Introduction

In the Spring of 2020, the American economy teetered on the brink of disaster. Amid a global crisis spawned by the COVID-19 virus, millions of Americans suddenly learned their places of work were temporarily closing. Airlines, colleges, restaurants, professional sports teams, and hotels scrambled to adjust to the new social reality. As state governments outlined emergency responses and competed over scarce medical resources, Americans found themselves staring into a deep abyss of economic uncertainty.

All eyes soon turned to Wall Street. After the NBA abruptly suspended its regular season on March 11, Americans began to catch glimpses of the crisis's impacts on the scrolling marquees of the NASDAQ and the Dow Jones Industrial. By March 20, the S&P 500 would lose more than 20 percent of its value, wiping out massive gains witnessed over the prior four years. President Donald Trump was left dumbstruck, uncharacteristically refraining from tweeting about the economy for almost a week after the initial shutdown. While the impacts on the rest of the economy would be felt later, prompting massive stimulus spending to rescue laid-off workers, small businesses, and major industries, viewers were first alerted to these impending struggles by the collapse of core stock market indices.

Americans living through the COVID-19 crisis were accustomed to stock market tickers heralding the arrival of bad news. Black Monday in 1987, the dot-com bubble of 2000, the subprime mortgage crisis of 2007, and September 11, 2001, were all moments during which ordinary Americans' fears were stoked by tumbling share prices. Of course, stock prices also rally in response to good news. When Donald Trump signed the CARES Act into law (a massive stimulus bill that provided over $500 billion in one-time cash payments to taxpayers, among other benefits), stockbrokers responded. As soon as it became clear that the CARES Act

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would pass, the Dow Jones Industrial Average gained over 2,000 points, the fourth largest daily percentage gain in history.

Diverse mainstream news sources, from cable channels to newspapers, often frame breaking news events in terms of their effects on stock prices. When market fluctuations are especially large, journalists grab viewers' attention with eye-catching graphics, such as colorful red-green candlestick charts or jagged line graphs. Clanging opening bells and the frenzied shouting of Wall Street market makers are intimately familiar sounds to modern news audiences. Simply put, in today's nonstop media environment, stock market coverage is everywhere.

What This Book Is About

The national recovery from COVID-19, along with its attendant emphasis on stock market performance as a measure of the economy, provides a useful starting point for thinking about the subject of this book. The central premise of this volume is that an intense media focus on the stock market increasingly matters for American politics. As the public seeks out ways to judge incumbent presidents for their performance in office, the stock market is becoming increasingly salient—and increasingly contested—in the minds of loyal partisans.

In 2020, as conservatives and liberals debated the merits of "reopening the economy," the economic toll of the virus became strongly associated in coverage (and in partisan talking points) with the performance of the stock market. In April, President Trump hinted at the chance for a "big bounce" in the stock market after reopening the country, promising that "Our Economy will BOOM, perhaps like never before!!!"[1] Meanwhile, commentators debated the likelihood of a "V-shaped recovery," interpreting the statements of Fed Chairman Jerome Powell in order to gauge whether the pandemic shutdown would have modest or severe long-term economic effects (Stewart 2020). As partisans coalesced around rival talking points, the 2020 Presidential Election loomed—a contest that many political scientists believed would hinge on signals from the faltering economy (e.g., Dassonneville and Tien 2020). All the while, news reports were captivating viewers with up-to-the-minute accounts of the stock market's unprecedented volatility.

Donald Trump's frequent tweets about the stock market in 2020 make sense when we recall that economic judgments shape citizens' behavior at the ballot box. Commentator James Carville once famously summarized

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decades of political science research on the subject by exclaiming, "It's the economy, stupid!" Presiding over a slumping economy jeopardizes incumbent presidents' chances of ensuring they will stay in office. A booming economy, on the other hand, means that voters will defer their inclination to "kick the rascals out." This straightforward pattern of *economic voting* is one of political science's most enduring discoveries. The economy can make or break an election bid, and politicians know it.[2]

While Carville's exclamation is a great political catchphrase, it overlooks the fact that Americans' economic judgments arise through a complex process of mediated information acquisition (e.g., Brady, Ferejohn, and Parker 2022). Individual voters hold unique perspectives on the issues and events of the day, assembled largely based on their news consumption habits (e.g., Mutz 1992).[3] As a result, voters might disagree about politicians' economic policy proposals. They might also disagree about whether political actions and economic outcomes are causally linked (Hellwig 2014; Evans and Pickup 2010; Healy and Malhotra 2013). Economic voting might be an empirical regularity, but it is much less clear how voters leverage *specific* kinds of economic information to make effective decisions at the ballot box. How citizens form and leverage their economic perceptions constitutes an important area of ongoing scholarly inquiry.

