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To: Friends of Democracy Corps
From: Stanley Greenberg, James Carville and Andrew Baumann

THE ECONOMIC NARRATIVE IN THE ‘STATE OF THE UNION’

The dial meter and focus group reactions to the President’s Address

Dial testing and follow-up discussions with 50 swing voters in Denver, Colorado showed that President Obama’s 2011 State of the Union, for the most part, struck a powerful chord as he described his economic vision for the country. Although a few sections received mixed reactions, following the speech, voters gave the President impressive assessments on key economic measures and were especially drawn to the President’s emphasis on the three themes emphasized in his speech – innovation, education, and America’s competitiveness in the future. As one swing voter put it, “the future belongs to the people who make the what and the how.”

Despite their strong response to the State of the Union, many of these swing voters remain skeptical about Washington’s ability to deliver and are hungry for tangible changes in the economy. As one Republican-leaning participant noted, “I didn’t vote for Obama, but the more often I listen, the more I like him. I know he is a great orator, but also a good guy. I’m just doubting his ability to get it done.” Getting past their skepticism will clearly be a central challenge.

This report details where Obama’s speech worked and where it did not, taking a particular focus on Obama’s remarks on the economy.

This was a difficult audience for Obama, yet his speech largely won them over. It was a heavily Republican-leaning group (48 percent Republican, 18 percent Democratic) that split their votes in 2008 (48 percent Obama, 48 percent McCain) but had moved away from the President over the past two years. At the outset, majorities expressed disapproval with his job performance and unfavorable views of him on a personal level.

Despite this Republican tilt, Obama saw significant shifts in his overall standing – larger even than after his well-received State of the Union address last year. He also saw particularly large gains on the issue of paramount importance, the economy, as well as on fiscal matters. The shifts in these measures are displayed in Table 1. The gains in this kind of experiment exaggerate the scale of shift, but they are good read of the dynamics of the public response.



■ **Table 1: Shifts in Obama Measures**

Measures	Pre-Speech	Post-Speech	Shift (Post – Pre)
Obama Job Approval: Total Approve	30	56	+26
Has Realistic Solutions to Country’s Problems: Total Describes Well	18	52	+34
Has Good Plans for the Economy: Total Describes Well	16	52	+36
Creating New Jobs: Total Confident	24	52	+28
Tax and Spend Liberal: Total Describes Well	72	36	-36
Energy: Total Confident	46	68	+22
The Federal Budget: Total Confident	8	44	+36

What Worked and What Didn’t

Overall, the speech was remarkably successful, and it had far more highs than lows. We go into greater detail below, but here is a summary of some of the sections that generated strong positive reactions from our viewers, and some of the sections that fell flat:

Sections that Worked:

- *“Out innovate, out educate and out-build the rest of the world.”* The core idea of Obama’s speech did well, particularly Obama’s emphasis on education and its relationship to our national competitiveness. This was one of the strongest lines of the speech.
- *“The rules have changed.”* The response to this was positive, and our post-speech focus groups made clear that this section helped convince voters that Obama understands the changes taking place in the economy and gets it.
- *Ending oil subsidies and moving to clean energy.* The overall reaction to Obama’s initial call to invest in green energy was good, but not great. However, the dials spiked when he called for the creation of a clean energy standard.



- *The race to educate our kids: Parental involvement, high expectations and high rewards for teachers.* Obama's section on education was one of his strongest. The call to "win the race to educate our kids" resonated strongly and voters particularly liked the section on parental responsibility and the line that "we need to teach our kids that it's not just the winner of the Super Bowl who deserves to be celebrated, but the winner of the science fair." Obama's call to show teachers more respect, reward the good ones and stop making excuses for the bad ones also generated a strong response.
- *Making college affordable.* Obama's call to make college affordable by making the tuition tax credit permanent was very strong.
- *Government efficiency and accountability.* Obama made large gains with these voters on budget issues. They reacted strongly when Obama noted that both families and government need to live within their means. His call to rebuild faith in government by increasing accountability, efficiency and competency resonated strongly.
- *Protecting Social Security.* Obama's pledge to protect Social Security without slashing benefits or subjecting retirement savings to the whims of the stock market received a very strong response.
- *Ending tax cuts for the wealthiest 2 percent.* This was especially strong with Democrats, but independents and Republicans also reacted positively to Obama's insistence that the Bush tax cuts for the wealthiest not be permanent.

