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# Inflation Addendum: Politics and Consumer Expectations in Metro and Non-Metro Areas

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## Introduction

In the upcoming presidential election, affordability and inflation are at the top of the public's priority list (e.g., Saad, March 29, 2024; YouGov, August 13, 2024). Expectations about inflation are likely to remain important through November. For more than two years and across ten quarterly surveys of American consumers, the Gardner Food and Agricultural Policy Survey (GFAPS) has devoted significant attention to inflation and the increased costs of food (see, *farmdoc daily*, August 25, 2022; September 1, 2022; December 1, 2022; December 8, 2022; January 19, 2023; September 11, 2023; June 10, 2024; June 17, 2024; June 24, 2024; August 26, 2024; September 16, 2024). Research has found that inflation hits rural households harder and impacts them in different ways—much of it having to do with transportation costs—than urban or non-rural households (see e.g., D. Peters, July, 2022; S. Peters, September 2, 2022; Ivanova, December 2, 2021). To explore this issue further, we analyze U.S. consumers' expectations for inflation across metro and non-metro areas, connecting the issue to consumers' political preferences.

## Methods

GFAPS is a quarterly survey of approximately 1,000 U.S. consumers. Participants are recruited to match the U.S. in terms of gender, age, income, and geographic region. The survey tracks consumer perceptions of relevant food and agricultural policy issues. Here, we focus on questions about consumers' views on inflation across politics and urbanicity, gathering perspectives about inflation in rural America with responses to questions on inflation expectations across multiple waves. Specifically, we explore optimism about inflation, where participants were asked, “In three months from now, do you expect inflation to get worse, better, or stay about the same?”

GFAPS has been tracking responses to this set of questions since Wave 3 (November 2022). While the survey does not include a measure of rurality, we do collect responses relevant to the related concept of urbanicity (see e.g., Senkler et al., 2023). Much attention, political and otherwise, continues to focus on issues like the urban-rural divide or other differences but can be complicated by the challenges of determining what constitutes rural, defining it or measuring it (see e.g., Nemerever and Rogers, 2021; Jacobs and Shae, 2024; Schaller and Waldman, 2024; Brown and Mettler, 2023; Peters, 2023; Parker et al., 2018).

Here, we measure urbanicity by asking participants whether they “live in a large metropolitan area (including suburbs) such as Chicago, Dallas/Fort Worth, New York City, etc.” We refer to those who indicated yes as metro and those who said no as non-metro, and likely rural. We also measure affiliation with political parties by asking “With which political party do you most identify?” Participants could select Republican, Democratic, Independent, or Other (Independent and Other are grouped to simplify analysis). Urbanicity is known to be related to politics, and this is reflected in the data as Republican participants were more likely to indicate they lived in non-urban areas than Democratic participants. On average across waves, 67% of Republican participants indicated they lived in non-urban areas compared to 51% of Democratic participants.

## Background

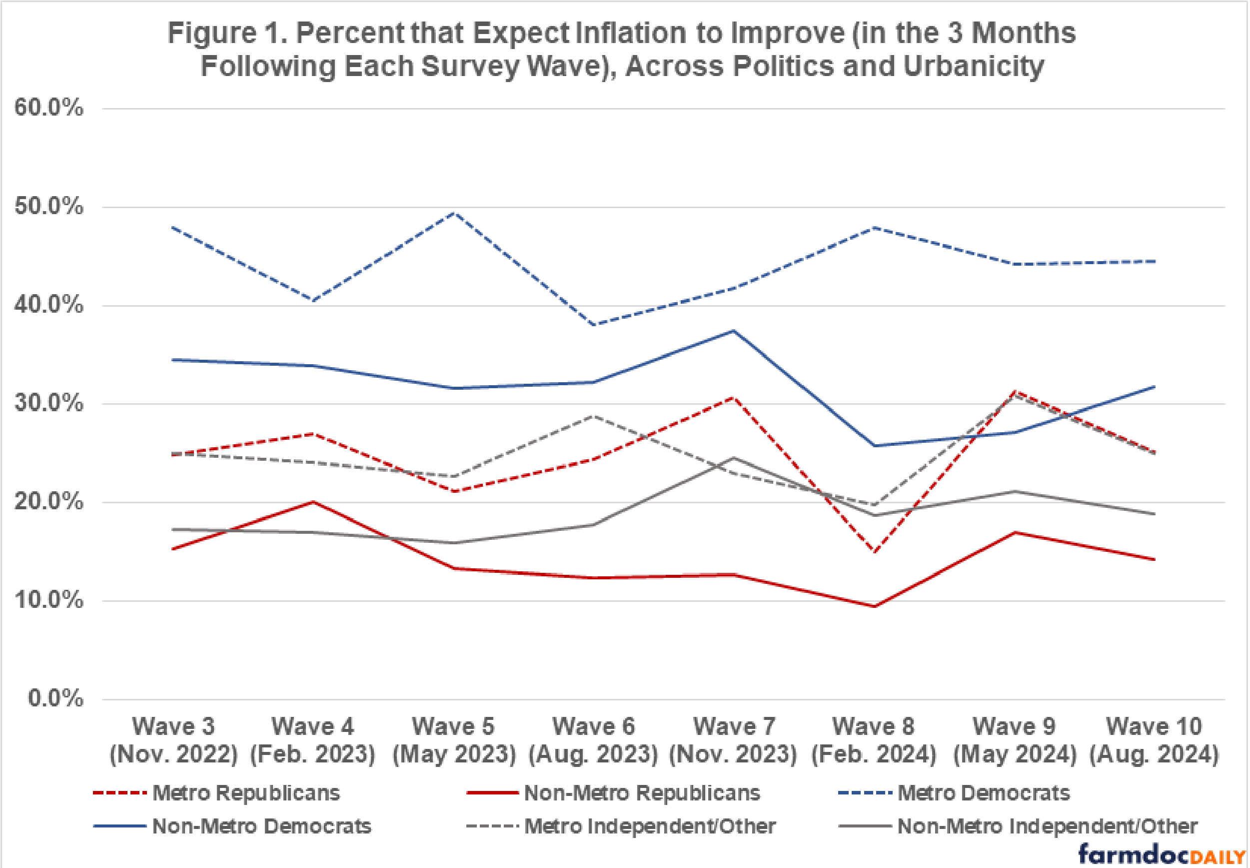
Previous research has highlighted that political ideology influences expectations for inflation, finding that expectations for the economy are more favorable when one’s preferred political party is in office (Bachman, 2019). Using results from GFAPS, we have shown evidence of this in the current political landscape – with Democrats indicating they were more optimistic about inflation than Republicans (*farmdoc daily*, September 16, 2024).