The Stock Market and Public Opinion: A Research Agenda

In today's uncertain political environment, there is another, even more fundamental question, though: Just what exactly *is* "the economy?" Various economic indicators can describe economic reality quite differently, even when reported at the very same time. In this book, I argue that the rise of *stock market indicators* as a resource for economic storytelling is becoming increasingly consequential for public opinion. Stock market data, as opposed to information like wage growth, unemployment, inflation, and GDP growth, tell us very specific, potentially misleading stories about overall economic progress. Since the Great Recession of 2008–09 the United States has heard mostly good news about stock prices, apart from rapid "flash crashes" in 2011, 2015, 2018, and 2020. In each case, the stock market recovered to surpass record highs, aided in part by Fed policies throughout the period that incentivized stock market investment. But when it comes to other indicators of middle-class economic performance, like wage growth and consumer prices, the same period has witnessed more mixed conditions.

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The stock market is highly salient in the minds of everyday Americans, in part due to the practices of economic journalists, and in part because middle-class Americans have become more active participants in the financial marketplace. As we will see, these trends mean that stock market indicators are becoming relevant predictors of political judgments.

But despite their surprisingly intimate knowledge of stock market trends, Americans are not always in agreement about the *meaning* of these developments for politics. Republicans and Democrats are beginning to pick partisan fights over these indicators, debating the causes and consequences of stock prices while criticizing or cheering for incumbent politicians. As partisan contestation over the stock market increases, I argue that Americans could increasingly lose sight of other, more relevant economic signals.

Over the course of the present volume, I examine these trends using a two-step approach. First, I study how media and political elites discuss the stock market, with special attention to the agenda-setting behavior of news sources and elites across the partisan-ideological spectrum. Second, I turn to public opinion data and original survey experiments to measure the effects of these media signals. I work to understand how Americans interpret elites' messages to inform their broader political and economic judgments. I also examine the extent to which perceptions of the stock market are biased by individuals' partisan identities. My investigations show that political judgments are becoming increasingly linked to the movement of stock prices in an era of growing economic inequality. "The stock market is not the economy," as recent observers note with alarm (Ryssdal 2018), but today's elite discourse about economic performance—a discourse that media consumers attentively follow—increasingly obscures this fact.

The consequences of these seemingly innocuous trends are manifold for politics and economics alike. Because stock prices portray the economy in ways that are sometimes contradictory to core indicators of middle-class well-being, the stock market ticker can distract from more fundamental economic issues. And because stock prices have often diverged from other core indicators' performance in recent years, stock market perceptions also represent an especially important topic for students of public opinion, inequality, and democratic accountability.

Why the Stock Market Matters

The stock market is becoming an increasingly salient topic of discussion in the United States for two primary reasons. First, economic and social trends

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are causing more middle-class Americans to become interested in (though not intensely affected by) stock market fluctuations. Second, as I discuss later in the introduction and in chapter 1, new professional constraints and demands have caused journalists and media organizations to reorient their economic news values, resulting in increased coverage of stock market data and indicators over the past several decades. As we will see, this agenda-setting effect has manifold implications for public opinion about the economy, including the nature of partisan bias in economic evaluations.

A Financialized Economy

While in the postwar economic boom of the 1950s many middle-class Americans held jobs in thriving manufacturing industries, today's economy is increasingly dominated by the so-called FIRE sector, comprising finance, insurance, and real estate. And as FIRE grows—now over 20 percent of the US economy as a percent of GDP, the public has also become increasingly inundated by stock market news and insights (Bureau of Economic Analysis 2022). The "financialization" of the US economy means that the stock market is a more powerful economic force than it used to be, and attention to the stock market reflects this changing economic landscape.

Americans have also become increasingly interested in the performance of the stock market because of their retirement accounts. Most full-time employees today realize a large fraction of their retirement benefits as stock assets. Whereas in earlier eras defined-benefit pensions would specify the terms of a postretirement income, many employers began terminating their pension programs in the 1980s. In their place are standard 401(k) and 403(b) plans that often provide for employer-matched contributions. In addition, as tax-sheltered IRAs (both traditional and Roth) have gained in popularity over the past four decades, Americans without 401(k) plans similarly became more likely to own and manage stock portfolios as retirement vehicles (e.g., Poterba, Venti, and Wise 2007).

These developments in the retirement savings market put an increased onus on the employee to invest a fraction of their own income to retirement—a process that results in both earnings and benefits flowing to passively managed index funds and other institutional retirement accounts. The stock market, rather than the predefined term sheet of a pension plan, has become a symbol of postretirement prosperity to millions of Americans.

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The Retail Revolution

The rise of so-called "retail investing" has also led to plentiful discussion of the stock market on social media platforms and in the news. In recent years, the growing popularity of low- to no-cost trading platforms has allowed more middle-class Americans the ability to engage in casual investing and day trading as a hobby. Apps like Robinhood promise the ability to instantly buy and sell individual shares of publicly listed companies, yielding worry among some members of Congress about the potential for uninformed hobbyists to lose their savings betting on the wrong stocks (Sorkin et al. 2021).

