



AMERICAN
PRINCIPLES
IN ACTION

BUILDING A WINNING GOP COALITION:

The Lessons of 2012

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American Principles in Action

American Principles in Action is a non-profit 501c4 organization dedicated to preserving and propagating the fundamental principles on which our country was founded--universal principles, embracing the notion that we are all, “created equal, endowed by our Creator with certain unalienable rights, and among these are life, liberty, and the pursuit of happiness. “Through our efforts, we hope to return our nation to an understanding that governance via these timeless principles will only strengthen us as a country.

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EXECUTIVE SUMMARY

Facing an incumbent president in the middle of one of the worst economic periods in recent memory, how did the GOP lose in 2012?

This report takes a hard-headed, skeptical, and primarily *political* look at the lessons Republicans must learn from 2012 in order to build a winning national GOP coalition capable of taking back the White House and the Senate.

We believe the conventional explanation emerging from the Republican National Committee's "autopsy" report gets the core issues exactly wrong. Accepting this emerging conventional wisdom will, in our view, likely consign the GOP to a permanent minority status.

The conventional wisdom is this: the national GOP lost in 2012 because extremist social issues hurt GOP candidates by distracting voters from our winning economic message.

There are only two problems with this analysis, in our view:

First, social issues (especially the life issues) do not hurt GOP candidates... they help them win elections.

Second, and most importantly, *the GOP's economic message as currently structured is not a winning message.*

Republicans urgently need to construct a conservative economic message that connects to working and middle-class voters' present economic concerns.

And the party elites need to acknowledge the failure of the "truce model." They need to adopt a confident, integrated conservatism that will form a party eager to make the case for the social issues in order to build a winning national coalition, attracting Latinos and other non-white and blue collar voters.

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BUILDING A WINNING GOP COALITION: THE LESSONS OF 2012

In the midst of one of the worst economic periods in recent memory, with a telegenic, well-funded candidate who made jobs and the economy his top issue, how did we lose?

Getting the answer to this question right is critical to rebuilding a winning GOP coalition in 2016. The worst mistake a party can make politically is to get the question of “why?” wrong. Because addressing the wrong problem will guarantee continued political failure.

The conventional explanation for our 2012 loss emerging from the RNC’s “autopsy” report¹ is three-fold:

First, the GOP’s failure was primarily technical: there is nothing wrong with the core conservative message on the economy; we just need a better ground game, less money spent on advertising, better use of technological advances, and more emotionally effective appeals to close the empathy gap.

Second, Republicans need to remove the immigration issue as a barrier to Latinos.

Third, the GOP has to press the mute button on social issues (or abandon them entirely) because they are killing their ability to reach out to women and to young people.

As the RNC’s “autopsy” concludes, “When it comes to social issues, the Party must in fact and deed be inclusive and welcoming. And if they are not, the RNC claims it will limit their ability to attract young people and others, including many women, who agree with us on some but not all issues.”

If they do these three things, the RNC’s autopsy experts tell us, Republicans can win again in 2016.

We believe this conventional wisdom is profoundly wrong, *politically speaking*.

Some of these things are true, but not sufficient for victory (yes we need a better ground game, better turn-out technology, and we need to remove the barriers to Latinos posed by harsh rhetoric and impractical, unsympathetic policies on immigration).

But none of them address head-on the elephant in the room, the deepest problem we face.

The hardest lesson for conservative and GOP elites to digest from 2012 is this: *Romney’s economic message did not connect with middle-class voters’ present economic pain and suffering.*

Acknowledging that Romney’s economic message failed in 2012 is the first step to addressing *the GOP’s single biggest unaddressed challenge*: coming up with conservative policies and arguments that connect with working and middle-class voters’ deep economic concerns.

The conventional wisdom that social issues are a major part of the problem is also wrong, in our view. *Speaking politically*, we think they are a key part of the solution. The original winning Reagan coalition rested on the sturdy three legs of economic conservatism, social conservatism, and a strong national defense.

Republicans continue to need the social and values issues, especially the life issues, to attract Latinos, as well as other ethnicities, working class voters, women, and young people who do not respond strongly to small government economic messages. The social and values issues that attracted the original Reagan Democrats to the GOP must be used to attract the next generation of soft Democrats and Independents, as well as to sustain the current base of the party.

This report thus argues that creating a winning GOP coalition requires conservatives to do two things:

1. Reject the truce model in favor of an integrated model that uses social issues, as appropriate, to pursue Hispanic voters and other new non-white voters.
2. Construct a conservative economic message that takes into account voters’ current economic pain and future economic aspirations.

Elections 2012: The National GOP Adopts a Truce Strategy

In 2011, Indiana’s Governor Mitch Daniels suggested that the next president “would have to call a truce on the so-called social issues. We’re going to just have to agree to get along for a little while,” until our economic problems are resolved.²

The next president, obviously, did not agree. President Obama has aggressively pursued his party’s social issues, from gay marriage, to abortion rights, to mandatory contraceptive coverage for employees of religious schools and charities, while pursuing an equally aggressive government health care expansion and expensive stimulus spending plan.

Meanwhile in the general election, Mitt Romney and his allied organizations acted on Daniels’ advice. Romney, the RNC and Romney-affiliated PACs all rigorously avoided television advertising on social issues, even in states (like Ohio) where the president’s support of gay marriage and taxpayer-funded abortion could have hurt him.

Unlike the GOP’s crop of successful state governors, who have generally governed as integrated conservatives (prioritizing economic issues but also pursuing socially conservative

¹ Republican National Committee, *Growth & Opportunity Project*: http://growthopp.gop.com/RNC_Growth_Opportunity_Book_2013.pdf.

² Andrew Ferguson, “Ride Along with Mitch” *Weekly Standard*, June 14, 2010: <http://www.weeklystandard.com/articles/ride-along-mitch>.

legislation), the national GOP pursued a strategy of silence on social issues in the 2012 general election.

This national GOP truce strategy was noted by ABC News reporter John Parkinson when the Supreme Court ruled against Defense of Marriage Act (DOMA) in June 2013. The national GOP reaction to the Supreme Court decision was “almost entirely muted.” “Scores of Democrats [in Congress] tweeted their excitement and agreement with the Court when the decision was announced,” wrote Parkinson. “House Speaker John Boehner held a previously scheduled news conference at the Capitol, but when he was asked to react to the Courts [sic] decision, he punted.”³

Similarly in June 2013, Texas Democrat Wendy Davis’s dramatic filibuster temporarily killed a late-term abortion ban and became a national *cause celebre*—but only among Democrats, as Politico noticed.

Democrats from President Obama down publicly supported Davis, while national Republican leadership “hasn’t latched onto the fight,” wrote Politico author David Nathers. “Few national Republicans have weighed in. And a key party official in Texas acknowledged there’s no behind-the-scenes help coming, though he says he doesn’t need it. Republicans will talk about the abortion bill when they’re asked about it, but they aren’t swooping into the fight with the same enthusiasm as liberals.”⁴

National GOP elites publicly deny adopting a truce strategy, even as behind the scenes they urge (or even require as a condition of financial support) federal candidates to mute themselves on social issues.⁵

Romney Campaign Declines to Use Social Issues

Did Romney pursue a truce strategy in the general election campaign?

A research firm, Design4, was hired to research and analyze the campaign ads during the 2012 cycle. The analysis included the TV ads run by the Romney for President campaign, the Republican National Committee, American Crossroads, and Restore Our Future (Romney’s super PAC). The analysis and research consisted of over 120 TV ads and over \$400 million in spending.

We will use this analysis later to define the economic message that failed to connect with voters in 2012. But first note that of the ads Romney, Crossroads, the RNC, and Restore Our Future ran in the 2012 general election presidential cycle, just five could be construed as about “social issues” using the broadest definition. Two ads attacked Obamacare’s HHS mandate and defended religious liberty, one defended Israel, one attacked the president on welfare reform, and just one (ironically) touted Romney’s relative moderation on abortion and support for contraception.

Crucially, not one of the ads directed at the Hispanic vote featured abortion or any social issue.

It is worth reiterating the point: on the life issues, the only ad that the Romney campaign and its allies ran was this one, touting his relative moderation on abortion:



Mitt Romney. “Sarah.” Online video clip. *YouTube*, 18 Oct. 2012. Web.

Sarah’s voice: “You know those ads saying Mitt Romney would ban all abortions and contraception seemed a bit extreme. So I looked into it. Turns out Romney doesn’t oppose contraception at all. In fact he thinks abortion SHOULD be an option in cases of rape, incest or to save a mother’s life. This issue is important to me.

But I’m more concerned about the debt OUR children will have to pay. I voted for President Obama last time. We just can’t afford four more years.”

“Mitt Romney: Not an extremist like those other Republicans,” is more or less the takeaway from that ad.

It didn’t work.

³ John Parkinson, “House Dems Tweet Jubilation, GOP Silent After DOMA Struck Down” ABC News, June 26, 2013: <http://abcnews.go.com/blogs/politics/2013/06/house-dems-tweet-rxn-to-doma-gop-silent/>

⁴ David Nather, “GOP Sits Out Texas Abortion Fight” Politico, July 2, 2013: <http://www.politico.com/story/2013/07/gop-texas-abortion-fight-93636.html>.

⁵ When asked by the Christian Post whether Republicans were distancing themselves from social issues, “Raffi Williams, deputy press secretary for the Republican National Committee, told The Christian Post that no such distancing was taking place. ‘As the Chairman said earlier this year we are for changing minds – not changing values. In our Growth and Opportunity Project we have laid out a path that will allow us to reach all Americans without abandoning our platform,’ said Williams.” Michael Gryboski, “Are Republicans Distancing Themselves from Social Issues?” Christian Post, July 3, 2013: <http://www.christianpost.com/news/are-republicans-distancing-themselves-from-the-social-issues-99359/>.

Explicit denials and rebuttals do not seem to be an effective response to Democratic charges of social issues extremism. For example, despite Romney's explicit affirmation of contraception in public debates, top Romney strategist Stuart Stevens said that, "in the aftermath of the contentious GOP primary, many Americans thought that Mitt Romney opposed the use of contraception: 'We found that some incredibly high percentage of people coming out of the primary thought Mitt Romney was not a Catholic against contraception,' Stevens said at a National Review briefing. (He could not recall the specific percentage.)"⁶

One problem for the truce strategy is that "I'm not that extreme" is not an effective *political* response to the charge of extremism. It may be true, but it doesn't work, politically speaking.

Why Didn't It Work? Understanding the Truce Dynamic

Politically, here is how the truce strategy plays out:

The Left punches on social issues, the Republican and conservative elites retreat and change the subject. The Left's narrative therefore dominates. A unilateral "truce" on social issues turns into a political rout, failing in its alleged goal of "rebranding" the GOP. Instead it allows the Left to brand a silent and therefore defenseless GOP based on leftwing views of what "pro-life" or other values issues mean.

This issues-pessimism embodied in the truce strategy has created a self-defeating cycle on the social issues. The GOP adopts positions on values issues that its leaders refuse to advocate for or defend when attacked. The Democrats, understanding the GOP truce strategy, push hard, energizing their base, while accusing GOP candidates of extremism anyway.

The Democrats know they will not pay a price for their increasingly aggressive advocacy of their extremist social issues stances, because the GOP will not counterpunch on these issues. Thus they can please their base at no cost. In the face of Democratic political pressure, GOP candidates retreat, leaving middle-of-the-road voters to suspect that the unanswered charge of extremism is true (since undefended); and leaving voters who care deeply about life and other social issues to doubt GOP candidates' sincerity.

Worst of all, the GOP doesn't get the full, political benefit of our values stance, especially on life issues, because GOP national candidates do not seek to make the Democrats pay a price for their abortion-on-demand, taxpayer-funded, mandate-imposing extremism. The Democrats' charge of extremism is left unanswered, confirmed in many voters' minds by Republicans' discomfort with our own positions. Hiding from your positions makes it look like you have something to hide.

When Todd Akin made his awful rhetorical *faux pas* on abortion and rape, Republicans and conservatives not only criticized his remarks, they distanced themselves and the party from his candidacy, and tried to force him out of the race and refused to fund his candidacy.

Yet many among GOP elites continue to blame Romney's defeat on Akin, rather than recognize the fundamental weakness of a truce strategy: The strategy of retreat, rather than counterpunch, abjectly fails because it leaves the GOP's political enemies free to define the meaning of the GOP's position in voters' minds.

The best defense for the weaker side of social issues (again *politically speaking*) is a strong offense; the alternative to a truce strategy is aggressively defining the social issues in voters' minds on the Democrats' weakest ground.

A perfect illustration of the truce strategy happened in the first debate for Virginia's tight governor's race in July 2013, when an obviously truce-savvy mainstream reporter asked Cuccinelli if he would push for abortion restrictions. Cuccinelli replied: "I do not expect to use the political capital of the governor's office to be moving those pieces of legislation. My focus is on job creation and job growth."⁷ Cuccinelli did not use this opportunity to try to hold McAuliffe accountable for his deeply unpopular support of late-term or gender-selection or taxpayer financed abortions; instead Cuccinelli's response suggests that his campaign has accepted the conventional wisdom that the best use to make of social issues is to signal to voters that you don't take your own positions seriously enough to govern with them, so it's safe for the mushy middle to vote for you. We do not bring this up to criticize Cuccinelli in particular, but simply as one of many illustrations of how the truce dynamic has taken over as the GOP's conventional wisdom.

The truce strategy fails, politically, for three reasons: 1) it allows the opponents of the GOP to define the GOP brand, 2) it fails to make the Democrats pay a price politically for their social issues extremism, and 3) it persuades voters who might be attracted by the GOP values positions on life, marriage, or religious liberty that Republicans are fundamentally unserious in their values commitment, and therefore untrustworthy across the board.

To put it another way, the Left has read the GOP elites' truce strategy playbook and they correctly understand the national GOP's unwillingness to speak on social issues as an opportunity to use their mainstream media power to brand Republicans as extremists; they can do so because the truce strategy ensures that national Republicans will never fight back and make Democrats pay for their abortion and other social issues extremism. Democrats know that instead the GOP will retreat and change the subject to less "divisive" topics.

The truce strategy is a way to guarantee you lose a political argument, and *the Democrats know it*.

⁶ Katrina Trinko, "Stu Stevens: 'High Percentage of People' 'Thought Romney Was a Catholic Against Contraception'" National Review Online, May 15, 2013: <http://www.nationalreview.com/corner/348364/top-romney-strategist-high-percentage-people-thought-romney-was-catholic-against>.

⁷ Ben Pershing & Laura Vozella, "Cuccinelli, McAuliffe Spar at Va. Gubernatorial Debate," *Washington Post*, July 20, 2013: http://articles.washingtonpost.com/2013-07-20/local/40690573_1_cuccinelli-terry-mcauliffe-star-scientific/2.

