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To: Interested Parties

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The Democratic opportunity on the economy and tax cuts

Message memo based on new national polling and focus groups

The midterm election is starting to break against Donald Trump and the Republican Party in profound ways and running on the economy and the new tax cut helps further solidify advantages for Democrats.¹ This is according to a new *AFT-Democracy Corps* national phone poll and deep focus group research on the economy, President Trump, the new tax cuts, and strategies for 2018.

The results of this *AFT-Democracy Corps* poll reflect the same conditions witnessed in the real world of special elections where Democrats have won: differential enthusiasm, but also some movement of Trump voters. Democrats hold a 10-point lead in the generic vote in this poll, produced by strong leads with people of color, millennial women, unmarried women, and college women. This poll also shows stunning new breakthroughs with seniors, where Democrats are ahead, and the white working class, which has now fractured along gender lines.

Big gaps in intensity and enthusiasm are an inescapable party of the story. Democrats' strong disapproval of Trump exceeds Republicans' strong approval of Trump by almost 30 points, and the generic margin grows to a stunning 16-points among the 50 percent of registered voters with the highest interest in the 2018 election. That reflects the enthusiasm gap witnessed in the growing number of special election victories and we take that seriously.

Conservatives and pundits are hoping two factors mitigate against the realization of a Democratic wave: one is the strength of the macro-economy and the other is the new tax cut, both of which they believe are producing real benefits for ordinary Americans. Based on our qualitative and quantitative research, AFT and Democracy Corps think that assumption is wrong. But only if Democrats embrace the fact that the economy is not producing for working and middle class people whose wage increases are not keeping up with rising costs, particularly the cost of health care; if they make clear this tax cut is 'rigged for the rich' at the expense of everyone else; and

¹ In partnership with American Federation of Teachers, Democracy Corps conducted a national phone survey from March 25 – April 2, 2018 among 1,000 registered voters from a voter-file sample. The margin of error for the full sample is +/- 3.1 percentage points at the 95 percent confidence level. Of the 1,000 respondents, 53 percent were interviewed via cell phone to accurately sample the electorate. The phone survey was preceded by focus groups on March 7-9, 2018 among white working-class Obama-Trump voters and Trump-Democrats in Macomb County, MI, African American women from Detroit, MI and White college-graduate women from Southfield, MI.

that the huge cost of the tax cuts means less investment in education, healthcare and infrastructure and imminent cuts to Social Security, Medicare and Medicaid.

ECONOMIC CONTEXT:

The economy isn't very strong for families like mine because our salaries and incomes can't keep up with the cost of living.

POWERFUL CRITICISMS

Deficit + entitlement cuts: Adds \$1.5 trillion to the deficit and now Donald Trump & Republicans say we must pay for it with cuts to Medicare, Medicaid and Social Security.

Costs + loss of investment: Costs \$2.2 trillion over the next decade which could have funded public schools, health care or infrastructure.

MESSAGE

Prioritize investment: The tax law costs \$2.2 trillion over the next decade, which means even less funding for investments the middle class needs for a better future. Instead of a law that gives 83 percent of the cuts to the top 1 percent, that money should be used to invest in our public schools and infrastructure and bring down health care costs.

It is important that Democrats make a powerful economic argument to give their tax message context. Defining the tax cut as “rigged for the rich” – the most powerful slogan tested – is the right tactic, but what gives it power is articulating what is really happening in the economy and how this government is threatening things that matter to them that progressives would protect.

Democratic voters are desperate for their party to join this debate: when they hear it simulated in this survey, their enthusiasm for voting and opposition to the tax cut grew even further. Opposition to the tax cut also grew among swing groups including independents, undecided voters, seniors and white working class women. Democrats should embrace this debate.

Democrats' advantages

The reason Democrats have such a strong advantage is the marked difference in enthusiasm for voting and intensity of their responses in this survey. That is driven by their reaction to Donald Trump above all, but voters are also deeply negative towards Mitch McConnell and the Republican Congress, not to mention Betsy DeVos – the most unpopular figure tested in this poll.