There is no better recent example of public interest in day trading on the stock market than the frenzy surrounding GameStop, Inc. (GME), which occurred in January of 2021. GameStop, a struggling retail vendor of video games and peripherals, had seen its share prices fall in response to the COVID-19 crisis and the ascendency of digital marketplaces for video games. But when Reddit users on the "WallStreetBets" forum observed that large hedge funds were shorting GME, recommendations to buy shares of GME proliferated on the site.[4] As GME began to surge in earnest on January 26, the topic would soon resonate on more mainstream social media sites like Twitter and later would attract attention on TV and in prominent newspapers. "Stonks" (a tongue-in-cheek misnomer for stocks popular among Reddit users) were the top news item of the day.

The story would continue to attract headlines as GME reached $347.51 per share (over 1,700 percent of its January 11 price) on January 27. The breathless coverage resulted in frenzied buying of the stock, which caused platforms like Robinhood to temporarily halt trading of GameStop shares on their apps. This decision prompted allegations of collusion between Robinhood investors and hedge funds, as those with short positions sought to avoid further losses from the incipient short squeeze. Ultimately, Reddit user and financial analyst Keith Gill, one of the most prominent voices on the WallStreetBets forum, would testify before the House Financial Services Committee along with Robinhood CEO Vladimir Tenev. His testimony continued to raise the media profile of the GME affair throughout the Spring of 2021.

While the direct consequences of the GME saga for partisan politics are currently unclear, the story has far-reaching political implications. Robinhood has since faced increased scrutiny for its business practices, as Reddit users continue to forward increasingly complex theories about

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market manipulation and the power of hedge funds. Much of the debate in the aftermath of GME's record-setting performance centered on the weakness of retail investors, navigating the markets amongst financial "whales" that can move prices through high-volume transactions and targeted shorts. Financial commentators likened this conflict to a "clash of the classes—proletariat versus bourgeoisie" (Ferre 2021).

Vocal defenders of retail traders have included surprisingly odd political bedfellows, including Representative Alexandria Ocasio-Cortez (D-NY) and Senator Ted Cruz (R-TX). In a series of January tweets, both politicians defended GME investors against hedge funds and the machinations of Robinhood, prompting journalists to note that "for Republicans, the market upheaval was a referendum on elitism," whereas for Democrats, the story was one of "pure corporate greed and the need for greater regulation" (Lerer and Herndon 2021).

As partisan elites on both sides of the aisle made overtures to small-time retail investors, the outcry against large investment firms hearkened back to the Occupy Wall Street movement of 2011 (Gamson and Sifry 2013). In the wake of the global financial crisis, the Occupy movement targeted banks and hedge funds in a similar populist backlash. But in 2021, the protest movement had a somewhat different character. Occupy protesters stood firmly against a system they believed was inaccessible to the middle class and antithetical to democratic principles. In contrast, aggrieved retail investors sought to play a more active role as participants within the Wall Street system. Rather than castigating banks and hedge funds for the erosion of egalitarian democratic principles, members of this online movement have sought to gain fairer treatment as participants in the marketplace.

As more and more Americans transform into seasoned day traders, online stock market hobbyists, and passively invested retirement account holders, one common theme emerges: rapt attention to the stock market as a relevant indicator of economic performance. However, this increased attention to the stock market betrays an unheralded fact about the U.S. economy: almost half of Americans have *no investments in the stock market whatsoever*, and of those who do, most have only a few thousand dollars invested (Parker and Fry 2020; Wolff 2017). When battles between giant hedge funds and small-time investors rage, those Americans without meaningful stock assets are exposed to further barrages of news coverage about wildly fluctuating prices and indices, potentially at the expense of other information that would more accurately describe their own economic prospects.

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Why the Stock Market Does Not Matter (As Much as We Think It Does)

Day trading, individual retirement accounts, and the growth of the financial services sector all point to the seeming importance of the stock market for ordinary Americans' lives. However, these developments obscure an important insight that alters how we should think about the daily rise and fall of stock prices. Despite the growth of the financial sector and the popularity of individual stock market accounts, only around 44 percent of middle-income American households have any stock market assets—including retirement accounts. And of the group that does, the average portfolio is worth just around $12,000 (Parker and Fry 2020).

While Americans have placed an increasing emphasis on stock market data as valuable information for making economic (and ultimately, political) judgments, most Americans have very little "skin in the game." Instead, the very wealthy are those most directly influenced by stock market fluctuations over time (Wolff 2017). Middle-class Americans would perhaps do better to consider other core indicators of economic progress, such as prices and wage growth, to understand how they are truly faring in the present economy. Some commentators have made this observation in starker terms: As the stock market is not a reflection of the "real" economy, "what's bad for America is sometimes good for the market" (Krugman 2020).

