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Voters Lose in Debt Ceiling Debate

Republicans win on policy. Democrats win on politics. Voters lose. That's the most likely scorecard coming out of months of wrangling over the debt ceiling.

Republicans win on policy because the final deal will probably not include tax increases. House Republicans have stood firm on that point, making it impossible for any other proposal to pass Congress. What gives Republicans superior bargaining power is a simple fact: House Republicans are more willing to accept default than President Obama and the Democrats are, even though Republican leaders have formally declared default unacceptable. Faced with a choice between a deal they don't like and no deal, Democrats will very likely take the bad deal.

Partly for that reason, Democrats win on politics. They look more reasonable. Republicans are protesting that it was President Obama who killed the grand bargain at the last minute by insisting on an additional \$400 billion in taxes. But every newspaper headline said that Speaker Boehner was the one who "walked away" from the deal. As he had done earlier in the negotiations.

The American people are likely to be the losers because the final deal will almost certainly require some spending cuts now, and more later. In other words, an austerity regime. That would have happened given any kind of balance between spending cuts and tax hikes. But the tax hikes Democrats favored were targeted specifically at higher-income

taxpayers. The spending cuts will inflict pain more broadly.

Is there any painless solution? Sure. It's been apparent from the beginning. Just raise the debt ceiling. Congress has voted to raise the debt limit 77 times in the past 100 years. Ten times since 2001. Often with some controversy but never with this level of tension. It was Republicans who insisted on turning the vote into a crisis by demanding spending cuts as the price for their vote.

Once a simple vote to raise the debt ceiling became impossible, only bad options were left. Default may or may not be the "economic catastrophe" Treasury Secretary Tim Geithner warned about, but no one knows for sure. It certainly would cause the U.S. to lose its AAA credit rating and therefore drive interest rates up, which will hurt businesses and consumers.



That may happen anyway if the country goes to the brink of default. The other bad option is austerity, which is no way to speed up the economic recovery. Anyone notice what's been happening in European countries that have imposed austerity regimes? It has not been pretty, politically.

But isn't this what Americans voted for last year when they elected Republicans? Republicans certainly promised greater budget discipline and spending cuts. But it's not clear the voters equated that with austerity. Or that they do now.

Republicans have always insisted that government spending is a job killer. Voters certainly don't see the Obama Administration's economic stimulus plan, passed in 2009, as a success, even though many economists believe it saved the country from depression. Americans are confused over the relationship between jobs and government spending. The July *Washington Post*-ABC News poll asked, "Do you think large cuts in federal spending would do more to create jobs or do more to cut jobs?"

The answers were closely split: 47% said spending cuts would create jobs, 44% said they would cut jobs. A lot of people believe that any money the government spends is money that private businesses could otherwise use to hire more workers.

The polls are clear that the public favors a balanced approach to the debt problem — spending cuts plus tax increases on the wealthy. That's President Obama's position. The polls are also clear that, while both sides get blamed for the impasse, voters trust President Obama more than they trust the Republicans in Congress on this issue (by 48% to 39% in the *Post*-ABC poll).

So does that mean President Obama has the advantage in next year's re-election campaign? Not necessarily. Republicans will ask voters, are you better off than you were

four years ago? By any measure, the answer is no. It won't do Democrats much good to argue that people are better off than they might have been four years ago if the stimulus plan had not been passed. Democrats will have to counter with the argument that Republicans' refusal to compromise kept unemployment high and endangered the country's credit rating.

The risk for Democrats is that they will lose the same constituency that abandoned them last year: Hillary Clinton voters. Those are white working class voters, and they are intensely sensitive to economic stress. Among white non-college voters nationally, support for House Democrats dropped from 44% in 2008 to 33% in 2010, according to the exit polls.

President Obama does noticeably better among college-educated voters (51% approval in the latest CNN poll) than he does among non-college voters (37% approval). His rating would almost certainly be lower among white non-college voters. For them, the 2012 campaign will revolve around one question: **where are the jobs?** ■

IN FOCUS

The Financial Base: Passion, Interest, or Both?

