CONSENSUS AND CONFUSION: AN EXAMINATION OF PUBLIC SALIENCE AND MISPERCEPTIONS OF U.S. BUDGET DEFICITS AND NATIONAL DEBT

by

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DISSERTATION ABSTRACT

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Title: Consensus and Confusion: An Examination of Public Salience and Misperceptions of U.S. Budget Deficits and National Debt

A belief that reducing the budget deficit is important has long been a matter of exceptional public consensus in the U.S. As a political issue, the budget deficit is often the framing issue around major policy debates in Washington D.C. However, the public has deep and fundamental misperceptions about the deficit, which exceed misperceptions relating to other economic indicators. This dynamic diminishes the degree to which the public can send meaningful signals to its representatives on budgetary preferences, and weakens the democratic accountability of office-holders. Polling also indicates that mainstream economic opinion about the benefits of federal stimulus in a slow economy lacks credibility with the public. Therefore, understanding the nature and predictors of public misperceptions on the deficit, as well as the predictors of public salience with regard to budget imbalance, is important for understanding modern American politics.

This dissertation improves upon the current understanding of public opinion on the budget deficit through a longitudinal examination of public salience of the budget deficit issue spanning the George W. Bush and Barack Obama administrations, and the development and analysis of a survey that resolves open questions about public perceptions of the issue. I find that public misperceptions on the deficit run deeper than
previously understood, are significantly predicted by an individual’s approval or disapproval of the president, and are a significant predictor of increased salience of the issue. I also find that among various theories of the predictors of salience of the budget deficit issue to the public, agenda-setting by the media, a durable issue ownership for reducing the deficit in favor of Republicans, and substantially higher salience of the issue for men, have the most explanatory power for understanding public salience of the budget deficit issue. I also find that variation in the relative size of the deficit itself is not a significant predictor of public salience, exemplifying how public opinion on the issue is alienated from democratic accountability.
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CHAPTER I
INTRODUCTION

A national budget is an embodiment of a nation’s values and priorities. Throughout its history, the idea of balanced federal budgets has been imbued with a notion of moral rectitude in the U.S. This element of American political thought and culture, present from the Founding, has been borne out in the modern era of public polling, which has shown that large majorities of Americans tend to believe that achieving balanced budgets, and avoiding budget deficits, is important (Roper Center, 2013). Andrew Kohut, former President of Gallup and Pew Research Center said in 2012, “In my years of polling, there has never been an issue such as the deficit on which there has been such a consensus among the public about its importance…” (Kohut, 2012).

The “consensus” to which Kohut refers does not mean that the budget deficit is always at the top of the public’s list of concerns; the issue rises and falls in public salience, for reasons that will be investigated in this dissertation. Rather, the issue’s public salience in the U.S. is particularly resilient. In American politics, the deficit issue has been particularly salient since the mid-1970s, and at certain political junctures has been dominant. [Note: I will use “deficit issue” in this dissertation to mean specific attention to the issue of the deficit in dollars and as a percentage of GDP].

For presidents, the deficit issue can be a very frustrating constraint on their political agency. Presidents looking to stimulate the national economy are often faced with surveys showing that Americans prefer balanced budgets to economic growth, and will express a preference for reducing deficits in the midst of a recession (Sherman, 2013).
National press accounts during the Clinton and Obama administrations document how the deficit issue consumed both presidents, dividing their administrations and severely diminishing their ability to deliver on the types of economic programs they stumped for during their campaigns (Risen, 1993; Calmes 2010). Both Clinton and Obama (the former following the “Perot Revolution” and the latter quickly facing the Tea Party) considered public agitation about the annual deficit and accumulated national debt to be a firm political reality. Between 2010 and 2014, the deficit was “the framing issue around nearly all policy debates, from Afghanistan to entitlements to energy policy to the environment,” (Pew, 2013).

The salience of the deficit issue to the public and policymakers, however, coexists beside a seemingly incongruous fact: there is little clear evidence that high levels of deficit or debt to GDP ratios hurt the U.S. economy. In fact theories about deleterious effects of federal deficits and debt – that they cause inflation, and/or will raise interest rates and “crowd out” private investment - have often been debunked (White and Wildavsky, 1989; Herndon et al., 2013; Ostry et al., 2015). In addition, deficit spending has been a fundamental component of U.S. economic policy since the 1970s, and the U.S. economy has at times been strongest during periods of relatively high deficits and debt (Plotkin and Scheuerman, 1994). The fact that the public discourse tends to support the assumption that federal debt presents a danger by definition does not make sense for a national economy.

The Problem of Public Misperceptions of the Deficit Issue

In 2009, the effects of the Great Recession, the prolonged wars in Afghanistan and Iraq, tax cuts passed during the George W. Bush administration, and President Obama’s
stimulus bill (the American Recovery and Reinvestment Act) caused the deficit to hit a post WWII high of 9.8% of GDP (CBO, 2009b). However, in January 2010, the deficit began what would be the fastest rate of reduction in 60 years, spurred by a slowly recovering economy, budget cuts, and a tax increase on the highest earners. By FY 2013, the deficit had come down more than 50%, from $1.4 trillion in FY 2009 (9.8% of GDP) to $680 billion in FY 2013 (4.1% of GDP) – the largest four-year decline in the deficit since 1950, soon bringing the deficit below its fifty-year national average in the U.S. (St. Louis Fed.org)

Despite the fact that the decline in the deficit began in January 2010, the deficit was one of the most salient political issues in public polling for the next several years, and was shown to be particularly salient in key elections over the period (Calmes, 2010a). More strikingly, in February 2013, a national Bloomberg poll found that 94% of the public did not know the deficit was getting smaller; in fact, 62% thought it was growing, 28% believed it was staying about the same, and only 6% correctly believed that it was shrinking (Lewison, 2013). In December 2013, only 29% of respondents in a Pew poll said that the country had made progress on reducing the deficit, with more than twice as many (66%) saying the country had not made progress (Pew, 2013). And the percentage of Americans rating “reducing the federal budget deficit” as a top priority had increased from 53% at the start of Obama’s first term to 72%, which was the highest percentage Pew had registered stretching back to 1994.\(^1\)

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\(^1\) Until 2002, Pew asked about the “national debt” rather than the budget deficit.
Political misperceptions are common in the U.S. (Ramsay et al., 2010), and are important, in part, because they have been shown to influence policy preferences (Bartels, 2002; Hauser and Norton, 2017; Howell and West, 2009). However, research also indicates that on some issues, individuals can use short-cuts and heuristics, such as the positions of the political parties, to identify policies that represent their perceived interests without requiring the individual to be well-informed (Lupia, 1994; Popkin, 1993). In this dissertation, I will argue that public misperceptions about the deficit and debt are not significantly aided by heuristics, but in fact generate distortion in the democratic relationship between the public and its representatives.

Public misperceptions on the deficit issue are more acute than with most other economic indicators; for example, about half of the electorate tends to be within one or two points of the correct unemployment rate (Popkin, 1994; Zukin and Van Horn, 2016). The deficit also differs from issues like unemployment and economic growth because a general understanding of the overall economic consequences of variation in these indicators is generally shared among economists.

Perhaps the most consequential misperception about the deficit is that much of the public harbors the economic misunderstanding that cutting the deficit is a road to short-term economic recovery and increased employment (Sherman, 2013). This perception is at odds with the analysis of most economists, and federal agencies such as the CBO, who generally support the idea that federal spending is important for economic recovery (CBO, 2013; Herndon et al., 2013; Montgomery, 2010). In fact, research has shown a particularly large gap between the public and mainstream economists with regard to the budget deficit issue (Blendon et al., 1997), a gap which was particularly evident during
the Great Recession which began in December 2008 (Aziz, 2014; Makin 2013; Soltas, 2013). In short, a majority of the public in the U.S. does not appear to find mainstream economic opinion relating to the benefits of economic stimulus (to the degree that the opinion is heard at all) to be credible. Expert opinion can be wrong, but in the case of budget deficit politics, mainstream economics tend to be alienated from the political discourse. In this dissertation, I examine why this is the case.

**Problems Relating to Democratic Accountability**

Political psychologists examine the degree to which, through preference formation, individuals can send meaningful signals to politicians and other political elites (Althaus, 2006; Dahl, 1989; Leeper and Slthuus, 2014). When the public rates the deficit as a high priority in opinion polls, it sends strong signals to its representatives that it wants action on deficit reduction. However, a public which is largely unaware that the deficit is decreasing, as it tended to be during both the Clinton and Obama administrations (Roper Center, 2013; Pew, 2013), presents a political problem. If the public misperceives the deficit’s trajectory, then the signals it sends to legislators could be meaningless or reversed.

An illustration of how this signal scrambling can work relates to the intuitive possibility, which I investigate in Chapter V, that the public does not understand the distinction between the deficit and the debt (there does not appear to be published research on this question in the U.S., although Johnson (2012) found it to be the case in the U.K.). The problem with misunderstanding the distinction between the deficit (annual budget imbalance, 3.43% of GDP in FY 2017) and the national debt (accumulated deficits, 75.1% of GDP in FY 2017) is that they’re not interchangeable signifiers of the
U.S. government being “in the red.” Deficit reduction under President Obama was rapid enough to alarm an array of economists. However, while economic growth can reduce the debt to GDP ratio, federal debt cannot be paid down unless the yearly budget is in surplus – a circumstance that hasn’t been in effect since the period between 1999 and 2001. If an individual doesn’t know the distinction between the deficit and debt, and is informed, “the debt doubled under President Obama and Congress” they would likely have a picture of fiscal profligacy, rather than potentially harmful fiscal austerity. This creates clear problems for communication and signaling from constituents to legislators.

