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To: Interested parties

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Democrats embraced strong message on Trump tax cuts and economy & won big in 2018

Many vulnerable Republicans hoped that the GDP and jobs numbers and their signature legislative accomplishment, the tax cut, would persuade voters to keep them in office. Instead, Democrats won with a strong message that the Trump economy is failing to raise wages and that the Republican tax law gives huge benefits to the rich, drives up the deficit and puts Social Security, Medicare, Medicaid and investments in education at risk. This conclusion is bolstered by an 'Election Night' survey conducted by the *American Federation of Teachers* and *Democracy Corps.*¹

The economy is not working for most Americans & wages aren't keeping up with rising costs.

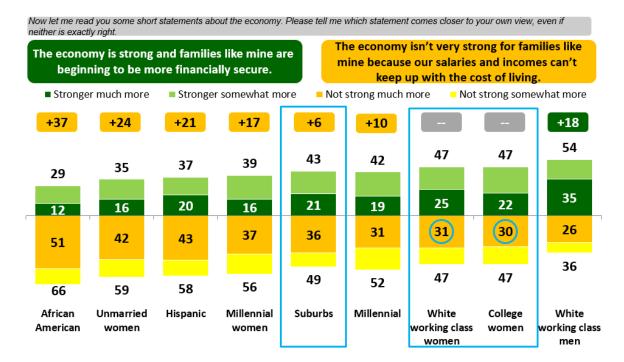
For all of the attention paid to GDP and stock-market growth, just as many people said the economy "*isn't very strong for families like mine because our salaries and incomes can't keep up with the cost of living*" as endorsed the relatively modest statement that "*the economy is strong and families like mine are beginning to be more financially secure*" (46 and 47 percent, respectively). What's more, intensely negative views of the economy outnumber positive ones by 6 points (31 to 25 percent). Among those who voted for the Democratic candidate for Congress, including those persuadable Democratic voters who considered voting for the Republican, discontent outpaced satisfaction with the economy by 34 points and 26 points, respectively.

Many at risk Republicans in the House, especially those in upscale suburban areas, complained that Donald Trump's closing on a divisive immigration message, instead of a positive message about the economy, would be their undoing. But suburban voters reported being more insecure than secure while college graduate women were split on this question – and for both, the side that said it was "*not very strong*" had more intensity – suggesting their theories were wrong. In fact,

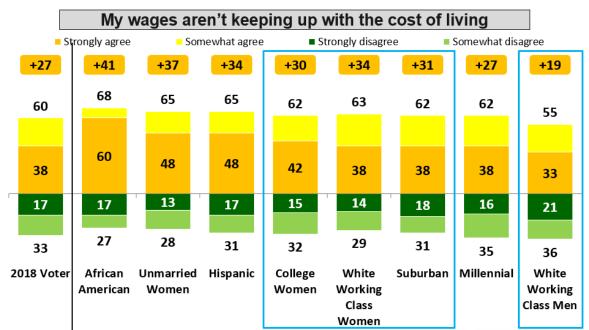
¹ A national election phone poll of 1,250 registered voters (1,125 voters in 2018) was conducted November 4-7, 2018 from a voter-file sample. Two-thirds of respondents were contacted on cell phones. Vote share for key demographics were weighted to Catalist voter study, the vote within key demographics was weighting to the Edison exit poll. The margin of error for the national sample is +/- 2.77 at a 95% confidence interval.

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white working class women, who shifted in their vote choice as much as white college women did relative to 2016, were as dissatisfied with the economy as college women on Election Day.

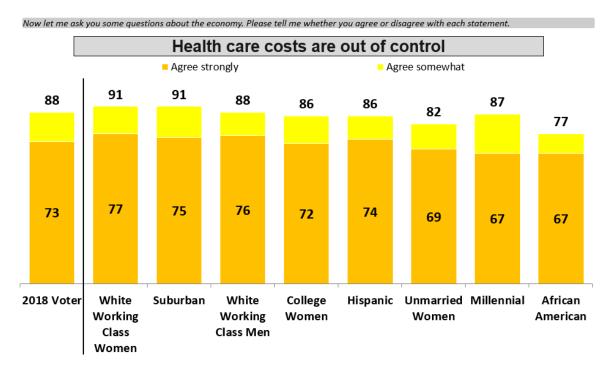


Voters are divided over the strength of the economy because the GDP and jobs numbers are not reflected in their wages and their ability to afford things. Only 44 percent of 2018 voters reported their wages were rising. Just 29 percent of African Americans and 35 percent of unmarried women – groups likely to be in low wage jobs – reported rising wages; just 41 percent of college graduate women and 48 percent of suburban voters – groups that are assumed to be benefitting in this economy – reported rising wages. Meanwhile, 6-in-10 voters on Tuesday reported that their "*wages are not keeping up with the cost of living*." Even 55 percent of the white working class men at the center of Trump's base agreed with that.