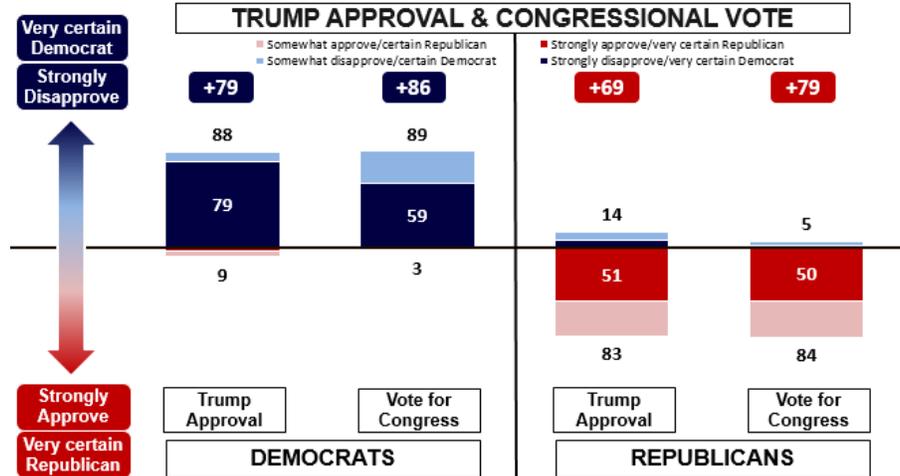
The differing intensity pervades every political response. Democrats are:

- 7 points more likely than Republicans to say they are extremely interested in the election;

- 11 points more likely than Republicans to give the highest possible interest in the election at the end of the survey after a balanced debate about the tax cut and the economy; and
- 9 points more likely than Republicans to hold their vote preference strongly.

Greater intensity in vote & Trump performance among Democrats

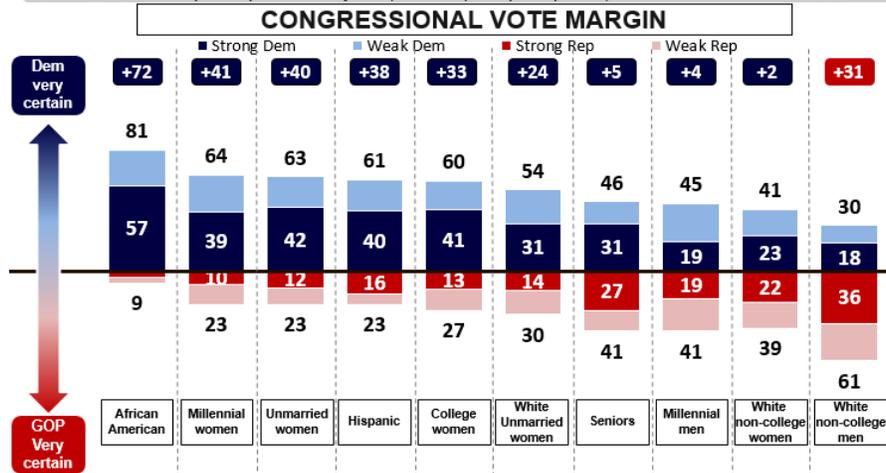
Thinking about the election for Congress in your district in November 2018, will you vote for -- the Democratic candidate or the Republican candidate? How certain are you that you would vote for the (CANDIDATE) -- are you very certain, somewhat certain or not certain at all? / Do you approve or disapprove of the way Donald Trump is handling his job as President?



This is not just about intensity. The Democratic margin has emerged thanks to African Americans and almost 3-to-1 margins among millennial women, unmarried women, Hispanics and college educated women. But Democrats are also now ahead among seniors and white working class women. We aren't kidding. The white working class has completely fractured by gender, with Democrats ahead among the women who form a majority of the white working class.

