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To: Friends of Democracy Corps
From: Jim Gerstein

The Economic Anger
Democracy Corps Focus Group Report

As anger about the economy shapes public reactions to growing economic troubles and the government's response to these problems, the latest wave of Democracy Corps focus groups took a deep look at voters' attitudes toward the economy. Their anger is deepening, and some participants were already saying that the new stimulus package looks like politicians throwing money at the problem when there are structural and long-term problems to address.¹ The economy is now the biggest driver of the negative national mood, and voters' economic judgments center on several core themes:

- Regardless of education and income, people are having major problems with money and making ends meet.
- People are focused on the rising cost of gas, food and health care. Energy costs were seen as the drivers of everything going up, leaving people feeling powerless.
- The housing crisis is seen as dangerous and threatening.
- The money spent in Iraq is seen as draining our own economy.
- The middle class is the victim of these economic pressures.
- People are angry that the middle class' needs are ignored while the rich get richer and the politicians cater to their own needs.

¹ Democracy Corps conducted focus groups of likely voters January 9-10, 2008 in Orlando, FL and Columbus, OH. Participants described themselves as independents or weak Democrats/Republicans. The Orlando groups consisted of college educated men and women with household incomes over \$50,000/year who live in Florida's 24th congressional district, and the Columbus groups consisted of non-college educated men and women with household incomes below \$50,000/year who live in Ohio's 15th congressional district. This analysis also includes observations from focus groups conducted in St. Louis, MO on February 13, 2008 and Des Moines, IA on February 18, 2008, consisting of college educated voters who are undecided or lean toward John McCain in the November presidential race.



- Lobbyists are the reason why the rich and corporations get the tax breaks, and the economy works for them instead of the average person.
- People respond to an investment and middle class tax cut agenda, but many also respond positively to a conservative message on controlling government spending, pork-barrel projects and cutting taxes. Their anger is also directed at government, which is part of the problem.

These swing voters are angry and believe America needs to dramatically change its course. After discussions with 40 Americans from the battleground — half who voted for Bush and half who voted for Kerry — it is abundantly clear why national polls continue to show nearly 7-in-10 people believing our country is going in the wrong direction, and why this year provides progressives with a historic opportunity to advance their vision.

Scared about Making Ends Meet

Across all groups, regardless of income or education, people were having major difficulties making ends meet. They universally cited the rising cost of everything — particularly gas, food, and health care — as a serious problem that puts them in untenable positions. This was generally not seen as typical inflation which historically just happens over time; instead, their incomes are not rising and costs have been skyrocketing at an extraordinary pace, and they don't know when it is going to end.

In today's economy now to live the way we want to live you have to have two incomes. (Orlando, college educated woman)

You got to do something about the cost of healthcare. We pay more in this country for healthcare than any other civilized country in the world and how many people are uninsured? (Orlando, college educated man)

Bring the wages in line with expenses because expenses are just going up. I don't know if you guys are experiencing it, but does everything just seem that it got expensive overnight here. (Orlando, college educated man)

Utilities keep going up. Water bill is going up. Gas is going up. It's just constant. (Columbus, non-college educated woman)

I think the economy is worse off than what people think. I'm self employed and I work on cars. If it's over \$1,000 it will take two credit cards to get them out the door. They'll break it down and put it on two credit cards before they can get out the door and pay for it. My opinion, everybody is digging themselves deeper and deeper. How can you make \$20 an hour yet turn around and pay \$90 an hour to get your stuff worked on? Some of these dealerships and stuff are \$90 an hour. There is too big of a gap there. You can't do it. (Columbus, non-college educated man)



Gas and oil prices. Gas costs and oil were a continuous theme across the focus groups as people viewed gas prices as one of the principal causes that drive up the cost of other goods. This linkage highlighted the absurdity of our ongoing dependence on foreign oil – and all the military and foreign policy ramifications that this entails – while we do nothing to change the equation.