PART ONE: BUILDING A WINNING COALITION WITH SOCIAL ISSUES

The Evidence: Social Issues Are Not the GOP's Problem

The truce strategy fails in part because the premise of the truce strategy—that the GOP's "social extremism" is driving away voters—isn't true.

Opposition to Gay Marriage Did Not Drive Republican Defeat in 2012

Gay marriage is an issue on which the Republican base is united, but which is gaining favor among Democrats and some independents. Could Romney's opposition to gay marriage have contributed to his defeat? The answer is clearly and unequivocally: no.

In November 2012, there were five state propositions on marriage in blue states. In all of them, voters were more likely to vote "no" to gay marriage than "yes" to Mitt Romney. In Maine, Obama beat Romney by 15 points, but gay marriage beat "no" to gay marriage by just five points. In deep blue Maryland, Obama crushed Romney by 25 points, but gay marriage beat "no" to gay marriage by just four points. In Washington, a secular Western state, Obama beat Romney by 15 points, but gay marriage beat "no" to gay marriage by just six points. In Minnesota, Obama beat Romney by eight points, while gay marriage beat "no" to gay marriage by just four points.⁸

If Obama beat Romney in these blue states by a margin of between two and five times the support for gay marriage, by what reasonable political logic can Republicans blame gay marriage for Romney's defeat?

A private, election-day poll by The Polling Company for the National Organization for Marriage found that 60 percent of voters said that they believed marriage was *only* one man and one woman.⁹

But because Romney and his associated PACs had pledged to run no ads on social issues, President Obama never had to pay the price in Ohio, Virginia, or elsewhere for embracing gay marriage. He could please the Left and be confident that the GOP would not make an issue of it.

Only in North Carolina (where energized anti-gay marriage voters approved a marriage amendment in May by a margin of 61 percent to 39 percent) did President Obama's support for gay marriage visibly hurt him and help Mitt Romney.

Abortion is Not Driving the GOP Gaps with Women, Youth, Independents, or Latinos

Polling clearly shows that the GOP's opposition to abortion was not driving the gender gap, the youth gap, the Independents gap, and certainly not the Latino gap.

Polling on abortion is notoriously sensitive to how the question is phrased. But however phrased, most polling on abortion consistently shows that there is not a significant gender gap between men and women on abortion.¹⁰

In fact, a May 2013 Gallup poll showed that women, independents, and younger voters all favored the GOP position—making abortion illegal in all or most cases—by at least a +17 margin.¹¹

For example, 37 percent of men and 40 percent of women say that abortion should be legal in all or most cases, while 59 percent of men and 57 percent of women say that they believe that abortion should be illegal in all or most cases (producing a pro-life advantage of 22 points for men and 17 points for women).

Meanwhile, young voters are the most pro-life generation ever. The May 2013 Gallup poll showed that Millennials (ages 18-34), support making abortion illegal in all or most cases by a margin of 57 percent to 41 percent, a +16 pro-life advantage. They were also the age group most likely to support making abortion illegal in all cases. Only 29 percent of Millennials support the Democratic Party's position on abortion.

⁸ "2012 Presidential Election" Politico, November 29, 2012: <http://www.politico.com/2012-election/map/#/President/2012/>; "2012 Key Ballot Measures" Politico, November 29, 2012: <http://www.politico.com/2012-election/map/#/Measures/2012/>.

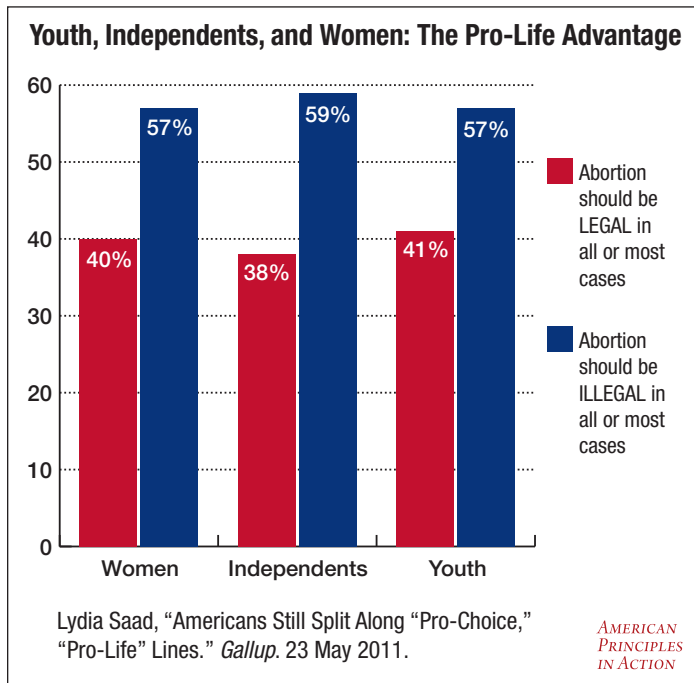
⁹ "National Post-Election Survey Reveals Widespread Support for Defining Marriage as the Union of One Man and One Woman" National Organization of Marriage, November 9, 2012: <http://www.nomblog.com/30901>.

¹⁰ Lydia Saad, "Public Divided on 'Pro-Choice' vs. 'Pro-Life' Abortion Labels" Gallup, May 21, 2007: <http://www.gallup.com/poll/27628/public-divided-prochoice-vs-pro-life-abortion-labels.aspx>; Lydia Saad, "Americans Still Split Along 'Pro-Choice,' 'Pro-Life' Lines" Gallup, May 23, 2011: <http://www.gallup.com/poll/147734/americans-split-along-pro-choice-pro-life-lines.aspx>; Lydia Saad, "In U.S., Nonreligious, Postgrads Are Highly 'Pro-Choice'" Gallup, May 29, 2012: <http://www.gallup.com/poll/154946/Non-Christians-Postgrads-Highly-Pro-Choice.aspx>.

¹¹ Lydia Saad, "Americans' Abortion Views Steady Amid Gosnell Trial" Gallup, May 10, 2013: <http://www.gallup.com/poll/162374/americans-abortion-views-steady-amid-gosnell-trial.aspx>.

Among Independents in the Gallup poll, 59 percent say that abortion should be illegal in all or most cases compared to 38 percent who say that abortion should be legal in all or most cases, a 21 point pro-life advantage.

Even 43 percent of Democrats support making abortion illegal in all or most cases compared to 44 percent who think that it should be legal in all or most cases.

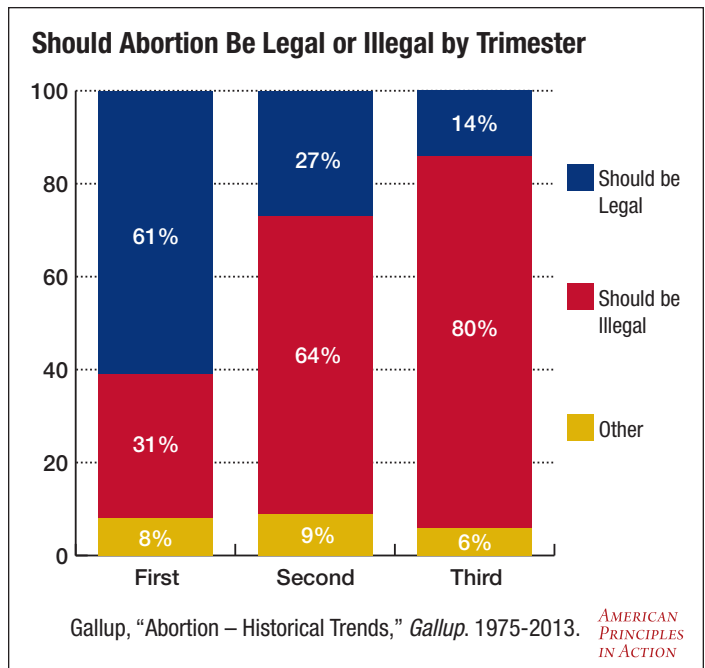


Sophisticated political donors will be aware of the danger of cherry picking polls. As a result of the Texas abortion controversy, FiveThirtyEight, Nate Silver's political blog, recently reviewed the polling on abortion and came to much the same conclusion, that the abortion issue doesn't help Democrats in the way their elites think and the media assumes it does.

FiveThirtyEight's conclusions:

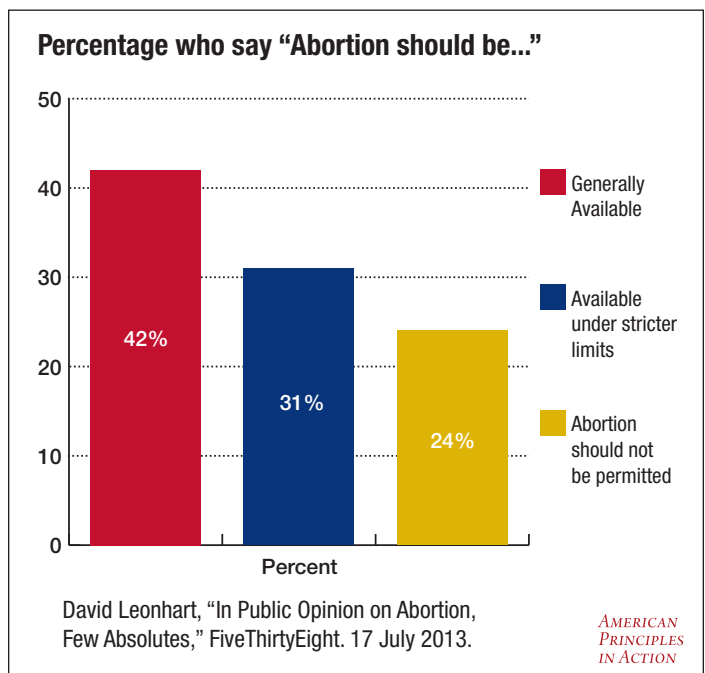
1. Majorities of Americans Are Reluctant to Ban Abortions Outright

"If you were going to craft a law based strictly on public opinion, it would permit abortion in the first trimester (first 12 weeks) of pregnancy and in cases involving rape, incest or threats to the mother's health. The law, however, would substantially restrict abortion after the first trimester in many other cases."

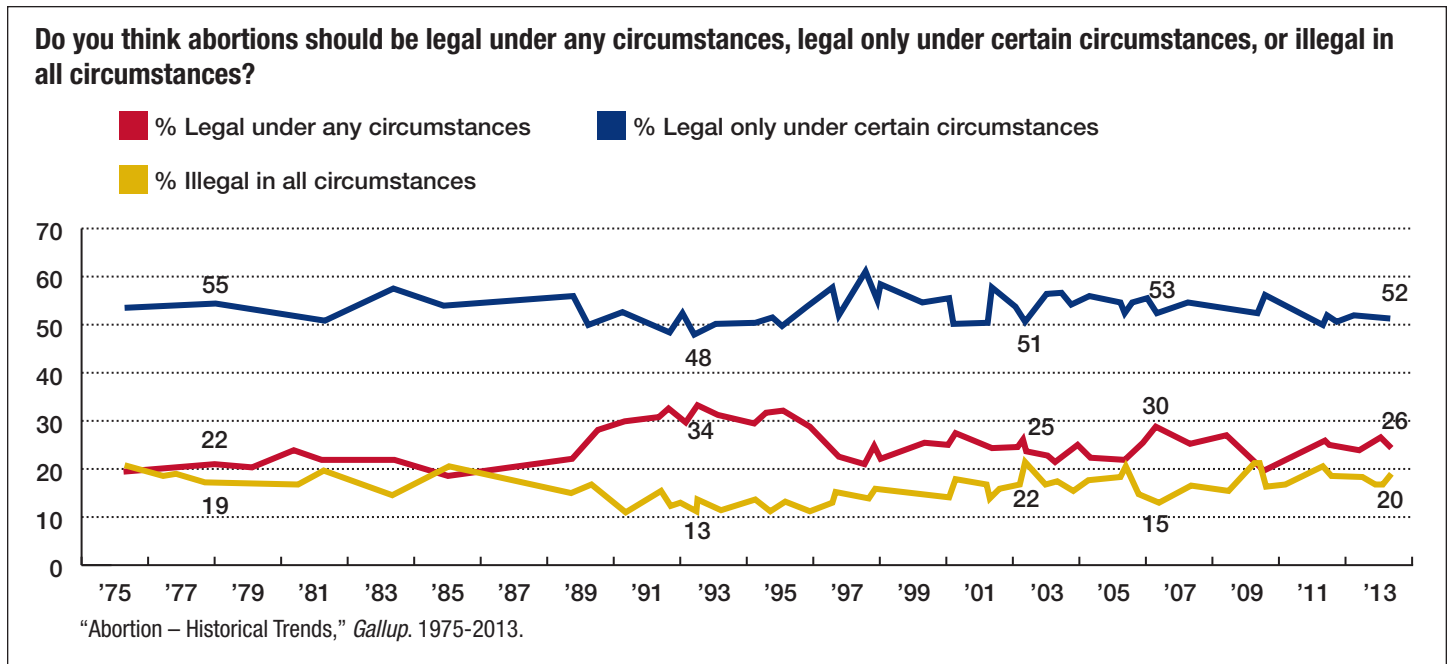


2. The Majority of Americans Are Conflicted About Abortion

"About one in four Americans say they support abortion without restrictions, most polls show. Somewhat fewer Americans – typically about one in five, though it ranges from one in four to one in eight, depending on the poll – oppose abortion in nearly all cases. The rest of the country – roughly 50 percent of it – supports abortion in some circumstances and not others. Pew's polls, October 2012, show this pattern."



The Gallup poll results are also consistent:



3. There Is No Gender Gap on Abortion

Abortion support "does not vary much by sex, with women as divided as men on the issue."