Sections that Fell Somewhat Flat:

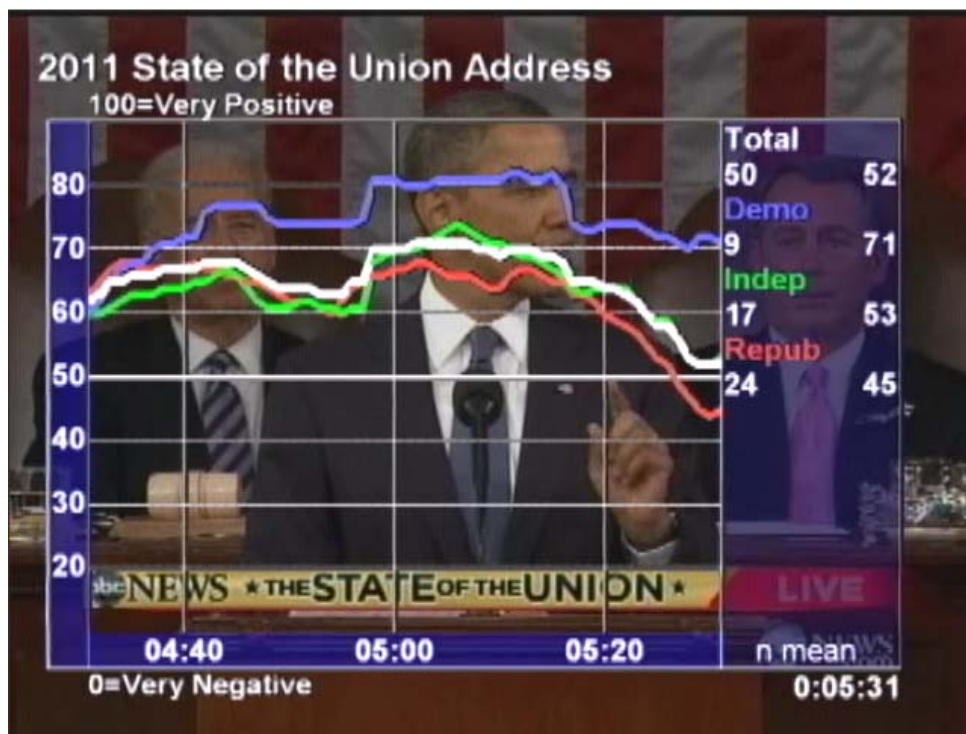
- *Taking credit for progress.* Despite recent economic gains, we have continually argued that President Obama and some Democrats are getting way ahead of voters when they try to take credit for economic progress. That was no different in this speech. Whenever Obama tried to take credit for economic progress (breaking the back of the recession, the surging stock market, increasing corporate profits), voters tuned him out.
- *"Winning the future" and Sputnik.* While Obama's core message of "innovate, educate and build" worked very well, his "win the future" framework fell flat. The President's analogy to Sputnik also lacked resonance. These voters liked Obama's message about competitiveness, but this framing was not overly successful.
- *Trade agreements.* Obama got some positive response for his call to double exports, but his praise for further free trade agreements saw the dials of independents and Republicans move down.

The Economy – Innovate, Educate and Build



As we noted above, Obama had the most success on the issue of paramount importance: the economy. Prior to the speech, just 16 percent of these Republican-leaning voters said that Obama had “good plans for the economy,” but this measure jumped 36 points after the speech, to 52 percent. Obama also saw large gains on job creation, earning a 28-point jump in the percent of voters who have confidence in his ability to create new jobs. One Republican-leaning voter summed up his positive impression this way, “Rhetoric aside he has an understanding of the issues at hand on the economy.”

Still, as we noted above, Obama had some hiccups on the economy, particularly when he tried to take credit for recent economic progress that voters still don’t feel. The figure below shows reaction to Obama’s claim that we are “poised for progress” and that the economy is coming back.

