

# THE BUCK STOPS WHERE?

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## What D.C. Influencers Say About the National Debt

Research and analysis prepared for the  
John D. and Catherine T. MacArthur Foundation's Our Fiscal Future initiative

By Scott Bittle and Jon Rochkind with Samantha DuPont

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### Executive Summary

When you talk to the relatively small group of policymakers who have devoted themselves to putting the federal budget on a sustainable course, it's hard to shake the impression that they see themselves crying out in the wilderness. Despite clear warnings pointing to the potential for fiscal disaster, they've been unable to get their colleagues to take the strong actions needed to bring the budget back into line.

Now, with trillion-dollar deficits, a national debt on course to exceed the total size of our economy and a presidential commission beginning work on potential solutions, the nation's fiscal health is on the table. But are the movers and shakers in Washington really ready to act?

In this research, conducted for the John D. and Catherine T. MacArthur Foundation as part of the Choosing Our Fiscal Future initiative, Public Agenda surveyed roughly 300 "beltway influencers," those who set the debate and make the decisions in Washington. This sample breaks down into two groups:

- One group we refer to as the "leaders," those who directly hold the levers of power and influence. This includes high-level federal government staffers in the executive and legislative branches, as well as media, nonprofit and interest group executives who are key players in crafting and implementing policies.
- The second group is the "opinion elite," politically active citizens in the Washington metro area. This group may not be formally part of the government, but they are educated, affluent and regularly participate in civic activism. They're not decision makers, but they do provide the context in which decision makers operate.

With this research we can both establish a baseline for attitudes among "movers and shakers" on this critical issue, and then track how their attitudes change over time. This provides a vital measurement for the Fiscal Future initiative and, for that matter, the broader debate over fiscal sustainability.

So here's what our D.C. influencers get on this issue—and what they don't.

*They understand the federal budget is on an unsustainable course.* Strong majorities, more than 8 in 10, agree that the national debt could overwhelm the federal budget and harm the economy in the long run. Smaller but still substantial majorities worry that China and other foreign lenders could lose confidence and stop buying U.S. bonds. But among these influencers, job creation is a much higher priority, and they don't see controlling the debt as an effective short-term economic strategy.

*They don't take ownership of this issue.* Seven in ten leaders and more than half of opinion elites say they rarely or never advocate policies based on reducing the national debt—with nearly a quarter of opinion elites and 41 percent of leaders saying they never do this. In fact, about 4 in 10 members of both groups say they worry that policymakers are too focused on controlling the debt.

*They believe there are practical policy options for controlling the debt, but they don't believe it's politically possible.* Strong majorities, roughly 8 in 10, believe there are several approaches that can solve this problem, and nearly as many agree that both tax increases and spending cuts will be needed. Just as many say that pragmatic solutions to the national debt will be impossible to achieve because of partisan politics.

*They don't know the current debt-to-GDP level, and they have unrealistic expectations of what the level should be.* The Committee on the Fiscal Future and several other panels argued for setting a budget target based on the percentage of debt to the total size of the economy. We find that almost none of the influencers (12 percent of leaders and 8 percent of opinion elites) can correctly name the current ratio of debt to GDP. Even more daunting, when asked what the target should be, 58 percent of leaders and 42 percent of opinion elites say it should be around 30 percent—far lower than what economists and budget experts think is possible to achieve any time soon.

To a remarkable extent, the leaders and opinion elites we surveyed share the barriers that face the

broader public on this problem, despite their greater access and keener interest in politics. The groups we surveyed don't understand some key issues surrounding debt-to-GDP and lack confidence in the political system's ability to cope with this problem—which to some extent means they lack confidence in themselves. Both those problems do have solutions, but it is vital that they be addressed as the Washington debate leads up to the presidential deficit commission report due in December.