My research bears on scholarly disagreements regarding what constitutes substantial democratic accountability. Many scholars have argued that for a democracy to be successful, an educated public that can recognize its interests and determine the distinction between facts and propaganda is necessary (Delli Carpini and Keeter, 1996; Patterson, 2013). However, other scholars have argued that politically sophisticated citizens aren’t necessarily a requirement for a well-functioning democracy, as voters can use shortcuts and heuristics, including the general positions of the political parties, in order to have a sufficient understanding to vote in their own interests (Lupia, 1994; Popkin, 1993). I argue that there are factors inherent in the budget deficit issue that disconnects it from retrospective evaluations which could hold elected officials accountable for their performance in office. As Bratton (1994) states, “If there is little connection between assessments of past performance and beliefs about future competence…how can effective democratic accountability be assured?”

What predicts misperceptions and concern about the budget deficit? In this dissertation, I primarily examine this question in relation to public opinion polls, rather
than voting. This is largely because, while data on the impact of the budget deficit issue on voting is mixed, I endeavor to show that public opinion on the budget deficit, as measured by both public and internal party polling, matters, given the evidence that the published output of major polling organizations is watched and reacted-to by politicians and their staffs (Kingdon, 1984). When the deficit issue is salient, as it was during much of the Obama administration (Chapter IV), it can become a dominant political issue - in between elections – which impacts public policy.

Because public perceptions on the budget deficit issue are ridden with misperceptions, the dominant result when the issue is salient, I will argue, is to pull public policy away from the opinion of most economists. While experts aren’t always correct, the lack of public credibility of stimulus spending (and avoiding budget-cuts) in a recession or slow economy creates a situation where mainstream economic opinion is largely left out of the political dialogue. Understanding the causes of misperceptions and salience of the deficit issue could present a basis for better public education on the issue, and reducing the gap between the public and economists.

There has been relatively little sustained analysis of public opinion on the deficit and debt, either regarding individual perceptions or variation in public concern over an extended time period. However, the political psychology literature pertaining to preference formation provides a good basis for understanding the salient issues, and for developing a theoretical template for the empirical studies later in this dissertation.

**Chapter Layout**

In Chapter II, I present a literature review, which examines the most relevant theory in political psychology pertaining to misperceptions and preference formation. The
chapter presents a number of contested theories on the drivers of public opinion in deficit politics. While there has been relatively little sustained analysis of public opinion on the deficit and debt, the literature pertaining to preference formation provides a good basis for understanding the salient issues, and for developing a theoretical template for the empirical studies in later chapters.

In Chapter III, I provide an overview of the history of the deficit issue in the U.S., which examines how America’s normative concerns on the deficit issue were developed, and how budget dominance between the branches changed over time.

In the latter half of the chapter, I build on previous work on America’s normative perspective on budget deficits by identifying what I call the “posterity frame,” a rhetorical frame used frequently by presidents and many other policymakers wherein federal debt is framed as an unfair burden on posterity or “future generations.” I argue that it is important to place this rhetorical frame in the context of the durable American virtue of self-reliance, and helpful to examine it through the theoretical lens of “reproductive futurism,” in order to both understand its prominence in the discourse and its potential long-term issue framing effects on public opinion.

Chapter IV presents an analysis of the deficit and debt issue during the Bush and Obama administrations from 2001 to 2015. This chapter presents new relevant data, identifies patterns in the political dynamics of the issue (including the important role of public opinion), and presents arguments to account for the increased salience of the issue during the Obama administration. This chapter also presents a basis for the questions examined and the variables employed in the regression modeling in the chapters that follow.
Chapter V presents a unique account of how individuals understand the deficit through the development of an analysis of an original survey administered to respondents on Amazon’s Mechanical Turk. By combining questions focused on the deficit and debt with the more conventional survey questions, and examining the results through regression modeling, this study expands the existing evidence regarding the best predictors for individual knowledge and concern about the issue.

Chapter VI presents a stacked cross section of Gallup data across the administrations of George W. Bush and Barack Obama, to examine variation in public opinion on the budget deficit. It combines Gallup polling with economic and political data, and through regression modeling presents analysis for adjudication among the contested predictors of public salience on the deficit issue.
CHAPTER II
LITERATURE REVIEW

While there has been relatively little research examining public opinion and budget deficits in the U.S., and there exist a number of open questions, there is a great deal of political theory on misperceptions and preference formation that orient this inquiry and inform the hypotheses that tested later in the dissertation.

Previous Work on Political Misperceptions

Nyhan and Reifler (2012) define political misperceptions as “beliefs about policy or politics that are factually false or contrary to the best available evidence.” Political misperceptions are common in the U.S., including misperceptions about budget deficits and surpluses. The public was skeptical, for example, that the budget was balanced in 1998 (Roper Center, 2013). The public also tends to substantially overestimate the amount of the budget devoted to paying interest on the national debt (Kohut, 2011).

Research has shown that political misperceptions are often the result of motivated reasoning, in which an individual’s prior attitudes bias the way that they process new information (Burdein et al. 2006; Kim et al. 2010). Political misperceptions have often been found to be motivated by partisanship. In fact, partisan predispositions, among weak partisans as well as strong partisans, have been shown to have a significant impact on individual answers to objective questions including the size of the deficit (Bartels, 2002) as well as the unemployment and inflation rates (Burden and Hillygus, 2009; Shani, 2009; Tilley and Hobolt, 2011). Misperceptions can also be driven by feelings about the president, rather than partisanship (Kull, 2003).
Political misperceptions are important to understand because extensive research shows that they can drive policy preferences (Hauser and Norton, 2017; Howell and West, 2009). They have been shown to drive preferences in foreign policy (Kull, Ramsay, and Lewis, 2003), economic policy (Bartels, 2002), and electoral decision-making (Weeks and Garrett, 2014).

Kull (2003) found that misperceptions of the Iraq war were the strongest factor predicting support for the war. And Hauser and Norton (2017) found that misperceptions about inequality, rather than inequality itself, drive preferences on redistributive policy. Hochschild and Einstein (2015) write, “political activity in accord with…misinformation can lead to irresponsible governance and bad policies, with at times devastating societal consequences.”

It should be noted, however, that more uniform perceptions can emerge among partisans over time. For example, even “Strong Republicans” eventually agreed that the economy had improved under President Bill Clinton (Bartels, 2008). Similarly, Christiansen (2013) finds that in the year following the start of the Great Recession in 2008, the gap between partisan perceptions narrowed, with partisans of both parties eventually understanding that the economy was in trouble.

In the U.S., generally high levels of salience for the budget deficit issue can also partially be explained by the fact that Americans tend to have a more negative view of the U.S. economy than is actually warranted (Cappella and Jamieson, 1997; Patterson, 1996). Blendon (1995) found that when respondents were asked about trends in the budget deficit, as well as in inflation and unemployment, two-thirds of participants responded in each case that the issue had gotten worse, even though there had been substantial
improvement in all areas over the previous 5 years. Some political scientists have argued that this is partially the result of political news coverage becoming significantly more adversarial since the 1960s (Cappella and Jamieson, 1997; Patterson, 1996).

**Previous Work on Issue Salience in American Politics**

Political scientists have alternately defined “salience” as a “weight individuals attach to political information” or “the degree to which information is uppermost in people’s minds.” (Wlezien, 2005). This dissertation addresses the second definition, which Mellon (2011) notes has the advantage of fitting with political science literature on public opinion as well social psychology literature on decision-making (Tversky and Kahneman; Zaller, 1992). This literature supports the idea that people make decisions based on information that is most readily available to them.

Understanding public salience of the deficit issue in America requires an understanding of the symbolic power that balanced budgets have long held in American politics (Morgan, 2009; Savage, 1988). Balanced budgets in the U.S. have not just been about economics, but also about morals. In his book on the subject, *Balanced Budgets and American Politics* (1988), James D. Savage emphasizes how the Founders’ fear of the corrupting influence of national debt set a course for a tradition where balanced budgets are seen as a form of moral rectitude. This helps explain why the U.S. has consistently been more concerned with budget deficits than similarly developed nations.

Understanding the public salience of issues is important for political science, in part, because public issue salience affects the behavior of legislators. Policymakers decisions are affected by what Kingdon (1984) calls the “national mood,” which legislators learn from opinion polls as well as constituent contacts (Kingdon, 1984; Lowi
et al., 2013; Yeager et al., 2011). Voters are more likely to rely on their attitude towards the issues they believe are important when evaluating candidates or deciding their vote (Edwards et al., 1995; Krosnick, 1990). In turn, public policies tend to track with the public mood and the issues that citizens indicate are important to them (Jones, 1994; Stimson et al., 1995).

The predictors of public salience of the deficit issue are ambiguous and contested, and this section’s review of the theoretical literature on issue salience is divided by different theories pertaining to the salience of the budget deficit issue.

“Objective Seriousness” of the Issue

While this dissertation has covered influences on public salience, such as partisanship and views of the president, there is evidence that public judgments of national importance of political issues can “rise and fall according to changes in the objective seriousness of national problems,” (Miller et al., 2016). Iyengar and Kinder (1987) found that real world problems affected the salience of inflation, unemployment, and energy policy (see also Behr and Iyengar, 1985; McCombs and Shaw, 1972; Wlezien, 2005).