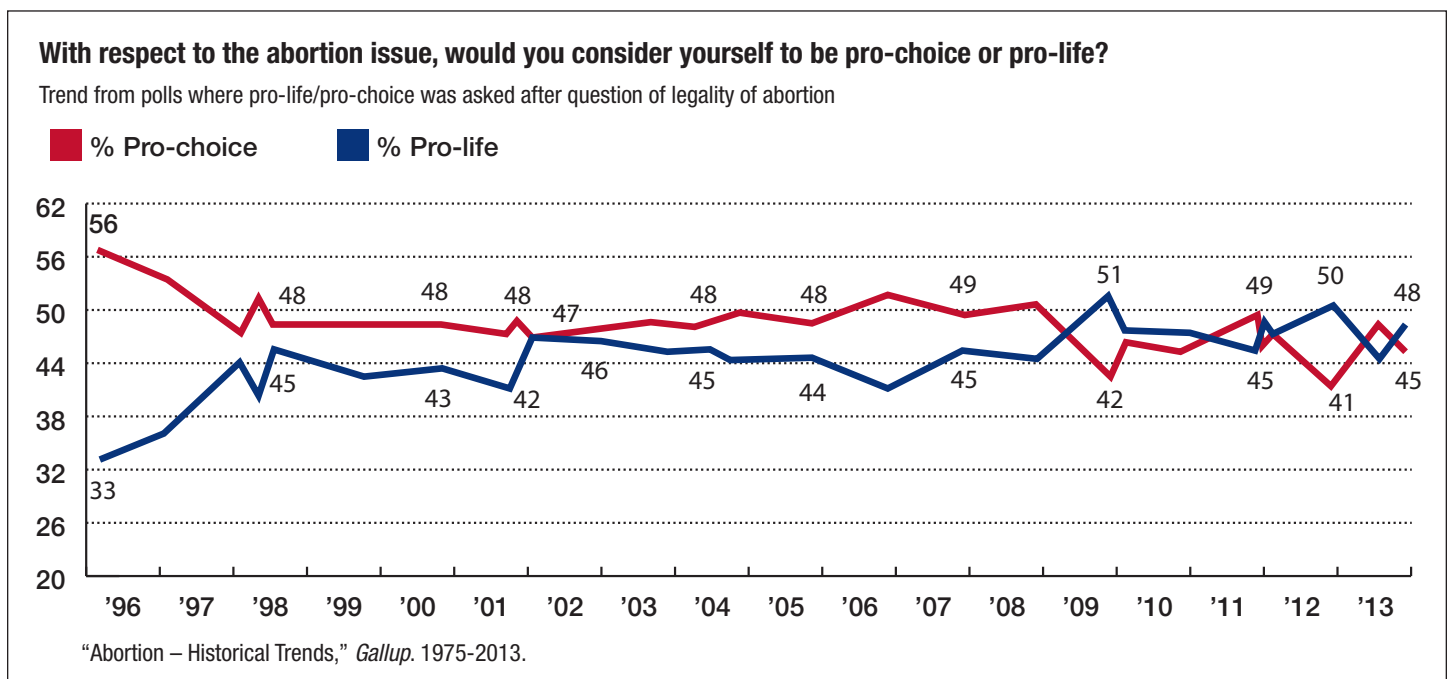
4. Pro-lifers Are Gaining Ground

"But if one side has any slight sway on the trends, it is the anti-abortion campaigners' side. Twenty years ago, the share of Americans saying abortion should always be legal was more than twice as high as the share saying it should never be legal. Since

the mid-1990s, the share of Americans who consider themselves as abortion rights advocates (or 'pro-choice' in the poll's available answers) has also declined."

5. "By any objective measure, the country is conflicted."¹²

¹² David Leonhardt, "In Public Opinion on Abortion, Few Absolutes" FiveThirtyEight, *New York Times*, July 17, 2013: <http://fivethirtyeight.blogs.nytimes.com/2013/07/17/in-public-opinion-on-abortion-few-absolutes/>.



When the Country is Conflicted the Party that Frames the Debate Wins

In a country deeply conflicted by the issue of abortion, the party that aggressively frames the debate stands to win.

Twenty-four years ago the L.A. Times correctly noted: “Surveys on abortion often yield contradictory results. . . . Nonetheless, from these surveys comes what both sides realize is the winning strategy in the nation’s war over abortion. ‘Just as the polls come out according to the way the question is asked, so will the outcome of elections depend on who is more successful in framing what the question is all about.’”¹³

Both Democrats and Republicans at one time understood this, but GOP truce strategists appear to have forgotten this core point: *the outcome of elections depends on who is more successful in framing what the question is all about.*

Here is where the truce strategy hands the Democrats an enormous advantage and strips Republicans of an enormous opportunity: our self-mute strategy permits the Democrats to frame the issue on their own terms, and remain confident that they will not pay a price for satisfying their extreme pro-abortion base. And so Republicans do not reap the political advantage they should from the Democrats’ aggressive never-met-an-abortion-they-didn’t-like-and-want-to-force-you-to-fund position.

Framing Abortion as a Winning GOP Issue

According to the extensive polling conducted by Gallup since 1975, there are several popular conservative stances regarding abortion that garner at least 60 percent support from the public and across the political spectrum.¹⁴

1. Banning abortions after the first trimester: 64 percent support making abortion illegal during the 2nd trimester, and 80 percent support banning abortion during the 3rd trimester.”
2. Imposing a 24-hour wait period before an abortion garners 69 percent support.
3. Parental consent garners 71 percent support.
4. Partial birth bans garner 64 percent support.
5. Spousal notification laws that require the husband to be notified if his wife seeks an abortion garners 64 percent support.
6. Information laws about certain possible risks of the abortion procedure garner 87 percent support.

In the summer of 2013, thanks to the prominence that the Democrats gave to an attempt to filibuster a Texas bill, the idea of

a 20-week limit on abortions became a national issue. According to an August 2013 Quinnipiac poll, 55 percent of Americans favor a 20-week limit on abortions, while 30 percent favor what the poll describes (inaccurately) as the “current 24-week limit.”

Once again the foolishness of seeing the GOP’s gender, youth, and Hispanic gap as being driven by abortion becomes apparent. Independents prefer the 20-week limit by a 30 point margin, women prefer 20-week limit by a 35 point margin and are ten points more likely to support new restrictions than men. Young people back a 20-week limit by 21 points. Hispanics are more likely to back the restriction than either blacks or whites, *by a 39 point margin.*

In addition, seven percent of Americans volunteered that abortion should never be legal, raising overall support for new abortion restrictions to 62 percent to 31 percent. 11 percent of Hispanics volunteered that abortion should never be legal.¹⁵

Polling data also shows that extreme positions taken by Democrats, if highlighted, actually push voters away from Democratic candidates.

The Opportunity and the Opportunity Costs of Truce: Virginia

Virginia is a good case study of a place where the Democrats’ pro-abortion extremism could help Cuccinelli win his race against McAuliffe.

According to a poll conducted by Public Opinion Strategies for the Susan B. Anthony List in March 2013, when Virginia voters discover McAuliffe’s actual position, they strongly dislike it. By margins of between 10 to 1 to 2 to 1 they report that McAuliffe’s abortion extremism makes them less likely to vote for him.

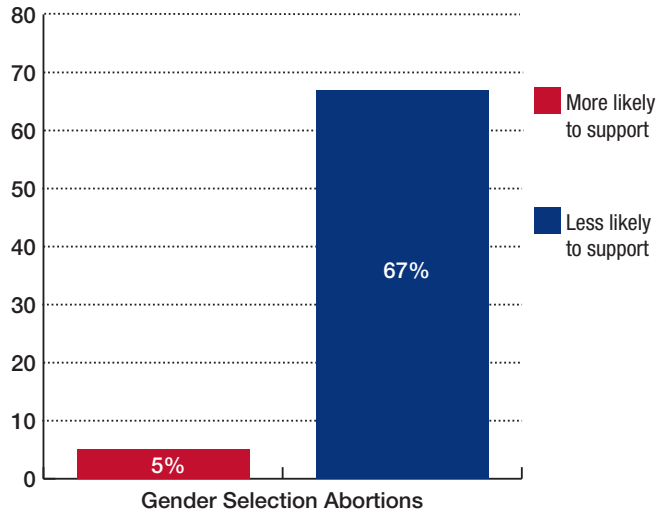
For example, when voters learned that McAuliffe supports allowing a mother to have an abortion if she doesn’t like the gender of her baby 55 percent of them were much less likely to support him and 67 percent of voters overall were less likely to support him. Only five percent of voters were more likely to support him after hearing this.

¹³ Ariel Edwards-Levy, “Pollster Update: Abortion Polling Yields Conflicting Views” Huffington Post, June 27, 2013: http://www.huffingtonpost.com/2013/06/27/abortion-polling_n_3512690.html (quoting Harrison Hickman).

¹⁴ “Abortion” Gallup: <http://www.gallup.com/poll/1576/abortion.aspx>.

¹⁵ “American Voters Back ‘Stand Your Ground,’ Quinnipiac University National Poll Finds; Obama Tops Republicans on Economy” Quinnipiac University, August 2, 2013: <http://www.quinnipiac.edu/institutes-and-centers/polling-institute/national/release-detail?ReleaseID=1931>.

Terry McAuliffe believes that a woman should be able to have an abortion if she doesn't like the gender of her baby. Does this make you less likely or more likely to support him?



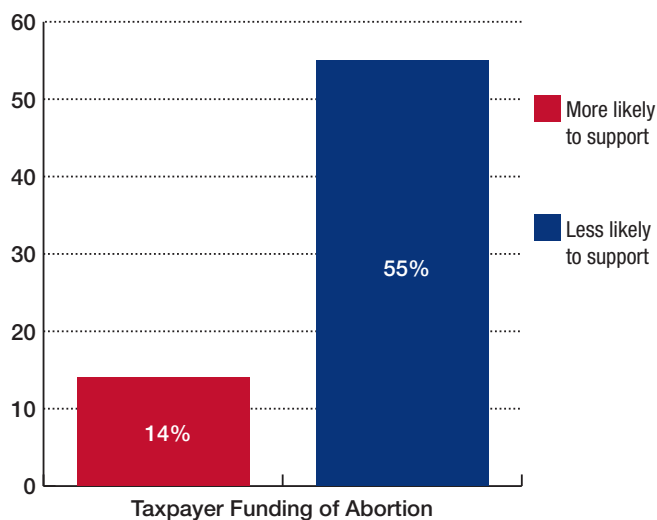
Susan B. Anthony List. (2013). *Public Opinion Strategies*, March 2013.

AMERICAN PRINCIPLES IN ACTION

When voters learned that “Terry McAuliffe supports the use of tax dollars to pay for abortions” 42 percent of voters were much less likely to support him and 55 percent were overall less likely to support him.

Only 14 percent of voters were more likely to support him.

Terry McAuliffe supports using taxpayer dollars to pay for abortions. Does this make you more likely or less likely to support him?

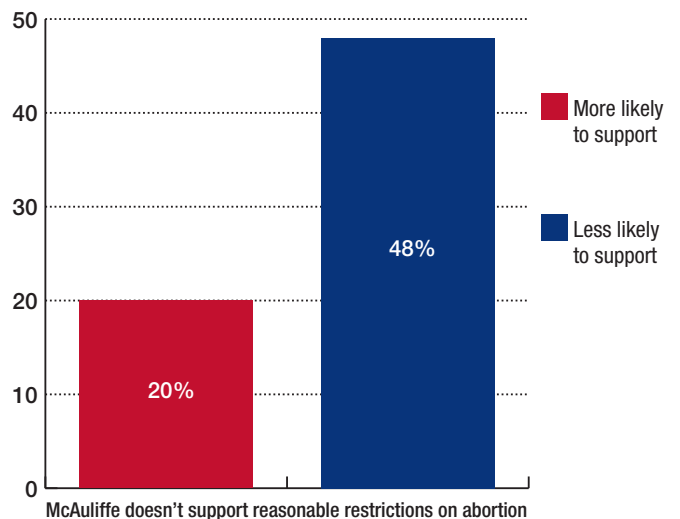


Susan B. Anthony List. (2013). *Public Opinion Strategies*, March 2013.

AMERICAN PRINCIPLES IN ACTION

When voters learned that Terry McAuliffe opposes banning late-term abortions, parental consent laws, and a 24-hour waiting period, 48 percent of voters were less likely to support him, with only 20 percent saying they were more likely to support him.¹⁶

Terry McAuliffe opposes banning late term abortions, parental consent laws, and a 24-hour waiting period. Does this make you more or less likely to support him?



Susan B. Anthony List. (2013). *Public Opinion Strategies*, March 2013.

AMERICAN PRINCIPLES IN ACTION

But to gain this advantage GOP candidates must be willing to push on the life issues, to show that McAuliffe is the real extremist on abortion; otherwise voters will not learn of the Democrats' extremism.

When instead Republicans press the “mute button” on abortion, most voters in Virginia will not become aware of what a pro-abortion extremist Terry McAuliffe is.

Winning the Latino Vote: The Need for Social Conservatism

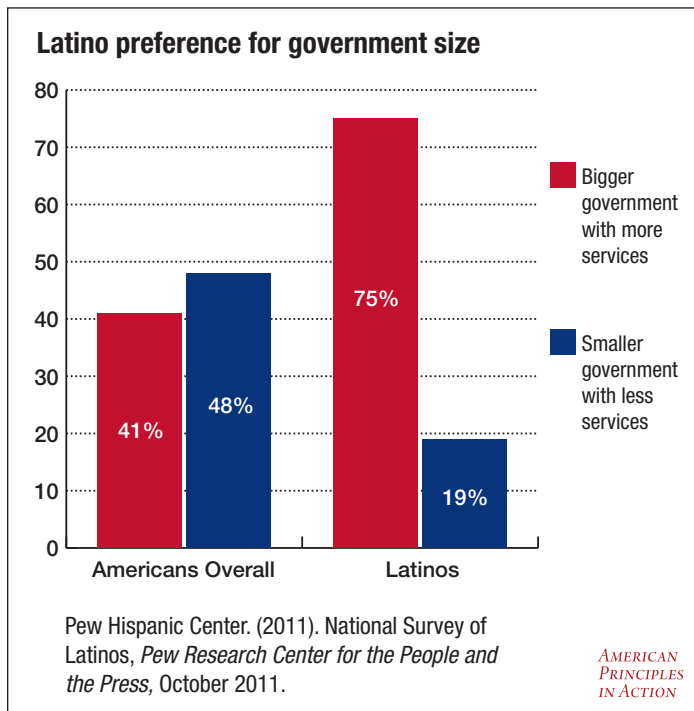
While addressing immigration in order to remove a barrier to the Latino vote is an important step, the question remains: once the barrier is removed what will attract Latinos to the GOP?

Like many immigrants before them, Latinos are not as responsive to the GOP's libertarian-themed economic message as other Americans. Republicans need the values issues to attract this next generation of “Reagan Democrats” into the GOP coalition.

¹⁶ “Virginia Voters Repelled by McAuliffe's Extreme Abortion Views” Susan B. Anthony List, July 13, 2013: <http://www.sba-list.org/newsroom/press-releases/virginia-voters-repelled-mcauliffe%E2%80%99s-extreme-abortion-views>.

