in oil prices.

As it happened in many other countries of the world, the unemployment rate is the ratio of unemployed people to the labor force, it heavily increased rapidly in the early 1980s when the global economy was hit by one of the worst recession since the great repression of the 1930s. When there was growth at the international level during the second half of the 1980s, unemployment began to drop, however, it increased again during the early 1990s. In the end, the graph shows that in correspondence with the slow recovery during the mid-1990s the unemployment rate began to decrease. Therefore, the unemployment rate in the USA has fluctuated substantially, as it shown in the table below, it ranged from a low rate of under 4 percent in 2000 up to over 10 percent in 1982. Nevertheless, there is no doubt that unemployment may start to come down only after an economic recovery begins.

Table 1

Unemployment rate

	USA
1970	6.1
1980	7.2
1990	6.3
2000	3.9

However, it is also necessary to take into account the natural rate of unemployment (NRU), which is the average rate around which the economy swings. The natural rate of unemployment is the rate associated with the potential aggregate product, i.e. the rate that occurs if the economy produces potential GDP. The key issues many economists face is understanding why unemployment exists and to understand the condition of unemployment, therefore it is important to distinguish between disequilibrium and equilibrium unemployment.

Based on the findings of Fubini (2004) the unemployment disequilibrium theory is based on the idea that unemployment is generated because there are factors in the economy that preclude the convergence towards a complete employment equilibrium due to common problems of market failure and not to particular problems of labor market failure.

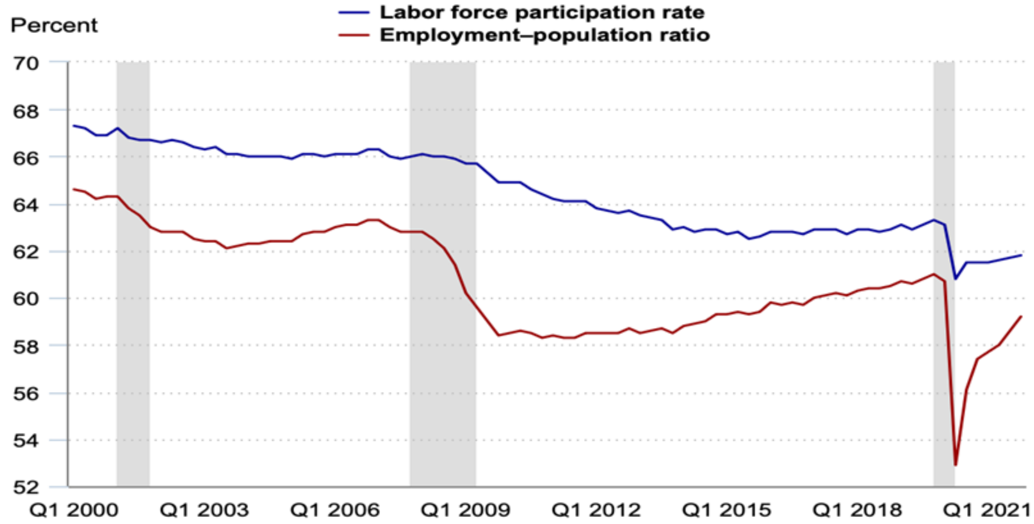
In this case wages usually fall, since competition among individuals to find a job should induce them to accept lower wages, thus favoring a reduction in wages, however, on the other hand, firms are encouraged to reduce wages given the large availability of unemployed workers. The adjustment of wages to their equilibrium value is not immediate but it requires time. In the short term, wages do not immediately decrease with unemployment, which means they are rigid downwards preventing the assimilation of unemployed workers into being employed.

The downward rigidity of wages in the short run can depends on three factors: the first regards the Federal minimum wage law, which prevents wages from falling below a legal minimum level; secondly, the bargaining power exercised by labor unions that negotiate a wage valid for an established period of time for all workers in a sector regardless of the conditions of equilibrium between supply and demand; and thirdly, the introduction of efficiency wages in a company, that is, high wages that incentivize workers' productivity. These three causes prevent average wages from decreasing in the presence of unemployment and thus the assimilation of unemployment disequilibrium.
Nevertheless, there are other causes of unemployment disequilibrium that add to wage rigidity. The first cause originates from classical unemployment which occurs when there is an excess demand for goods and an excess supply of labor. (Fubini, 2004) The second cause derives from Keynes (1936) which is about the fall in aggregate demand, and this type of unemployment is linked to the trend of aggregate demand and production, which is also called cyclical unemployment. While classical unemployment is in theory a transitory phenomenon, the economy can remain stuck in a situation of cyclical unemployment for a long time. Very common causes of Keynesian unemployment occur during an economic recession.

For instance, during the Covid-19 pandemic, in 2021 economic growth slowed leading the global economy into a recession with 14.8 percent unemployment in the U.S. The pandemic gave rise to a high number of unemployed people, which may be comparable to the historical peak of unemployment in American history and the Great Depression of 1929, but in less than 90 days' similar numbers have been reached from the outbreak of the crisis. Ever since the days of WWII, U.S. unemployment has risen and dropped slowly and gradually revealing recessions followed by assets; however, not one of which reached double digit until April 2020, when the US recorded the largest one-month percentage increase, creating an intense shock to the American economic system in a very short period of time.
In agreement with Martino Mazzonis (2020) in the HORECA sector there have been 7.6 million fewer jobs by the end of April 2020, in the trade sector and in health care 2 million less jobs. However, the most affected were the public sector with nearly a million fewer jobs, and also the manufacturing and construction sectors with 2.2 million less jobs. This immediate unemployment was mostly higher by poor and middle class people, especially by the black Americans and Latino communities, who were employed in the previously mentioned sectors.

As reported by Parlapiano et al. (2022) during the first year of the pandemic the Biden administration, has spent more than 5 trillion dollars in stimulus bills, divided between families ($1.8 trillion), businesses ($ 1.7 trillion), state, local aid ($745 billion), and healthcare ($482 billion). The impact of this important bill passed by the Congress and approved by President Biden helped to avoid a massive financial collapse, especially to assist the low and middle income earners. In addition, the Internal Revenue Service (IRS) under the American Rescue Plan managed to provide $1.400 dollars to each American adult with an income less than $75,000 for singles and $150,000 for married couples. (U.S. Department of the Treasury, 2020) Consequently, this bill managed to keep 53 million people above the poverty line. (Trisi, 2023) The aim of these policies was to take care of the recession, to give money to those who need it the most, and manage to get it as fast as possible. In fact, the U.S. labor market was noticeably improved in 2021; nonetheless, COVID-19 was still a threat for the American economy. In consonance with the publication of Edwards et al. (2022) for the Bureau of Labor Statistics (BLS) the employment–population ratio increased by 1.8 percentage points up to 59.2 percent, meanwhile, the labor force participation rate showed more moderate growth, increasing by 0.3 percentage point during the year up to 61.8 percent in the fourth quarter. Despite these important developments, as indicated by the Current Population Survey (CPS), total employment remained below its pre pandemic levels, with 155.2 million employed individuals compared to 158.5 million in the fourth quarter of 2019. In addition to that, the number of unemployed people in 2021 confirmed a decline of 4.1 million both for men and women compared to the previous year. (Edwards et al., 2022) These findings highlight an improving labor market, with a slow decrease of unemployment.

Chart 9. Labor force participation rate and employment–population ratio, quarterly averages, seasonally adjusted, 2000–21



Click legend items to change data display. Hover over chart to view data.
Note: Shaded areas represent recessions as determined by the National Bureau of Economic Research. Turning points are quarterly. Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, and Q4 = fourth quarter.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

The graph illustrated by Edwards et al. (2022) illustrates the trends in employment–population ratio and labor force participation rate from the year 2000 to 2021 which portray the labor market's direction throughout the period. These are key conditions in order to understand voter behavior in the 2024 presidential election, with strong macroeconomic perceptions that many times influence electoral outcomes. Instead, in the long run wages converge towards the equilibrium value as the persistence of unemployment induces operators (government, firms, workers) to negotiate lower wage levels. In the case that the number of workers who want to work is equal to the number of available jobs in the companies, this type of unemployment is defined as equilibrium unemployment. The presence of this type of unemployment explains the reason when an economy creates a substantial GDP, and therefore the demand for labor is at its maximum but unemployment is never at a zero level. There are two types of equilibrium unemployment, the first one is frictional unemployment and it represents those people who enter the labor market but are not willing to accept the first job that is offered to them, instead they look for other employment opportunities on the market. Frictional unemployment finds its reason for existence in the imperfect information of the worker regarding the available jobs. Meanwhile, structural unemployment occurs when the demand for labor may increase in some sectors while decreasing in others. For instance, over the year's factories have reduced the number of available jobs, meanwhile the service sector has shown the opposite dynamic. As a matter of fact, although the number of available jobs may be equal to the number of individuals who want to work, it may be possible that at the level of a single sector such correspondence has not occurred between supply and demand.

2.2 The long term trend of inflation

Inflation indicates the dynamic process of price increases. The inflation rate measures the annual percentage increase in the average price level. The inflation rate in the United States is measured by BLS through the CPI which calculates the retail price index i.e. the average price level of a set of goods that should represent the normal purchases of an American consumer.

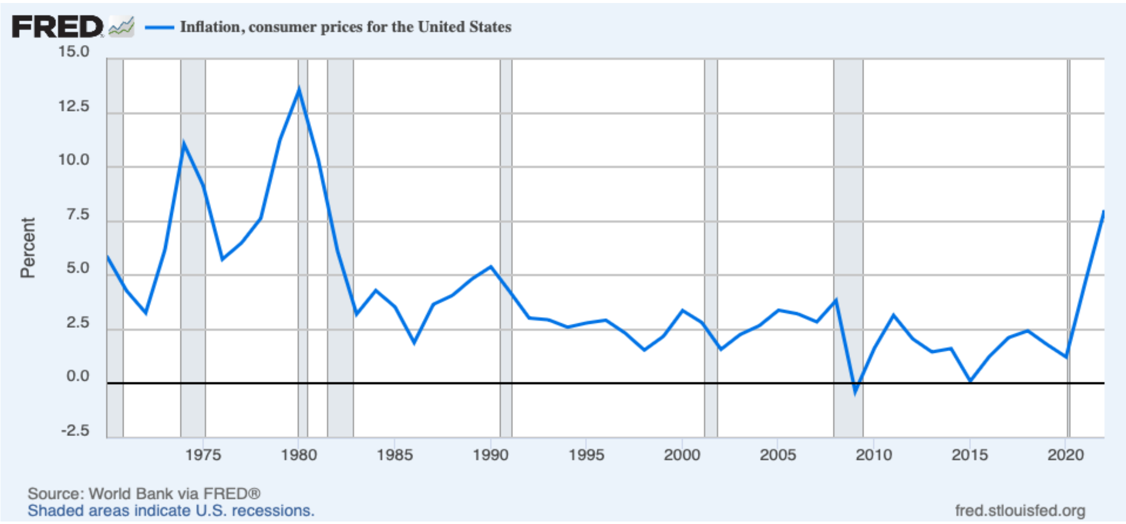
The FED regulates financial markets and controls interest rates which can be used to fight inflation. The lower the rates the cheaper it is to borrow money, which can stimulate economic activity, however, it can also lead to a high demand and raise prices.

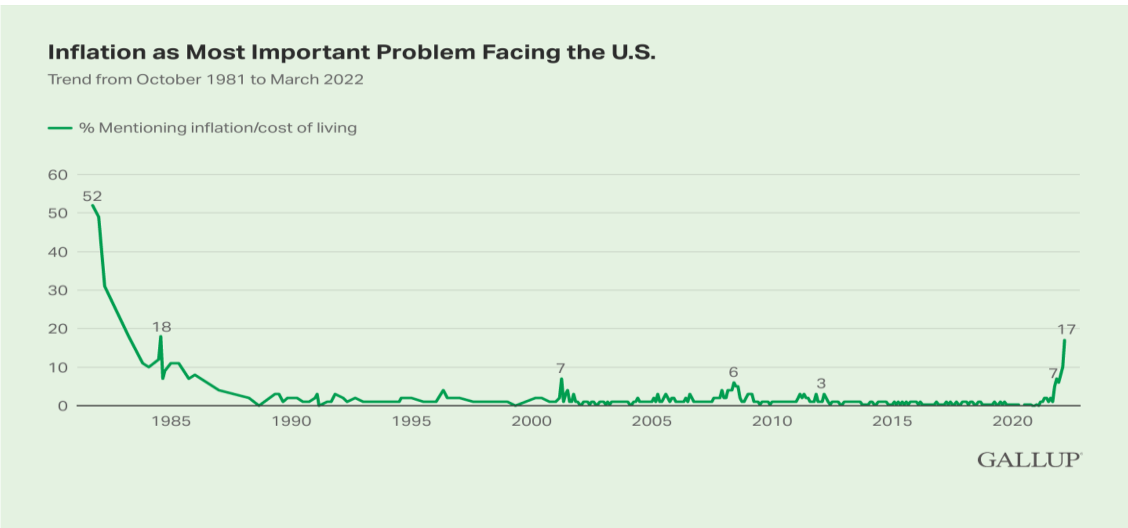
During periods of high inflation, the FED usually increases interest rates, in order to make borrowing money more expensive. The aim is to lead towards a reduced spending, which it consequently mitigates inflation. Nonetheless, this method also has some side effects. In the first place, expensive borrowing puts pressure on the economy, which may lead to a rise of unemployment. The FED's job is necessary to keep prices stable while maximizing employment. Low rates can unintentionally stimulate inflation, and an excessive correction to curb the inflation may cause a recession.