The GME story shows how coverage of stock market performance can distract from other economic matters. In January of 2021, media attention to GME was intense. CNBC went so far as to include the price of GameStop alongside the perennially displayed Dow, NASDAQ, and S&P 500 indices on a permanent chyron (Fitzgerald 2021). GME's ascendancy, however, came on the very same day as the release of the Bureau of Labor Statistics' State Employment and Unemployment Report for the second quarter of 2020. This valuable report provides detailed information about jobs and employment in all fifty states. While this report might normally be useful information for journalists seeking to portray economic developments to the public, the eye-catching rise of GME dominated the headlines instead.

Why the Stock Market Affects Politics

Because "the stock market is not the economy" (Ryssdal 2018), Americans' increased focus on Wall Street bears consequences for classic theories of

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democratic accountability. Economic voting theory assumes that voters will go to the polls armed with reasonable judgments about the incumbent's performance on relevant "valence issues" (including the state of the national economy).[5] Nevertheless, political scientists have long questioned the *quality* of so-called economic voting in American democracy (e.g., Bartels 2002; Evans and Andersen 2006). When voters fail to properly weigh the available economic evidence, basic political accountability is put in jeopardy.

In the academic literature, these concerns are generally rooted in two basic observations. The first is that Republican and Democratic identifiers tend to view objective economic developments through politically tinted lenses. These partisan biases are thought to occur because of *partisan motivated reasoning,* a psychological phenomenon that yields bias in individuals' evaluations of a wide array of ideas and facts (e.g., Kahan 2015). If voters filter economic news through party-driven assumptions about the state of the world, the otherwise direct link between economic developments and vote choice becomes far murkier. Republican voters will always assume that Republicans have handled the economy well, whereas Democrats will think the opposite. This bias means that the real economy will have little influence on voters' support for incumbents at the polls.

A second concern is that Americans do not fully comprehend the *unequal* nature of the American economy, even if they can resist the temptation towards partisan bias. Larry Bartels, a prominent political scientist, shows evidence that Americans are more likely to support incumbent presidents during periods when very wealthy citizens experience soaring income growth (Bartels 2009). Surprisingly, however, voters display no similar preference for incumbents who preside over strong income growth for the middle class.

While Carville might have bluntly attested that "it's the economy, stupid," these surprising findings suggest that it's the "economy of the wealthy" that matters most for electoral success—not the economic fortunes of average Americans. Other scholars show that many Americans struggle to understand the income gap between the "one percent" and the "99 percent" (e.g., K.-S. Trump 2018). Americans may correspondingly remain unaware that stock market performance has a much stronger effect on the economic performance of millionaires and billionaires than on the average salaried worker with a 401(k). High-status workers, like CEOs, often elect to take most of their earnings as stock options rather than salary. Another set of very wealthy individuals earn no salaries at all,

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instead drawing on the proceeds of their massive investment portfolios to pay the bills. If middle-class Americans prioritize the stock market as a source of vital economic information, the electorate may inadvertently reward incumbents when these wealthy groups prosper—even during periods of stagnant middle-class economic performance.

Given these developments, it is increasingly important to examine what Americans know and think about the stock market, how their beliefs are formed, and how their perceptions affect their political judgments. What do American media say about the economy, and to what extent do ideological and "mainstream" media rely upon stock market information over other indicators? What do partisan elites say about stock market performance (if anything at all)? What do Americans ultimately believe about the stock market—and how do these perceptions drive their evaluations of political actors?

Summary of Findings: Stylized Facts about Stock Market Perceptions

My answers to these questions are informed by descriptive analyses of media and public opinion, followed by causally identified survey experiments. They uncover a pattern that supports a theory characterized by partisan motivated reasoning, political credit-taking and blame-giving, and hidden agenda-setting effects. They reveal the increasingly salient and politicized nature of stock market perceptions in a polarized and unequal society.

By describing the "economic media agenda" across a wide variety of contemporary sources, I first show that media sources have devoted a huge amount of attention to stock market information since the 1980s. More so than any other economic indicator, including jobs reports and inflation data, average Americans can expect to learn something about stock prices when they seek out economic news on any given day. This pattern of *stock market media saturation* endures regardless of a source's medium, market, or ideological slant. Americans are paying attention, too. Despite their inherent partisan biases, Americans know a lot about the stock market, and they increasingly use this reserve of stock market knowledge to evaluate incumbent presidential performance.

Media saturation also helps to explain why partisan political elites have generally avoided public discussion of the stock market until very recently. The abundance of stock market coverage in media has historically kept mentions of stock market performance away from the persuasive arsenal

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of partisan elites as the constant flow of new information constrains the framing efforts of partisan message senders.

