

# **New Models Debt Ceiling Groups with Independents**

**July 2011**

## **OVERVIEW**

Presentation Testing conducted two mixed-gender focus groups in Raleigh, NC, on July 18, 2011. One group contained 14 McCain-voting moderate Independents, and the other contained 14 Obama-voting moderate Independents.

In each session, we gathered moment-to-moment readings during a 24-minute video using our dial testing methodology, and following up with an in-depth discussion about the debt ceiling. The conservative advocate in the video was Holly, and the liberal advocate was Carla; they are referenced throughout this report.

Here are some key findings of what we uncovered:

## **KEY FINDINGS**

### **1) McCain –voting Independents out of sync with House Republican position:**

McCain-voting Independents say the House GOP is making a mistake in being so intransigent. They appreciate the GOP's having a plan once they are told about it (though they don't know anything about "CCB" on their own), yet they believe the GOP has to negotiate eventually on taxes because people need to get their Social Security payments.

“In short, yes [I want to put the highest tax rate on the very wealthy]. I did have an emphatic caveat about not eliminating Social Security.” – Steven, McCain-voting Independent

“Honestly, I don't think that we should look into raising the debt ceiling. We are only doing that because we are in crisis mode. My personal view is that we should not raise the debt ceiling without major cuts in expenses in government overhead. If you take that drastic approach, I don't think that you necessarily have to raise the debt ceiling. It is completely out of control.” – Barbara, McCain-voting Independent

“I am not a politician. From my own experience, I have overspent, but not anymore. I don't spend any more than comes in...For me, the situation is

rampant. Our government has to cut out the pork, things that aren't necessary. We need more watchdogs on all of the entitlements. I think there is so much fraud and unnecessary spending.” – Sherri, McCain-voting Independent

“I am a firm believer that charity begins at home. We spend millions and millions of dollars [on] other countries every time a tsunami or hurricane [hits]. What about home? We have tornadoes, floods, hurricanes. We need that money and it has just gone to other places that could've been used here.” – Kathy C., McCain-voting Independent

“I think it would be OK to raise the debt ceiling somewhat but with really strict guidelines and regulations. Just cutting unnecessary spending.” – Cathleen, McCain-voting Independent

“We obviously need to decrease spending. We need to cut out the entitlement programs. I heard a figure that 47% of American citizens don't pay taxes. That was bandied about last week on talk radio. That needs to stop. People need to contribute to support their government. Find the loopholes and close them. I don't think that it would be necessary to raise the debt ceiling if we begin [to do that].” – Mary, McCain-voting Independent

This group had mixed feelings on whether taxes should be raised on the wealthy—the concern is that these tax hikes would actually affect them. Obama's reassurances about tax-raising being about millionaires and billionaires is not persuasive, as they think that if the Bush tax cuts are left to expire, that could affect them at \$200,000.

“[Despite Carla's position that it's millionaires and billionaires, I] absolutely [think it could be me]. That is what the Democratic Party line is. That's what comes out the White House. The definition of wealth is \$200,000.” – Aaron, McCain-voting Independent

Obama-voting Independents are almost entirely with the President. Based on the dial test, they think the GOP caucus's messaging sounds like Michelle Bachmann, the Tea Party, and Eric Cantor—they don't hear any room for compromise, and the value they place above all others is the willingness to compromise to get to a deal.

The way this group sees this crisis playing out is that in the end Speaker Boehner will cut backroom deals with individual Members to get them to vote his way (politics as usual, they say), and seniors will call Congressional offices demanding that they get their Social Security checks.

“Boehner. I don't know, I think he's going to probably talk to his group that he has been dealing with and try to [turn them around.]” – Jilma, Obama-voting Independent

“They’ll probably try backroom deals with some of them.” – Michael S., Obama-voting Independent

Where the Obama Independents give GOP Members credit, though, is in being far more hard-nosed negotiators than the D's are, and that the D's will give up more than the R's in the end.

