

## Republicans Are Betting On A Great Economy in 2026. Is That Enough?

Republicans are facing a challenging midterm environment, but they are banking on the economy improving and larger tax refunds coming in 2026. Democrats think that they don't have to win on the economy, but only need to be competitive on the issue. Third Way's EVP of public affairs, Matt Bennett, [told Politico](#) that "Democrats really never dominated on trust on the economy, what we've been able to do is fight it to a draw in periods that have been very good for us electorally. What we need to do is at least keep it close, and I think that's where we are."

If the economy takes off, is that enough for Republicans to defy midterm history? There are two factors that will determine success or failure: 1) Can Republicans make the economy the #1 issue, and 2) Can they sell economic progress and convert those into votes for Republicans?

Republicans should look no further than the 2018 midterm loss for guidance on what not to do. In that cycle, Republicans had a great economy to sell, but didn't convert the issue into a campaign advantage.

**Improved views of the economy from 2016 to 2018:** In 2016, the exit polls showed that only 36% of the electorate thought the economy was excellent or good. By 2018, the exit polls showed that 68% of voters viewed the economy as excellent or good. Despite that improvement in voter views of the economy, Democrats gained 41 seats and the House majority.

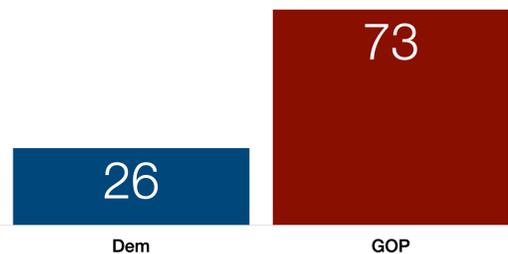
Even with an economic recovery, Republicans failed to make the economy the key issue in the election. In fact, they didn't make it the No. 2 issue in the election. In 2018, exit polls showed the top issue was health care, according to 41% of respondents, and Democrats won them 75-23. The economy came in third at 22%, and Republicans won this group 63-34.

Republican campaigns' decision to focus on immigration and the "caravans" rather than the GOP's positive economic record cost Republicans the House. Although the Tax Cuts and Jobs Act was instrumental in reinvigorating the economy, Republicans talked immigration rather than tax cuts and the economy. The final jobs report before the election was an enormous validation of Republican economic policies.

**Lack of personal awareness of getting a tax cut:** In that election, more voters believed the bill would not lower taxes for "people like them" 36-42 (will-will not). When Republican campaign ads said Democrats were going to take away their tax cut, only one-third of the electorate thought they had something to lose.

**Voters who said the TCJA would lower their taxes voted Republican 73-26. If more voters had understood that the tax cut bill was going to lower taxes for them, this would have decisively helped Republicans.**

Ballot test among those who said TCJA will lower taxes for them



The great economy could have been a huge campaign asset, but Republicans did not capitalize on that advantage. The question facing Republicans is this: if the economy takes off, do Republicans know what to do with it and turn it into a decisive winning issue?

Have a good weekend.

David & Myra