However, Donald Trump's efforts to take credit for the stock market during his presidency represented a sudden exogenous shock to the economic information environment. Americans' stock market perceptions during the Trump era present a critical test of media effects, pitting presidential framing efforts against the effects of longstanding media agenda setting. Are stock market perceptions polarizing in response to this newfound form of elite credit-claiming?

The present analyses reveal that these recent cueing efforts helped foster new forms of partisan bias in Americans' economic beliefs. When stock prices rose during the Trump administration, Republicans became more likely to believe that the stock market *mattered* for the health of the overall US economy. Democrats, on the other hand, became increasingly doubtful of the stock market's importance for economic progress. This finding represents a new development for theories of political and economic accountability. It points to the notion that "factual polarization" is currently reaching into the realm of economic indicators, compounding more familiar biases in overall economic perceptions. Now, different economic signals are themselves coming to bear different *meanings* for Republicans and Democrats, resulting in further challenges to democratic accountability.

Overall, then, the book's findings reveal that contemporary hyperattention to the stock market bears two major political consequences. First, the rise and fall of stock market indicators appear to increasingly matter for elections and political judgments. Because Americans hear so much about the stock market in news, they apply this knowledge to evaluations of economic and political reality through mostly *automatic* cognitive processes. Second, in service of partisan congenial interpretations of reality, Republicans and Democrats are beginning to adjust their beliefs about the way the stock market shapes economic outcomes. Despite the surprising accuracy of Americans' beliefs about the performance of the stock market, bias lurks below the surface—an important lesson about the strength and flexibility of partisan perceptual screens.

In the next sections, I briefly review current scholarly perspectives in the study of economic perceptions before previewing the primary theoretical contributions of this volume. I conclude by providing an outline of the remaining chapters that describes my aims, analyses, and findings in greater detail.

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Economic Perceptions: Contemporary Approaches

Most Americans are highly attuned to the state of the nation's economy (Druckman, Peterson, and Slothuus 2013). As we will see in later chapters, the public's economic perceptions are also not substantially influenced by gender, racial, generational, or even class distinctions. When asked about the state of the economy, low- and high-income Americans often make surprisingly similar judgments. Citizens' perceptions reflect real economic developments that have been discussed in the news, growing more pessimistic during downturns and more optimistic during expansions (e.g., DeVries, Hobolt, and Tilley 2018; Goidel and Langley 1995; MacKuen, Erikson, and Stimson 1992; Nadeau et al. 1999; Sanders 2000). Americans even use mediated information to build reasonable expectations about the future economy (Soroka, Stecula, and Wlezien 2015).

But when we disaggregate economic perceptions across Republican and Democratic party lines, this seeming consensus comes apart at the seams (e.g., Bartels 1992; Brady et al. 2022; Evans and Pickup 2010). Partisan disagreement in economic evaluations has increased considerably since the 1970s and 80s, in tandem with more general forms of political polarization. When Republicans say the economy is booming, Democrats are often more skeptical, like during the last year of the Trump administration. When Democrats are enthusiastic about economic progress, like they were at the tail end of the Obama administration, Republicans are generally much more pessimistic.

In recent years, these polarized economic perceptions have shifted seismically in response to presidential election results. During the Obama administration, Americans experienced a slow but steady economic recovery from the challenges of the Great Recession. Over these years, Obama-backing Democrats became ebulliently optimistic about economic performance. Republicans, on the other hand, maintained perceptions that were no less pessimistic than they had been in 2009, during the peak of the crisis—right up until the inauguration of Donald Trump (Bartels and Bermeo 2013).

In 2017, Republicans' pessimism suddenly vanished, as the Trump administration rode into office on the tailwinds of nearly a decade of recovery efforts (Lowrey 2018). Meanwhile, Democrats' optimism has flagged since Trump's inauguration, despite strong performance across indicators such as unemployment, the stock market, and business activity (Boskin 2018). Partisan identities, combined with the partisanship of the

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incumbent, now help to determine more than any other factor whether members of the public fall on the optimistic or the pessimistic side of the economic perceptual spectrum.

This pattern has evolved over time. Surveys in the modern period have consistently shown that the sitting president is the primary recipient of blame and credit for overall economic performance (Rudolph 2003). While presidents might find this attribution of responsibility to be a bit unfair given the complexity of the global economy, Americans often point the finger for these developments at the most visible political figurehead.[6]

We have some indication that state economies and their political features also play a role in driving economic judgments. Nevertheless, most of the evidence suggests that national political circumstances are far more important for citizens' overall judgments (Ansolabehere, Meredith, and Snowberg 2014; Clark and Makse 2019; Dickerson and Ondercin 2017). Scholars have recently pointed out that American politics is also becoming increasingly nationalized, and this presidential link to economic outcomes is no exception (Hopkins 2018). The party of the incumbent president is now more important than ever in explaining whether Republicans will be more enthusiastic than Democrats about the economy, or vice versa.

