

MEMORANDUM

TO: Interested Parties
FROM: Guy Molyneux, Hart Research Associates
DATE: May 19, 2014
RE: Ten Things Democrats Need to Know about the Economy to Win in 2014

INTRODUCTION

The voting public remains deeply unhappy with the economic situation today, and the economy is far and away the issue that voters feel is most important for the president and Congress to address. Despite the role Republican policies played in creating the economic collapse of 2008, polls show voters are now as likely to trust Republicans as Democrats to deal with the economy. For Democrats to succeed politically in the 2014 elections and beyond, it is imperative that we articulate a more compelling economic vision and agenda.

At the same time, the current public opinion environment creates important opportunities for Democrats on the economic front. Voters are very aware that the very wealthy continue to make huge gains while average families struggle just to get by. They are angry that millionaires and billionaires often manage to pay a lower tax rate than middle-class Americans, and also that profitable corporations sometimes pay no federal taxes at all. And they support a wide variety of Democratic policy priorities that would lift wages, improve education and training, make higher education more affordable, protect workers' rights, and make the wealthy pay their fair share of taxes.

This memo draws upon a number of major public opinion studies on economic issues conducted by Hart Research in recent months to identify 10 key lessons that can help Democrats take advantage of these emerging opportunities and communicate an effective economic message. Most of the studies were conducted among registered voters, while one was conducted among swing voters (defined as voters who are not strong partisans). These projects have been sponsored by SEIU, AFT, AFSCME, NEA, Project New America, the AFL-CIO, and the Center for American Progress (singularly or together), and we thank these organizations for sponsoring this important research and sharing their findings. It should also be noted that the author has sole responsibility for the interpretations of the survey data made here.

TEN THINGS DEMOCRATS NEED TO KNOW

1. **Voters respond most favorably when Democrats deliver a populist economic message centered on the idea of building an economy that works for all of us, not just the wealthy and big corporations.**
2. **Tax Fairness is a tremendously appealing issue to voters this cycle, and it helps protect Democrats against attacks as “big spenders.”**
3. **Despite voters’ concern that today’s economy works only for the wealthy and corporations, the language of “income inequality” does not address that concern effectively. Americans are looking for an economic agenda that delivers growth and opportunity more than “equality.”**
4. **The central economic concern for voters today is that their incomes are not keeping up with the rising cost of living. Many voters experience this as a crisis of affordability.**
5. **Democrats stand to gain if they give the issue of improving workers’ wages a prominent place in their 2014 campaigns.**
6. **A focus on helping the “middle class” can limit the effectiveness of Democratic messaging—in today’s harsh economic reality, many voters no longer identify as middle class.**
7. **Democratic turnout targets respond most strongly to messages that focus on Democrats’ concrete efforts to help working people and expand opportunity, by raising wages, improving schools, and creating jobs.**
8. **The outsourcing of jobs is seen as one of the greatest challenges facing our economy, and a key issue for officials to address.**
9. **Education issues—both K-12 schools and the affordability of higher education—are extremely important for key groups of voters.**
10. **A populist frame helps to overcome voters’ concerns about government spending and dependence on government, and can be a strong counter to the conservative attack on “big government.”**

1 Voters respond most favorably when Democrats deliver a populist economic message centered on the idea of building an economy that works for all of us, not just the wealthy and big corporations.

Today, Americans believe that the single most important goal for the nation's economic future is to create an economy that works for everyone, not just the wealthy few. While voters also rate many other economic goals as priorities, no other formulation resonates nearly as strongly. And no other critique better captures Americans' economic anxiety than the idea that our economic system now benefits only the wealthy and corporations, while the deck is stacked against everyone else.

- Fully 59% of voters say making the economy work for everyone, not just the wealthy few, is an *extremely* important goal.
- Similarly, 59% *completely* agree that "we need to make sure that everyone, not just the CEOs, get their fair share in a growing economy."