There are two kinds of campaign contributions: passion money and interest money. The second quarter fundraising totals reveal who's raising what.

Passion money comes in small donations, usually through the internet or direct mail, often for \$25 or \$50. It's an indication that a candidate is generating real grass-roots enthusiasm. Sometimes because the candidate is highly ideological and divisive.

Interest money comes in big amounts, usually from wealthy contributors and interest groups (the maximum donation allowed is \$ 2,500). It's an indication that a candidate has strong ties to the establishment. And that the establishment sees the candidate as a likely winner.

The champion of passion money right now? Michele Bachmann. Two thirds of her contributions were under \$200. Only 7% were at the maximum allowable. She has passionate supporters. But very few big interests see her as a winner. Other candidates who generate passion: Ron Paul and Herman Cain.

President Obama and Newt Gingrich do pretty well in the passion department (49% and 46%, respectively). But they can also raise big money. Obama because he's the President. Gingrich because he used to be Speaker of the House and can draw on some residual loyalty.

Mitt Romney is the champion of interest money. A phenomenal 70% of his contributions were at the maximum level. Passion for Romney? Not so much (just 6%). Tim Pawlenty doesn't evoke much passion either (11%). But as a former governor, he, too, can draw on the residual loyalty of major interests in his state. ■

2nd Quarter Fundraising At-A-Glance Passion Money vs. Interest Money			
	Millions Raised in Q2	Share of Contributions Under \$200 2,500*	
Obama	\$46.3	49%	26%
Romney	\$18.4	6%	70%
Paul	\$4.5	54%	11%
Pawlenty	\$4.3	11%	51%
B a c h - mann	\$3.4	67%	7%

Rick Perry: Texas' Favorite Son?

Texas Governor Rick Perry is sounding more and more like he will run for the Republican nomination. He recently told *The Des Moines Register*, "I'm getting more and more comfortable every day that this is what I've been called to do."

Perry is not well known nationally, although he is the only contender besides Mitt Romney and Michele Bachmann to draw double-digit support in national polls of Republicans. In June, Public Policy Polling asked the voters who know Perry best: *Texans*. The results are not good news for the Governor.

Who Would Texas Elect?		
How President Obama Stacks Up Against the GOP Frontrunners		
		
