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Campaignomics

Gas is cheaper. So are houses. What's up with the economy-and how do voters see it?

By James Pethokoukis

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Could it really be as simple as falling gas prices? President Bush is enjoying a bump up in the polls: His approval ratings-as measured by the *USA Today*/Gallup Poll-have drifted up from the mid-30s in early June to 44 percent now, their highest levels in more than a year. And this rebound comes despite Americans' widespread unhappiness over the war in Iraq, anxiety about rising income inequality, and job insecurity bred of globalization.

Gas prices are down more than 66 cents a gallon in the past seven weeks, easing inflation worries and boosting the stock market, with the Dow Jones industrial average close to a record high. Last week, the Conference Board reported that consumers' outlook for the next six months had improved markedly since August.

The timing for a turnaround certainly is auspicious for Republicans going into the November 7 midterm congressional elections. All year long, Democrats have been trouncing Republicans in the polls, seemingly poised to retake one or both houses of Congress. But the latest Gallup survey found voter preferences split evenly between Democrats and Republicans. Is the economy suddenly giving the GOP a lift? Indirectly, says James Campbell, a University at Buffalo-SUNY political science professor and author of *Before the Vote: Forecasting American National Elections*. "With congressional elections, the economy only directly matters at the margins," he explains. "But the economy does affect presidential approval ratings, and they do affect congressional elections."

As he stumps for GOP candidates, the president is talking more and more about the economy, first because he believes it is trending his way and second, many suspect, because he wants to distract voters from an unpopular war. Just last week, Bush carried the "good news" economic message to Meyer Tool in Cincinnati, while also continuing to pound home the theme that the Grand Old Party is better equipped to fight the war against global terrorism. That argument has also boosted Bush, some polls believe.

The Chart. The Democrats, of course, aren't convinced about the economy. They've got their own message, focused on uncertainty, anxiety, and stagnation. And there isn't likely to be any letup in the shrill rhetoric as the midterm melee enters its final round. An improving economy-or voters' *perception* of an improving economy-might just keep the GOP in control of the House of Representatives, the branch that many



CHARLIE ARCHAMBAULT FOR USN&WR
SLUMP. Home construction, sales, and prices have tumbled, slowing the economy.

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analysts see as most likely to change hands. At least that's the conclusion of University of Texas-Dallas political science professors Patrick Brandt and Thomas Brunell. The duo just finished testing a forecasting model that attempts to predict the outcome of the battle for the House. Their three main factors are the presidential approval rating, inflation rate (think of it as a proxy for gas prices), and unemployment rate. Using a model-generated prediction of a 43 percent presidential approval rating on Election Day, the Brandt-Brunell formula predicts the GOP will retain 220 seats, a loss of 12 seats but still enough to keep control. And every 2 additional Bush approval points would mean a loss of one seat fewer.

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