



Lake Snell Perry Mermin Meadow Gotoff

Celinda C. Lake  
*President*

Alysia R. Snell  
*Partner*

Michael J. Perry  
*Partner*

David Mermin  
*Partner*

Robert G. Meadow, Ph.D.  
*Partner*

Daniel R. Gotoff  
*Partner*

Susan Kannel  
*Vice President*

Joshua E. Ulibarri  
*Vice President*

Rick Johnson  
*Vice President*

## **The Role of the Economy in the 2006 Elections: A Post-Election Recap**

By Celinda Lake and Daniel Gotoff

There are many ways to cast the results of last Tuesday's elections. At their most basic level, the elections were a vote for change, with the war a major, but not the only, factor. Iraq and national security dominated the debate in the 2006 elections, but less discussed by either the media or the campaigns was the issue of the national economy. An analysis of the exit polls and other public opinion research, however, reveals the extent to which the midterm elections were also a repudiation of the economic sacrifices that have been foisted on ordinary Americans at the hands of the Republican Party, including record national debt, stagnant – and in some cases declining – wages, increased state and local taxes, and a rapidly rising cost of living. Key groups of voters, particularly independent women and younger voters, put economic concerns at the top of their agenda. What makes the economic sacrifices imposed by the Bush administration all the more egregious is the fact that it has not been shared equally by all Americans, nor even proportionally based on individual wealth. In fact, while the vast majority of Americans has lost ground during the Bush years, a wealthy elite has – for lack of a better term – made off like bandits.

In our pre-election piece on the role of the economy in the 2006 elections, we argued that, despite the public's concern over the economy, neither Party had advanced a credible vision for a prosperous 21<sup>st</sup> century economy that works for all Americans. We also argued that, in an era when the income gap between multimillionaires and the American middle class has grown exponentially, the Democratic Party's decision to ignore the issue is not only fiscally imprudent, but politically foolish.

While the Democratic Party has neglected to make this trend a central point in their campaigns for several cycles now, it is not a dynamic that has escaped the notice of the American public. In 2006 again, individual candidates were forced to define the economic debate for themselves, and individual voters were forced to rely on bits and pieces of information, along with historical associations with the two parties, to determine the better course for their and the nation's economic interests. Nevertheless, voters continued to express their dissatisfaction with Republican stewardship of the economy at the ballot box. Even a cursory read of the exit polls reveals a palpable- and overlooked – concern among the voting public over the direction of the American

economy. In 2008, the biggest challenge for the Democratic Party and Democratic candidates is to establish a compelling economic platform and vision. Similarly, the most important, and in some ways the most difficult, task for the Democratic leadership in Congress is to pass measures that bolster the economy while giving the middle class a needed relief. That starts with increasing the minimum wage, helping with health care costs, ending tax credits for outsourcing American jobs, and putting a stop to taxpayer subsidies for hugely profitable industries. The challenge is to weave these and other actions into a powerful economic framework that is simultaneously honest, compelling, and politically advantageous. Democrat must define a prosperous economy as one in which all Americans benefit. As a central point of contrast between the two Parties, Democrats should not be afraid to focus on the Republicans' redistribution of wealth from the middle class to those at the very top.

Exit polls showed the economy competing with ethics and national security – and even besting Iraq – when voters were asked about the importance of the various issues in determining their vote for Congress. Eighty-two percent of Americans said economy was either extremely important (39 percent) or very important (43 percent) in their vote for Congress. By comparison, 74 percent said corruption and ethics were either extremely important (41 percent) or very important (33 percent) in their vote for Congress. Sixty-seven percent said Iraq was either extremely important (35 percent) or very important (32 percent) in their vote for Congress. Seventy-two percent said terrorism was either extremely important (39 percent) or very important (33 percent) in their vote for Congress. Sixty-two percent said illegal immigration was either extremely important (30 percent) or very important (32 percent) in their vote for Congress. And just fifty-seven two percent said “values issues” were either extremely important (36 percent) or very important (21 percent) in their vote for Congress.

Public assessments of the economy since the election have not appreciably improved, with pessimism heavily influencing voters' perspective. Voters believe the U.S. economy is in bad shape. Fifty-four percent of voters say the current state of the economy is not good or poor. Just 6 percent rate the economy as excellent and another forty percent rate it as good.<sup>1</sup> Moreover, roughly eight in ten Americans believe the nation's economy is getting worse (37 percent) or staying the same (42 percent). Just 19 percent believe the economy is getting better.

The exit polls painted a sober picture of the American dream in the 21<sup>st</sup> century. Fully half of voters said they have just enough to get by and another 17 percent said they are falling behind. Less than one-third of voters (31 percent) said they were getting ahead financially. Not surprisingly, the nature of one's economic outlook closely informed voting preference; solid majorities of those who said they have just enough to get by or who said they are falling behind voted for the Democrat in the Congressional elections (57 percent and 74 percent respectively). In contrast, nearly two-thirds of those voters who said they are getting ahead voted for the Republican (65 percent).