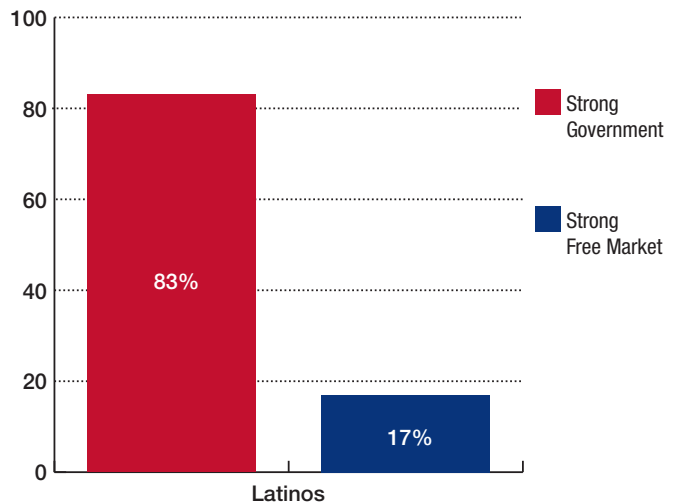
Latinos on the Size of Government

The Pew Research Hispanic Center poll shows that Hispanics are more likely to classify themselves as being “liberal” in general. (30 percent of Latinos say they are “liberal” compared to 21 percent of the general population). Overall, Americans prefer a smaller government that provides fewer services over a bigger government that provides more services by a margin of 48 percent to 41 percent. Hispanics by contrast prefer a bigger government with more services by a margin of 75 percent to 19 percent.¹⁷



When asked further which they would prefer to answer today’s problems Hispanics preferred a strong government over a strong free market, 83 percent to 17 percent.¹⁸

Latino preference: strong government or strong free market



Pew Hispanic Center. (2011). National Survey of Latinos, *Pew Research Center for the People and the Press*, October 2011.

AMERICAN PRINCIPLES IN ACTION

We believe that the GOP will do better with Latino voters, as with other voters, when Republicans find and frame a conservative economic message that connects with their present economic suffering and future economic aspirations. Nonetheless, polls like this make clear that the “less government” message does not particularly resonate with Latino voters; to make headway the GOP must confidently advance the social issues in order to connect with Hispanics, and to call the Democrats on their extremely unpopular pro-abortion extremism.

According to the Pew polling, the majority of Hispanics (51 percent) believe that abortion should be illegal in all or most cases.¹⁹

Meanwhile, a June 2013 Economic Values survey found that Latinos were also especially concerned about marriage and the decline of stable families:

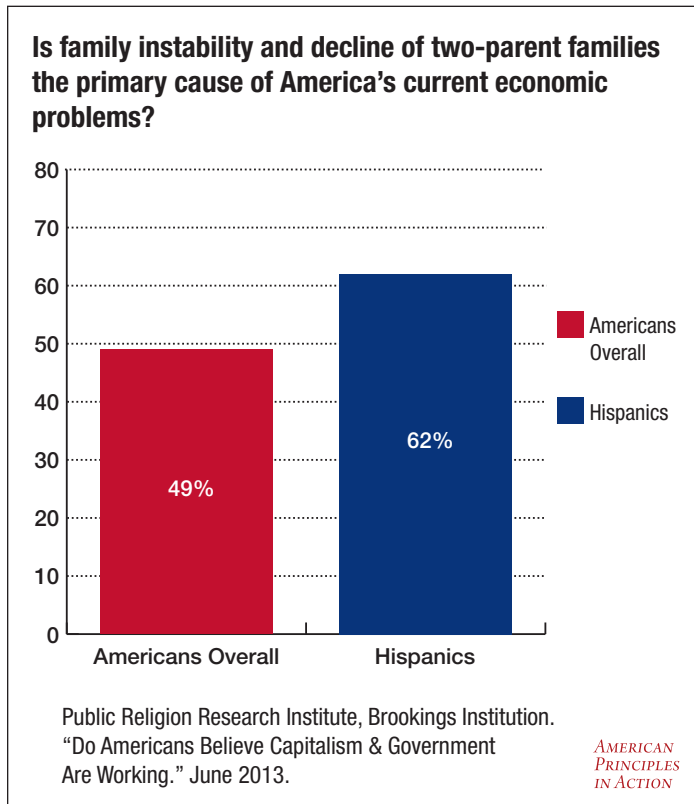
“Nearly half (49%) of Americans agree that family instability and the decline of two-parent families is a primary cause of America’s current economic problems, while an equal number (49%) disagrees.” Additionally, “about 6-in-10 Hispanic Americans

¹⁷ Paul Taylor, et al., “When Labels Don’t Fit: Hispanics and Their Views of Identity”, Pew Research Center, April 4, 2012: <http://www.pewhispanic.org/files/2012/04/PHC-Hispanic-Identity.pdf>.

¹⁸ Gary Segura, “It’s True: Latinos Are Liberals, and Other Important Matters” *Latino Decisions*, August 16, 2011: <http://www.latinodecisions.com/blog/2011/08/16/its-true-latinos-are-liberals-and-other-important-matters/>

¹⁹ Paul Taylor, et al., “When Labels Don’t Fit: Hispanics and Their Views of Identity”, Pew Research Center, April 4, 2012: <http://www.pewhispanic.org/2012/04/04/v-politics-values-and-religion/>.

(62%) agree that family instability and the decline of the two-parent family are primary causes of America's current economic problems."²⁰



This is a growth opportunity for the GOP brand, but only if GOP candidates aggressively run against the Democrats' pro-abortion extremism and make marriage an issue.

Tom Donelson, of the Americas Majority Foundation, recently reported the results of a "pocket trial," a randomized, controlled online survey trial exposing more than 1,760 Spanish-fluent Hispanic citizens to either a control group or to one of six conservative messages on taxes, spending, abortion, education, or gun control.

After viewing the messages, they then asked the respondents about their support for Republican policies and trust in the party on a range of social and economic issues.

Republicans, he noted, face "a serious trust deficit" among socially conservative Hispanic voters: Even the most strongly anti-abortion Hispanic voters, those opposed to abortion under any circumstances, said they trusted the Democrats over Republicans on the abortion "issue by a margin of 36 to 30 percent."²¹

The most pro-life Hispanics in this survey trusted the Democrats more than the Republicans on abortion.

This is the political consequence of a truce strategy that mutes the GOP's voice on life, marriage, and religious liberty; our unilateral truce helps Democrats keep many voters ignorant of their abortion extremism. But it is also a huge GOP opportunity, because pro-life messages proved potent among Hispanic swing voters in this online trial:

"Among swing voters, our Non-Partisan Abortion ad dragged down support for Democrats by seven points, while our Partisan Abortion ad boosted support for Republican candidates by a remarkable 10 points."

Donelson went on to note, "Many libertarians in the conservative coalition argue that in order for the GOP to win elections, it needs to tack left on social issues. But among Hispanic swing voters, we discovered that the truth is closer to the opposite: Socially conservative appeals can make people more likely to trust the GOP on *economic* issues . . . among Hispanic swing voters, the anti-abortion ad boosted trust in Republicans on taxes by nine points, on spending by eight points, and on education by seven points."

The Alternative to the Truce Strategy: The Integrated Model

The alternative to the truce strategy is an integrated model, one that continues to put economic issues first, but uses the social issues where appropriate to paint the Democrats as what they are: values extremists.

We have many examples of the success of this integrated model for the GOP, even in blue states.

The Success of the Integrated Model: Bush 2004

What was the single most important issue to voters in the last national election where the GOP candidate won a majority of the popular vote? The answer is "moral values": 22 percent of voters in 2004 named it their top concern, and Bush won these voters 80 percent to 18 percent. Bush also pulled in 44 percent of the Hispanic vote, much larger than the succeeding "truce strategy" candidates have achieved.²² (Romney garnered 27 percent, and McCain 31 percent of the Latino vote).²³

²⁰ "Do Americans Believe Capitalism and Government are Working?" Public Religion Research Institute, July 18, 2013: <http://publicreligion.org/research/2013/07/economic-values-survey-07-2013/>.

²¹ Tom Donelson & Adam Schaeffer, "Winning the Hispanic Vote With Conservative Ideas" U.S. News, April 24, 2013: <http://www.usnews.com/opinion/articles/2013/04/24/gop-hispanic-vote-immigration>.

²² "Election Results" CNN: <http://www.cnn.com/ELECTION/2004/pages/results/states/US/P/00/epolls.0.html>.

²³ Cindy Y. Rodriguez, "Latino Vote Key to Obama's Re-Election" CNN, November 9, 2012: <http://www.cnn.com/2012/11/09/politics/latino-vote-key-election>.

Bush lost the majority of voters whose top concern was the economy/jobs, health care, education, and Iraq, and won narrowly with a coalition of voters concerned about taxes (5 percent), terrorism (19 percent), and moral values (22 percent).²⁴

The Success of the Integrated Model: Romney Wins North Carolina in 2012

As a candidate, Pat McCrory, who had previously run and lost statewide in North Carolina as a moderate, knew that he had to do something to reach the GOP base and socially conservative Democrats. So the North Carolina GOP, with now Governor McCrory's leadership, embraced an integrated strategy, championing the marriage amendment, which appeared on the ballot in May 2012. The marriage amendment passed 61 percent to 39 percent.

Marc Rotterman, a consultant in North Carolina, told the Wall Street Journal in December 2012 that the conservative and evangelical base were impassioned and fired up because of the marriage amendment, saying, "It kept them involved for the entire campaign."²⁵ Obama's endorsement of gay marriage came almost immediately after the marriage amendment made the gay marriage issue salient to voters. They remembered it in November.

North Carolina was the only state besides Indiana that went for Obama in 2008 and switched to Romney in 2012. Social issues can swing voters into the GOP coalition.

The Success of the Integrated Model: GOP Governors

The RNC's Autopsy urged the GOP to follow the model of the successful crop of GOP governors. We agree. But that successful model is not a truce strategy or an economics-alone strategy. The GOP's most successful governors follow an integrated model, leading with economic issues, but governing as social conservatives as well.

If social issues were killing the GOP it would be showing up in the public opinion polls of these GOP governors in crucial swing states.

Governor Scott Walker of Wisconsin, for example, has a job approval rating of 51 percent even after banning abortion coverage from Wisconsin's health insurance exchanges.²⁶

Governor John Kasich of Ohio has an approval rating of 54 percent.²⁷ He's strengthened the parental consent law in Ohio and even signed a bill blocking taxpayer funding of abortions in Obamacare.²⁸ In 2011, he went as far as to sign a bill outlawing abortions after twenty weeks—and he still has wide support across a critical, must-win presidential swing state.²⁹

Lastly, Governor Susana Martinez of New Mexico sits with a 66 percent approval rating.³⁰ She vetoed a bill that would have extended rights to gay couples.³¹

The largest rebuke to the truce strategy is the ongoing popularity of Governor Chris Christie in blue state New Jersey. In 2012, Christie took two very bold social conservative steps. He eliminated state funding for Planned Parenthood, a battle that the national GOP walked away from, and vetoed the New Jersey gay marriage bill, fulfilling a campaign promise.³² He was also one of the few GOP national figures to speak strongly against the Supreme Court's decision striking down DOMA.³³

²⁴ "Election Results" CNN: <http://www.cnn.com/ELECTION/2004/pages/results/states/US/P/00/epolls.0.html>.

²⁵ Fred Barnes, "North Carolina as the Blueprint for a Red-State Resurgence" Wall Street Journal, December 7, 2012: <http://online.wsj.com/article/SB10001424127887323501404578164992941271384.html>.

²⁶ "Walker Approval Rating at 51%" Fox11, May 14, 2013: <http://www.fox11online.com/dpp/news/wisconsin/gov-scott-walker-approval-rating-at-51-percent-in-may-2013-marquette-law-school-poll>; Todd Richmond, "Wis. Gov. Walker Signs Abortion, Sex Ed Bills" Deseret News, April 6, 2012: <http://www.deseretnews.com/article/765566520/Wis-Gov-Walker-signs-abortion-sex-ed-bills.html>.

²⁷ Darrel Rowland, "Ohio's Economy Boosts Kasich's Ratings Among Voters" Columbus Dispatch, June 26, 2013: <http://www.dispatch.com/content/stories/local/2013/06/25/poll-kasichs-approval-rating-hits-record-high.html>.

²⁸ "Kasich Signs Bill Revising Process for Consent Under Abortion Law" News-Herald, November 10, 2011: <http://www.news-herald.com/general-news/20111109/kasich-signs-bill-revising-process-for-consent-under-abortion-law>; Aaron Blake, "Ohio Gov. Kasich Signs Budget with Abortion Restrictions" Washington Post, July 1, 2013: <http://www.washingtonpost.com/blogs/post-politics/wp/2013/07/01/ohio-gov-kasich-signs-budget-with-abortion-restrictions/>.

²⁹ Marc Kovac, "Kasich Signs Bill to Prevent Abortion After 20 Weeks" The Daily Record, July 25, 2011: <http://www.the-daily-record.com/local%20news/2011/07/25/kasich-signs-bill-to-prevent-abortions-after-20-weeks>.

³⁰ "Susana Still Enjoying High Approval Ratings" Capitol Report New Mexico, May 30, 2013: <http://www.capitolreportnewmexico.com/2013/05/susana-still-enjoying-high-approval-ratings/>.

³¹ "Martinez Faces Criticism Over Domestic Partner Benefits, Tobacco Permanent Fund Vetoes" New Mexico Telegram, April 8, 2013: <http://www.nmtelegram.com/2013/04/08/martinez-faces-criticism-over-domestic-partner-benefits-tobacco-permanent-fund-vetoes/>.

³² Beth Reinhard, "Chris Christie's Popularity With Women Voters Thwarts Female Opponent" National Journal, May 30, 2013: <http://www.nationaljournal.com/politics/chris-christie-s-popularity-with-women-voters-thwarts-female-opponent-20130403>; Kate Zernike, "Christie Keeps His Promise to Veto Gay Marriage Bill" New York Times, February 17, 2012: http://www.nytimes.com/2012/02/18/nyregion/christie-vetoes-gay-marriage-bill.html?_r=0.

³³ Maggie Haberman, "Chris Christie Blasts Gay-Marriage Ruling" Politico, June 26, 2013: <http://www.politico.com/story/2013/06/chris-christie-doma-reaction-93483.html>.

As we write, Christie sits with a 69 percent approval rating in New Jersey.³⁴ Many social conservatives have expressed concerns over the depth of Christie's commitment to social issues, especially since he signed a bill making it illegal for any licensed professional to assist teenagers seeking sexual orientation change. But the point is, Christie's conservative governance on life and marriage are not hurting his popularity at all in a very deep blue state.

Values Voters: Where the Growth Opportunities Are

One reason the GOP needs to use social issues is this: that is where the most "swingable" voters are.

