THE Fiscal TIMES
Published on *The Fiscal Times* (http://www.thefiscaltimes.com)

Dems Let Obama Off the Hook for the Bad Economy

REUTERS/Jason Reed
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The Fiscal Times
October 1, 2012

Despite mixed economic signals and warnings about the country getting dropkicked into recession next year by the "fiscal cliff," consumer confidence has climbed in parallel with President Obama's surge in the polls over Mitt Romney.

Analysis by the Gallup Organization suggests that both phenomena are being driven by politics instead of finances. The pollster found that Democrats started feeling better about their own prospects during the party's convention last month. That enthusiasm about Obama's reelection spilled over in a way that lifted broader measurements of economic sentiment.

"The convention certainly started the upward shift in confidence for Democrats--and that has continued at high levels and stayed up there," Dennis Jacobe, Gallup's chief economist, told The Fiscal Times. "Do people buy the idea that this is all taking time and the recovery is on its way? A lot of Democrats believe that."

Unlike other confidence surveys by the Conference Board and the University of Michigan—both of which sharply increased in September amid muddled economic news—Gallup tracks consumer attitudes daily.

The pollster's confidence index improved from -27 in August to -18 beginning on September 4, the first day of the Democratic National Convention in Charlotte. While the outlook remains negative, that reading is on par with the highest levels seen since Gallup launched its index in January, 2008.

Hopefulness spiked among Democrats and essentially held for the rest of September, as voters who lean Democratic swung from a negative reading of the economy to a positive one. The increase raised the index as a whole, although Republicans stayed just as gloomy as before.

CONFIDENCE UP, SPENDING FLAT

The rosier view did not lead Democrats to open their wallets and spend more—evidence the sentiment possibly has more to do with electoral rather than economic momentum. Their daily spending stayed flat at $67 from August to September, as Republican consumers pulled back by 9 percent during the same period, according to Gallup. GOP supporters spent $80 a day in September, down from $88 the month before.

Obama simultaneously opened a strong lead against Romney in several battleground states. Quinnipiac University last week projected possible blow-out victories for him in Florida and Ohio, while surveys by Marist College showed slight edges in Nevada and North Carolina.

Not everyone sees the trends as closely entwined. Other factors such as an uptick in home values and a sustained—though jagged—climb in stock prices over the past year have received credit for the rising confidence. Sentiment may quickly plunge however, if several components of the economy take a dive.

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