

New Models

Economy and Healthcare Group with Independents

September 2011

OVERVIEW

Presentation Testing conducted two mixed-gender focus groups in Ft. Lauderdale, on September 27, 2011. One group contained 14 McCain-voting moderate Independents, and the other contained 13 Obama-voting moderate Independents.

In each session, we conducted a “white board” exercise where respondents had to fill in the blank on two sentences. Next, we focused on a recent national survey and probed to determine why some of the results turned out as they did. We then focused our discussion on healthcare.

KEY FINDINGS

- 1) For McCain-voting Independents, the prevailing story lines about the President are that he’s “prolonged the recovery”¹ and the recession has become a depression. For Obama-voting Independents, he’s worsened the relationship between R’s and D’s, and our country’s problems have become worse.**

We conducted two “fill in the blank” exercises with our South Florida independents. In the first exercise, the sentence they had to fill in the blank with was this: “President Obama inherited a lot of problems when he became President, and because of his actions _____.”

In the group of 14 Independents who voted for McCain, we received a variety of responses when the respondents took turns sharing their feedback; the moderator wrote down these statements on a white board. Once everyone shared their answer, each then voted on the two they said most closely reflected their sentiments. Here are the responses in descending order of votes received:

- He has prolonged recovery (6)
- The recession has become a depression (5)
- Things have become worse (3)
- This country is in turmoil (3)
- Things have become much worse (3)
- Future Presidents will also inherit problems (2)
- Things have gotten a little worse (2)
- Our country is failing (2)
- The next President will inherit those problems as well (1)
- The country continues to struggle (1)

¹ What the respondents meant is that Obama’s made the recovery take longer than it should have.

Importantly, in our discussion with these McCain-voting Independents, several made a point that they are more upset with the President for what he has failed to do than for what he has actually done.

In the group of 13 Independents who voted for Obama, here are their responses to the same exercise:

- The relationship between Democrats and Republicans have gotten worse (6)
- The problems became worse (4)
- He has taken a lot of crap (3)
- His approval ratings have declined (3)
- He's being perceived wrong (2)
- He's become a scapegoat and can't win for losing (2)
- Many problems have gotten worse (2)
- The country is in a very bad situation (1)
- He is highly scrutinized (1)
- He's increased bickering and stalemate in Congress (1)
- He's been put under a microscope (1)

What is particularly interesting about the Obama Independents' responses vs. the McCain Independents' responses is that that Obama group divided their comments about POTUS into two broad categories: Obama as an actor who made things worse, and Obama as a victim (he's taken a lot of crap, he's misperceived, he's a scapegoat). The McCain group made no such distinction and did not view Obama as a victim.

2) For McCain-voting Independents, the prevailing story lines about the House GOP are that they have not been able to turn the tide, and have not been able to accomplish what they set out to do—yet. For Obama-voting Independents, the prevailing story line about the House GOP is that they have done nothing to improve the economy.

In the second exercise, the sentence they had to fill in the blank with was this: “The Republicans who took over the House in January have _____.”

The 14 McCain-voting Independents offered these replies:

- Not been able to turn the tide (5)
- Not been able to accomplish what they set out to do—yet (5)
- Been moving slowly (4)
- Been playing politics and prolonged recovery (4)
- Not made a difference (4)
- Not been able to get to a consensus with others (2)
- Possibly made a change for the better (1)
- Been non-entities (1)

- Not been helpful with the problems we're having (1)
- Taken too long to unify themselves (1)

The 13 Obama-voting Independents offered these replies:

- Done nothing to improve the economy (6)
- Blocked the country from moving forward (3)
- Caused the country to be less unified vs. more unified (3)
- Heavily challenged Obama and the Democrats (3)
- Challenged bipartisanship (3)
- Disrupted the country (2)
- Tried to make the President look bad (1)
- A personal agenda against the President (1)
- Been totally irresponsible by not doing their job (1)
- Been a bunch of wise guys (1)
- Not been very productive (1)
- Bankrupt our nation (1)

3) Independents are loath to imagine this economic downturn lasting another seven or eight years, but have very clear fears of how that would affect them personally and the country at large

The Independents in both sessions cited a number of negative effects that would result if the country remained in an economic downturn for the next seven or eight years. The personal impacts would include:

- Harm to family relationships
- Losing friends—people not wanting to hear complaining
- More despair and negativity
- Becoming frantic; no way to make money
- Lack of hope there will be something better
- No “raises” in Social Security benefits
- Becoming heavily in debt
- More stress
- Lower quality of food consumed
- More reliance on government healthcare
- Would move overseas

The effects on America of a prolonged downturn would be:

- Fewer people getting an education because they'd have to work instead
- Crime would be worse—more guns
 - “When people are desperate, they do desperate things”
- There will be more disease—prescriptions will not be filled

- The country will be more divided
- The poverty level will go up
- There will be more mental health issues

4) If spending is cut, and taxes are raised on wealthy Americans and corporations in order to reduce the deficit, most of our respondents don't think that their taxes would end up being raised.

These Independents basically believe it is possible to have taxes raised on the wealthy and on corporations without those taxes being imposed directly on them. Yet, we did hear a few respondents say—and others agreed—that if taxes are raised on corporations, the cost will be passed on to consumers. So, there is an indirect effect on them.

We also heard a couple of random comments that taxes always go up, so inevitably theirs are going to rise—but these were definitely the exception.

5) Independents agree that spending on infrastructure would increase jobs, but they are *very* skeptical that three key conservative proposals would have an impact on job-creation

We pulled from the Winston Group's September 2011 survey a number of poll results to better understand why some policy steps are believed to lead to significant job growth, while others would not.

In the survey, 79% of respondents (combined R's, D's, and I's) said they thought that “investing more money in infrastructure, such as roads and bridges” and “repairing and modernizing 35,000 schools” would create a significant number of new jobs. In our focus groups, the Obama-voting Independents agreed with the job-creation effects of infrastructure spending. They made comments such as, “somebody's got to do it,” “this is everywhere—it would affect the whole nation,” and “construction fuels the economy.” The McCain-voting Independents were a bit more skeptical, saying that infrastructure jobs would increase, but perhaps not significantly, and that these jobs would go more to men than to women.

Where our results in South Florida diverged somewhat from the Winston Group's national sample of R's, D's, and I's was in relation to three proposals commonly put forth by conservatives.² All of these received at least modest support in the survey, but did not do well in our sessions. Here's what happened:

A) *“Lowering the corporate tax rate”*

² These focus group observations are based on non-representative, small samples in one location. They are intended to shed light on why some statements evaluated in the Winston Group survey received lower levels of agreement than others.

First, in the Winston Group survey, 55% of all respondents agreed that “lowering the corporate tax rate” would create a significant number of new jobs. In our session with McCain voters, one respondent, Jason, said that lowering the corporate tax rate would help bring jobs back to the U.S., and he gave his own company as an example. He said, “Every time we try to bring 100 people back [from overseas], we feel the pinch for tax purposes.” When we asked the other 13 respondents whether lowering the corporate tax rate would bring jobs back to the U.S., as they are trying to do at Jason’s company, respondents uniformly said no—and they thought his company’s situation is atypical. In fact, when we first posed the question, one respondent blurted out, “What’s that [lowering the corporate tax rate] got to do with jobs?” And another said, as if not understanding the question, “What’s that? Lower the corporate tax rate??” And a third said, “They’d be able to take nicer vacations on nicer jets.”

What’s particularly interesting is that these McCain voters cited a whole host of reasons why jobs are being created elsewhere but not in the U.S. Among these are:

- “It costs 10, 20, 30 times more money to make something here than it does overseas”
- Insurance
- More oversight in America
- Other places can cut corners
- “A miner dies in China, gets compensated \$16,000; a miner gets killed in West Virginia, gets compensated \$16,000,000.”
- “There’s a lot more overhead to run a business in America.”
- “We have unions.”
- “Lawsuits”
- “Advertising”
- “Energy”

And their larger point is that even if Uncle Sam cut the corporate tax rate, there are still all these impediments to job creation.

In the group of Obama-voting Independents, only three of the 13 think that lowering the corporate tax rate would be likely to create a significant number of new jobs. Lawrence thought it would bring jobs back to the U.S., Larry M. thought that corporations pay less corporate tax elsewhere.

But most thought lowering the corporate rate would not significantly increase jobs. Hersel explained that if a company has a factory overseas, and they suddenly gets a tax break in the U.S., the company is unlikely to move workers back to the U.S. unless that tax break were contingent on bringing jobs back. He believes that given the other costs that employers face in the U.S., such as the minimum wage, the lowering of the corporate tax rate would not be a sufficient incentive to bring jobs back to the U.S.