Existing work on economic evaluations therefore paints a gloomy picture for democratic accountability because of partisan bias. We know that regardless of the true state of the economy, "bias will find a way" to satisfy partisans' need to feel good about their party (Bisgaard 2018). Even in the face of overwhelming evidence to the contrary, partisans will adjust their views about who is responsible for current economic conditions to maintain a biased perspective. Americans' economic perceptions reflect a society that is falling victim to increasing "belief polarization" (Gerber and Green 1999). While their reported perceptions may partly reflect efforts to "cheerlead" for their preferred party, Americans appear to be more likely than ever to judge the economy through partisan-tinted lenses (Berinsky 2018).

Perceptions of Stock Market Indicators

While much is known about the contours of Americans' overall economic perceptions, far less attention has been traditionally paid to what Americans believe about more specific economic trends. Many prior studies have examined unemployment, inflation, and GDP growth as sources of economic information, evaluating the degree to which these

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objective indicators influence economic beliefs and political evaluations (e.g., Bartels 2002; Bisgaard et al. 2016; Conover et al. 1986; Evans and Andersen 2006; Mutz 1998; Nadeau et al. 2000). While aggregate-level analyses show that unemployment and GDP growth both matter in driving political judgments, it is not always clear that Americans are specifically attentive to the nuances of these economic trends. Most Americans are poor guessers when asked to identify the current unemployment rate or the rate of inflation (e.g., Lawrence and Sides 2014).

Mutz (1998) argues that mediated reports of economic trends are essential for Americans to grasp current economic performance, simply because of the US economy is so large and complex. As a result, economic news reporting is a critical factor in determining whether a given economic indicator influences Americans' broader views of current and future conditions. Inflation, unemployment, wage growth, sales, commodity prices, and many other sources of economic data are only well-understood by Americans when they are reported on by mainstream media sources (Larcinese et al. 2011).

Existing research also points out that the economy's vast complexity bears consequences for the links between the objective movement of indicators and Americans' economic judgments (e.g., Jerit and Barabas 2012). Notably, Parker-Stephen (2013) posits that partisan biases will be inhibited when economic indicators all move together in a positive or negative direction. When the "burden of evidence," however, is fragmented, with some economic indicators showing gloomy results, and other indicators showing reason for optimism, this ambiguity leads to more room for partisan bias. When economic indicators disagree, Americans' economic judgments become far more partisan in nature due to the inherent ambiguity of economic progress (see also Bisgaard 2015).

Over the past decade, we have witnessed a changing economy that has increasingly privileged attention to the stock market. Nevertheless, the stock market has remained a chronically understudied subject in the relevant literatures over the same time period (but see Fauvelle-Aymar and Stegmaier 2013). Americans are increasingly attuned to the stock market, with major consequences for theories of partisan bias and political opinion formation, as the information environment adapts to the expectations of an increasingly financialized society. Despite these trends, relatively little is currently known about the causes and consequences of Americans' beliefs about the stock market.

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In the next section, I briefly outline a theory that explains why and how the stock market has become central to Americans' perceptions of economic reality—and what these expectations mean for voting and political behavior.

How the Stock Market Shapes Public Opinion

In developing a theory of the stock market's effects on public opinion, I argue that *data*—specifically the *hyper-availability of stock market data*—represent an overlooked determinant of Americans' factual economic perceptions. More specifically, while a huge volume of existing research has shown that media agenda setting influences citizens' beliefs, I trace economic agenda setting to the government institutions and private groups that produce the raw numbers used in journalistic reports.[7] I expect this "data-driven agenda-setting" to shape the salience of the stock market for Americans' overall judgments of economic reality. Echoing Parker-Stephen's (2013) "tides of disagreement," this form of agenda setting should influence the degree to which Americans are willing to internalize (or rationalize away) the reality of specific economic developments. When we consider the process through which economic data are currently produced, and the imbalances in coverage that might result, new lines of theorizing emerge about the newfound salience of the stock market in shaping Americans' opinions and attitudes.

In conventional accounts of economic agenda setting, journalists and politicians affect the objective knowledge of Americans through their communication strategies (e.g., Druckman 2001). However, I assert that the norms and practices of "data generators" are equally important. This is because the availability of raw economic data can reshape the strategic considerations of both partisan elites and the press.

Relevant data generators include the Bureau of Labor Statistics, the Federal Reserve, the Census Bureau, stock markets, and a host of private firms and economists. These actors contribute to an unintentional process that causes journalists—and subsequently, citizens—to focus their attention on stock market indicators, merely because a much larger and much more frequent volume of statistics about stock market trends exists than for other economic topics. The technologies that generate and report economic statistics yield imbalances in the *availability* of data

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on a day-to-day basis. These imbalances affect journalists, who seek to efficiently provide the public with economic information at a rapid pace. Providing audiences with up-to-the-minute stock market news is a quick and relatively effortless method to create economic reporting that can be disseminated on a predictable basis. Stock prices have become quotidian fodder for the vast content demands of the twenty-four-hour news cycle (Bucy, Gantz, and Wang 2007).