While I’ve emphasized misperceptions of the deficit in this dissertation, Pew polling shows points in time when the relative size of the deficit seems logically linked to its ranking in public opinion. For example, in 2002, a few years after the federal budget was balanced, perceptions that the deficit was a “top priority” reached a low of 35%. As the deficit began to rise in 2003, and particularly when it spiked in 2009, so did the percentage of the public rating it a top priority (Pew, 2013). In chapter VI, I examine
with regression modeling the question of whether public salience is significantly predicted by changes in the deficit as a percentage of GDP.

**Economic Conditions**

Some political scientists have argued that public opinion on the budget deficit is representative of public concerns about general economic conditions. Fisher (2005) points to the evidence that suggests an improving economy reduced the salience of the rapidly increasing deficit during the Reagan administration. Sides (2010) looking at voting and deficit trends in the U.S., argued that the salience of the deficit is a function of the economy. It is possible that since elites have long linked various economic ills (often inaccurately) to the deficit and debt, a bad economy and a high deficit could be linked in the public consciousness.

Of course, there is the economy and then there are individual *perceptions* of the economy, which is subject to motivated reasoning as discussed earlier. In this dissertation, I’ll present evidence that while both can predict salience of the deficit issue, the effect appears to be relatively modest.

**Partisanship and the Presidency**

Polling has shown that the salience of the budget deficit issue tends to spike for the party that is locked out of the White House (Pew, 2015). This has been particularly true over the past decade, apparently spurred by increased political polarization (Tesler, 2015). Much as motivated reasoning can impact one’s perception of facts, it can also simply cause individuals to view the significance of facts differently (Gaines et al., 2007; Jerit and Barabas, 2012).
Approval or disapproval of the president also has been shown to exert its own influence on individual perceptions of issue salience (Bratton, 1994). When examining support for the Iraq war, Kull (2003) found that Party ID didn’t predict support for the war after controlling for the intention to vote for president.

**Issue Ownership**

Research shows a tendency for the public to view the Republican and Democratic parties respectively as better on some issues, and worse on others, which can increase or decrease the salience of issues without regard to specific policies and events (Budge and Farlie, 1983; Petrocik, 1991; Petrocik et al., 2003). The theory of issue ownership suggests that parties and candidates work to engage voters by emphasizing issues in which their party is viewed as competent. In turn, parties tend to gain support in elections when issues they “own” become salient (Petrocik, 1996). Specifically Republicans tend to be publicly perceived to be for lower taxes and fiscal discipline, whereas Democrats, while usually seen as the more compassionate party, are also viewed as the party of “tax and spend,” (Modigliani and Modigliani, 1987). These stereotypes of how individuals tend view the parties are very durable.

While presidents tend to bear the brunt of public blame for economic problems (Hansen, 1998), this can be weakened by issue ownership. Specifically with regard to the budget deficit, Republican Party has maintained a reputation for being better as at reducing the deficit, even after substantial deficit increases under Republican presidents (Lanoue, 1991; Bratton, 1994). In the 1988 presidential election, twice as many voters selected Republicans as the better party on the deficit, despite the fact that the deficit had reached a post-WWII high under a Republican administration (Lanoue, 1991). While the
deficit issue was salient to the public in that election, and the public was aware that the
deficit had spiked significantly under Reagan, voters didn’t punish the GOP on the issue
at the ballot box because most believed the party would be better at handling the deficit in
the future, (Bratton, 1994).

Specific budget circumstances lead voters towards particular preferences: when the
federal government is running a deficit, the public favors cutting discretionary spending
rather than increasing taxes, and in times of surplus, the public prefers increased spending
to cutting taxes (Jacobson, 1990). Considering that in the modern era, the budget has
been in deficit far more often than it has been in surplus, it is clear why the issue may
tend to boost the political fortunes of Republicans.

What perpetuates the stereotypes of issue ownership? Egan (2013) finds that
parties own issues because they make them a priority, and that Americans credit the
parties for efforts, not results. He notes that this “arguably reduces the incentives of those
who govern to develop sound, effective policies on important issues. This in turn has
important consequences for our understanding of political representation and
accountability in the United States.” Egan finds that while the deficit was a Republican-
owned issue from 1975 to 2010, the budget deficit was reduced significantly more under
Democratic presidents.

**Agenda-Setting and Elite Influence**

Agenda-setting is one of the most widely-employed theories of mass
communication. The agenda-setting hypothesis holds that public opinion tends to reflect
the prominence of media coverage that an issue receives (Dumitrescu and Mughan, 2010;
McCombs, 2004), wherein increased media coverage of an issue increases the salience of
that issue to the public (Mazur and Lee, 1993). Judgments about the national importance of issues can rise and fall in accordance with the volume of media attention the issue receives via agenda setting (Erbring et al., 1980; Miller and Wanta, 1996). Issues that the public considers “most important” tend to closely follow news patterns (Iyengar and Reeves, 1997).

Agenda-setting theory places a focus on the role of elites in preference formation (Berinsky, 2009; Page and Shapiro, 1992; Zaller, 1992). As Tesler (2015) notes, “…mass issue preferences are largely informed by cues that citizens take from groups and politicians that share their values.” Political elites wield influence largely through the mediums of broadcast, cable, and Internet news (Berinsky, 2009; Page and Shapiro, 1992;). However, news organizations themselves also have the ability to “set the agenda” on matters of public consideration (McCombs, 2004).

A question examined in this dissertation is whether media effects on the deficit issue are particularly significant because it is an “unobtrusive” issue. Zucker (1978) identified issues as obtrusive when the public has direct experience with the issue, and unobtrusive if it is an issue that the public doesn’t contact. While Zucker doesn’t cover the deficit, unobtrusive issues tend to be more subject to agenda-setting effects and are more dependent elite cues than obtrusive issues (Iyengar, 1979; Weaver, 1991). And importantly, research does not support the presence of a “reverse agenda-setting effect,” where the public exerts significant influence on the content of news broadcasts (Zhu and Boroson, 1997).

Jaspersen et al. (1998) is one of a limited number of published studies specifically using public opinion on the deficit as the dependent variable, although their focus was
only on a period of several months. They investigated why Roper Center’s rating of the budget deficit as the “Most Important Problem” facing the country spiked from 5% at the end of October 1995 to 20% by the beginning of 1996 (during the government shutdown). They found that the frequency with which the issue appeared in the news, and the manner with which the issue was framed, increased the ability to predict the salience of the issue to the public.

In the course of influencing the public, elites often make incorrect and misleading statements. Politicians’ rhetoric on the deficit and debt issue seems likely to exacerbate misperceptions, and potentially influence public salience, due to the fact that some of the nation’s most prominent politicians make confusing or false statements to the public on the issue, as will be covered in later chapters.

**Conclusion**

The literature review in this chapter presented contested theories about the predictors of misperceptions and the potential drivers of public salience regarding the budget deficit. While the public tends to express a consensus that reducing the budget deficit is important, public knowledge about the issue is particularly prone to misperceptions. I have argued that these misperceptions, in combination with high levels of concern about the issue, and the very prominent role that the budget deficit plays in national politics, presents problems for public policy and democratic accountability in the U.S. In the subsequent chapters, I will argue that the influence of issue ownership and agenda-setting are the strongest predictors for public salience of the budget deficit issue.
CHAPTER III

THE “NATIONAL OBSESSION” AND THE FLATTENING OF DISSENT: A BRIEF HISTORY

In this chapter, I’ll first present a brief history on the politics of national debt in the U.S. Then, turning to public opinion, I’ll examine a uniquely durable rhetorical frame that political elites have used on the deficit issue, which I call the “posterity frame.” I’ll argue the frame is rooted in the American ethic of self-reliance, and that when looked through the lens of the theory of “reproductive futurism,” has explanatory power with regard to public salience of the issue and the public’s bond with the idea that budget deficits are an economic problem by definition.

“A National Obsession”

The federal budget process in the U.S. has long been a battle between the president and Congress, although the nature of that struggle has transformed over time. In his book The Federal Budget: Politics, Policy, Process (1995), Allen Schick divides the history of the U.S. budget process into three primary periods: the first, from 1789 until 1921, characterized by “Congressional dominance, small government, and frequent surpluses”; the second, beginning with the Budget and Accounting Act of 1921 which empowered the president on budgetary matters, was characterized by “presidential dominance, the growth of the government…and frequent deficits.” The third period, which it seems appropriate to extend to the present, began with the Congressional Budget and Impoundment Control Act of 1974, which re-empowered Congress in budgetary matters by creating the Congressional Budget Office, as well as standing budget committees in Congress. This period has been characterized by large swings in the size of
the deficit, and intense conflict between the president and Congress in budget matters, as manifested in the history I present on the 2001-2015 period in Chapter IV.

America’s normative perspective on federal debt was set squarely in the first budgeting period that Schick identifies. It was exemplified by the struggle between Hamilton and Jefferson over whether the federal government should assume states’ debts following the Revolutionary War. For Jefferson, centralized national debt would inevitably lead to corruption and immorality; by concentrating resources in the hands of a small group of banking elite, Jefferson believed it could be fatal to his more decentralized version of freedom (Morgan, 2009). This position, common to the Founders, has been a durable influence on American politics.

America’s distinctive interest in balanced budgets was evident in the fact that the nation kept a relatively low debt load into the 1920s, with exceptions generally being a function of war and economic crisis. After winning the Revolutionary War, America was $54 million in debt (32% of GDP); this would be brought down to less than 10% of GDP for most of Jefferson’s presidency (St. Louis Fed). While America’s debt sharply increased after the war of 1812 (from $45 million in 1813 to $127 million in 1815), the debt was completely paid off during Andrew Jackson’s presidency; making it the only time in history a major nation was debt-free (Gordon, 2009).