Voters respond best to an inclusive populism that calls for an economy where all Americans have a real chance to succeed, rather than siding with one class over another. Instead of calling for simply reversing today's imbalance by favoring the middle class over the wealthy, this populist framework poses a choice between an economy that serves the many versus the few.

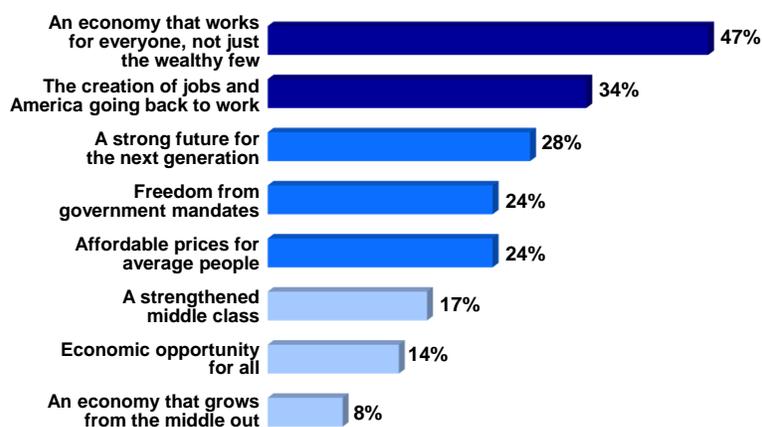
For Americans, this is a moral as well as an economic story. The public believes that virtuous behavior (especially hard work) is not being properly rewarded today because of barriers erected by the wealthy and powerful. Three-quarters agree that "the rules in America have changed—hard work and sacrifice are not rewarded anymore," and 63% say providing more opportunity to those who work hard and struggle to provide for their families is a very high priority.

The following candidate message proved very appealing to 63% of swing voters, and is a strong formulation of a populist Democratic economic message:

The promise of America should be for everyone, not just the wealthy few. Corporate CEOs make 273 times the pay of the average worker, and over the past four years the richest 1% saw their incomes rise 31% while everyone else got no raise at all. Corporations and the wealthy can afford to pay their fair share, so that working families can have more opportunities to succeed.

Most compelling goal: An economy that works for everyone, not just the wealthy few.

Which one or two of these phrases best describe the most important goals for America's economic future?



Could Democrats enjoy even more success by employing a message that promised “an economy that works for all,” but omitting the sharper-edged populism of talking about the wealthy? The data shows that this would actually weaken Democrats’ appeal. In a choice between a Republican who will “grow the economy” and a Democrat who will “make the economy work for all of us, not just the wealthy,” swing voters prefer the Democrat by a 22-point margin (61% to 39%). The other half of our respondents heard the same partisan choice, except that the words “not just the wealthy” were deleted. This Democrat actually lost to the Republican by 10 points, a net loss of 32 points. In a contest for voter allegiance, four little words—“not just the wealthy”—made all the difference. Instead of broadening the Democrat’s appeal, filing off the populist edge turned out to undermine support for this candidate.

- Significantly, it is with more conservative voters that a populist message provides the greatest advantage. By adding “not just the wealthy,” Democrats improve by 42 points with men (just 18 points with women), by 44 points among voters over 50 (just 19 points under age 50), and by 39 points with swing voters planning to vote Republican.

A populist framework also proves to be the most advantageous way to contrast the two parties and their priorities. Swing voters worry that Republicans will put the interests of big corporations ahead of the public much more than that Democrats will put too many unnecessary regulations on businesses. By comparison, concern that Republicans will go too far in cutting popular services like education and health care (51%) is no stronger than concern that Democrats will go too far in increasing government spending and debt (49%). A debate over competing fiscal priorities will likely lead to stalemate (at best), while a fight over whose side the two parties are on—working people or the wealthy—provides much greater opportunities for Democrats.