“The Democrats will give more than the Republicans. Well I think part of it is the elections coming up and another part is it’s more in the nature of the Democratic Party to give more...the Republicans are a little more hard-nosed.” – Jessica, Obama-voting Independent

“And now you add to it the Tea Party and they’re just relentless, and I think Obama was saying they haven’t really been around enough to know how to negotiate. They just come with their idea and that’s it.” – Jilma, Obama-voting Independent

Some participants in this group also believed that if enough people call their Members of Congress, then eventually the constituents’ opinions will start to move the Congressman. Others, however, think some Members won’t budge.

“I feel that some of the constituents might call up the Congressmen, like you said about Social Security [scenario if checks aren’t sent on August 3<sup>rd</sup>], if they say I’m not going to get a check, I bet you they’re probably going to be calling up and say, ‘Hey I’d like to have a check August 3<sup>rd</sup> or 2<sup>nd</sup>,’ whatever date it is, I feel if they do call, I feel that will have a play into it....I’m just saying, like my family, they’re on Social Security. They’ve already been talking to me. That’s the first thing; they call up and say, ‘I might not get my Social Security check.’ They are already on speed dial to their congressman. And I’ve been talking to other people and something like Social Security, that’s their life blood.” – Kirk, Obama-voting Independent

## **2) Little familiarity exists with “Cut Cap Balance” (CCB)**

Neither session knew barely anything about it—we got a lot of blank stares when we asked about CCB. On the “cut” portion, both sessions wanted to know what was being cut by \$111B in FY12 before deciding whether it was a good idea or not.

“That’s the hard thing about it. They throw out these numbers that most people can’t relate to. They can’t relate to what a billion dollars is and now they are talking about trillions. To say \$111 billion sounds like a lot of money and we should cut it across the board, but what is being cut?” – Aaron, McCain-voting Independent

“How did they come up with that number? Are there details?” – Kathy, McCain-voting Independent

“Well, it all depends [if it’s a good or bad idea]. Where are they cutting [from]? And also, sometimes when they pass [a bill] they put something in there, extra pork barrel or pork, money going in. I mean, I don’t want the pork barrel part. I mean, if you’re going to do it, do it across the board. And I don’t see nothing wrong with having auditors, it’s like someone was saying about defense. I mean, I heard, defense spending \$300 for a hammer. I think that’s ridiculous.” – Kirk, Obama-voting Independent

The McCain Independents were more positive towards the “cap” idea once it was explained, but the Obama Independents again wanted to know how the caps were going to be implemented and what would be cut to make the caps work.

“I think we need to raise the debt ceiling with a clause that the budget needs to be balanced. If we just raise it, it’s not going to help because we are just going to hit it in 5 or 10 years. Whatever way that needs to happen, whether it’s cutting entitlements or raising taxes, hopefully not on the lower or middle [classes] and hopefully on the upper scale. We need to get that budget balanced. We just can’t have the national debt pile up.” – Robert, McCain-voting Independent

“Well in theory I support smaller government. But again, maybe I’m a cynic, I read the newspaper and we can’t hire teachers, can’t hire police officers, but we can bomb the hell out of the rest of the world. Again, and I’m not way left or way right, but my point is in theory, what is going to get cut to satisfy that theory?” – Male, Obama-voting Independent

The BBA portion of the idea was most poorly received, with both groups saying that it's Congress's job to balance the budget, and we don't need a Constitutional amendment to do that. In fact, we did it under President Clinton, as one of the Obama Independents observed.

“That’s ridiculous. Why do they need an amendment in the Constitution to do what they should be doing anyway? You just do it.” – Barbara, McCain-voting Independent

“The Constitution says that they should be good stewards of our money. They don’t need an amendment.” – Female, McCain-voting Independent

“It always scares me that there is the law of unintended consequences. When you say that it has to be done, and you look at states that have actually amendments to balance theirs, it becomes extremely problematic in certain situations. You certainly don’t want the government to be in that position where they can’t spend money that needs to be spent.” – Aaron, McCain-voting Independent

“Well, a balanced budget amendment will result in requiring a balanced budget. I’m projecting forward, saying, ‘OK, it’s an amendment to the Constitution saying we have to have a balanced budget.’ Maybe I’m thinking too far ahead, I’m afraid the wrong things will be cut just to satisfy that amendment.” – Michael T., Obama-voting Independent

“I somewhat like it, but I feel that ... there should be provisions for war, like if something major comes along, maybe you can change it around. Major crises coming up, that’s what I don’t like about it. But if they are going to say, just a straight balanced budget, I don’t think it’s going to be done.” – Kirk, Obama-voting Independent

### **3) Level of panic is minimal—right now**

McCain Independents describe themselves as “confused,” “frustrated,” “angry” and “cynical” about the debt ceiling issue; Obama Independents are “frustrated,” “depressed,” “helpless,” and “pissed off.”