Strong support across base, college, unmarried and millennial women, but also seniors and white working class women

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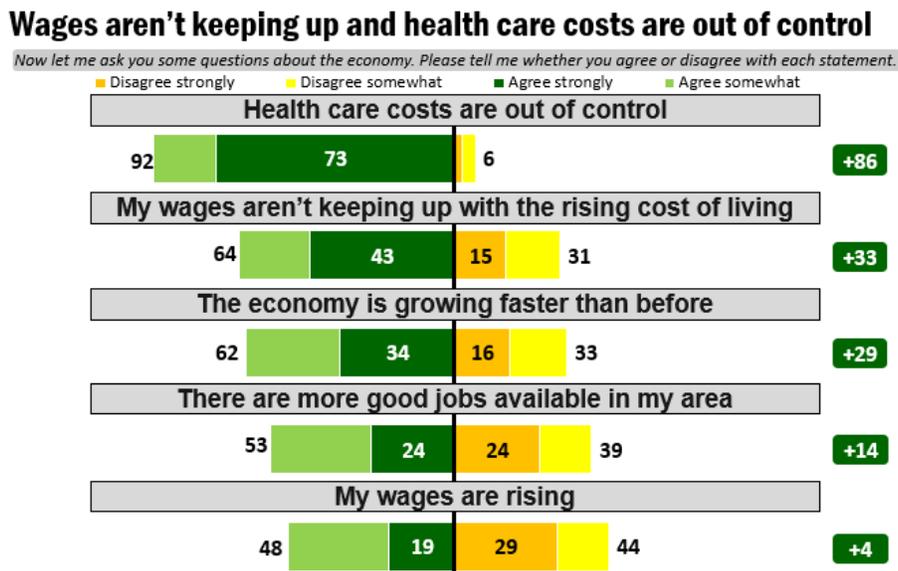


The real economy

Republicans are depending on the macro-economy breaking through, but only 40 percent of voters say that “the economy is strong and families like mine are beginning to feel more financially secure.” A majority says it is not strong, and most say so with intensity, because their “salaries and incomes can’t keep up with the cost of living.”

Voters do believe that the macro-economy is growing faster (62 percent agree) and that there are more jobs available. In focus groups, they told us the economy is “*better than what it was*” and “*going up*” because “*unemployment is down, people are working, people aren't losing the house or anything like that.*” (African American woman, Detroit; white working class woman, Macomb; white working class man, Macomb) But that is in the context of an economy where only half of voters say their wages are rising (just 19 percent say so strongly) and there are more good jobs in their area (just 24 percent say so strongly).

Even that misses voters’ anger about rising costs in the face of meager wage increases. Nine-in-ten voters say “health care costs are out of control,” 73 percent strongly; most important, 64 percent say their “wages aren’t keeping up with the rising cost of living,” 43 percent strongly. That must be the heart of Democrats’ economic analysis and context for the tax cut debate.



Welcoming the battle over the tax cut

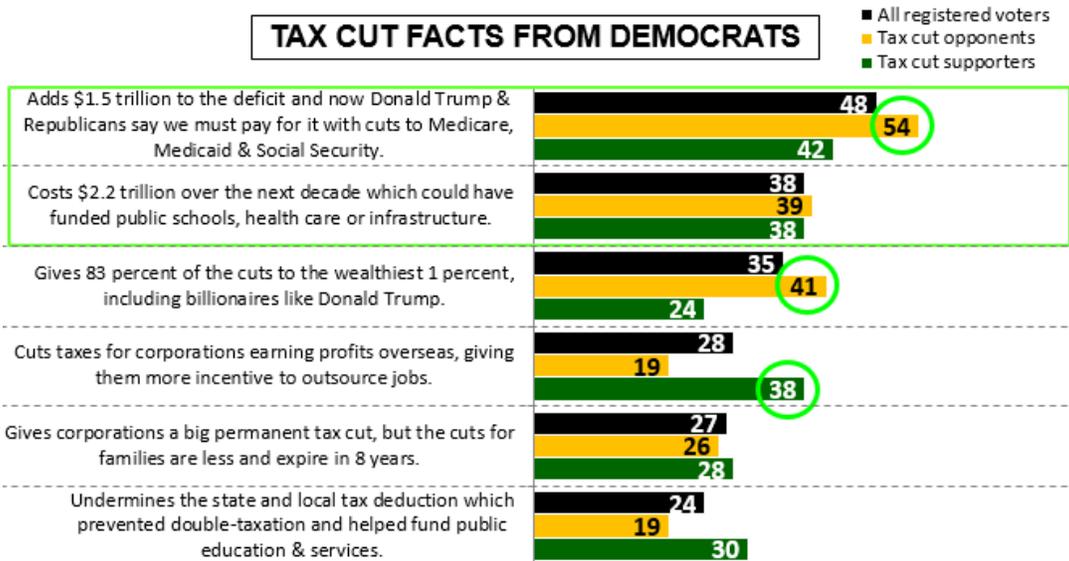
At a narrow level, the public is split over the tax cut, but there is more intensity from the opponents. That is evident in this poll as well as in our focus groups with African Americans and college educated women. They devoured information about the tax cut and even asked the moderator if they could keep the fact sheet from the opponents.