### Purpose of the Survey

We conducted this survey to understand the views of influential Washington groups on the challenge of the federal budget—both those who may affect the budget through their own decisions and the opinion elites who might influence them. In addition, this survey was designed to provide the MacArthur Foundation, partners in the Fiscal Future initiative and others interested in this issue with a vital baseline assessment of the attitudes of influential elites, determining the starting point views of the people who must act, or at least support action, for the federal budget to be put back on a sustainable path. Future iterations will track changes in attitudes over the crucial next year, enabling the Fiscal Future initiative to measure its own effectiveness in the debate and its influence over time in raising the level of importance with which policymakers express interest in moving a sustainable fiscal policy agenda forward.

Public Agenda, using Harris Interactive's® "Beltway Influencer Omnibus," interviewed over 300 influencers, including:

- 153 “leaders” who directly hold power or influence, including Congressional staff and members of the Executive branch, along with

media decision makers and executives of nongovernmental organizations, interest groups and foundations.

- 150 “opinion elites,” residents of the Washington, DC area who make more than \$100,000 a year, are informed, actively follow current issues and are engaged in a number of opinion leadership behaviors. These citizens may not be decision makers themselves, but they provide the social and political content for decision makers.

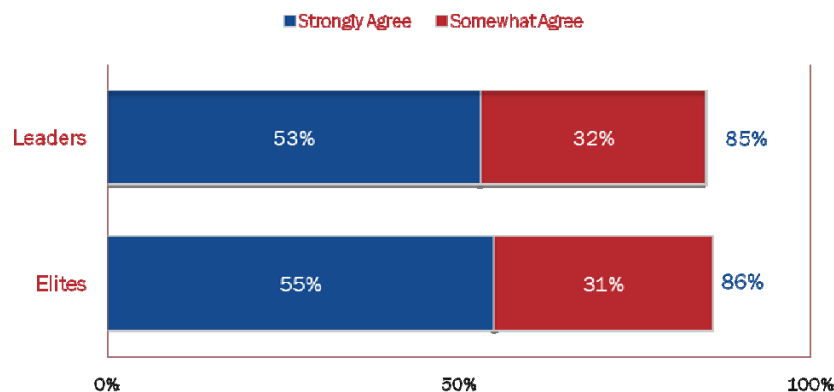
In this report, when we use the term "leaders," we are referring to the first group—government officials, media and NGO executives. When we refer to "elites," we're referring to the second group of opinion leaders. When we refer to "influencers," we mean both groups combined.

A more complete breakdown of the survey participants is included in the methodology section. The survey was fielded partly by phone and partly online from February 10 to March 9, 2010.

### Concern is High, but Priority is Low

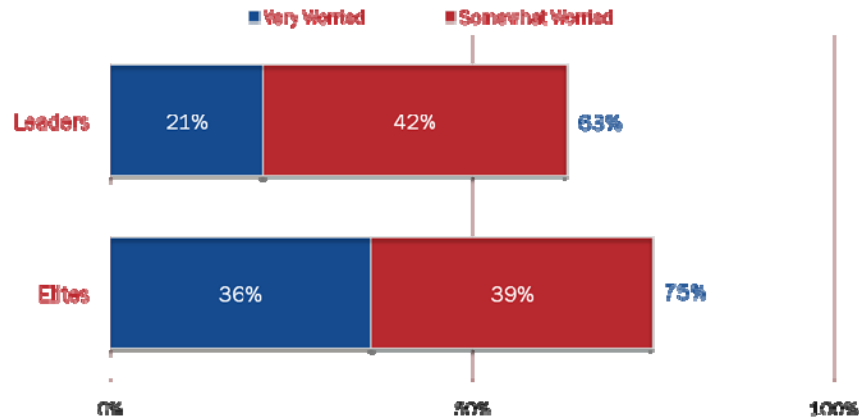
Concern about the national debt is actually quite high, with both elites (86 percent) and leaders (85 percent) agreeing with the statement that if we do not get the national debt under control, it will overwhelm the federal budget and damage the economy in the long run. Significant majorities of elites (75 percent) and leaders (63 percent) worry that China and other countries that hold too much of the national debt will start to lose confidence in the U.S. economy and stop buying American bonds.

Percent who agree that “if we do not act to get the national debt under control, it will overwhelm the federal budget and damage the economy in the long run.”