Another spending surge during the Civil War brought the national debt from $65 million in 1860 to $2.76 billion in 1866, but years of strong growth brought it down to less than a tenth of what it had been after the Civil War prior to the start of America’s involvement in WWI in 1917. After reaching 25.5 billion at the War’s end in 1918, 11 consecutive budget surpluses brought the national debt down to 36% of GDP by 1928.
The rise of government debt that resulted from the advent of the Great Depression in 1929 was “the start of the very familiar political arguments about the role of government spending and economic growth,” (Phillips 2012). While Franklin Roosevelt had campaigned against unbalanced budgets, as president, he experimented with deficit spending to stimulate the economy. In one year, from 1930 to 1931, the national debt doubled, from $20 billion (20% GDP) to $40 billion (40% of GDP) (St. Louis Fed).

On the national scene, Roosevelt’s experiments with deficit spending coincided with the publication of John Maynard Keynes’ *The General Theory of Employment, Interest and Money* (1936) which re-shaped ideas about macroeconomics. Keynes’ promoted an “economic revolution” where instead of the traditional focus on balanced budgets, governments would pursue a policy of “full-employment” after temporary shocks, which included a key role for deficit spending. During recovery periods, Keynes encouraged action to reduce deficits.

World War II brought the federal government’s debt to an historic high of $241.86 billion (113% GDP). However, the federal government would continue to use deficit spending as a policy tool going forward. The Employment Act of 1946, signed by President Truman, empowered the federal government to stabilize inflation and unemployment. This “codified Keynesianism” and provided the federal government with the freedom to use deficit spending as a policy tool, as would be the case during every subsequent administration (Morgan, 2009).

“The Modern Era of High Pressure Deficit Campaigns”

The Congressional Budget and Impoundment Control Act of 1974, which provided Congress with the power to challenge the until-then dominant president on
budgetary matters, both institutionalized and intensified the conflict between the branches. Under President Gerald Ford, federal deficits reached the highest percentage of GDP that they had been in American history (from .4% of GDP in 1974 to 3.9% of GDP in 1976). Deficits became “chronic” thereafter, and the debt would steadily increase as a percentage of GDP except for periods under the Carter and Clinton presidencies.

In 1980, President Reagan inherited a relatively modest deficit of 2.7% of GDP. While Reagan’s economic team argued that they could significantly cut taxes and increase military spending without ballooning the deficit, it reached a post-WWII peak of 5.7% of GDP in 1983, and the national debt increased from 24.42% of GDP in 1980 to 38.83% in 1988. Future economic analyses, however, would show that the economic recovery that occurred during the Reagan administration was substantially aided by deficit spending (Plotkin and Scheuerman, 1994).

Ross Perot’s presence in the 1992 presidential campaign “had elevated deficit reduction to topic A,” wrote Bob Woodward in The Agenda (1994). “[B]alanced budget mania was now sweeping the country. The deficit problem had never been central to Clinton’s vision, but the Clinton team now realized they were obliged to include specific deficit reduction goals in the overall [budget] plan.”

President Clinton lamented the budget straightjacket his administration was in, but felt obligated to address the deficit issue in a way that seriously constrained his ability to lead the country. In June 1993, about 5 months into the Clinton administration, James Risen wrote in the L.A. Times: “[Clinton] now finds himself facing a Congress and a nation that seem to share Perot's obsession…the overriding emphasis on deficit reduction
means that Clinton will be able to offer far less than he hoped to the poor, the jobless, schools, or regions struggling with structural economic change,” (Risen 1993).

Despite, or perhaps because of, the intense partisan struggle between President Clinton and the Republicans who gained control of Congress in 1994, there was an historic balanced budget in FY 1998, the first balanced budget since the 1960s. This development, led by strong economic growth, spending cuts including in national defense, and a tax increase on high earners, allowed the federal government to begin paying down the national debt. With surpluses in FY 1999 and FY 2000, the CBO reported that the debt was on pace to be totally paid off within a decade (CBO, 2009).

The “Posterity Frame” and the Flattening of Dissent

Savage’s Balanced Budgets and American Politics (1988) is a canonical text on understanding America’s traditionally normative view on the national budget; however the author focuses on American governance, not the public. Savage emphasizes the importance of the Founders’ fears of “corruption” stemming from federal debt (with England as the Founders’ example) in setting a template for America’s attitude towards budgets in governance. To better-understand public opinion, however, I believe one must put America’s deficit morality squarely in the tradition of the ethic of self-reliance.

The philosophical influence of “self-reliance” (a derivation of the social theory of Individualism) in American culture is well-documented (Feldman 1982; Ghosh, 2003). Sniderman and Brody (1977) found that the ethic to be an extraordinarily durable American value. The researchers discovered distinctive markers self-reliance, “in overwhelming numbers,” throughout all levels of American society. “[Americans] believe they ought to take care of their personal problems by themselves rather than
believing that the government ought to provide them with aid,” which they noted was a “major restraint on the production of political demand.”

A logical manifestation of a national value of self-reliance is a government that shuns national debt, and the paternalistic dependency that debt can create. This is both derived and reinforced by the nation’s original separation from monarchy, as well as the “rugged individualism” that is characteristic of westward expansion. But why, after years of American presidents using deficit spending as a policy tool, does the public continue to harbor such a negative view of federal debt?

To understand public opinion, researchers have long emphasized the influence of elite communication and rhetoric. Political rhetoric has been defined by as “the strategies used to construct persuasive arguments in formal public debates and in everyday political disputes” (Condor et al., 2013). In my analysis, I examined presidential rhetoric on deficits and debt; in addition to the president being an historically key figure in budget matters, presidential speeches in have been shown to have substantial agenda-setting power (Iyengar and Kinder, 1987; Hill, 1998). I found a distinctly prominent tradition among presidents, when discussing federal debt and budget balance, in using what I call the “posterity frame.” In this rhetorical frame, national deficits and debt are portrayed as an unfair and immoral burden on future generations. While the word “posterity” itself is still used in this rhetoric, in the 20th and 21st centuries “our children and grandchildren,” as well “future generations” have often been used instead. While “our children and grandchildren” may be different than “generations to come,” I’ll show that the rhetorical frame is used in an identical way, particularly with the identification of a future “burden.”
Politicians regularly invoke children and matters of child welfare. Intuitive concerns about the well-being of children are common in political rhetoric, and are indeed a component of the posterity frame. However, the posterity frame is more than just an appeal to child welfare; these appeals are specifically aimed at “futurity,” invoking questions of inter-generational justice.

One explanation for the ubiquity of the posterity frame is that the Founders, including Washington and Jefferson, were particularly sensitive to the judgment of future generations (Hall & Gregg, 2008). The Founders had a “sense of fiduciary obligation to posterity,” noted American Heritage in 1976, “and they were animated by a not ignoble passion for fame. That passion assumed belief in posterity and dictated a concern for it. In a secular world posterity was a substitute for immortality; in an age of reason posterity alone could be the judge.” (“Commitment to Posterity,” 1976).

However, beyond the Founders’ personal interest in the judgment of posterity, much of the logic and power of the posterity frame comes from its invocation of the ethic of self-reliance. Notably, however, independence in the posterity frame is temporally reversed from the more common derivation of self-reliance as independence from paternalism. Instead, the posterity frame invokes (among other things, which will be discussed shortly) the primal desire of avoiding reliance on one’s children.²

“Posterity” is invoked in American political rhetoric in contexts other than the national debt. The preamble of the Constitution, after all, resolves to “secure the Blessings of Liberty to ourselves and our Posterity,” and a “posterity frame” has also

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² While not bearing posterity or politics, see David J. Ekerdt and Robert S. Weiss The Experience of Retirement (2005) on parental fear of dependence children.
been common in the rhetoric of environmental politics. However, when looking at the sheer prominence, volume, and durability of presidential use of the posterity frame in the matter of national debt, through different political and institutional contexts, it is clear that there is a distinct and meaningful link.

The posterity frame preceded the American presidency. In *Common Sense* (1776), Thomas Paine writes, “As parents, we can have no joy, knowing that this government is not sufficiently lasting to ensure any thing which we may bequeath to posterity: And by a plain method of argument, as we are running the next generation into debt, we ought to do the work of it, otherwise we use them meanly and pitifully.”

In Washington’s farewell address on September 17, 1796 he asserted, “As a very important source of strength and security, cherish public credit…avoiding likewise the accumulation of debt…not ungenerously throwing upon posterity the burden which we ourselves ought to bear.”

In the 19th Century, Presidents Andrew Jackson, Martin Van Buren, James K. Polk, Andrew Johnson, and Ulysses S. Grant used the posterity frame in some of their most prominent addresses. The frame has extended into the modern era: “For decades, we have piled deficit upon deficit,” said Ronald Reagan in his first inaugural address, “mortgaging our future and our children’s future for the temporary convenience of the present.” The posterity frame would appear in first joint addresses to Congress given by Presidents George W. Bush and Barack Obama.

In 1992, the posterity frame was predominant in the presidential campaign of Texas billionaire businessman Ross Perot, at a time when the budget deficit, due significantly to his efforts, was squarely at the center of American politics. Perot’s
presence in the 1992 presidential campaign “had elevated deficit reduction to topic A,” wrote Bob Woodward in The Agenda (1994). “[B]alanced budget mania was now sweeping the country.”