Groceries are going up because gas is going up and everything is going up but my salary. (Orlando, college educated woman)

The cost of fuel actually, and I don't know if I'm right or wrong, affects everything because a friend of mine does jewelry and I asked him if he made his numbers and he said no. Nobody was anywhere close to doing it and the retail market goes down. If I have to spend 30 dollars more to fill my tank up, that is 30 less dollars I am going to spend somewhere else. What do we do about it? I'm not sure. I mean our economy is not doing very well. (Orlando, college educated man)

Gas prices, for one thing, it just drives the price of everything else completely through the roof. We need to do something to get those gas prices down, to stabilize the economy. (Columbus, non-college educated man)

The war in Iraq, the amount of money being spent over there, and the cost of oil. It's kind of all tied in. And then all of that filters down eventually to everyday people. And all of those costs eventually fall on our shoulders. On shoulders that are already pretty well packed. (Columbus, non-college educated woman)

The Housing Crisis

Participants across the groups also cited the housing and mortgage situation as another major problem in the economy. They saw this as a crisis with a domino effect: people cannot sell their houses or take out equity, causing them to hold back spending which causes businesses to lose income and lay off workers who then cannot make their rent, mortgage, or other credit payments. It is a dangerous situation that has people concerned about their own ability to keep up. Several participants also felt that we are either in a recession or headed into one, and this trend frightens them because they believe once Americans think we are in a recession, this will exacerbate insecurity, further slowing investment and spending.

It is like a vicious cycle. What is happening with the mortgage industry is the people that got into those mortgages are selling their homes at dirt cheap prices just to get out from underneath the debt, which is bringing all the other homes down (Orlando, college educated woman)

I'm worried about the domino affect because if you have these foreclosures and people losing jobs and a lot of jobs are going overseas, I'm just afraid there is going to be a domino affect and it is going to start affecting other people and you



know besides just the people who have the foreclosures. (Orlando, college educated man)

Our parents never got home equity loans like our friends do today. I mean it is crazy.

Well they didn't pay \$4.50 for a gallon of milk. (Exchange among Columbus college educated men)

I live in a brand new development. My house is less than two years old. Most of the houses where I live are less than two years old and I'd say over twenty of them already are foreclosed. (Columbus, non-college educated man)

I think similar to the housing market more people are talking about how home values are going to go down and how nothing is selling whether it be new homes or existing homes. It becomes a self-fulfilling prophecy and more people then talk about a recession. Everyone starts to hold money close to their vest and people stop spending it then it becomes an actuality. (Columbus, non-college educated man)

Inequality and Middle Class Squeeze

While people felt very financially pressed and were worried about the economic situation, they were angry about how their concerns went completely unaddressed as the rich were getting richer and being catered to by politicians. In fact, anger about income inequality ran throughout the discussion — which is something that we have rarely seen in past Democracy Corps focus groups, and certainly not with the intensity we witnessed in these.

When you've got the CEO making two hundred and thirty times more than the average floor worker at a Ford plant, that's a problem.

Right.

Yeah. And I think somebody or something should have control so that doesn't happen. (Exchange among Columbus non-college educated men)

And big corporations, the CEO's, they get canned because they don't do their job, but they get a 2.7 billion dollar severance package. Hello, I won't make 2.7 billion dollars in my lifetime.

Let's all do a crappy job and we'll take half of that. (Exchange among Columbus non-college educated women)

How much were the gas companies making in their profits? It's unbelievable how the government can let them do that and the price of gas is so much. And they say it's going to research. Research this. (Columbus, non-college educated man)

Our economy is working for the very wealthy but not the middle class. (Orlando, college educated man)



They talk about the economy as working for the very wealthy and I read in the New York Times that \$200,000 per year is the new \$100,000 per year in salary... That's the standard of living to feel like you've really made it in America, \$200,000 a year. For most people, that's unattainable. They'll never see that in two lifetimes. So I think it's unfortunate that there is one-tenth of one percent of Americans own forty percent of the wealth in this country. That's an obscene number. It's a disgusting number. (Columbus, non-college educated man)

Their concerns about the economy evoked a great deal of discussion about how the middle class has been completely squeezed, and how we must get back to strengthening the middle class which is the “backbone of our country.” The following exchange among non-college educated women in Columbus captured the concern about the middle class consistently expressed throughout these focus groups:

I feel like we are getting pushed into two classes.

