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To: Friends of Democracy Corps

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RE: DEFINING THE 2002 ELECTION
Toward Greater Accountability

The developing climate of opinion in America is helping set the stage for a strong Democratic run in 2002. As expected, people are becoming somewhat less confident in the country's direction and looking to domestic issues in the Congressional elections. But maybe even more important are the range of events, with powerful symbolism, from Enron and Arthur Andersen to the Catholic Church, which are putting the spotlight on the values of responsibility and accountability. It is that values framework which may be setting the stage for something larger.

The political balance is fairly stable in this month's Democracy Corps poll, but not the underlying forces – the terms of debate and the agenda. They are all tilting sharply toward the Democrats.

We believe this is one of Democracy Corps' most important polls because it takes place at this critical juncture and because it shows how we can begin to create a thematic tide, how we can integrate and empower our attacks, and how we can pose the clear choices in the election. For the first time in over six months, our themes, attacks and messages dominate the Republicans and produce a significant shift to the Democrats at the end.

These results are based on six focus groups conducted in three types of competitive Congressional districts: the non-college suburbs around Tampa, small town and rural areas in Central Iowa, and educated and professional suburbs running alongside and surrounding Seattle. This memo also relies centrally on a national survey of likely 2002 voters, conducted May 14-16, 2002.

We will elaborate on a number of key points:

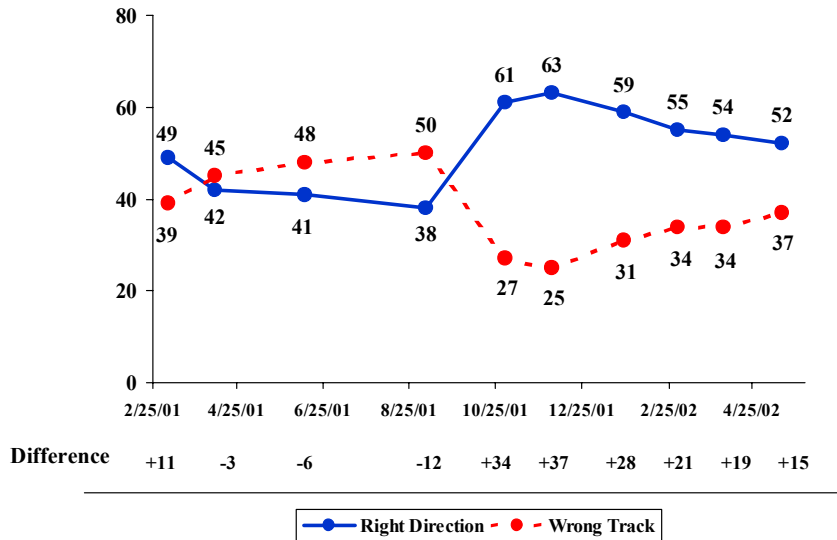
- Accountability, both the word and value, is emerging as a central explanatory idea for what people are feeling as they watch unfolding events in diverse areas. There is a widely shared sense that many in powerful positions operate irresponsibly, hurt people, and pay no price. This is the strongest testing theme in the survey.
- The second strongest theme centers on health care. People think there is a crisis and that costs are rising, particularly for prescription drugs.
- With uncertainty about Social Security, people are looking for government protections on private pensions and 401k plans, particularly given the current pattern of corporate behavior.
- Preventing the diversion of the Social Security trust fund to other purposes is an almost universally accepted imperative across the country.
- In this climate of opinion, our environmental arguments are gaining in strength. The Superfund issue has special power, as it weaves together the most believable things about the Administration, brings out the underlying theme (lack of accountability) and spotlights the shift of costs to the taxpayers.
- The other Democratic arguments, also powerful, focus on the 2 trillion dollar draining of the Social Security trust fund; cuts in health care spending for seniors; and the 15-year retroactive tax cut for the biggest corporations, including Enron; and finally, the run of yearly deficits, endangering future retirement.
- The broad Republican message and agenda, centered on tax cuts and compassionate conservatism, loses to a Democratic message that reassures on terrorism, focuses on priorities at home, protecting private pensions and Social Security, addressing rising health care costs and a prescription drug benefit for seniors over the objection of insurance and drug companies. We win the message choice by 14 points.
- The Democrats win the message choice by 18 points when they close with a commitment to making sure that it is the middle class that gets the tax cuts – in particular a tax deduction for college education. In fact, Democrats take a 6-point lead in the Congressional generic ballot when they finish with such an offer. That reassurance on taxes brings even more voters to support the Democratic agenda.