The classical model of inflation is based on the hypothesis that prices and wage rates are flexible (Mallick, 2023). In line with this theory, if each demand is equal to supply in an economic system, prices do not vary therefore, all markets are in equilibrium. If the markets are not in equilibrium, prices change in order to eliminate the differences between supply and demand. In markets where demand exceeds supply, the prices of goods increase, meanwhile they decrease in markets where there is an excess supply. Many economists agree that the model of flexible prices is only valid in the long run, since when there are imbalances between supply and demand, prices react slowly and then they fully adjust to absorb the gap over a longer period of time. (Mallick, 2023) To identify the causes of inflation, the classical model examines the role of money in the economy. Just as this relation, an increase in the money supply is the only cause of inflation, and consequently, the rise in the general price level develops in relation to the rise in the money supply. (Alpago, 2021)

As indicated by the research by Fisher and Harry Gunnison Brown (1911) the inflation rate is equal to the sum of the growth rate of money and the growth rate of the velocity of circulation net of the rate of change of real GDP. This mathematical formulation is also known as the Quantity Theory of Money, which states that if the money supply increases by a certain number in a year, the inflation rate of the economy will also increase by a certain number.

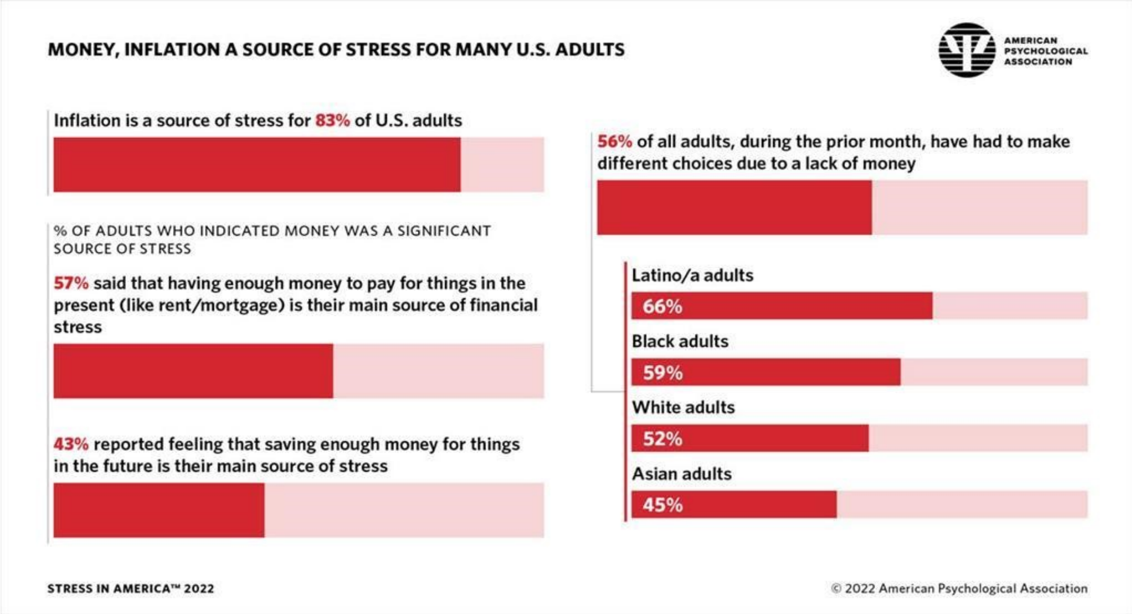
While the classical inflation model allows an effective theoretical foundation for understanding the dynamics between supply, demand and price changes. It is important to analyze cases in which excess money supply has produced an increase in prices and to show the way FED raises interest rates in order to slow the economy and bring inflation down. As illustrated in the graph below from the World Bank (1960) it is possible to look at the trend of the inflation rate in the U.S. from 1970 to 2021, the U.S. economy after facing the pandemic crisis in 2020 ran into high inflation, reaching 4.6 percent in 2021 and 8 percent in 2022; but despite that the FED believed that it would decline by itself. The same event that happened forty years ago in order to stop inflation the Fed pushed the economy into a recession. (Matthews, 2022)





In accordance with the chart above by Matthews (2022) it has occurred a significant shift from 1990 to 2020. Inflation was pictured as the largest economic issue following the pandemic crisis, in which 18 percent of Americans listed it as the country's biggest problem, on the other hand, during the 90's and early 2000's a very small percentage of Americans, typically less than 10 percent, listed inflation as the nation's biggest problem. After the over a million deaths in the USA, the sharp rise of prices for essential goods, stale wages in the labor market, as well as the Russian invasion of Ukraine and the Gaza conflict, led many Americans to a sharpened feeling of economic insecurity. The change of opinion of Americans on economic factors, as demonstrated earlier in the VP function, has an important role in shaping electoral decision making, since the voters are likely to hold the government responsible for the developments in the economy. Moreover, as cited above in the literature review with the reward punishment mechanism, the majority of dissatisfied voters punish the current government by supporting the opposition. This phenomenon led voters to perceive inflation as an economic threat becoming an indicator of economic discontent to families and businesses owners. Therefore, a peak of inflation can have a key role in creating an electoral campaign to fully address voting and economic behavior which ultimately affect electoral outcomes. Consequently, candidates who tackle these financial worries and by offering effective solutions will obtain an advantage, especially among swing voters and economically vulnerable groups.

Nonetheless, it is necessary to remind that the role of the FED is not to support the policies of the incumbent administration, but it is to ensure price stability. And, it is for this reason that in democratic countries central banks are independent from the political power; precisely to avoid situations in which the government can be able to manage the country's economy.



In agreement with Bethune (2022) in the report by the APA inflation was portrayed as one of the most stressful situations which took place among American adults. It is illustrated that 83 percent of adults perceive inflation as a source of stress, 69 percent also believe economy to be part of that stress and 66 percent add money to the source of anxiety too. These numbers do not only matter in terms of economic indicators, but they are emotional and social measures that have a strong influence on public opinion, political and voter behavior.

In an environment of high inflation, rising unemployment, growing national debt, small job creation and a slow economic growth voters are very vulnerable to direct economic pain, such as difficulties in paying rent, mortgage and saving money as reported by 57 percent and 43 percent of adults worry about saving enough money for things in the future; while 56 percent had to change their daily routine and life in order the insufficient amount of money needed. In these cases, people are more than likely to highlight economic concerns rather than looking at other main indicators when choosing political leaders. As a result, these indicators strengthen the idea that economic factors do play a major role in shaping electoral outcomes in presidential elections, especially in worldwide economic, political and social uncertainty.

Inflation too high for too long can become a big concern, in fact, high and persistent inflation undermines public confidence in the economy and in the management of economic policy. However, a little inflation in the long term is not a negative concern, in fact, it keeps the economy moving at a balanced speed and it promotes growth, efficiency, and stability. (Bernanke, 2007) Higher prices means employees need higher wages, pushing up costs for businesses, which eventually amplifies prices further and leads to a spiral of rising wages and prices.

Whenever the FED raises interest rates they are trying to control inflation when it is seen as too high, trying to hit an inflation target of 2 percent in the long run. (The Federal Reserve, 2020) In order to reach that goal interest rates are a powerful tool to use in monetary policy. Moreover, there was an idea that inflation would not be persistent, which was initiated from the fact of the basic belief that as COVID-19 began to fade away inflation would go away too. However, the simple pandemic explanation did not really work out, since housing prices, rents and wage growth all began to rise very rapidly, but also with the unfortunate Russia's invasion of Ukraine has led to a big increase of commodities prices, and China's zero COVID policy has made supply chains much more expensive.

This happens since a rise in interest rates from the FED automatically boosts a commercial bank's earnings, moreover, when interest rates rise, it's usually good news for banking sector profits since they can earn more money on the dollars that they loan out. (Baldwin, 2024) As mentioned earlier in paragraph 1.2.2 in the United States of America mortgages are set at fixed rates (FRM); and people with fixed rates are protected against the direct effects of an interest rate rise, however, people may still have an impact. (Kish, 2022) In fact, higher interest rates translate into more expensive mortgages, and it will eventually affect many new buyers, therefore, the prices of houses ultimately decrease, making everyone who owns a house feel poorer and making them spend less, and, lower spending leads to lower inflation.

When interest rates rise it does not only affect individuals, however, businesses find it more expensive to borrow and invest. (Seabury, 2024) Consequently, it means that there is less economic activity, and it creates unemployment. Fewer jobs and lower wages means less money for households, and consumer confidence might suffer from it. Overall, it creates a situation where businesses are more reluctant to raise prices, which pulls back inflation.

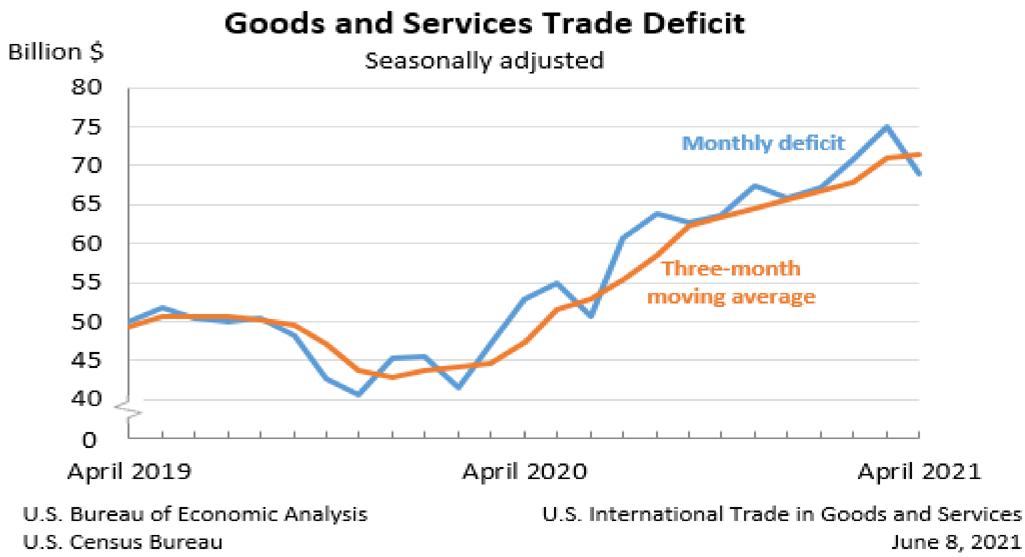
Following the COVID-19 crisis in 2021, it is important to determine the factors which led to the current inflation. For instance, aggregate demand, a narrow labor market, disruptions of energy supplies, and in supply chains all led to a price increase for essential goods which created a difficult situation for many Americans.

One of the most important ones were the supply chains. The inflation in the supply chain affected logistics and production costs such as raw materials, energy or transportation.

This type of environment not only affects the cost of living, but at the same time it also affects the supply chain as a consequence of the global increase in the prices of raw materials and energy for the production of goods. As reported by Gordon and Clark (2023) the pandemic closure of activities and services slowed, or even shuttered the industry. The consequence resulted in order backlogs for many raw and intermediate goods and were exacerbated by simultaneous restriction in transportation, as indicated in backlogs at shipping ports.

