The Liberal Arts Program presents

Liberal Arts Guest Speaker Series

"When Consumer Sentiment Matters: Economic Uncertainty and Consumer Spending."

Dr. Paul Matthew Kellstedt

6 May 2015
3:00-4:30 pm
LH 144

ABSTRACT INFO:
This paper presents a theoretical and methodological resolution to the conundrum of the discrepant findings about the relationship between consumer sentiment and consumer spending. Theoretically, we propose that the relationship between sentiment and spending will be conditional on the health of the economy itself—stronger when the economy is struggling, and weaker when the economy is growing robustly. Methodologically, we investigate these relationships using interactive regression models of recessionary periods, various measures of consumer confidence, and consumer spending growth. Our findings suggest consumer sentiment can moderate economic downturns. But the flip side is cause for worry. Poor economic evaluations can mimic quicksand, pulling down spending and prolonging recession. And poor economic evaluations are often fueled by politicians during elections when a down economy is a central issue; the out party has incentives to castigate the incumbent on the economy, but at what cost?

BIO:
Paul Kellstedt is Associate Professor of Political Science at Texas A&M University. He is the author of The Mass Media and the Dynamics of American Racial Attitudes (Cambridge University Press, 2003), which won a 2004 Goldsmith Book Prize, given by the Shorenstein Center at Harvard University's John F. Kennedy School of Government to the book "that best fulfills the objective of improving government through an examination of the intersection between press, politics, and public policy." He is also co-author, with Guy D. Whitten, of The Fundamentals of Political Science Research (Cambridge University Press, second edition 2013 ). He has held visiting appointments at the Kennedy School of Government at Harvard University; at Nuffield College, University of Oxford; and at Centro de Investigación y Docencia Económicas (CIDE),in Mexico City.

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