Now let me ask you some questions about the economy. Please tell me whether you agree or disagree with each statement.

Health care expenses are at the center of the cost of living crisis. Nearly 9-in-10 midterm voters called health care costs "*out of control*" and three-quarters said so with intensity. Student loan debt is an additional stress for nearly one-quarter of 2018 voters. Half of Hispanic voters and 2-in-5 millennials and African Americans admitted they were "*struggling*" to pay student loans.

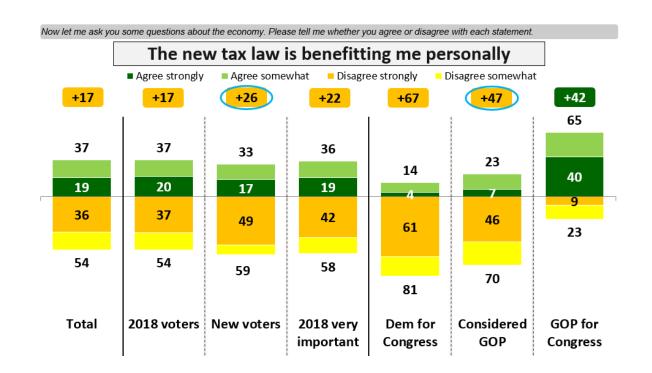


No wonder Trump's threat that a Democratic Congress would undo all the economic gains of the past two years made eyes roll.

The tax cut is not providing voters the promised relief, indeed, it comes at their expense.

Contrary to the insistence that the Tax Cut & Jobs Act is a middle class tax cut, a majority of voters on Tuesday reported they had not personally benefitted from the tax cut. That rises to 6-in-10 among new voters, 8-in-10 Democratic voters, and 7-in-10 of those Democratic voters who considered voting for the GOP. Just two-thirds of Republican voters say the signature legislative accomplishment of the party for which they voted on Tuesday had done them any good. Instead, the majority of 2018 voters said the tax cut came *at their expense* and *to the benefit of the rich and corporations*.

With 2018 voters opposed to the new tax cut law 51 to 43, and intense opposition outpacing support 39 to 31, it is no wonder that Republicans couldn't score points for their signature legislative win, and that their warnings that Democrats would repeal the tax cut fell on deaf ears.

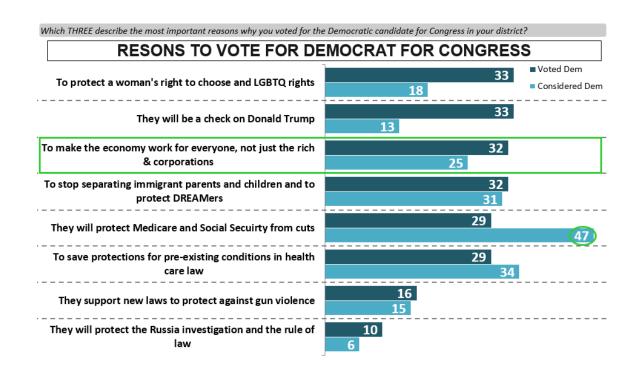


It comes at their expense because it undermines investments in things people care about.

How does the tax cut for the rich and corporations come at their expense? By driving up the deficit as a pretense to cut funding for things people care about, from affordable health care and public education, to Social Security and Medicare. The majority of 2018 voters said the tax law "*enriched corporations and the top 1 percent*" and "*drove up the deficits that threaten Social Security, Medicare and Medicaid*." Just 42 percent of 2018 voters believed the tax cut was actually producing more investment to drive growth and higher wages. Only 7-in-10 Republican voters endorsed that trickle-down view of economics.

Do not underestimate the electorate consequences of this threat. Among voters who considered voting for the Democrat and ultimately voted for the Republican for Congress, the top reason to consider the Democrat was that they will protect Medicare and Social Security from any cuts (47 percent said it was one of the most important reasons). The threat to Medicare and Social Security will remain an important entry point to persuadable voters as this threat worsens.

The threat to retirement programs is particularly important because the majority of voters is struggling more than ever to save. Not only are their wages not rising or keeping up with costs, but there is also universal agreement that "*health care costs are out of control*" and nearly one-quarter are "*struggling*" to pay their student loans.



Education is a top area of investment important to voters and should be a focus in 2019.

The voters have suffered the Tea Party attacks on education funding in the states and the Trump Administration's assault on public education and students, including student borrowers. They have a simple two-part message on Election Day. First, they love public education. Seven-in-ten voters are favorable towards public education, 55 percent strongly so. Second, they loathe Betsy DeVos. Only 11 percent view her favorably.

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At the end of the day, the promise of an economy for everyone and not just the rich and corporations was one of the top reasons to support Democrats for Congress. As Democrats turn to governing in the House and states where they won, and further to 2020, they must keep this in mind.