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**To:** Friends of Democracy Corps

**From:** Stan Greenberg  
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**RE: STAYING ON THE OFFENSIVE**  
**Report on Democracy Corps' Latest National Survey**

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The President and the congressional Republicans have spent the good part of the last month scrambling to be plausible on the issues that could move voters to the Democrats – corporate responsibility, the economy and prescription drugs. They are on the defensive on many fronts, as we shall see below, which is why we want to focus on how Democrats stay on the offensive, keep evolving and defining the issue terrain, and always keep the Republicans off balance.

In short, do not stand still, keep taking Democratic issues to the next step, and refuse to accept the site of battle chosen by the White House.

The latest national survey for Democracy Corps, conducted July 22<sup>nd</sup>-24<sup>th</sup>, continues to show the Democrats and Republicans locked in a closely contested congressional contest (44 to 44 percent), but explosive things are happening underneath that will surely shift the balance in the fall. Let us underscore the drama that puts the Republicans on the defensive and Democrats now with the initiative.

- 1. *Confidence in the economy and the leadership of the country has been shaken.*** Belief that the country is seriously on the wrong track (50 percent) now exceeds the belief that we are headed in the right direction (40 percent). That represents a 20-point swing in confidence in just the last month. Only 27 percent think the economy is in excellent or good shape – a 10-point drop from the level of the last 3 months.
- 2. *The economy has jumped as a voting issue in this year's election.*** When asked which issue will be most important to you in this vote, 42 percent say the economy and jobs – a jump of 13 points in a month.

3. ***The emerging issue context for the election is now being dominated by the Democrats.*** The top four issues in the vote are dominated by the Democrats – the economy (45 percent), health care (25 percent), education (24 percent), and Social Security and Medicare (22 percent). Those who choose economy and education, vote Democratic by over 10 points; those who choose health care and Social Security vote Democratic by over 20 points. As a voting issue, the war on terrorism has dropped 3 points to 19 percent.
4. ***The President is faltering.*** In this survey, the President’s job approval is down marginally to 70 percent and his disapproval is up 5 points to 28 percent. The drop in the President’s personal standing is greater: warm/positive responses down 6 points and cool/negative responses up 6 points. Confidence in the Bush Administration’s handling of the post-Enron problems has shifted 10 points over the last 3 months, with more people saying they are feeling less confident (40 to 48 percent). Indeed, negative feelings about the President – more for business than the average person (60 percent), President for the oil companies (51 percent), and in over his head (42 percent) – are nearly back to pre-9/11 levels.
5. ***Basic attitudes on government and society have shifted dramatically.*** In April, a small majority (54 to 37 percent) said regulation of business and corporations is necessary to protect the public interest, while a minority thought it does more harm than good. That was already elevated by Enron. But in the latest poll, the majority for regulation has grown to 61 to 32 percent – two-to-one for regulation. More concretely, there has been a dramatic turn against Social Security privatization (developed below).
6. ***Voter interest in the election is suddenly rising sharply.*** Voters are paying close attention to these events and drawing quite concrete and negative conclusions about the Bush Administration on the handling of the issues of the day. While the Democracy Corps survey includes only likely voters, within this group, the “absolutely certain to vote” has jumped from 65 to 74 percent in the last month.
7. ***The undecided in the congressional election are now turning to the Democrats.*** The undecided are upset with the economy (only 18 percent in good shape) and are voting the economy (top issue by 20 points). By 56 to 21 percent, they say the Republicans in the Congress favor corporations rather than ordinary Americans, but they think the opposite about the Democrats (50 percent for ordinary Americans and 25 percent for the corporations). And by 65 to 25 percent, they say this is no time to privatize Social Security.

## Beyond Corporate Governance: 4 New Fronts

Bush is trying to focus narrowly on prosecuting wrong-doing in order to re-build his credibility and show the Republicans are able to champion the victims and advance the public interest. He is also trying to regain his footing on managing the economy.

He is attempting to get back on the right track, as the regression models for this survey show two dominant factors in voting – which party is more on your side and which will better manage the economy.

The Republicans want a static issue defined narrowly on confidence in America's corporations and economy. In fact, people are reluctant to turn on the institutions that make America strong and that they have invested in. For example, a small majority supports the President's argument that "illegal behavior by a handful of individuals should not decrease our confidence in the ability of markets and corporations to govern themselves" (53 percent); only 43 percent say that this is about deeper problems in our economy centered on de-regulation.

We will win this battle, if we take the issue of corporate governance and regulation to the next stage, deepen its meaning and scope, and really shift the country on who stands up for the ordinary citizen and who genuinely pursues the public interest, particularly on the economy.

We get there by taking the battle over corporate irresponsibility to four new fronts where the Republicans are in a weaker position, where they have more difficulty regrouping and where the political conclusions for November are much clearer. But the key is to stay on the offensive so that the current Republican "get-well" band-aids do not cover over the deeper problems. Democrats can and should choose the issues and battleground.