The Brookings Institution and the Public Religion Research Institute conducted the "2013 Economic Values Survey," a May 30 to June 16 survey of 2,002 American adults using multiple questions to construct profiles of three different kinds of conservative themes: theological conservatism, social conservatism, and economic conservatism. They found that of these three strands "economic conservatism is the least popular with the American public."³⁵

"Thirty-eight percent of Americans are theological conservatives, 29 percent are social conservatives, and 25 percent are economic conservatives. Among Democrats, about one-third, 31 percent, are theological conservatives and 19 percent are social conservatives, but only three percent of Democrats are economic conservatives, suggesting "Republicans have a better opportunity to attract Democratic defectors with a theologically conservative or a socially conservative message than an economically conservative message."³⁶

We take the pessimistic portion of this finding with a grain of salt, because it incorporates only the current messages of economic conservatives (less government, less spending, less taxes, less debt), not a creatively reconfigured conservative

economic message that addresses voters' present economic concerns (the need for which we will discuss shortly). Nonetheless there are many more soft Democrats and Independents who are pro-God and socially conservative than who embrace libertarian economic themes.

The truce strategy fails because staying silent allows the Democrats to define the GOP brand on the Republican's weakest ground. And it prevents the GOP from using social issues to attract new voters into the coalition. Most importantly, it fails to make the Democrats pay a price for their pro-abortion, anti-religious liberty and other values extremism.

Giving money to national PACs that adopt a truce strategy (like Crossroads) also guarantees that donors who care about life, marriage, or religious liberty are invisible to politicians. From a Washington politician's perspective, it looks like muting the social issues is the condition of receiving adequate financial support.

Social issues alone, of course, are not enough. Politically, here is the single most important lesson the GOP must learn and urgently address from 2012: our economic message failed to connect with economically hurting voters. Our first and most urgent task is to address the failure of our 2012 economic argument in order to build a winning coalition.

³⁴ Jessica Taylor, "Chris Christie Cruising to Re-Election in NBC/Marist Poll" MSNBC, May 8, 2013: <http://tv.msnbc.com/2013/05/08/exclusive-nbcmarist-poll-shows-christie-cruising-to-re-election/>.

³⁵ Robert P. Jones, et al., "Do Americans Believe Capitalism and Government Are Working?" Public Religion Research Institute & The Brookings Institution, July 18, 2013: <http://publicreligion.org/site/wp-content/uploads/2013/07/2013-Economic-Values-Report-Final-.pdf>.

³⁶ Napp Nazworth, "GOP Needs Social Conservatives More Than Economic Conservatives, Study Suggests" Christian Post, July 19, 2013: <http://www.christianpost.com/news/gop-needs-social-conservatives-more-than-economic-conservatives-study-suggests-100469/>.

PART TWO: BUILDING A WINNING ECONOMIC MESSAGE

The Hardest Lesson of 2012: The GOP Economic Message Failed

Romney's general election strategy was to focus on the economy and to use his experience as a successful job creator to persuade voters that he could do better than President Obama. This was a plausible, if consultant-driven, strategy that counted on voters to reject Obama because "it's the economy, stupid." Less taxes, less regulation, less Obamacare, less drag on small businesses and job creators would equal voters rejecting Obama's economy in favor of Republican hope and change.

It didn't work.

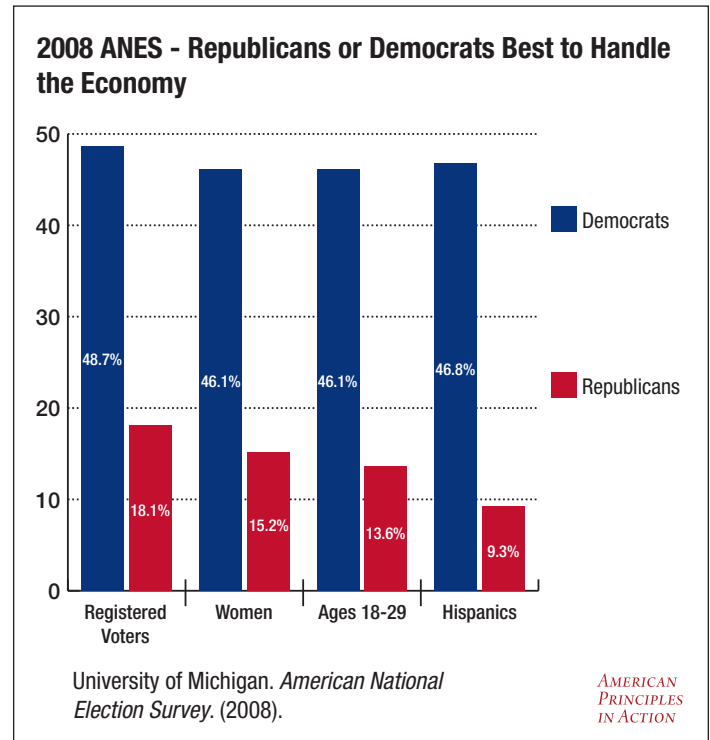
The GOP's problems connecting with voters on the economy stretch back over more than one election cycle. But the problem became particularly acute in the wake of the economic collapse in 2008.

The GOP Brand Collapses on the Economy: 2008

The financial crisis and housing collapse that hit in September 2008 left voters reeling, and they blamed President Bush and the GOP.

On Election Day 2008, voters decided Democrats could do better on the economy, by margins of more than 2-1. Young people (46 percent to 14 percent) and women (46 percent to 15 percent) backed the Democrats on the economy by 3-1 margins. Among Hispanics, the Democratic advantage on the economy was closer to 5-1 (47 percent Democrats, versus 9 percent GOP).

2008: Which Party Can Best Handle the Economy (ANES)



Note: where do the gender gap, the youth gap, and the Hispanic gap come from? The media-driven assumption that these gaps are all about social issues is not supported by this evidence. Instead gender, youth, and Hispanic gaps are all powerfully driven by voters' perceptions on economic issues.

2012 Election: Democrats Win the Economic Argument

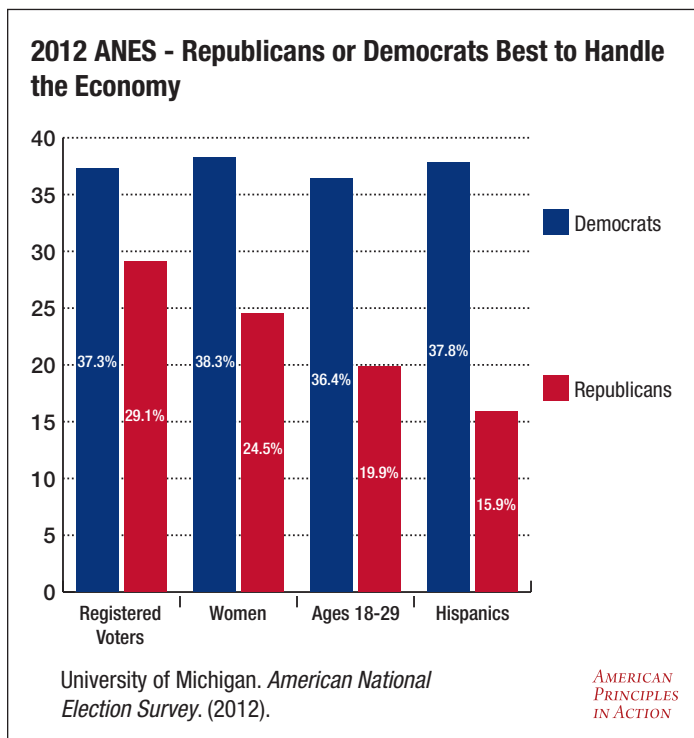
After four years of a failing economy, Republicans bet that voters would hold President Obama accountable, not the GOP.

This did not happen, at least not on a large enough scale to win the election.

Voters Say Democrats Can Best Handle the Economy

In 2012, registered voters chose Democrats over Republicans on the key question of who could better handle the economy, 37 percent to 29 percent. Women favored Democrats over Republicans by about 3 to 2 (38 percent to 25 percent); young people chose Democrats (36 percent to 20 percent) and the Hispanic advantage on the economy remained especially strong: 38 percent for Democrats to just 16 percent for Republicans.

2012: Which Party Can Best Handle the Economy (ANES)

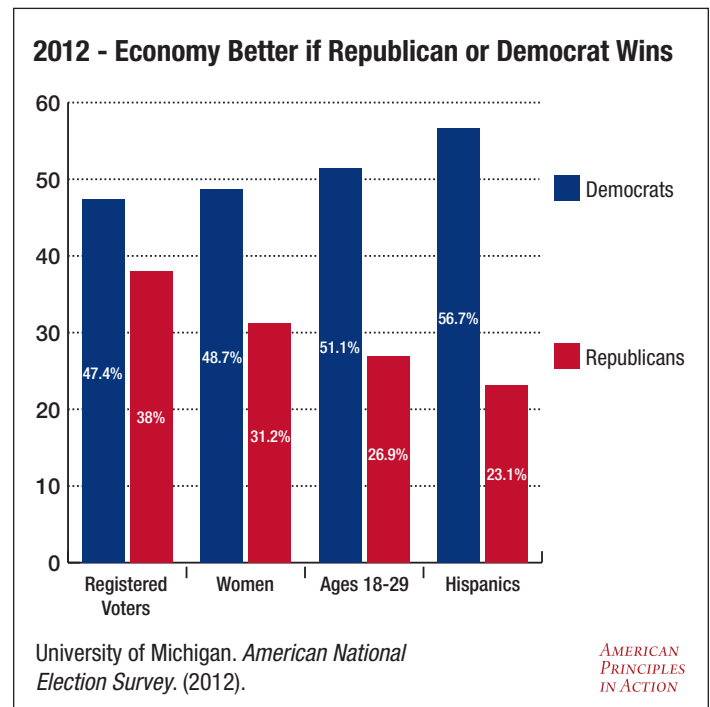


Voters Say Democratic Victory Leads to a Better Economy

When asked the questions another way—would a Democratic or a Republican victory in 2012 lead to a better economy?—voters chose the Democrats, 47 percent to 38 percent.

Women broke for the Democrats on the economy 49 percent to 31 percent. Young people opted for hope from the Democrats by a 2-1 margin (51 percent to 27 percent); Hispanics believed they would be better off if Democrats won by a more than 2-1 margin (57 percent to 23 percent).

2012 – Economy Better if Republican or Democrat wins (ANES)

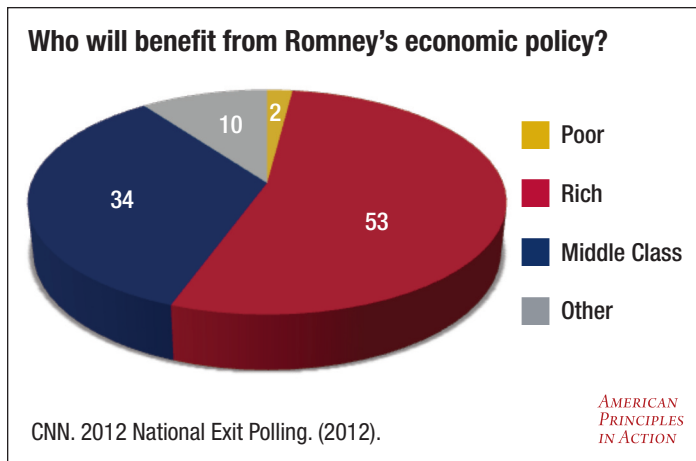


Voters Say Romney's Policies Will Not Benefit the Middle Class

Voters were asked, who Romney's policies would benefit the most: the poor, the rich, or the middle class?

Only 2 percent of voters saw Romney's policies as favoring the poor. 53 percent said Romney's policies favored the rich (these voters broke 87 percent to 10 percent for Obama); 34 percent said Romney's policies would favor the middle class (these voters favored Romney 93 percent to 6 percent).³⁷

³⁷ "2012 Fox News Exit Polls" Fox News:
<http://www.foxnews.com/politics/elections/2012-exit-poll>.



Bottom line: the Republican 2012 economic message only convinced 34 percent of voters that Romney's policies would benefit the middle class.

The Economic Message that Failed in 2012

American Principles in Action hired Design4, a research firm, to analyze the television ads of the top four Republican political groups who ran ads in 2012: Romney for President, the Republican National Committee, American Crossroads and Crossroads GPS, and Restore Our Future PAC (the Romney super PAC). This analysis includes over 120 TV ads and over \$400 million in spending.

The Republican economic message had two central themes. First, Obama is to blame for unemployment and a bad economy; failed Obamacare, regulations, taxes, and debt are making the economy worse. The best way to fix our economy is to elect a new president with experience as a business owner/job creator.

Romney also argued that cutting our national debt would help our economy in the long run, by giving business owners more "certainty" and faith to invest in our economy, and he argued that Obama's policies hurt small business.

To better illustrate the messaging, we analyzed the keywords and themes of each TV ad and put them together in a word cloud. The larger the word, the more frequently that theme was used in ads.

Romney TV Ad Themes



Note how little "workers" or "wages" or "middle-class" appear relative to "business," "small-business" or the neologism "job-creator."

But this kind of vague "it's the economy, stupid," mentality works better for Democrats than for Republicans because middle class voters are increasingly inclined to view Republicans as unsympathetic to their economic concerns.

By 53 percent to 43 percent, voters said that Obama was "more in touch with people like" them.³⁸ We believe the much-touted GOP "empathy gap" is a product of this central failure of Republican economic policies to address the voters' chief concerns. The empathy gap documented in the 2012 elections is a *policy gap*, as much as or more than a question of tone and language.

As Margaret Thatcher famously said, first you win the argument, then you win the election.

Republicans did not win the economic argument over the cause of voters' economic suffering.

Neither did Romney and the GOP create a persuasive argument for why electing a GOP president would relieve voters' economic pain.

Why the GOP's 2012 Economic Argument Failed

Why didn't the GOP's economic message connect with voters?

The keystone of Romney's campaign was the GOP's traditional economic message: lower taxes, regulation, less spending, less government, jobs, and "job creators." If this message did not win this election, after four years of recession, it is time to acknowledge that there are limitations with the GOP's current economic message.

The GOP's economic argument is failing to win elections for three reasons:

1. Taxes have declined as an issue that moves the electorate.
2. The GOP message is too focused on "job creators" and business, and too little on middle-class workers and wages. Voters saw Obama as speaking for the middle class, not the GOP, which many viewed as the party of business, a.k.a. of "job creators."

The GOP's much-touted "empathy gap," we believe, is partly a matter of language—we have built our economic message around business owners and bosses, not workers and their wages. But it is also a policy gap.

³⁸ "Fox News Exit Poll Summary: Obama's Key Groups Made the Difference" Fox News, November 7, 2012: <http://www.foxnews.com/politics/2012/11/07/fox-news-exit-poll-summary/>.

3. The GOP failed to recognize or offer policies to address a top concern of voters: “rising prices.”

Most GOP economic messages around debt and spending speak of dire “future” consequences, and not of voters’ current concerns. Republicans lacked an economic message directed at the central concern of voters—the combination of rising prices, falling wages, and job losses that have reduced voters’ current standard of living, and reduced their hope in their own and their children’s near-term economic prosperity.