Perot’s infomercials, in which he would unveil charts showing apparently dire trajectories national deficits and debt, included prominent use of the posterity frame. “We’re 4.1 trillion in debt,” said Perot in his first infomercial. “That’s a staggering burden to place on our children. It’s unconscionable…”

While it’s difficult to say why the posterity frame has been so durable among Presidents and other national political figures, what is on firmer theoretical ground is interpreting the effect on the political discourse, and ultimately on public opinion. Rhetorical frames influence public opinion (Druckman and Holmes, 2004; Condor et al., 2013), and by invoking the classic American virtue of self-reliance, the ubiquity of the posterity frame may be effective in locking in the public’s general disdain for federal debt. However, there are additional theoretical reasons to believe that the persistence of the posterity frame in relation to federal debt solidifies public consensus that federal debt is a danger.

Appeals to the welfare of children have both intuitive and proven effects in engendering protective emotions (Kinsey, 2015). However, in social critique and in the analysis of environmental rhetoric, theorists have argued that appeals to “future children” can remove a message out of the realm of politics and into the realm of universal truth. In his critique of what he terms “reproductive futurism,” Lee Edelman (1998) writes that this artificial removal of an issue from the political realm “is also what makes them so
oppressively, and so dangerously, political….not in the partisan terms…but political in a far more insidious way.”

This theory was extended into the rhetoric of environmental politics by Johns-Putra (2017). Considering “the prevalence of the notion of posterity in popular climate change discourse,” she argues that representations of “future generations…readily conjures up an impulse toward protection, shelter, and guardianship.” “The emotional appeal of posterity as parenthood, and particularly the figure of the child,” Johns-Putra writes, “is not that it provides an answer as such to the question but that it allows us to bypass it. To discuss our obligations to future generations under the aegis of parenthood is to abandon notions of balancing priorities and rights in favor of an all-consuming attitude of care.”

This theory of “reproductive futurism” well-describes the flattened dissent that is characteristic to the rhetoric of the national debt generally in the U.S. The posterity frame is both a component of, and symbolic of, politics that allow the nation to “abandon notions of balancing priorities,” and that prevent national debt from being assessed, as promoted by most economists, in the context of national conditions.

Conclusion

In this Chapter, I provided an overview of the history of the deficit issue in the U.S. Employing Schick’s (1995) periodization of budget politics, we see that America’s normative concerns about federal debt were set squarely in the first period of Congressional dominance, growing in part out of the experiences of the Founders. The intense budget battles of recent decades are in part a function of Congress’ empowerment on budget matters through the Congressional Budget and Impoundment Control Act of
1974, which contributed to the budget standoffs that have resulted in, with a few exceptions, chronic deficits since the mid 70s.

In the second half of the chapter, I build on previous work regarding America’s normative concerns on the deficit by identifying the “posterity frame,” a rhetorical frame used frequently by presidents and other policymakers in rhetoric on budget deficits. I argued that this frame should be identified as a manifestation of the durable American virtue of self-reliance, in order to understand both its prominence in the discourse and its potential effects on public opinion. I also examined the “posterity frame” in the context of the theory of “reproductive futurism” which I argue helps explain the persistence of the framework and psychological reasons that help explain the salience – and flattened dissent – characteristic the national debt issue in the U.S.
CHAPTER IV
THE BUDGET DEFICIT ISSUE DURING THE
BUSH AND OBAMA ADMINISTRATIONS

Introduction

In this chapter, I analyze the budget deficit and national debt issue in American politics from 2001 – 2015 [Note: the period of analysis does not extend through the entire Obama administration, but instead stops with the end of FY 2015 on September 30, 2015.] This period is useful for analysis, because it was characterized by substantial variation in budget circumstances and political contexts, and encompasses presidents of two different parties. In this chapter, I will identify patterns of budget deficit politics that I argue work to lock in public misperceptions on the budget deficit issue, and maintain the perceptual gap on the issue between most economists and most of the public.

The research methods employed for this paper included analysis of economic data, Gallup and Pew Research Center polling data, and content analysis of coverage of the deficit issue in the *The New York Times* and *The Wall Street Journal*. To examine elite rhetoric, I also performed a content analysis of the long-running Sunday morning network political programs, and examined presidential speeches, CBO reports, and expert testimony to Congress over the period.

I will argue in this chapter that public opinion on the deficit issue is consequential in American politics. However, I will show how institutional relationships result in distinctly dysfunctional politics on the deficit issue, which are alienated from processes that are likely lead to either informed opinions or democratic accountability. In particular, I will argue that the Democratic and Republican debate over the budget deficit is
generally an ill-fitting proxy for more traditional partisan battles over taxes and spending; the deficit issue tends to be merely used as a way for each side to imbue their disfavored position with peril.

Finally, the analysis presented in this chapter will both provide a basis for understanding the research questions and variables I examine in the remaining chapters focused on regression modeling (which allow for a more granular analysis of public opinion) as well as to present a richer understanding of the politics of the budget deficit than regression models can provide. Analysis is primarily left for the final section in this chapter.

Table 4.1. Deficit and national debt as a percentage of GDP, 2001-2015.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Deficit% of GDP</th>
<th>Deficit (millions)</th>
<th>Debt% of GDP</th>
<th>Debt (millions)</th>
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<td>-2.30</td>
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<td>2015</td>
<td>2.42</td>
<td>438,496</td>
<td>73.10</td>
<td>13,247,211</td>
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</table>
Overview of the Deficit’s Trajectory: A “Trillion-Dollar Swing”

*Bush Administration*

The fate of the federal government’s budget surplus was a central issue in the 2000 presidential campaign between Governor George W. Bush and Democratic Vice President Al Gore. Bush’s core argument was that the surplus was “the people’s money,” which should be returned in tax cuts, with an expectation that the cuts would enhance economic growth. Gore argued that much of the surplus should be put into a “lockbox” in order to shore up entitlement programs.

Shortly before Bush’s inauguration, the CBO estimated a $236 billion budget surplus for the federal government in FY 2001, and projected that from FY 2009 to FY 2012, the government would run average annual surplus of over $800 billion a year (Leonhardt, 2009).

On June 7, President Bush signed the Economic Growth and Tax Relief Reconciliation Act of 2001 - a $1.4 trillion tax cut package - into law. The income tax rate changes were passed with sunset provisions, which scheduled them to expire in 2010. While it was widely expected that the tax cuts would be extended (as most of them were during the Obama administration\(^3\)), the sunset provisions allowed the legislation to avoid violating the Byrd Rule, which limited the amount the deficit could be increased beyond 10 years.

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\(^3\) On January 2, 2013, Obama signed the American Taxpayer Relief Act, which extended most of the Bush tax cuts, except for those on the highest-income taxpayers
The terrorist attacks of September 11, 2001 transformed the Bush presidency, and also quickly put additional strain on the economy. While FY 2001 ended with a budget surplus, it had been reduced by over $100 billion from the previous year as a result of the tax cuts, early military action in the war on terror, and reconstruction efforts (CBO, 2002).

By FY 2004, the deficit reached 3.36% of GDP, close to the nation’s historic average in the previous 60 years (St. Louis Fed). However, while economic growth caused the deficit to decline as a percentage of GDP for the next three years, the rate of decline was illusory due to the fact that the Bush administration omitted a number of costs from its budgets, including the full cost of the wars in Iraq and Afghanistan, the cost of the Alternative Minimum Tax (AMT) patch, the cost of the Medicare “doc fix,” and the cost of budgeting for disaster relief (Andrews, 2006). Future analysis would indicate that the omission of these costs allowed the Bush administration to avoid presiding over America’s first “trillion-dollar deficit” in FY 2008 (Gordon, 2009).

**Obama Administration**

On January 6, 2009, President-elect Obama gave a press conference that was focused on the budget deficit. He warned that his budget team had informed him that there would be a trillion-dollar deficit before the new administration began their new budget, as well as likely trillion-dollar deficits for years to come, even assuming an economic recovery; an analysis that would be confirmed the next day by the CBO (CBO, 2009a).

While the Obama administration would eventually make optimistic budget assumptions of its own, in February 2009, the administration banned many of the
accounting techniques that the Bush administration had used in presenting their budgets, as promised in the presidential campaign. The result of these accounting changes was the appearance $2.7 trillion more of federal debt over the next decade.

In June 2009, the CBO reported on the causes of the “$2 trillion swing” in the nation’s budget fortunes (CBO, 2009b). In January 2001, the agency had projected an $800-billion-a-year surplus from 2009-2012; now, it projected $1.2 trillion deficit in those years. The agency reported that the added debt was the result of developments in four broad categories: the recession (37%), new legislation passed by the Bush administration (33%), Obama’s extension of several Bush policies (20%), Obama’s stimulus bill (7%) and other Obama administration agenda items (3%). Nearly $1 trillion of Obama’s $1.4 trillion first year deficit (the highest percentage of GDP since WWII) had been “planned and approved” by President Bush (Leonhardt, 2009).

While the deficit would remain over a trillion dollars for several years, the overall trajectory reversed fairly quickly. In January 2010, the CBO reported that the deficit for FY 2010 would be $1.3 trillion, slightly lower than the previous year (Calmes, 2010). This downward trajectory would continue, spurred by economic growth, budget cuts, and tax increases on the highest earners, until the deficit reached pre-recession levels in 2014. Because of the spike in the budget deficit in FY 2009, however, and the lingering cost of war and recession, the national debt as a percentage of GDP over the course of seven years went from 50.9% at the end of FY 2009 (8 months into the Obama presidency) to 75.8% in FY 2016.
The Party Positions

*Republicans during the Bush Years*

When George Bush became president, he asserted that his primary goals were a tax cut package and paying down the national debt. However, when the economy hit recession in March 2001, the administration began to indicate that a deficit increase could be on the horizon. In April, Lawrence B. Lindsey, Bush’s chief economic advisor, said, “I think the president has a very standard economic prescription, one that has 70 years of economic science on its side, that the government should act in a countercyclical way,” (Uchitelle, 2001). “Countercyclical” is understood to represent the Keynesian economics of deficit spending in a slow economy.

