

August 13, 2008

## Desire for Change Opens Door For Bold Policies

Voters see parallels to 1930's, want FDR-style revival of the middle class

**To:** Interested Parties

**From:** Stanley Greenberg and Andrew Baumann

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Dissatisfaction with the direction of the country is at historic levels, leaving the public desperate for a fundamental change of direction. Voters believe that America could be on the verge of a new chapter in our nation's history. When asked to compare the current times, and the types of solutions needed to deal with their problems, to three other difficult eras – the 1930s of Roosevelt, the late 1970s and early 1980s when Reagan was elected, and the early 1990s of Bill Clinton) – voters' preferences are striking. By significant margins voters believe Roosevelt's times and solutions are more analogous to ours than Reagan's but that Reagan's are closer to ours than Clinton's. These feelings center largely around a desire to restore an American middle class that has declined steadily in recent decades.

As a result, voters are open to bold policy prescriptions to restore the middle class, particularly a commitment to invest in quality middle class jobs. They rate a set of bold policy alternatives nearly as highly as the actual proposals Barack Obama has advanced during the current campaign, and both sets of proposals prove equally effective in the vote against McCain. There is strong support for a New Deal-style investment in infrastructure, energy and technology designed to create millions of quality middle class jobs and reinvigorate the economy. Moreover, the bold policies nearly universally rate higher than proposals offered by John McCain. Voters do believe that deficits are part of the problem, and they want spending restraint and reform of government, but progressives should be leading the charge for bold reform in any case, as voters are open to a range of progressive ideas for change.<sup>1</sup>

### Country Desperate For Major Change

The depth of unhappiness with the country's direction has reached nearly unprecedented levels. A stunning 82 percent believe the country is headed on the wrong track, but more striking is that 69 percent think it is on the wrong track *and* faces major, not modest problems.

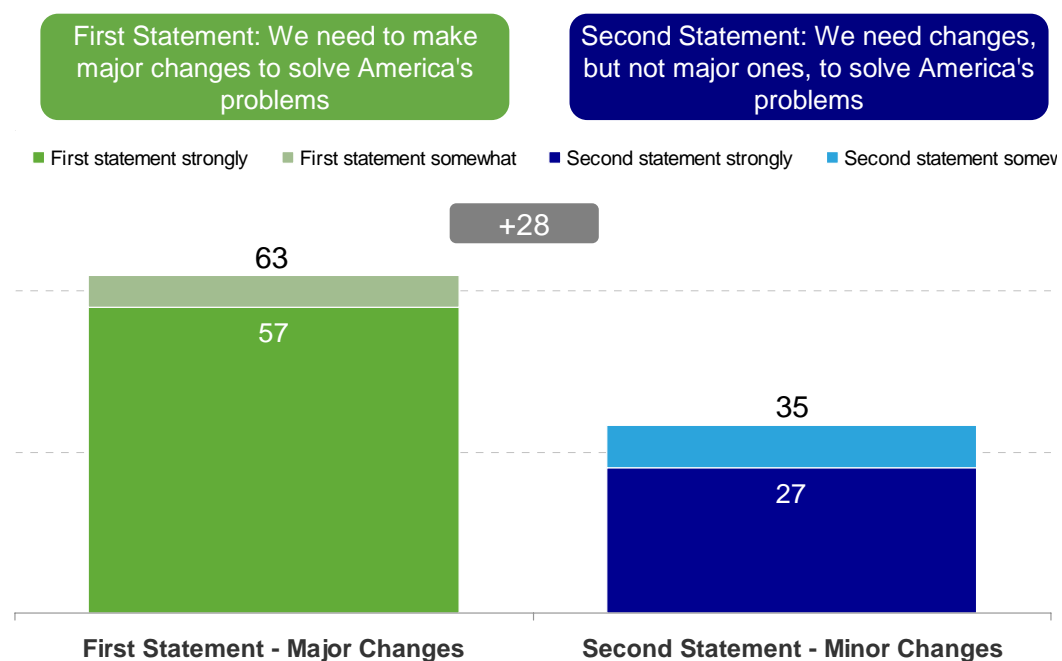
Voters see this change on an historic scale. Nearly six-in-ten say that the next few years will represent a new period in our nation's history, while just a third believe the coming years will be a continuation of our recent past. This belief that the country is undergoing fundamental change combines with the depth of pessimism voters currently feel about the direction of the nation to create an opening for candidates who can offer major changes and a bold new direction for the

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<sup>1</sup> This memo is based on a national survey of 806 likely voters conducted June 17-26, 2008.

country. Just 35 percent of voters say we can solve America's problems with minor changes, while nearly two-thirds believe it will take "major changes" to bring about solutions.