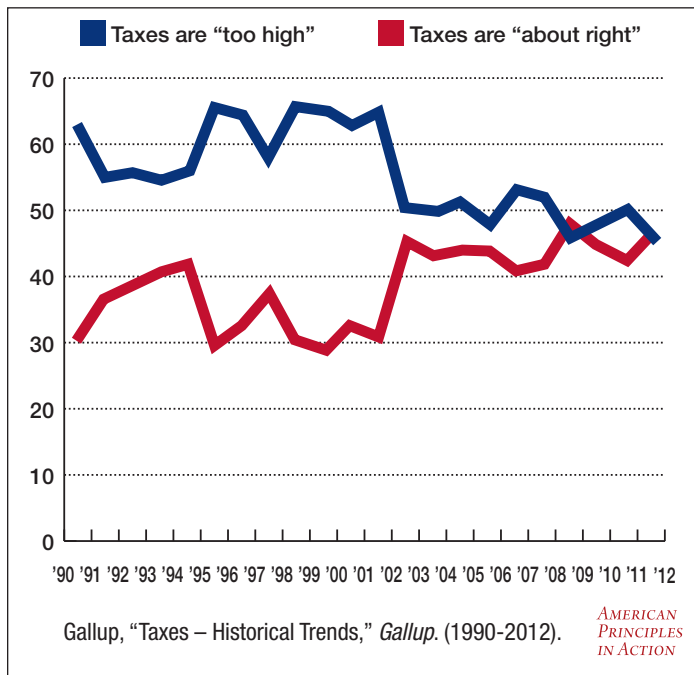
The Decline of Taxes as a Voting Issue

When it comes to tax cuts, Republicans have become the victim of their own success. Since 1980, Republicans have made good on promises to relieve the tax burden of the middle class. In 1980, the bottom 50 percent of wage earners paid an average tax rate of 6.1 percent of their income and by 2009 they were paying an average of 1.85 percent in income taxes.³⁹

As the middle class share of the federal income tax burden has fallen, so has voters’ concern with taxes at election time.

In 1990, by a 2-1 margin Americans said that their taxes were too high rather than “about right” (63 percent to 31 percent), according to Gallup. By 2003, after the Bush tax cuts, Americans basically split evenly on the question (50 percent to 46 percent).

By 2012, slightly more Americans said their taxes were “about right” than “too high” (47 percent to 46 percent). A 2-1 advantage in 1990 had dwindled into an even split.⁴⁰



Just 14 percent of voters in the 2012 exit polls named taxes as their top issue. Voters who name “taxes” as their top concern still break 2-1 for Republicans (66 percent Romney versus 32 percent Obama) but they are a declining share of the electorate.⁴¹

We Say “Job Creators”— But Voters Hear “My Boss”

In 2012, the GOP positioned itself as the party in favor of “job creators.” It was a clever neologism, intended to suggest that policies benefiting business, especially small business, would help the middle class. But it may have been too clever by half.

We believe that one of the reasons the Romney economic message failed is that positioning oneself as an experienced “job creator” working for other “job creators,” albeit to increase jobs, can backfire.

Republicans say “job creators” but voters correctly hear “my boss.” And voters increasingly hate their bosses.

Three weeks before the 2012 election, *Forbes* published a survey conducted by psychologist Michelle McQuaid that showed that 65 percent of Americans would rather fire their boss than get a pay raise.⁴² To repeat ourselves on an important point: When Republicans say “job creators,” voters hear “bosses.” And by and large ordinary people (a.k.a. “voters”) hate their bosses.

Another survey conducted in 2010 by Spherion Staffing Services and published by *Chief Learning Officer* magazine showed similar results.⁴³

In this survey, almost half of all workers (45 percent) said their boss had taken credit for their work and almost just as many (37 percent) said their boss had “thrown them under the bus” to save themselves.

This helps explain why an economic message centered on business owners and job creators would not resonate with many middle class workers.

It also helps explain voters’ reluctance to embrace an economic message from a candidate like Mitt Romney, who by virtue of his private equity experience and self-presentation was portrayed as the ultimate businessman, “job creator,” and therefore, “boss.”

³⁹ David S. Logan, “Summary of Latest Federal Individual Income Tax Data” Tax Foundation, October 24, 2011: <http://taxfoundation.org/article/summary-latest-federal-individual-income-tax-data>.

⁴⁰ “Taxes” Gallup: <http://www.gallup.com/poll/1714/taxes.aspx>.

⁴¹ “President: Full Results” CNN, December 10, 2012: <http://www.cnn.com/election/2012/results/race/president#exit-polls>.

⁴² Meghan Casserly, “Majority of Americans Would Rather Fire Their Boss than Get a Raise” *Forbes*, October 17, 2012: <http://www.forbes.com/sites/meghancasserly/2012/10/17/majority-of-americans-would-rather-fire-their-boss-than-get-a-raise/>.

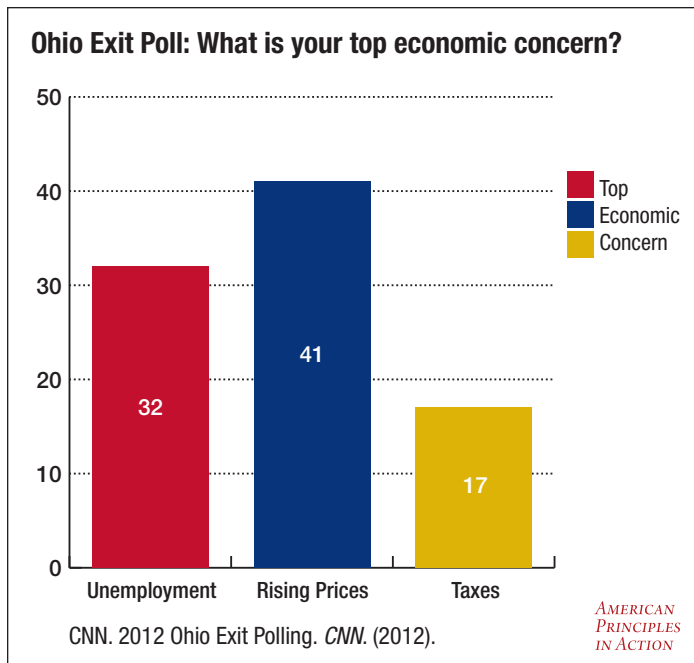
⁴³ “How Do Employees View Their Bosses?” *Chief Learning Officer* 2013: http://clomedia.com/articles/view/how_do_employees_view_their_bosses.

GOP Policies and Rhetoric Ignored Voters' Top Concern: "Rising Prices"

To no one's surprise 38 percent of voters in 2012 exit polls said that unemployment was their top concern. But the number two issue—basically the co-equal concern of voters—surprised nearly everyone: 37 percent of voters said their top concern in the election was "rising prices."

Swing State Voters and "Rising Prices": Ohio and Colorado

Rising prices appeared as an important voter concern not just nationally, but in key swing states as well. For example, in Ohio, 41 percent of voters named "rising prices" as their top concern, compared to just 32 percent who named "unemployment." (In Colorado, an astonishing 53 percent of voters said "rising prices" were their top concern.)



Nationally, voters who named unemployment as their top concern went for Obama 54 percent to 44 percent according to exit polls. Those who named rising prices split evenly at 49 percent.

But in Ohio, Romney lost both economic arguments: voters whose top concern was rising prices broke for Obama 54 percent to 45 percent and those who named jobs as their top concern went for Obama 50 percent to 47 percent for Romney.

OHIO Exit Poll

What is the top economic problem facing people like you? (check only one)⁴⁴

Economic Issue	Total	Obama	Romney
Unemployment	32 percent of voters	50 percent	47 percent
Taxes	17 percent of voters	32 percent	67 percent
Rising Prices	41 percent of voters	54 percent	45 percent

CNN. 2012 Ohio Exit Polling. *CNN*. (2012).

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Rising Prices: What Did Voters Mean?

Out of the 121 ads and \$400 million spent on GOP TV ads, rising prices or lower standard of living was mentioned in only four TV ads, even though 37 percent of voters said it was their top economic concern. In contrast, tax relief was the focus of 23 ads, though just 14 percent of voters named it as their chief concern.

This reaction by voters has still not been processed by political elites. *Rising prices?* Official inflation remains at record lows, 2 percent a year or less. No flood of inaccurate media stories on rising prices appeared to explain voters' expressed anxiety. Inflation was low, not high. What were the voters talking about? What did they mean when they cited "rising prices" as their top concern?

Voters' worry about rising prices we believe reflects several underestimated phenomena that will be key to building an economic message addressing voters' core concerns.

First, the official inflation rate probably underestimates the impact of rising prices of budget basics on middle-income voters' standard of living.⁴⁵

Second, rising medical costs from the voters' perspective are being dramatically exacerbated by "cost-shifting" from employers in ways that are pinching voters' paychecks and family budgets.

Third, rising tuition and tuition debt is affecting more voters and households than most political and cultural elites realize.

Fourth, and probably most importantly, wage stagnation has increased the cumulative impact of moderate inflation on voters' bottom lines.

What voters dubbed "rising prices" is really a declining standard of living, which many perceive to be the consequence of the

⁴⁴ "2012 Fox News Exit Polls" Fox News:
<http://www.foxnews.com/politics/elections/2012-exit-poll>.

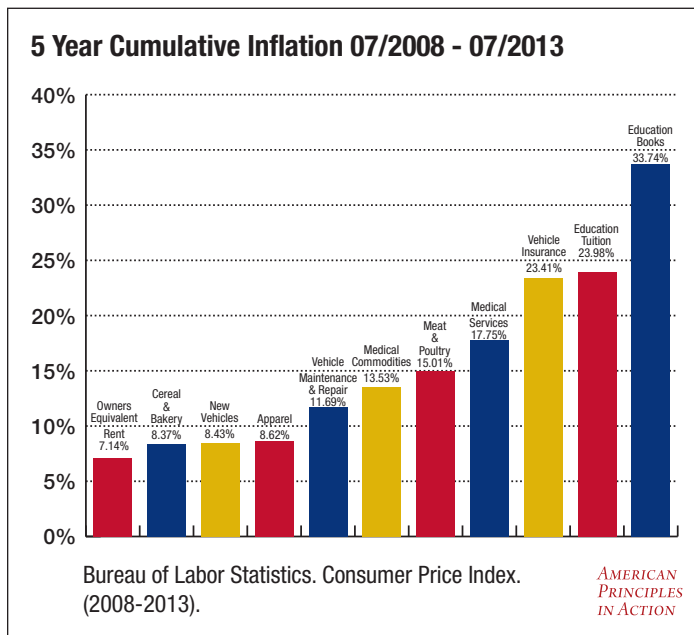
⁴⁵ Marc Miles, "It's Inflation, Stupid!" April 30, 2013
at <http://americanprinciplesproject.org/wp-content/uploads/2013/04/Its-Inflation-Stupid-PDF-4-29-13.pdf>.

“shrinking value of the dollar,” as one Ohio focus group participant told us. Not only do many voters feel they are worse off than their parents; they do not believe their children will be any better off.

The party that recognizes and comes up with policies to address these profound economic anxieties will become the majority party in 2016.

Official Inflation Rate Underestimates Price Inflation for Middle-Income Voters

Official inflation, as measured by the Consumer Price Index, has remained low since 2008. But the official inflation rate most likely underestimates the inflation experienced by middle class and especially lower-middle class voters. The CPI understates the burden of everyday prices because nearly one-third of the index is housing (rent or the homeowner’s equivalent imputed rent, to be precise) which has increased at a slower rate than other major items like food, transportation, and clothing in recent years.⁴⁶ Food, clothing, gas, and transportation represent a relatively minor part of the household budget of more affluent voters but a significant share of middle and lower-middle class Americans’ household budgets.



But the CPI’s limitations do not appear big enough to explain voters’ intense concern with rising prices. What else were voters reporting to pollsters about their economic suffering?

Rising Insurance Costs Shrink Paychecks

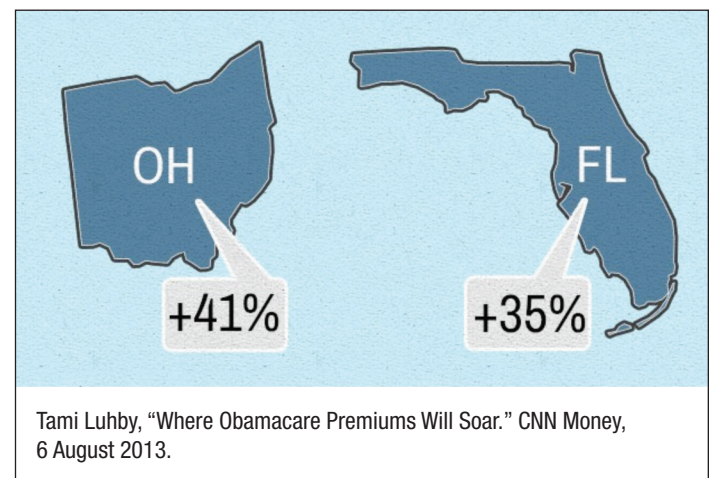
The official inflation rate likely dramatically underestimates voters’ experience with rising medical costs and particularly rising medical insurance premiums. The Consumer Price Index saw medical costs as rising faster than the overall inflation rate, rising almost 18 percent from July 2008 to July 2013 for medical services (despite a recent slowdown).

But voters are also likely responding strongly to “cost-shifting” by employers requiring employees to bear a greater portion of insurance premiums, and thereby shrinking take-home pay.

One recent analysis by Aon Hewitt found that over the last five years, employees’ share of healthcare costs—including employee premium contributions and out-of-pocket costs—have increased 38 percent from \$3,199 in 2008 to \$4,404 in 2012.⁴⁷

With Obamacare, “sticker shock” is likely to be a major issue for many voters, especially younger voters forced to buy expensive insurance to subsidize the health costs of older voters, or else face new tax penalties.

The negative political consequences of Obamacare are going to be heavily concentrated in certain states. New York and California may see decreases in their insurance payments, or at least decreases relative to the expected price inflation, according to a new report. That’s because many “blue states” like New York already require insurance policies to cover many of the expenses Obamacare requires.



By contrast young people and young families in swing states will experience huge “sticker shock.”

“Some lightly regulated states, including Indiana, Ohio, Florida and South Carolina, have recently released preliminary rate information highlighting steep price increases,” reports CNN Money.⁴⁸

⁴⁶ Ibid.

⁴⁷ Stephen Miller, “6.3% Health Premium Increases Projected for 2013” Society for Human Resource Management, October 4, 2012: <http://www.shrm.org/hrdisciplines/benefits/articles/pages/health-premiums-2013.aspx>.