“Confused. You don’t know who you are getting information from. Some think it’s catastrophic and others think it’s not a big deal that it’s just like bouncing a check. I think it’s somewhere in the middle.” – Alan, McCain-voting Independent

“It’s all politics. When President Obama is up there, you don’t know whether he’s coming from a true place. Is it a good sound bite because he is going to a fundraising event in California next week? The political machinery and the amount of money in these people’s coffers is for re-election. I always wonder if it’s a re-election sound bite. It’s really confusing because you don’t know if they are really addressing the issue or addressing getting re-elected. That makes me very skeptical about them wanting to solve the issues.” – Cathleen, McCain-voting Independent

“Seeing my 401(k) go down again...It pisses me off.” – Norvel, Obama-voting Independent

In each session (each with 14 respondents), only two respondents had made changes to their investment portfolios in the past couple of weeks in anticipation of a default. Few intend to make moves in the coming weeks. Most respondents still think Congress will work this out before Aug. 2nd. They very much want a “permanent” solution, but think that a short-term, stop-gap measure is likely.

“I have put less [into] the stock market and more into bonds, gold. Those are much safer, whether or not we default.” – Robert, McCain-voting Independent

“I moved out of stocks and more into bonds and stable value type of funds. Completely out of international. It’s kind of ironic...I just had a look and saw that

the particular fund that I was in wasn't doing very well. I rebalanced everything and took it out. I will keep an eye out and if anything dipped down low, I'm going to immediately move it into the stock market for when it goes back up. For now, I just moved it out." – Kathy, McCain-voting Independent

"I was in more aggressive stocks, but with the way things have been going, I said I'll go more broader and diversified." – Kirk, Obama-voting Independent

"Today...I went from 10% cash to 40% cash. I had equities and bonds; high income equities and some junk bonds." – Norvel, Obama-voting Independent

And unlike the June 22 group of moderate seniors in suburban Philly, some of whom thought that the talk of a meltdown was an exaggeration, these groups weren't questioning the seriousness of the problem. The most immediate effect of a default, they believe, would be higher interest rates and a cratering of the stock market.

"Higher interest rates are going to stunt the economy and trigger all of the other events." – Male, McCain-voting Independent

"I just look at it like a snowball. It won't happen right away, but within time it will start getting bigger and bigger and bigger. Like what he was saying about Greece, it's been going on and on, bringing in other countries like Spain or whatever. It didn't happen overnight, it's something that's just been getting bigger and then it's going to be too big and it's probably going to be too big to handle." – Kirk, Obama-voting Independent

#### **4) Not a rush to call Congress on August 3**

The group of Obama Independents believes that there will be an 11<sup>th</sup> hour agreement on August 2<sup>nd</sup>. Interestingly, most respondents' first reactions on Aug. 3rd will NOT be, if there is no deal, to call their Congressman or Senators to complain (though they think others will call, such as seniors).

"They're not going to listen to us. They already have their minds set already." – Brian, Obama-voting Independent

Susan, an Obama-voting Independent whose son receives Social Security benefits, said her first reaction would be anger, followed by calling Social Security to see what she can do about getting paid. Sherri, a McCain Independent collecting Social Security, said she'd call her landlady to work out payment options with her, and then she would cry. Another McCain Independent, Kathy C., anticipated there would be a run on the banks so people could get cash. A third McCain Independent, Steven, said he'd start selling his valuables on eBay. In short, more respondents would go into self-protection mode rather than complaint mode.