### Voters say major changes needed to solve problems...



But while voters are clear in their desire for major change, they are not at all sure the two major party candidates will be able to achieve that goal. Less than half (just 44 percent) say that the two candidates are offering solutions that will begin to solve America's problems, while a similar number, 42 percent, say that the two candidates' solutions will fall short of solving our problems. Voters' skepticism that bold change will happen may be rooted in judgments about the actual proposals, but also in skepticism that candidates will keep their promises or that the political process will allow changes to happen.

Democrats are far more satisfied with the solutions being offered by the candidates (probably Obama in this case), with 52 percent agreeing that the candidates are offering real solutions. Meanwhile, just 39 percent of both independents and Republicans agree to that statement. It appears that Democrats are more optimistic than Republicans about their candidate's proposals and prospect for change, while independents are skeptical about both.

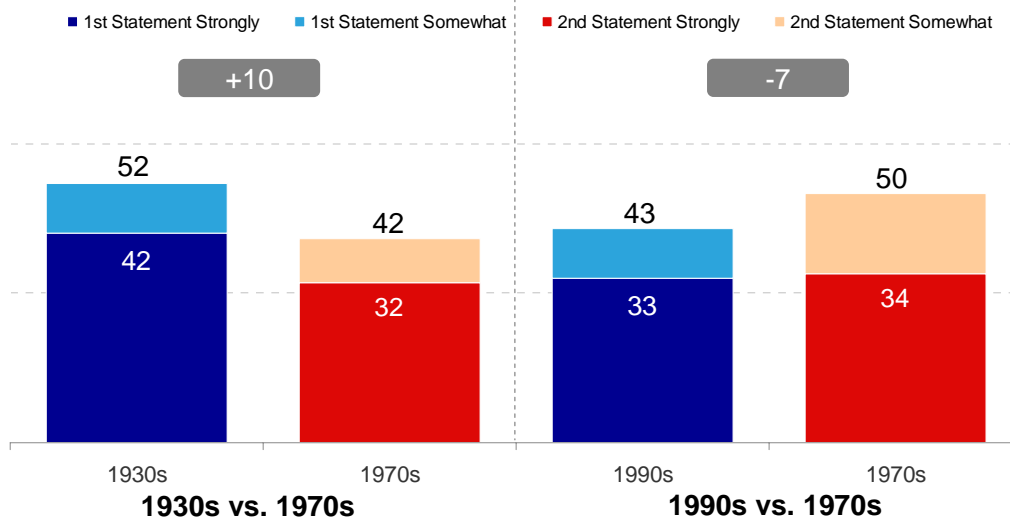
### Historical Comparisons Reveal Depth of Concern About Declining Middle Class

Voters see the current times as similar to the 1930s, with an economy laid flat with rising inequality and stagnant wages, and they demand solutions like those Franklin Roosevelt implemented to bring us out of the Great Depression. When asked to compare the current times, and the types of solutions needed to deal with their problems, to three other difficult eras – the 1930s of Roosevelt, the late 1970s and early 1980s when Reagan was elected, and the early 1990s of Bill Clinton (see text box below for full wording of historical comparisons) –

voters' preferences are clear and striking. By 10 points – 52 to 42 percent – voters believe Roosevelt's times are more analogous to ours than Reagan's. The comparison with Clinton's time, however, trails the Reagan analogy by a margin of 43 to 50. This difference is even more pronounced among independents, who choose the FDR comparison over the Reagan comparison by 15 points, but choose the Reagan comparison over the Clinton comparison by 10 points.

### Voters see times as more analogous to 1930s than 1970s or 1990s

Now I'm going to read you a pair of statements about the current times. Please tell me whether the FIRST statement or the SECOND statement comes closer to your own views, even if neither is exactly right.