Note: Question wording in charts may be slightly edited for space. Full question wording is available at [publicagenda.org](http://publicagenda.org). Net percentage values may not equal the sum due to rounding or the omission of some answer categories.

Percent who are worried that: "China and other countries that hold too much of the national debt will start to lose confidence in the United States economy and stop buying American bonds."



But when asked to name the most important problem facing the country today, only 13 percent of elites and 9 percent of leaders cite the national debt or deficit. Just as with the general public, the economy and job creation are much more important concerns for both leaders (54 percent) and elites (48 percent). When asked what issue they personally cared about the most, the largest number (25 percent of elites and 22 percent of leaders) say health care.

Neither group sees reducing the national debt as the key to economic recovery. Only 12 percent of elites and 16 percent of leaders say that doing more to reduce the national debt is the best way to get the economy back on track. Job creation is much higher for both groups (52 percent for leaders and 37 percent for elites). Over time, this may be one of the most significant data points to track. As economic indicators, such as the unemployment rate, start to look better, will more influencers see debt reduction as the strongest strategy to improving the economy, or will the urgency recede?

Percent who say the following is "the most important problem facing the country today:" [open-ended question]

	Leaders	Elites
The economy	35%	37%
Employment/jobs	19%	11%
Health care	7%	11%
Budget deficit/national debt/government spending	13%	9%
Partisan conflict	7%	6%
Other	19%	26%

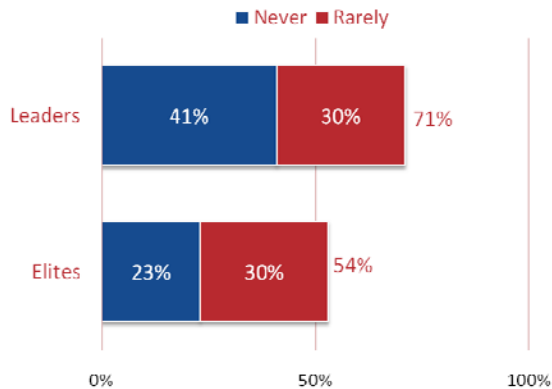
Thinking specifically about improving the United States economy, which of the following do you think will help the most in getting the economy back on track?

	Leaders	Elites
Investing in job creation and retraining	52%	37%
Doing more to reduce the national debt	16%	12%
Cutting taxes for the middle class	10%	13%
Greater banking and financial oversight	9%	16%
Spending on another economic stimulus plan	7%	4%
Other	6%	19%

## It's Not Their Job

Few of the influencers we surveyed express any personal commitment to this issue. True, nearly all of those surveyed (87 percent) say it is important to them to consider cost and the impact on the budget when deciding whether to support a proposal, but over 7 in 10 leaders and more than half of elites (53 percent) say they rarely or never advocate policies based on reducing the national debt. Nearly a quarter of elites (23 percent) and a full 41 percent of leaders say they never do this.

Percent who "never" or "rarely" personally advocate policies based around reducing the national debt by talking to elected officials and media organization or by discussing the issue online:<sup>1</sup>



In fact, 45 percent of leaders and 40 percent of elites say they worry that policymakers are focused too much on controlling the national debt.

## Not Much Pressure

Though recent polls show that the public is growing concerned about the deficit as an issue<sup>1</sup> and movements like the Tea Party are receiving considerable coverage, as of March, majorities of influencers (or in one case nearly half) say they have not heard more about the national debt from these groups.

This may be a matter of timing. The health care debate was still going on when our survey was in the field, and that dominated the news. In addition, the survey was also in the field prior to the full development of the European debt crisis and before several key primaries that have put this problem more firmly on the political agenda.