The core of the Republican position on the deficit during the Bush years was that while tax cuts may add to the deficit in the short term, their stimulative effect would lower the deficit in the medium term. “Make no mistake about it,” President Bush said in an exchange with reporters after a cabinet meeting in November 2002, “the tax relief package that we passed…has helped the economy, and…the deficit would have been bigger without the tax relief package,” (Bush, 2001). On *Meet the Press* in December 2003, House Majority Whip Tom Delay (R-TX) said, “Tax cuts will lower the deficit and bring us to balance. That’s how we balance the budget. You cut taxes so it leaves more money in people’s pockets. They save. They invest. The economy grows. And from the economy, the revenues to the government grows. It’s history. It’s always happened that way,” (Meet the Press, December 21, 2003). Overall, the Republican budget position was summed up by House Budget Committee Chairman Jim Nussle (R-IA), in negotiations
over a new tax cut package in March 2004: “We don't believe that you should have to ‘pay for’ tax cuts,” (“Pay (and Cut Taxes) as you Go,” 2004).

While it was not part of the public rhetoric, some Republicans explained to reporters that the Party’s more favorable view on deficits in the early Bush years was also a function of the effect that deficits could have in reducing federal spending (Firestone, 2003). Rep. Sue Myrick (R-NC), member of the Republican Study Committee, a group that had been focused on reducing the deficit and promoting a balanced budget amendment during the Clinton years, told the Times, “Anything that will help us stop spending money, I'm in favor of…and if there's a deficit, that may help us,” (Firestone, 2003). Committee member Rep. Pat J. Toomey (R-PA) agreed, “the deficit will force spending down.” And R. Glen Hubbard, chairman of the White House Council of Economic Advisers, “acknowledged that reducing the size of government was a goal of the deficit plan,” (Firestone, 2003).

During President Bush’s first term, Republicans were often sharply critical of those that expressed concern about the deficit. “The last thing we need to do when we’re concerned about the national security of this country,” said Senator Rick Santorum (R-PA), “is be concerned about deficits,” (Meet the Press, December 15, 2002). Glen Hubbard, chairman of the White House’s Council of Economics Advisors, derided the “current fixation” with budget deficits, and called former Clinton Treasury Secretary Robert Rubin’s view that higher deficits caused lower growth “nonsense” and “Rubinomics” (Davis, 2002). Budget Director Mitch Daniels argued that critics shouldn't “hyperventilate” about the deficit,” (Davis, 2002). “Those [who] worry about the deficit,” said President Bush, in December 2003, “must first worry, I hope would worry first about
people being able to find work…I'm more concerned about somebody finding a job than I am about, you know, numbers on paper.” (Bush, 2002).

**Democrats during the Bush Years**

Democrats’ primary objection to the proposed Bush tax cuts was the potential of a return to deficit spending (Mitchell, 2001), and some past members of the Clinton administration expressed skepticism about the simulative power of deficit spending. In April 2001, Larry Summers, who had been Bill Clinton’s final Treasury secretary, argued that while “the old idea that deficits are simulative was good economics in the 1930’s and probably in the 1960’s,” this was no longer the case because interest rates were now determined by the long-term bond market, which preferred government surpluses (Uchitelle, 2001).

Because it was clear that the war on terror would incur major federal expenses, Democrats first walked the line in their public rhetoric of agreeing that a budget deficit might be necessary, without giving the Republicans’ a “pass” for the rapid transformation of the nation’s budget surplus into a deficit. “We have to balance the budget,” said Gov. Howard Dean on *This Week* in December, 2002. “It doesn't have to be immediately tomorrow, but we have to not have these deficits as far the eye can see. And Republicans always do that,”(This Week, December 22, 2002). However, by the end of 2002, Democrats were returning to harsher, more traditional rhetoric on budget deficits. Senator Kent Conrad (D-ND) said that raising the debt ceiling to pay for Bush’s tax cuts and spending showed that “the Bush administration is wanting our children and grandchildren to pay our bills,” (“Treasury Asks for Raise of Debt Ceiling,” 2002). “Where have all the
Republicans budget hawks gone?” asked Democratic Leader Nancy Pelosi. “They have become an endangered species,” (Firestone, 2002).

While the apparent size of the deficit was minimized by the Bush administration’s budgeting practices, until FY 2008, the deficit would still likely have been within a normal range of GDP with regard to the previous 30 years of American fiscal policy, even if the omitted costs were included. However, by the time the 2004 presidential campaigns were underway, condemning the “Bush deficits” was a core campaign strategy for Democrats. “[Bush] has a half-a-trillion-dollar deficit,” said Howard Dean. “Where do these Washington people think this money comes from? This is crazy. You can't do this. You have to balance the budget,” (Meet The Press, Feb. 1, 2004). John Kerry, the front-runner for the Democratic nomination, said the deficit was becoming a “cancer” on the economy, (“Kerry Slams Bush Over Deficit, 2004). “Nothing threatens future growth more than a federal budget that’s out of balance,” Kerry said at a rally in Minnesota, (Kerry, 2004).

In 2006, some Democrats threatened to not raise the federal debt limit in protest of the deficit. In March, speaking on the Senate floor, new Senator Barack Obama (D-IL) stated, “Washington is shifting the burden of bad choices today onto the backs of our children and grandchildren. America has a debt problem and a failure of leadership. Americans deserve better. I therefore intend to oppose the effort to increase America’s debt limit,” (Obama, 2006).

Later that year, a Democratic strategy memo written by strategist James Carville and Democratic pollster Stan Greenberg, which leaked in July, advised candidates to follow a campaign strategy that “attacks [Republicans] for cutting taxes for the wealthy,
running up the deficit and passing the bill on to our kids,” (Rogers and Lueck, 2006). As Democratic attacks on Bush over the budget deficit became stronger, misstatements also became more common. Senator Minority Leader Harry Reid (D-NV) incorrectly asserted that during each of Bush’s five years as president, the President had “…the largest deficits in the history of the country. This year, which is about completed, will be the sixth…” (Face The Nation, Nov. 12, 2006).

Upon becoming Speaker of the House after the Democrats won back both houses of Congress in 2006, Nancy Pelosi promised, “Our new America will provide unlimited opportunity for future generations, not burden them with mountains of debt,” (Pelosi, 2007).

With an unpopular president, and a rare upper hand in polling on which party was better at reducing the deficit, Democratic candidates for president pressed the advantage. In a debate in August 2006, Sen. Hillary Clinton (D-NY) said, “You know, six and a half years ago, we had a balanced budget and a surplus; now we are in deep debt with a rising deficit, and it is absolutely true that George Bush has put it on the credit card, expecting our children and grandchildren to pay for it. We’ve got to get back to fiscal responsibility in order to undercut the Chinese power over us because of the debt we hold,” (Clinton, 2007).

**Republicans during the Obama Years**

On January 6, President-elect Obama gave a press conference with opening statements focused on the deficit. He warned that his budget team had informed him that there would be a trillion-dollar deficit before the new administration began their new budget, and that there would likely be trillion-dollar deficits for years to come, even
assuming an economic recovery (Obama, 2009). This analysis was confirmed the next day by the CBO (CBO, 2009).

Congressional Republicans made it clear prior to inauguration that their top priority was deficit reduction, and presented deficit concerns as the primary reason for opposing Obama’s stimulus. Despite Democratic control of Congress, unified Republican opposition made a stimulus package over $1 trillion a “non-starter.” The economic stimulus bill that passed in the House on January 28, 2009 received no Republican votes (Calmes, 2009).

“Newfound” Republican concern about the budget deficit was heavily criticized by Democrats, but also noted by some conservatives. On Meet the Press, conservative columnist and National Review editor Rich Lowry said, “I was talking to a top Republican aide just over the weekend, and I heard the “D” word more than I ever have like in eight years.” “Suddenly [deficits] are back, they matter,” said host David Gregory. “Exactly,” Lowrey replied (Meet The Press, Dec. 28, 2008).

Despite CBO reports to the contrary, Republicans quickly framed the deficit spike as a result of Obama’s stimulus. On This Week, Karl Rove said, “[Obama’s] now going to add more debt in the first 20 months and 11 days in his time in office than was accrued during the past eight years with two wars, 9/11, and a recession handed to us by the previous administration,” (This Week, March 1, 2009). “In their first year alone,” said Sen. Mitch McConnell (R-KY) of the Obama administration, “they ran up the deficit more than the last four years of the Bush administration combined,”(This Week, Dec. 27, 2009) and called for Congress to “repeal the balance of the stimulus package” and to put it into deficit reduction, (Williamson, 2009).
By the end of 2009, the debate over Obama’s healthcare proposal was fully enjoined. For Republicans, the assertion that reform supported by the administration would blow up the deficit was a core contention, and their primary objection to the bill, which greatly increased the intensity of Republican anti-deficit rhetoric. Sen. Tom Coburn (R-OK) took the “posterity” frame to the limit, stating that the federal debt was “waterboarding” his five grandchildren. “My mission,” Coburn said, “is to frame this health care debate in terms of the fiscal ruin of this country,” (Leibovich, 2009).

