VIEWPOINT

Triad Business Journal welcomes letters to the editor

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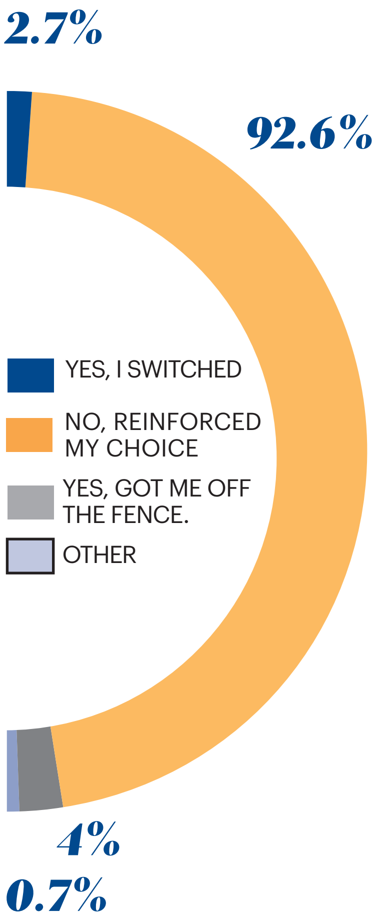
▸ BUSINESS PULSE SURVEY

WE ASKED

DID THE PRESIDENTIAL DEBATES CHANGE YOUR VOTE?"



THIS WEEK'S QUESTION

WHICH CANDIDATE FOR GOVERNOR IS BETTER FOR BUSINESS: MCCRORY OR COOPER?

POINT OF VIEW

This year, the economy favors neither candidate

Every four years, I check to see what political-economic models are saying about the upcoming presidential election. Once a novelty, such models are now part of the pre-election landscape. Many prominent forecasters, such as Fivethirtyeight.com's Nate Silver, incorporate economic fundamentals into their predictions.

The reasoning behind these models is simple. An improving economy leads voters to reward the candidate of the incumbent party – this year, Hillary Clinton – while a worsening economy leads them to turn to the candidate of the opposition party, who this year is Donald Trump. In most of these models, what matters is not whether the economy is currently strong but the direction in which it's headed.

The economy of 2016 creates a challenge for these models. The economy is clearly improving, but it's doing so at an extremely slow pace. Is growth so slow that it's good news for Trump, or is any growth good enough to help Clinton?

Through the first half of this year, real Gross Domestic Product grew at an annual rate of just 1.1 percent. That's a very poor showing, and it's far below the long-run average of about 3.2 percent.

The jobs picture looks a bit better. So far this year, the economy has added an average of 178,000 jobs per month. That too represents a slowdown, as job growth averaged about 240,000 per month throughout 2014 and 2015. But 178,000

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new jobs per month isn't bad, especially when combined with the first hint of rising wages we've seen in years.

As you might expect given the iffy economy, the models don't all agree. Moody's Analytics assesses the economy on the basis of home prices, gasoline prices and income growth. Due largely to extremely cheap gasoline, its model favors the status quo candidate, Clinton. That's true even though the model factors in voter fatigue, the idea that it's hard for the same party to win the presidency more than twice in a row.

In contrast, the model devised by Yale economist Ray Fair focuses on growth over the last four years, and it predicts a Trump win based on the weakness of the entire recovery. And then there's Nate Silver, who says that the economic portion of his widely watched election model favors neither candidate.

Therefore, on purely economic grounds, I'm inclined to call it a toss-up. This might be part of the reason the economy hasn't figured prominently in the campaign. The candidates see no clear advantage from focusing on the economy, and therefore they spend their time attacking each other. It's a campaign of personalities and scandals (real and imagined), not economic policy.

But to the extent that the economy matters to voters, it's important to remember that these political-economic models tell us about the match-up between a generic Republican and a generic Democrat, not specifically Trump and Clinton.

If voters cared only about the economy, then the two generic candidates would be roughly tied. But that suggests that a generic Republican should be doing pretty well against the actual Democrat, Clinton, who is one of the most unpopular candidates in history.

The fact that the actual Republican, Trump, is well behind in the polls speaks volumes about his weakness as a presidential candidate. After all, he's even more unpopular than Clinton.

Of course, if you prefer, you could claim that the real take-away is that Clinton is a remarkably strong candidate. What would a campaign be without spin?

▸ GAINERS & LOSERS

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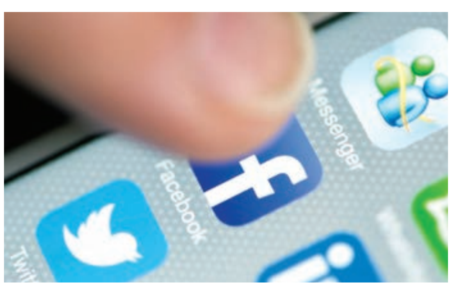
▲ TV AD REVENUE

If only we had all that money the political candidates are spending on attack ads for infrastructure improvements and teacher pay. Problems solved!



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▼ SOCIAL MEDIA

Meanwhile, hang in there. In just a couple weeks, the election will be over and your friends and relatives will stop with the political posts on Facebook and go back to adorable kitten videos and vacation photos.

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▲ HEATING BILLS

With Piedmont Natural Gas seeking a 9.5 percent increase in the rate charged for residential customers and a colder winter coming, monthly heating bills could be up $20 to $30 over last year's prices.

FILE

▲ SALEM PARKWAY

That will be the new name for Business 40 through Winston-Salem — at least two years from now when its $99.2 million reconstruction begins in 2018. The reconstruction won't be completed until 2020. The name was picked from dozens suggested to N.C.DOT.