<sup>1</sup> For example In a survey done for the *Economist* fielded April 3-6 2010, 66 percent of the public said that the budget deficit was "very important" to them, only health care and the economy ranked higher on a list of 12 items

## WHO ARE THE FISCALLY FOCUSED?

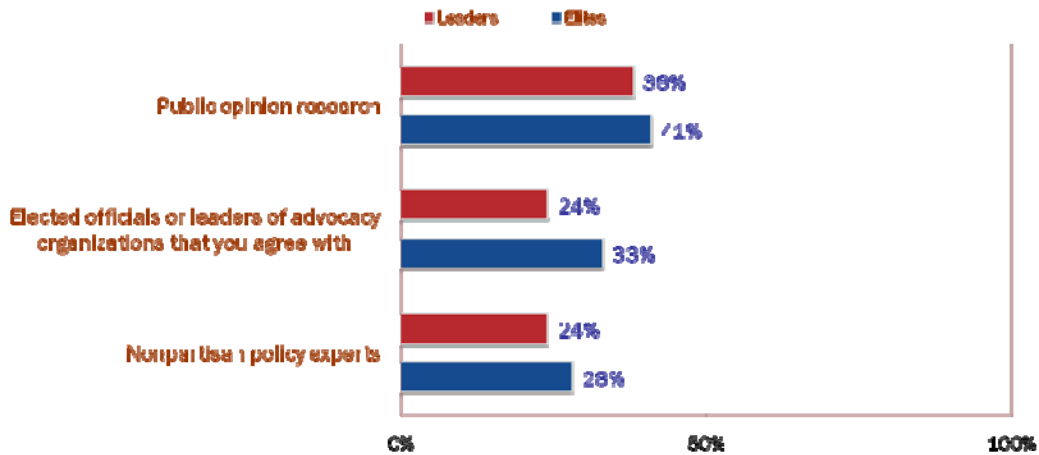
So who does advocate for this issue? While the vast majority say they not personally advocate policies around reducing the national debt, 17 percent of our sample say they do, and they do it often.

More than half (56 percent) of this "fiscally focused" group are Republican. While nearly half (47 percent) of the less focused say that things in this country are on the wrong track, even more (82 percent) of the fiscally focused hold this view. In addition, more than half (53 percent) strongly agree that pragmatic solutions to the debt are impossible because of partisan politics. And more than twice the number of the fiscally focused than the less focused (67 percent compared with 29 percent) strongly agree that there are practical approaches to meet the countries needs without raising the national debt.

What do the fiscally focused think are these practical solutions? While we do not know exactly what they are saying in their advocacy, we know that a third strongly disagree that in order to significantly reduce the national debt, both spending and raising taxes must be done (most likely suggesting that they believe it can be done solely by cutting spending).

Influencers who say they often advocate for debt reduction issues are more likely to:	Fiscally Focused	Less Focused
Say the country is on the wrong track	82%	47%
Strongly agree that there are at least several practical solutions to solve the problem	67%	29%
Be Republican	56%	17%
Strongly agree that pragmatic solutions are impossible because of partisan politics	53%	37%
Strongly agree that both spending cuts and tax increases are	51%	49%

Percent saying they've seen "more" about the issue from:



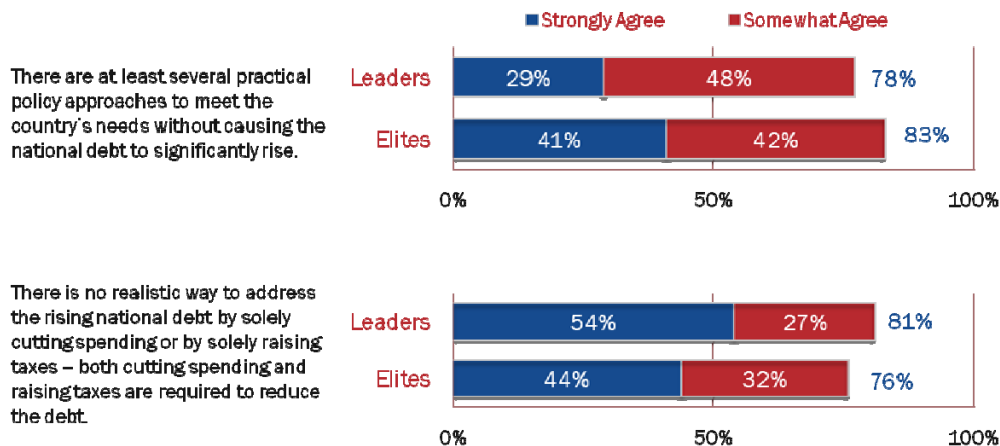
Another factor may be that the Washington debate on the national debt and the federal budget is led by a fairly consistent group of policy leaders and organizations. While those groups may have grown more forceful in their warnings, it's possible that they are not perceived as being "new" or "louder" voices in Washington. Future versions of this survey will track changes in influencers' perceptions on how much pressure they're feeling on this problem and where that pressure is coming from.

