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To: Friends of Democracy Corps and Greenberg Quinlan Rosner
From: Stan Greenberg, James Carville and Andrew Baumann

**Republicans Enter Wall Street Reform Debate
Weighed Down by Luntz Memo**
Latest Democracy Corps Poll Testing Messages on Reform

Republicans in the Senate decided to base their opposition to financial reform using a message developed by GOP pollster Frank Luntz, arguing that reform amounts to bailouts for Wall Street banks.

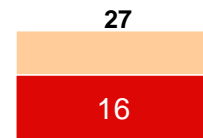
But our polling reveals this to be the weakest argument available to Republicans. This approach is 8 to 11 points weaker than the other messages against reform and 35 to 40 points worse than arguments in favor of it.

Luntz argument weakest against financial reform

*Now I would like to read you some statements that **opponents** of reform may say and I would like you to tell me if those statements make you much less likely to support the reform, somewhat less likely, just a little less likely, no less likely or more likely to support the reform.*

Any solution to financial regulation reform must put an end to taxpayer funded bailouts for Wall Street banks. This bill not only allows taxpayer-funded bailouts of Wall Street banks, it institutionalizes them, creating a slush fund for future bailouts. We need reform that allows the biggest banks to fail so that taxpayers are not forced to pick up the tab for the reckless behavior of greedy CEOs.

■ Much less likely



Total less likely

This Republican anti-reform message [as framed by Luntz](#) and parroted by Senate Minority Leader Mitch McConnell – that reform provides for an institutionalized taxpayer bailout for Wall Street – falls completely flat. The latest Democracy Corps poll¹ finds only 27 percent saying that hearing such a message would make them much less or somewhat less likely to support a

¹ This memo is based on a Democracy Corps survey conducted by Greenberg Quinlan Rosner of 1,481 2008 voters, April 17-20, 2010. All data is among 1,225 likely 21010 voters unless otherwise noted.



reform bill. More voters, 46 percent, actually say this argument would make them *more* likely to support the Democrats’ reform bill, not less. And the Luntz message fails to win support even among the Republican base.

Republicans would have been better off supporting President Obama’s financial reforms and working with him on economic growth strategies.

As [one of us recently argued](#), financial reform is a win-win-win situation for Democrats. First, it puts Republicans on the wrong side of a popular issue. Second, when Republicans fold (as they are already in the process of doing) it offers a major legislative victory accomplished through bi-partisan support. And third, a strong bill will be good for the American people, protecting them from the abuses of big banks and avoiding future financial meltdowns.

Messages for Reform Soar

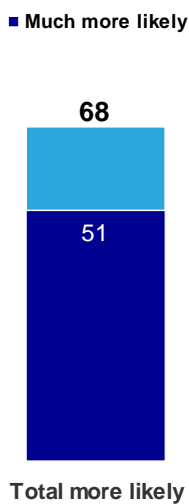
The arguments in favor of reform crush the opposition. Two-thirds of voters say the argument that banks should be forced to repay taxpayers makes them much or somewhat more likely to support reform, 51 percent MUCH more likely. Meanwhile, more than 60 percent of voters find the three other pro-reform arguments we tested persuasive.

Requiring banks to repay bailouts, ending “too big to fail” strongest

*As you may know, Congress may debate legislation that regulates the financial industry. I am going to read you some statements that **supporters** of reform may say and I would like you to tell me if those statements make you much more likely to support the reform, somewhat more likely, just a little more likely, no more likely or less likely to support the reform.*

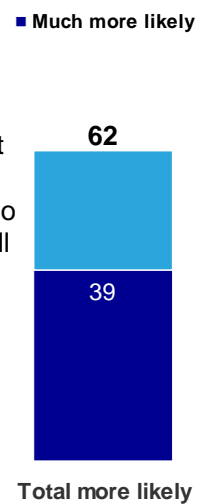
Requiring banks to pay taxpayers back for bailouts

This reform will require the big banks that benefited from government bailouts to pay the taxpayers back in full. If the biggest banks are healthy enough to pay enormous bonuses to the CEOs who got us into this mess in the first place, then they are healthy enough to repay every dime to the taxpayers.



Never “too big to fail” again

This reform will ensure that no bank or financial institution ever becomes too big to fail again. Reform will disentangle the financial institutions and banks so that one failing bank can never again threaten to bring down our entire economy if they go under.





The argument for a responsibility fee is similar to the idea proposed by Obama and is included in the bill passed by the House arguing that if banks are healthy enough to dole out big bonuses, then they need to repay in full every dime of bailout money. Adding a similar measure to the Senate bill would be a political winner for Democrats.

