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TO: Interested Parties

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RE: New Third Way/Benenson Strategy Group Poll on the Economy

Just eighteen months after President Bush left office with the nation's economy in historic freefall, two-thirds of Americans now see congressional Republicans and their economic ideas as new and completely separate from those of the former President.

In this memo, we provide advice for progressive leaders based on our recent polling with Benenson Strategy Group.¹ This advice is designed to help progressives win the economic argument at a critical time—when our nation is poised between recovery and recession and the decisions we make today will have an enormous impact on the lives of Americans and the middle class.

Our advice is condensed into three main points which we explain in detail below. For progressives to win the debate over the economic future, we must:

1. Marry conservative economic ideas to those of President Bush.
2. Emphasize a vision for private sector growth and fiscal discipline.
3. Relate to the middle class through tomorrow's promise, not today's pain.

I. Marry conservative economic ideas to those of President Bush

The President's economic ideas remain broadly unpopular, but Congressional Republicans have shed the Bush economic legacy.

President Bush's ideas on the economy are almost universally rejected. By a 53-26% margin, President Bush is blamed for the economic woes of the country compared to President Obama. By a 46-32% margin, the public prefers President Obama's economic ideas over those of President Bush. And the former President's performance ratings on key economic issues are dismal, particularly among Independents:

Rating President Bush's performance (excellent + good/fair + poor):

- Ensuring fairness in the tax code (27-66%; Independents - 27-63%)
- Managing the federal budget (14-83%; Independents - 11-86%)
- Regulating Wall Street (14-81%; Independents - 12-82%)
- Helping the middle class (28-69%; Independents - 27-60%)

¹ Benenson Strategy Group, June 19-22, 2010, 1,100 likely voters.

However, less than two years after leaving office, only 25% of Americans believe that if Republicans return to power in Congress their economic agenda will mean a return to former President Bush's economic policies. 65% say that a Republican Congress will promote a "new economic agenda that is different from George W. Bush's policies."

Even Democrats and liberals are unconvinced that a Republican Congress means a return to Bushonomics. And moderates and Independents, the key swing blocs in all major policy debates, have completely divorced congressional Republicans from the economic philosophy and failed policies of President Bush.

Would a Republican Congress mean a return to Bush policies? (yes/no)

- Democrats (32-60%)
- Liberals (34-59%)
- Independents (22-67%)
- Moderates (25-65%)

Tying President Bush's economic ideas to congressional Republicans dramatically alters the dynamics of the debate.

If Americans believe that conservatives are espousing a return to the same economic ideas as those of the former President, the dynamic of the debate turns on its head. In two separate split sample questions, we tested President Obama's economic plan against a generic conservative economic plan. When the conservative plan failed to mention President Bush, it handily out-pollled the President's agenda. When President Bush was inserted in the question, the Obama agenda easily won. In one split-sample, the difference was 49-points, in the other it was 23-points.

Mentioning President Bush creates a 49-point swing:

- When the question pits the Obama agenda versus the Bush agenda, progressives win. By a 49-34% margin Americans prefer a leader "who will stick with President Obama's economic policies" over one "who will go back to President Bush's economic policies." (Independents - 47-31%)
- When the question pits generic conservative ideas against the Obama agenda, preferences swing by 49-points and conservatives win. By a 64-30% margin Americans prefer a leader "who will start from scratch with new ideas to shrink government, cut taxes, and grow the economy" over one "who will stick with President Barack Obama's economic policies." (Independents - 75-18%)

In another formulation, mentioning President Bush creates a 23-point swing:

- In a separate formulation that pits generic conservative ideas against the Obama agenda, preferences swing by 23-points and conservatives also win. By a 51-43% margin, Americans prefer a leader who says "President Obama's economic plan is not working, and we need new economic policies that will shrink government, cut taxes on investment, and support business growth," over "President Obama has a plan for the economy, and we need to stick to the plan to grow the economy and create jobs." (Independents - 52-41%)

TAKEAWAY: The central argument is one of forward vs. backward. Conservative views must not be defined as “the ideology of no,” “of Wall Street,” or “of special interests,” they must be defined as going back to “the ideology of Bush.” Their ideas must not be “bad ideas” or “corporatist ideas,” they must be “going back to Bush economic ideas.”

II. Emphasize a vision for private sector growth and fiscal discipline

Americans are pro-growth, pro-business and think Democrats are anti-business; they think business, not government, will lead us out of the recession.

Many Americans still need to be convinced that the President and Congress have the right economic plan for the country. Indeed, only 48% of Independents believe that the President has an economic plan at all, and more than half believe that what Congress and the President have done has hurt the economy.

The public believes that the private sector, not government, will lead America toward recovery. Though Americans may be distrustful of certain industry actors, they think highly of business and believe companies look out for their employees and the middle class. By a 63-34% margin they say that “most American companies value their employees and try to treat them well.”