It is hard to overstate the importance of this finding. The 1930s, of course, were one of the most trying times in our nation's history. That voters see the current situation as most analogous to that era speaks to how fundamentally pessimistic they are about our times. It also speaks to the kind of solutions voters believe are necessary to deal with our problems.

- 1930s:** Our current situation most closely resembles the early 1930s with our economy laid flat by speculative excesses on Wall Street and by rising inequality and stagnant wages. Like Franklin Roosevelt did, we must restore middle class prosperity by investing in hometowns and regions throughout the country and by curbing the power of big business special interests.
- 1990s:** Our current situation most closely resembles that of the early 1990s with a stagnant economy suffering from irresponsible management, huge deficits and economic inequality. Like Clinton did when he was elected, we must regain our prosperity by restoring fiscal discipline, making millionaires pay their fair share and giving working Americans real tax relief.
- 1970s:** Our current situation most closely resembles that of the late 1970s with rising oil and food prices and our country being challenged by enemies abroad. Like Ronald Reagan did when he was elected in 1980, we must restore our prosperity and position of strength in the world by cutting taxes, reducing regulation, and increasing military spending.

The element of the FDR comparison that particularly resonates with voters is the need to “restore the middle class.” A remarkable 82 percent find truth (nearly half finding a great deal of truth) in the idea that America’s greatness is waning because of the decline in the middle class and that a “dramatic change” in our economic policies is required to reverse the situation (see text box below for the full wording). Moreover, 85 percent find truth (43 percent a great deal of truth) in the idea that the decline of the middle class is “reducing our standing in the world [and] leaving our way of life under assault.” By comparison, 66 percent of voters find truth (27 percent a great deal) in a statement that encapsulates Reagan’s vision of using American power to promote freedom and liberty. While this is not an insignificant response, the Reagan vision clearly does not have the power of the statements that center on the need to restore our declining middle class.

- **Restore the Middle Class:** *America's greatest leaders, like Jefferson, Lincoln, and FDR, recognized that our greatness is built on a vibrant and growing middle class. That's why they invested in programs that allowed the middle class to thrive. But now our middle class is being squeezed by stagnant wages and rising costs while all of the gains in our economy go only to the wealthiest among us. If we don't want to see the American middle class disappear we need to dramatically change our country's economic policies.*
- **Declining Middle Class Undermining Global Standing:** *The development of an educated and affluent middle class is America's greatest achievement because it is the foundation of our democracy and our source of power and strength in the world. But we are now at a global crossroads. Our failure to invest in our economy, our dependence on imported energy, and the outsourcing of middle class jobs have undermined our economic strength and reduced our standing in the world, leaving our way of life under assault.*
- **Reagan Vision:** *Ronald Reagan demonstrated that prosperity is best achieved when government is kept small and taxes low. And he showed us that America, and the world, are strongest when we use our power exceptionally to promote freedom and liberty abroad in the face of totalitarian enemies. With our prosperity and confidence now threatened again by a broken government at home and Islamic extremists abroad, we would be wise to look to Reagan's vision for guidance.*

Taken together, these results point to a clear conclusion: voters’ concerns about the decline of the middle class (and its effect on our global standing) are extremely deep, and lead to the belief that the problems we now face are similar in scope and magnitude to some of the most troubled times in our nation’s history. As a result, the public is not only open to dramatic and bold changes in our economic policies, they crave them. Specifically, there is reason to believe the electorate would strongly support direct investment that will bring quality jobs and help reverse the slide of the middle class especially when this is coupled with an attempt to end our dependence on foreign oil.

### “Bold” Proposals Electorally Effective

A direct test of this idea confirms that bold proposals can be effective in the context of the 2008 elections. Voters react quite positively to proposals Barack Obama has made on issues such

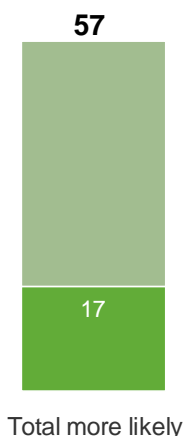
as the economy, taxes, special interests, health care, energy and foreign policy. But they score bolder proposals on the same issues nearly as highly or much higher than the policies John McCain has offered. Some of the strongest proposals lead over 60 percent of voters to be more likely to support Obama and, for some, 40 percent much more likely. Most score 10 to 20 points stronger than the McCain proposals.<sup>2</sup>

## The economy

### Bold Obama economic policy

We need a New Deal style investment to ensure the long-term growth of our economy, create quality jobs, rebuild our infrastructure, and recapture our nation's technological lead. My plan will generate at least ten million good jobs in the next four years by investing in industries like clean energy, modernizing our transportation system, and building new community healthcare, education and technical training centers.