### It Can Be Done...

One of the main themes of the Fiscal Future report is that there are a number of options for solving the nation's fiscal problems, and, in general, "beltway influencers" agree. Large majorities of both groups (83 percent of elites and 78 percent of leaders) agree that there are "at least several practical policy approaches to meet the country's needs without causing the debt to rise."

This is, however, one of the areas where the differences between our two groups of influencers are significant. Some 41 percent of elites agree "strongly" with this compared with just 29 percent of leaders. The gap suggests that those inside institutions—presumably those who might have to actually act on this—are less certain this problem can be solved. In addition, strong majorities of both groups agree with a proposition that is still considered courageous among politicians: that "there is no realistic way to address the rising national debt by solely cutting spending or solely raising taxes—both cutting spending and raising taxes are required to reduce the debt." Some 81 percent of leaders and 76 percent of elites agree with this, showing that this very practical view is widely held among opinion leaders.

Percent of leaders and elites who agree that



### ... But Probably Won't in the Current Partisan Environment

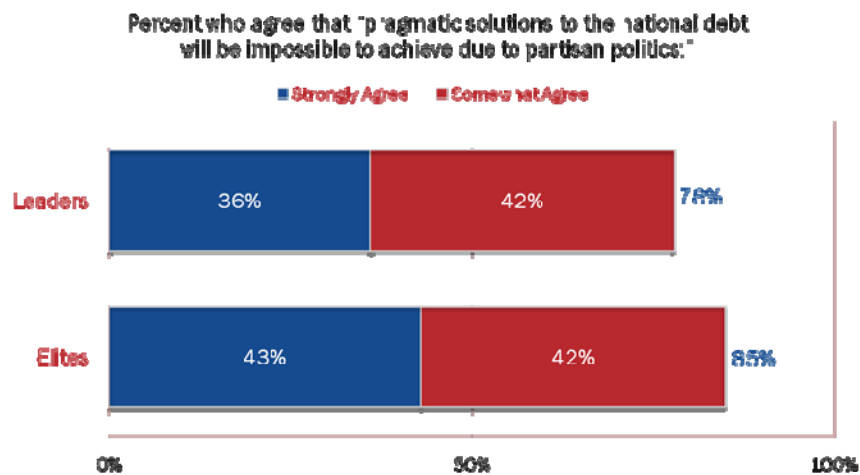
While the influencers may believe there are policy options for addressing the national debt, they're highly skeptical that the political system is capable of addressing the issue.

The influencers we surveyed are shockingly united in their view of a hyper-partisan capital—nearly 100 percent (99 percent leaders and 98 percent elites) say that recent relations in Congress have been characterized by partisan conflict more than bipartisan cooperation. We also know that this perception has strengthened. Harris Interactive® regularly asks this question in its Influencer Omnibus, and the number who say we're in a period of partisan conflict has increased 15 percentage points since the summer of 2009. Plus, nearly 8 in 10 elites (78 percent) and 7 in 10 leaders (71 percent) say this is

a time of conflict between the president and members of Congress.

These groups cite short-term thinking in Washington as a problem. Some 79 percent of elites and 78 percent of leaders say that elected officials generally do not make decisions with the goal of reducing the national debt because they are focused on more short-term issues.

So it's not surprising, when it comes to the issue of the national debt, 85 percent of elites and 78 percent of leaders say that pragmatic solutions will be impossible to achieve because of partisan politics. And in fact, this partisanship extends to our sample. The Republican influencers in the survey had a variety of differences from Democrats (see the following tables for more specifics).