The Impact of External Changes

The 2002 election is looking better for Democrats mostly due to external forces rather than the Democrats getting heard on their agenda and vision. Before long, Democrats will have to organize their forces to take advantage of the moment, but nonetheless, the external developments are very real.

1. **Growing doubts about the direction of the country.** Steadily and seemingly inexorably, the public is growing less confident about the direction of the country, an emerging context for challenging the status quo. As one can see below, there was a net + 37 points for right direction (compared to wrong) at the end of 2001, but that has fallen each month – now at +15.

Direction



2. **Presidential approval dropping.** While the President’s approval is still high, it has now dropped to 69 percent in this survey, and it is lower on a range of domestic topics.
3. **On 4 of the top 5 voting issues, Democrats are preferred to Republicans.** There are 5 top concerns in 2002, beginning with the economy and jobs and terrorism and security (both 30 percent); education and health care (28 and 27 percent, respectively) and Social Security (27 percent). Among the voters who choose these domestic issues, the Democrats are winning the Congressional elections.
 - Those who say health care is among the two top concerns vote Democratic for Congress by 26 points.

- Those who say education vote Democratic by 22 points.
- Those who say Social Security and retirement vote Democratic by 20 points.
- Those who say economy and jobs vote Democratic by 12 points.

Only on *terrorism and security* do Democrats lose, but just by 17 points, which is generally lower than the areas of Democratic advantage cited above.

4. *Shift toward domestic social issues: Social Security, health care and education.*

As we argued a month ago, less worry about the economy is likely to shift voters to other issues – ones that are more favorable to Democrats. This poll confirms that this is now happening.

The perception that the economy is in good shape is rising, now to 59 percent, up from 51 percent at the end of 2001. That is producing an issue shift, away from the economy (down 7 points) and toward health care (up 4 points), education (up 2 points) and crime (up 4 points). The shift to a focus on health care and education has obvious Democratic advantages.

- 5. *The war on terrorism and domestic issues.*** The latest Greenberg Quinlan Rosner poll conducted for National Public Radio (with Public Opinion Strategies) and the Democracy Corps focus groups confirm that Democrats should continue to emphasize their determination to fight terrorism, which is not a partisan issue. That allows voters to opt for the Democrats' domestic agenda, which is significantly more popular than the Republican one. The NPR survey shows Democrats better positioned on the domestic agenda by about 8 points. (*See www.greenbergresearch.com for the NPR data.*)

