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To: Friends of the Roosevelt Institute and Democracy Corps

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Winning the battle of economic ideas in 2016

The Reagan Era produced a Republican Party trusted on the economy and left conservatives hegemonic on economic ideas and policy – small government, top-rate tax cuts, and deregulation to power growth. Even after trickle-down policies nearly destroyed the economy, this conservative hegemony was left unchallenged by President Obama who made the recovery his main economic project. Indeed, Mitt Romney was more trusted on the economy than Obama in 2012, and even now, the parties stand at parity at best.

But Democracy Corps' new survey on behalf of the Roosevelt Institute reflects a unique moment and opportunity for progressives.¹ Voters now embrace a "*Level the Playing Field*" economic framework and a "*Rewriting the Rules*" policy agenda that allows progressives to dominate in their analysis of what is the problem, what is the cure, and whom to trust on the economy. That would be a sea change. Furthermore, the path is open whether conservative economics continues to be shaped by Reagan's ideas or by more economic nationalist ones.

In an experimental design, this survey contrasted two progressive economic approaches: one "*Level the Playing Field*" and the other, "*Ladders of Opportunity*." The former is more impactful and engaging and produces a greater advantage on the economy. That strong advantage is not the product of policy differences, however. The frameworks overlap in their policy offerings, and the policies highlighted in each framework are valued across the public.

Why is a "*Level the Playing Field*" approach a more successful and motivating economic framework? The answer lies in the depth of the economic critique, the demand for political reform, and the additional commitment to adjusting some of the most fundamental economic levers at our disposal: corporate governance, financial reform, taxation, trade and government investment.

A "*Level the Playing Field*" approach begins with a tough diagnosis of the current economy that leaves the middle class on life support while the top reaps all the gains. It continues with an indictment of the corrupt political deal that allows corporations and billionaires to use their donations and lobbyists to rewrite the rules of the economy to favor them. Like the "*Opportunity*" approach, it recommends a number of progressive policies: equal pay for women, affordable and quality education at all levels, better trade policy, and targeted and broad investments to power

¹ National web-survey of 1,200 likely 2016 voters conducted from April 11-18, 2016. Likely voters were determined based on whether they voted in 2012 or registered since and stated intention of voting in 2016.



growth. But a “*Level Playing Field*” approach goes further and emphasizes the need to significantly change the way corporations, the financial sector and political leaders operate; the “*Opportunity*” approach proposes investing in people, correcting past imbalances and removing the barriers to people’s economic ascent.

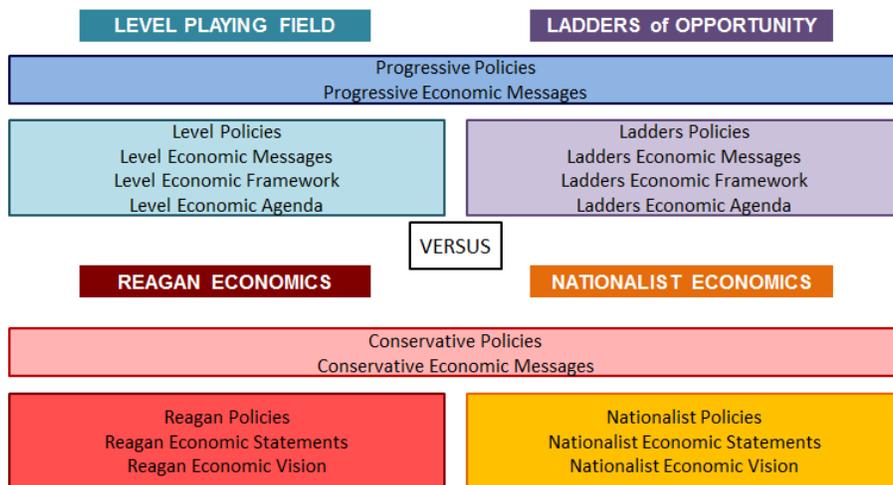
In the end, despite considerable similarities in the policy recommendations, voters think economic change when they hear a “*Level Playing Field*” approach, and not when they hear an “*Opportunity*” approach.

The “*Level Field*” approach is also a precondition for progressive hegemony on the economy because conservative economics is changing too. Donald Trump has made trade, immigration and nationalist economics more central to the conservative economic vision. Ted Cruz has made cronycapitalism more central to the Reagan economic vision, which lays the foundation for conservative opposition to special interest spending and trade promotion authority.