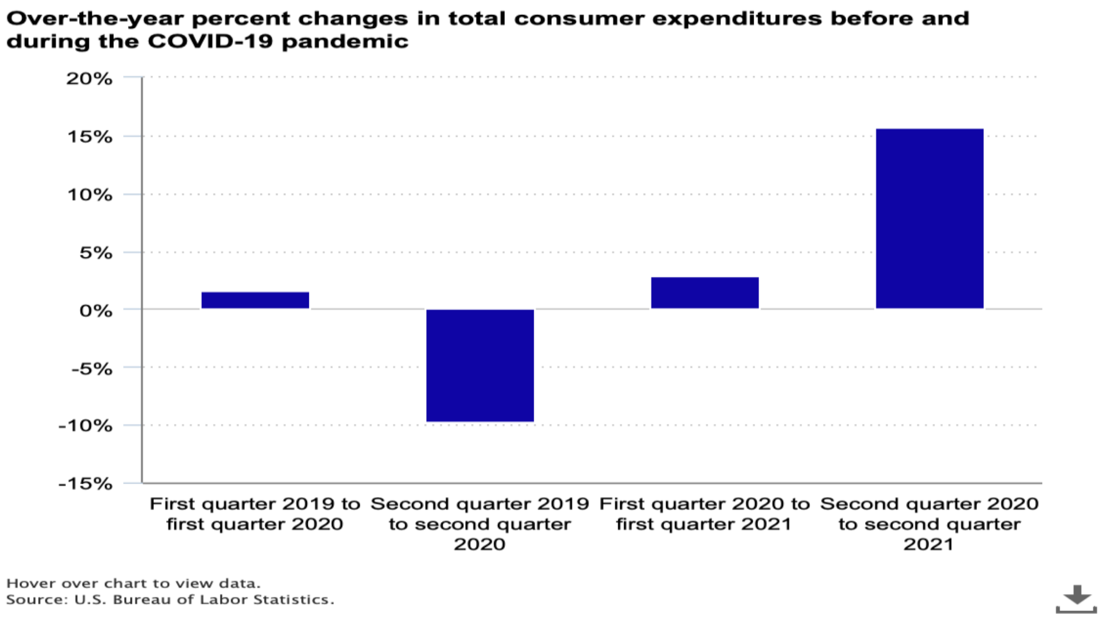
The suspension of supply chains during the crisis made it more difficult to transport goods but it also caused a higher demand, which has immediately increased the cost of the production of items. On the consumption front, when economies reopened the global demand quickly recovered, mostly thanks to monetary and fiscal policies, such as the major government stimulus policies, known to be the 1.9 trillion dollars COVID relief package.

As stated by the *U.S. International Trade in Goods and Services, April 2021 | U.S. Bureau of Economic Analysis (BEA)* (2021) points that the goods and services deficit was $68.9 billion in April, down $6.1 billion from $75.0 billion in March.



The graph above illustrates a constant increase in the trade deficit, reaching the monthly deficit of $75 billion from mid-2020. This trend occurs when a country buys more goods than it sells, the issue began in the second quarter of 2021 when Americans increased their consumption, especially of imported goods.

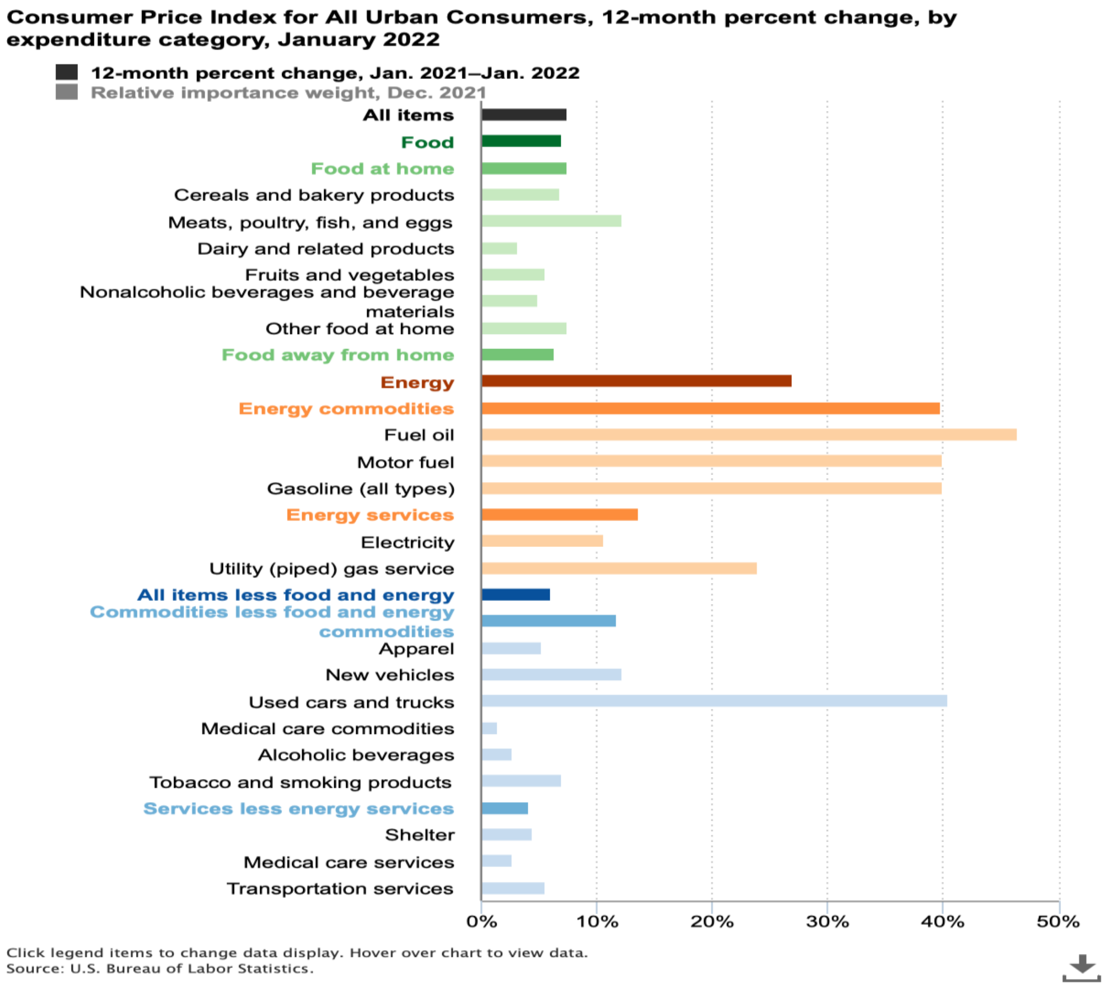
Nonetheless, the pandemic was still affecting the economy, the data from the U.S. Bureau of Labor Statistics (2022) highlighted the recent increase in consumer demand. That resulted in consumer expenditures that were 15.7 percent higher in the second quarter of 2021 than a year earlier. Consumer expenditures in the first and second quarters of 2021 were even higher than in the first quarter of 2020.



Demand is therefore strong, but supply cannot keep up. People in the U.S. have been very eager to spend their stimulus money obtained during the pandemic, as a result, imports rose while exports declined, widening the trade deficit making the U.S. consumers rely on foreign goods, most of the importing goods were Chinese.

Trade barriers (e.g. subsidies, tariffs, quotas, regulations, sanctions) that were introduced before the pandemic due to geopolitical tensions are unlikely to disappear any time soon, which this issue nowadays holds a special place for Trump's tariffs on foreign trade policy. The transfer of technology equipment and designs between economies and multinational companies in particular may be increasingly subject to government intervention. This in turn could lead to the development of regional manufacturing capacities, especially in technology products. However, this can also have a strong effect on public opinion especially in the context of elections, because of the economic policy when the government takes a specific decision regarding issues about trade, security and foreign policy.

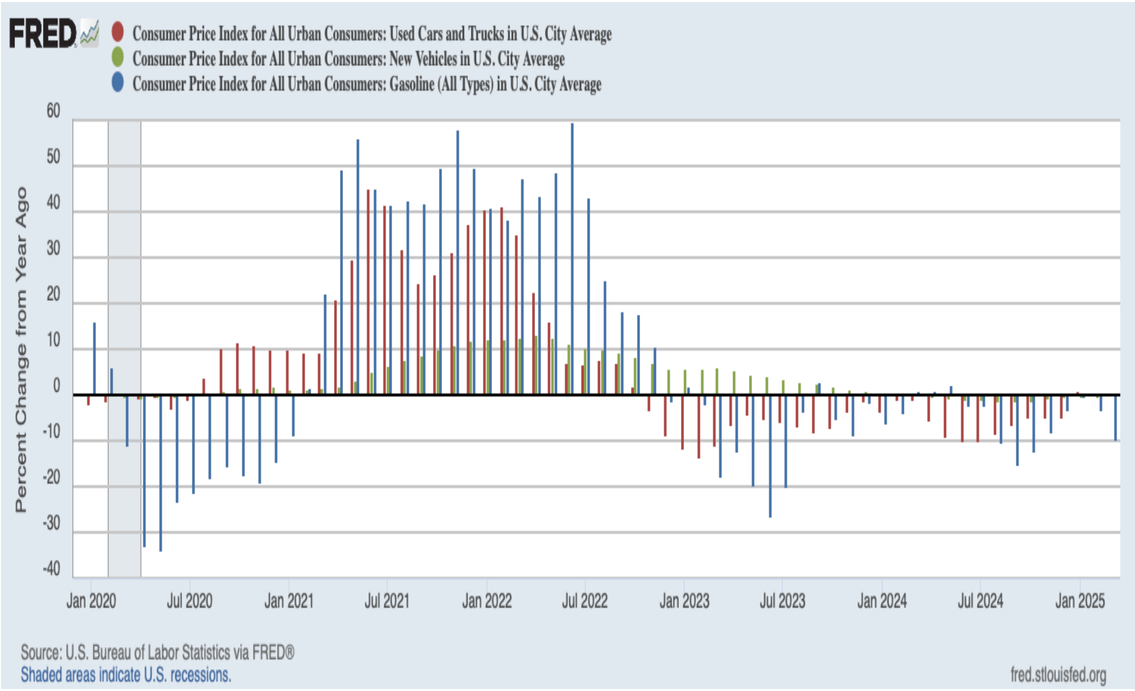
According to the report on *Consumer Prices up 7.5 Percent over Year Ended January 2022: The Economics Daily: U.S. Bureau of Labor Statistics* (2022) the FED has faced widespread criticism for letting inflation get out of control, in fact, in the USA the Consumer Price Index for All Urban Consumers (CPI-U) rose by 7.5 percent.



In the chart above it is shown prices for food at home rose 7.4 percent over the last 12 months. All of the six major grocery store food groups increased over the period. By far the largest increase was that of meats, poultry, fish, and eggs, which rose 12.2 percent over the year. Prices for dairy and related products increased 3.1 percent, the smallest 12-month increase among the food at home category. Moreover, prices for food away from home rose 6.4 percent over the last year, the largest 12-month increase since January 1982. In addition, within the energy category, gasoline prices rose 40.0 percent over the last year, despite declining in January. Prices for natural gas rose 23.9 percent over the last 12 months, and prices for electricity rose 10.7 percent.

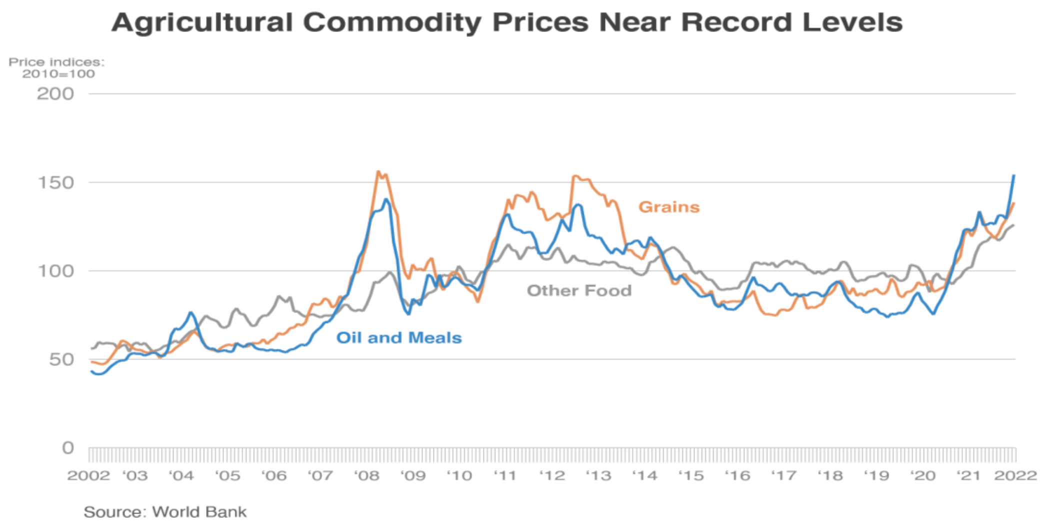
Overall, prices for all items less food and energy index rose 6.0 percent, the largest 12-month change since the period ending August 1982. Within this grouping, prices for shelter increased 4.4 percent over the past year, prices for medical care services were up 2.7 percent, while prices for transportation services increased 5.6 percent.