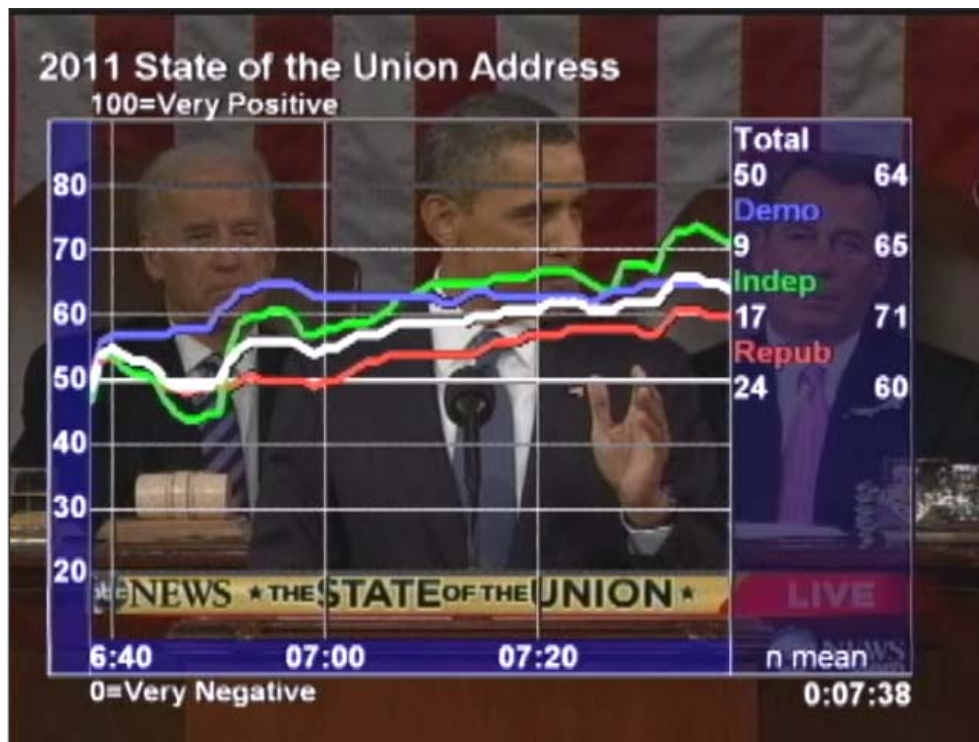


We are poised for progress. Two years after the worst recession most of us have ever known, the stock market has come roaring back. Corporate profits are up. The economy is growing again.

One of our participants succinctly summarized the reason these kind of claims still fail in the post-speech focus groups: “I mean, we are still in a deficit in terms of jobs and he didn’t say anything about the shrinking middle class and I was disappointed, but I haven’t had a raise in three years.” On a related note, Obama’s praise for the tax cut compromise (noting that it inflated Americans’ pay checks and will add to the million private sector jobs we created in the last year) similarly fell flat.



The President got back on track when he noted that rules have changed. As the figure below shows, during this section voters steadily increased their ratings, moving from near 50 up to above 65, showing an appreciation that Obama understands the seriousness of our current economic reality.



Many people watching tonight can probably remember a time when finding a good job meant showing up at a nearby factory or a business downtown. You didn't always need a degree, and your competition was pretty much limited to your neighbors. If you worked hard, chances are you'd have a job for life, with a decent paycheck and good benefits and the occasional promotion. Maybe you'd even have the pride of seeing your kids work at the same company.

That world has changed. And for many, the change has been painful. I've seen it in the shuttered windows of once booming factories, and the vacant storefronts on once busy Main Streets. I've heard it in the frustrations of Americans who've seen their paychecks dwindle or their jobs disappear -- proud men and women who feel like the rules have been changed in the middle of the game.

This momentum did not continue with Obama's claim that "the future is ours to win," as the dials remained flat. And later, when Obama cited the Sputnik launch, the dials again remained flat (as shown below). The dials saw only a small bump with his claim that "this is our generation's Sputnik" moment, but this was not the kind of response the White House was surely



hoping for. Voters are dealing with immediate economic challenges and may or may not view the global competitive challenge as the center-point for setting the country's economic direction.

While his Sputnik metaphor did not create a huge reaction, as the graph below shows, President Obama had more success with his core idea that America must “out-innovate, out-educate and out-build the rest of the world.” The dials spiked to near 75.

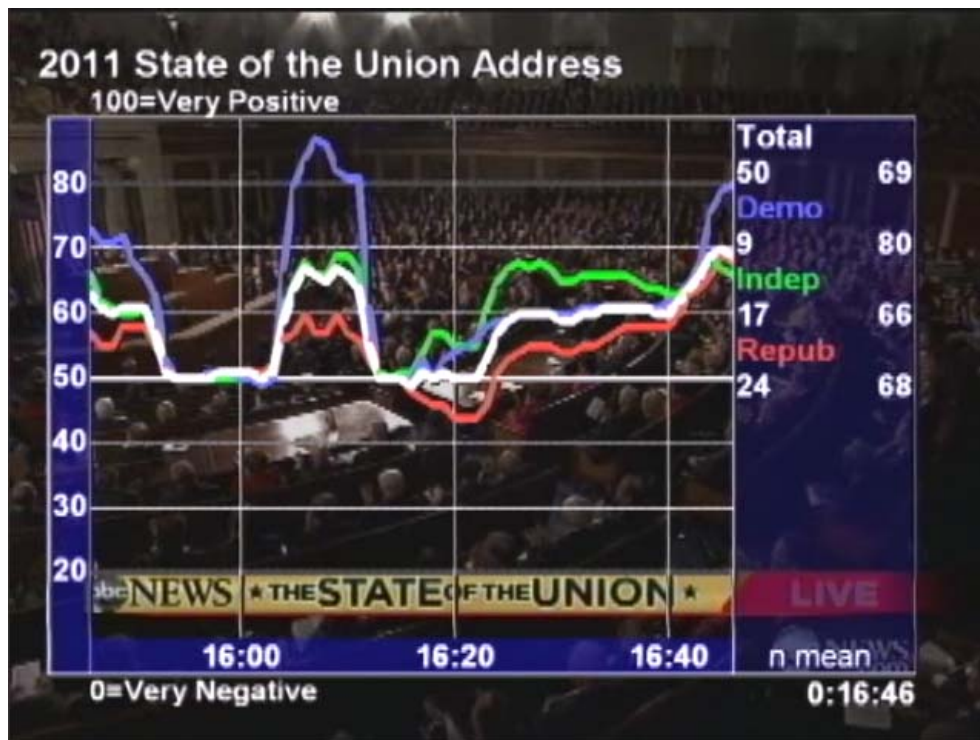
These voters continued to rate the speech well as Obama moved on to recount our nation's history of innovation from Edison to Google and cited the need to reclaim that innovative spirit moving forward. Obama's core message linking innovation to competitiveness to jobs clearly resonated. One swing voter noted:

“You know, I think the thing that really impressed me was his topic of innovation. I couldn't agree more that this country needs to be more innovative. We've lost it. And I think that the future belongs to those who come up with new whats and new hows.... That was one of the greatest speeches I have ever heard from a president in terms of getting back to basic values. Innovation is it in my book.” - Denver Swing Voter

Energy and Innovation

Obama wisely tied innovation to the issue of energy, something for which these voters clearly were hungry. The President saw a 22-point gain on the issue over the course of the speech. These voters, including the Republicans in the audience, largely endorsed his call to end subsidies for oil companies and instead focus those resources on expanding clean energy in America.

The reactions to the initial portion of this section were somewhat muted, getting a good, but not great, response as Obama related clean energy to funding the Apollo projects of our time. But when Obama asked Congress to eliminate billions of taxpayer-funded subsidies to oil companies, the dials spiked nearly 20 points, jumping from 50 to near 70, with both Democrats and independents moving strongly. And as Obama called for clean energy standards, requiring 80 percent of America's electricity to come from clean energy sources by 2035, the dials rose in unison, maxing out at 80. We would note, however, that Obama's assertion that we “need them all” – nuclear, clean coal and natural gas in addition to wind and solar – fell flat, producing no reaction.

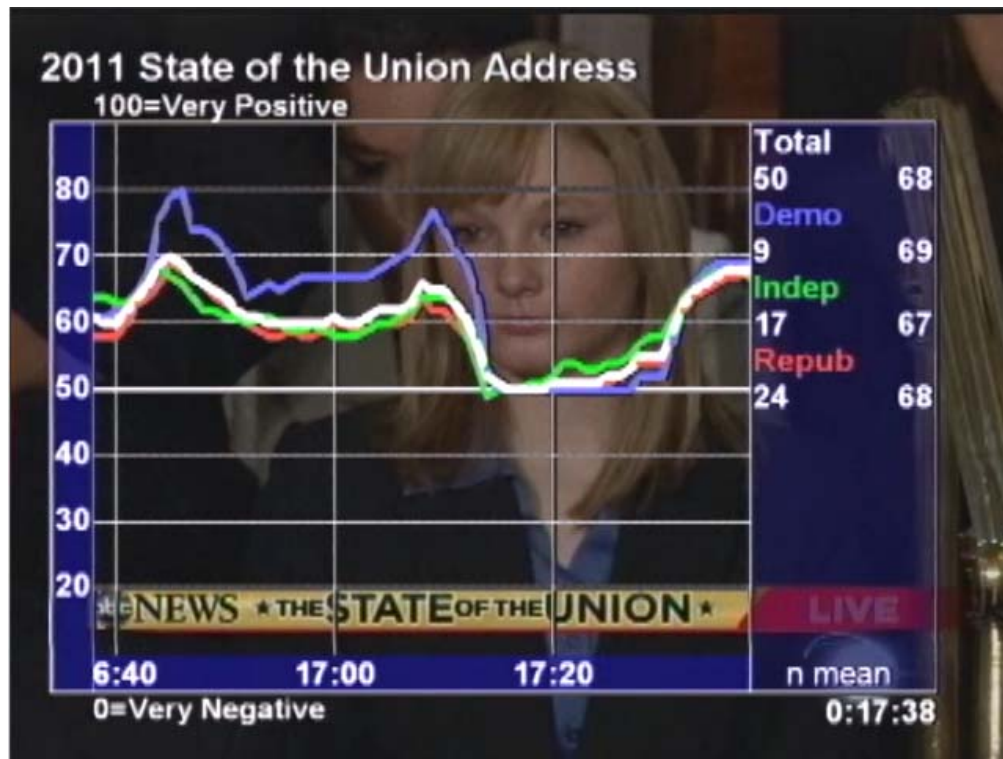


We need to get behind this innovation. And to help pay for it, I'm asking Congress to eliminate the billions in taxpayer dollars we currently give to oil companies. (Applause.) I don't know if -- I don't know if you've noticed, but they're doing just fine on their own. (Laughter.) So instead of subsidizing yesterday's energy, let's invest in tomorrow's.

Now, clean energy breakthroughs will only translate into clean energy jobs if businesses know there will be a market for what they're selling. So tonight, I challenge you to join me in setting a new goal: By 2035, 80 percent of America's electricity will come from clean energy sources.