Here are some other comments we heard:

“It’s a ripple effect. If that happens, all of the financial institutions would be in trouble. It’s not only Social Security, it’s also the military. It’s every program we’ve got. They are talking about cutting all of the entitlements. The ripple effect from that is going to be catastrophic. We will not let that occur.” – Alan, McCain-voting Independent

“People are going to panic and go to the banks to get all of their money. It’s happened years ago. They are going to try and grab all of their money now.” – Female, McCain-voting Independent

### **5) Blame would be all around**

Among 14 McCain Independents, six said that if a default occurs, Congress would be mostly to blame, two said Obama would be mostly to blame, and six said they'd blame both equally. Here are some of the comments we heard:

“There are more people involved than just President Obama. There is a large group of them. There are a lot of them to work together to come up with a better plan than the President. He is absolutely at the heart of it.” – Cathleen, McCain-voting Independent

“The President can’t just step up there and say, ‘I’m going to do this.’ Most of the time, it’s got to be passed. He can’t wave a magic wand and make it happen. Collectively, Congress can get things done or push things through.” – Kathy, McCain-voting Independent

Among 14 Obama Independents, none would blame Obama mostly, nine would mostly blame the Republicans in Congress, and five would blame both equally. It is fair to say, for no doubt the zillionth time, that these folks are completely and utterly fed up with Washington and conveyed their displeasure throughout our discussions.

“I don’t think [the Republicans] are flexible enough. They’re like, ‘Here it is,’ and they’re just not being flexible. They’re just saying, ‘Here’s how we’re doing it.’ And I believe they have to come to some type of compromise, and they talk about their sacred cows. Both sides have to take their sacred cows and say, ‘OK, here’s what we’re going to do; here’s what we’re going to give up’, and I believe it has to come from both sides. I mean Obama; what I’ve been hearing, he’s been talking about, ‘Here’s what I’m willing to do.’ I mean, that’s just what I heard.” – Kirk, Obama-voting Independent

“I think there has been some fault on both parts. There were promises that were made that haven’t exactly been followed through with. I think regardless, kind of

going back to regardless of who won, there was going to be a clean-up job and that's kind of [what] we were in, kind of already in a hole to start with. So whoever was [elected was] having to dig out.” – Caroline, Obama-voting Independent

“I think we can blame past administrations too. Not just administrations, but if you recall, when Bush was in office, there a Democratic majority in both Houses; the House and the Senate, so again, I voted for Obama but I kind of feel like this ‘change we can believe in,’ I haven’t seen a whole lot of that personally. So I feel let down by him, in a lot of ways as well, and I understand going against the Republican majority in the House is not a very easy thing to do but look back eight, 12, 16 years ago I think a lot of the problems started back then. I can’t look at Obama and say, it’s your fault because he inherited it, but I can’t look at the House Republicans and say, ‘This is your fault.’” – Michael T., Obama-voting Independent

#### **6) A “balanced approach” means different things to different people**

McCain Independents think that a “balanced approach” entails the following (from our written exercise):

“No tax increases, cut spending, and raise ceiling. Cuts must be more than raise.”

“Decrease spending, increase revenue. Do not raise the ceiling in order to create more borrowing. Service the debt we already have.”

“Control spending! -- eliminate unnecessary gov't spending (good talk for many years). Cut entitlement programs. Eliminate tax loopholes for corporations. Do not increase revenue by taxation.”

“Cut spending, and if necessary raise SOME taxes. Stop helping everyone else in the WORLD and put America back together.”

“Look at reducing certain spendings or decrease \$ for programming, consider tax structure based on income [tax richest most]. DO NOT eliminate Social Security.”

“NOT RAISE the debt ceiling but cut expenses and government overhead!”

“Needs to be raised and maybe only increase taxes on the oil companies and industries which have received government subsidies in the past”

“To somehow find a better way--compromise as to how much”

“By raising debt ceiling the balance was equaled out (zero debt)”

“Raised with strict guidelines and regulations on how it will be repaid/lowered”

“Balancing the budget and raising it only one more time”

“No new debt, cut spending, small tax increase to help pay off debt”

“A compromise where we agree to raise the ceiling and cut some entitlement programs and possibly look to remove the ceiling if entitlements can be self-funded.”