Four months after its passage, 39 percent of voters say they are benefitting personally from the tax cut, but that is ideologically filtered and less than one-in-five say so strongly. (We will track this measure over time to see how perceptions change as voters learn more about the tax cut and hear from candidates.) Fewer than one-quarter of African Americans, Hispanics, and unmarried women report seeing any benefits; only one-third of white working class women and suburban voters report any personal benefit from the tax cut.

Doubling the standard deduction and increasing the child tax credit are the most appealing elements of the tax bill that proponents may offer. But the critiques offered by the opponents of tax reform are fatal and there is remarkable consistency between the most concerning facts about the tax bill and the content of the strongest attacks. One line of critique describes the cost of the tax cut and the impact on funding for education, health care and infrastructure. That is one of the most concerning facts about the tax cut and the focus of the attack that raises the most intense concerns and produces the greatest shifts towards opposition to the tax cut. The other critique describes how the tax cut increases the deficit and the impact that will have on entitlements. That is the most concerning fact among those who shifted to oppose the tax cuts at the end of the survey and the focus of the second most concerning attack on the tax cut.

Facts against: deficits & cost hits entitlements & investments like education

I am going to read you some facts about the new tax law. These are reasons why Democrats say they oppose it. Please select the TWO facts that are the most concerning to you.



The findings make clear that people want to prioritize investment in education, health care and infrastructure over expensive tax cuts that primarily benefit the rich. That’s confirmed by the massive public support for the teacher walk outs happening across the country and in the states where voters have paid the price for cuts to investments, particularly in cuts to education.

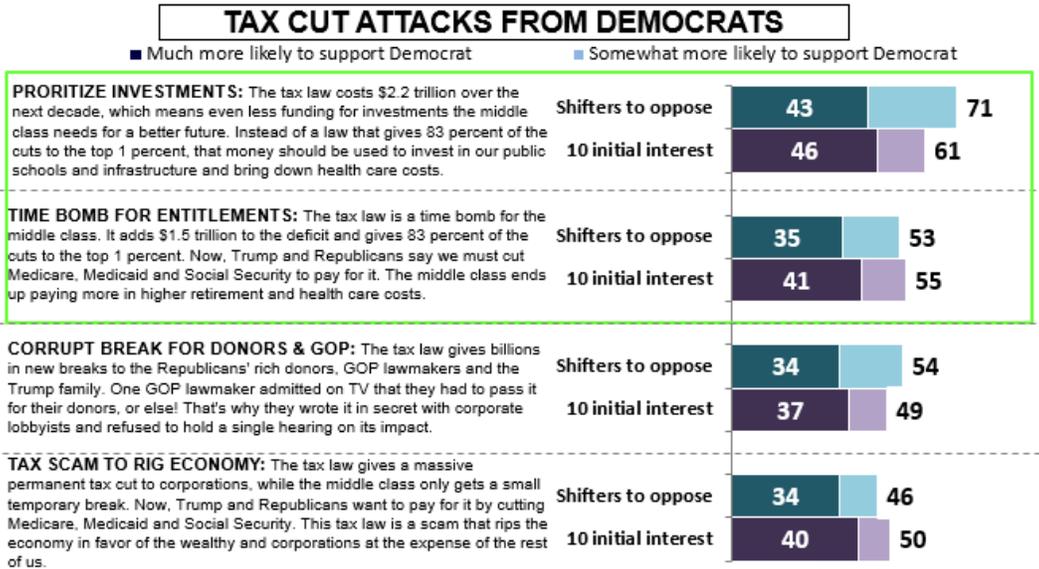
Fully 65 percent say they are more likely to vote for the Democrat when they underscore the \$2.2 trillion price tag for a tax law that gives 83 percent of the cuts to the top 1 percent and means less