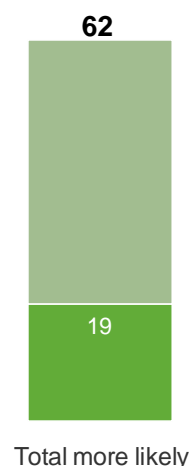
■ Much more likely  
■ Total more likely



### Conventional Obama economic policy

While Washington gives billions to big oil and tax breaks to companies that send jobs overseas, the middle class is struggling to stay afloat. I will end the tax breaks for companies that outsource jobs and instead give them to businesses that create jobs at home. I will eliminate the tax breaks for big oil and instead develop new energy sources and invest in education to develop the jobs of tomorrow.

■ Much more likely  
■ Total more likely



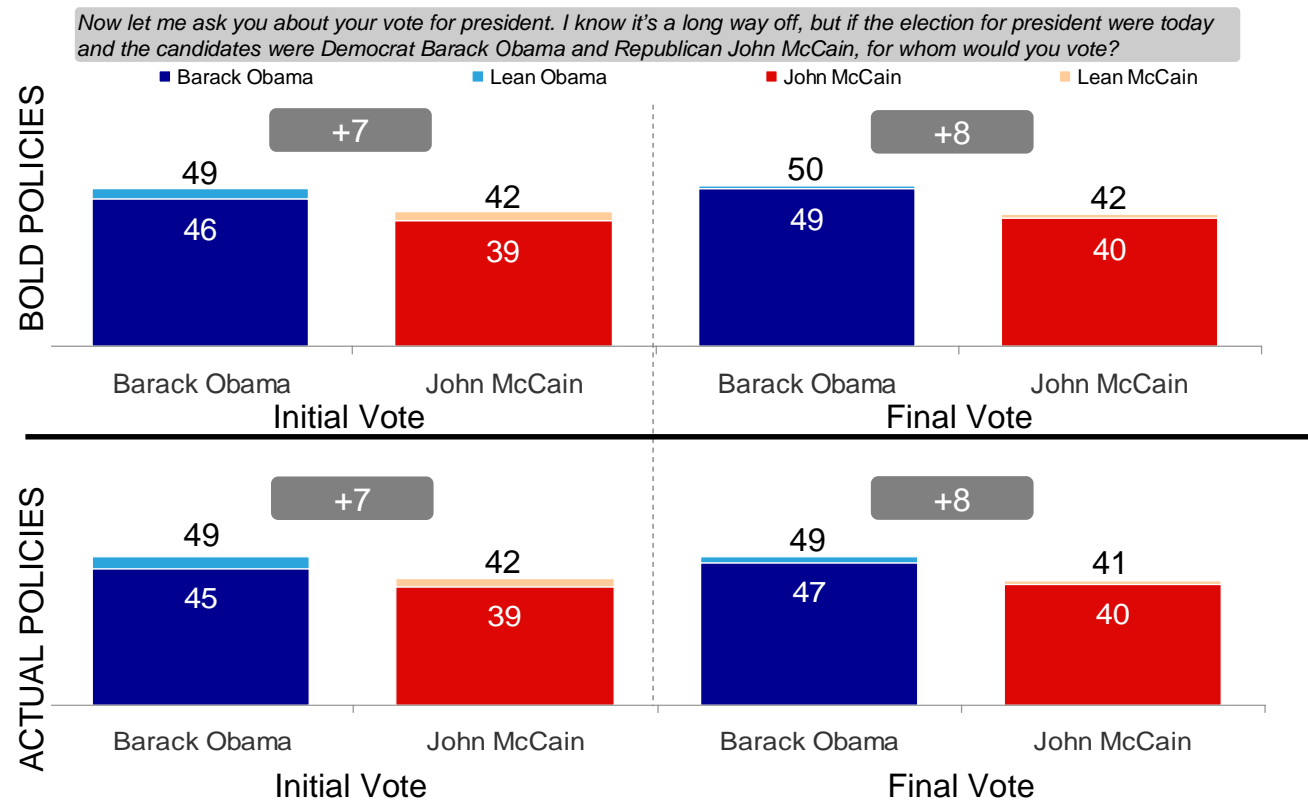
Moreover, the bold set of policies held up just as well in a simulated exchange, with both sets of policies allowing Obama to maintain his lead in a race with McCain.<sup>3</sup> The bold policies, however, actually allow Obama to gain ground (a net of 4 points) among those who say we need major changes to solve America's problems. So it appears that these bold policies do a somewhat better job of rallying the majority of voters who are dissatisfied with the status quo.