This new poll tested the choices for voters emerging out of the national presidential debate and demonstrates how progressive economics can dominate this new era with a commitment to “*Leveling the Playing Field*,” as conservative economics did in the post-Reagan era.

The battle of economic ideas

This web-survey of 1,200 likely voters included an experimental design to test competing progressive economic frameworks against competing conservative ones, mimicking the national debate at this unique moment. Half of the sample read a “*Level Playing Field*” approach, half a “*Ladders of Opportunity*” approach. In an independent test of conservative ideas, half of the sample read an approach we label, “*Reagan Economics*,” half an “*Economic Nationalist*” approach.²



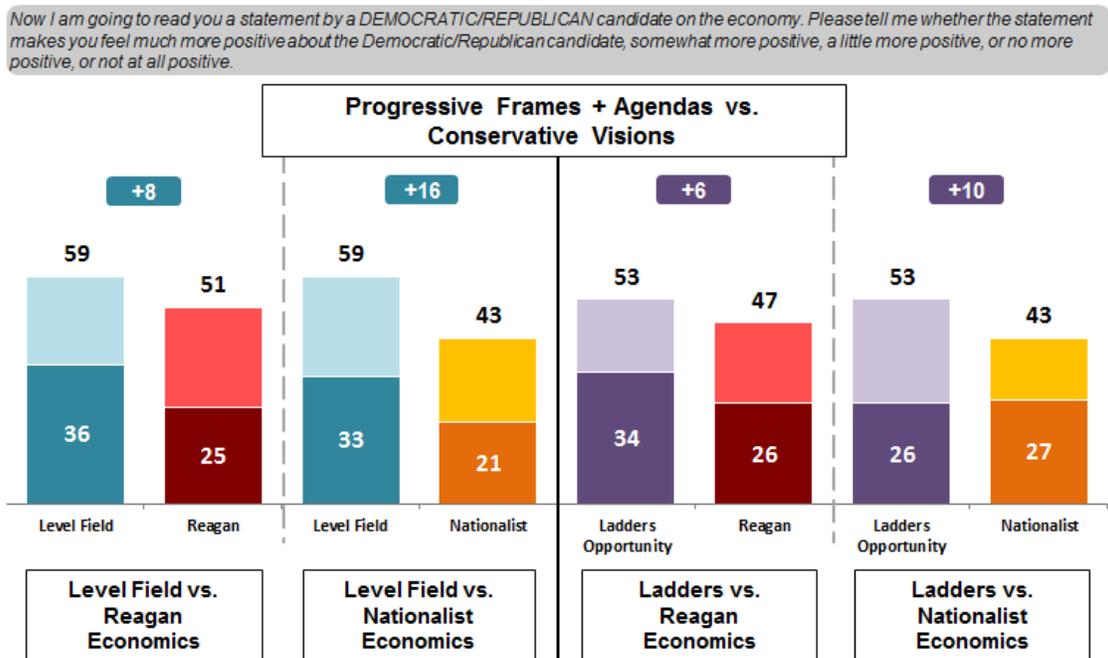
² Both splits heard 12 progressive policies, 4 unique to the split, 4 progressive economic arguments, 2 unique to the split, as well as a unique framework and economic message. In the second split, both splits heard 12 conservative policies, 8 unique to the split, 4 conservative economic arguments, 2 unique to the split, as well as a unique economic vision. One-quarter of the full sample heard a “Level vs. Reagan” contest, one-quarter a “Level vs. Nationalist” contest, one-quarter an “Opportunity vs. Reagan” contest, and one-quarter an “Opportunity vs. Nationalist” contest.



The two conservative approaches were very distinctive in their diagnoses of the economic problems and distinctive in their policy solutions. The “*Nationalist*” claims our political leaders are too incompetent, spineless or corrupt to stand up to special interests and other countries to put American workers first. A “*Reagan*” approach is stronger overall and claims economic growth is stunted by big government and crony capitalism and requires smaller government, lower taxes, and fewer regulations and loopholes for special interests to exploit.

Unlike the conservative alternatives, the competing progressive approaches overlap considerably in the policies offered and are defined by their frameworks for understanding and solving the economic problem. The “*Level Playing Field*” approach acknowledges a rigged economic and political system and prescribes fundamental reforms, including an emphasis on taking on corporate short-termism and taxation, financial institutions, and unfair trade policies. The “*Ladders of Opportunity*” approach acknowledges an incomplete economic recovery and prescribes incremental changes to expand opportunities.