What is particularly interesting about the comments in both groups is that U.S. job creation is viewed as a zero-sum game, meaning the more jobs there are overseas, the fewer there are here in the U.S. This is consistent with research our firm conducted a few years ago.

B) *“Making significant cuts in government spending”*

For most of our Independents, there was virtually no link between making significant cuts in government spending and creating a significant number of jobs. This exchange is telling:

Moderator: “Making significant cuts in government spending. How many of you think that would be likely to create a significant number of new jobs here in the U.S.?”

Group: [Chorus of “no’s”]

Carolyn (McCain-voting Independent): “I don’t think it has anything to do with the jobs.”

Moderator: “Take me through your thinking. Why is it that if we made significant cuts in government spending, we would not create a significant number of new jobs?”

Carolyn: “They’re just spending money arbitrarily on a lot of things that are nonsensical that we don’t need. The last time we were out of debt was when Clinton was President. Right? I don’t know if I’m right or wrong....All of a sudden we’re in mega-debt. Why? Because the government keeps spending money however they want to.”

Moderator: “But if we made significant cuts in spending, why wouldn’t that stimulate job growth?”

[LONG PAUSE]

Carolyn: “Why would it? One thing has nothing to do with the other. They’re spending money on things they want to spend it on. It has nothing to do with jobs.”

Moderator: “Is there someone here who believes making a significant cut in spending will make a significant number of new jobs?”

Carolyn: “What kind of jobs?”

Jim: “Committees. They create committees that they spend a fortune on. But I don’t see if they didn’t create three more committees, where jobs would spring up from that.”

As the conversation unfolded, the take-away from this group is that there are many good reasons to cut government spending, but job creation is not one of them.

In the Obama-voter session, only one person (Nancy) out of 13 thought that cutting spending would spur job growth—and she interpreted the statement as cutting spending on high paid people (like school administrators) so that more lower paid people, like teachers, could be hired.

What was remarkable was that in both sessions, none of the respondents put forward the argument that cutting government spending frees up money for the private sector to borrow

capital in order to grow and hire. When we asked them about that specifically, the argument failed to resonate. One Independent Obama voter, Barbara, reacted to it this way:

“Everything I read says that corporations have more money in their piggybanks than they ever had, and they’re not expanding, and they’re not hiring workers, and they’re not doing nothing. They’re sitting there fat, dumb, and happy. Saying that if we give them more [capital] that will put them over the top, I don’t believe it. As Judge Judy says, ‘Don’t pee on my leg and tell me it’s raining.’”

C) *“Evaluating government regulations that have a significant impact on the economy or small business, and requiring Congressional approval for those regulations”*

Similar to the other two steps cited above, this one was likewise *not* believed to be a way to significantly increase the number of jobs. The reason is that our respondents were disproportionately focused on the phrase “requiring Congressional approval”—and disliking the idea that a dysfunctional Congress would have more things to work on. What was lost on them was that this is exactly the implied idea behind the proposal—that Congressional inertia or opposition would work to slow the flow of new regulations. In short, the proposal suffers from being too-clever-by-half, and its true intention not being expressed overtly.

Also, it was unclear whether this step is intended to stop new regulations or reverse existing regulations, and if it’s the latter, how Congressional dysfunction could be useful in reversing regulations when Congressional action would be needed.

6) Perceptions of the Affordable Care Act remain negative, and the term “Obamacare” is viewed as derogatory

One general perception of the law is that in the wake of its passage, healthcare costs continue to spiral, and the law therefore did not fulfill its promise. Respondents often did not know that many key provisions are not set to go into effect until 2014. As a result, ACA is deemed a disappointment. As one McCain-voting Independent put it, “I still pay \$350 a month—how did it help?”

Another general perception is rooted in an awareness that a majority of Americans don’t want this law, so it’s wrong for the American people to be saddled with it.

In our McCain voter session, six of the 14 would repeal the law entirely. None of the Obama-voting Independents would repeal it entirely. The portions of the law that were viewed favorably were related to protecting people with pre-existing conditions, covering children up to age 26 on their parents’ policies, and giving coverage to the poor.

When asked whether the term “Obamacare” was positive, negative, or neutral, 20 of the total 27 respondents said it was negative, with the rest thinking it was neutral.