Yes.

There is no middle class anymore.

No.

The poor are getting poorer and the rich are getting richer and there is nobody in the middle anymore.

The middle class subsidizes the poor.

And we subsidize the rich.

Absolutely. (Exchange among Columbus non-college educated women)

Other comments about a weakened and disappearing middle class were repeatedly made across income and education levels.

I think we need more of a middle class again. I don't think we have a middle class. (Orlando, college educated man)

I'm worried about the middle class. That is the main part of this country, the middle class. And it seems to be going down. (Columbus, non-college educated man)

We need to bring back our middle class and have better income equality. (Orlando, college educated woman)

Start looking out for the middle class more in terms of taxes. We make so little and have to spend so much. (Orlando, college educated woman)

Some people even cited a correlation between a strong middle class and our nation's ability to wage war, comparing today's war effort and middle class to what the country experienced the World War II and post-war era:



When America comes together we do so many amazing things. You know we can help so many other nations and I just think we are at our best when we all come together as a nation.

MODERATOR: Can you think of any examples of that?

World War II.

Yeah.

We had a huge middle class then that benefited from all the economic growth.

Yeah but we had, the people sacrificing. You know my parents, we had to buy the bonds.

But they were a strong middle class. (Exchange among Orlando college educated women)

Addressing the Economy

The sense of middle class squeeze and unfair catering to the rich — which was seen as the consequence of powerful lobbyists controlling the politicians — was often linked to President Bush’s overall economic approach (“he gets paid by the big oil companies”) and specifically his tax cuts.

When we presented different approaches to an economic stimulus plan — a Republican approach that sought to make the Bush tax cuts permanent and provide new tax cut incentives versus a Democratic approach that emphasized investment projects, extending unemployment insurance, and child tax credits — these swing voters were overwhelmingly drawn to the Democratic path. The investment and targeted tax cut approach was seen as far more geared toward people’s real problems than a continuation of Bush’s tax cuts which people saw as a giveaway to the wealthy.

[The Democratic version] seems more that it’s geared towards every day issues and every day people and the real tangible problems that people seem to face on a day-to-day basis. (Columbus, non-college educated woman)

It sounds like to me that the Republicans want to make the wealthy wealthier. Cut their stock dividend tax, they should have to pay taxes on that. I have to pay taxes if I pull my money out of my 401K. I have to pay a fee. So I think that they should be taxed just like we are, us working class people. The higher end market of people should be taxed just like I am. What taxes I pay, the percentage of the same taxes I pay should be the same taxes they pay for the money that they make. (Columbus, non-college educated man)

The impact of linking Bush to today’s economy was very clear when we played out the economic debate, using the economic messages being delivered by the presidential candidates. Without using their names, we compared McCain’s tax and spending cut message to Obama’s and Clinton’s message which talks about departing from Bush to help provide middle class tax relief and have the wealthy pay their fair



share. In the non-college educated Columbus groups, nearly every participant enthusiastically chose the Democratic approach because it addressed their own concerns and helped people who needed it. The McCain message was overwhelmed by the Obama/Clinton message in large part because the Democratic message drew a sharp contrast on who has been benefiting in this economy and whose needs should be getting addressed. With people feeling squeezed and seeing others getting breaks, language in both messages that invoked the middle class was particularly effective.

The [Democratic] one sounds better anyway. President Bush's economic policy, moving away from it.

And invest back in America.