However, inflation affects households differently and rural households are often harder hit (see e.g., D. Peters, July, 2022; S. Peters, September 2, 2022; Ivanova, December 2, 2021). Rural consumers often have longer commutes, which increases the impact of transportation costs, and a smaller number of food options can translate to less flexibility as food prices rise (Weiler and Conroy, January 29, 2023;  Ivanova, December 2, 2021; Peters, September 2, 2022). Inflation measures can also often exclude rural consumers. For example, the main indicator of inflation – the CPI (Consumer Price Index) – is based on what urban Americans pay not what rural Americans pay. The U.S. Bureau of Labor Statistics notes this saying, “The CPI-U is designed to measure inflation for the U.S. urban population and thus may not accurately reflect the experience of people living in rural areas” (BLS, “Consumer Price Index: Frequently Asked Questions”).

In a presidential election year, we are reminded that politics encompasses *multiple* dimensions, with party and place being among its most important – the latter due in part to the role of the Electoral College (see e.g., Albrecht, 2022; McKee, 2008; Warf, 2008). Below, we explore expectations for inflation across party and place.

## Results and Discussion

Over the last two years, we’ve asked consumers to think about their expectation for inflation in the three months ahead (or after each survey wave). We reviewed the results across respondents’ self-identified partisan affiliation and urbanicity, which are illustrated in Figure 1. The six lines track responses across time and highlight the percent of each group that expected inflation to *improve* in the months ahead. Dotted lines indicate a metro category and solid lines indicate a non-metro category. Red is used to indicate Republican participants, blue is used to indicate Democratic participants, and gray is used to indicate Independent/Other participants.




First, we found that across all waves Democrats were the most optimistic. Here we see that metro Democrats were significantly more optimistic than non-metro Democrats. Similarly, across nearly all waves non-metro Republicans were the least optimistic. Metro Republicans were much more optimistic than non-metro Republicans, although generally less optimistic than either group of Democrats. We found a similar pattern with Independent/Others, where those living in metro areas were generally more optimistic than those in non-metro areas.

In the most recent wave (Wave 10, August 2024) of the survey, we asked about expectations for inflation in November 2024 – election time. We found that 44.5% of metro Democrats and 31.7% of non-metro Democrats expected inflation to improve by November. On the other side of the partisan divide, we found 25.1% of Republicans from metro areas and 14.2% of those from non-metro areas expected inflation to improve in the next few months. Finally, for participants who did not align with one of the major parties, we found that 25.0% of those in metro areas and 18.8% of those in non-metro areas expected inflation to improve come election time.

**Concluding Thoughts**

In this post we review two years of GFAPS results to add further perspectives on the politics of inflation. Politics are deeply tied to both party and place – and this becomes especially important in a presidential election year, due to the Electoral College.

Previous research has highlighted that perceptions of the economy are partisan, in particular that Democrats are more optimistic when their party is in power and Republicans are more optimistic when their party is in power (Bachman, 2019). Additionally, inflation has hit urban and rural areas differently, as energy and food price increases can have a more pronounced impact on rural households (see e.g., D. Peters, July, 2022). Other issues including declining income (Jacobs and Shae, 2024, at 169-176) and disappearing jobs (Id., at 177-78; see also, *farmdoc daily*, April 22, 2024; July 13, 2023; February 10, 2023), increasing age (Pacas and Rothwell, 2020), distance to grocery stores (Beatty, Abrozek, Pagan, 2024; Melotte, July 15, 2024), and fewer grocery options (RHI, updated September 17, 2024) can make matters worse.

We find that while, indeed, Democrats are more optimistic about inflation – non-metro Democrats are significantly less optimistic than their metro counterparts. Similarly, non-metro Republicans were much more pessimistic about inflation than their metro-counterparts. For policy makers and candidates, these perspectives may feed deliberation. One of the major impasses in the current Farm Bill reauthorization, for example, are changes to the Supplemental Nutrition Assistance Program (SNAP) (see, *farmdoc daily*, May 30, 2024; June 6, 2024; July 18, 2024; August 8, 2024). A slightly higher percentage of rural residents participate in SNAP than urban (13% to 11%) but the benefits do not go as far due in large part to transportation costs and the distances rural residents have to drive to get to grocery stores—a problem being magnified by a steady loss of groceries in many rural areas (Beatty, Abrozek, Pagan, 2024; Melotte, July 15, 2024; RHI, updated September 17, 2024).

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