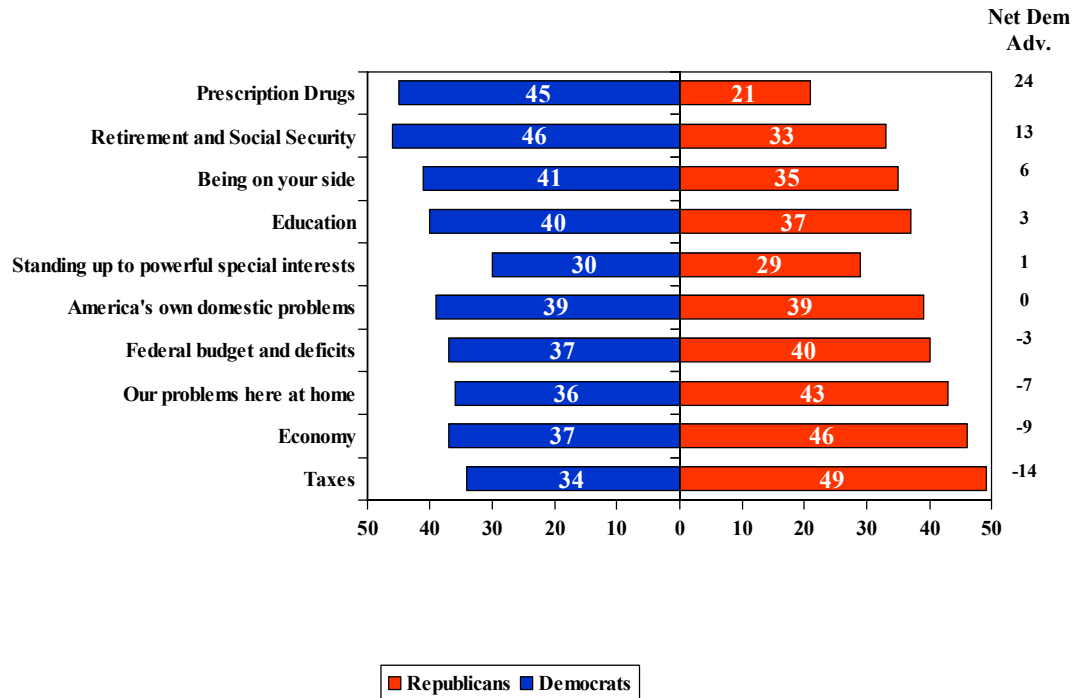
We should note that Democrats are maintaining stable advantages on a range of issues and stable disadvantages on others. The improved position of Democrats overall is due to new attention to our issues, driven by external events – not due to Democrats breaking through in their communication. As we can see below, Democrats are ahead by 13 points with all voters on Social Security and retirement and 24 points on prescription drugs. But that is unchanged this year.

The same is true for advocacy issues: Democrats are ahead by 6 points on “being on your side” and even (+ 1 point) on standing up the special interests in Washington. But again, this is stable. The Democrats' handling of Enron and other issues has not yet produced an improved perception of the Democrats on advocacy related issues.

On the budget and deficits, the parties are even (-3 points) and unchanged. The Democrats are 9 points down on the economy and 14 on taxes, largely unchanged. Although as pointed out earlier, Democrats actually have a substantial advantage among

those who cite the economy as their priority issue. The overall change is that voters are now more focused on issues where Democrats command greater trust.

Issues and Parties



The Thematic Climate: Toward Accountability

Elections, we all appreciate, take place in a social environment shaped by many factors – many of them outside politics and most outside our control. But understanding them is critical if Democrats are to create a sense of movement that can propel us to victory. In the best of all worlds, we want to help create a tide that sweeps away obstacles to our success and makes the Democrats the right choice in November.

None of this will matter, of course, if we are not fighting effectively in the competitive seats and targeting the right groups. But we need a wind at our back, as the Republicans had in 1980 and 1994, and Democrats had in 1982 and 1986. Fortunately, the thematic currents are clearly beginning to favor the Democrats.

In every message and thematic exercise we attempted in this survey, the Democrats easily beat the Republicans, and with considerable intensity. In the end of the survey, Democrats win the big agenda-message contrast, again by a good margin.

But the backdrop for this turn of events are the emerging themes, rooted in a range of controversies and social developments, which are taking form and which De-

mocrats must elaborate on and give a political interpretation, if Democrats are to realize their potential. The dominant themes begin with accountability, but then also include rising health care costs, protection pensions and 401k plans, the Social Security trust fund, and fiscal responsibility. All of these Democratic themes are more believable than the highest scoring Republican theme.