**REPUBLICANS ARE MORE CONCERNED ABOUT THE NATIONAL DEBT BUT ARE ALSO MORE LIKELY TO SAY THE ISSUE CAN BE ADDRESSED WITHOUT BOTH RAISING TAXES AND CUTTING SPENDING<sup>2</sup>**

Percent of Republicans and Democrats who:	Republicans	Democrats	Difference
Say it is very important to consider the federal budget when making policy decisions	77%	32%	45%
Strongly agree that if we do not get the debt under control, it will damage the economy in the long run	80%	39%	41%
Strongly agree that there are several policy approaches that will help the country and not cause the debt to significantly rise	58%	22%	36%
Disagree that both cutting spending and raising taxes are necessary to reduce the debt	44%	10%	34%
Are very worried that China and other countries hold too much of the national debt	49%	17%	32%
Have heard more in the past few months about the national debt from elected officials and advocacy leaders that they agree with	45%	21%	24%

**DEMOCRATS ARE LESS LIKELY TO BE CONCERNED ABOUT THE DEBT AND ARE MORE LIKELY TO SAY THAT ELECTED OFFICIALS ARE ADDRESSING THE ISSUE**

Percent of Democrats and Republicans who:	Democrats	Republicans	Difference
Say investing in jobs, rather than reducing the national debt, among other options, is the best way to get the economy back on track	54%	24%	30%
Say benefits such as Medicare and Social Security should be preserved over education and defense when trying to cut federal spending	51%	27%	23%
Say a bipartisan commission is needed to come out with recommendations on reducing the national debt	57%	38%	19%
Say that these days elected officials are factoring the national debt in their policy decisions	26%	7%	19%
Underestimate the percentage of total economy that the debt currently represents, saying it is around 30 percent	29%	12%	17%

<sup>2</sup> Forty-six percent of influencers identify themselves as Democrats, 24 percent as Republican and another 24 percent as Independent. Leaders who are not in government positions or in partisan organizations are more likely to identify themselves as Independent than those in the elite sample.

## Divided on Priorities

When it comes to setting priorities for actual spending cuts, the influencers are divided again. We found 49 percent of both elites and leaders saying that when it comes to cutting federal spending it is more important to preserve investments such as education and national defense, compared with 42 percent of elites and 42 percent of leaders who say it is more important to preserve entitlements such as Social Security, Medicare and Medicaid.

## Misreading the Yardstick

One of the most widely accepted measures of the national debt is to compare it to gross domestic product, or the total size of the U.S. economy. This is also at the core of efforts to set a "budget target" for the United States government. The Committee on the Fiscal Future, the Peterson-Pew commission and the Center for Budget and Policy Priorities all called for setting a national budget target based on a ratio of debt to GDP, with recommendations ranging from 60 percent to 70 percent.

Unfortunately, the "beltway influencers" we surveyed have little knowledge of what this ratio is now and less sense of what an acceptable target would be.

Only 12 percent of leaders and 8 percent of elites correctly identified the current ratio of public debt to GDP (53 percent). The largest group, about 3 in 10 leaders and 14 percent of elites, say that the ratio is much lower, at about 30 percent of GDP. About a third say it is around 60 percent or higher. Fully 20 percent of elites and 11 percent of leaders say they didn't know.

What percentage of GDP do you think the national debt represents as of today?	Leaders	Elites
About 30 percent	33%	14%
About 40 percent	22%	15%
About 50 percent	12%	8%
About 60 percent	10%	14%
About 70 percent	4%	16%
Higher than 70 percent	8%	13%
Don't know	11%	20%

And while the Committee on the Fiscal Future recommends a goal of 60 percent (a goal the Peterson-Pew commission also endorsed), only 2 percent of leaders and 1 percent of elites choose that as a target. When asked what percentage the debt should be "to allow the government to sustain essential services without harming the overall economy," 58 percent of leaders and 42 percent of elites say it should be around 30 percent of GDP (the smallest available answer on our six-point scale).