- This critique of Republicans appeals strongly to voters: *Republicans are helping the very wealthy, but not looking out for the working families who are being squeezed like never before.*

2 Tax Fairness is a tremendously appealing issue to voters this cycle, and it helps protect Democrats against attacks as “big spenders.”

One of the most consistent findings throughout all of our economic research is the powerful appeal of tax fairness issues, especially among swing voters. Fully 73% of swing voters prefer a Democrat who favors asking the wealthy and corporations to pay their fair share of taxes over a Republican who opposes raising taxes on anyone (27%). And 64% of swing voters believe that having the wealthy and big corporations pay their fair share of taxes would help them personally.

When voters are asked to choose their top priorities among eight different progressive policy planks, one item towers above the others as a priority: ask the wealthy and corporations to pay their fair share of taxes (selected by 44%, while no other issue exceeds 25%). Americans also support other progressive initiatives, but nothing else seems to speak to voters’ frustration with the economic status quo so well as the issue of tax fairness.

In a survey that tested the appeal of 17 different Democratic economic policies, four of the five most popular were progressive tax initiatives:

- Close loopholes that allow large, profitable corporations to avoid paying taxes.
- End tax breaks for companies that send jobs overseas, and use the revenue to modernize and build public schools, which would create one million jobs.
- Set a minimum tax rate for millionaires to make sure they do not pay a lower tax rate than the middle class.
- End tax breaks for companies that pay huge salaries to their CEOs, to fund unemployment benefits for the long-term unemployed.

In other surveys we also find overwhelming support for the Buffett rule (ensuring that millionaires pay a tax rate at least as high as middle-class Americans) and eliminating the hedge fund management loophole.

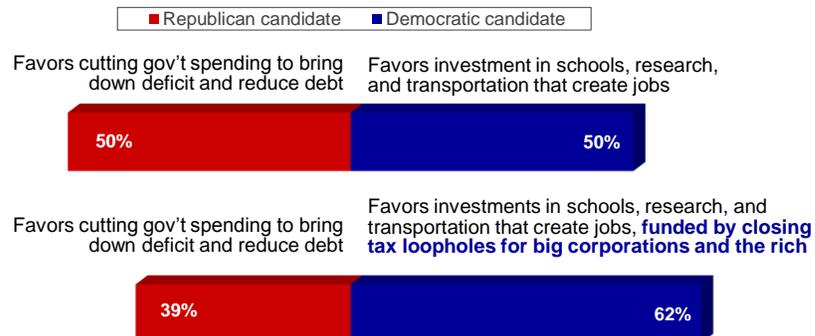
Using progressive revenue measures to pay for public investments or services also can be a critical element in making swing voters comfortable with Democratic spending priorities. Swing voters remain reluctant to endorse increases in government spending, but those reservations are diminished when Democrats specify that a program will be funded by closing loopholes that benefit the wealthy and/or corporations. That signals to swing voters that they will not be saddled with the cost of this initiative (and also that it will not increase the deficit).

- Voters divide evenly if given the choice between a fiscally conservative Republican and a Democrat who “favors investments in schools, research, and transportation that create jobs.” But if this Democratic candidate says

these investments will be funded by “closing tax loopholes for big corporations and the rich,” then the Democrat wins by a decisive 23-point margin over the exact same GOP opponent.

Tax Fairness Creates Space to Advocate for Public Investment

Swing voters: Which candidate would you be more likely to support?



Tax fairness issues also can be powerful as a way of revealing the skewed priorities of Republican candidates. When we test possible attacks on a candidate for his or her economic positions, it is consistently defense of tax breaks or loopholes for corporations and/or the wealthy that bring the strongest voter response. Voters are troubled deeply by a candidate who voted for tax giveaways to oil companies, voted for cuts in education while also supporting tax breaks for the wealthy and corporations, or defended tax breaks for companies that outsource jobs. They also express very major doubts about a GOP candidate who signed a pledge promising they will never vote to raise revenue by closing loopholes for the wealthy or corporations (i.e. the ATR/Norquist pledge).

