



## Reframing “Responsible”

An Analysis of Americans’ Views on Government Spending, Deficits and the Economy

*“The federal government is too big, it spends too much, and it's out of control.”*

Minority Leader John A. Boehner (R-Ohio), Sept. 23, 2010

Two years ago, the banking system and financial markets were on the verge of collapse, starting a precipitous decline that would result in millions of lost jobs and \$1.3 trillion in vanished wealth. The Obama administration got to work and achieved remarkable progress in a very short period - saving the auto industry from collapse, passing significant stimulus legislation, reforming financial markets and the health insurance system, and so on.

More Americans blame the Bush administration than the Obama administration for the current state of our economy (CBS/NYT, September 2010), and most say they understand it will take a long time to turn the economy around (Pew, Aug.-Sep. 2010). Still, national polls consistently show that the president’s approval ratings have declined since his inauguration, favorability ratings for Congress are dismal, few believe that any of the steps by the administration have helped, and most pundits believe Americans are poised to punish Democrats in the elections this November.

### **Why?**

Part of the problem may be an inability to describe the role of government spending in a recession in a way that Americans can embrace. Most of us think of government budgets like a household budget. When times are tough, we scale back, cut unnecessary spending, and avoid taking on more debt. It would be irresponsible to increase spending and max out the credit cards. Is it any

wonder that the perspective advanced by Minority Leader Boehner and conservatives resonates with the public?

This dynamic creates huge problems for progressive advocates. If “government spending” is defined as contributing to our economic woes, it becomes impossible to advocate for new spending to get out of the recession or to blunt the effects of the recession on the most vulnerable. Further, if Americans worry about leaving their children and grandchildren with a mountain of debt, it becomes logical and responsible to consider spending cuts in all programs, particularly programs that make up large parts of the budget—Social Security and Medicare at the federal level, and education, public employee pensions, etc. at the state and local levels.

Of course government budgets are *not* like household budgets and countercyclical spending is not only the responsible action but it is essential to getting the economy back on track. How do we make this case and get control of the narrative for the long term?

This paper reviews current trends in public opinion based on publicly available research. It identifies some of the key obstacles and opportunities we face when communicating with Americans. It is intended as a companion piece to “Beyond ‘Living Within Our Means,’” which is based on original research and recommends frames to advance and avoid to build a new narrative.

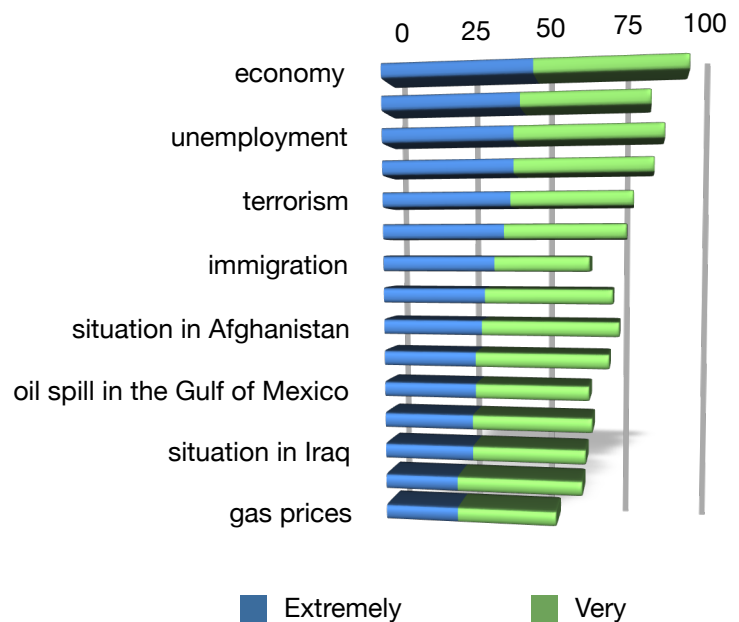
## Economic Anxiety

In the current economic climate, the economy and jobs naturally top the public's list of priorities. Importantly, the federal deficit is also cited as a top concern. (GfK, September 2010)

Though job loss has slowed, the stock market has increased in value, and some economists say the recession ended over a year ago, people continue to feel a great deal of anxiety about the economy. A majority (54%) is "still hunkering down" while 23% are "getting back to normal" and just 16% are "seeing opportunity and taking more risks." (Selzer/Bloomberg, July 2010) Nearly three-quarters (71%) say, "Regardless of what economists say, it still feels like we are in a recession" while only 13% believe, "The economy is faltering and we will fall back into recession" and 14% report, "The economy is on solid ground and we will not fall back into recession." (Selzer/Bloomberg, July 2010)