This exercise underscores that Obama can take a path to winning this election that offers bold policies or one reflecting his current proposals. The bold path is not evidently riskier.

<sup>2</sup> See the appendix for a list of these proposal and their scores.

<sup>3</sup> To test the impact of a suite of "bold" policy proposals, we split the survey into two halves. Both halves heard a battery of proposals from John McCain on government and special interests, health care, taxes, energy, the economy, and foreign policy. One half (the "actual" half) heard a similar battery of messages from Barack Obama based on his actual proposals. The other half heard a battery of "bold" proposals that Obama might offer instead of his conventional messages. We re-asked the vote twice, once after the battery of domestic policies and then again after the foreign policy proposals.

## Obama maintains lead with either bold or actual policies



Given voters' strong interest in restoring the middle class, it is not surprising that the strongest policies are those that mention direct investment to create jobs, particularly in the form of investment in alternative energy sources and infrastructure. An investment in quality middle class jobs is an idea that clearly resonates with voters, and linking it to the development of alternative domestic energy sources only increases its potency.

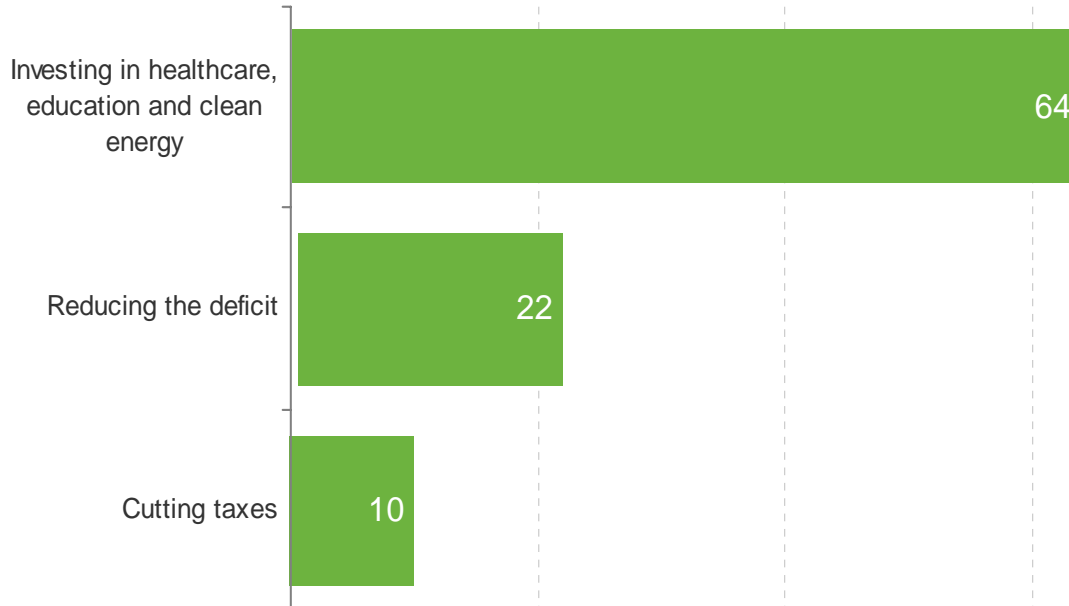
### Iraq Priorities Approach Could Strengthen Investment Message

Our past research has shown that some of Democrats' strongest messaging on both Iraq and the economy revolves around priorities – the hundreds of billions of dollars being spent in Iraq could be put to much better use investing in our economy at home, even as we make better choices about our national security. This survey emphatically confirms those results.