While data generation is likely an important driver of a wide array of public attitudes, in the present volume, I study stock market perceptions as a critical case. Media saturation helps to explain the surprising accuracy of Americans' stock market perceptions—and, as we will see in chapter 4, the influence of those perceptions on presidential approval. Modern agenda setting helps to explain the ascendant salience of the stock market in an era of nonstop news.

Information Saturation and Elite Influence

Partisan elites must also navigate this imbalanced information environment. Elites will often comment on news stories when they are useful vehicles for the assignment of blame or credit. Much current research is interested in the conditions under which elites succeed or fail in these persuasion efforts (e.g., Druckman, Peterson, and Slothuus 2013). When it comes to the economy, members of the president's party will often attempt to highlight stories that show evidence of economic progress, while the opposition will seek to undermine the president's reputation as an economic manager by repeating talking points about economic stagnation.

Elites often perform this credit and blame assignment using strategic *media framing* (Scheufele 1999; Scheufele and Tewksbury 2006). Partisan elites craft persuasive messages, which selectively present and interpret information, framing news stories in ways that support partisan-congenial narratives. However, these messages are not always successful in their persuasive power. Much current scholarship has sought to detail the limits of elite framing attempts (Anson 2016; Druckman 2001; Lecheler and De Vreese 2012; Nicholson 2011).

Journalistic agenda setting represents one important limit on the success of elite framing efforts. In particular, I argue that media hyper-attention to the stock market will dissuade politicians from mentioning stock prices as a tool for assigning credit and blame. The vast availability of this information makes framing difficult as Americans will likely already

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possess a clear understanding of the relatively unambiguous rise or fall of stock prices prior to the moment when framing efforts are deployed.

Attempts to "swim upstream," against the tide of journalistic agenda setting, are therefore expected to be rare. However, if they happen, partisan cues could signal to audiences that the stock market is a relevant indicator not only for attention, but for partisan contestation. In this way, an entrepreneurial politician might reflect recent trends towards public interest in the stock market by claiming credit for rising stock prices. As we will see later, Donald Trump's bombastic rhetoric about the stock market represented exactly such a shift in framing behavior. As attention to the stock market's performance became a hallmark of his presidency, so too did this framing behavior generate new attitudes towards the stock market among Republicans and Democrats in the electorate.

Partisan Identities and Economic Progress

When economic reports are disseminated to citizens through media reports and politicians' statements, cognitive processes spring into action. Partisan motivated reasoning holds that partisans will interpret newly acquired information through the lens of their deeply held psychological group attachments (Bolsen, Druckman, and Cook 2014; Kunda 1990; Slothuus and De Vreese 2010; Taber and Lodge 2006). Partisans not only engage in *self-selection* in deciding which kinds of news to consume; they also make conscious and subconscious decisions to *accept* or *reject* new information. As a result, the most pressing question in the study of motivated reasoning is not *whether* it has an impact on partisans' judgments, but rather *when* and *where* its impacts can be constrained.

It currently remains unclear whether Republicans and Democrats can agree on economic specifics—and if they can, *which* specifics are characterized by the most and least agreement (c.f. Jerit and Barabas 2012; Parker-Stephen 2013; Bisgaard 2019). Seemingly benign variation in Americans' exposure to data about different economic topics, such as commodity prices and consumer confidence, can shape the way that partisan-motivated reasoning exerts itself upon the overall political judgments of partisans.

These trends towards disagreement are indicative of a broader phenomenon of "factual polarization." In the present era, partisan identities fundamentally shape the way many citizens interpret the world around them. Partisanship, much akin to a religious affiliation, is a *social identity*. Party identifiers interpret social meaning through the lens of their group

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attachments, linking their self-esteem and sense of self-worth to the successes and failures of the party (Green, Palmquist and Schickler 2004; Layman, Carsey, and Horowitz 2006). While contemporary partisans are not as ideologically extreme as the party elites they look to for guidance in the world of politics, patterns of in-group partisan favoritism are currently intensifying (McCarty, Poole, and Rosenthal 2016).

One consequence of this "team" mentality is that Republicans and Democrats are much more likely to view members of the opposing party in a negative light when compared to members of their own party. Partisans in the electorate may not be as ideologically extreme as their elite counterparts, but many experience intense emotional, or *affective*, reactions to matters with relevance to their partisan identities. We have become a nation of partisans who "disrespectfully agree," according to Lillianna Mason (2018). Many partisans experience intense affective reactions to members of the other party, despite holding relatively moderate issue positions.