⁴⁸ Tami Luhby, “Where Obamacare Premiums Will Soar” CNN Money, August 6, 2013: <http://money.cnn.com/2013/08/06/news/economy/obamacare-premiums/index.html>.

In Florida the estimate for the price increase for a “silver plan” medical insurance under Obamacare ranges from “between 7.6% and 58.8%, depending on the insurer. The average increase would be 35%.” These price increases will affect just short of one million enrollees (which counting family plans will cover more voters). 3.8 million of the currently uninsured will face a mixed market financially speaking: new subsidies, more expensive plans, but tax penalties if they fail to buy insurance.

Ohio estimates an average increase of 41 percent by comparing a trade association’s report of premiums for all plans available today with the average premium expected on the exchange.

In Indiana officials said prices for individuals buying their own insurance would rise an average of 72 percent, while small group insurance would rise eight percent.¹

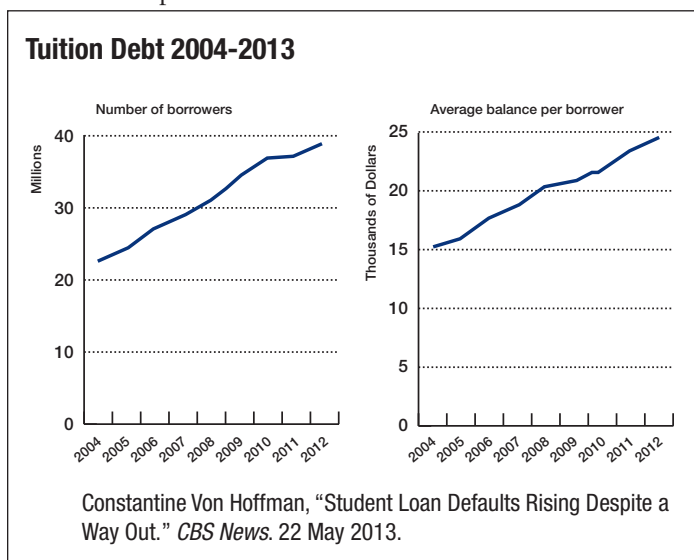
Responding honestly and effectively to how Obamacare is affecting voters’ family budgets (and coming up with more effective alternatives) is going to be key to rebuilding a winning national coalition.

Tuition Explodes, College Jobs Shrink

In a June 2013 survey, nine percent of Americans named “rising cost of education” as their top economic concern.⁴⁹

We see this as a bread-and-butter issue that is going to rise in importance in voters’ minds as the number of Americans burdened with tuition debt continues to expand, and the number of jobs requiring college degrees does not keep pace. Student debt is the only kind of household debt that continued to rise through the Great Recession; it is now second only to mortgage debt.⁵⁰

The number of voters affected by education debt is much larger, and more spread across age-brackets than most political elites realize.⁵¹ Almost 40 million Americans now owe student debt, an increase of 70 percent since 2004.⁵²



Only 33 percent of people with student debt are under the age of 30; 34 percent are over the age of 40.

Meanwhile nearly half of the nation’s recent college graduates in 2010 worked jobs that don’t require a college degree and 38 percent of recent college grads polled worked a job that didn’t even require a high school diploma, according to a study by Richard Vedder and colleagues at the Center for College Affordability and Productivity. For example, 15 percent of taxi drivers had at least a bachelor’s degree in 2010, compared to 1 percent in 1970.⁵³

The worst kind of student debt is debt incurred by Americans who do not actually get a college degree, and it is rising rapidly. In 2009, “[n]early 30 percent of college students who took out loans dropped out of school, up from fewer than a quarter of students a decade ago, according to a recent analysis of government data by think tank Education Sector.”⁵⁴ About 1 in 5 students who attend four year public or private non-profit colleges had not graduated after 6 years (in 2009); almost half of students in for-profit institutions or public two-year community colleges failed to get a degree.⁵⁵ Students who dropped out of college were saddled with federal student-loan debt equal to 35 percent of their annual income, according to a report by the U.S. Department of Education.⁵⁶

Republicans’ fallback “personal responsibility” mantra is not going to be an effective political response to striving young people doing what everyone tells them is the responsible thing—

⁴⁹ Robert P. Jones, et al., “Do Americans Believe Capitalism and Government Are Working?” Public Religion Research Institute & The Brookings Institution, July 18, 2013: <http://publicreligion.org/site/wp-content/uploads/2013/07/2013-Economic-Values-Report-Final-.pdf>.

⁵⁰ Donghoon Lee, “Household Debt and Credit: Student Debt” Federal Reserve Bank of New York, February 28, 2013: <http://www.newyorkfed.org/newsevents/mediaadvisory/2013/Lee022813.pdf>.

⁵¹ Donghoon Lee, “Household Debt and Credit: Student Debt” Federal Reserve Bank of New York, February 28, 2013: <http://www.newyorkfed.org/newsevents/mediaadvisory/2013/Lee022813.pdf>.

⁵² Von Hoffman, Constantine. “Student loan defaults rising despite a way out”: May 22, 2013. http://www.cbsnews.com/8301-505123_162-57585366/student-loan-defaults-rising-despite-a-way-out/

⁵³ Richard Vedder, et al., “Why Are Recent College Graduates Underemployed?” Center for College Affordability, January 2013: <http://centerforcollegeaffordability.org/uploads/Underemployed%20Report%202012.pdf>.

⁵⁴ Ylan Q. Mui & Suzy Khimm, “College Dropouts Have Debt but No Degree” Washington Post, May 28, 2012: http://www.washingtonpost.com/business/economy/college-dropouts-have-debt-but-no-degree/2012/05/28/gJQAnUPqwU_story.html.

⁵⁵ Christina Chang Wei & Laura Horn, “Federal Student Loan Debt Burden of Noncompleters” Stats in Brief (U.S. Department of Education April 2013) NCES 2013-155: <http://nces.ed.gov/pubs2013/2013155.pdf> figure 2.

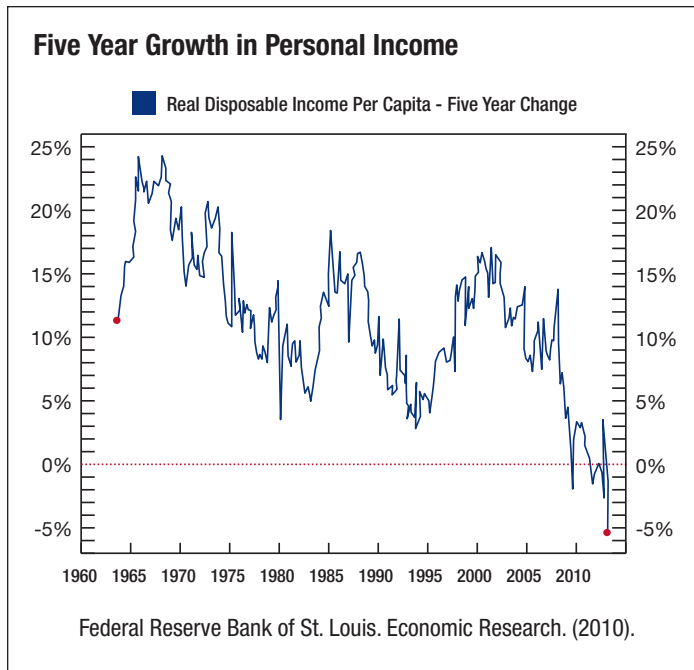
⁵⁶ Ann Schnobelen, “Report Examines Levels of Debt for College Dropouts Across Sectors” Chronicle of Higher Education, April 10, 2013; Christina Chang Wei & Laura Horn, “Federal Student Loan Debt Burden of Noncompleters” Stats in Brief (U.S. Department of Education April 2013) NCES 2013-155: <http://nces.ed.gov/pubs2013/2013155.pdf>.

going to college—who find themselves saddled with debts amounting to 35 percent of their income for no apparent benefit. Perhaps the simplest and fairest way to balance personal responsibility with irresponsible lending practices would be to end the exemption from bankruptcy of student-loan debt, which would encourage lenders to make more reasonable judgments before burdening 18 and 19 year olds with a lifetime of onerous debt.

The tuition debt crisis is like the housing crisis before the bubble burst—it is being driven by irresponsible government policies. Recognizing this crisis and coming up with effective solutions to mitigate the damage should be a major priority.

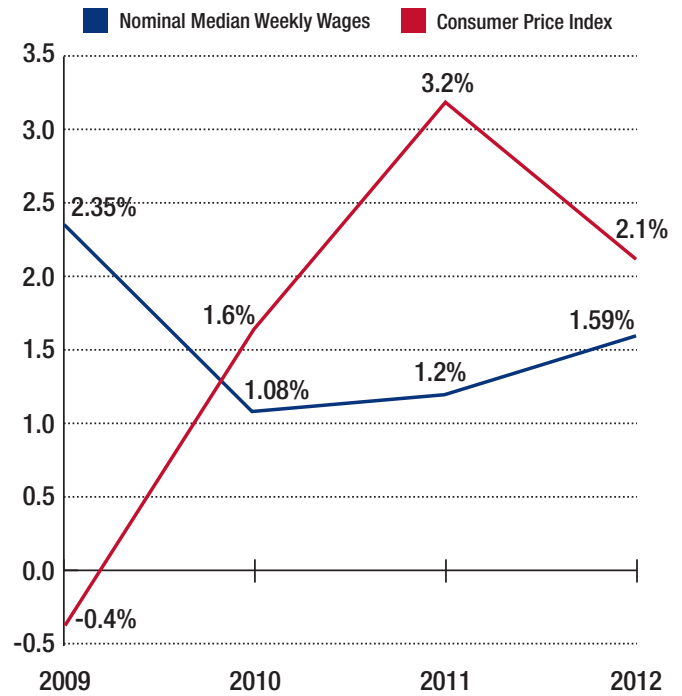
Wages Stagnate Relative to Inflation

The following graph is a visual representation, which , demonstrating the lag in income growth over a rolling five year period:



Wages have not kept up with consumer prices during this economic “recovery.” From 2009 until 2012, nominal median weekly earnings grew a mere 3.9 percent. During that period the dollar lost 7 percent of its purchasing power, based on the Consumer Price Index. The average worker in this scenario is worse off four years later. There is only the appearance of progress in the form of a slightly larger paycheck, but it lags behind the overall increase in the cost of living.

Growth from Previous Year: 2009-2012



Bureau of Labor Statistics. BLS Wage Data. (2009-2012).

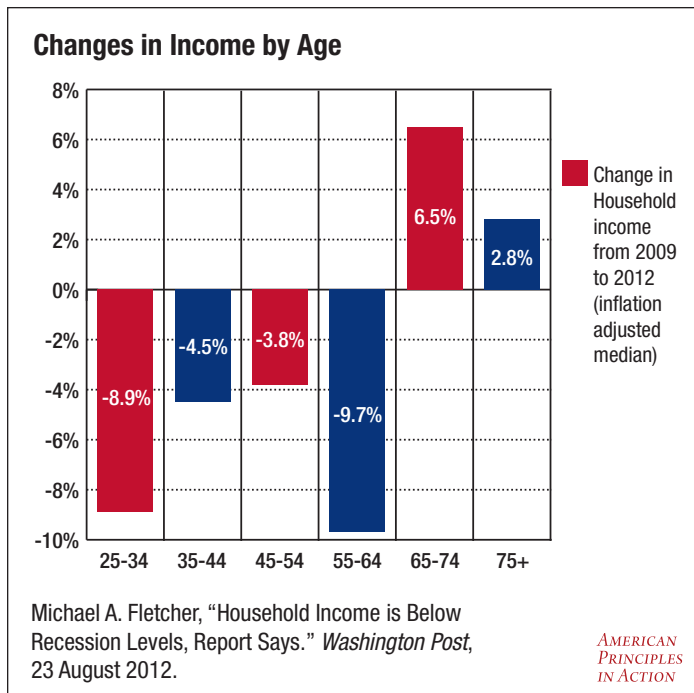
U.S. Department of Labor; Bureau of Labor Statistics:
Consumer Price Index, All Urban Consumers (CPI-U).
<ftp://ftp.bls.gov/pub/special.requests/cpi/cpiui.txt>

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Since 2009, the only American age group that has experienced a rise in their standard of living is people over age 65.⁵⁸

⁵⁷ Michael A. Fletcher, “Household Income is Below Recession Levels, Report Says” Washington Post, August 23, 2012: http://articles.washingtonpost.com/2012-08-23/business/35493412_1_household-income-median-income-income-decline.

⁵⁸ “Household Income Down by 4.8 Percent Overall Since ‘Economic Recovery’ Began-Many Groups with Larger Income Deadlines” Sentier Research, August 23, 2012: http://www.sentierresearch.com/pressreleases/Sentier_PressRelease_PostRecessionaryHouseholdIncomeChange_June09toJune12_08_23_12.pdf.



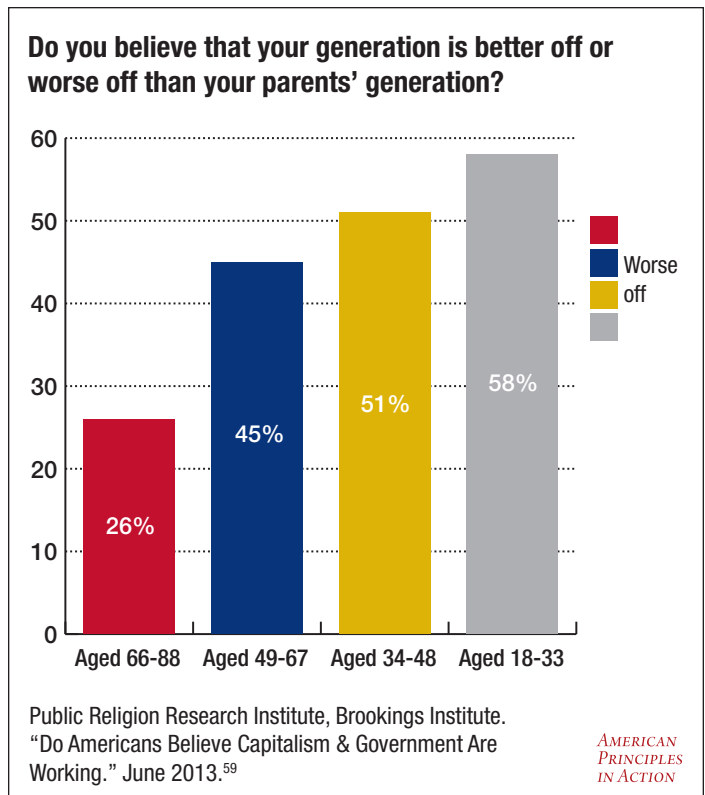
Voters Lose Faith in the "American Dream"

Voters, given restricted options by polling language, labeled their prime economic concern "rising prices," but they also meant "shrinking paychecks" and "declining standard of living," which combined with moderate inflation in basic goods and employment insecurity to produce profound and justified economic anxiety.