- By a margin of 54-32%, they believe the best approach to strengthening the economy is “cutting taxes for businesses” compared to “making new government investments.” (Independents - 60-28%)
- Only 37% say “large companies have too much power, hurt the middle class, and government needs to keep them in check,” versus 55% who say “American companies are the backbone of the U.S. economy and we need to help them grow, whether they are large or small.” (Independents - 33-57%)
- By a margin of 58-22%, they said “believes government is the solution to every problem” applies more to Democrats. As does “anti-business” (52-21%), though Republicans wear the baggage of Wall Street (48-23%).

The deficit is a trump card and conservatives currently hold it.

The public is extremely deficit sensitive, particularly among Independents. We paired four policy ideas against a plan to “cut government spending and reduce the deficit.” All four lost, mostly by wide margins:

- Invest in U.S. research, innovation and new technologies (43-51%; Independents - 35-55%)
- Invest in new roads, bridges, and other infrastructure (34-60%; Independents - 25-65%)
- Cut taxes on the middle class (30-63%; Independents - 23-68%)
- Cut taxes on business (25-66%; Independents - 22-72%)

The public is also skeptical of Democrats on this issue. By a margin of 46-33%, Americans said, “is serious about reducing the deficit” applies more to Republicans than Democrats. Among Independents the margin was even greater, at 47-25%.

In this environment, it will be impossible to win the economic argument without explicitly acknowledging the deficit as a serious economic problem that must be addressed. However, simply recognizing the severity of the problem and offering a commitment to take undefined action will not be sufficient. In order to be successful, progressives must offer specific examples of how they intend to cut spending and restore fiscal balance, and contrast the impact and values of their ideas with those of competing conservative proposals.

It should be noted that 75% of Americans think the deficit can be reduced without cuts to Social Security and Medicare. They believe the deficit is the result of waste.

TAKEAWAY: Americans must see that progressives have a coherent plan for economic growth and middle class success that is led by the private sector.

III. Relate to the middle class through tomorrow’s promise, not today’s pain.

Progressives must speak to the future.

Progressives must focus on how our plan for economic growth and fiscal discipline will help the middle class achieve their aspirations, not just alleviate their anxiety. Why? Because they are unremitting optimists. Though they are anxious about the present, they believe their circumstances will improve. For example:

- Though only 8% said the national economy was “excellent or good,” and 47% described their personal finances as “only fair or poor...”
- By a 66-23% margin they think they will be “better off” financially in five years.
- By a 58-36% margin, they say America will bounce back compared to those who feel we may never get back to what we once were.
- 71% of the country said they were “better off than most Americans” compared to 15% who said they were “worse of.”

Americans don’t want their anxieties validated—they want their aspirations realized.

For much of the middle class, the root of their economic anxiety is not the fear that they will fall into poverty, but the fear that they will not achieve the economic trajectory that they imagined for themselves and their children. When progressives talk only about falling through the safety net, they miss much of the middle class.

For example, Americans feel they are far more likely to do or experience things over the next 12 months that show personal economic strength rather than weakness. When asked about the following actions, they responded that they would (likely/unlikely):

- Give to charity (77-22%)²
- Put away money most months for college, retirement, vacation, or a rainy day (66-33% for non-elderly)
- Earn a raise (48-44% for non-elderly)

Conversely, most don't expect to (likely/unlikely):

- Miss a mortgage payment (10-87%)
- Fall behind on their credit card (14-83%)
- Go more than one month without health insurance (16-82%)
- Collect unemployment (24-71% for non-elderly)

For much of the middle class, sending kids to college, affording a comfortable retirement, starting a business, acquiring the skills to earn a raise, and balancing a busy work and home life are their primary economic concerns and aspirations. Yet they feel that government is less interested in their goals.

- Only 20% believe government "helps people like you get ahead."
- 34% say government "holds people like you back."
- 38% say government has "no impact on whether people like you get ahead."

TAKEAWAY: Progressives must paint a vivid and positive image of the economic future they are trying to create for the middle class—one that goes beyond their near-term anxieties in favor of one that matches their optimism and aspirations.

Conclusion – Choosing an Economic Path

In November 1982, twenty-two months after his predecessor left office and twenty-two months after President Reagan's economic plan showed scant signs of working, the deep economic downturn had a name. It was called the Carter Recession. President Reagan managed to maintain command and responsibility for the recovery and deflect blame for the recession. Opponents of his supply-side philosophy were branded as Carter liberals who supported the same failed ideas that brought America to its knees.

In June 2010, eighteen months after leaving office with the economy in a tailspin, only 25% of Americans believe that congressional Republicans would follow the Bush economic script. This belief is the key to winning or losing the debate. If Americans believe that there are two paths from which to choose: a clear Obama path or the Bush path, progressives will control the debate. If they believe that the choice is between the Obama path and a new path, then the new path controls the debate.

The winner will not only determine the speed and size of the recovery, but will also shape America's economy for an entire generation.

² Very or somewhat likely versus very or somewhat unlikely.