Republicans tended to use several rhetorical frames, in addition to the posterity frame, when criticizing Obama on the budget deficit. The summer of 2010 brought news of the Greek debt crisis, and a “European debt” frame became common with Republicans on the campaign trail. In an event in his district, Rep. Paul Ryan (R-WI) stood in front of a screen with an image of a burning street from the recent riots in Greece: “The question is, could this happen here?” Ryan asked, (Davey, 2010). In the 2011 Republican response to the State of the Union, Ryan said of “Greece, Ireland, the United Kingdom, and other nations of Europe…their day of reckoning has arrived. Ours is around the corner,” (Ryan, 2011). Presidential candidate Michelle Bachman said on Meet the Press that the U.S. was “acting like Greece and like Italy,” (Meet The Press, Dec. 18, 2011). Mitch McConnell would later say, “The tax issue is over, and now it’s time to pivot to the single biggest threat to our country, both in the short term and the long term. We now have a debt of $16.4 trillion. That’s as big as our economy. That alone makes us look a lot like Greece,” (Face The Nation, Jan. 6, 2013). “The single biggest issue we have right now,” McConnell said later in the program, “is this massive, massive debt hanging over the heads of our children and grandchildren,” (Meet The Press, Jan. 6, 2013).
Lesser-used, but still quite common frames were the “per-household” frame: Gov. Bob McDonnell (R-VA), in the Republican response to the 2010 State of the Union, said that “the federal debt is already over $100,000 per household,” (McDonnell, 2010). And the less deployed, but not uncommon “cancer frame,” used by John Kerry and other Democrats during the Bush administration, returned with Republicans like presidential candidate John Huntsman who called the deficit “the cancer metastasizing in this country and one that is a national security problem,” (Meet The Press, December 18, 2011).

As always, political rhetoric on the budget deficit included major misstatements. “The debt is 100% of GDP,” Sen. Jeff Sessions (R-AL) said in August 2011, when the debt held by the public was approximately 64% of GDP, “[and] is hammering our economy, and that’s why we’re not having the growth,” (This Week, Aug. 7, 2011). In October 2013, Sen. Rand Paul lamented “a trillion dollar deficit every year,” despite the fact that the deficit had recently been projected by the CBO to be $642 billion and falling (Meet The Press, Oct. 6, 2013). Rep. Bachman said that the U.S. was “almost 10 times more in debt than [during the presidency of] George Bush,” (Meet The Press, Dec. 18, 2011). And as the Vice Presidential nominee at the Republican Convention in August 2012, Paul Ryan incorrectly asserted, “[By] his own decisions, President Obama has added more debt than any other president before him, and more than all the troubled governments of Europe combined. One president, one term, $5 trillion in new debt,” (Ryan, 2012).

**Democrats during the Obama Years**

Upon his election as the 44th President of the United States, Obama’s first priority was the passage of a large fiscal stimulus to counter the effects of the recession.
However, due in part to united Republican opposition, Obama’s economic team was internally divided, with some like Christina Roemer, Obama’s Chair of the Council of Economic Advisors, calling for a much more ambitious stimulus package than that proposed by the President-elect, (Calmes, 2010). At the end of 2009, the Obama administration spoke with increasing urgency about the need for more economic stimulus; Christina Romer said that focusing on the deficit instead of job creation would be “suicide,” (Williamson and Hitt, 2009).

Democrats in 2009 were in the position of generally asserting the traditional rhetorical frame of deficits, while arguing that spending shouldn’t be brought down too quickly in a recession. On This Week in January 2009, Dick Durbin acknowledged that a “national debt that is going to haunt future generations, and we have to deal with it” but suggested, “at this moment in time I think everyone agrees, economists, both Republican and Democratic, that we need to stimulate this economy and spend money despite this national debt…” (This Week, January 4, 2009).

Early in his administration, Obama announced a number of actions aimed reducing the budget deficit. In February 2009 he held a “Fiscal Responsibility Summit” at the White House, which included members of Congress and various other business, policy, and labor leaders. Obama pledged to “cut the deficit we inherited” by half by the end of his first term. “I refuse to leave our children with a debt that they cannot repay,” Obama said (Obama, 2009). In February, President Obama signed an executive order creating the bipartisan National Commission on Fiscal Responsibility and Reform, which was to make recommendations just after the 2010 election on balancing the budget. Obama also signed the Statutory Pay-As-You-Go Act, mandating that any new spending would be
offset with increased revenue or spending cuts, which passed the Democratic-controlled Congress with no Republican votes. Obama also continued to assert that he would demand that healthcare reform “doesn’t add a dime to our deficit.”

While CBO reports showed that the bulk of the budget deficit under Obama was a result of costs incurred during the Bush years, Democrats at times misstated that the deficits of the Bush years caused the Great Recession. Joe Biden, at the Vice Presidential debate in October 2012, stated, “[Republicans] talk about this Great Recession as if it fell out of the sky, like ‘Oh, my goodness, where did it come from?’ It came from this man [Congressman Paul Ryan (R-WI)] voting to put two wars on a credit card, to at the same time put a prescription drug benefit on the credit card, a trillion-dollar tax cut for the very wealthy,” (Biden, 2012).

Obama won reelection on November 6th. In Obama’s speech after winning reelection on November 6th, 2012, he said, “We want our children to live in an America that isn't burdened by debt…” (Obama, 2012).

Coverage in the New York Times and Wall Street Journal

To understand media coverage on the budget deficit issue from 2001 to 2015, and to generate variables for further analysis, I performed a content analysis of coverage of the budget deficit issue in the New York Times and the Wall Street Journal, the two highest-circulation newspapers in the U.S. While agenda-setting effects tend to be similar across various news outlets (Reese & Danielian, 1989; Lopez-Escobar & Llamas 2000; Vu 2014) these newspapers, along with a set of other “elite” publications, have been found to at times to have enhanced agenda-setting influence because of perceived credibility (Dearing & Rogers, 1996). In the interest of accounting for bias, the
publications also usefully have different editorial positions, with the *Times* generally being considered to have a left-of-center editorial position, and the *Journal* generally being considered to have a right-of-center editorial position.

As part of my analysis, I calculated the number of “deficit articles” run in these publications each day from 2001-2015, by using the Lexis Nexis database for the *Times* and the Factiva database for the *Journal*. Taking instruction from other studies, I considered a “deficit article” an article that mentioned the budget deficit either in the headline or in the lead paragraph. On a quarterly basis, there was on average approximately twice as many deficit articles during the Obama administration (38.5) as there were during the Bush administration (19.7).\(^4\)

\(^4\) Notably, the total number of deficit articles in both publications, quarter-to-quarter were often quite similar.
Figure 4.1. Distribution of articles in the New York Times and Wall Street Journal from 2001 to 2015 where headline or the lead paragraph mentioned the U.S. budget deficit.

**Sunday Morning Network Political Programs**

I examined elite rhetoric on the deficit through analysis of the flagship Sunday morning network political programs during the period: Meet the Press (NBC), Face the Nation (CBS) and This Week (ABC). Several million people watch these shows each Sunday, but most importantly, they are heavily watched by elites, and clips from the Sunday shows are often used as sources for news on the highly rated evening news broadcasts. The Sunday morning political programs also provide the closest thing to an “open-mic” messaging opportunity for elites, with relatively minimal filtering, making them particularly suitable for analysis related to political messaging (Jamieson & Waldman, 2002). Additionally, these programs have had a consistent format for many years, making them well-suited for longitudinal analysis. A number of studies have
employed the rhetoric on the network Sunday political shows in a similar manner (Groeling and Baum, 2009; Julien, 2011).

Episodes of the programs were randomly sampled across the two administrations, for a total of 341 programs under analysis. Figure 4.2 shows the mean of deficit and debt mentions per year on the programs. Overall, the samples show a mean of 1.27 combined mentions of the deficit and debt per episode during the Bush years, and a mean of 3.6 combined mentions of the deficit and debt during the Obama years. Figure 4.3 provides a breakdown of the mentions by Republicans, Democrats, and Moderator/Analysts.

**Figure 4.2.** Mean number of mentions of the deficit or debt per year from 351 samples of the Sunday network political programs from 2001-2015.

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5 Eight Sundays (three programs each) were randomly sampled from 2001-2015 in the analysis.
While I had expected that mentions of the deficit and debt during both administrations would be substantially greater by opposing party of the sitting president, this was not the case during the Bush years, nor was it the case in the Obama years until 2011. In fact, the most notable spike in mentions of the deficit and debt in Obama’s first term was by the moderators and analysts.

In addition to quantifying mentions of the deficit and debt on these programs, I also examined a random subset of 100 programs for more scrutiny in order to be able to more specifically characterize the discourse on the issue. While there were on average far more mentions of the deficit and debt in the programs sampled during the Obama years than during the Bush years, there were proportionate similarities in the nature of the mentions.
I identified two general categories of mentions of the deficit and debt: general mentions (ex. “the deficit will be an issue in the campaign” or “we don’t expect this to add to the deficit”) and mentions that frame the deficit and debt as a “crisis” (ex. “we need to get this deficit down” or “these deficit are unsustainable”). From the “crisis” mentions I also identified a subset where the president was specifically attached to or blamed for the deficit or debt problem.

I found that in totality across both administrations, approximately 57% of the mentions of the deficit or debt in the sampled episodes were “crisis” mentions, and approximately 10% of the “crisis” mentions specifically attached or blamed the president to the problem. However, in both cases, approximately 25% of the “crisis” mentions by the opposing party attached the problem to the president. In the Bush years, 55% of the sampled mentions of the deficit and debt framed the issue as a crisis. 8.8% of the mentions overall attached the problem to Bush, including 23% of mentions by Democrats. In the Obama years, approximately 57% of the deficit and debt mentions framed the issue as a “crisis,” with 10.5% overall attaching the problem to President Obama, including 24% of the mentions by the Republicans.