An interesting fact is about the used car market, according to *Consumer Price Index for All Urban Consumers: Used Cars and Trucks in U.S. City Average | FRED | St. Louis Fed* (2025) which has literally blocked itself. Between the 2021-2022 prices have increased up to 40% compared to the same period in 2021.



The suspension of sales is due to the price growth of the new car market. In the United States before the pandemic, the average price of a used car was $19,827, but it's now $26,686, therefore, used car prices have increased by 35 percent. (Finkelmeyer, 2023)

In general, the used car market almost doubled the average price increase, making inflation higher. The issue began from the increase of delivery times getting longer. The delays are due to the chip shortage, which has been a problem especially for the past two years following the pandemic, which was immediately followed by the shortage of available semiconductors. It must be taken into consideration that the tensions surrounding the island of Taiwan, which alone produces 90 percent of the world's high end chips, do not help improve forecasts for the near future. Nonetheless, COVID is behind all of us, there are consequences which can last longer than we could have imagined. The problems faced by long production chains continue to affect the automotive sector, and they risk keeping inflation high especially with rising energy prices. In the meantime, incomes have remained stagnant, prices have increased and families' financial situation have decreased.



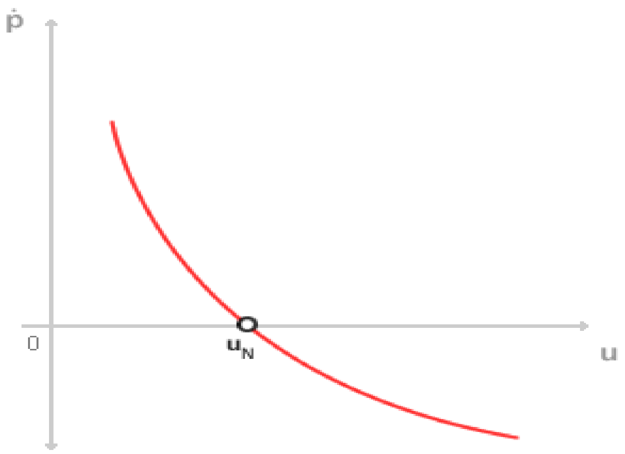
As well as the FED, the Biden administration's need to fix the economy, especially the sharp increase in inflation, was the first issue to solve as soon as possible. According to *Executive Order 14017 of America's Supply Chains – Policies* (2022) executive Order 14017 was one of the first topics related to the supply chain and the extreme weather which led to crop shortages which made food more expensive. For instance, wheat prices have risen nearly 110 percent, corn and vegetable oil prices are up 140 percent, and soybean prices are up 90 percent. (International Agricultural Trade Report, 2022) Millions of Americans cannot afford to put staple food on their table. Food and fuel are the biggest spending for poor and middle class people, therefore, when these prices go up a lot, they highly reduce people's living standards.

The average American family has had to rebalance its expenses to cope with this situation. Surely what has been left aside concerns activities not necessary for sustenance, such as sports, education and culture. These values, apparently not necessary in the immediate future, however, they are essential for the healthy development of the individual, that is, the future American citizens.

As cited by Angela and Polidoro (2023) in their book they believe that "putting money in the brain, perhaps our own, but above all that of our children, contributing to the development of their intelligence, their ability to be creative, competent, adapted to the new world that is opening up". Therefore, the optimal choice for families is to have support for both the economic and educational spheres.

2.3 Inflation and Unemployment: The Trade-off

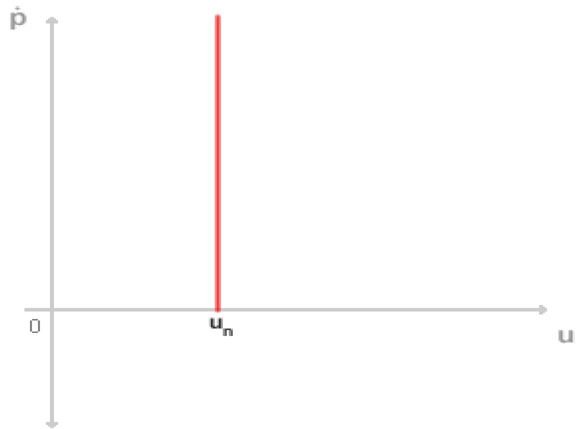
As stated by Phillips (1958) on a study on the trend of the wage growth rate and the unemployment rate in the United Kingdom over the period 1861-1957. This empirical research has shown that there is a negative correlation between the two rates: in years in which unemployment was high, wages decreased compared to the previous year, meanwhile, in the years in which unemployment was low, wages increased compared to the previous year. Furthermore, the empirical observation shows that in the years in which the unemployment rate was stable, wages neither increased nor decreased. Philips's curve relationship between the rate of change of money wages and the unemployment rate has been transformed by other economists such as Samuelson and Solow into a relationship between the inflation rate and the unemployment rate. The reason behind is obvious, in fact, companies set the unit prices of their productions in order to cover production costs and achieve a minimum profit margin. If all quantities remain stable over time, except the cost of labor, the growth of money wages translates into an increase in prices of equal proportion.



Phillips curve

In the view of this principle, it is important to consider that whenever unemployment temporarily deviates from the NRU, inflation is affected too. The only variable that can be manipulated is the unemployment rate. Economic policy makers can control aggregate spending, current GDP and employment through fiscal and monetary policies to an extent in order to bring the economy closer to that value of cyclical unemployment compatible with the desired inflation rate. Nonetheless, the issue is that the relationship between unemployment and inflation is negative. A certain type of economic policy can expand the aggregate output to reduce unemployment at the cost of a higher inflation rate, or it can reduce the inflation rate by creating more unemployment. Ultimately, there is a trade-off between inflation and unemployment.

On the other hand, from the perspective of the aggregate supply and demand model with variable prices, in the long run production stabilizes at its potential level and therefore the unemployment rate remains at the natural rate. Consequently, in the long run the substitution relationship between inflation and unemployment does not hold, that is, unemployment stabilizes at its natural rate while the inflation rate can vary as a result of shocks and the inflationary expectations of operators.



Long run Phillips curve

To provide an example, when the economy is involved in a recession, there is going to be lower demand for goods and services and firms will start firing workers and at the same time avoid raising prices. Consequently, unemployment rises and inflation falls during recessions.

As reported by Öner (2010) policies trying to lower unemployment by boosting consumer demand, which results in a raise in production, can do so only temporarily, and at the cost of higher inflation later. On the other hand, policies that are tailored toward mitigating frictional or structural unemployment can boost employment without necessarily affecting inflation.

This phenomenon indicates the dependence of a variable on its past events, which is also known as hysteresis. The hysteresis theory implies that the natural rate of unemployment will depend on the time path of actual unemployment experienced during the movement from one steady rate of inflation to another following a long period of recession. (Cross, 1986) Recessionary phases increase the natural rate of unemployment for several reasons. In the first place, during a recession, workers who have been removed from the production process eventually lose skills and abilities, therefore reducing their possibility to find employment after the end of the recession. In second place, a recession can discourage workers from taking action to actually look for a job. And lastly, a recession increases the number of unemployed and increases the number of employed people. As a consequence, those who become unemployed may lose their influence in the wage determination process, while those who remain employed may be more interested in achieving high wages than in reducing unemployment. Therefore, the recession can push wages up beyond the equilibrium level, preventing the reabsorption of unemployment.

To sum up, the chairman of the FED had the objective of bringing inflation down at its target of 2 percent in order to restore price stability on behalf of American families and businesses; and at that level consumers do not notice changes in prices both in the long run and short run. However, the biggest cause of economic problems is having to go through high inflation for a long period of time. The FED’s policies aim has two important goals, the first one is to maintain price stability and the second one is to ensure that the economy has full employment. It is possible to slow inflation and the FED has the power to do it, by raising interest rates, however, when interest rates become higher people become eager to save and less willing to invest, which leads to a slower economy which consequently slows the rise in prices.

Considering that inflation is the least predictable macroeconomic factor, FED president Jerome Powell has always been concerned about setting expectations of inflation and keeping it steady by trying to anticipate the future. People's expectations are the final key metric to determine whether business leaders, investors, and the public think inflation is going to be a persistent problem. Inflation expectations are self-fulfilling, if people do not think inflation is going to happen, then it will not happen. Managing people’s expectations is very difficult, especially in this unpredictable time period. (Confino, 2025)

Chapter 3. Economic Factors and Electoral Mobilization in 2024

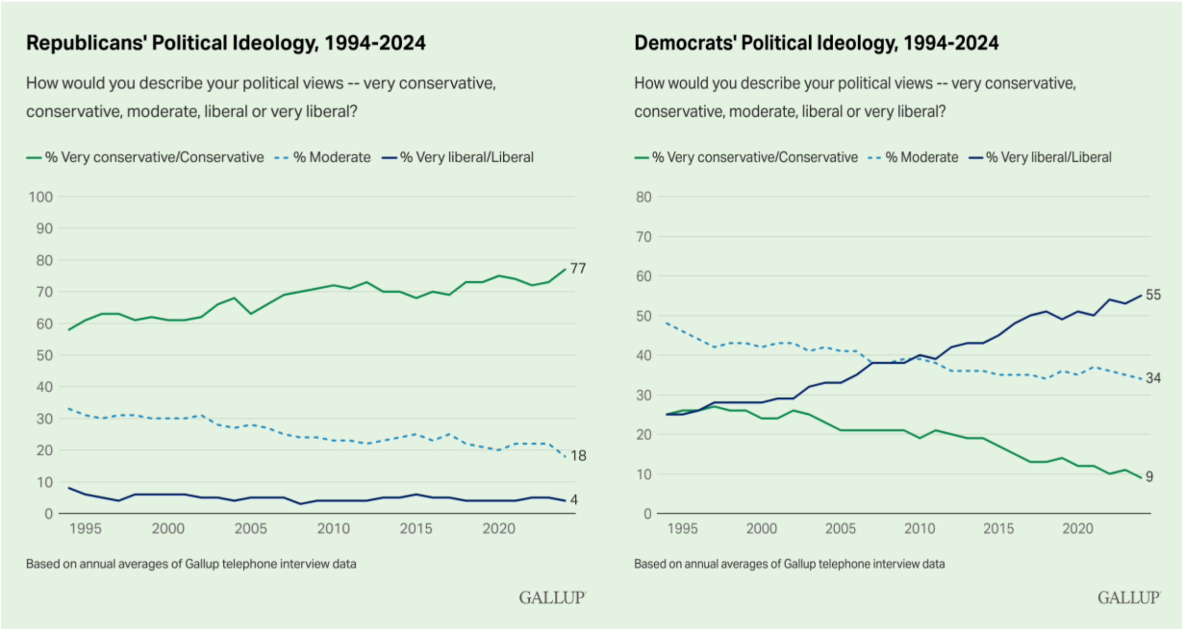
Electoral campaigns are an important opportunity for candidates to provide solutions to the citizens on how to solve important social, political and economic national and foreign issues. Moreover, electoral campaigns are a useful tool to inform, persuade, and mobilize the electorate. Following electoral campaigns, elections hold a special place in the decision making process. Elections can be defined as the cornerstone of democracy, since they are based on the idea that all persons deserve equal representation in the government. (Gans, 2018) As stated by Banducci and Karp (2003) elections give an opportunity to help citizens influence the political administration of their country; as well as serving as a means by which parties and candidates can mobilize support for democratic processes. The American electoral process is a complicated system, therefore in the next paragraph it will explain the process of Presidential elections and their outcome on November 5, 2025. Every four years, presidential elections take place in the United States, citizens vote on the first Tuesday of November. However, according to the International Foundation for Electoral Systems (2024) forty-seven states give the option of early in person voting, which gives the possibility for voters to vote already in October without providing a justification. Another option offered by all fifty states is postal voting, which was created during the Civil War in order to allow soldiers who were on the battlefields to be able to still cast their vote. At last fifteen states allow absentee voting, which is only available for voters who live abroad. A particular feature of the American elections is that a candidate can win the election even without a majority in the popular vote; for instance, Donald Trump won like that in 2016. This is a consequence of the American electoral system based on the Electoral College, which has the mission of choosing the candidate for the presidency. The Electoral College is an institutional body composed of 538 electoral votes; and each state has a different number of electoral votes, for instance California has fifty-four votes and Delaware only three. These numbers are based on the state Senators and House of Representatives in the U.S. Congressional delegation. Once a candidate receives the majority of votes in a state, he/she will obtain all of the electoral votes in that state; this concept is also known as the winner-takes-all. Therefore, to become president of the United States, the candidate needs 270 electoral votes, and the popular vote doesn't matter as much. In fact, in 2016 Hilary Clinton got 48.2 percent of popular votes, but Donald Trump won by getting 46.2 percent. (The American Presidency Project, 2016) Therefore, elections do not really indicate the popular opinion but they only determine who will be responsible for managing the current problems and lead the country in the right direction.