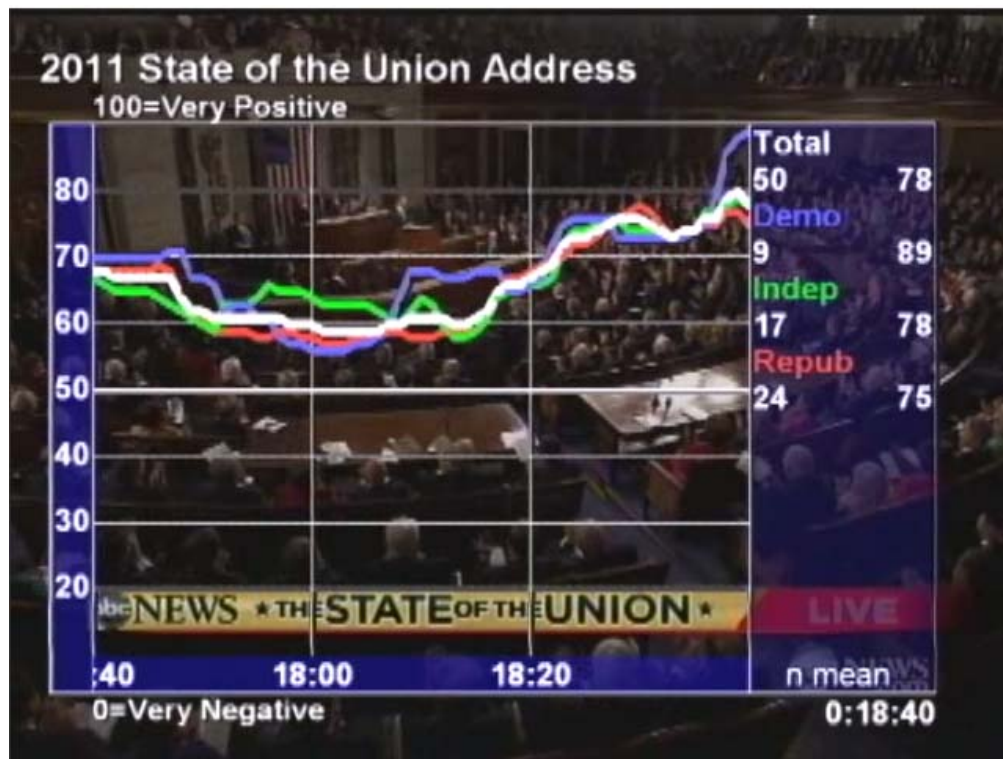
Education

The post-speech focus groups demonstrated that these voters shared Obama's belief that America has fallen behind in education and that increased investment and accountability in our schools is critical to restoring American competitiveness. Indeed, the education section was one of the most successful in the speech. As the graph below illustrates, the dials spiked nearly 20 points when Obama asserted that we "have to win the race to educate our kids."



Maintaining our leadership in research and technology is crucial to America's success. But if we want to win the future -- if we want innovation to produce jobs in America and not overseas -- then we also have to win the race to educate our kids.

And when the President talked about parental responsibility, the dials spiked even further; his line that “we need to teach our kids that it’s not just the winner of the Super Bowl, but the winner of the science fair that needs to be celebrated” was one of the strongest of the night. One swing voter noted, “I totally agree with what he said about the education. And I was very happy to hear him put it back on the parents and responsibility. That’s a big thing for me. Parents have to take it, you know, right now”



That responsibility begins not in our classrooms, but in our homes and communities. It's family that first instills the love of learning in a child. Only parents can make sure the TV is turned off and homework gets done. We need to teach our kids that it's not just the winner of the Super Bowl who deserves to be celebrated, but the winner of the science fair.

Obama's praise for the Race to the Top program did not generate a similarly positive response. However, his call to treat teachers with more respect, reward the ones who excel and stop protecting the ones that don't, resonated strongly, as did his call for 100,000 new teachers in science and math.

Moreover, Obama's call to make college more affordable by making the tuition tax credit permanent also created a very strong response: *"That's why we've ended the unwarranted taxpayer subsidies that went to banks, and used the savings to make college affordable for millions of students. And this year, I ask Congress to go further, and make permanent our tuition tax credit -- worth \$10,000 for four years of college. It's the right thing to do."*

Infrastructure

The voters responded positively to his push to invest more in infrastructure, though the results were not quite as strong. His warning that America is falling behind on things like high