“Both parties approach the argument with a common-sense mindset. There needs to be give-and-take on both sides. Enough of the political grandstanding to appease the far-right and far-left.”

Obama Independents think a “balanced approach” means this:

“A plan to reduce government spending and have a more efficient government or slightly smaller government.”

“A long-term goal of reducing and put[ting] in a plan in place to get rid of the debt altogether.”

“I don't know”

“Raise taxes on wealthy taxpayers”

“It has to be done in the short term, not a long-term solution.”

“Increase taxes, reduce spending within a time frame, 10 years.”

“Focus on domestic priorities that support U.S. business, job growth, and less on foreign interests.”

“It would include raising taxes on richer income taxpayers and closing tax loopholes with savings on spending”

“Cut wasteful spending across the board and tax the very wealthy (fair amount) companies. Come out with a simple tax system. Fair tax.”

“It would be raised, but spending cuts would be enforced and eminent [likely intends to say 'imminent'].”

“Reduce costs in certain areas, while maintaining/adding in areas that boost the economy.”

“Raise it with certain limitations in an effort to keep up with what the country needs but also not making too many cuts in vital programs.”

“Raise ceiling temporarily to get through crisis, but need drastic budget cuts to more permanently reduce debt.”

**7) There’s a superficial awareness of what both sides advocate among everyone, and a deeper one among some**

In our written exercise, we asked respondents what the President's position is and what the House Republicans' position is in this debate. The most superficial description of President's position is that he wants to raise the debt ceiling, and we heard this from several respondents; that's all they knew of his position. The more in-depth description of POTUS's position is that he wants to raise the debt ceiling but also raise taxes or help keep the economy going.

The most superficial description of Republicans' position is that they do not want to raise the debt ceiling, and we heard this from several respondents--that's all they knew of *their* position. The more in-depth description of the Republicans' position is that they don't want to raise taxes and/or they want to cut spending.

**Messaging Findings:**

**A) The most effective GOP lines that work with both McCain-voting and Obama-voting Independents are (from our dial tests):**

- a) “To revive our economy, resume job creation, and save America from bankruptcy, we must stop spending money we don’t have.”
- b) “If we’re going to raise the debt limit, a permanent fiscal solution is also needed.”

- c) “There must also be real restraints on future spending.”
- d) “I’m tired of the gimmicks. I’m tired of the budget tricks, and the accounting tricks. We need to have an honest approach. We are at a threshold, and we need to change. We are not losing jobs because our credit card didn’t have a higher limit. We are losing our jobs because we are spending too much.”
- e) “The upcoming vote on the debt limit should be viewed as an opportunity to do something big that would send a clear message to the American people and the world that we could come together and put our fiscal house in order.”

Here are some of the comments we heard from the Obama Independents:

“The debt sounds like an imaginary number. It sounds like a number they push around and doesn’t really mean anything.” – Female, Obama-voting Independent

“Concentrate more on jobs and the economy, house sales and things that are really important to most people.” - Norvel, Obama-voting Independent

### **B) The least effective GOP lines in both groups were**

Here are the least effective lines in both groups, and some of the comments we heard about them:

- a) “Any deal to raise the debt ceiling must not include any new tax increases.”
  - “I am not necessarily in favor of raising taxes or new taxes but I believe that there needs to be compromise. What I liked about Carla was the compromising stance. Holly seemed [to be] not budging.” – Johnathan, McCain-voting Independent
- b) “Tax hikes have never had a place in this discussion and never will.”
  - “You can have a flat tax so that some people pay more taxes and it wouldn’t necessarily go to the wealthy or what is considered the wealthy.” – Chris, McCain-voting Independent
- c) “The Democrats know nothing else than wanting to spend more.”
  - “It was hypocritical. [The Republicans] had their opportunity and they spent money like it was going out of style.” – Aaron, McCain-voting Independent

### **C) Obama's most effective lines in both groups are**

- a) “It is possible for us to construct a package that would be balanced, would share sacrifice, would involve both parties taking on their sacred cows, and would involve some meaningful changes to Medicare, Social Security, and Medicaid that would preserve the integrity of the programs and keep our sacred trust with our seniors. We could make sure those programs were there for not just this generation, but for the next generation.”