3.1 Economic messaging and policy proposals of the candidates

A major issue which was tackled during the electoral campaign was the management of the national economy by achieving lower inflation, and providing economic stability for American citizens in their daily life decisions. This paragraph will discuss the view of both Donald Trump and Kamala Harris' economic plans.

In 2024 during the electoral campaigns, the economy was perceived by voters as one of the biggest issues to be adjusted. Some of the most essential problems identified by voters have been the growing costs of housing, groceries and energy; while also making improvements for U.S. industries.

In an era of a strongly polarized USA where parties have become increasingly polarized ideologically, as stated by Brenan (2025) in 2024 77 percent of Republicans described themselves as very conservative and 55 percent of Democrats identifying as very liberal.



The candidates' approaches to strengthen the national economy and to help middle and working class citizens are quite different. Kamala Harris policies focus mostly on microeconomic policies in order to achieve price controls for food, housing, healthcare and childcare. Additionally, she proposed an increase up to $6000 of the child tax credit to help families with newborn children and to offer assistance to first time home buyers $25,000 in down payment support. (Breuninger & Wilkie, 2024) On the other hand; Donald Trump's policies paid more attention to continuing the trade war with China and establishing tariffs on goods imported from China and Europe. Trump’s economic plan also mentioned lowering the corporate tax rate from 21 percent to 15 percent for companies that make their products in the US, which would benefit Americans for higher employment. (Luhby & Lobosco, 2024)

Overall, Trump's approach continued his America First agenda focusing on increasing fossil fuel production, reducing international dependency and expanding national security particularly in response to the growing strength of China, which is increasingly seen as a threat to a strong U.S. economy. His policies aim to limit the expansion of Chinese markets in the USA. However, in the short term these policies will have a domino effect on American people, for instance by adding tariffs on Chinese goods that are not built in the United States; then the cost is going to rise for Americans and they have to make an effort in order to pay for it.

3.2 Media, disinformation, and economic narratives

During electoral campaigns a key role is the relationship between the role of media with political economy, especially to show influences on voter sentiment through economic policies. News coverage has a large power over the political and economic fields, since they display crucial information to a large number of people, who have the power to vote in elections and decide their preference according to their knowledge, interest and identification.

In democratic regimes, the role of the media has a huge impact on elections for its role as public service broadcasters, which controls the flow of information and the future decisions taken by the citizens. In democratic countries, knowledge and understanding through the information given by the mass media about the country's institutions are the phenomenon that leads citizens to rational and coherent electoral decisions in order to continue a large participation and interest in being represented by their favorite candidates. On the other hand, corruption, inefficiency, and lack of transparency in governmental administration lead to the overthrow of governments, and protests.

The role of the media in the U.S. is also fundamental with regards to the retrospective, prospective and rational voting behaviors, which goes back to either rewarding or punishing the incumbent candidate. Voters look and search for reliable news whether the candidate's previous policies or future promised policies are in line to achieve a greater national economy, and overall to have a personal financial benefit.

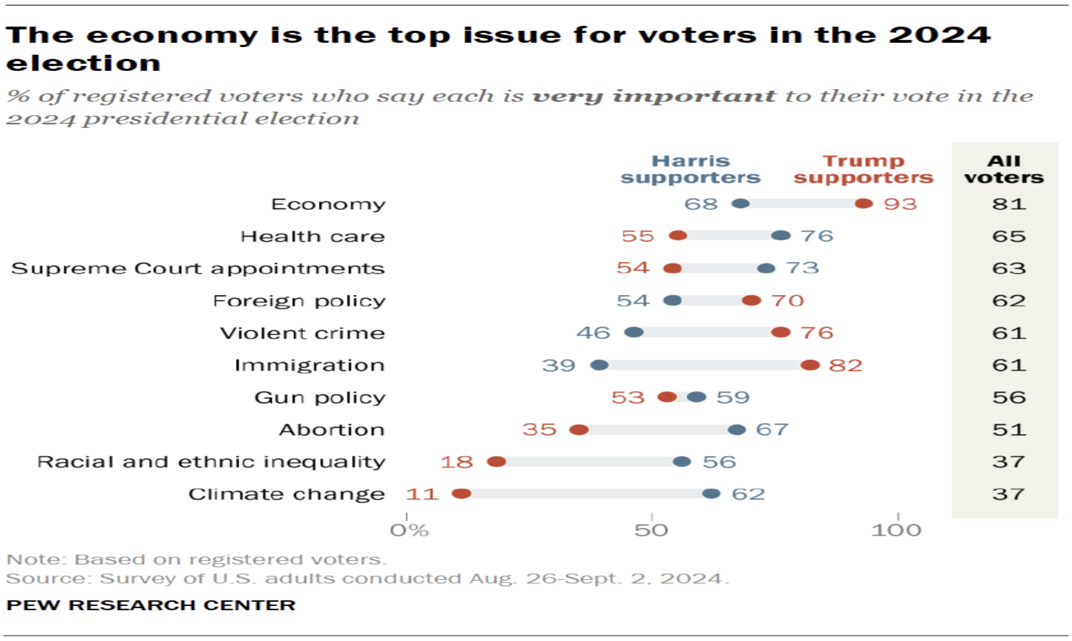
Therefore, the role of information through the media imposes the voter to make a decision. It is important to introduce the decision theory, which is concerned with the reasoning underlying an agent's choices. (Steele & Stefánsson, 2015) This theory can explain the way people rationally make decisions through voter preferences or options.

However, it is also important to consider that the voter has the possibility of choosing to change the decision previously made on a particular candidate, which detaches the voter's party identification because a particular news or event information changed his opinion. Therefore, as stated by Zadeh (1977) the importance in the theory of possibility is that the inherent imprecision of human cognition is in the main possibilistic rather than probabilistic nature. On the other hand, according to the theoretical model of decision-making by Calvert (1985) for understanding how voters make decisions. He showed that voters act rationally in the case where a citizen is deeply interested in the information available, in order to choose the best future presidential candidate; also in this case the citizen's access to information is not neutral, but will use a media source that aligns with ideological preferences. For instance, the U.S. newspaper "the Washington Times" is known to be more on the conservative side, and if a citizen whose ideology is very alike to the newspaper, as a consequence the citizen is encouraged and persuaded to vote Republican in presidential election. And, vice versa there is a high probability of the voter to continue to vote Republican in case of reading a more liberal newspaper such as "The New York Times". However, it is important to note that when a voter is subscribed or a follower of relevant content of mass media similar to the voter's personal belief and ideas it will be the only case in which there is the most probability to change the voter's choice vote.

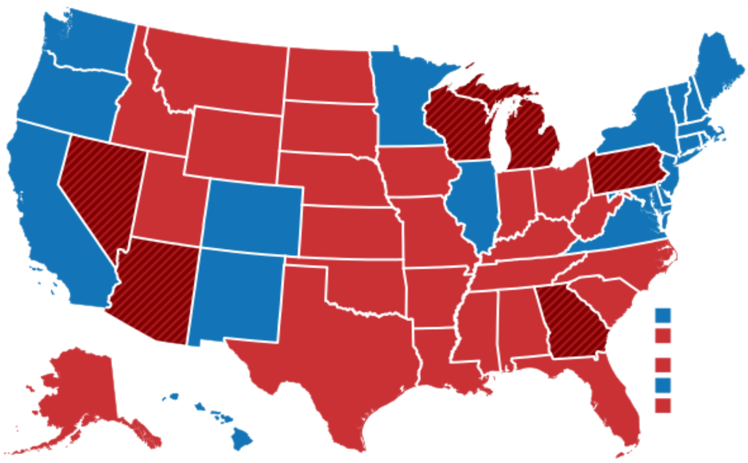
Of relevant importance, it is important to mention the issue of fake news on social media, which lately has been a major concern. As mentioned by Adeeb and Mirhoseini (2023) social media users become victims to the phenomenon of fake news on a daily base because the content posted by regular account it is not checked, therefore, leading to a rapid spread of fake news. This issue can cause a lot of harm to citizen who wants to be informed about relevant geopolitical, financial and social problems in order to vote the best candidate in presidential elections, however, the voter has to be particularly careful to believe stories told by the media, especially on social media. For instance, a particular negative effect of fake news happened during COVID-19 with rumors and conspiracies that the virus was created in a Chinese lab. However, as stated by Andersen et al. (2020) in their analysis in which it was decked that the origin of the virus was either a natural selection in an animal host before zoonotic transfer; or a natural selection in humans following zoonotic transfer. Therefore, being improbable that SARS-CoV-2 emerged through laboratory manipulation. Indeed, it is not necessarily that simple to spot fake news and verify if the content is truthful or not. However, the vast majority of people who listen to news on the television, radio or read them on social media do not double check the reliability of the information received, because it takes a lot of time and effort.

3.3 Economic concerns and voter demographics

As previously mentioned the pandemic hit so hard the U.S., in which there were both economic and health emergencies. The pandemic has frozen almost all activities, causing citizens' purchasing power to drop and consequently a reduction in consumption. In fact, as mentioned by Pew Research Center (2020) 79 percent of voters put the economy as a very important issues for them in making their decision about who to vote for in the 2020 presidential election, which is followed by the health emergency policies which 68 percent of voters say it is very important issue for their vote. At the same time in April 2020, as shown by the U.S. Bureau of Labor Statistics (2025) the civilian unemployment rate was at its peak of 14.8 percent. Overall, the pandemic hit the mostly Black and Latino households, especially in big cities such as New York, Los Angeles, Houston and Chicago, as stated in the article by Neel (2020) in Houston, 63% of households reported having serious financial problems during the pandemic, compared with 46% of households nationally. After the Biden administration the USA found itself with high inflation, rising prices for food and energy and a migration crisis; leading to a strongly polarized USA. Joe Biden's presidency has been marked by some temporary successes but also by many challenges. The solutions adopted to address the challenges such as the economic and health crisis caused by the pandemic, have been forgotten pretty soon; since there were bigger issues to manage such as rising inflation, the crime of illegal immigrants and the inability to end the war in Ukraine. As a matter of fact, according to Pew Research Center (2024) the state of the economy and inflation are still top concerns for voters, indeed 81 percent of registered voters believe the economy will be very important to their vote in the 2024 presidential election. Looking at the data from BLS (2025) the total nonfarm payroll employment increased by 177,000 in April, and the unemployment rate was unchanged at 4.2 percent.

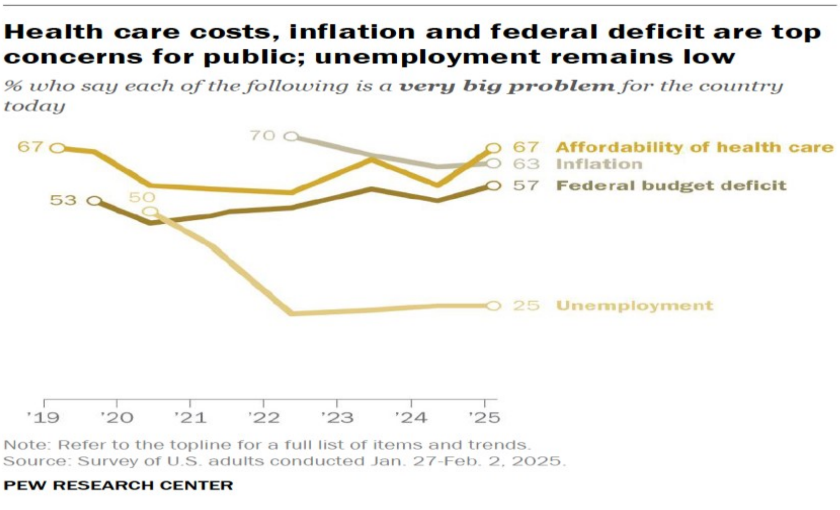


As reported by The New York Times (2025), the Electoral College results map showed a predominantly Republican victory, in which Trump obtained 312 electoral votes compared to Vice President Harris's 226. This outcome takes into consideration the strong Republican performance not only in the well-known traditional conservative states but also in swing states, where economic concerns played a crucial role in shaping voter preferences. These unexpected successes were due to Trump's economic plan on tariffs, job creation, and containing inflation.