Not surprisingly, the public has very little understanding of how much the United States spends on defense. Most of the electorate does not know how much the country spends on the military, but when told that the U.S. will spend \$700 billion this year, 53 percent of voters think this amount is too high (compared with 11 percent who say it is too low). More important, 64 percent of those voters think we should use that money to invest in healthcare, education and clean energy rather than reduce the deficit or cut taxes.

## Those who seek cuts in military spending prefer investment

*Which of the following would be the best way to use the money saved by cutting military spending - Cutting taxes, reducing the budget deficit, or investing in healthcare, education and clean energy?*

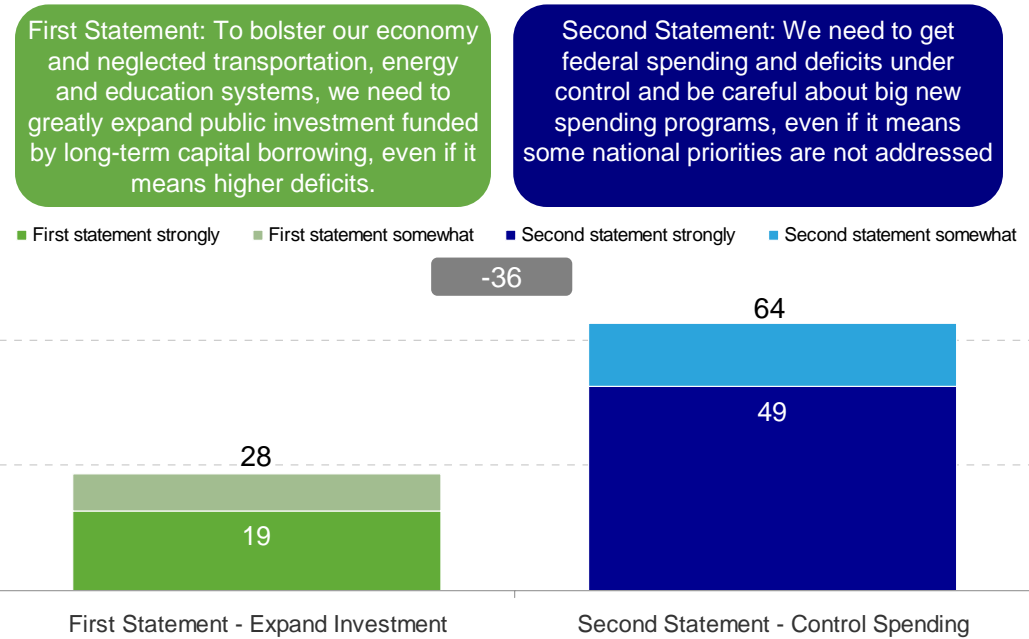


Obama could shape the choice of this election with a bold message about ending the costly war in Iraq and using those resources to invest in the technologies and industries across America that will create quality jobs and restore the American middle class that has made America strong.

### Voters Also Want Bold Changes in Government: Spending and Accountability

While voters are intent on direct investment that revives the middle class, Democrats' ability to make this case is constrained by worries about overspending and deficits – by a 64 to 28 percent margin, voters say reigning in spending is more important than investing in national priorities. Among independents this margin is even more pronounced.

### Worries about spending must be addressed



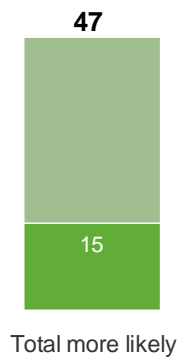
These results underscore the need for progressives to be as bold about changing government as they are about bringing other kinds of change, including greater investment. Any set of bold policies must be equally serious about proposals for reform and accountability. Indeed, strong reform proposals were part of both the bold and conventional message suites that helped Obama maintain his lead over McCain in this survey.

### Government and special interests reform

#### Bold Obama reform policy

I will enact bold ethics reforms to make sure that our government once again is accountable to its citizens. By downsizing Washington and involving the people I will eliminate earmarks and pork spending. By enacting public financing of campaigns I will sever the hold special interests have over our candidates and by shutting the revolving door in Congress I will reign in the power of DC lobbyists

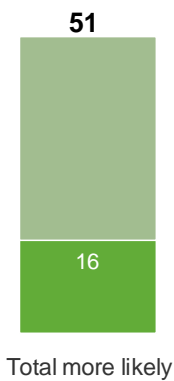
■ Much more likely  
■ Total more likely



#### Conventional Obama reform policy

For too long, Washington has been a place where good ideas go to die because of the corrupting influence of lobbyists. As president I will end the lobbyists' stranglehold by closing the revolving door between government and K-Street and banning all gifts from lobbyists. And I will shine a light on special interests by requiring Congress to make all of their earmarks and corporate tax breaks public.

