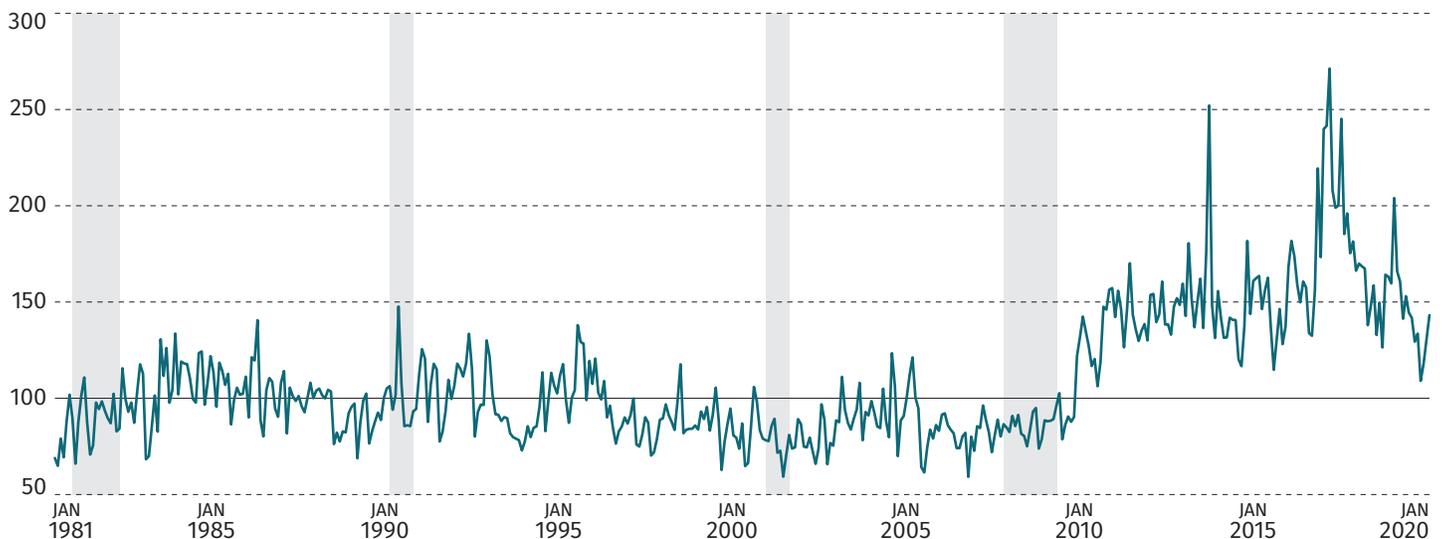


Data in Focus

Partisan Conflict Index

The Philadelphia Fed collects, analyzes, and shares useful data about the Third District and beyond. Here's one example.



Note: Average of 1990 = 100. Shaded areas indicate NBER recessions.

Source: Federal Reserve Bank of Philadelphia

The Philadelphia Fed's Partisan Conflict Index (PCI) tracks the degree of political disagreement among U.S. politicians at the federal level by measuring the frequency of newspaper articles reporting disagreement in a given month. Higher index values indicate greater conflict among political parties, Congress, and the President. The horizontal axis represents the years 1981 to 2020. The vertical axis measures partisan conflict, with the solid line representing the average level of conflict in 1990. Stony Brook University Professor Marina Azzimonti, who created the PCI while working for the Philadelphia Fed in 2014, writes in her 2018 *Journal of*

Monetary Economics article¹ that partisan conflict is associated with lower capital investment rates at the firm level, even when she controls for economic policy uncertainty and macroeconomic conditions. She estimates that about 27 percent of the decline in corporate investment between 2007 and 2009 can be attributed to a rise in partisan conflict. The Philadelphia Fed updates this index monthly to allow researchers to observe how the indicator moves in relation to the salient economic policy issues of the day.

¹ <https://doi.org/10.1016/j.jmoneco.2017.10.007>

Learn More

Online: philadelphiafed.org/research-and-data/real-time-center/partisan-conflict-index

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