In addition to these intensely negative views about the "other team," partisan social identities also reshape Americans' perceptions of objective reality. Republicans and Democrats interpret real-world developments through the lens of a "preferred world state," which is informed by their group membership. The preferred world represents the way things *ought* to be, given the presupposition that members of the in-group are superior to those of the out-group. Social psychologists have dubbed this phenomenon motivated reasoning because it reflects the notion that partisan identifiers are "directionally" motivated to see the world in a manner that trends towards congenial interpretations (and away from "disconfirming" evidence).

Motivated reasoning leads partisans to learn about, interpret, and justify current events in ways that support their party's claims to superior morality and performance in office. Partisans also pay greater attention to information when it is provided to them by trusted party elites. They will correspondingly find reasons to ignore or discredit information that contradicts the preferred world interpretation of reality, and they will resoundingly reject information that comes from outgroup sources. Cue-taking, the process through which partisans make snap judgments about the validity of information, helps to explain why so many partisans quickly dismiss their opponents' claims (Bullock 2011; Flynn, Nyhan, and Reifler 2017; Kam 2005).

Party identities are evolving in the present period. They are increasingly aligning with the other deeply held identities and group loyalties of the electorate. Citizens' racial, religious, gender, and cultural identities are becoming more strongly associated with the partisan divide (Abramowitz

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2018; Harsgor 2018; Mason 2016). There is even some indication that partisans are changing some of their other identities to better fit the descriptors that characterize the in-party group. Republican Protestants, for example, have increased their religiosity to better match their Republican identities, while Democratic Protestants have diminished the strength of their religious attachments in recent years (Campbell et al. 2018; Margolis 2018). Conceiving of the world in a partisan-directional fashion can not only reshape what we think; it can also reshape who we claim to be.

Partisan identities are also coming to reshape not only our knowledge of "the facts," but also our interpretations of real-world developments (Bisgaard 2015). Modern framing and agenda setting of the stock market may not lead to increasing disagreement over whether the stock market is going up or down. Instead, because of its hypersaturation in media, partisans may come to contest the *meaning* of stock market data. Rather than disputes over the objective record of stock market performance, "economic narratives" represent a new dimension of partisan bias. If strategic elites use stock markets in their framing efforts, contemporary partisans may react by developing increasingly sophisticated forms of expressive bias.

Plan of the Book

The above theory traces new patterns in Americans' beliefs about the stock market. These patterns originate in media agenda setting, obtain nuance through partisan elite communications, and influence downstream aspects of citizens' attitudes and political behavior. Below, I briefly outline how the book approaches each part of this theory through a multifaceted research agenda. From studies of economic news coverage to elite messaging, I first examine contemporary economic discourse among journalists and political elites. Then, I turn to studies of public perceptions, integrating insights from the earlier media analyses to test the effects of agenda setting and framing behavior. I conclude with tests of citizens' political judgments and a broader discussion of the stock market's impact on future political outcomes.

Chapter 1: Data-Driven Agenda Setting: How Stock Market Indicators Shape Citizen Perceptions

The first chapter expands upon the theory briefly introduced above. Chapter 1 reviews existing research on agenda setting and framing before applying

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these lessons to a theory of Americans' stock market perceptions. I explain why Americans' beliefs about economic specifics deserve increased scrutiny in public opinion research. I also show why stock market perceptions have important consequences for theories of retrospective accountability.

Next, I describe how motivated reasoning can be conditioned by the contours of the stock market–saturated information environment. I do this by describing the process in which information about the economy is disseminated from reporting agencies to journalists. These stylized facts show us that not all economic information is created (or at least reported) equally: stock market data are produced continuously, while other information trickles out from reporting agencies on monthly or quarterly bases.

These imbalances in the information environment are expected to have consequences for citizens' perceptions of the economy and presidential incumbents. In the remainder of the chapter, I explain how and why the stock market is coming to play a more central role in American public opinion. These expectations, relying on theories of automaticity, explain that Americans are likely to evaluate presidential incumbents, as well as the overall nature of the economy, through stock market knowledge that is relatively free of partisan bias.

Chapter 2: "Following the Ticker:" Media Agenda Setting and Stock Market Data

In chapter 2, I trace the expectations developed in chapter 1 using observational analysis of news media. I describe the ways in which economic indicators are discussed in economic news through an analysis of news stories in print and on cable news. I analyze a dataset of *New York Times* economy stories from 1980 through 2020, followed by a set of thirteen daily newspapers and two cable news sources from 2015 through 2020. These descriptive investigations help us better understand when and why news sources (including partisan media) discuss the stock market. Through an automated content analytical strategy, I show that the contemporary economic news agenda is saturated with media mentions of the stock market relative to indicators like unemployment, wage growth, and prices.

The results show that this stock market saturation occurs regardless of the ideological proclivities of the source in question. While the *New York Times* dataset shows clear evidence of stock market indicator saturation, the data collection performed from 2015–2020 allows us to see whether this agenda-setting behavior holds true in other contexts. The results show that news sources in media markets as diverse as Oklahoma City,

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