■ Much more likely  
■ Total more likely



In prior research<sup>4</sup> we have seen that Democratic economic arguments that lack an accountability and reform component have difficulty dominating Republican arguments that do, even though voters generally have a strong preference for Democrats on the economy. It is vital that Democrats let voters know that they will rein in special interests and special interest spending. They might do this via proposals such as public financing of campaigns, tighter restrictions on lobbyists, or increased transparency in federal spending – all of which tested well in this survey. However this is accomplished, a strong reform element must be included for any Democratic economic message to get a full hearing. This research shows, however, that once this bar is cleared the country is open to a bold policy of direct investment to revive the middle class. Voters see the current times as most similar to the era of the Great Depression, and they demand solutions similar in scale to those Franklin Roosevelt implemented to deal with that great challenge. Barack Obama and other Democrats have little to lose by offering the bold prescriptions for change that the voters so clearly want.

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<sup>4</sup> GQR national survey of 1004 likely voters conducted for Democracy Corps July 21-24, 2008.

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## Appendix A: Bold Obama Policy Proposals

**Special Interests and Reform:** I will enact bold ethics reforms to make sure that our government once again is accountable to its citizens. By downsizing Washington and involving the people I will eliminate earmarks and pork spending. By enacting public financing of campaigns I will sever the hold special interests have over our candidates and by shutting the revolving door in Congress I will reign in the power of DC lobbyists

**Health Care:** I will make sure every American has access to affordable health care by creating a public health care system, based on the successful V.A. model, to compete with and complement the existing private system. New community health centers will provide affordable primary care for all, while regional public hospitals would handle more specialized treatment and procedures.

**Tax Reform:** We need to completely overhaul the tax system and replace it with a system that is simple, fair and provides the resources we need to meet our nation's serious challenges. I will eliminate the loopholes that the wealthy and corporations use to avoid paying their fair share and I will make sure that wages are not taxed at a higher rate than income earned from interest and capital gains.

**Energy:** If we hope to take control of our own foreign policy and deal with the threat of global warming we must make a real commitment to energy independence. By investing in an alternative energy infrastructure, taking concrete steps to reduce carbon emissions and requiring that 25 percent of our electricity come from renewable sources I will cut our oil use by 35 percent and create millions of quality jobs.

**Economy:** We need a New Deal style investment to ensure the long-term growth of our economy, create quality jobs, rebuild our infrastructure, and recapture our nation's technological lead. My plan will generate at least ten million good jobs in the next four years by investing in industries like clean energy, modernizing our transportation system, and building new community healthcare, education and technical training centers.

**Foreign Policy:** We need to radically change the way we think about protecting America's security. Our way of life is threatened more by rising oil prices and the growing economic power of countries like China and India than it is by fringe extremists in faraway nations. We can protect our homeland without the occupation of Muslim countries that has made us less secure while costing us massive resources. We need a new foreign policy that shifts billions of dollars back home for investment in our future while making the world economy safer for the American middle class way of life and creating a clean energy future that ends our reliance on the Middle East and an unstable world oil market.

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## Appendix B: Actual Obama Policy Proposals

**Special Interests and Reform:** For too long, Washington has been a place where good ideas go to die because of the corrupting influence of lobbyists. As president I will end the lobbyists' stranglehold by closing the revolving door between government and K-Street and banning all gifts from lobbyists. And I will shine a light on special interests by requiring Congress to make all of their earmarks and corporate tax breaks public.

**Health Care:** I will reform our healthcare system to guarantee that every American has affordable health insurance. My plan will lower costs throughout the system, saving the typical family 2,500 dollars a year, and allow people to choose between their current coverage or several private and public options. And under my plan you can never be denied coverage because of age or pre-existing condition.