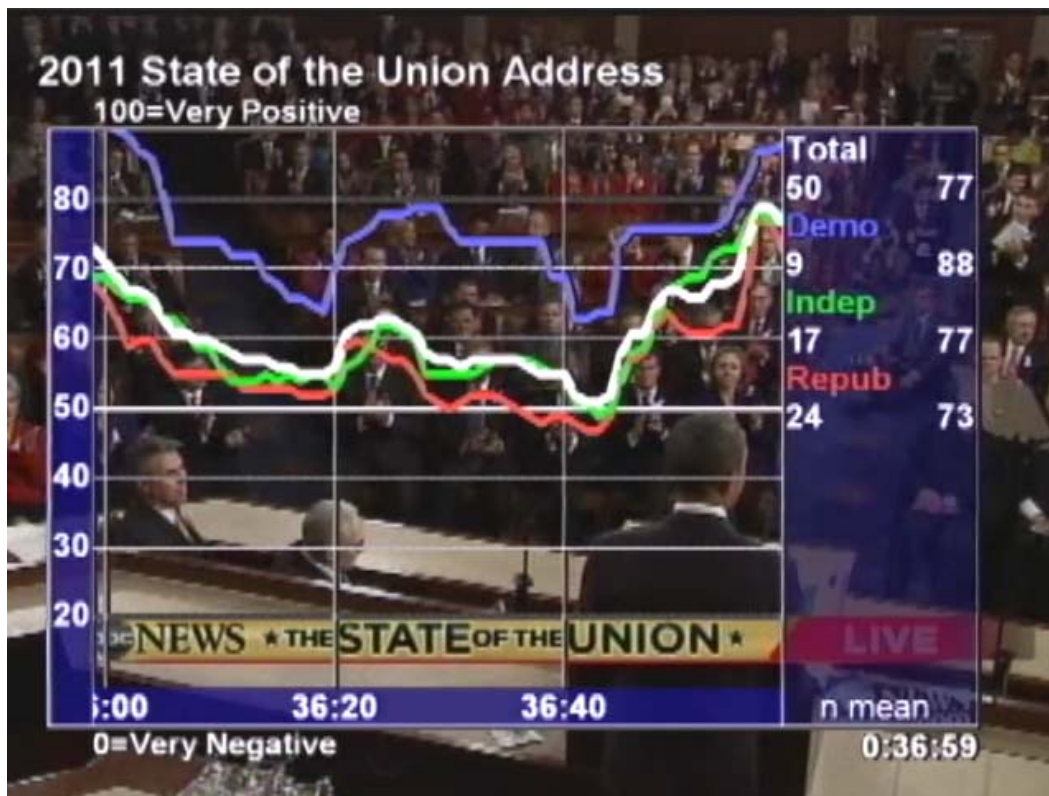


speed rail and the internet generated a positive response, but not the surge we saw in the sections on education and energy.

Taxes, Spending and Government

As we noted above, Obama made strong gains among these fiscally conservative voters on budget issues. Entering the speech, 72 percent viewed the President as a “Tax and Spend Liberal,” but that number fell by half after the speech. Obama also saw a 36-point gain on his ability to handle the federal budget over the course of the speech.

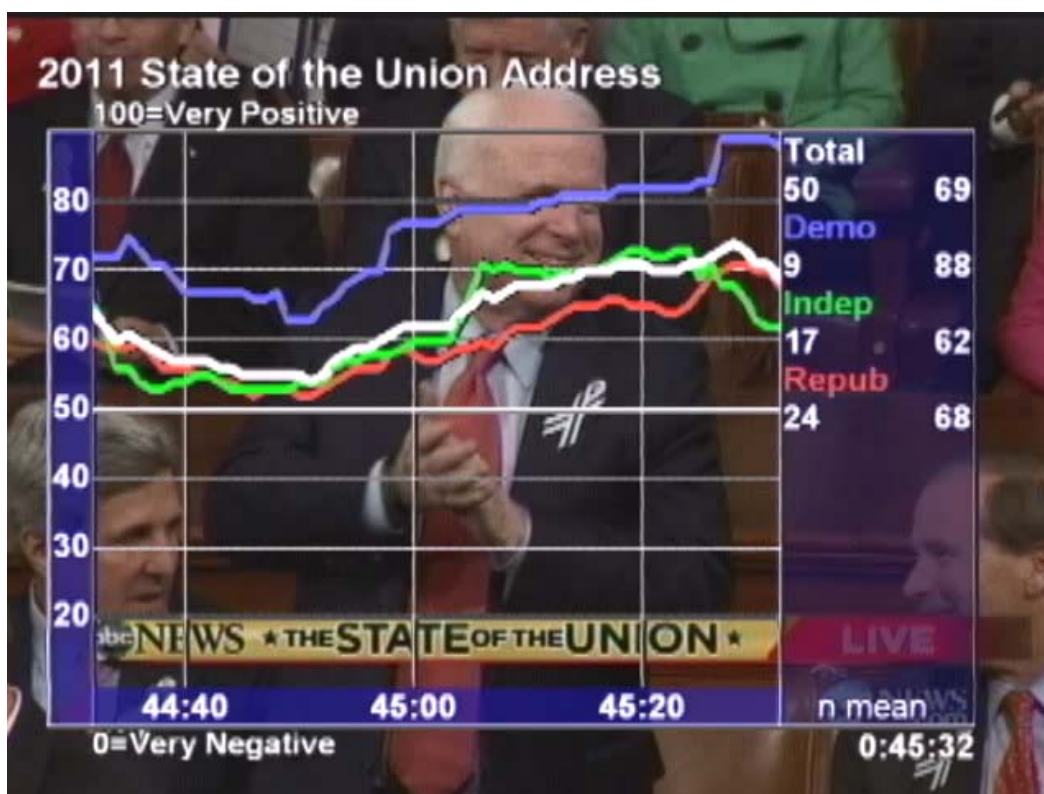
These more conservative voters strongly approved of Obama’s statement that current spending levels were not sustainable and that, like families, government needs to learn to live within its means. This caused the dials to rise from 50 to about 80, one of the sharpest increases of the evening.