Fear, anxiety, and personal sacrifice contribute to Americans' worry about federal spending. While most experts and advocates understand that countercyclical funding is critical to blunt a worsening recession, the general public assumes that "belt tightening" is the correct government response in a struggling economy. More than any other criteria, members of the public are most enthusiastic about candidates for office who support spending cuts. (Hart/McInturff, Aug 26-30, 2010)

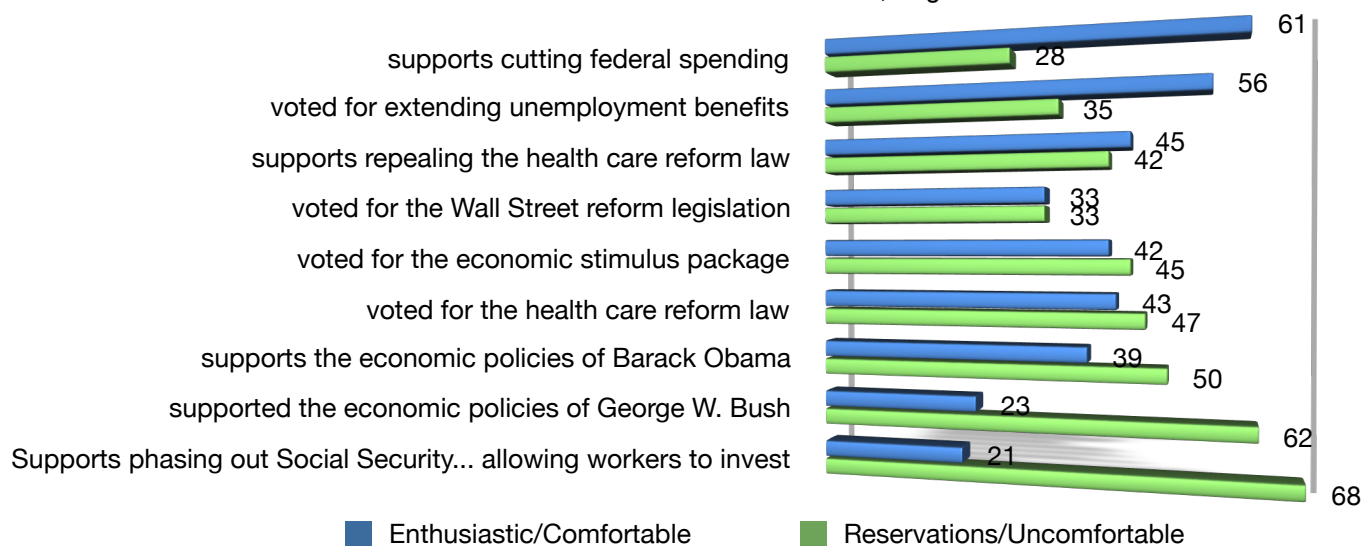
**Issue Importance**  
(% "Extremely" and "Very" Important)  
AP-GfK Poll, September 2010



## Reactions to Candidate Qualities

(In Percent)

Hart/McInturff, August 2010



**Americans have a limited understanding of what is contributing to the deficit and are far more likely to point to spending over revenue as the cause.** More people point to the wars, bank bailouts and unnecessary spending than blame the Bush tax cuts or revenue reduced by the recession. This dynamic suggests one reason why the tax cut conversation may be stuck – people are not linking the deficit to reduced revenue (due to tax cuts and recession). Though they blame the wars (spending) for contributing to the deficit, how many make the link between going to war WHILE cutting taxes – increasing spending while decreasing revenues?

### Two Things Most Responsible for Federal Deficit Growth

(In Percent)

(Democracy Corps, July 2010)

The wars in Iraq and Afghanistan	49
The bailouts of the big banks and auto industry	36
Lobbyists and special interests putting unneeded spending in the budget	31
The Bush tax cuts for corporations and top earners	29
President Obama's economic recovery or stimulus plan	28
The economic recession that cut tax revenue and required support for the unemployed	8
The cost of the Medicare Prescription Drug benefit	6
Other/All/Don't know/Refused	6

**Taken together, people's worries about federal spending and deficits work to undermine progressive policies.** If “too much federal spending” is the problem, then spending on *anything* is under fire and the biggest budget items (like Social Security and Medicare) are a logical part of the conversation. By contrast, if people understood that going to war while cutting taxes led to the deficit, it is unlikely anyone would hold Social Security and Medicare accountable for it. Note the following list of suggestions to address the deficit, few of which link to the actual causes of the deficit (war, across-the-board Bush tax cuts, Wall Street-driven recession).

