



To: Progressive Allies
Fr: Richard Kirsch
Re: Talking about the economy in 2018
Dt: 6.21.18

At a time when most mainstream economic indicators are positive, how should progressives talk about the economy? This memo reviews public opinion research and makes recommendations on how we should frame the economy in 2018.

Perceptions of the economy are almost entirely partisan but specific economic concerns are not

Before the 2016 election, Democrats were positive on overall economic performance while Republicans were negative. After President Trump took office, those perceptions flipped. As Pew found in a recent [poll](#) (March 2018):

The overall rise in positive assessments seen over the last year is driven by the shifting views of Republicans and Republican-leaning independents. Nearly three-quarters of Republicans (74%) now view the economy in positive terms. ... In December 2016, shortly after the presidential election, just 14% of Republicans rated the economy as excellent or good.

By contrast, just 37% of Democrats say the economy is in excellent or good shape. This is modestly higher than last fall (when 30% said this), but lower than the 46% who said this in December 2016.

People also report on their personal financial situation as a whole through a partisan lens, as Pew summarized:

Today, 62% of Republicans say their personal financial situation is in excellent or good shape, compared with 44% of Democrats who say the same. GOP views have improved substantially since Donald Trump's election....

Democrats are somewhat less positive about their future personal financial situation than they were during Barack Obama's presidency, while Republicans have become more bullish.

Given a choice between stories about Republican and Democratic stories the economy, in a March poll taken for [Navigator Research](#), voters also made their decisions on partisan lines. However, note that Republicans are somewhat more conflicted than Democrats:

Things are generally going well economically – the national economy is booming, the stock market is hitting record highs, and businesses are creating new jobs all the time.	The economy may be growing but wealthy people at the top are getting all the benefit, while the middle class and working people are falling further behind.
66% of Republicans	88% Democrats; 61% independents

Note: The independents in this survey had a 58% job disapproval rating of Trump, so their response is in line with their partisan views.

But economic pressures weigh heavily on people regardless of partisanship

In the Pew poll, when people are asked what “affects their household’s personal financial situation a lot”, the partisan differences largely disappear. **Moreover, among all voters, issues of day to day affordability are much more important than the federal budget deficit or the stock market.**‘

The Navigator Research poll found that Democrats and Republicans are both highly worried about maintaining their standard of living, paying off debts and paying medical bills, while Democrats also worry about housing costs.

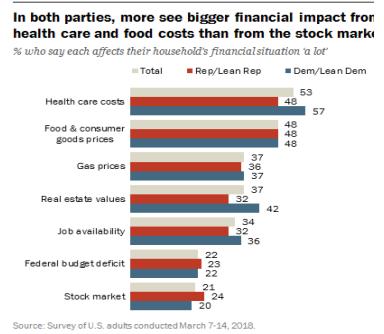
When thinking about the future, saving for retirement, health care costs and having enough money to improve your quality of living are top concerns across party affiliation.

Other recent research found that:

- 70 % of voters report having a serious issue with at least one of these economic challenges (job with good wages the highest; also health care; food; credit card bills ; utilities) including 61 % of Trump voters.
 - Among 12 answers about what was “holding the economy back,” the number one response – by a wide margin – was “wages have not kept up with rising costs.”
 - In another poll, measuring agreement about statements about the economy, virtually everyone (86%) agreed that “health care costs are out of control” and 64% agreed that “my wages aren’t keeping up with the rising cost of living.”
 - In an April poll in which White working class women had a 14 point preference for the GOP generic candidate for Congress, this key constituency agreed by 14 points that “the economy isn’t very strong for families like mine because our salaries and incomes can’t keep up with the cost of living,” vs. “the economy is strong and families like mine are beginning to be more financially secure.”
- **Key lesson:** *Elite perceptions of the economy as doing well are out of touch with the daily reality of most Americans, who continue to feel economically insecure and pressured by incomes that do not support their regular financial needs today or in the future. What we might call the middle-class worry more about the future (college; retirement; maintaining their standard of living); people with less income worry more about making ends meet. But almost everyone worries.*
- ✓ Campaigns or messages that include positive economic indicators will fall flat at best and are likely to alienate voters who can be reached by progressives, demonstrating that the messenger is out of touch.

With the public, Democrats start behind on the economy and jobs but have a winning story

Polling consistently shows that Democrats have significant advantages among voters on many economic issues and frames: health care; education; protecting Medicaid, Medicare and Social Security; being on the side of working families and of the middle class.