The “*Level Field*” approach is the clear favorite of the progressive approaches and the most competitive in the contest with the conservative offerings, as illustrated in the image below. This is particularly true against a “*Nationalist*” approach; in fact, the “*Opportunity*” approach gains no intensity advantage against “*Nationalist*” economics, while the “*Level Playing Field*” approach has a 12-point intensity advantage.³



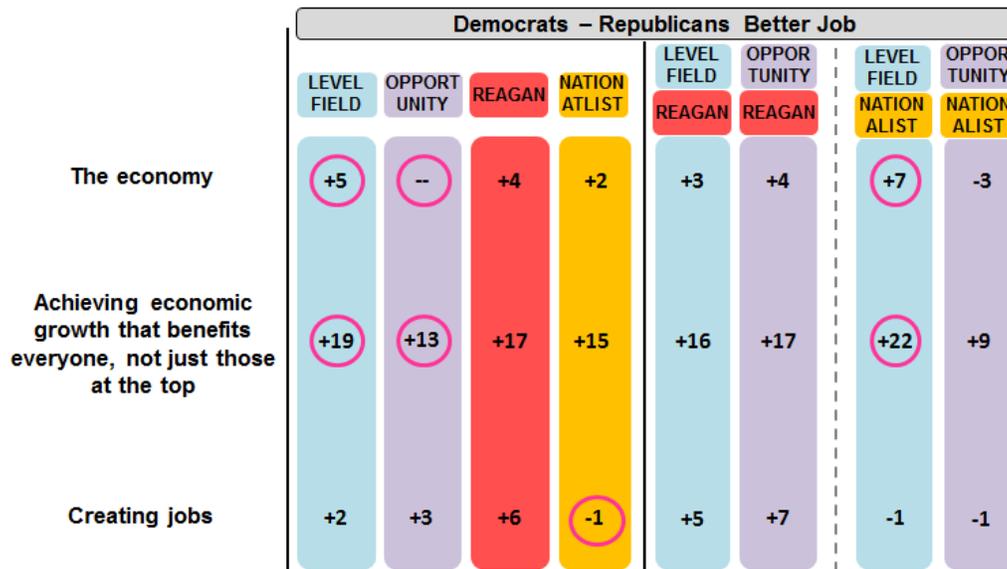
A “*Level Playing Field*” framework also produces a chance for progressives to win the debate on the economy and equitable economic growth. An “*Opportunity*” approach leaves the parties at just parity on the economy, while a “*Level Field*” one gives the Democrats a 5-point advantage. Most importantly, the margin for Democrats on the economy in a race against a “*Nationalist*”

³ To accurately compare the conservative visions – which include both the framework and agenda for the economy – with the progressive alternatives, we combined the results of the progressive frameworks and progressive agendas.



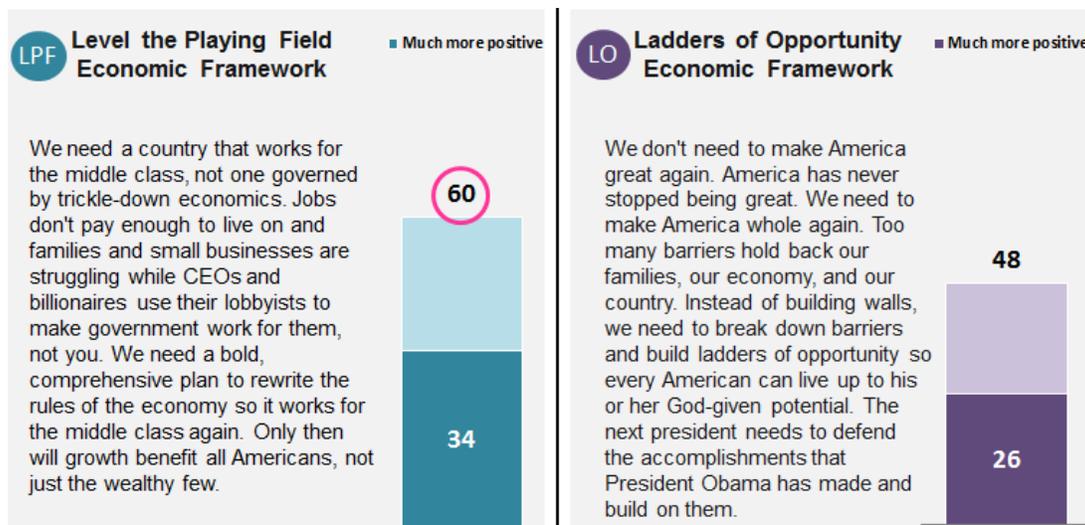
approach varies widely between the two progressive approaches: voters who heard the “*Level Field*” approach gave Democrats a 7-point advantage on the economy but when voters heard the “*Opportunity*” approach, they lose by 3-points.

