

Economy Redux

As the National Primary Remains Tight for Democrats and is Dominated by McCain for the GOP, the Economy Rockets Away as Top Concern for Voters

Those of us old enough to remember the presidential campaign of 1992 may be forgiven for an overwhelming feeling of déjà vu lately. With a Bush in the White House, a Clinton on the campaign trail, and the economy rapidly becoming the issue of all issues, the first presidential election of the nineties has some eerie parallels with this year's contest. First and foremost, the economy is dominating the landscape, as seen in the latest Diageo/Hotline poll of 803 registered voters. Not only has the economy as an issue tripled in importance since our December poll (December, 13%; February, 39%), the second place issue, the war in Iraq, is lagging a full 31 points behind at 8%. In fact, the last time the economy registered anything near its current number in the Diageo/Hotline poll was in October of 2005, when it reached 33%. Moreover, the only time any issue has ever seen a higher number in our poll's three year history was in January 2007, when concern over the president's announced 'surge' in Iraq caused the war to hit 44% as the top issue facing the nation.

The truly striking thing is how far this issue reaches across party and ideological lines. When we dig into the demographics of the registered voters who cite the economy as the top issue facing the nation, we find little difference in party identification or ideological make-up as compared with all registered voters. In fact, on virtually every single demographic question we ask, voters most concerned with the economy almost perfectly mirror registered voters as a whole. For example, party identification among registered voters in this month's poll stands at Republican, 33%; Independent, 19%; and Democrat, 40%. For voters who say the economy is the most important issue facing the country the party breakdown is strikingly similar, with 31% identifying themselves as Republicans, 21% saying they are Independents, and 42% saying they are Democrats. This speaks strongly to the simple fact that the economic issues of this country are not easily assuaged by the recent fanfare around the stimulus package.

Where differences emerge, however, between all registered voters and those who view the economy as the top issue is in terms of which party is favored. Voters most concerned with the economy have a far more negative view toward Republicans and the current state of the country. They are less likely to view the country as going in the right direction (17% compared to 21% for all voters), more likely to strongly disapprove of the job President Bush is doing (52% compared to 45%), and disapprove of Bush's handling of the economy (71% compared to 65%). Moreover, these voters hold a much more negative view of Republicans in Congress (63%) than they do of Democrats in Congress (55%). It's not surprising then that these voters, more so than registered voters as a whole, prefer the Democratic candidates to the Republican candidates. In the generic match-up between a Democratic candidate and a Republican candidate, economy-oriented voters pick the Democrat 51% to 33%, as compared with 46% to 35% for all registered voters. In a direct head-to-head match-up, Obama's lead over McCain expands from 8 points among all registered voters to 18 points. As we've seen before, when voters are upset over the economy the party controlling the White House bears the brunt of voter fury come November, as George H.W. Bush and Jimmy Carter both can attest.

However, a bright light for the Republicans can be seen with how effectively McCain appears to be solidifying the national party behind him. In addition to holding a commanding lead over Mike Huckabee among Republican primary voters (53% to 25%), McCain does very well among the base of the party. Republican primary voters who identify themselves as being somewhat/very conservative pick McCain 52% to 28% over Huckabee. At the same time, McCain dominates the former governor of Arkansas among the far smaller group of moderate Republican primary voters, 60% to 17%. The only real holdouts, so to speak, are the Evangelicals who split their vote evenly between McCain (41%) and Huckabee (39%). However, given Huckabee's extraordinary ties and outreach to the Evangelical

community, McCain should be extremely happy with those numbers. In fact, when asked whether or not they would be satisfied with McCain winning the nomination, 75% of Evangelicals say they would be satisfied with McCain as the nominee and 52% say they would vote for him “enthusiastically” in November. It is clear that the supposedly sharply divided Republican Party portrayed in the media is not supported in the data. In fact, the overwhelming majority of Republican voters appear pleased with their presumptive nominee.

The Democrats, on the other hand, are beginning to show the effects of the sharpening rhetoric between Clinton and Obama that has dominated the last month of the primary campaign. Both Clinton’s and Obama’s partisans are increasingly taking a dimmer view of their candidate’s chief primary opponent. An obvious example of this can be seen in Obama and Clinton’s favorability ratings among their opponents’ supporters. Obama’s supporters give Hillary Clinton just a 66% favorable rating (compared to 83% for all self-identified Democrats) which is a sharp drop from the 80% they gave her last month. At the same time, Clinton’s supporters give Obama a paltry 50%, a decline of 8 points from last month, as opposed to the 70% he earns from all Democrats. Potentially more troubling is that a stunning 24% of Clinton’s supporters say that if Obama wins the nomination, they will either stay home and not vote on Election Day or they will vote for the Republican candidate. As for Obama’s supporters, 22% say the same if Clinton winds up as the party’s nominee. Clearly, the sooner the Democratic race for the nomination is settled the better it will ultimately be for the party.

In light of this division among Democratic primary voters, one has to wonder if the Republicans should be worried over McCain’s poor showing against Obama in a head-to-head match-up between the two, 48% to 40%. After all, not only is it an extraordinarily long time to November, there is still an outside chance that Clinton may win the remaining contests convincingly enough to drive a sufficient number of superdelegates to deliver the nomination to her. If this does occur, McCain’s 8 point lead over Clinton at the present, coupled with his astounding popularity among Republicans, Independents and even Democrats (42% of who view him favorably as compared to 43% of who view him unfavorably) should give the GOP hope that under McCain’s banner, they very well may hold the White House come November. What this month’s Diageo/*Hotline* poll demonstrates, however, is that in order to accomplish this, McCain must find a way to prove to voters that he can manage the economy better than the eventual Democratic candidate. No matter how this plays out, though, America’s voters can be guaranteed a spirited and lively general election that may even outdo the primary battles we’ve witnessed thus far.

~~

Ed Reilly is the President of FD, a leading business communications and consulting firm. He has conducted the Diageo/Hotline poll for the past three years.

About FD: One of the most highly regarded consultancies in the communications industry, FD employs more than 660 staff and advises more than 900 clients worldwide through its hub offices in London and New York, as well as its network of wholly-owned offices in Bahrain, Beijing, Bogota, Boston, Cape Town, Chicago, Dubai, Dublin, Frankfurt, Hong Kong, Johannesburg, Los Angeles, Manchester, Moscow, Panama City, Paris, San Francisco, Shanghai, Sydney and Washington, DC. With a 20-year history of advising clients in both the private and public sectors, FD’s services include financial public relations, capital markets communications, public affairs, crisis and issues management and corporate, business-to-business and business-to-consumer communications. FD is also a market leader in M&A advisory work. FD is structured around specialist sector teams operating on an international basis, covering consumer industries, financial services, basic industries, business services, life sciences & healthcare, media, real estate, technology and telecommunications. FD is a division of FTI Consulting Inc. (NYSE: FCN), the global business advisory firm. For more information, please visit www.fd.com.