3 Despite voters' concern that today's economy works only for the wealthy and corporations, the language of "income inequality" does not address that concern effectively. Americans are looking for an economic agenda that delivers growth and opportunity more than "equality."

The reality of growing gaps in wealth and income clearly is shaping Americans' perception of what is wrong with their economy and how it needs to change. However, while 60% of swing voters respond favorably to a Democratic candidate calling for economic growth, and 51% respond favorably to one calling for economic opportunity, a mere 36% have a favorable response to a candidate who wants to "reduce income inequality." Similarly, voters select economic growth as one of their top goals (49%) at more than twice the rate they choose economic equality (21%). The language of "equality" (and "inequality") does not resonate with voters, because their goal is a growing economy that provides opportunity to those who lack it today, not simply a more fair division of today's economic pie.

- Voters say their priority is to make sure everyone in the country has a real opportunity to succeed (63%) more than reducing the gap between the richest 1% and the rest of the country (37%).
- Four in five voters agree that “government programs should reward skill, hard work, and risk-taking, rather than just take money from some and give it to others.”
- Note that voters do not respond well to “shared prosperity” as an economic goal. Many assume that *they* are being asked to share. One focus group participant, in a typical reaction, defined shared prosperity as “giving what I work for to someone else.”

If Americans are focused on growth and opportunity, then why should Democrats mention the rich or big corporations at all? The answer is that voters understand that those at the top are rigging the system in their own favor—not paying their fair share of taxes, not paying workers a fair wage—in ways that deny average people the opportunity to move up the ladder. Average Americans do not resent those who are successful; they are angry about those at the top abusing their power to gain an unfair advantage.

- Today, 71% say that “the deck is stacked against middle class people and in favor of the rich.”

Americans are alarmed to learn that corporate CEOs now make 273 times the pay of their average employee. However, voters’ disparate reactions to two messages built upon this economic fact are instructive. When this disparity is framed in terms of distributive justice—“It’s not right that working people have to struggle to provide for their families, while the rich just keep getting richer”—the voter reaction is tepid. A much stronger message uses the same evidence to make a different point: “Corporations and the wealthy can afford to pay their fair share, so that working families can have more opportunities to succeed.” Growing disparities in income and wealth are important to voters because they demonstrate that the wealthy can afford to pay more in taxes and corporations can afford to pay wages that support a family. That means the current lack of opportunity for working people is neither necessary nor inevitable: it is a function of bad policies that need to change.

4 The central economic concern for voters today is that their incomes are not keeping up with the rising cost of living. Many voters experience this as a crisis of affordability.

An astonishing two-thirds of swing voters report that their incomes are falling behind the cost of living today. Almost all of the remaining voters say they are just staying even with rising costs, while only a tiny minority feels their income is rising faster than costs. Similarly, 65% of swings worry very or somewhat often that their income is not keeping up with the cost of living. This sense of losing ground economically remains pervasive, despite the beginning economic recovery.

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Voters often experience this economic stress in terms of unaffordable costs that they confront on a regular basis. Many voters worry that they will not be able to afford a secure retirement, or will face health expenses or housing costs they cannot afford. The high cost of gas is a particularly powerful symbol for many Americans of the essential expenses of daily life that they struggle to cover. One survey found the cost of gas to be the number one financial worry for Democratic GOTV targets, and also a top concern for rural swing voters.

This candidate message focused on affordability proved to be the most persuasive (64% very appealing) for swing voters among nine tested:

It's getting harder and harder for working people to afford a middle-class lifestyle. College tuition keeps rising, putting college out of reach for many, and burdening others with student debt. It costs over \$50 to fill up your tank. Politicians and CEOs keep giving themselves raises, while the rest of us struggle to make ends meet. If you work hard and play by the rules, you should be paid enough to live on.