### Approaches to Decrease the Deficit

(In Percent)

(Selzer/Bloomberg, July 2010)

	Strongly Considered	Considered	Taken off Table
Allow the income tax rate for the highest income earners to go back up to where it was 10 years ago	41	31	22
On Social Security, remove the cap so that wages over \$107,000 a year are subject to the tax	39	40	18
Cut defense spending	26	34	38
Stop extending unemployment benefits beyond the usual 26 weeks to workers who lost their jobs during the recession	24	35	40
Cut spending on government programs such as education, public housing, and regulatory agencies	23	31	44
On Medicare, raise the age at which people become eligible from 65 to 67	18	34	47
Cut federal spending on roads, bridges and public transportation	16	40	43
Reduce Social Security and Medicare benefits	9	18	72
Raise the income tax rate on middle-class Americans by 2%	8	28	63

Many of the proposals to close the budget deficit have the potential to tie cause and solution together, but as of now, it seems they are primarily driven by a desire to make Wall Street and the rich pay, rather than average Americans. In the table below, note that all the top proposals focus on making corporations and the rich pay. While the current anger can drive popular support for approaches that progressives advocate, a rationale linking cause and solution is likely to lead to more lasting change and overcome the “class warfare” charge. (In addition, linking cause and solution creates a strong rationale for reforms like the financial speculation tax, which gets mixed reviews when it goes unexplained.)

<b>Favor/Oppose Proposals to Close the Federal Budget Deficit</b>					
(In Percent)					
(Democracy Corps, July 2010)					
	Strongly Favor	Favor	Oppose	Strongly Oppose	Net
Create a tax on excessive profits made by Wall Street banks	46	19	9	20	36
Eliminate tax breaks for corporations that export jobs overseas	50	15	8	24	32
Eliminate the cap on Social Security payroll taxes so those earning more than 107 thousand dollars pay the same rate as everyone else	40	21	13	17	30
Eliminate tax breaks and subsidies for corporations such as the oil industry, drug manufacturers and agriculture	37	21	16	20	23
Let the Bush era tax cuts for those making over 250 thousand dollars expire next year as originally planned	43	14	12	26	18
Create a tax on carbon emissions from utilities and other major manufacturing companies	26	22	13	35	0
Create a financial transactions tax that would impose a small half-a-cent tax each time a stock is bought or sold	18	24	17	29	-4
Increase the age to receive Medicare benefits from age 65 to age 67	16	19	18	44	-27
Create a nationwide 3 percent federal sales tax on all goods except for food	17	18	18	44	-27
Eliminate the current Medicare program and instead give all seniors vouchers to be able to purchase up to 11,000 dollars a year in private insurance or health care	14	14	15	48	-34
Raise the retirement age for Social Security to 70 years	12	20	14	52	-34

Additionally, in an earlier Democracy Corps survey, several proposals receiving widespread support should concern progressive advocates. The top three proposals most favored by the public demonstrate how readily the public would support approaches that would cut federal spending and hamper government’s ability to end the recession:

- \* 61% favor requiring “any new government spending increases to be offset with other spending cuts or tax increases”
- \* 59% favor creating “a bipartisan deficit reduction commission that would provide recommendations of ways to cut the deficit which would have to be quickly passed or rejected with a three- fifths majority by the House and Senate as a package”
- \* 58% favor cutting “all non-defense spending by 3 percent a year for five years”

(Democracy Corps, March 2010)

