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To: Friends of Democracy Corps and Greenberg Quinlan Rosner  
From: Stanley B. Greenberg, James Carville and Jesse Contario

## The Economy Growing at Two Different Speeds

*Gap between micro and macro economic growth creates challenging environment*

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Voter reaction to the president's economic discussion in the State of the Union shows that Democrats have a lot to learn about their economic narrative in the coming year. Voters responded very positively to the president's turn to jobs as priority number one for the next year, but they responded differently to politicians talking about progress and success. With the economy growing at its fastest pace in six years<sup>1</sup> and wages growing at their slowest in the past quarter-century,<sup>2</sup> there is a growing gap that makes the communication about the economy harder, not easier.

Also, the president was successful in talking about the history of economic policies that produced the current financial and deficit crisis – without producing a negative reaction from voters for whining or blaming the past.

Using our unique dial testing focus groups where we had 50 swing voters give their real time reactions to President Obama's State of the Union Address, we are able to examine how voters responded to different parts of the speech, paying particular attention to how they respond to the president on the economy.<sup>3</sup>

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<sup>1</sup> Homan, Timothy. "Economy in U.S. Grew at 5.7% Pace, Most in Six Years." Bloomberg News, accessed January 29, 2010 at <http://www.bloomberg.com/apps/news?pid=20601087&sid=aAWWD1MDOQ8g&pos=1>

<sup>2</sup> Crustsinger, Martin. "Wages and Benefits Rise Weak 1.5 Percent in 2009." The Associated Press accessed January 29, 2010 at <http://finance.yahoo.com/news/Wages-and-benefits-rise-weak-apf-4052349307.html?x=0&v=1>

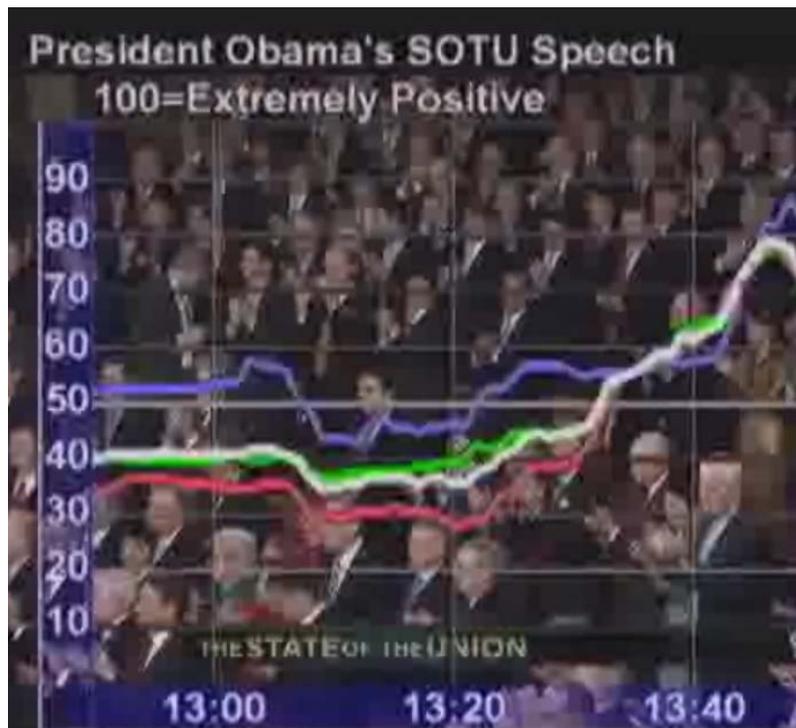
<sup>3</sup> This memo is based on findings from Democracy Corps focus groups conducted in Las Vegas, Nevada with 50 swing voters who were given perception analyzing devices (known as dials) and asked to give their real time reaction to President Obama's State of the Union Address on January 27<sup>th</sup>, 2010.



### **Making Employment a Priority Produces Broad Positive Reaction**

With voters consumed about employment, the most positive reactions came with the president recognizing the current difficult employment situation, promising that jobs will be the number one priority in 2010, and demanding a job-creating bill from Congress. Indeed, this acknowledgement and promise proved to be one of the president's highest scoring lines of the night among Democrats, independents and Republicans alike. Voters' ratings of President Obama during this section topped 80 on the zero-to-one-hundred scale, one of the highest ratings received from Republicans throughout the entire speech.