5 Democrats stand to gain if they give the issue of improving workers' wages a prominent place in their 2014 campaigns.

Low- to moderate-income voters think about their economic struggles in terms of inadequate wages, as well as unaffordable prices. Fully 62% of working swing voters with incomes below \$75,000 worry regularly that they "are not being paid a fair wage or salary for their work." However, this figure falls to just 33% for those earning over \$75,000 per year. In contrast, voters of all incomes express fairly similar levels of concern about retirement security or the cost of gas.

Polling data suggests Democrats have a lot to gain by making wages a key element in their economic agenda. When it comes to dealing with the economy in general, or creating jobs, voters have about equal trust in Democrats and Republicans today. However, by a startling 32-point margin, battleground voters believe Democrats (48%) rather than Republicans (16%) will do the better job of raising workers' wages and salaries. Democrats' strong credibility advantage means that elevating the prominence of the wage issue should help in coming elections.

Voters embrace a range of policy initiatives that improve incomes and wages, including a living wage for employees of federal contractors, combatting wage theft, and requiring paid personal or family sick time.

- 62% are much more likely to vote for a candidate who wants to "crack down on corporations that cheat workers out of pay for hours they have worked."
- Requiring companies that receive federal contracts to pay a living wage substantially boosts support for a candidate.
- Voters respond with tremendous enthusiasm to a candidate who favors allowing employees to earn paid personal or family sick time at their job. Fully 76% would be more likely to vote for this candidate, and this proposal is especially popular with women (including GOP women).

Despite support for specific wage policies, the specific language of *raising workers' wages* proves to be a rather weak theme—just 35% feel it is extremely important (ninth out of 10 goals). So getting the language right is important when talking about wages. Voters are more comfortable with calls for “improving” than “raising” wages, and talking about improving wages in the context of helping families to afford the costs of living is even stronger. For example, 61% say that making sure “people are paid enough to support their families” is a very important goal, compared with 47% for “raising wages and salaries for working people.” This is about working people being able to support their families and having a chance to get ahead, not just making more money.

Raising the minimum wage can be an important issue for mobilizing Democratic base voters. It is a less important issue for swing voters, but can be effective if used in comparative or negative communications. Swing voters clearly prefer a Democrat who favors raising the minimum wage (64%) over an anti-minimum wage Republican (36%). However, just 21% say they are much more likely to support a pro-minimum wage candidate, ranking it 16th out of 17 items tested in terms of appeal as a positive issue. And just 24% of swing voters feel they and their family would benefit personally from a hike in the minimum wage. This suggests the minimum wage issue can help Democrats most with swing voters when employed as a contrast or negative issue.

Learning that a candidate opposes raising the minimum wage is somewhat troubling to voters. However, linking GOP opposition to a minimum wage increase to their support for tax breaks for corporations and the wealthy is a more powerful criticism. And when a candidate opposes hiking the minimum wage despite accepting an increase in their pay as an elected official, it becomes an issue of hypocrisy and is quite troubling to voters.

The minimum wage issue may also help Democrats improve turnout. A 55% majority of battleground voters say their interest in voting would rise if turning out meant they would have the chance to help defeat a candidate who opposes raising the minimum wage. This rises to 63% for voters with incomes under \$50,000, and 74% for Democrats with incomes under \$50,000.

6 A focus on helping the “middle class” can limit the effectiveness of Democratic messaging—in today’s harsh economic reality, many voters no longer identify as middle class.

Democrats often describe their economic agenda in terms of helping “middle-class” Americans. However, current research suggests that the “middle class” label can actually narrow rather than expand our appeal. For example, while 62% give priority to creating “more good jobs,” this number surprisingly shrinks to 54% when we ask about creating “more good, *middle-class* jobs.”

Significantly, just 49% of swing voters feel the phrase “middle class” describes them well today (the lowest identification rate among four categories tested). Only at high income levels do a majority of voters consider themselves “middle class.”

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Candidates can no longer assume that voters will hear promises to help the middle class as addressing their concerns. Instead, voters identify more strongly as “working people” or as members of “working families.”