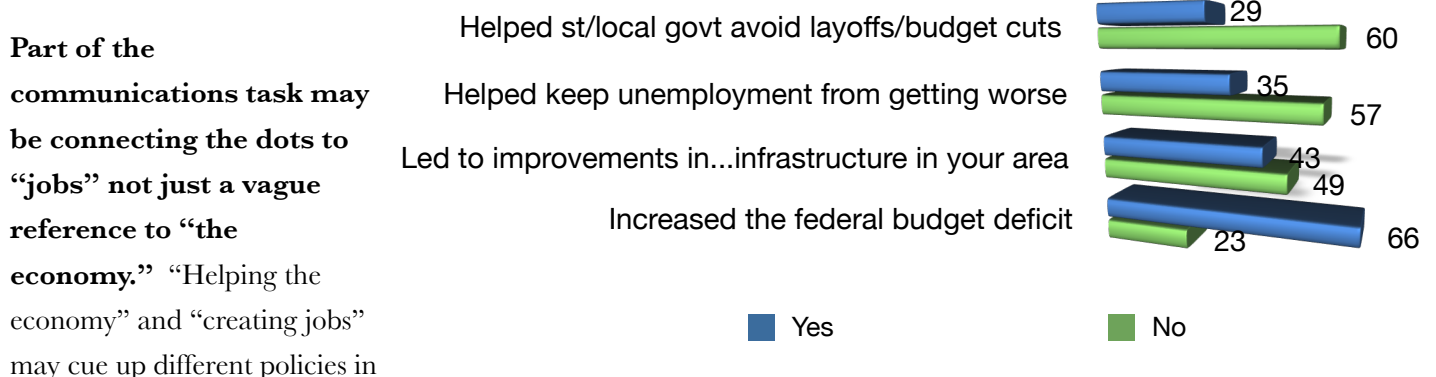
## Changing the Discourse

**It is tempting to lead with an argument about deficit reduction.** In fact, the White House has in some ways taken this path by creating a deficit reduction commission and by communicating an intention to identify spending cuts. However, if progressives focus on “deficit reduction,” it is likely that we will undermine our policy priorities by reinforcing the public’s assumption that we need more spending cuts, not increased investments, revenue, economic growth or other solutions. When asked what approach “would be most effective in reducing future federal deficits” fully 72% point to spending cuts while a mere 17% suggest tax increases. (Democracy Corps, March 2010)

**Instead, we need to find a way to make a compelling case that government spending is the solution not the problem.** Clearly, many Americans are not making the connection between significant government spending and the resulting effects on Main Street. While the continuing high unemployment rate undoubtedly contributes to people’s belief that no progress is being made, it also seems clear that media and advocates’ communications have failed to connect the dots between policy and outcome. Note the following responses that show majorities rejecting the idea that the economic stimulus helped state and local governments avoid layoffs, or kept unemployment from getting worse. A plurality even rejects that it led to infrastructure improvements. It did, however, increase the budget deficit.

### Economic Stimulus Effects (In Percent)

Pew Research Center, July 2010



**Part of the communications task may be connecting the dots to “jobs” not just a vague reference to “the economy.”** “Helping the economy” and “creating jobs” may cue up different policies in

voters’ minds. Several surveys suggest that given the choice between “reducing the deficit” and “helping the economy,” majorities would prioritize deficit reduction:

- \* 63% side with the view that “the president and the Congress should worry more about keeping the budget deficit down, even though it may mean it will take longer for the economy to recover” while 34% side with the view “the president and the Congress should worry more about boosting the economy even though it may mean larger budget deficits now and in the future.” (Hart/McInturff, June 17-21, 2010)
- \* 59% say the higher priority for the federal government should be “spending less to reduce the budget deficit,” not “spending more to help the economy recover” (34%). (Resurgent Republic, April 2010)
- \* 51% place a higher priority on the budget deficit over “spending more to help the economy recover” (40%) (Pew, July 2010)

However, between “reducing the deficit” and “addressing unemployment”, opinion shifts in favor of focusing on jobs:

- \* 70% believe reducing the unemployment rate should take priority while 28% believe reducing the budget deficit should take priority. (Selzer/Bloomberg, July 2010)
- \* A slim majority (54%) believe the remaining stimulus funds “should be spent as planned to help create jobs,” while 43% believe the remaining funds from the stimulus program should be “canceled and the money used to reduce the budget deficit.” (Democracy Corps, March 2010)

**Similarly, people are far more supportive of federal aid to states when a case for jobs is part of the rationale.** Without a rationale, people can easily see “aid” as creating dependency. When asked what should be done about states’ inability to balance their budgets this year, a majority (58%) says the states should “take care of this themselves, either by raising state taxes or cutting state services,” while just 26% say the federal government should “give more money to the states to help them meet their budgets, even if it means higher federal deficits.” (Pew June 24-27, 2010)