What percentage of GDP do you think the debt should be in order to allow the government to sustain essential services without harming the overall economy?	Leaders	Elites
About 30 percent	58%	42%
About 40 percent	10%	22%
About 50 percent	8%	7%
About 60 percent	2%	1%
About 70 percent	--	--
Higher than 70 percent	1%	1%
Don't know	15%	28%

The fact that 6 in 10 of the leadership group set the bar much lower than budget experts and economists (and three independent commissions) shows a serious gap between different policy elites on this topic and raises a serious knowledge challenge for the Fiscal Future project.

## Conclusions

While few if any of the people we surveyed are among the critical budget decision makers in Washington, such as officials at OMB or CBO or staffers at the congressional budget committees, the leaders we surveyed all engage with the budget in some way. And the opinion elites provide the context for just about everything that gets done in Washington. For good or ill, these two groups define the boundaries of what is possible or worthwhile in government. If they think something is practical and smart politics, then that increases its chances of being on the agenda. And while their belief that a policy is quixotic or even politically suicidal doesn't automatically kill it as an option, it does make it more marginal and less probable.

It's not unusual to see leaders and the public define an issue differently. Leaders often feel they have a better technical grasp of the issue than the public does, and just as often feel they know what to do if the public would just let them do it.

The federal budget is different. It's true that in several areas the "beltway influencers" may be ahead of the public. They know federal finances are on an unsustainable path, and they believe it will take both tax increases and spending cuts to do that. And like the public, they see the national debt as an important but secondary priority to job creation.

Yet our research also suggests that these leadership groups are unclear on at least one vital concept: the ratio of debt to GDP as both a guide and a target. Additionally, by saying that partisanship will block realistic action, these leaders seem to lack confidence in the political system's ability to deal with the budget problem.

In these respects, the leaders we surveyed mirror the general public. There can be little doubt that most Americans wouldn't know what the debt-to-GDP ratio is, or why it matters. And, of course, from the general public's point of view, recent surveys by multiple organizations show that frustration and a lack of faith in government's ability to solve problems is widespread.

But the people we surveyed are part of the government, as well as the people who surround, lobby and advise it. If they believe that practical solutions exist, but that they lie beyond the reach of our political system, then that is a damning indictment of our politicians—and of the respondents themselves.

Therefore, the major barrier to getting influencers to act on the federal budget is their own belief that the system isn't working. That said, if armed with practical solutions to these political and engagement challenges, the "beltway influencers" might be able to implement practical solutions to the budget itself that they already know are out there.

The research shows that the debt-to-GDP target concept does not resonate with this audience, despite its acceptance by nearly all the budget policy groups. On the other hand, unlike many of the other budget options, the target hasn't become a politically polarizing concept either. The debt-to-GDP question is as much a knowledge deficit as anything else, and in the world of engagement, knowledge deficits are comparatively easy to change. Indeed, the fact that this knowledge deficit exists among people who are educated and well-informed means that it may be easier to address than with the general public. Briefings, joint statements by interest groups, op-eds and other techniques all hold promise here.

Finally, there is the question of urgency. The influencers' belief that job creation and the overall health of the economy is a more important priority right now than the federal budget is hardly radical; most budget experts and the public would agree. But it is vitally important that the federal budget be next in line once the economy recovers, and that is a message that needs reinforcement with this influential group.

In effect, policymakers need tools that allow them to get past the barriers they see with both the public and each other. Putting the budget back onto a sustainable path will require enabling policymakers to tunnel through the walls they and our current political system have built around them.

## Methodology

The survey was fielded by Harris Interactive® from February 10 to March 9, 2010. Participants included a total of 303 "beltway influencers," comprised of 150 DC opinion elites, including 50 government employees (congressional staffers and executive branch), 46 media employees and 57 thought leaders from NGOs, interest groups, foundations and associations. The D.C. opinion elite surveys were conducted online and figures were weighted on age, sex, education, race, household income and education where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for the D.C. opinion elite respondents' propensity to be online. Leadership interviews were conducted via telephone and were not weighted.