Similarly, Democrats move to a 22-point advantage on creating equitable growth when respondents are exposed to a “*Nationalist*” conservative economics and a “*Level Field*” progressive economic approach. That margin shrinks to 9-points when the “*Opportunity*” progressive framework competes with the “*Nationalist*” conservative one. **Progressives are at risk of missing the opportunity to finally defeat the hegemony of conservative economic ideas if these findings are ignored.**



The appeal of the “*Level Playing Field*” approach extends beyond persuasion. It is also the better choice for motivating the progressive base, particularly disengaged millennials. In a contest against a “*Reagan*” conservative approach, a “*Level Playing Field*” progressive framework earns 3-point increases in enthusiasm among Democrats and millennials, while enthusiasm drops 2-points for those reading the “*Opportunity*” approach. In a contest of an “*Opportunity*” progressive framework against a “*Nationalist*” conservative economics, enthusiasm drops 4 points among Democrats and 2 points among the Rising American Electorate (unmarried women, minorities and millennials).

“*Level the Playing Field*” and “*Ladders of Opportunity*” framework. To understand why the “*Level Playing Field*” approach is so much more powerful than the “*Ladders of Opportunity*” approach, one must look to the frameworks each offers to define the choice in this election.



The former is the clear favorite: six-in-ten voters support the “*Level Playing Field*” framework, 34 percent strongly, while just 48 percent support the “*Opportunity*” framework. The “*Level Playing Field*” frame is also preferred by the core progressive base groups – it is supported by a stunning 83 percent of minorities, unmarried women prefer it by 15 points, millennials by 19.

Most important, the “*Level Playing Field*” framework allows progressives to compete for the white working class and swing voters. Across independents, white unmarried women and white working class women, the “*Opportunity*” framework is supported by fewer than four-in-ten voters. But the “*Level Playing Field*” framework is competitive and is supported by six-in-ten independents, white unmarried women and white non-college educated women.

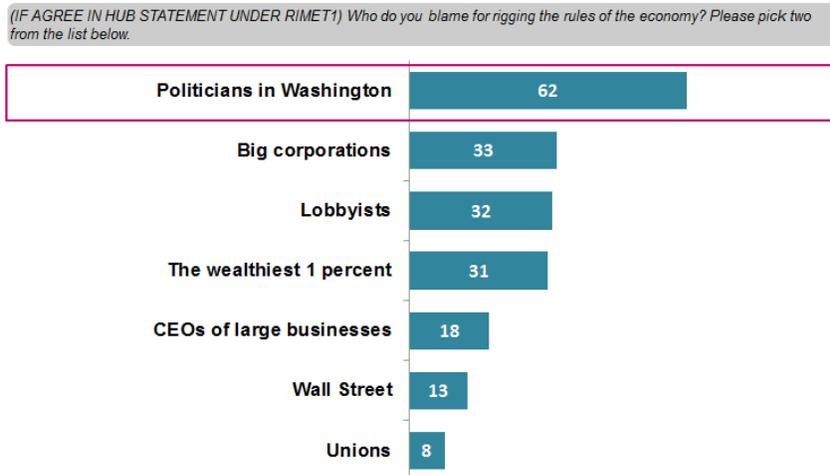
The “*Level Playing Field*” framework is so powerful because it explicitly rejects trickle-down economics and challenges a political system that allows CEOs and billionaires to rig the rules of the economy at the expense of the middle class and small businesses. It calls for a bold and comprehensive plan to level the playing field for equitable growth. The “*Ladders of Opportunity*” framework, instead, is a reaction to the pessimistic and divisive politics of the Republican front-runner and calls to continue the policies of the current administration and finish the unfinished work of the recovery by expanding opportunity.