As highlighted by Lindsay (2024), voter turnout and party alignment showed that discontent with economic management benefited the Trump campaign, in which Trump overturned six swing states like Arizona, North Carolina, Georgia, Michigan, Nevada, Pennsylvania, and Wisconsin. All these swing states highlighted and contributed to an extension of the central issues mentioned in the electoral campaigns. In Arizona, for instance, the problem of immigration was the reason why Arizona switched towards Trump, instead of what happened in 2020 when Biden won the Electoral College votes. In the case of North Carolina, a core concern was employment and economic stability in which voters have been fully influenced by Trump's economic plan.

Despite the Biden administration's effort to address the pandemic's consequences and the electoral success in swing states of incumbent President Trump, in accordance with Pew Research Center (2025) Americans still perceive many economic issues as the most pressing national problems. For instance, as shown in the graph below, for 63 percent of Americans inflation is a big problem for the country, as well as affordability of healthcare which has risen up to 67 percent and federal deficit which today stands at 57 percent; the only problem that has declined is unemployment which is at 25 percent.



According to Vlandas et al. (2021) it is important to take into consideration the elderly population, which has fiscal, political, and economic implications leading to a distinctive socio-economic position, political preferences and behavior. For instance, older people support less education spending, but they may promote higher healthcare spending, at the expense of investments in human capital that promotes long term growth. On the other hand, young Americans have very different thoughts, as examined by Harvard Youth Poll (2025) younger people who became socially isolated during COVID-19 reported higher rates of depression, and just 15% believe that the country is heading in the right direction. This pessimistic view of the current state of the economy was created during the pandemic and its negative consequences, regarding unemployment and high inflation. The reasons behind this difference between age in electoral decision-making, goes back to the retrospective and prospective voting behavior. In fact, older voters are concerned with retrospective voting, evaluating incumbents based on past economic performance, particularly inflation. Instead, younger voters adopt a more prospective voting which focuses on future policies that address long term economic and social challenges.

Chapter 4. NATO, Foreign Policy, and Economic Implications in the 2024 Election

Foreign policy is a central concept which can help in many ways to understand the reasons behind a country's internal and external economic policies. In order to understand foreign policy, it is important to indicate all the aspects which compose this key element of a government. Some of the elements which will be discussed later are: peace and security, economic growth, promotion of human rights and democracy, and last but not least protecting national interests. For the purpose of achieving these goals the government uses special tools such as diplomacy, military alliances and international organization to reach the goal of a stable political, economic and humanitarian world environment.

Foreign policy evolves in accordance with the changes in global affairs, domestic priorities, and ideologies. However, throughout history, nations led by their leaders found themselves always fighting in conflicts of territory and space that could have been avoided with the help of mediation and negotiation by international organization. A powerful quote stated by Curzon (1907) said: “frontiers are indeed the razor’s edge on which hang suspended the modern issues of war or peace, of life or death to nations”.

This quote expresses the essence of the very delicate situation foreign policy must maintain in order to achieve a peaceful and stable environment. The main focus is that the borders are not to be considered as lines on a globe; however; they represent political, economic, and military edges that characterize national and cultural identities which shape global resolutions or disputes. Lord Curzon quote comes from a world with international tension and strong nationalism, which today it remains fitting since the current geopolitical condition made of territorial disputes and international migration still influence both national security and international stability. Consequently, in relation to the previous quote foreign policy is more than just protecting its interests at home and international agreements but it is about science, technology and communication evolving in a common culture. (Kissinger, 1966)

Therefore, understanding foreign policy is not just about diplomacy or trade; it is about the way states perceive their surroundings, through their domestic institutions, leadership communication, and historical context.

The reason behind choosing the 2024 U.S. election as my case study and the central pillar in my thesis, is in order to comprehend the outcome, in which, foreign policy is a key topic. Rational voters paid attention to the way each candidate was going to handle and settle the tensions with China, the war in Ukraine, NATO spending, and trade relations. Economic threats, such as inflation and unemployment, are very close to foreign agreements. Each candidate's positions on the issues of international alliances and foreign policy aid have the power to define not only global affairs but also domestic economic concerns. Therefore, the purpose of this chapter is to show the evolution of American foreign policy with a focus on diplomacy over the years, leading to the Trump victory in the 2024 presidential election. The key outcomes from the presidential election are an isolationist foreign policy composed by tariffs, non-interventions in wars and no strong alliances and international cooperation. By addressing these factors, it will be much simpler to understand the ongoing international challenges regarding economic plans and security threats, which are essential to analyze the economic implications of the outcomes of the election.

4.1 NATO

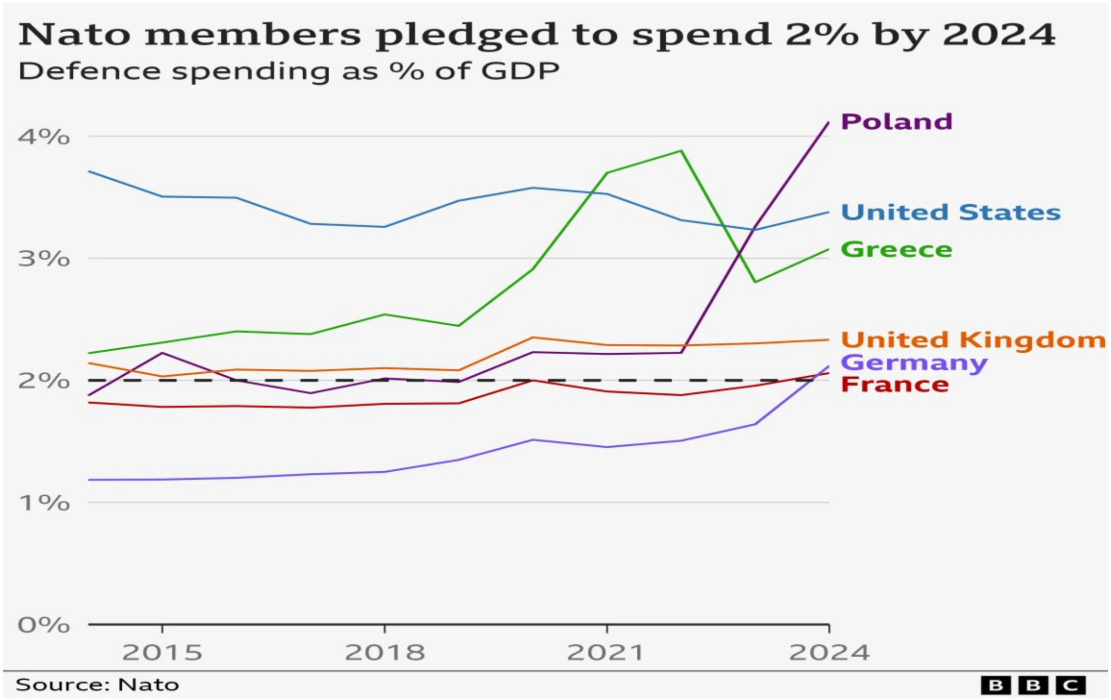
The North Atlantic Treaty Organization (NATO) was created in 1949 and was primarily established to counter USSR influence in post-World War II Europe. As a collective defense organization, NATO operates under the principle of Article 5, which states that an attack on one of the member states is considered an attack on all. This foundational commitment has shaped NATO’s role as the cornerstone of Western military alliances, especially throughout the Cold War. NATO's original mission during the Cold War was simple: it was countering the threat posed by the USSR. Its primary role was to defend Western Europe against USSR expansion, both military and ideologically. During the forty years of bipolar confrontation, the two blocs never came into direct conflict with each other, but clashed through various proxy wars. The years immediately following the end of the Cold War and the dissolution of the Soviet Union marked a fundamental turning point in the history of NATO. Post-1989, it was difficult for NATO to search for its own identity due to the intrinsic value of the Euro-Atlantic relationship between the United States and Europe. (Lansford, 1999) NATO had to face a first transformation from being a defensive alliance to becoming an alliance of safety, and the opening of the Alliance to the countries of Eastern Europe to consolidate the security and stability of the European continent. The Partnership for Peace has proven to be an immense program success in deepening security cooperation with non-NATO countries. (Ruhle & Williams, 1994) While NATO attempts, through enlargement, to maintain a dominant role in the new unipolar world order, the geopolitical instability caused by the end of the Cold War also manifested its repercussions in the Balkans. Which later lay the political premises for the further evolution of NATO in the months and years following the terrorist attacks of September 11th, 2001. During Bush's presidency, NATO invoked Article 5 for the first time, marking a significant moment in the alliance's history. The fight against global terrorism, including NATO's involvement in Afghanistan under the ISAF mission until 2014, showed how the alliance could adapt to the shifting nature of threats. (Cordesman, 2017) The nature of conflict was evolving, and NATO sought to keep pace in unstable regions of the world. The relationship between NATO and Russia therefore has not always been characterized by hostility, but also by phases of cooperation. Leaders from both sides showed the importance of political and military partnership to accomplish mutual peacekeeping operations. After the fall of the USSR there was a search towards a dialogue with the Russian Federation, which is the only successor of the Soviet Union. This dialogue brought moments of cooperation, as demonstrated by the Partnership for Peace of 1994, the Founding Act on Mutual Relations, Cooperation and Security of 1997, and the NATO-Russian Council of 2002. In fact, NATO and Russia collaborated and fought against international terrorism. Both Vladimir Putin and President George W. Bush supported the operations in Afghanistan by collaborating with Washington. Their teamwork continued over the years, and the NATO-Russia Council of 2004 Action Plan on Terrorism was redrafted in 2011. (Temelkovska-Anevska, 2017) However, there have been periods of strong tension, over the 21st century, there has been an escalation of tension in more detail. Modern relations between NATO and Russia are characterized by noticeable differences and obstacles. Their relationship is contradictory by nature, with areas and issues of close cooperation as well as with ideological confrontation, distrust, and reciprocal criticism. The Russia-Georgia war in 2008 as well as the annexation of Crimea in 2014 have brought the focus back to its core mission of territorial defense and enlargement policies. Consequently, Russia supported separatists in the Donetsk and

Luhansk regions. This has led to an armed conflict in Donbas and growing tensions with the West. In February 2022, Russia invaded Ukraine, provoking an ongoing war. (Center for Preventive Action, 2025) NATO members, especially those in Eastern Europe, have grown increasingly concerned about Russia's aggressive attitude, resulting in an increased military exercises and new troop deployments to deter further Russian aggression.

NATO's support for Ukraine has been critical in helping the country defend itself against Russian aggression. The alliance's decision to provide military assistance and engage in diplomatic backing for Ukraine has been a cornerstone of its recent activities. (Mills, 2025) One of the most significant discussions at the 2024 Washington Summit was Ukraine's potential membership. Although NATO leaders expressed strong support for Ukraine in its struggle against Russian aggression, the prospect of immediate membership was delayed, recognizing the risks this could pose in escalating the conflict with Russia especially concerning the legal implications of Article 5. Consequently, the alliance instead focused on enhanced cooperation, such as offering Ukraine more military aid and security guarantees. These efforts aim to support Ukraine's sovereignty without triggering an automatic NATO-Russia conflict. (Bergmann, 2024) Moreover, the Washington Summit declaration also dealt with the strategic partnership between Moscow and Beijing as a cause for profound concern. The countries are now ideologically aligned in an anti-American function and against NATO enlargement. As a matter of fact, China and Russia are confirmed to be, quoting Elizabeth Wishnick, "partners of consequence" rather than by a sincere friendship, by the need to claim a global status, and by intolerance towards the West which, according to its version, blocks their ambitions for greatness. (Wishnick, 2017) Another relevant and symbolic event was the meeting between NATO Secretary General and Donald Trump on March 13, 2025. The meeting dealt with the serious subject of the war in Ukraine in order to achieve a ceasefire and fair negotiations with Russia. This war is still a key concern because it has a huge impact on the humanitarian field with over a thousand people killed, especially young Ukrainian men. This also results in a tremendous cost for the U.S. and its NATO allies, as it requires increased arms production. It was shown by Rutte that the USA contribution to Europe defense spending reached 700 billion dollars more than the first mandate in 2016 and 2017. (NATO News, 2025) This massive amount of money spent, led to European countries for instance Germany's spending of 3.5 percent of GDP which is the correspondence of 600 billion euros. (Shukla, 2025) The conference also discussed issues about defense production that is lacking both in the U.S. and in Europe especially when compared with the rapid militarization observed in Russia and China. As highlighted by Burilkov and Wolff (2024) Russia in 2024 alone, produced an estimated 1,550 tanks, 5,700 armored vehicles and 450 artillery pieces of all types, which is a generous increase compared to when the war started in 2022. This situation puts Europe at risk too, in which Russia may be able to attack a European country. In this scenario Europe needs to improve its own defense and manufacturing capacities, leading to an additional 300,000 troops to match Russia's military capabilities as stated in the article by Burilkov and Wolff (2024). This report highlights Europe's uncertain and inadequate ability to guarantee its security. In the end, the only viable way to stop the bloodshed is through dialogue and talks with Russia, which will lead the way to a negotiated peace. That is the only procedure in which the American power led by Donald Trump can assert its strategic interests while reshaping its role in global governance.