Democrat Themes

	Great Deal of Truth	Total Truth
Enron was very bad on its own, but Enron represents a bigger problem in America. Too many people in powerful positions are acting irresponsibly, hurting ordinary people and they are not being held accountable for their actions	57	86
We have a health care crisis in the country today, and the biggest problem is the rising cost of prescription drugs for seniors.	57	84
With uncertainty about Social Security, we need increased government oversight to make sure companies don't undermine their employee pension plans/employee 401K plans.	54	79
The government should be barred from using surpluses in the Social Security Trust Fund for other purposes, even if they use the money to strengthen our military and homeland defenses.	50	76

Accountability. The word and the value, accountability, is emerging as a central explanatory idea for what people are feeling as they watch unfolding events in diverse areas. They see Enron executives cash in their stock as their employees are left with worthless shares and pension plans; they see accounting firms shredding documents; they see the hierarchy of the Catholic Church let pedophile priests continue to minister to the young, without consequence for those at the top.

All of that has come together in a widely shared sense that many in powerful positions operate irresponsibly, hurt people, and pay no price. They are not held accountable.

Accountability, we shall see, is the vehicle for Democrats to talk about these abuses – centered on certain big corporations and their political supporters – who have given free rein to this conduct and who have allowed bad civic behavior to go unpunished.

This reflects the deep feelings and sense of wrong felt in all the focus groups, but especially in the suburban, market-oriented upscale groups around Seattle. This is about values and abuses by powerful people in big institutions. This is about right and wrong. And it is an opportunity to get beyond the populist/anti-populist divide. This is a broadly shared sense of grievance to which Democrats uniquely can give voice. (Indeed, our attacks on the Republicans, developed in the next section, underscore the degree of Republican vulnerability on this theme.)

The suburban Seattle groups comprised of college graduates – many independents and the rest weak partisans, split between the parties. They live in Washington’s 1st and 8th Congressional districts where one seat changed parties three times in the 1990s and the other seat has a high number of ticket splitting voters. The women, as they hear the word, “Enron,” without elaboration, rush to a deeper and bigger set of observations:

Really mad.

Greedy.

Nightmare.

They’re getting off too easy. I like to see them do jail time. I don’t want to see the executives take their money and just get a slap on the hand. Change the rules to begin with. I personally lost on the Enron deal also, so I think that, other than just reform, there should be consequences for the behavior, not just looking at the future.

I want to see the accountability.

The men moved just easily to the same value-laden concepts and terms:

What we’re seeing is some of the results of the lack of morals these days.

We’ve gone through our lifetime, take care of number one sorts of things. Look out for number one. You got people that get in charge of corporations, and they look about for number one and a lot they can do until they get caught.

The Republican-oriented, non-college educated men outside Tampa drew the same lessons: “fraud,” “corruption,” and bad values:

Ripping off Americans, unethical. Cream of the crop took all the money and ran. ...

... I think there’s a way they should be able to sue all those people who cashed in to get all their money back. Get all those top executives.

Lack of accountability. And I don't mean that from a fiscal standpoint.

And when the Catholic Church was raised, many of these participants reached for similar concepts and standards of evaluation. In Seattle, “*What disheartens me is the cover up. ... But the lengths that they went to, to protect their own is despicable.*” It was the same in Tampa: “sad”; “embarrassed”; “they should be accountable for what they are doing.”

It is that kind of sentiment that propelled the accountability theme to the top of the believability chart – “too many people in powerful positions are acting irresponsibly, hurting ordinary people and they are not be held accountable for their actions.” An astonishing 57 percent of the electorate says there is a great deal of truth in that statement (86 percent total truth).

Our narrative should reflect the fact that accountability is the critical value in this election. We should apply that value to every realm in which we operate. Certainly the schools, but also corporate behavior and politics. Enron is the example that makes the larger point and links us to that dominant theme in society.

It is difficult for Bush and the Republicans to champion accountability in the current environment, as a striking 63 percent believe right now that “when it comes to domestic policies, the Bush Administration always seems to do what the big corporations want.”

Health care crisis and rising costs. The second strongest theme evident in the current environment is the pervasive sense that something is wrong in health care and that nothing is being done to address it. The topic is hard to escape in focus groups. In the survey, the form of it that gets the strongest response is *health care costs and prescription drugs*. The theme statement, presented above emphasizes a health care crisis, centered on costs, with prescription drug coverage for seniors as the biggest problem. This is nearly as strong a theme as accountability, with 57 percent according it a “great deal of truth” and 84 percent total regarding it as “true.”