The fact that reform will prevent financial institutions from becoming “too big to fail” appeals to 62 percent of likely voters. Voters want reform that disentangles financial institutions and banks so that one failing institution can never again threaten to bring down our entire economy.

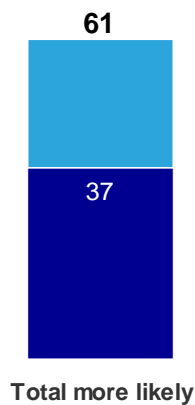
Fighting Wall Street and protecting middle class almost as strong

*As you may know, Congress may debate legislation that regulates the financial industry. I am going to read you some statements that **supporters** of reform may say and I would like you to tell me if those statements make you much more likely to support the reform, somewhat more likely, just a little more likely, no more likely or less likely to support the reform.*

Protect the middle class

Middle class families and small businesses played by the rules while some consumers, CEOs and big banks were greedy, took on debt that they could not afford and made bad decisions that ruined our economy. This reform will limit the irresponsible behavior and ensure that the greed of a few bad actors can never again cause an economic meltdown that the middle class has to clean up.

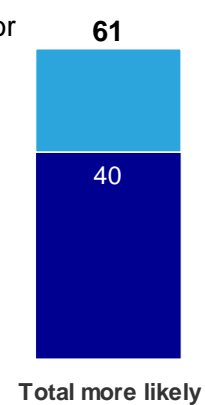
■ Much more likely



Wall Street fighting reform

Our current system is rigged to protect bailouts for banks and bonuses for CEOs while helping Wall Street avoid any accountability. That's why the big banks and their lobbyists are fighting this reform at every turn. Congress needs to put the American people, not the banks, first and pass real, meaningful reform.

■ Much more likely



The argument that big banks are fighting reform to avoid accountability and keep their system of bailouts and bonuses is convincing for 61 percent of likely voters. With 40 percent saying this makes them much more likely to support reform.

A message on the middle class bearing the brunt of the clean-up is similarly received. About six in 10 are made more likely to support reform given the fact that middle class families and small business are paying the price for the greed of some consumers, CEOs and the big



banks. The idea that reform will limit the irresponsible behavior of a few bad actors is compelling.

Further good news for Democrats (and more bad news for Republicans) is the fact that these messages in support of reform resonate with majorities across the partisan spectrum, even making Republicans more likely to support reform. There are even high levels of support among those who back the Tea Party, a movement grounded in the idea of less government.

Messages Against Reform Tank

The Luntz/McConnell message – which stipulates that the current bill creates a slush fund for future bailouts – finds only 27 percent of likely voters saying this makes them much or somewhat less likely to support reform. Moreover, this message falls flat even among Republicans as just 32 percent say it makes them much or somewhat less likely to support reform.

Other arguments against reform are slightly better than Luntz’s but still very weak, and are unable to persuade more than four-in-10 likely voters. A message focused on the idea the bill would lead to the creation of a new, big government agency could muster only 35 percent to say they would be less likely to support for this reason. The fear that more government regulation of banks would smother business and kill job growth only motivates 38 percent to be less likely to support.

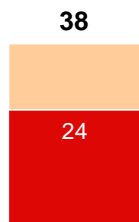
Strongest arguments less convincing than all Democratic messages

Now I would like to read you some statements that **opponents** of reform may say and I would like you to tell me if those statements make you much less likely to support the reform, somewhat less likely, just a little less likely, no less likely or more likely to support the reform.

Smothers businesses

This reform will create more government regulations that will smother businesses when we need them expanding and creating jobs more than ever. We need financial reform badly, but more government regulation that smothers businesses and kills job growth is not the answer.

■ Much less likely

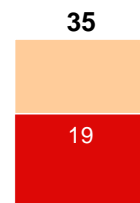


Total less likely

Creates government bureaucracy

We need to reform the laws that govern the financial sector but more regulation and another big, bureaucratic government agency is not the answer. An ineffective government agency will just lead to more waste, fraud and abuse and do nothing that actually protects us from this type of financial collapse in the future.

■ Much less likely



Total less likely



Republicans in Congress are on very weak ground. Their arguments against reform do not persuade independent voters or even resonate within their own party. As noted, the Luntz message only reaches 32 percent of Republicans. Likewise, the big government message only moves 34 percent of Republicans.

The prospect that reform would smother business is the only message for which a majority of Republicans become less likely to support reform. It gains some traction among other Republican-leaning groups such as conservatives and Tea Party supporters. But none of the other messages are close even among these most committed groups.