4.1.2 Defense spending and its role in electoral decision-making

In opposition to this unity of NATO, the return of Donald Trump to the presidency has raised concerns about the future of the alliance. During his first term, Trump complained about NATO members for not meeting defense spending commitments and questioned the value of the U.S. participation in the alliance. (The Guardian, 2025) The organization that guarantees the security of the Western world, NATO, is being put to the test by Donald Trump. During the 2018 NATO Summit in Brussels he created diplomatic tensions since he warned that the U.S. could "go its own way" if members did not increase their contributions. (Tangör, 2021) Some of Trump's statements have seriously worried the chancelleries of the old continent. The new president of the White House has not hidden his sympathies for Putin and Russia, calling into question the alliance between Europe and the USA. As stated by Holland and Wroughton (2019) President Trump said that he would like to see the 32 member states pay more than 2 percent of their gross domestic product for defense. Reiterating that the U.S. pays 4.3 percent of its GDP to NATO, he called upon the alliance governments to increase defense spending to 4 percent of their GDP. Therefore, the United States (through the Pentagon) asked for more money and military commitment, and the allies must accept it without complaining too much, even if they are not happy about it. Trump’s policies on NATO and the war in Ukraine increased European countries' concerns reconsidering their defense strategies, widely accepting the fact that European governments must increase their defense budgets and assume the full burden of securing their continent. (Puri, 2025) Throughout the second mandate in 2025 these statements have heavily damaged the essential relationships and undermined NATO's cohesion especially among the ongoing Russian aggression in Ukraine and strategic pressure from China. (Brunson, 2020) A crucial outcome of the Washington summit and the meeting between Mark Rutte and Donald Trump was the renewed emphasis on defense spending. NATO has long advocated for member states to spend at least 2 percent of their GDP on defense, but this goal has often been unmet. At the 2024 summit, there was a strong call for members to increase their contributions, particularly in light of the renewed threats from Russia. As shown by Reuben (2019) the UK has been a strong supporter of increased defense spending, committing to maintain its leading role within the alliance.



Overall, it is certainly not shocking that Trump continues to criticize NATO. Instead of a military abandonment of Europe, Trump is more focused on the active involvement and participation of the European countries to mitigate the U.S. expenses; especially after the Russian invasion of Ukraine in 2022, European defense spending has increased and it looks that it will continue to do so.

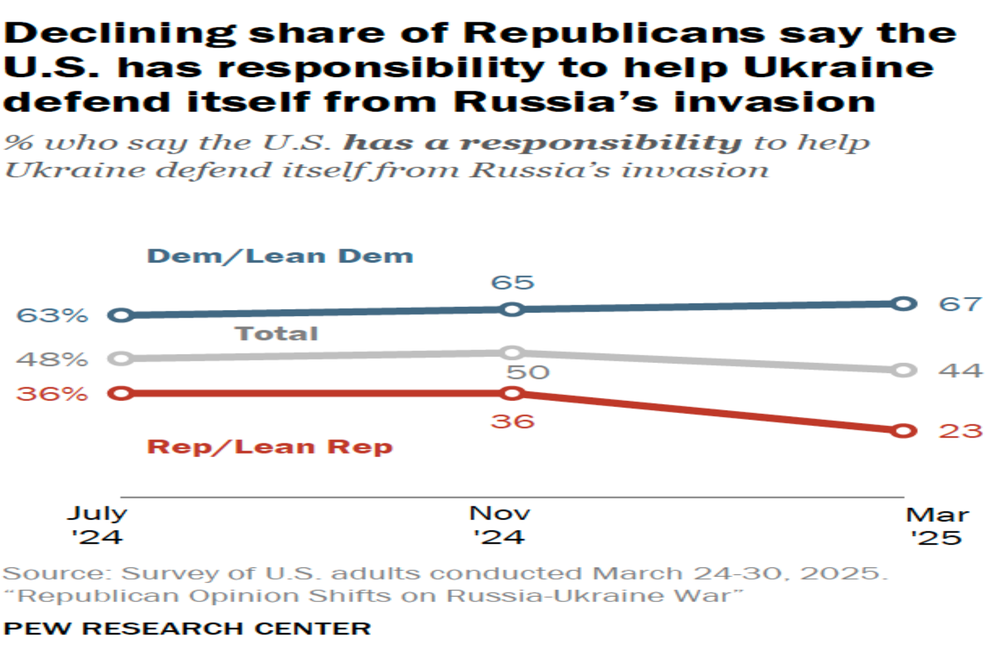
4.2 Foreign policy and geopolitics

For decades, the United States has been described as a global pillar of democracy, with many of the Republican and Democratic presidents aligned ideologically with their party predecessors. Even though party polarization has deepened in the last two decades, the U.S. has always maintained a consistent internationalist approach and absolute military and economic capabilities during the world wars as well as in the cold war and the period after. This attitude allowed the U.S. to provide a peaceful diplomacy to countries whose leaders with extremist ideologies lead to conflicts and violence motivated by political beliefs such as in the Balkans and in the Middle East. But thanks to the U.S. intervention the conflicts ended peacefully respectively with the Dayton Peace agreement and with the Camp Davis accords. Nonetheless, in some of the U.S. peacekeeping there can also be failures such as in Vietnam, Afghanistan and Iraq. (Chivvis et al., 2024)

His strong opposition and belief, especially towards the American involvement in Iraq, during the George W. Bush presidency was one of the worst decisions in U.S. history; leading to a huge catastrophe both regarding human losses (4,492) as well as the financial situation with over 1.6 trillion dollars spent. (Anastacio & Murray, 2023)

Therefore, the Trump administration in 2016 marked a sharp withdrawal from this trend through its isolationist policies, challenging the traditional role of the U.S. in global democratic leadership. Overall, the international community paid more attention to foreign policy after the Cold War. Given its awareness of the need to regain its status as a global superpower and its determination to find a middle ground between isolationist Kissinger and globalist Wilson, the United States as the Cold War's survivor, played a critical role in the power of continuity in U.S. foreign policy.

The war in Ukraine, now entering its fourth year, remains a central issue in global geopolitics and U.S. foreign policy. At first the war was strongly supported by Western allies, including the United States under President Biden. The Biden government prioritized a multilateral response through NATO and Western allies, supplying Ukraine with military aid, financial assistance, and intelligence support. Biden framed the conflict as a broader struggle between democracy and authoritarianism, arguing that a failure to defend Ukraine would embolden other aggressive regimes. In accordance with Bergmann (2024), over the course of Biden's presidency, U.S. support helped Ukraine to fight Russia's gaining ground, nonetheless, the conflict evolved into a war of attrition which has tilted in Russia's favor, its armaments and manpower advantage. While in the beginning there was a strong unity in the West, between October 2023 and April 2024 there was a change of attitudes and a debate in the Congress about the long term strategy and cost. The change of mind was especially after the victory of President Trump, who was already questioning the long term aid towards Ukraine and immediately wanted to end the war through negotiations. Trump desires to end the war with a permanent ceasefire in order to stop the bloodshed but the peace settlement proposed by Russian president Putin who would also like to end the war, however, by keeping Ukrainian territories conquered by his troops. This particular unfair way of redrawing borders of course it is not approved by President Zelensky who promoted a ten points peace formula, which includes the follow: radiation and nuclear safety, food security, energy security, implementation of the UN Charter and restoration of Ukraine's territorial integrity and the world order, release of all prisoners, justice, protection of the environment, prevention of escalation, confirmation of the end of the war. (Melkozerova & Von Der Burchard, 2024) As stated by Bergmann (2024) if there is to be a negotiated end to the war, it will likely require either Ukraine gaining the upper hand militarily over Russia, or for the war to threaten the stability of Putin's regime. However, the American opinion shows that it is tired of a war that it perceives as lost, and is showing less willingness to support the conflict in Ukraine. As reported by Chavda (2025) more than four in ten Americans (44 percent) say the U.S. has a responsibility to help Ukraine defend itself from Russia's invasion, while 53 percent say the nation does not have this responsibility.



As a matter of fact, Putin's Russia is no longer seen as an enemy, but rather as a potential partner in a new world order. During the three years of war under the Biden presidency, it created an illusion that Ukrainian President Zelensky could control the outcome of the conflict, deciding the timing and methods of peace. However, with the comeback of Donald Trump to the White House, this illusion is no longer possible. In this context, a break has been created between perception and reality in which Zelensky finds himself facing an aggressive Russia, but without full American support.

During Easter holidays on the 23-24 of April 2025 Russia did one of the worst attacks on Kiev since last summer, hitting schools, hospitals and residential buildings killing patients and humanitarian workers. President Trump wrote on his social media platform that he is not happy with the attacks on Kiev, calling on his counterpart Putin to reach a peace agreement. Trump's belief that the war could have ended in just one day in his presidency is definitely seeming like a failure, in fact, the negotiation of a deal between Russia and Ukraine appears more difficult than anticipated. Therefore, President Trump called forth Vladimir Putin to stop by criticizing the Russian leader for his actions. (Madhani & Petrequin, 2025)

A recent economic partnership agreement between Kiev and Washington on April 30, 2025 assures Ukraine American aid in exchange for the use of mineral resources. (Butenko et al., 2025) The agreement was made in order to establish a reconstruction investment fund for Ukraine, which President Trump had pushed for as a way to repay America for its past aid to Kiev.

4.3 Trade tensions with China

The U.S. position towards war in Ukraine changes when China is taken into consideration. The American geopolitical projection is that China is perceived as the real enemy whose long term plan is to spend millions of dollars to fight and win the trade war. American foreign policy is not only concerned about territorial and geopolitical conflicts, however, the economy is a key pillar in it because of the strong link to trade policies, international cooperation, and national security; and as stated by Nolan (2025) more than ever foreign policy is economic policy.

Since the end of the Cold war with the “victory” of the USA it has instituted a liberal international order, whose fundamental elements are free markets, trade, and international institutions. According to Mearsheimer (2019) the post-cold war international system led by the USA was destined to fail due to the rise of a new economic superpower (China), becoming a multipolar system, which consequently does not work for the international order created in a unipolar world order.