***Front One: Bush's corporate favoritism and lack of balance.*** While the President is focused on punishing wrong-doing, we should continue to shine the spotlight on the conflicts of interest in the Administration that makes it hopelessly partial and incapable of really setting things right. The statement below raised serious doubts for two-thirds of the voters (including 39 percent very serious doubts).

**The Republicans gave a green light to these corporate abuses. They put the accounting industry's lawyer as head of the SEC and proposed cutting SEC enforcement. They made a high Enron executive Secretary of the Army, who sold his stock while employees lost out. And the head of Bush's corporate crime task force is being sued for falsifying records and selling his stock while recommending his employees buy it.**

Continuing to focus on these questions underscores the current judgment about the Republicans and the Administration, with profound implications for who can really stand up for people's interests. By two-to-one, voters think the Democrats represent the interest of

ordinary Americans, rather than corporations, and by the same two-to-one margin, they think the Republicans favor the interests of corporations.

Voters now also believe that of the Bush Administration (48 to 41 percent in favor of the corporations). According to the regression model, that judgment has the most important impact on how people will vote in November.

It is important to continue to focus on other concrete examples of corporate favoritism that show the Republicans cannot act for ordinary citizens and the public interest. These concerns continue to raise the highest level of doubts about the Republicans:

**When the recession was making it hard for people, they supported an economic stimulus package where 75 percent of the money went to the biggest corporations, including a 15-year retroactive tax cut of more than a billion dollars each for Ford and IBM and 254 million dollars for Enron, which had paid no taxes in 4 of the last 5 years. They now support 300 million dollars in new tax cuts for the Enron executives who made a billion dollars selling their stock before the company collapsed. (74 percent serious doubts, including 47 percent very serious)**

**On the environment, the strongest attack in our last poll focused on the EPA cutback of clean-up of Superfund toxic waste sites and the shift of costs to the taxpayers.**

*Front Two: The Economy.* We should move the issue to a more general challenge to the Republicans on their handling of the economy. The public already believes the economy has been damaged by irresponsible corporate behavior, which additionally has reduced the value of people's savings and pensions. Indeed, we now have the attention of a lot of men who are taking a second look at what the Republicans have done since coming to office.

But with people now saying the economy and jobs is the number one issue in their voting, we should focus on the green light given to these corporations, the return of deficits and lack of job growth. The biggest issue gain for Democrats has come on which party can best handle the budget and deficits – a 7-point gain in the last month. After a long sleep, there is some evidence that voters are starting to pay more attention to the fiscal mess, closely related to confidence in managing the economy.

On this economic front the Republicans are on the defensive. Reflecting on what is happening, only 37 percent they feel more confident in the Bush Administration, while a majority of 54 percent says they feel more uncertain about its performance. In fact, more people feel uncertain about the Administration on the economy than on the corporate abuses and scandals (41 percent more confident and 50 percent more uncertain).

That underscores our main point. As Bush is trying to do damage control on the corporate abuse, we should make sure the issue moves to the even larger issue of their handling of the economy.

The Bush Administration does not wear Teflon on this issue. In the open-ended responses on why you feel more uncertain, people offer rich detail on the corporate bias in the White House, the Enron appointees, Bush's energy company history, the lost college funds and retirement savings, the weak economy and the budget mess.

**Front Three: Pensions.** Everyone knows that the issue will soon move to pensions, because that challenge has not been met since Enron. The loss of value in the current stock market collapse only heightens the importance of the issue. Since the House Republicans have passed a weak bill that weakens protection for employee pension funds, Democrats are in a position to gain on an issue critical to the pre-retirement voters. In this survey, the choice between major reforms to protect investors and people's 401k plans versus a more cautious Republican approach breaks for the Democrats by 52 to 44 percent. In any event, voters favor the Democrats by 20 points or more on any issue now related to retirement.

**Front Four: Social Security.** This is the most important extension of the current corporate irresponsibility issue and likely the reason why Democrats will make major gains in November. Privatization of Social Security and the draining of the Social Security trust funds are gigantic issues – and they are directly linked in people's minds to the practices that have already endangered people's savings and pensions.

The following two statements concentrate the mind on how this issue can be crystallized:

**The Republicans now want to bring their policies on corporate finances into Social Security. They favor plans to privatize Social Security, which cut people's guaranteed monthly benefit for seniors and make their benefits dependent on the state of the stock market. (70 percent serious doubts, including 42 percent very serious)**

**After saying they would never do it, the Republicans voted to borrow almost two trillion dollars from the Social Security trust fund to spend on other things, with no plan to repay it. This kind of Enron accounting and gimmickry by the government threatens our retirement security. (67 percent serious doubts, including 41 percent very serious)**

The power of these arguments is rooted in an on-going doubt about what is happening to Social Security, greatly amplified by the demonstrable undependability of the stock market. The shifting sentiment on privatization is probably the most dramatic in the survey. In November, after Enron, a small majority said this is not the time to move toward partial privatization of Social Security (51 to 40 percent who thought it was the time). But astonishingly, 66 percent now say this is not the time, including 52 percent

time). But astonishingly, 66 percent now say this is not the time, including 52 percent who believe it strongly. The shifts have been driven up by all voters over 50 years of age.