- b) “If each side takes a maximalist position, if each side wants 100 percent of what its ideological predispositions are, then we can’t get anything done. And I think the American people want to see something done. They feel a sense of urgency, both about the breakdown in our political process and also about the situation in our economy.”
- c) “Congressional leaders need to share their ideas that they think can get the necessary number of votes in the House and in the Senate to secure passage of legislation. We need to consider all options, all alternatives that they’re looking at.”
- d) “If Republican Congressional leaders are sincere that they don't want to see the U.S. government default, then they're going to have to compromise just like Democrats are going to have to compromise.”
- e) “If we don't raise the debt ceiling and we see a crisis of confidence in the markets, and suddenly interest rates are going up significantly, and everybody is paying higher interest rates on their car loans, on their mortgages, on their credit cards, and that's sucking up a whole bunch of additional money out of the pockets of the American people, I promise you they won't like that.”
- f) “It is hard to persuade people to do hard stuff that entails trimming benefits and increasing revenues. But the reason we’ve got a problem right now is people keep on avoiding hard things, and I think now is the time for us to go ahead and take it on.”
- g) “I’m willing to move in the Republicans’ direction in order to get something done. And that's what compromise entails. We have a system of government in which everybody has got to give a little bit.”

**NOTE:** We asked the Obama Independents whose messaging conveyed the concerns that are on their minds right now, and all said that it was our actress reading the Obama script in the video. None said the GOP-sounding advocate was doing that. In fact, there was a clear partisan split in these two groups, with all 14 Obama Independents siding with the actress reading the Obama script, and all 14 McCain Independents siding with the actress reading the GOP script (derived from Boehner, Cantor, McCarthy, and McConnell remarks).

Here are some of the comments we heard from the Obama Independents:

“[Carla] was talking more about compromise.” – Robert, Obama-voting Independent

“I mean, I agree with some of what Holly said...I think Carla was kind of conciliatory in a way. She was kind of working with both sides...We’re talking about taxes, student loans; I liked some of the commentary [about] how Americans shouldn’t have to understand a lot of what’s going on right now. It’s not our job to understand. And we have bigger things to worry about; not bigger

things, but day to day stuff to worry about.” – Michael T., Obama-voting Independent

“And also what Carla was talking about. Like Michael was saying, student loans. I’m a nurse, so healthcare spending. I mean it’s huge, and you know Social Security.” – Female, Obama-voting Independent

#### **D) Obama's least effective lines with both groups are**

(Actually, there were none that tanked with both groups.) With the McCain-voting Independents they had a hard time agreeing with this messaging:

- a) “Nobody has talked about increasing taxes now. Nobody has talked about increasing taxes next year. What we have talked about is that starting in 2013, that we have gotten rid of some of these egregious loopholes that are benefiting corporate jet owners or oil companies at a time where they're making billions of dollars of profits. What we have said is as part of a broader package we should have revenues, and the best place to get those revenues are from folks who have been extraordinarily fortunate, and that millionaires and billionaires can afford to pay a little bit more—going back to the Bush tax rates.”
- b) “Now, the revenue components that we’ve discussed would be significant, and would target folks who can most afford it. The problem is, is that if you don't do the revenues, then to get the same amount of savings you’ve got to have more cuts, which means that it’s seniors, or it’s poor kids, or it’s medical researchers, or it’s our infrastructure that suffers. And I do not want, and I will not accept, a deal in which wealthy people are able to keep hundreds of thousands of dollars in additional income that we don’t need, while a parent out there who is struggling to figure out how to send their kid to college suddenly finds that they’ve got a couple thousand dollars less in grants or student loans. That’s what the revenue debate is about. It’s not because I want to raise revenues for the sake of raising revenues, or I’ve got some grand ambition to create a bigger government. It’s because if we’re going to actually solve the problem, there are a finite number of ways to do it. And if you don’t have revenues, it means you are putting more of a burden on the people who can least afford it.”

For more information contact Presentation Testing at 212-760-4358.