- Seniors are an exception: they do not consider themselves to be part of the workforce, and so do not identify “working people.” Seniors identify more as middle class or as “average Americans.”

At the same time, a good economy is associated with a strong and growing middle class. Fully 83% of voters agree that “a strong middle class isn’t just the result of a strong economy—it’s the way to build a strong economy.” And by a margin of 16 points, they say that what first made America a great economic success was building a strong middle class rather than a commitment to “free markets.”

7 Democratic turnout targets respond most strongly to messages that focus on Democrats’ concrete efforts to help working people and expand opportunity, by raising wages, improving schools, and creating jobs.

In many cases, economic messages that work with persuadable swing voters also engage Democratic voters who need to be mobilized at election time. However, Democratic GOTV targets are much more focused on pocketbook issues that could make a real difference in their lives. These Democrats want a government that is focused on addressing the challenges they face trying to keep up with the cost of living. The strongest positive response comes in the areas of improving college affordability, setting a minimum tax for millionaires, combatting wage theft, creating jobs, raising the minimum wage, and funding K-12 schools. (See table.)

Proportions of GOTV Targets Who Would Be MUCH More Likely to Vote for a Candidate with This Position

Make college more affordable by expanding aid and reducing interest rates on student loans.	76%
Set a minimum tax rate for millionaires to make sure they do not pay a lower tax rate than the middle class.	74%
Crack down on corporations that cheat workers out of pay for hours they have worked.	71%
Increase funding for infrastructure investments that create jobs, such as roads, bridges, schools, and mass transit.	70%
Raise the minimum wage to \$10.10 per hour and adjust it each year for the cost of living.	69%
Increase funding for public schools so they can reduce class sizes in early grades.	66%

When GOTV targets consider a series of candidate statements on economic issues, the candidates they embrace most strongly are not those employing a populist frame contrasting working people and the wealthy, but rather those who offer concrete remedies for people’s economic challenges:

Hardworking families are struggling, living paycheck to paycheck. While women are important breadwinners, they get paid less than men, making it difficult for today's families to make ends meet. That's why we need pay equity, paid sick time for workers, and expanded access to affordable, quality child care. All families deserve a fair shake and a decent shot to achieve economic security and success. (Strong message for WOMEN.)

My top priority is creating jobs by making vital public investments. We need to modernize our schools. We should upgrade our bridges, roads, and public transportation. And we need to invest in medical research, clean and alternative energy sources, and new technologies. This will create thousands of jobs in our communities. And just as importantly, it strengthens America by building foundations for our economic future and allows us to compete in the global marketplace. (Strong message for MEN.)

8 The outsourcing of jobs is seen as one of the greatest challenges facing our economy, and a key issue for officials to address.

In one of our polls, voters identified American jobs being shipped overseas as the nation's single greatest economic problem (36%), ahead of the budget deficit (30%), health costs (26%), and other concerns. Two of the highest-rated candidate economic positions we have tested are negotiating fair trade deals that protect American jobs (68% much more likely to support) and ending tax breaks that US firms receive when they send jobs overseas (66%). Republicans' defense of tax breaks for companies that ship jobs overseas is consistently one of the strongest attacks we can make on their candidates. And this candidate message focused on outsourcing was very highly rated by swing voters (63% appealing):

I believe the single greatest threat to our economy is American jobs moving overseas. It's time to stop giving tax breaks to corporations that offshore our jobs, and reward companies that create jobs at home. We need to sign fair trade deals that protect the wages and jobs of American workers. And let's close loopholes that let US corporations avoid taxes by hiding their profits offshore.

Voters are also angry about efforts by corporations or wealthy individuals to avoid taxes by hiding their income overseas. There is overwhelming support for legislation that would:

- Close tax loopholes to ensure that American corporations pay as much on foreign profits as they do on profits made in the United States;
- Close loopholes that allow corporations and wealthy individuals to avoid paying US taxes by shifting income to offshore tax havens.