We are living with a legacy of deficit spending that began almost a decade ago. And in the wake of the financial crisis, some of that was necessary to keep credit flowing, save jobs, and put money in people's pockets. But now that the worst of the recession is over, we have to confront the fact that our government spends more than it takes in. That is not sustainable. Every day, families sacrifice to live within their means. They deserve a government that does the same.



The President did well to turn that message of reduced spending into a broader accountability message, generating strong results when he noted that Americans need a government that is “more competent and more efficient.” He received positive reactions again when he urged Congress to increase transparency and accountability when it comes to spending. This section saw a steady rise from voters across the partisan spectrum, although Obama’s proclamation that he would veto any earmarks did not have much of an impact.

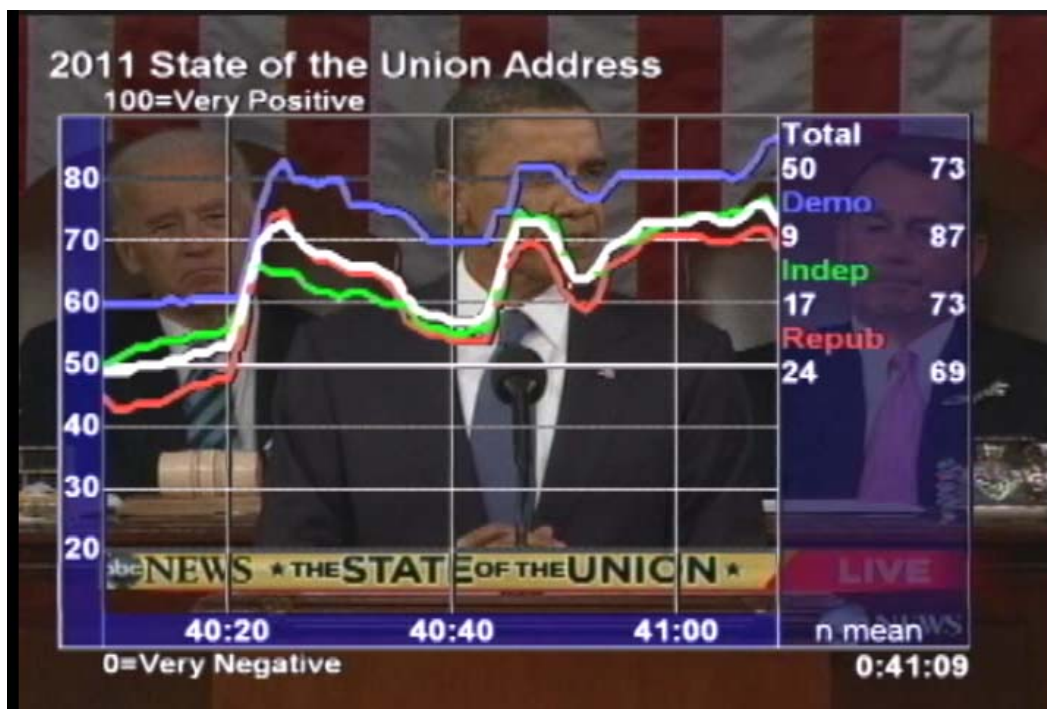


In the coming year, we'll also work to rebuild people's faith in the institution of government. Because you deserve to know exactly how and where your tax dollars are being spent, you'll be able to go to a website and get that information for the very first time in history. Because you deserve to know when your elected officials are meeting with lobbyists, I ask Congress to do what the White House has already done -- put that information online. And because the American people deserve to know that special interests aren't larding up legislation with pet projects, both parties in Congress should know this: If a bill comes to my desk with earmarks inside, I will veto it.

While these voters clearly want to see increased accountability and a reduction in wasteful spending, there is no evidence that they support the kind of deep cuts that many Republicans are suggesting. Indeed, the dials jumped by about 10 points when Obama noted that he is willing to cut spending but is unwilling to do so “on the backs of our most vulnerable citizens.”