It touches on a lot of the major problems that we have going on right now.
(Exchange among Columbus non-college educated men)

But it is important to highlight that in the more conservative Orlando groups, participants were ambivalent about the McCain and Obama/Clinton approaches because they were drawn to McCain's emphasis on cutting government spending and taxes, yet they very much liked the Obama/Clinton elimination of loopholes for corporations and calling on those who are doing well to contribute. For these voters, requiring corporations and the wealthy to play by fair rules is not inconsistent with keeping overall taxes and spending under control, and the diverse comments below reflect common sentiments in the two Orlando groups.

You know if we start eliminating all those wonderful tax loopholes for corporations and requiring the wealthy and big corporations to pay their fair share we are going to have more money. It just makes sense. (Orlando, college educated woman)

I like the tax cut and matching cut in spending. (Orlando, college educated woman)

I think history has shown that if you cut taxes it does stimulate the economy to a certain extent if the taxes are guided in the right direction it has helped. I mean Ronald Regan proved that. (Orlando, college educated man)

Cutting taxes, everybody thinks that is like the answer to everything. I mean I live in a middle class area and I pay \$4,000.00 in property taxes. I don't mind paying my property taxes and I don't even got kids going to the school but somewhere down the line people paid for my education so I don't mind doing it for other kids and stuff. I don't think cutting taxes. I don't mind paying taxes if I get the services that my tax dollars provide. It is only when they are being wasted foolishly that I get really upset. (Orlando, college educated man)

In the non-college educated groups in Columbus, participants' anger about the unfair aspects driving the economy was also linked to illegal immigration. The issue did not come up unprompted in the Orlando college educated groups, but in Ohio, participants were upset about



the perceived benefits that illegal immigrants were reaping as everybody else struggles to get by. This dynamic fed the narrative prevalent throughout all groups that those who are working hard and playing by the rules are falling behind, while those who sneak into the country or have a high-powered lobbyist get benefits on the back of taxpayers.

Economic Impact of the Iraq War

The financial costs of the Iraq war aroused a great deal of anger during this time of major economic pain. We have seen the “America first” impulse for several years, and it has intensified as the war has become increasingly viewed as a sinkhole and a rapidly growing number of people suffer at home. These battleground voters were adamant in their desire to redirect financial resources to the home front.

I think too to make the American public realize that they haven't been forgotten in all of this, that there are big issues in our own country that need to be taken care of and not just big issues in other countries. (Columbus, non-college educated woman)

Where is all this money coming from and who is going to pay for it? They have to realize we are not going to go anywhere over there. It's not going to get done, so you have to get out of there the best way that we can and start planning for what is the best way to do it. (Columbus, non-college educated man)

I think it's like throwing good money after bad money. We are creating a trillion dollar national debt that our children's children are going to have to live with. We can live with a \$4/\$5 gallon of gas, but our kids are going to be the ones that will have to pay for this war through higher taxes, through lesser services to our government. I think we are looking at a short-term goal when we should be looking at the long term and future and stability of our country. (Columbus, non-college educated man)

I don't like people having like no-bid contracts over there. I think that has really escalated the cost of the war too. I mean this war is just unbelievable and the cost and the money could be going to help New Orleans, use it on domestic programs and helping other nations. (Orlando, college educated woman)

Can the U.S. and our tax dollars remove every dictator and turn the entire world into a democracy? Is that really our role in the entire world and this has been a learning opportunity?

I don't see why we have to be world police.

Right.

Let's worry about domestic issues here in our borders. (Exchange among Orlando college educated men)



These are certainly difficult economic times for most Americans, and the Democracy Corps focus groups revealed the voter anger that accompanies the situation. Whether it is the unfairness of the wealthy getting tax breaks they don't need while the rest of the country suffers or the frightening reality of not being able to keep up with rising costs, voters are starving for a new economic vision that will strengthen the middle class and get our country back on the right track. As the 2008 election approaches, the candidates and party that demonstrate their concern for what people are going through and offer a real break from President Bush's agenda will be speaking directly to what drives the desire for change in our country.