Similarly, when Obama focuses on plans to double exports in the next five years creating 2 million new jobs, voters react very positively with the lines for Democrats, independents and Republicans again moving in concert steadily to about 75.



*I realize for every success story, there are other stories, of men and women with the anguish of waking up every morning not knowing where their next pay check will come from. Who send out resumes week after week and hear nothing in response. **That is why jobs must be our number one focus in 2010 and that is why I am calling for a new jobs bill tonight.***

These results are consistent with the bipartisan survey for National Public Radio that showed that 63 percent of likely voters wanted Congress and the president to make jobs and the economy priority number one, and 70 percent who said a “jobs bill” should be what President



Obama and the Congress focus on in the months following the State of the Union address.<sup>4</sup> Our recent focus groups for Democracy Corps have been driven by discussion of the employment situation. Voters want their leaders to be focused on improving the situation.

### **Voters Listening to Obama Educating about the “Lost Decade”**

Throughout the speech, President Obama referred several times to his predecessor though, smartly, never my name. During these times, voters mostly held their dials steady; they did not rush to give Obama high marks during these phases, but did not turn away from him either, signs that they are open to hearing Obama as he reminds them of the circumstances he faced when taking office. Voters did not see him as blaming or whining, and this allows the president to build an economic narrative with a history and responsibility.

The president began his talk about reducing the deficit by reminding voters that not all presidents come to office facing a crisis. He points out that by not paying for two wars, two tax cuts and an expensive prescription drug program, the \$200 billion dollar budget surplus we had at the end of 2000 was turned into a one year budget deficit of over \$1 trillion dollars by the time he took office in 2009. Voters listened here, their dials standing mostly stable, with Republicans moving slightly downward and Democrats slightly upward, but neither ever beyond 10 points in either direction from the neutral 50 mark.

Similarly, when the president refers to the previous decade as a “lost decade,” highlighting the slow job growth, declining incomes for the average American household and skyrocketing costs for health care and higher education, dials were flat. Again, voters seemed to be hearing the president on this but were not moved either way.

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<sup>4</sup> Poll conducted by Public Opinion Strategies in conjunction with Greenberg Quinlan Rosner Research for National Public Radio among 800 likely 2010 voters nationwide January 20-21 & 23, 2010.



*At the beginning of the last decade, the year 2000, America had a budget surplus of over \$200 billion. By the time I took office, we had a one-year deficit of over \$1 trillion and projected deficits of \$8 trillion over the next decade. Most of this was the result of not paying for two wars, two tax cuts, and an expensive prescription drug program. On top of that, the effects of the recession put a \$3 trillion hole in our budget. All this was before I walked in the door.*

### **Negative Reaction when President Takes Credit for Economic Recovery**

While focusing on jobs and employment was a winner for the president throughout his address, taking credit for having taken steps to weather “the worst of the storm” was not. Indeed, that is why the lines in the graph above (highlighted the positive response to the jobs bill) started below 50 for most voters. It was preceded by a presidential discussion about the successes that had been achieved.

Whenever President Obama took credit for bringing the economy back from the ledge or pointed to macro-level indications of economic growth, voters turned their dials down. Perhaps the most telling reaction was when voters expressed their disapproval of the President Obama’s assertion that the economy was growing again; however, even before that voters steadily turned their dials down as he touted the success stories of the Recovery Act.

While voters in our groups gave the president higher marks on the economy after the speech than before, that was clearly driven by his new priority, jobs, and perhaps a clearer understanding of the difference between Bush era policies and the new one. Still, the president and the Democrats in Congress do not yet have a narrative or a framework to explain their economic policies in a period where the gap grows between macro and micro growth.



*Economists on the left and the right say this bill has helped save jobs and avert disaster. But you don't have to take their word for it. Talk to the small business in Phoenix that will triple its workforce because of the Recovery Act. Talk to the window manufacturer in Philadelphia who said he used to be skeptical about the Recovery Act, until he had to add two more work shifts just because of the business it created. Talk to the single teacher raising two kids who was told by her principal in the last week of school that because of the Recovery Act, she wouldn't be laid off after all. There are stories like this all across America. **And after two years of recession, the economy is growing again.***