**Tax Reform:** I will provide real tax relief for the middle class by cutting taxes for 150 million Americans. My plan rewards work by creating a thousand-dollar tax credit for working families, reduces the burden on struggling homeowners and eliminates income taxes on middle-class seniors. I'll pay for my plan by eliminating Bush's tax cuts for the wealthy and closing loopholes that allow big corporations to avoid paying their fair share.

**Energy:** If we hope to take control of our own foreign policy and deal with the threat of global warming we must make a real commitment to energy independence. By investing in an alternative energy infrastructure, implementing a cap and trade system to reduce carbon emissions and requiring that 25 percent of our electricity come from renewable sources I will cut our oil use by 35 percent and create millions of quality jobs.

**Economy:** While Washington gives billions to big oil and tax breaks to companies that send jobs overseas, the middle class is struggling to stay afloat. I will end the tax breaks for companies that outsource jobs and instead give them to businesses that create jobs at home. I will eliminate the tax breaks for big oil and instead develop new energy sources and invest in education to develop the jobs of tomorrow.

**Foreign Policy:** We cannot afford more of the reckless, extreme national security policies of the Bush years that lost us billions of dollars and thousands of lives in Iraq while making us less safe. As president, I will strengthen America's security by responsibly bringing home our troops from Iraq and redirecting our focus to deal with real threat of al Qaeda and making sure we do what we need to win in Afghanistan. I will be willing to meet with leaders of all nations, friend or foe, so we can end a period of American arrogance and revive tough diplomacy to solve problems. And I will pursue a new alternative energy policy to reduce our dependence on oil from dangerous regimes.

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## Appendix C: McCain's Policy Proposals

**Special Interests and Reform:** The taxes contributed by hardworking Americans should be used wisely and prudently on legitimate national priorities, not squandered on wasteful pet projects and special interest earmarks. I will reform Washington by ending earmarks and pork barrel spending so we can end the practice of deficit spending that robs the American people of their right to responsible government.

**Health Care:** I will completely reform our health care system to enhance quality and control costs by promoting competition and giving patients more power to make their own choices. I will reform the tax code to eliminate the bias toward employer-sponsored care and provide all families a 5000 dollar credit and health savings accounts so they can purchase private insurance and lower their costs in the private market.

**Tax Reform:** To stop our economy from heading into a recession we must lower taxes for all Americans. I will eliminate the Alternative Minimum Tax that is set to hit 25 million middle class families, make President Bush's pro-growth tax cuts permanent and reduce our corporate tax rate so that our businesses are competitive in the world market. And I will require a three-fifths vote in Congress to raise taxes.

**Energy:** Our national security depends on our energy security, that is why I have offered a common sense approach that reduces our dependence on foreign sources of energy and limits our carbon emissions by harnessing market forces that will bring advanced technologies such as alternative and nuclear energy to the market faster, promoting conservation and increasing domestic oil production..

**Economy:** If we want to get our economy back on track we need to eliminate wasteful government spending to get our budget under control. As president, I will reduce the size of government, get spending under control, end pork barrel spending and enact a pro-growth tax policy that reduces taxes for the middle class and entrepreneurs who are the engine of our economy.

**Foreign Policy:** The global war on terrorism, threats from rogue states like Iran, and the rise of potential strategic competitors like China mean that we must maintain our position of unrivaled military strength. As president I will expand the size of our military, modernize our armed forces and place more emphasis on counter-terrorism. I will do whatever is necessary to win in Iraq and prevent a victory for our Islamic extremist enemies. Along with our allies, I will create a League of Democracies to advance our values and defend our shared interests. And because we cannot achieve true security as long as we rely on Middle Eastern sheiks, I will work to make us truly energy independent in our time.

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**Appendix D: Comparison of Policy Proposals**

Policy	Bold Obama		Actual Obama		McCain	
	Much More Likely	Much/ Somewhat More Likely	Much More Likely	Much/ Somewhat More Likely	Much More Likely	Much/ Somewhat More Likely
<b>Government Reform</b>	32	47	35	51	26	47
<b>Healthcare</b>	34	52	37	53	20	37
<b>Taxes</b>	38	63	37	56	25	42
<b>Energy</b>	43	63	40	54	23	45
<b>Economy</b>	40	57	43	62	30	51
<b>Foreign Policy</b>	36	54	38	60	22	38