APPENDIX
Postcards about the Economy to a Presidential Candidate

Dear Candidate for President,



Group 1: Orlando, college women ages 45-60, likely voters, HH income \$50K+, FL 24

1. We need help in controlling government spending, gas prices, housing costs, health care. What are your aspirations for moving our country forward with these issues. Bipartisan – bring the parties and the people together. We are a great country, and will support a hard working individual who makes his/her promises and want to keep them.
2. Together mortgage lending practices, promote incentives to companies willing to develop alternative fuels to reduce our dependence on foreign oil. Address health care costs to try to make system fairer for all. Restructure tax system so corporations close loopholes. Help middle class.
3. We need to bring back our middle class and have better income equality. Work to bring our healthcare system more affordable. Please work for the people not the “party”! Get us out of the war but don’t leave without setting up stability.
4. Lower taxes, get better healthcare for all and everyone should work together to make a better America. Find a better way to get gas at a cheaper price.
5. Please bring us back together as a country. Work together with both parties to come up with realistic ideas to promote the economy. Try to find alternative fuels and other resources. Work on the mortgage industry and interest rates.
6. Please take political risks and have courage.
7. I would like to see health costs controlled along with oil prices. We need more job stability by keeping jobs in this country. We also need to control interest rates and cut taxes for the middle class.



8. Please start looking out for the middle class more in terms of taxes. We make so little and have to spend so much. Also look into alternate sources of fuel found inside the U.S. We need to lessen our reliance on Arab countries, which will give us more power and not have to cave in to their uncivilized policies. Fuel efficient cars? Yes! Fees for pollution? Yes!
9. Stabilize the gas prices along with rising costs in healthcare, education and products. Help the poor who are becoming poorer in every aspect. Medicare is going to run out by the time I'm old enough for it. Get us out of Iraq and help the veterans from all the wars, not just this second Iraq one. We need a fairer tax system – again, the richer and the poorer. DON'T LIE!
10. I think we need to balance the national budget. Strengthen the middle class. Help people pay for quality health care. Help the elderly, social security. Find other alternatives for fuel supply. Make plans to leave Iraq. Help working poor. Help New Orleans. Help economy. If a person is here illegally, they should not have access to services that legal citizens play for.

Group 2: Orlando, college men, ages 30-45, likely voters, HH income \$50K+, FL24

1. Lower my taxes, Fix the credit crunch, specifically mortgage availability, Lower the cost of oil, be it a refining or supply problem – drill in the U.S. if you have to! Eliminate pork barrel spending – no more Alaska bridges on my tax money!, Eliminate social program spending – welfare, WIC, etc.
2. Take it easy on us entrepreneurs. We are the backbone of this country. Be firm but Fair! Fix the damn fuel crisis and make our Healthcare more affordable, especially for a small business owner!
3. Listen to your constituents!!! I feel the general public is tired of low wages and higher expenses. There has to be a way to do this.
4. Majority not minority. Lower cost of living, refocus money to temporarily reduce oil prices while alternative sources of energy is found.
5. Keep us safe and secure. Help moderate the cost of living. Act unselfishly with absolute resolve to improve quality of life for citizens. Don't be afraid to ask for help. Remember to respect citizens and unless they are harming others leave them alone.
6. I need you to control my health care cost, and please secure our border. Please help us get rid of our dependence on foreign oil.
7. I think you should focus on the bring back the middle class. I believe unions are a good thing. Go green is a good thing. Solar and wind power, more should be done. Get rid of the IRS.
8. We the middle class need a candidate that can identify with the inflation/ cost of living issues we are dealing with. Single income families should get an additional tax break. I



would also like to see an end to the war in Iraq and someone who can rebuild our relationships with other foreign countries.

9. As a concerned citizen. I'd like to say that a boost to American economy is greatly needed. I believe that major steps could be taken to curb our reliance on oil companies. (i.e. gas free automobiles etc.) Also there is great concern about the rising cost of Healthcare.