The accountability issue resonates broadly in the electorate and is highest with independents and non-college men. The latter have been very tough for Democrats in the last two elections. The health care costs/prescription drug message is most powerful for voters over the age of 40, and particularly for women. An astonishing 73 percent of older women and 71 percent of non-college women give the most intense response to this theme.

In the most competitive Congressional districts of 2002, the two themes are equally believable.

Pensions and 401k plans: new protections in this era. We know that protection for private pension and 401k plans is particularly important in this period when even good corporations seem to behave in unaccountable ways. As we saw above, 54 percent say there is a lot of truth to the statement that with Social Security uncertain, we need

greater government oversight on these pension plans. In this form, the issue is very strong with all ages, and even with the young, non-college men and those with a post-high school education – fairly conservative voting blocs.

Social Security surpluses and fiscal responsibility. The public wants its elected officials to return to fiscal responsibility – in particular to safeguard the surpluses that are supposed to build up in Social Security. Indeed, one-half strongly and three-quarters in total agree with the statement that this fund should be used for no other purpose, “*even if they use the money to strengthen our military and homeland defenses.*”

We tested a number of Republican themes, centered on tax cuts, the economy and intrusive government. These are presented below. While they too are fairly believable, they get much less traction than the themes that are moving this period toward the Democrats. Accountability, health care costs, private pensions and the Social Security trust fund are tapping more powerful forces below the surface.

Republican Themes

	Great Deal of Truth	Total Truth
In order to revitalize our economy, we need to put money back in the hands of individuals and businesses. We should make our planned tax cuts permanent to spur consumer spending, expand investment and achieve economic growth.	48	79
Government should stop trying to tell people what they can and cannot do - whether they can own a gun, use an off-road vehicle, or drive an SUV.	41	70
We should put tax dollars back in the hands of the people and businesses that earned them. It is their money. We should make the planned tax cuts permanent so they can spend or invest their money as they want.	36	68

Environment, Social Security, Health Care , Corporate Tax Breaks, Deficits In short -- *Accountability*

Our attacks on the Republicans are gaining strength – raising more doubts than in the past and many more doubts than the attacks offered by the Republicans. They are gaining power, not just on the merits and objective facts, but on what is happening around us and what is increasingly integrating the various attacks – the public frustration with the lack of accountability. In the political context, voters are clearly prepared to be-

lieve – and be angry about – Republican indulgence of big corporations and special interests in area after area, at the expense of the public interest. People are also prepared to believe that that the Republicans are acting irresponsibly on the budget at the expense of the country’s fiscal health and future retirement system.

Doubts About Republicans

	Very Serious Doubts	Total Serious Doubts
This candidate voted to spend 2 trillion dollars out of the Social Security trust fund for other purposes, including using that money over the next 10 years to fund increased tax cuts for the wealthiest	42	71
This candidate is in favor of no longer requiring the oil, chemical and energy industry to pay for cleaning up old toxic waste sites, instead shifting the clean-up costs to the taxpayers.	42	76
With health care costs rising, this candidate voted to cut Medicare, the health insurance program for seniors, by 300 billion dollars over the next 10 years.	38	73
When the recession was making it hard for people, this candidate voted for 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.	38	70
This candidate voted for a federal budget that throws the country back into deficit spending every year for the next 10 years, which weakens us economically and prevents us from fixing our retirement system, as Baby Boomers are retiring.	34	67

Environment. In the current period, the strongest attack is on the funding of the Superfund and the shift of financial responsibility to the taxpayers: this raises doubts for three-quarters, including 42 percent very serious doubts. While this is a surprising issue, one should not underestimate the larger power of the environmental attack. It brings together the most believable things about the Administration – its indifference to the environment and support for big corporations, particularly in the energy industry.