money for education, infrastructure and help with healthcare costs. Almost 40 percent say they are much more likely to support the Democrat who says this.

Support is even stronger for the highest interest voters and those who shift to oppose the tax cut after a simulated debate in the survey. This message gets intense support with unmarried women, minorities and white working class women. In other words, base and swing voters are incredibly receptive to this.

Less \$ for investment top attack for those shifting to oppose & high interest

These are some things that Democrats are saying about the new tax law. Please tell me whether that statement makes you much more likely, somewhat more likely, a little more likely, or no more likely to support a Democrat for Congress.

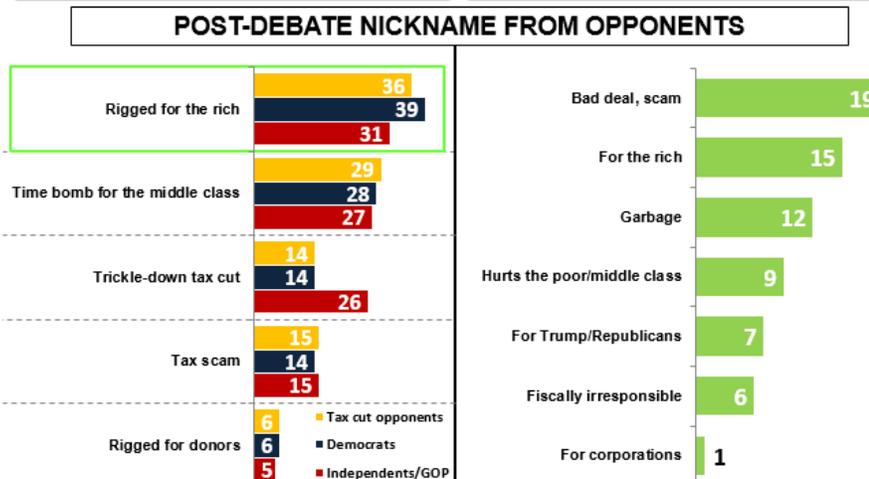


At the end of the survey, voters that oppose the tax cut call it a bad deal or scam, for the rich and garbage in their open-ended responses. Of the frames provided to opponents, the strongest choice is to brand the cut as *rigged for the rich*. That fits the messaging consensus among Democrats.

Opponents name it "rigged for the rich"

I am going to read you a list of nicknames for the new tax law. Please tell me which one resonates with you most.

If you had to give a nickname to the new tax law, what would you name it?



Impact of self-confident economic and priorities messaging

Progressives should stop worrying that the passage of the tax cut shows the GOP is delivering on their signature promise. We now know from this poll that the tax cut is as much a voting issue for its opponents as it is for its supporters, for Democrats as for Republicans, for liberals as for conservatives. Plus, more information and debate moves many more voters to oppose the tax cut and to be more interested in voting, and that shift is asymmetric as Republicans are not stirred as GOP leaders are hoping. We have already seen evidence of this in races like the PA-18 special election where the Republicans pulled their tax cut ads.

After a balanced tax cut debate, the opposition margin grows 9 points nationally and grows 7 points in the battleground districts. Intense opposition to the tax cut grows 7 points among Democrats, but more important, GOP opposition to the cuts grows as well. Support collapses with unmarried women, white working class women and seniors.

Critically, interest in the 2018 election among Democrats grows 4 points after hearing a tax debate, increasing their enthusiasm margin over Republicans from 7 to 11 points.

Democrats want to join the debate on these issues and turn the Republicans' signature accomplishment against them.