But Republicans have a small advantage on the economy and jobs, an advantage they've held for years. Even among reliably Democratic constituencies, Democrats usually have only a small advantage on which party is better for the economy (other than Blacks where the Democratic advantage is reliably substantial).

The Republican/conservative advantage is because they have a widely-understood story about where jobs and economic prosperity come from: free markets, limited government and taxes, businesses as the job creators. Republicans will build on that story in the 2018 Congressional elections, aggressively campaigning on the new tax law as being key to driving economic growth, raising wages and creating jobs. Research shows that a slight majority of the public believes these claims about the tax law are true, including 47% of millennials and 55% of White non-college educated women.

A successful progressive story about the economy in 2018 has several key elements:

- ✓ *Raising wages* – to boost economic growth.
- ✓ *Making the wealthy and corporations pay their fair share of taxes* – which is seen as better for economic growth than tax cuts for the wealthy and corporations.
- ✓ *Protecting valued social programs* – which are threatened by tax cut driven deficits.
- ✓ *Investing in the future* – using tax revenues to invest in education and infrastructure.

Raising wages: As the data above indicates, raising wages to keep up with the cost of living and maintain and improve the standard of living is a top priority for most people. This is more than an issue of what people need to support their families. Voters also see raising wages as boosting the economy.

Public opinion research on raising the minimum wage and on broader economic messages show that voters strongly agree with a statement like the following, which was at the center of the most favorably received message among several in response to the core conservative story about the economy: “When more Americans have more money to spend, it strengthens our economy by producing strong levels of demand for goods and services. When people have the money to buy more groceries, cars, computers, housing and such, businesses that sell goods and services produce more, and hire more workers.”

- *The idea that raising wages to boost consumer spending drives economic growth is as much a part of cultural common sense as is that businesses are the job creators.*

Making the tax system more fair boosts the economy and creates jobs: Almost all voters (81%), including Republicans (74%), believe that “Making sure corporations and the wealthiest Americans pay their fair share in taxes will help grow the economy and create jobs.” But voters are much more divided on whether “lowering taxes on corporations will grow the economy” (50% agree). At the same time, voters are very skeptical – only 28% agree. – that “Lowering taxes on the highest-earning Americans will help grow the economy.”

Protecting valued social programs, threatened by deficits: We know that voters highly value programs like Medicare, Medicaid, Social Security and public education and strongly oppose cutting them. But their concern about the *economic* impact of cuts to these programs is driven by the deficit, as the following split sample shows:

<u>Democratic Statement</u>	<u>Republican Statement</u>
57%: The law will weaken our economy by <i>increasing the national debt</i> , which will force deep cuts to Medicare, Medicaid, Social Security, and education.	43%: Tax reform is growing the economy by putting more money in people's pockets and creating a level playing field for American business.
50%: The law will weaken our economy by forcing deep cuts to Medicare, Medicaid, Social Security, and education.	50%: Tax reform is growing the economy by putting more money in people's pockets and creating a level playing field for American business.

Investing in the future: As voters worry about economic security, they see the value of government policy that invests in the future. In several recent polls, the strongest message against the new tax law combines concerns about its fairness with an economic story about investment. Here is an example of that strong message as it compared with one test to the conservative narrative on taxes and the economy.

40%: Republicans say: Our tax reform law means that Americans will have a simpler, fairer tax code that lets them keep more of their hard-earned money. A typical family of four saves \$2,059 a year. The law doubles the standard tax deduction and the child tax credit, and simplifies your taxes. This reform lets job creators and workers compete and win, which will create hundreds of thousands of new American jobs. Republicans kept their promise, and now middle-class families are seeing higher wages and bigger paychecks.	60%: Democrats say: We will pay a price for these huge tax breaks to corporations and wealthy campaign donors. Republicans are already proposing cuts to Medicare, Medicaid, Social Security, and education. Instead, we should make sure the rich and corporations pay their fair share of taxes, so we can protect these priorities. And we should invest in our communities to have better schools, fix roads, bridges, and transit systems, make healthcare more affordable, and provide a secure retirement with dignity.
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Putting this all together: Stepping away from research specifically on the tax law and the economy, we can see other examples of how a story about wages, tax fairness and investment is a powerful progressive economic message. Here a progressive narrative beats the conservative story, with virtually all demographics, including White men:

64% – A strong middle class drives American economic growth. We need to focus our economic policies on making sure the middle class succeeds, which means improving incomes, ensuring access to affordable education, reducing middle class taxes, and making the wealthy pay their fair share.	36% – Job creation drives economic growth. We need to focus our economic policies on making sure that the people who create jobs can succeed, which means cutting taxes on businesses and entrepreneurs while reducing regulations that stand in the way of building strong companies with good-paying jobs.
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The following is an amalgamation of two messages – from another survey – each of which did much better than Republican messages about lowering taxes on businesses to enable them create jobs and put more money in Americans' pockets:

The best way to support America's middle class is to raise people's incomes, create good-paying jobs, and reduce families' expenses for essentials such as child care, education, and health care. We should strengthen and grow the middle class, not help the rich get richer.