This issue has a test run, as we watched George Bush falter last year after introducing his energy plan which the country viewed as unbalanced and insensitive to the need for conservation and efficiency.

In the focus groups across the country, the issue immediately brought out the underlying concern with corporate excess and the inability of this Republican Administration to strike a reasonable balance that would protect the public. In this case, this cost of their policy ends up being borne by the taxpayer, which we have an opportunity to champion.

In Seattle, the link was immediate: “Why should we have to pay for these, to clean up toxic waste sites when it’s those companies that probably dumped those chemicals out there?”; “but still, they were guilty and they profited for years by being slackers ... Again, it comes down to accountability”; “I think they’re responsible either way”; “You’re accountable for what you do.” One of the participants elaborated:

Someone’s got to be accountable. ... And you can’t build the rules on the exceptions. You need to build them on the best case scenario and incentives for people to do the right thing and accountability when they don’t

The men in Seattle were more direct: “Just sounds wrong”; “Be responsible for what you are doing. Clean up your mess.” In Iowa, these small town and rural voters were just bewildered by the simple wrong-headedness of it all: “Just like my kids: they spill a glass of milk, they clean it up”; “Everybody talks about responsibility. They’re taking responsibility away from them and putting it on us.”

And given the presumptions about the special relationship with the energy industry and favoritism toward corporations, respondents expressed little skepticism that the Republicans would do such a thing.

Social Security and health care costs. The next two strongest attacks center on Social Security and health care costs for seniors, buttressed by their motivation, which is tax cuts for the wealthiest.

- 2 trillion dollars out of the Social Security trust fund for other purposes, including using that money over the next 10 years to fund increased tax cuts for the wealthy (42 percent very serious doubts and 71 percent total doubts).¹
- With health care costs rising, this candidate voted to cut Medicare, the health insurance program for seniors, by \$300 billion over the next 10 years (38 percent very serious doubts and 73 percent total doubts).

15-year retroactive corporate tax cuts. The House Republican stimulus bill, above all, the 15-year retroactive tax cut for corporations, is one of the powerful weapons we have in our arsenal. Because Enron was part of that package, this corporate tax give away seems particularly egregious. The attack focuses on the recession and the Republican response which was to give a multi-billion dollar tax cut to the biggest corporations – “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 for Enron, which had paid no taxes in 4 of the last 5 years.”

¹ Over the course of the upcoming campaign, we will probably have to move from the term, “wealthy,” to specific income levels, in order to seem less rhetorical.

Overall, this raises doubts for 70 percent of the public, including 38 percent who say they have strong doubts.

The retroactive element gives a special poignancy to the attack: “to go back 15 years is just padding the corporation’s profit” (Seattle women); “Like they need more breaks. That just hurts me” (Iowa women); “Why are we giving back money that we’ve already collected?”; “Somebody’s donated those Republicans an awful lot of money” (Iowa men).

The final attack, centered on the Republicans putting us into deficits every year, does not produce as intense a reaction, but it raises doubts for two-thirds of the electorate, with a third very serious doubts. It is important to advance this attack, along with the rest, as it demonstrates our bona fides on fiscal responsibility, which is reassuring about us and underscores that we will protect the retirement accounts over the long-term.

The Big Battle

For the first time in many months, Democrats win decisively the agenda and message battle with the Republicans. As we can see below, the Republican message builds from national defense and moves to lower taxes and smaller government. But this is also a “compassionate” Republican message that talks about bi-partisan successes on education with accountability and results and meeting our obligations on homeland security, on Social Security and in creating a prescription drug benefit for seniors. This is a broad Republican message that makes the most of tax cuts to spur the economy.

But the message loses to the Democratic alternative that reassures on terrorism, focuses on priorities at home, protecting private pensions and Social Security, addressing rising health care costs, and passing a prescription drug benefit for seniors over the objection of insurance and drug companies.