When we asked respondents why they found each one convincing, it was easy to see why the “*Level Playing Field*” framework produces such an advantage on the economy: the “*Opportunity*” framework is not primarily seen as a framework for talking about the economy at all. In open-ended responses, only 13 percent said the “*Opportunity*” framework was convincing on the economy while 41 percent of those who found the “*Level Playing Field*” framework convincing explained it would help the economy.

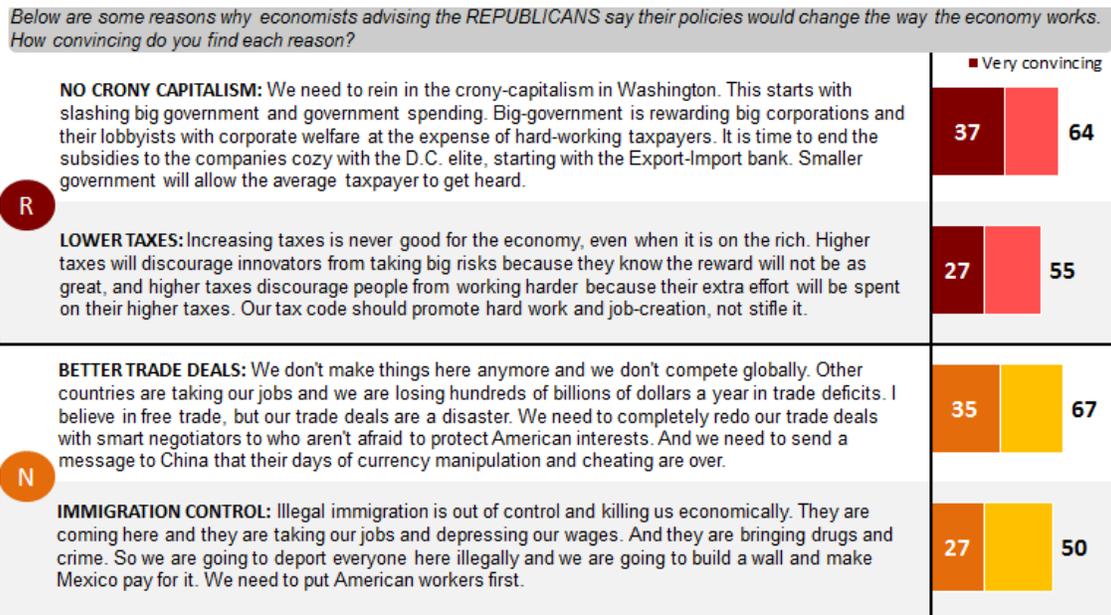
Moreover, 16 percent said the “*Level Playing Field*” framework is convincing because it takes on the rigged system, but only 4 percent said that about the “*Opportunity*” frame. Language indicting the rigged system and promising to reform both politics and government is very important to earning trust on the economy. Eighty-two percent of voters agree with the statement “the rules of the economy are rigged in favor of the wealthy and political elites” and of them, 62



percent say the politicians in Washington are to blame. The “*Level Playing Field*” framework makes this connection and vows to address it.



“Reagan” and “Nationalist” economic visions. Despite very different policy focuses and frameworks, the two new conservative approaches share a disdain for special interest influence over government. This new critique strengthens the standing of the “Reagan” conservatives who says crony-capitalists are exploiting big government and driving out of control spending by lobbying for corporate welfare. That critique also lies behind the power of an economic “Nationalist” like Donald Trump who says special interests are to blame for bad trade deals that don’t put American workers first. These also happen to be the strongest arguments offered by both conservatives.