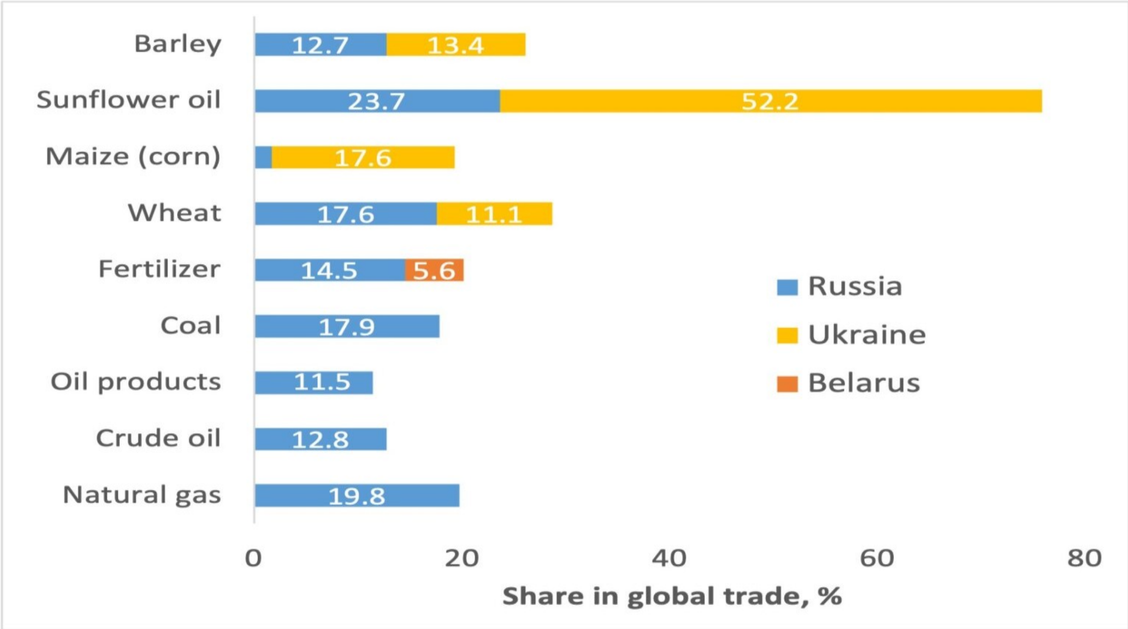
Therefore, the rise of China as an economic rival introduced unanticipated challenges to this model. China's authoritarian governance with very selective economic openness, created a deviation from the liberal international order. As mentioned by Cohen (2020) economics and security became increasingly intertwined, for instance the Chinese company Huawei was declared a national security threat from the U.S. government; therefore, invoking its national security laws to impose steel and aluminum tariffs. This theoretical framework explains the reasons behind U.S. protectionist policies which are alert on China's economic global supremacy. Consequently, the current Trump administration, which is oriented toward economic nationalism and technological decoupling can be seen as a delayed acknowledgment of the limits of liberal world order. (Mearsheimer, 2019)

The liberalism promoted by Xi Jinping must be distinguished between what is said in propaganda and the reality of the facts. In fact, China has always been a protectionist country, for instance, all the foreign entrepreneurs who have found themselves having to deal with all the intrinsic forms of Chinese protectionism. At first it starts with duties and tariffs, which are generally much higher than those imposed by the U.S., moreover, it is also a type of hidden protectionism, such as the increased costs or regulations that favor the larger Chinese companies, which most of the time are led by the State. For instance, there is the obligation for a foreign investor to have a Chinese partner, who must be informed of all the industrial secrets. Through this method China grew a lot, especially by managing to discover the "know how" of foreign companies in order to develop its own technologies. Today, China is a growing superpower, with industries that are very sophisticated and elaborate that are perceived as a challenge to the West. This situation can only be ended with a new and more effective negotiation between the United States and China regarding the rules of international trade. During this second mandate President Trump, who has always recognized the existence of a serious trade problem with Beijing, he aims to find a solution through negotiations and compromises, using more moderate tones. This is precisely the approach followed also with Europe, where the application of tariffs has been suspended for ninety days. This approach is the best way to build a peaceful commercial cooperation between the U.S. and China, in order to rewrite the rules of the global order. In fact, the current rules are no longer fair, indeed they were designed for a China which was still poor and under industrialized, while today these regulations continue to favor a rich and technologically advanced China. Additionally, it should be remembered that the idea of changing the global order to be more just and uniform came from the Democratic Party, but since it was not respected by China, which has often manipulated the rules to its advantage. In fact, American protectionism began to become more used as an ideology of the Democratic Party during the end of Obama's second term, in which there was a reevaluation of China's judgment. In the 2016 election campaign, Hillary Clinton, defeated by Donald Trump, expressed never again free trade agreements, renouncing the Pacific Treaty that Obama had supported. (Merica & Bradner, 2015) Therefore, as reported by Mearsheimer (2019) it would be a mistake to believe that the liberal international order is in trouble only because of Trump's rhetoric or policies, however, it all started from China's position and subsequently followed by the American Democratic Party.

4.4 The economic effects of global conflicts

Disruptions in the global supply of agricultural, food and energy with the consequence of the rise of energy and raw materials prices and the restricted trade relations are some of the economic effects of wars. (Chepeliev, 2024) Those types of global relations emphasize when the world was divided into two blocks during the Cold War. To be precise, for the world economy the war in Ukraine is causing more negative effects than positive; yet there are also sectors who are gaining from the situation.
According to Nerlinger and Utz (2022) the sector that gained the most from the conflict was energy, oil and gas; as energy prices increased due to the blockade of hydrocarbon flows from Russia, allowing many companies to make a huge profit. The years following the pandemic were difficult years for the energy sector, as energy companies had seen a sharp decline in profits; on the other hand, in 2022 many companies saw historic gains. For instance, Saudi Aramco earned over $161 billion in 2022 (Murphy, 2023). Additionally, as stated by Hasan (2023) there has been in 2022 a large annual profits of the five largest integrated private sector oil and gas companies: Chevron, ExxonMobil, Shell, BP and Total Energies, which together, their total profits add up to $195 billion in 2022.

After energy, the sector that gained the most was food resources. Before the war, Ukraine was among the leading global producers of products such as wheat, barley and sunflower oil.



Despite this, exports from Ukraine fell leading to an overall reduction in agricultural trade. Furthermore, the increase of food prices did already start in 2021 with issues related to the start of the distribution chain after the pandemic. Nonetheless, without the war prices would have been able to go back to normal, instead in 2022 they continued to increase causing serious effects, especially in the poorest countries such as Malawi. As stated by The World Bank (2022), continued price increases of 15 percent would result in the poverty rate rising by close to 3 percentage points. At the same time, it led to an increase by other companies such as the large international distributors. This sector is dominated by four main companies called ABCD (Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus), which alone are worth between 75 percent and 90 percent of cereal sales in the world. (Lowry, 2014) In addition to these companies, some large investors also have earned a lot by investing in the price of food as revealed by a Greenpeace analysis that concerns the 10 largest funds in the world have earned almost 2 billion dollars, investing in products such as cereals and soy. (Gibbs, 2023)

Investments in agricultural resources created some criticism, since these operations lead to an increase in prices especially of primary goods, these profits are at the expense of the poorest, since primary goods are essential for survival. For this type of problem, greater regulation in the food asset market may be needed, through the limit of speculation in order to keep the price of these products stable.

The impact of war on human life is very big, however, economics often determines the causes of the wars, and the function of countries in the aftermath. It was shown by Iqbal and Hyslop (2017) the total economic cost of conflict in the world in 2016 reached 14.3 trillion dollars which corresponds to 12.6 percent of global GDP. As mentioned in the Stockholm International Peace Research Institute (2024) NATO countries are investing in their armed forces reaching up to $1341 billion, equal to 55 per cent of the world's military expenditure. The financial investment is aimed at filling depleted supplies which support high technology development and employment.

One of the most important factors of the economic effects of global conflicts is the military sector, and since the conflict in Ukraine is becoming much more about a war of position this leads towards a war economy; in which states redirect all the resources and supply chains towards defense priorities. According to Willick (2023) the US General Mark Milley described the war in Ukraine as a First World War, but fought with 21st century weapons. To cover these costs, the state plays a big role in the economy moving closer to a centrally planned economy which is about a deeper involvement in controlling labor, production and the reallocation of resources. Therefore, the government uses a complete mobilization of both soldiers and civilians and, as the war progresses, the entire nation's population and resources are harnessed to the war effort. This will have a result on the reduction of the availability of workforce, which weakens the economic output. Consequently, in the short term a war may appear to have a positive economic impact, thanks to low unemployment and big investments in large industries, such as transport and technologies. However, as soon as a state turns to a war economy with high costs of weapons and defense and the depletion of workers unable to fulfill the demands for food, prices get higher. Therefore, warfare leads to price hikes.

Overall, the economic consequences of global conflicts are complex, producing both short term gains and long term weakness. As mentioned before, war may stimulate economic activity, however, it tends to damage growth and development in the long run. Therefore, the challenge for policymakers is about reducing the economic downturn of conflict while promoting stability through international organizations and regulations, especially regarding the sectors where speculative profits come at the expense of global food and energy security.

Limitations

The empirical results reported in the thesis should be considered in the light of some limitations. Throughout the methodology section, the study has potential limitations.

The first one is about the fact that the thesis does not include a survey to go with it, which can limit the testing of the rational choice and retrospective voting behavior through the application of the VP function methodology. Unfortunately, due to time and resources constraints I was not able to conduct a survey applicable and testable to the research question. And, even though it took five months to develop and complete the thesis, most of the time that I spent was to fully understand to a deeper level the topics behind electoral decision-making by providing a strong and helpful literature review. The literature search is a key pillar in my project, since it shows that many researches already in the mid 1950's were able to perceive the problem of voting behavior considered as a rational voter issue. By presenting the majority of the previous researches, and assumptions I was able to state the two hypothesis defined in the introduction; therefore, using mostly a qualitative data in the literature review made weaker points in the outcome analyzing electoral factors of the 2024 U.S. Presidential election.

The second limitation concerns my personal knowledge and background of this very particular and current event, which may have shaped unconsciously the data, the sources, arguments and consequently the findings. I gathered most of my sources, especially the ones used for the literature review and methodology, from reliable and accurate websites such as Jstor and Google Scholar. On the other hand, I used nonacademic sources too, such as online newspapers and social media in which dealt about current events including Trump's speeches and international meeting.

I am aware that these limitations have a consequence on the study legitimacy, however, for future research I would suggest an extensive data collection through a national survey; which can definitely strengthen the quantitative evidence analyzed.

Conclusion

In conclusion, the 2024 Presidential election in the United States has shown the importance of economic factors in electoral decision-making, through the perspective of voting behavior. The way voters perceive these issues and the way candidates address them can significantly impact the outcome of the election. The research question focus was to be able to understand to what extent economic factors influence voter preferences in the 2024 U.S. Presidential election, in order to provide an answer to this question I used two hypotheses, which are the following: economic concerns are a remarkable priority given their impact on voter electoral decisions; and the vote includes economic factors as well as party identification, socioeconomic status and political phenomenon's. The theories were confirmed through the literature explored and by various academic conducted polls and surveys, in which the analysis demonstrated that economics is not the only relevant factor for political preferences, however, it plays a foundational and often decisive role, particularly during electoral time when contextualized within the retrospective and rational-choice theories of voting.

This research shows that electoral decisions making through the lenses of retrospective voting behavior is a particular phenomenon that takes into place many of the voter's preferences such as the mass media influence, the electoral campaign policies, the historical background knowledge and, socio economic demographic.

Retrospective voting behavior is a powerful tool to explain the previous hypothesis, since many Americans look back and believe that their financial conditions and the national economy were better off than during the Biden administration. And as previously mentioned, through the reward punishment mechanism, the incumbent who does not know how to manage and fix the national economy are dismissed from office at the elections.

Donald Trump's successful reelection in 2024 was due to his strong electoral campaign. His messages, focused on strong economic nationalism, lowering taxes, and restoring purchasing power through trade protectionism. These are important information for votes, since through the rational choice voting behavior they are able to maximize their own interests. The electoral campaign mostly focused on macroeconomic indicators such as inflation, unemployment, and GDP as political tools used towards voters in swing states and economically vulnerable communities, who had as main personal interest prioritizing their personal finances. This choice of personal interest during electoral decision making does not only matter in a sense that some people will benefit from a candidate, but if many voters having rational choice behavior are egotropic economic voter it will lead to a sociotropic economic voting since when many people personal finances are doing better, also the national economy is going towards the right direction.

There were tacked major issues such as inflation and unemployment, which both of those are able to influence the electorate perceptions, beliefs, and ideas. As demonstrated in Chapter One with the historical case studies of the 1980 and 2008 elections confirm the thesis' central argument and hypothesis, in which economic crises, such as stagflation and the financial collapse, influenced very strongly voter behavior and political preferences. A similar event and more recent happened because of COVID-19 and the following economic recession in 2020 which shaped the 2024 electoral results. These examples validate the literature in which poor economic performance of the incumbent candidate results in electoral punishment for the incumbent, which is found to be a true representation of the 2024 electoral results.

Of course not only economic indicators play a key role in determining and influencing Presidential elections, social and political concerns are crucial factors. In fact, messages and discussions on mass media, disinformation on social media, foreign policy issues like trade wars, NATO defense expenditures, alliances, and interventions in global conflicts as well as immigration and healthcare are all together connected to the U.S national economy since armaments, and humanitarian aid comes at the cost of U.S. citizens; and therefore contributed to shape voter sentiment. However, in geopolitical times of tensions, voters may be less cautious about their financial situation and prioritize national security and immigration. In fact, in Chapter Four Trump's focus on trade war towards China and his protectionist policy, it was appealing not only economically but also emotionally and culturally, emphasizing a growing economic nationalism. The set of factors show that the economic indicators are filtered through many other world events, which can shift the perspective of what really matters through media narratives, and party identification.

In the end, I find a common denominator of this current and difficult period of time, which is uncertainty. Voters live different situations from those they expected, finding themselves trying to manage a global environment full of economic and social problems. President's promises and resolutions may have looked appealing during the electoral campaign, however, it is also important to recognize a sustainable, long term and reachable situation for the future. Therefore, the 2024 election reaffirmed that economic factors are a fundamental factor for American voters, especially in periods where there are a lot of dynamic changes in the world order in the 21st century.

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