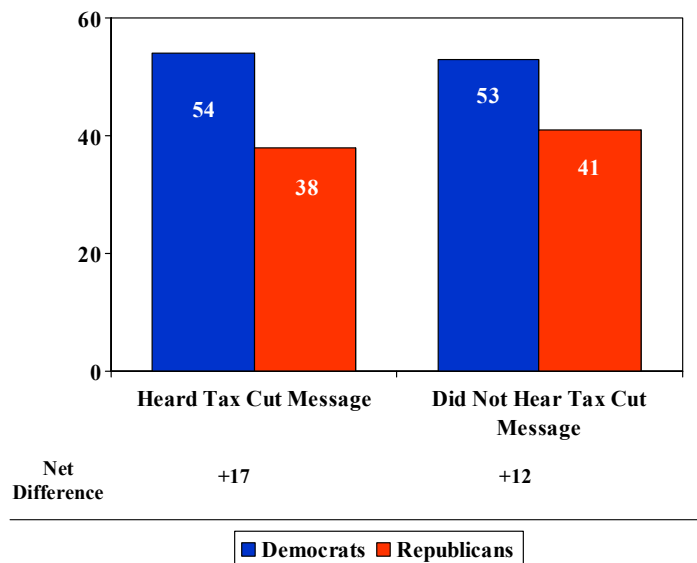
Democrats say, we are all committed to fighting the war on terrorism to the end. It is also important that we address priorities here at home. We have to make sure private pension and 401k plans are more secure and make sure the Social Security surplus is used only for Social Security. With rising health care costs, seniors need prescription drug coverage under Medicare. We can't let the insurance and drug companies keep dictating what we can do for our own people. Finally, we should make sure it is the middle class that gets tax cuts, including making college tuition tax deductible.

Republicans say, we have a broad agenda for America's future, built on a strong national defense, smaller government and lower taxes. We passed the largest tax cut in history and are fighting for new tax cuts this year to spur economic recovery. With bi-partisan support, we also passed a new education plan that stresses accountability and results. Now, by restraining government spending, we will meet our responsibilities on Social Security, homeland security, and a prescription drug benefit for seniors who can't afford these basic needs.

Overall, Democrats win this message contrast by a remarkable 14 points – 54 percent choose the Democratic message and just 39 percent the Republican.² At a time when the President is at 69 percent approval and with the Democrats only slightly ahead in the generic ballot, this is a very big advantage. In short, the thematic and message environment can take the Democrats to a much stronger position.

The Democratic message gains considerable power with the last line on middle class tax cuts: “we should make sure it is the middle class that gets tax cuts, including making college tuition tax deductible.” The message above, with that phrase actually won by 17 points, 54 to 38 percent. Without the middle class tax cut, we still won by a wide margin, but by only 12 points, 53 to 41 percent. This is a direct offer that Democrats can make that shows concern with taxes, particularly for the middle class which is carrying a rising burden of college costs.

Democratic Message



The addition of the middle class tax cut message produces a considerable lift for Democrats among those concerned with the economy and employment, with those who say they live from paycheck to paycheck and for younger men.

At the end of the survey, we re-ask the Congressional vote question. For that half of the sample who hear the middle class tax cut message, the generic Congressional shifts

² This result for the Democrats is actually the average of two forms of the question – one asked with a middle class tax cut and one without. That will be discussed shortly.

from +1 to +6 points for the Democrats. This is a powerful exclamation point to the overall Democratic attack and message.

Conclusion

The balance for 2002 has tilted toward the Democrats. The big themes – accountability and health care – favor Democrats. So do the big issues – from Social Security to the environment to pension protection. And the Democratic advantage widens even more among those for whom specific issues are a high priority – health care, education, Social Security and retirement, the economy and jobs – with terrorism and security the only exception. The Republican advantage stops at the water’s edge, and even here Democrats can neutralize that issue by continuing non-partisan support for the war on terrorism.

Democrats have a far more persuasive message. Now it is up to them to deliver it. They have far more powerful issues. Now it is up to them to run on them. With middle class tax cuts, they have a persuasive offer; now it is up to them to give it. Democrats have a clear path to victory in 2002; now it is time to take it.