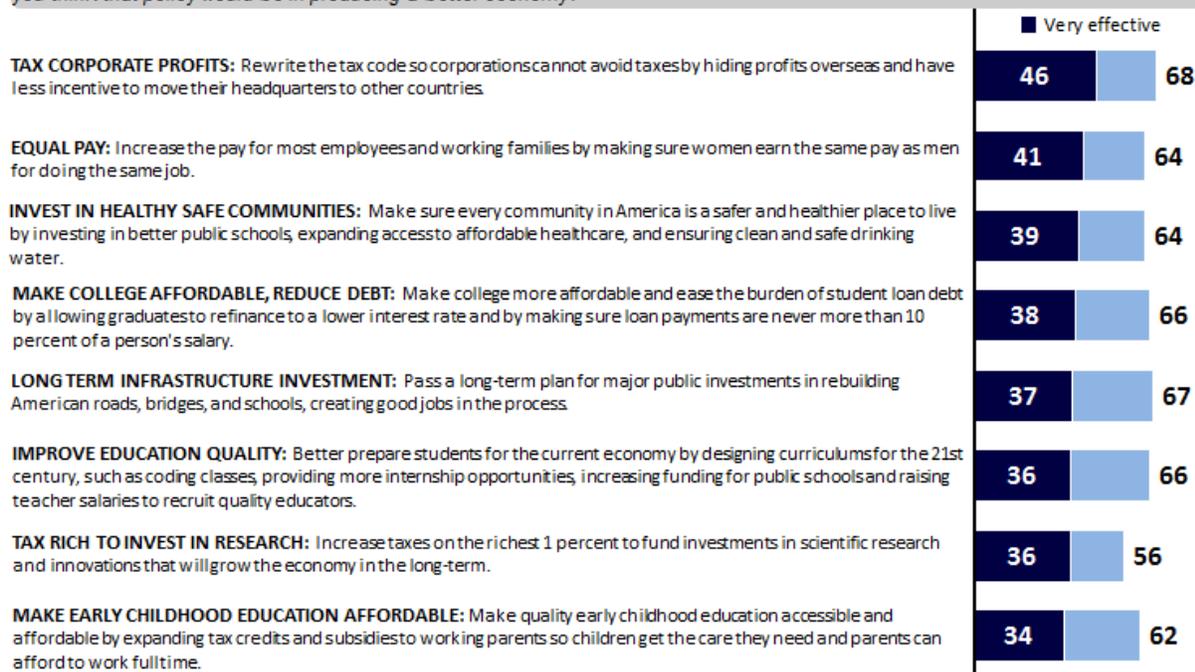
With conservatives talking about crony-capitalism and special interest trade deals, it becomes even more important for progressives to make reforming politics and reducing special interest influence in trade central to their economic agenda.

Progressive Policy Agenda

As we noted earlier, the progressive economic platforms are mainly defined not by the policies they offer, but by how they characterize the economic challenges facing the country and where to begin to address them. Unlike the conservative approaches, the progressive economic policy agendas share more in common than not, and the policies highlighted by each approach are valued across the board.

This survey shows deep support for policies and arguments that raises taxes on the wealthy and corporations both to impact their behavior, and because it is fair. Support is strong for targeted investment in communities to produce better schools, health care and drinking water and long-term public investment in infrastructure. Support is also strong for equal pay for women and work and family policies. And they respond strongly to financial and corporate reforms; indeed, those policies and messages contribute to the distinctive success of the “Level the Playing the Field” approach.

Below are parts of a plan proposed by economists to the DEMOCRATIC candidates to produce a better economy. How effective do you think that policy would be in producing a better economy?



The top policy tested vows to “rewrite the tax code so corporations cannot avoid taxes by hiding profits overseas and have less incentive to move their headquarter to other countries.” This is seen as an effective way to produce a better economy by nearly 7 in 10 voters and 46 percent say



this would be very effective. By comparison, a conservative policy to lower corporate taxes is only considered effective by 47 percent of voters.

The top progressive items also include policies to help families struggling in jobs that don't pay enough – from raising pay by ensuring equal pay for women to making college affordable and reducing student loan debt to making early childhood education and childcare affordable.

Investments in safe and healthy communities, a 21st century infrastructure, better quality education to prepare students for the new economy, and scientific research and innovation to grow the economy round out the list of the most effective progressive economic policies.

Corporate and financial reform. Corporate and financial reforms must now figure centrally in a progressive economic framework if you are to win over voters on the economy and make progress on achieving shared prosperity. The public is ready. They are ready for changes in the financial sector that will keep their lobbyists from writing the rules, limit public exposure to risk, and encourage lending to families and small business. They are ready for corporate reforms that push CEOs and executives to think long-term and prioritize investments in their companies over quarterly profits and short-term personal gains.

Below are some reasons why economists advising the DEMOCRATS/REPUBLICANS say their policies would change the way the economy works. How convincing do you find each reason?



When it comes to reforming corporations and the financial sector, the public's policy agenda starts with reforming corporate taxes so they cannot avoid paying their fair share by moving overseas, reducing the incentive for corporate inversions; it also includes regulating risky banking practices and down-sizing too-big-to-fail banks, capping CEO pay and breaking the link between executive compensation and stock prices to combat short-termism, and curbing stock-buy backs and encouraging investments that drive long-term growth.