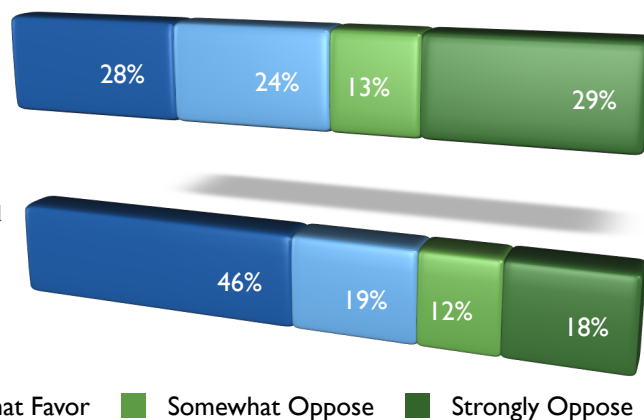
However, when federal funding to states is clearly connected to jobs and public structures, there is a dramatic increase public support. Note the following survey experiment that demonstrates the difference between those people simply asked for their opinion on federal funding, and those given more information about layoffs in public education. Support increases from a net 10-point margin to a net 35-point margin.

### State Funding - With & Without Explanation (In Percent)

Democracy Corps, July 2010

Would you favor or oppose the federal government providing more funding to the states to prevent further service cuts and layoffs?

Over the past year, 45 states have had to layoff teachers, police, firefighters and other employees due to the recession. Next year, states will face continued revenue shortfalls as a result of the weak economy with some 300,000 teachers and other education workers potentially facing layoffs. Would you favor or oppose the federal government providing more funding to the states to prevent further service cuts and layoffs?





**Secondly, communicators need to find a way to advance a long-term vision.** People’s economic anxiety goes far beyond calculations of deficit spending, worries about the effectiveness of the stimulus bill or economists’ projections about the recession. They have a deep-seated fear that the American way of life is changing. Two-thirds (65%) believe America is in a state of decline. (Hart/McInturff, Aug 26-30, 2010)

Even more worrying, over the past twenty years people have become far less confident that, “Life for our children’s generation will be better than it has been for us.” Two-thirds (66%) are not confident life will be better and just 27% say they are confident that it will be better. (Hart/McInturff, Aug 26-30, 2010)

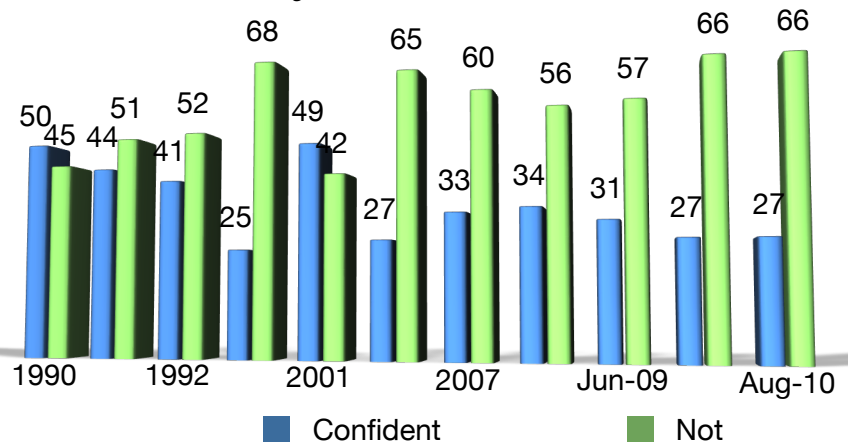
**This is the terrain we have to contest to shift public discourse on government spending and the federal deficit. People’s concerns about the deficit are grounded in the fear that debt will undermine economic prosperity and leave future generations far worse off, fears the conservatives have played upon.**

- \* Eight in ten are worried that “increasing federal debt will harm the financial future of your children and grandchildren” with the percentage saying “very worried” growing in recent years and now standing at 54%. (GfK, August 2010)
- \* 52% side with the view that the federal budget deficit is “dangerously out of control and threatens our economic future” while 43% side with the view “it is a manageable burden that will require some sacrifice down the road” and just 4% say “it will cause no lasting harm.” (Selzer/Bloomberg, July 2010)
- \* 47% worry (38% strongly) more about “the danger of putting the burden of debt on future generations by not focusing enough on deficit reduction” while 43% worry (32% strongly) more about “the danger of throwing more people out of work and extending the recession by focusing too much on deficit reduction.” (Democracy Corps, July 2010)