Working harder, earning less, basics costing more, tuition debt and medical cost-shifting consuming more paychecks and high unemployment are the sources of this generation's "stagflation."

Only Americans over the Age of 66 Are Living the "American Dream"

Overall, in a June 2013 survey, people over the age 66 are the only generation in which a majority say they are better off than their parents' generation. Baby Boomers 49-67 are evenly divided (45 percent worse off 40 percent better off). Fifty-one percent of Gen-Xers (age 34-48) and 58 percent of Millennials (age 18-33) believe they are worse off than their parents' generations.



Faith in the fairness of the capitalist system itself is now at risk.

More than 6-in-10 (63 percent) Americans agree that government should be doing more to reduce the gap between rich and poor. Only a slim majority of Americans believe American capitalism is working very well (9 percent) or somewhat well (45 percent), while more than 4-in-10 say it is working not too well (26 percent) or not at all well (16 percent).

Among Americans who say American capitalism is not working, more than one-third (34 percent) say this is because the system encourages greed. Roughly 3-in-10 (28 percent) say that American capitalism is not working because it does not provide equal opportunities for everyone. More than 1-in-10 say the primary reason capitalism is not working is because it creates poverty (14 percent), or because it creates lasting inequalities (11 percent).

Many are aware the next generation is more likely to favor gay marriage. Fewer have noticed that the next generation increasingly says they prefer socialism to capitalism. A December 2011 Pew poll found that Americans overall say they have a

⁵⁹ Robert P. Jones, et al., "Do Americans Believe Capitalism and Government Are Working?" Public Religion Research Institute & The Brookings Institution, July 18, 2013: <http://publicreligion.org/site/wp-content/uploads/2013/07/2013-Economic-Values-Report-Final-.pdf>.

negative view of socialism by a 2-1 margin; American adults under 30 narrowly favor socialism (49 percent to 43 percent), a dramatic reversal in this age group in just one year.⁶⁰

An effective political response is urgently needed to protect the foundations of wealth creation, economic growth, equal opportunity, and upward mobility: a renewed faith that the American way leads to opportunity for all who work hard and respect the rules.

The gravity of what conservatives face is not just the challenge to rebuild a party's brand, but also to rebuild and restore a majority coalition that believes in the American economic and political system.

It's time for something new. It's past time for a new conservative political message that addresses voters' urgent personal economic concerns.

OH Focus Group Suggests Opening for GOP

The good news is that, while the GOP's current economic message is not persuasive to a majority of voters, swing voters and soft Democrats are unenthusiastic about the Democrats as well.

In order to understand better voters' concern over rising prices, and to discover in their own words what they thought of the GOP's 2012 economic message, we conducted a focus group with Ohio swing voters.

The focus group was conducted by QEV Research Analytics in Columbus, Ohio on April 3, 2013, and included 10 participants who self-identified as either Democrat or Independent but said they were open to voting for a Republican candidate. The participants were solidly middle class, with household income capped at \$100,000 and holders of post-graduate degrees excluded.

These swing voters were unenthusiastic about the Democratic Party on the economy, but they had an even poorer image of the GOP.

Overall, these swing voters in Ohio viewed Republicans as being the party of business and Democrats as being the party of the people. One participant characterized the Republican economic plan as "top down" and the Democrats as "bottom up."

"It starts at the top, and then it filters down. Government, regulation . . . then the corporations take it from there."

Cheryl

Swing voters perceive the Republican economic message as directed at helping businesses in hopes it will trickle down.

These soft Democrats and Independents were surprisingly critical of both business and labor unions.

"Labor unions have gone too far, corporations have gone too far. Who pays: the middle class. There is per se no middle class any more."

John S.

"Two sides of the same coin, neither one of them knows anything about financial responsibility, they just want to spend money on different things."

John W.

The participants did not have much anxiety over the national debt or debt repayment. These were distant far-off threats. Ohio voters were more preoccupied with current urgent financial concerns, especially declining standards of living.

When asked to estimate the rate of inflation, these swing voters had the impression it was much higher than economists report. One family estimated they were paying around 10 percent more for household items:

"I see a big change with everything. Especially with food, medical, I see the deductibles changing, I do see the utilities changing, especially cable. Got rid of that. You notice it as a whole, in the last few years . . . especially with like McDonalds or something, you can't buy a dollar hamburger at McDonald's for your kid, there's no such thing, you notice it as dollars and cents in your budget. Me and my wife have noticed a good 10% in everything, and that has made us cut back."

Dante

We were quite surprised when two members of the Ohio swing-voter focus group spontaneously brought up the gold standard or monetary reform as a solution to what ails them: the shrinking value of the dollar. As Dave, one participant, succinctly said, "my paycheck just doesn't go as far." We were surprised when he spontaneously viewed this as a problem with the value of a dollar, with monetary policy:

⁶⁰ "Views of 'Capitalism' and 'Socialism'" Pew Research Center for the People and the Press, December 28, 2011: <http://www.people-press.org/2011/12/28/little-change-in-publics-response-to-capitalism-socialism/>.

“As a country, our dollar just isn’t worth what it used to be. We make a little more, we pay each other a little more. What’s a little bit more if the dollar is going down in value?”

Dave

“I don’t think it’s about how many dollars we have, it’s about what our dollar is worth. And that’s our problem; we have so many things that are forcing the value of that dollar down, every day. So even the dollars we have are not worth the same amount as yesterday and they won’t be worth as much tomorrow.”

John W.

Swing voters are not sold on the Democrats’ policies or priorities. However, they view the Republicans as the party of business and corporations; the Democrats’ brand remains the party of the “little people” even though swing voters remain unconvinced that they will follow through, or that Democratic policies will make a difference.

RNC Young Guns Focus Groups

The RNC’s Young Gun Network conducted 8 focus groups between June 24 and July 1, 2013 in four cities: Phoenix, Minneapolis, Palm Beach (FL), and Manassas (VA) (women only). In each city, the network analyzed one focus group of self-identified “tea-partiers” and one of “swing voters.”⁶¹

These RNC focus groups picked up on the same combination of concerns (the effect of rising prices and wage stagnation on real standard of living) as Ohio voters told us. Both the costs of medical care and of college tuition jumped out from voters’ voices, along with a real sense of grievance that the Republicans cater to the rich, the Democrats to the poor, and nobody cares about them.

“We make enough so we can’t get [public] benefits, but not enough to send them to college.” – Palm Beach

“The Middle Class is going away. No wage increases, high health care costs. We don’t have a voice.” – Phoenix

“Things are either the same price or they’re going up, but the cost of living is increasing.” – Manassas

“I’ve had the same salary for the past 6 years. . . .My cost of living is going up . . . health care premium went from \$78 to \$182 . . .My cable bill went up, electric bill is up 25%. My costs are going up, but not my wages.” – Phoenix

“Cost of living is going up—groceries, gas, food, and tuition.” – Phoenix

“Wage stagnation actually means you are going backward.” – Manassas

To build a winning political coalition, the GOP needs a new conservative economic message that focuses on voters’ declining standard of living through the deadly combination of wage losses, job insecurity, and rising prices for middle-class goods.

⁶¹ McLaughlin & Associates, “YG Network Swing & Tea Party Network Focus Group Participants” August 5, 2013: <http://2mq1123xbble36zb822hfozo1ceq.wpengine.netdna-cdn.com/wp-content/uploads/2013/08/POWERPOINT-YGN-Focus-Group-Results.pdf>.

A NEW STRATEGY FOR BUILDING A WINNING NATIONAL GOP COALITION: SIX RECOMMENDATIONS

1. Value the Social Issues, Don't Mute Them

The most competitive 2014 Senate races are almost all in red states that are more conservative than the country as a whole. Of these 10 seats, 2 are held by Republicans (Kentucky and Georgia), 4 are held by retiring Democrats (West Virginia, South Dakota, Iowa, and Montana), and 4 are held by Democrats seeking reelection (Louisiana, Arkansas, Alaska, and North Carolina).

Backing late-term abortion could be toxic for Democratic candidates in some of these states. Both Kay Hagan of North Carolina and Mark Begich of Alaska said they would vote against the House bill banning abortions after twenty weeks if it comes up for a vote in the Senate. Mark Pryor and Mary Landrieu have refused to say whether they would vote for a late-term abortion ban. This predicts a huge opportunity for the GOP, provided that Republican leaders break through the false myth that muting the social issues is politically wise.

The GOP also needs to develop new “values issues”; the current explosion of grassroots anger against the Common Core provides one example.

2. Use Values Issues to Attract Hispanics

Focus grouping suggested that Romney's Hispanic ads were ineffective, as they turned out to be. But the campaign, the RNC, and the Romney-allied PACs ran them anyway, because they were pre-committed to avoiding social issues. This has to change. The GOP is the party of life, marriage and religious liberty. Conservatives adopted these issues because they believe in them. Republicans need to push them, and govern with them, not run from them, in order to attract Latino voters.

3. Run Against the Shrinking Dollar

Candidates for GOP leadership should consider running against the central bankers by picking up the forgotten part of the Reagan economic agenda: sound money. Conservatives need to explore monetary reform as a way of both containing debt and responding to voters' concerns about the decline of the dollar's value. Among policies to consider:

- Urge the Fed to end its program of “quantitative easing,” which is jargon for the creation of trillions in new dollars via government bond buying that has not been demanded by the market. Bankers should not earn government-guaranteed profit while workers see their wages and standard of living decline.
- Strenuously oppose Janet Yellen or any other nominee to the Federal Reserve Board who believes in the policy of creating inflation.

- Support state legislatures acting to enable Americans to obtain hard money alternatives that complement the Federal Reserve Note.⁶² With the Sound Money Promotion Act, recently introduced by Senators Ted Cruz, Mike Lee, and Rand Paul, Congress can complete this movement by prohibiting IRS taxation of such state-backed initiatives.
- Endorse the Centennial Monetary Commission Act, sponsored by the Joint Economic Committee Chairman Kevin Brady (R-TX), to undertake a formal study of the Federal Reserve and evaluate various rules-based monetary reforms.

4. Tie Attacks on Obamacare to Workers' Shrinking Standard of Living

The city of Dearborn, Michigan recently publicly announced that it would cut hours for 200 part-time and seasonal employees to 28 hours a week due to Obamacare's looming employer mandate. “The Affordable Care Act would have been a hit to our budget,” says Mayor John O'Reilly, a Democrat. “It has imposed on us an obligation that we didn't anticipate. I'm a supporter of the concept (of the ACA), but as we move forward and identify the unintended consequences, I'd like more flexibility. . . .”⁶³

Small business and big labor are both recognizing the threat to jobs. According to an April 2013 Gallup poll, “41% of small-business owners say they have held off on hiring new employees and 38% have pulled back on plans to grow their businesses. One in five (19%) have reduced their number of employees and essentially the same number (18%) have cut employee hours in response to the health care law.”⁶⁴

In a letter to Senate Majority Leader Harry Reid and House Minority Leader Nancy Pelosi, the Teamsters, UFCW, and UNITE-HERE unions warn that “unless you and the Obama Administration enact an equitable fix, the ACA will shatter not only our hard-earned health benefits, but destroy the foundation of the 40-hour work week that is the backbone of the American middle class. . . . the law as it stands will hurt millions of Americans including the members of our respective unions.”⁶⁵

⁶² John McCormack, “A Viable Political Strategy?” Weekly Standard, August 5, 2013: http://www.weeklystandard.com/articles/viable-political-strategy_741035.html.

⁶³ David Schwartz, “Arizona Lawmakers Pass Bill Making Silver, Gold Legal Tender” Reuters, April 30, 2013: <http://www.reuters.com/article/2013/05/01/us-usa-arizona-gold-idUSBRE94002320130501>; William Yardley, “Utah Law Makes Coins Worth Their Weight in Gold (or Silver)” New York Times, May 29, 2011: <http://www.nytimes.com/2011/05/30/us/30gold.html?pagewanted=all>.

⁶⁴ “Obamacare Leading to Part-Time Nation” Detroit News, August 8, 2013: <http://www.detroitnews.com/article/20130808/OPINION01/308080008#ixzz2bPRkPQPd>.

Candidates should attack Obamacare for shrinking jobs, but also for making struggling workers' paychecks shrink by requiring them to pay more for health insurance. They should develop an alternative health care plan that creates a genuine market for health care (not just health care insurance) combined with subsidies for less well-off Americans.

Our message: Obamacare eats up your paycheck, and also shrinks your likelihood of getting a full-time job.

5. Run against Tuition Scams

Candidates should speak to the student loan racket in which guaranteed student loans are used by colleges to hike sticker prices, leading to massive tuition inflation and leaving striving students holding the bag

- They should consider treating student loan debt the same as other kinds of debt in bankruptcy law. This will require lenders to consider whether loans are reasonable and discourage government policies from scamming young people by encouraging them to incur unreasonable debt.

6. Less of the “Job Creators” Pitch and More “Workers, Wages, and Middle-Class” in Our Language

The empathy gap is both a policy gap—a failure to address voters' real economic concerns—and a language gap. Small business is more popular than big business with voters, but most voters are workers who have bosses. Republicans must communicate that they are connected with voters' concerns and not primarily their bosses' needs.

⁶⁵ Dennis Jacobee, “Half of U.S. Small Businesses Think Health Law Bad for Them” Gallup, May 10, 2013: <http://www.gallup.com/poll/162386/half-small-businesses-think-health-law-bad.aspx>.

⁶⁶ Tom Gara, “Union Letter: Obamacare Will ‘Destroy the Very Health and Wellbeing’ of Workers” Wall Street Journal, July 12, 2013: <http://blogs.wsj.com/corporate-intelligence/2013/07/12/union-letter-obamacare-will-destroy-the-very-health-and-wellbeing-of-workers/>.


CONCLUSION

Rejecting the conventional wisdom is the first step to rebuilding a winning coalition. Naming voters' actual concerns is the first step to coming up with an agenda that addresses them.

The unmentioned, whether it is social issues, the tuition scam, or new solutions for this generation's “stagflation,” ceases to be a problem and becomes an opportunity for the movement and leaders who recognize the opportunity.

The key to victory is rejecting the truce model, and promoting an integrated conservatism that offers hope to struggling middle-class workers and families, and that stands up for fundamental American values of life, marriage and religious liberty.

A generation after Reagan's election, conservatives need a new generation of independent thinkers to break through the current GOP brain fog and rebuild a winning national political coalition.



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