More importantly, these voters clearly place protecting Medicare and Social Security ahead of cutting spending or the deficit. When Obama noted that the bipartisan fiscal commission's spending cuts meant cutting health care costs "including programs like Medicare and Medicaid" the dials dropped. But voters responded when Obama pledged to reform Social Security without slashing benefits or subjecting Americans' retirement incomes to the whims of the stock market. This was one of the few sections where the dials sustained a level above 70 for a relatively prolonged period of time.



To put us on solid ground, we should also find a bipartisan solution to strengthen Social Security for future generations. We must do it without putting at risk current retirees, the most vulnerable, or people with disabilities; without slashing benefits for future generations; and without subjecting Americans' guaranteed retirement income to the whims of the stock market.

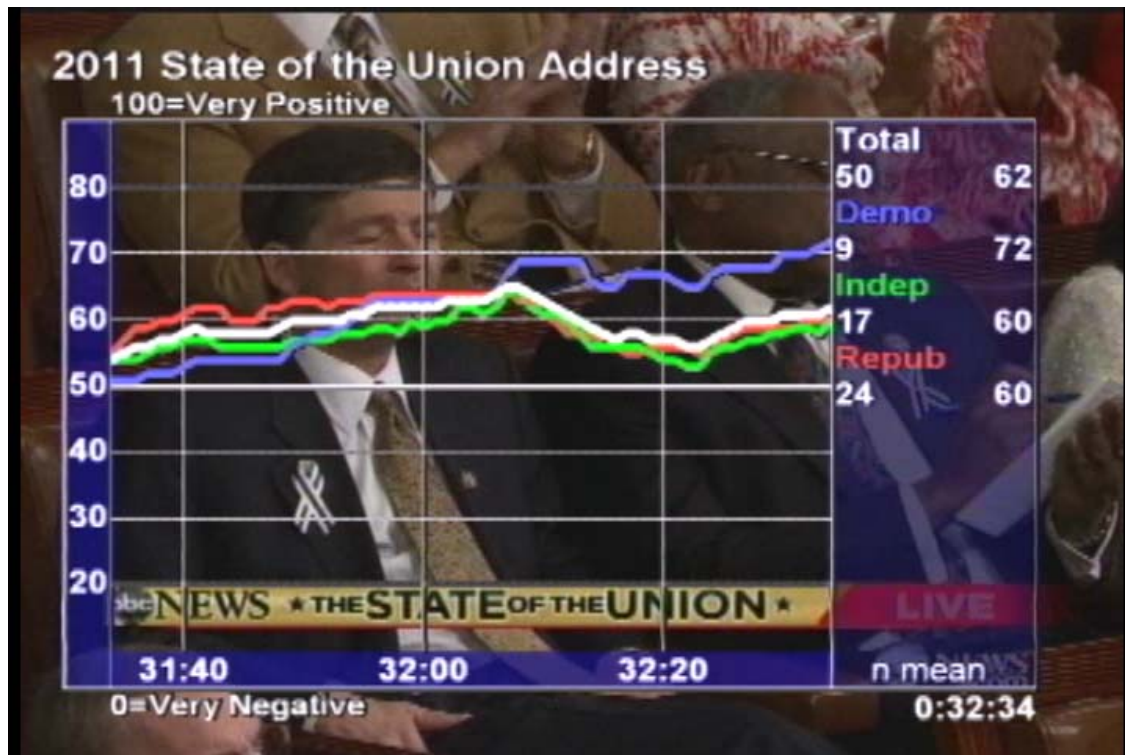
While these voters would clearly oppose cuts to Social Security and Medicare, they were much more receptive to closing the deficit by eliminating the Bush tax cuts for the wealthiest Americans. When Obama insisted that we can not afford permanent tax cuts for the top 2 percent, the dials spiked. Democrats maxed out near 100, independents spiked above 80 and even Republicans jumped nearly 10 points.

Trade

The President got a less enthusiastic response in his section on trade. His pledge to double exports caused the dials to increase slightly, but his discussion of specific agreements, like



deals with South Korea, were met with flat dials. When he talked about past deals, the dials of independents and Republicans actually declined. Given concerns about American jobs and outsourcing, the President has some work if his economic narrative is to be grounded in an expanding number of trade agreements.



To help businesses sell more products abroad, we set a goal of doubling our exports by 2014 -- because the more we export, the more jobs we create here at home. Already, our exports are up. Recently, we signed agreements with India and China that will support more than 250,000 jobs here in the United States. And last month, we finalized a trade agreement with South Korea that will support at least 70,000 American jobs. This agreement has unprecedented support from business and labor, Democrats and Republicans -- and I ask this Congress to pass it as soon as possible. Now, before I took office, I made it clear that we would enforce our trade agreements, and that I would only sign deals that keep faith with American workers and promote American jobs. That's what we did with Korea, and that's what I intend to do as we pursue agreements with Panama and Colombia.