9 Education issues—both K-12 schools and the affordability of higher education—are extremely important for key groups of voters.

Education issues do not generally rank as a top concerns for the majority of voters today. However, they constitute major challenges and priorities for key subgroups

of voters that can be targeted by campaigns. For example, just 24% of all swing voters worry about paying off student loans, but this number skyrockets to 70% for the one-quarter of swing voters who have outstanding student loans. Similarly, one-third of swing voters worry about the cost of college, but this rises to two-thirds if the swing voter is a parent.

Consequently, addressing college affordability and K-12 school quality can be powerful issues if directed to the right audience:

- 65% of parents say they would benefit personally from increasing funding for K-12 public schools (compared with just 24% overall);
- 66% of parents (and 70% of those with student loans) feel they would benefit from laws reducing the cost of going to college and the burden of student debt (compared with 40% overall).

In addition, Democratic base voters see improving our nation's education system as a central priority. Indeed, the candidate statement they found most compelling (66% extremely appealing) focused on education:

The best way to strengthen our economy for the long term is improving our education system and raising the skills of American workers. To succeed in the global economy, we need to modernize our schools, hire excellent teachers, expand access to quality child care and early education, and make the dream of college education affordable for everyone who wants to pursue it.

10 A populist frame helps to overcome voters' concerns about government spending and dependence on government, and can be a strong counter to the conservative attack on "big government."

Swing voters have two related concerns about Democrats that must be anticipated and guarded against: that we support too much government spending and debt, and that we encourage people to become dependent on government. The latter is a particularly important vulnerability to address, as swing voters are more worried about Democrats' encouragement of dependence than they are that Republicans will cut supports that struggling families and seniors depend on. This is the fear Republicans exploit when they employ their "takers vs. makers" message frame: the goal is to convince middle-class and working-class voters that they ultimately have more in common with the wealthy than with the poor, and to portray Democrats as caring only about those at the bottom.

The power of populism for Democrats is that it draws the dividing line at the top instead of the bottom, isolating the wealthy rather than the poor. When a Democrat calls for an economy that works for all of us, not just the wealthy, it signals to voters that this candidate will look out for all working people, and not only the very poor. That is why this populist language gives Democrats their biggest boost with more conservative voters.

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- The language of offering a “helping hand” to families does not resonate with swing voters.
- 78% strongly agree that “No one is guaranteed success in America, but everyone deserves a fair shot to succeed, and today that just isn’t happening for too many Americans.”

Highlighting GOP favoritism toward corporations and the wealthy is also a powerful rejoinder to their attack on Democrats as the party of “big government.” Voters have a bigger concern today than the size of government: by a 24-point margin, they say “politicians looking out for the wealthy and big corporations rather than average people” is a larger obstacle to a strong economy than “government spending and taxing too much.” When attacked as “big spenders,” Democrats can respond that the important question today is not the size of government so much as who government will work for: corporations and the wealthy, or all Americans? What prevents working people from having economic opportunity today is Republican politicians who consistently look out for the wealthy and big corporations instead of average working people.

- 76% of voters completely agree that “we need to make politicians accountable to working people, instead of to lobbyists for corporate special interests.”
- 60% completely agree that “The wealthy, large corporations, and Wall Street have too much political power, which they use to get special tax breaks at the expense of the rest of us.”

Just as voters want an economy that works for everyone, not just the wealthy, so too do they want a government that works for all Americans. One of the highest-rated economic messages we have tested in any research focuses on the idea that politicians have given in to the power of lobbyists for big business and the wealthy by changing the rules to make it easier for companies to lay off workers, raid pension funds, ship jobs overseas, and keep wages low. It concludes with this powerful statement: ***Our government should be rewarding hard work and helping level the playing field, not rigging the system for the powerful. The promise of America is for everyone, not just the wealthy few.***