This is an area where the Republicans currently lack any plausible defenses. In fact, over the course of this year, the Democrats' advantage on retirement and Social Security issues has risen from 12 points in January to 15 points in April, 17 points in June and now 19 points.

All of these areas – the Bush Administration's corporate favoritism, the economy, pensions and Social Security – represent terrain where Democrats are more trusted and where the Republicans have not yet or cannot mount effective defenses. With just 3 months left, Democrats should keep advancing the issues, never allowing the Republicans to catch up.

## Health Care

We have to apply the same formula in health care. This is the second most important voting issue and Democrats have a 25-point advantage on health care and 24 points on prescription drugs.

The Republicans are trying to mount their defense on prescription drugs, much as they tried to do it in the Presidential election. As we found then, Democrats can win the argument, but only after spending a lot of communication resources. Right now, the Republicans can be plausible when they claim they are covering all seniors and lowering costs while the Democrats offer a huge new big government program that charges seniors high premiums. It is an outlandish claim, but they will make it and the claim competes effectively with the Democratic drug messages tested. Moreover, our attacks on their plans do not score as high as other attacks that we can make.

But Democrats should not remain on that battlefield alone, where the Republicans have committed so many resources. We should continue to emphasize our commitment to prescription drug coverage for all seniors and move the challenge to health care generally where the Republicans are in a much weaker position. The statement below raised serious doubts for 67 percent, including 38 percent very serious:

**People are facing growing health care problems, but the Republicans have done nothing. No patient of bill of rights to empower doctors and patients in HMOs. Nothing to limit rising prices for prescription drugs. And they've proposed cutting 300 billion dollars from Medicare, the health insurance program for seniors**

### Opportunity Costs

By staying on the offensive and forcing the Republicans to try to be credible on the economy, corporate irresponsibility, health care, pensions and Social Security, we raise the opportunity costs for them. The election is being fought on a terrain wholly tilted toward the Democrats.

At the same time, the Republicans are losing issues that they previously thought would be politically important, mainly because they have no opportunity to keep them front and center.

On education, the Democrats have been slowly regaining their advantage on the issue (now 9 points over the Republicans). At one time last year, the Republicans were up 7 points on education. But with no ability to address it in the current environment, this key element of “compassionate conservatism” is losing its value for Republicans.

Karl Rove has indicated repeatedly that the Republicans’ handling of the war on terrorism would rebound to their advantage. We doubted that would be true, since Democrats united with the President on this. Indeed, in this poll, when we tested an overall Democratic message, beginning with “we are all united in fighting terrorism,” the Democratic candidate message defeated the Republican one by 9 points (51 to 43 percent).

In addition, the number of people citing the issue as a factor in their congressional vote has fallen to 19 percent.

### Ascendant Older Voters

The events of the last few months have had a profound impact on all voters over 50 years of age and, on some questions, those voters over 40. That is where the dramatic shifts of thinking are taking place and where, ultimately, the electoral shift to Democrats will happen. The impact is somewhat greater with older non-college voters, men and women, but age is a newly invigorated electoral factor.

- All voters under 40 think the country is moving in the right direction by about 5 points, but all the older groups are negative about the country’s direction: 40 to 50 (net -16), 50-64 (net -11) and over 64 (net -20).
- These older voters are the ones who have lost the most confidence in the Bush Administration itself: a net -12 for those 40 to 49 years, -7 for the 50-64 years, and -17 for seniors.

- The turn against privatization has become intense almost universally above age 50. By 75 to 20 percent, these voters say this is not the time to move toward partial privatization of Social Security.
- Voters under 40 slightly favor the Republicans on Social Security privatization, but for those who will vote on the basis of this issue, the Democratic candidate position swamps the Republican one – 59 to 37 percent for all voters over 50 years of age.

The anger and shifts taking place among the older voters are a function of real financial losses, worries about their pensions and tampering with Social Security, combined with more anger with corporate behavior and greater worries about the economy.

### **Conclusion**

As Democrats stay on the offensive on the issues, they will no doubt help many of these voters crystallize their feelings into a clear political statement in November. On almost every issue, the political terrain has tilted toward the Democrats. The Republicans lack credibility on the salient voting issues even as they try to build defenses. The Democratic challenge is to advance this issue strategy, constantly and aggressively, between now and November. If we do that, we will keep the Senate, take back the House, and lay the groundwork for victory in the 2004 Presidential contest.