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<sup>1</sup> ABC News/ Washington Post Poll. November 2006; surveyed 1,000 adults.

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Most sobering, the voting public also expressed pessimism in their outlook for the next generation. A 40 percent plurality said they expected life for the next generation of Americans to be worse than life today, 28 percent said about the same, and just 30 percent expected life for the next generation of Americans to be better than life today. These perceptions heavily influenced the vote. Democrats won those who thought the next generation would be worse off (66 percent to 32 percent) or the same (52 percent to 46 percent). Republicans won the few who thought life would get better for the next generation (62 percent to 37 percent). It is worth noting that this theme – that the American dream has been fundamentally violated – was a strong motivator for Democrats to turn out and vote, second only to turning out to vote to send a message to President Bush.

Indeed, the economy as front and center in the public's mind on Election Day, aided no doubt by the presence of minimum wage initiatives on the ballot in several battleground states. Across the board, convincing majorities of voters in even the reddest states in the union passed increases to the minimum wage. In Arizona, for example, the minimum wage increased passed, 66 percent to 34 percent, and in Montana, by an even more authoritative margin, 73 percent to 27 percent. Voters in Colorado, Missouri, Nevada, and Ohio also voted to increase the minimum wage in the absence of leadership on the issue at the federal level. These had major motivational effects, especially in Ohio and Missouri, where aggressive door-to-door campaigning was employed.

In 2006, Democrats continued to campaign on individual economic issues, such as the affordability of health care, energy independence, trade laws that benefit American businesses and American workers, and increasing the minimum wage. The Democrats still face the challenge of weaving these individual issues into a comprehensive narrative about the state of the nation's economy, or an enduring prescription for future prosperity. Ultimately, Democrats relied more heavily on Iraq than the economy to foment the public's desire for national change. But voters will now look for them to deliver on both.

In fact, in the final days of the campaign, it was the Republicans who attempted to make the economy a central issue. While they attempted to score points from a skeptical public about the soundness of the economy, the real thrust of their argument relied on the assertion that Democrats would raise taxes. Our best response was to focus on an economic package that puts money in people's pockets and improves the country's – and their families' – future. The outcome of Republicans' efforts to advance the tax attack was telling, however.

In 2006, we witnessed the failure of taxes as a Republican wedge issue. At the same time that Democrats swept the house and pulled the political equivalent of an inside straight in taking back the Senate, 60 percent of Americans believed it was likely that Democrats would, in fact, raise taxes in the next year.<sup>2</sup> Furthermore, out of a host of actions the Democrats could possibly take up – from making prescription drugs less expensive, to pulling all U.S. troops out of Iraq, to reducing the amount of corruption in

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<sup>2</sup> Gallup/USA Today. Conducted 11/9-12/06; surveyed 1,004 adults.

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Congress – raising taxes was the only one that a majority of voters thought Democrats were likely to adopt. “Tax-and-spend” attacks on Democrats were more credible than we would like, and we will no doubt see these attacks again in the future, but they have clearly lost some of their effectiveness in turning the tide in favor of the Republicans.

It can be argued that Iraq was the animating spirit behind the 2006 elections and that a Party out of power could convincingly nationalize the election around only that one issue. The effect of this strategy, however, was once again to relegate the economy to the backburner – at least insomuch as an issue that defines the Parties.

To wit, just 47 percent of Americans said the Democrats’ ideas and proposals for improving the economy and job situation were a major reason for the Democrats’ success. This compares to 85 percent who said that success was owed to disapproval of the Bush administration’s handling of the war in Iraq and 67 percent who said dissatisfaction with Republicans’ handling of government spending and the deficit was a major reason.<sup>3</sup>

As we look toward 2008, the question remains of whether Democrats will capitalize on their generic advantages on individual economic issues to provide definition for the Party and economic stability and prosperity for the country. The 2008 Presidential election is already shaping up to be one in which health care and energy independence – both principal economic concerns – play central roles. Despite conventional wisdom that the incoming freshmen Democrats are centrists who, when pushed, lean more conservative than liberal, initial indications would seem more promising. Senator-elect Jim Webb (D-VA) wrote in the *Wall Street Journal*, the “true challenge is for everyone to understand that the current economic divisions in society are harmful to our future,” and “it should be the first order of business for the new Congress to begin addressing these divisions, and to work to bring true fairness back to economic life.” These are words that beg action, from a Democratic Party that badly needs definition and an American public searching for a definition of progress that includes them.

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<sup>3</sup> Newsweek. Conducted 11/9-10/06; surveyed 1,006 adults.