- **Key Lesson:** Democrats can win the economic debate in 2018 by telling a story about raising wages so that families can support themselves today and thrive in the future; and raising taxes on the wealthy and big corporations to invest in education and infrastructure; while protecting Medicare, Medicaid and Social Security and lowering health care costs.

Three other key message points on the economy

“Working families and the middle-class.” One unfortunate “debate” among pollsters is whether messages should use “working families” or “the middle class”. It’s a false choice: there is substantial evidence that both are effective. **We should use both in describing the people we stand for.** By using both, more people see themselves in our story. Two examples:

- Trump and the Republicans in Congress pretend to be on the side of *working people and the middle class*, but they are slashing Medicaid, Medicare and education to give tax breaks to billionaires and CEOs.
- We should make improving the incomes of *working families and the middle-class* our first priority.

“An economy that works for all of us, not just the wealthy few.” This sentence remains a powerful frame that expresses what people hope for and also indicates we understand what’s wrong and who’s side we are on. Its story can be used in multiple versions:¹

- An America/country that works for all of us, not just billionaires and CEOs.
- An economy and democracy that work for all of us, not just the super-rich.

However, while this is a powerful frame for the story, it’s just the beginning; our [full narrative](#) describes what’s wrong, whose responsible and what we can do about it.

Thriving families and communities. A growing body of research emphasizes that the importance of being aspirational, not relentlessly negative. Research also shows that thriving families and thriving communities captures public aspirations for themselves and their hopes for the country. So we can say:

- An America/state that works for all of us, not just the wealthy few. Where all our families and communities can thrive.
- We will raise wages and invest in public education so our families and communities thrive.

¹ I strongly recommend **against** using the phrase “not just **the top**.” As Anat Shenker-Osorio has pointed out, “the top” is honorific; we celebrate those at the top. We do better when clarify who we mean, particularly given the very widely held beliefs that the wealthy and big corporations are profiting unfairly at our expense.

What we don't know: how best to talk about *inclusive* economics

Our goal in communicating around the economy is to create a new cultural common sense about how the economy works, based on our core values and beliefs. We need to go beyond breaking the power of trickle-down, which – even as the term has been discredited – is still the dominant way of people thinking: businesses are the job creators, so government intrusion in business behavior, even when the goals are to benefit people and communities, may backfire and cost us jobs and prosperity.

We need to replace trickle-down with ***inclusive economics***, the belief that the more we fully include people in society, the better we all do and the nation does. This is our core economic theory: – that the more people have good jobs, a quality education, affordable health coverage, retirement security, the more we drive economic growth and create broad-based prosperity.²

- Importantly, inclusive economics is a values and theoretical bridge between “class” and “race.” When everyone does well, we all do better. When we leave people out, it hurts everyone.

We can think about inclusive economics as having two frames:

- *Inclusive*: The more people we fully include in the economy, the better we all do and the nation does.
- *Middle-class*: We should make improving the incomes of working families and the middle-class our first priority—a strong middle class is the way to build a strong economy.

I've written a short memo, [How to Talk About Inclusive Economics](#), which explains the concepts and suggests language to communicate the ideas. That memo draws on the public opinion research on how to communicate the “middle-class” concept, which I've reviewed above in the recommendations for 2018 economic narrative.

However, I am not aware of public opinion research on how to best communicate the idea of inclusivity as an economic driver (as opposed to inclusivity as advancing the values of equity and opposing discrimination.) And as a result, we don't have research on how to combine the inclusive and middle-class frames in a simple, economic narrative.

- **Key Lesson:** *It would highly valuable to do research on how to best communicate fully the idea of inclusive economics, combining both frames as this is the underlying progressive theory of how we grow the economy and create broadly based prosperity.*

² As Roosevelt Institute Fellow Todd Tucker wrote in the spring issue of *Democracy Journal*, “Indeed, a growing body of research shows that pursuing growth without equity is bad for both.”