



# Washington Policy Research

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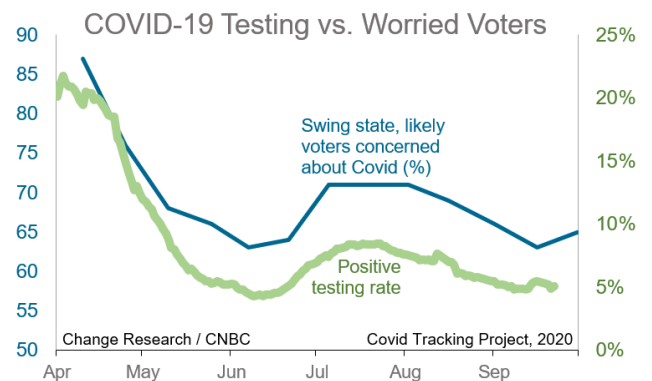
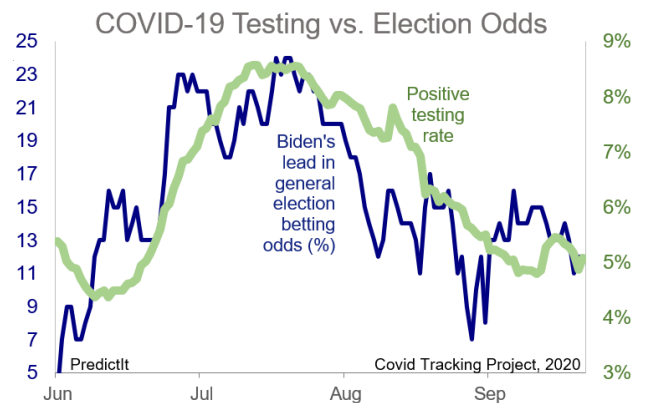
## THE COVID-19 ELECTION

The US is living through four big disruptions in 2020: 1) Recession; 2) Pandemic; 3) Protests; and 4) A Presidential Election. With fewer than six weeks left before the election, a few things could still have a major effect on how people vote. One of the most important is the path of COVID-19 and how it affects our economy and our national mood.

As President Trump’s approval numbers quietly bounced higher in August, we tracked a correlation between his chances—using election betting odds—and the rate of positive COVID-19 tests (in the US). A better COVID situation implies lower anxiety and a stronger economy. A better economy favors the incumbent, while COVID troubles could potentially (but not necessarily) favor the challenger.

We run 50 of these election and COVID-19 charts daily, and recently spotted a second convergence with the positive test rate: Swing state voters worried about COVID-19. Although a correlation does not prove cause-and-effect, we don’t think what we’re seeing is a coincidence. Presidents win re-election when they can convince voters that changing course is too risky. As daily new COVID-19 cases have tapered off, President Trump has been able to shift the election toward a choice between the two candidates, and away from being a referendum on his handling of the pandemic so far.

Over the last 100 years, every president who avoided a recession two years before election night has won re-election. As elections are largely referendums on the economy, any sign that COVID-19’s stranglehold on the economy is easing could favor the President. Faster, broader testing and widespread mask-wearing should also accelerate re-opening progress as the US learns to live with the virus. That would mean employment growth, higher consumer confidence, more spending, and so on. In fact, we recently upgraded our Q3 GDP forecast to 25% from 20% on the idea that these developments will have a major positive impact on near-term US economic growth.



A lot could still change in this wildly eventful election year. We will be watching the data over the coming weeks with the expectation that the path of the virus will have a direct impact on the polls. This truly is the COVID-19 election.

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