Group 3: Columbus, non-college women, ages 30-45, likely voters, HH income under \$50K, OH 15

1. Please try to initiate a plan that would help provide better healthcare for those that cannot afford it. Also, to prepare for the future, a better educational system should include equal opportunities available to all students, not just ones from richer communities.
2. Work toward leveling soaring interest/finance rates. Work toward more fair/equal pay to types of work performed. Work toward programs to actually help people who need to work provide for families. Also provide more "common sense" solutions to American Problems with healthcare, housing, general housekeeping. Bring America back Home!! Bring our jobs, manufacturing, our soldiers back home. Let America take care of America. If a corporation want to manufacture/work outside the states then send them there.
3. I as a middle class citizen would like to see a better America for all. I would like to see health care cost go down so that the middle class could afford health care. I would like to see the much wasteful spending of our gov. to be less and a even economy for all.
4. I would like things to be more fair/even prices, costs of goods, taxes, health care, job salaries, and for the war to end.
5. I am looking for you, as President, to find some way to provide decent, affordable healthcare to all citizens. Also, I would like to see you regulate excessive spending in all areas of government, especially salaries!
6. Solid ideas for change, not rhetoric. The economy of our country must be our 1st priority. Healthcare must be changed. Social Security. How would you handle the withdrawal of troops from Iraq and the implications of the withdrawal. Dependence on oil.
7. Our country is in dire straits. We need a boost for the economy, we need a person who can stand up for the middle class and take care of business. We need a better education system that is not based upon test scores. We need to bring our troops home in a reasonable amount of time. We need to focus on "US" the United States.
8. As a divorced mother with 2 children in private schools I need you to do two things; Make healthcare affordable so my children and their children can be vaccinated and treated in a decent facility if they are injured or ill. Give me the option for my daughters to go to public or private school. I currently am paying over \$6,000 for 1 child in 8th grade and 1 in 10th grade.



9. The rate of inflation is rapidly growing, but wages are not keeping up. Living on one full-time income and a part-time income, we struggle to make ends meet. It is difficult to pay rent, rising utility cost, health care, and gas.
10. We need to have tax breaks for middle class America and provide better, more affordable healthcare. Also, to pay attention to global warming and education parents and children of the benefits of going “green”. Also, to make changes to how the war in Iraq is being handled and slowly start bringing our troops home.

Group 4: Columbus, non-college men, ages 45-60, likely voters, HH income under \$50K, OH 15

1. Affordable health care for all. Affordable education based on income. Get us out of Iraq and less dependent on foreign oil. And by the way – Gas has Nothing to do with politics.
2. Please help with health care for children and the old, education should be where the backbone of the country. Pull out of Iraq. Give middle class people a break and help with the mortgage issue.
3. Reduce taxes, cut fuel prices. We need to work on more efficient and alternative fuels. Along with being greener. We need to close our borders to illegal aliens if they want to come they need to pay taxes and health care like the rest of us.
4. Follow thru with what was promised. Find new energy sources. Fund and allow stem cell research. Pull out of Iraq, cut taxes, close the borders, healthcare for all, help fund American college educations.
5. Remember where you come from. Don't outgrow your upbringing. Straight talk with your people that put you there. Get our troops home and don't worry about the East. Promote small business that support our country. Help the middle class people. When you say you are going to cut taxes do it. Keep your word.
6. As far as the economy is, if you legalize Illegal's it will hurt our economy when they go on welfare. Cut taxes and fuel cost, and get alternative fuels. Renewable fuel in mainstream America, cut pork spending and stop lobbying.
7. We need to do something to spark our economy. I would like you to seek other sources of fuel or electric vehicles, hydrogen?
8. Energy, we need a plan. Health care, affordable. Rebuild the infrastructure (highway – air). Make taxes fair, take care of our old people.
9. Bring the jobs back to the USA where they belong and bring our soldiers back home. Let the Middle East fight among themselves. We need to help the USA and get us back on our feet.