### Confidence in Children’s Future

% Confident, % Not Confident  
Hart/McInturff, August 2010

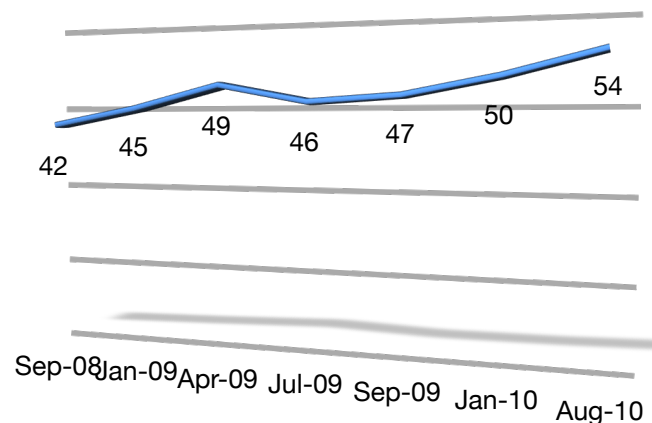
*Do you feel confident or not confident that life for our children’s generation will be better than it has been for us?*



### Debt Harms Future

% Very Worried  
AP-GfK Poll, August 2010

*How worried are you that increasing federal debt will harm the financial future of your children and grandchildren?*



**Contesting this terrain and shifting the conversation toward *how* government spending can create jobs and build a stronger, more prosperous future will not be easy. Nuance matters.**

People toggle between approaches for building the economy and the importance of deficit reduction, as demonstrated by a series of contrasting statements tested by Democracy Corps, July 2010. Often, people side with spending cuts over investments:

- \* 52% side with the view, “The best way to improve our economy and create jobs is to cut government spending and cut taxes so businesses can prosper and the private sector can start creating jobs.”
- \* 42% side with the contrasting view, “The best way to improve our economy and create jobs is to invest more to put people to work, develop new industries, and help businesses grow in expanding, new areas.”

Some survey experiments suggest that it is possible to build majority support for government spending by giving a nod to deficit reduction. Note the shift in the following split sample survey experiments once the language is changed to offer “both” as an alternative:

- \* 43% side with the view, “Reducing the deficit is important to our future, but even more important is new investment to foster new skills and industries.”
- \* 50% side with the contrasting view, “Reducing the deficit is so important to our future that we must proceed now to make bold cuts in spending.”
- \* 54% side with the view, “Investing to foster new skills and industries is so important to our future we must BOTH make key investments and reduce the deficit over time.”
- \* 40% side with the contrasting view, “Reducing the deficit is so important to our future that we must proceed now to make bold cuts in spending.”

But is “both” a realistic communications strategy? Do people really shift to a progressive view or is “both” simply an easy way to avoid making choices? A better strategy might be educating people about how investing in a more prosperous economy allows us to grow out of the deficit:

- \* 51% side with the view, “While we need a plan for deficit reduction, our highest priority should be investment and tax credits for education, science and technology, and renewable energy in order to build a new foundation for economic growth that raises the revenue to reduce the deficit in the long-run.”
- \* 43% side with the contrasting view, “We need to make major cuts in the deficit our highest priority because by cutting our debt, American companies and the U.S. economy will be stronger and more competitive.”

Sorting out these choices, and developing the specific message elements to build public understanding and support are the topic of the companion paper, “Beyond ‘Living Within Our Means’”.



## Conclusions

Americans are feeling deeply anxious about the state of the economy and what it portends for future prosperity and quality of life. They worry the nation they leave behind will be in worse shape than what they inherited, saddling their children and grandchildren with insecurity and little opportunity.

Further, Americans’ common sense view of household budgets and debt leads them to believe that government is acting irresponsibly – overspending and amassing huge debt – while average Americans are scaling back. These views of federal spending and deficits create a dangerous situation. If “too much federal spending” is the problem, then opponents have an opening to question all spending, including spending to stimulate the economy, to protect vulnerable populations and even spending for bedrock American programs like Social Security and Medicare.

Progressives have to get on offense and make the case that government spending is the solution, not the problem. This will require connecting the dots between spending and jobs, and incorporating a long-term vision for improving the country we leave for future generations. How we most effectively make this case is the topic of the companion paper, “Beyond ‘Living Within Our Means’”.

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