Bachmann	47%	44%
Romney	50%	42%
Pawlenty	44%	43%
Perry	45%	47%

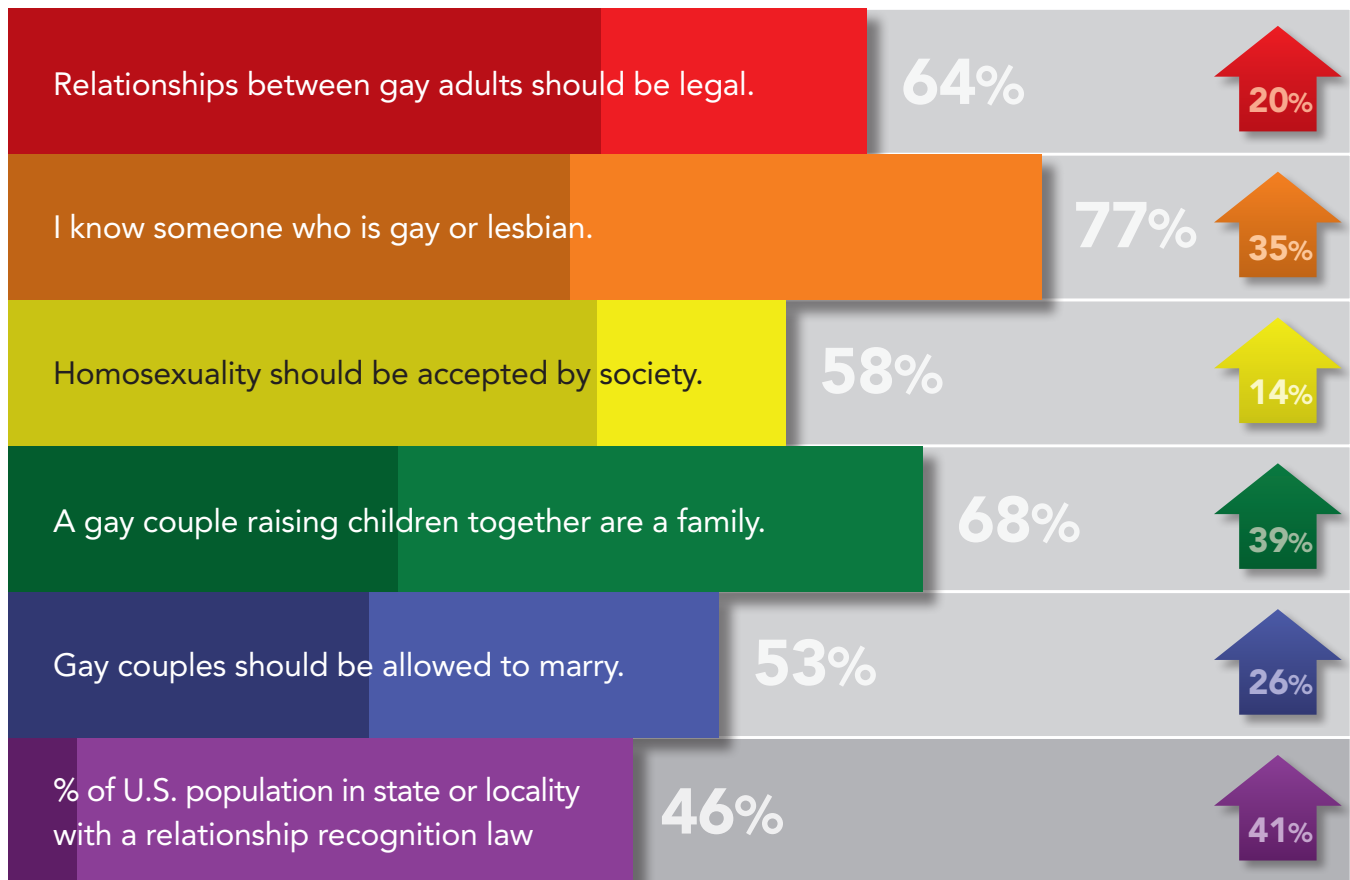
Source: Public Policy Polling 6/25-6/27 2011

Only 43% of Texans approved of Perry's performance as governor (52% disapprove). Nearly 60% of Texans did not think he should run for President. And if he does?

Compared to the three best known Republican candidates, Perry is the only one who would lose Texas to President Obama! The margin is small (just 2-pts.), but the contrast is notable. Romney, Bachmann, and Pawlenty all lead Obama in Texas, with Romney doing best (an 8-pt lead). Since Gov. Perry likes to cite scripture, here's a quote that may apply: "Jesus said to them, 'A prophet hath no honor in his own country.'" (Matthew 13:57) ■

RECOGNITION RISING

Public Opinion Polling on Gay Issues and Relationship Recognition
and Net Gains Since 1996 Defense of Marriage Act (DOMA)



Darker shades represent 1996 percentages—except “I know someone who is gay or lesbian” which is 1992.

Fifteen years ago this month, the U.S. House of Representatives passed the so-called Defense of Marriage Act (DOMA). The bill, which defined marriage as a union between one man and one woman under federal law, passed by a vote of 342-67—an outcome that roughly reflected public opinion at the time. But over the past decade and a half, our society has undergone a seismic shift in how it recognizes and accepts the relationships of gay and lesbian couples.

This graphic provides a snapshot of this dramatic transformation and illustrates the crystallizing consensus in favor of legal relationship recognition for gay and lesbian couples, extending all the way to marriage in many parts of the country. In 1996, DOMA was thought to have ended the debate on marriage. But it seems to have been only the beginning of a more profound shift in favor of gay and lesbian couples.

From the Third Way report “The State of Relationship Recognition,” available at: <http://www.thirdway.org/publications/420>. Opinion polling data from Gallup; CBS News; Pew Research Center for the People and the Press; The Roper Center; and *The Washington Post*. Population data from the U.S. Census Bureau (1990; 2010). Illustration by Bill Rapp.