In analyzing the coverage of the deficit issue on these programs, it was notable that, as with newspaper coverage, the moderators tended to used a similar “crisis” framing of the budget deficit issue as politicians. “You have a new reality: you have a huge budget deficit, a massive national debt,” said This Week host Christiane Amanpour shortly after Republicans won back the House of Representatives in 2010 (This Week, January 7, 2010). A year and a half into a deficit decline in May 2011, Face the Nation host Bob Schieffer asserted, “The deficit is totally out of control,” (Face The Nation, May 1, 2011).
Meet the Press host David Gregory was notably critical in his references to President Obama with regard to the budget deficit and national debt. In December 2010, Gregory said he had to “take exception with something the president said… ‘We're going to face choices next year that are going to be even tougher.’ Well, there was nothing tough about this bill. In fact, it's frightening…it straps us with another trillion dollars worth of debt…it's recklessness,” (Meet The Press, December 19, 2010). And in November 2012, Gregory asked, “…how irresponsible is it that this president has allowed America's national debt to increase by 41 percent over his term of office?” (Meet The Press, November 13, 2011).

The State of the Union

Table 4.2. Deficit and debt mentions in the State of the Union address each year of the GW Bush and Obama presidencies, 2001-2015.

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I examined the annual State of the Union addresses over the period (as well as the joint address to Congress that both Presidents gave at the start of their first terms).
Similar studies have analyzed the address as a means for understanding the presidents’ role in setting public’s agenda/most important problem, and the addresses have been shown to sometimes increase issue salience (Cohen 1995, 1997; Hill 1998).

Clearly, President Obama spoke about the deficit and debt in the addresses far more than President Bush did. The only year that Bush mentioned the deficit and debt more than a combined three times was in his first address, when he mentioned the debt six times in the context of paying it down with the then-budget surplus. “We owe it to our children and grandchildren to act now,” Bush said, “and I hope you will join me to pay down $2 trillion in debt during the next 10 years.”

In Obama’s first joint address to Congress, he mentioned the budget deficit eight times and the national debt six times, which was more than Bush’s mentions of either the deficit or debt in his seven State of the Union addresses combined. In that first address, Obama repeated his pledge to cut the deficit in half, and used the posterity frame in the context of the debt three times. In one of the mentions, Obama noted a “…responsibility we have to our children. And that’s the responsibility to ensure that we do not pass on to them a debt they cannot pay. That is critical.” This prompted rare applause from both sides of the aisle, as well as laughter when Obama said, “See, I know we can get some consensus in here.” The budget deficit was a key issue in all of Obama’s State of the Union addresses until 2014 (Obama, 2014).
Public Polling

Gallup and Pew Research Center

Public polling from Gallup and Pew Research Center was analyzed for this dissertation across both administrations. Gallup has asked respondents the Most Important Problem facing the nation (MIP hereafter) since the 1930s. Through 2006, Gallup asked the question once a year, and starting in 2007 they began generally asking it on a monthly basis. From 2001-2015, Gallup conducted 90 polls that included the MIP question.

Pew Research Center for the People and Press asks a random sample of Americans each January what they think the priorities should be for the President and Congress, and its results are widely reported in the media. Figures 4.3 and 4.4 below show how the polling varied during the Bush and Obama administrations.
Figure 4.4. Mean percentage of Gallup respondents selecting the deficit as the Most Important Problem, 2004-2015.

Figure 4.5. Mean percentage of Republican, Democratic, and Independent/Other Gallup respondents selecting the deficit as the Most Important Problem, 2004-2015.
Figure 4.6. Percentage of Pew respondents selecting “reducing the deficit” as a top priority for the president and Congress, 2002-2016.

In Pew polling during the two administrations, “reducing the deficit” was often rated by the public as one of the highest priority political issues, reaching a peak of 72% in 2013. Gallup’s MIP question is open-ended, so individual issues receive substantially lower relative scores. However, “reducing the deficit” was also among the highest priority issues in Gallup polling across the administrations. During the Bush years, never more than 3% of respondents volunteered “reducing the deficit” as their MIP. In the first poll of the Obama presidency, however, 3.09% rated the deficit as the nation’s top priority, which would grow to nearly 17% in April 2011 – the highest in the history of the Gallup MIP poll.
As a budget deficit started to quickly rise, Pew found in January 2002 that 35% of those polled selected the issue as a top priority. Under President Bush, selecting “reducing the budget deficit” as a top priority increased steadily to 56% in 2005, went down to 53% by 2007, and was also 53% in the final Pew priority poll of the Bush presidency in January 2009.

In January 2010, the first Pew priorities poll in the Obama presidency showed that the priority score for “reducing the deficit” spiked 7 points to 60%. This percentage would increase by about 4% a year until it peaked at 72% in 2013, with only the economy and jobs rated getting a higher priority rating (Kludt, 2013). This was the highest percentage for reducing the deficit in the history of the poll, driven by 84% of Republicans rating the issue a top priority (Democrats hit their peak across both administrations that year with 66%, and Independents reached their second highest percentage at 62%) (Pew, 2010). Top priority score for the deficit went down 9 percentage points in 2014 to 63%, and hit its low during the Obama presidency in 2016 at 56%, just 2% lower than the highest percentage during the Bush presidency.

Despite the fact that the budget deficit was at 2.79% of GDP at the end of FY 2014, a Gallup survey in October gave Republicans a 20-point advantage in dealing with the deficit. And two months later, a Pew survey found that only 29% of respondents agreed that the country had made progress on reducing the deficit, with more than twice as many (66%) saying the country had not made progress (Pew, 2013).

In a March 2010 Gallup poll, which asked Americans what they thought would be the most important problem in 25 years, the budget deficit received the highest score with 14%. This was the first time the “reducing the deficit” had topped the list (usually led by
the environment and the economy), and in fact the first time the percentage for “reducing the deficit” exceeded 5% (Jones, 2010).

**A Public Preference for Deficit Reduction in a Recession**

Polling throughout the Obama administration showed that the public preferred deficit reduction to economic stimulus. A *Wall Street Journal/NBC News* poll in June 2009 found that 58% of those polled agreed that the president and Congress should focus on keeping the budget deficit down, even though such action could mean a longer recession and slower recovery (Meckler, 2009). Only 35% of respondents favored boosting the economy despite the fact that it might mean larger budget deficits. While Republicans expressed the most concern about the budget deficit, Democrats preferred boosting the economy by only a relatively slim margin of 50% to 42%. Independents, which the *Journal* noted were the group watched most closely in polling by the White House, preferred bringing the deficit down to boosting the economy by a 2 to 1 margin. “The survey results,” noted the *Times*, “come after weeks of Republican hammering of Mr. Obama for spending too much and taking on too many issues…” (Meckler, 2009).

Polling on the budget cuts vs. stimulus matter likely contributed to tension in Obama administration, which was caught between expert opinion and public opinion, as reported by the *Times* in July 2010. Obama’s political advisers were “channeling the widespread public anger at deficits” while the economic team argued for more stimulus to avoid a new recession. Senior Advisor to the President David Axelrod said that he argued for deficit reduction because “it’s my job to report what the public mood is.” “I’ve made the point that as a matter of policy and a matter of politics,” Axelrod said, “that we need to focus on this, and the president certainly agrees with that,” (Calmes, 2010a).
Just prior to the government shutdown over the debt ceiling that lasted from October 1st to October 17th, a Bloomberg poll published on September 26, 2013 showed support for the Republican position in the debate, even at the risk of government default. 61% of respondents agreed with the statement “It is necessary to limit the amount the U.S. can borrow because Congress lacks discipline on spending, so it is right to require spending cuts when the debt ceiling is raised, even if it risks default.” Only 28% agreed with the opposing statement “The full faith and credit of the U.S. should be protected at any cost; the debt ceiling should be raised when necessary, with no conditions.” And a November 2013 Bloomberg Poll that found 59% of respondents thought the deficit had gotten bigger, with just 10% believing it was smaller than the previous year. (Bloomberg, 2013).

A belief by the majority of the public that deficit cuts create jobs was evident not just in public polling, but in internal party polling as well. Politico reported in 2013 that House Speaker John Boehner (R-OH), Majority Leader Eric Cantor (R-VA), Republican Whip Kevin McCarthy (R-CA), and Rep. Paul Ryan (R-WI) were briefed on internal party polling that found that 76% of Republicans, 61% of Independents, and 45% of Democrats believed “balancing…the federal budget would significantly increase economic growth and create millions of American jobs.” Politico noted that the Republican balanced budget plan “was a winning argument across a broad swath of politically moderate – and nearly split – districts,” and that the poll “developed House Republicans’ driving message…” (Sherman, 2013).
Republican Advantage on the Deficit

With President Bush’s approval rating in the low 30s in August 2008, a Wall Street Journal/NBC News Poll found that Democrats had a rare 22% advantage over Republicans on handling the deficit (Seib, 2009). However, that quickly returned to a customary Republican advantage after the election of Barack Obama, with a Wall Street Journal/NBC News survey in August 2009 finding that Republicans were now rated as better at dealing with the deficit by 31% to 25%. “The public’s main criticism of how Obama is handling the presidency,” wrote the pollsters, “is that he is spending too much money, which has increased the deficit,” (Seib, 2009). The Republican advantage on the deficit would widen substantially in the coming years, even as the deficit decreased.

Throughout the general election campaign between Romney and Obama, Romney and the Republicans regularly scored substantially higher than Obama did on handling the deficit. And despite the lower overall levels of public concern on the deficit in September 2013 (still far higher than in the Bush years), polling in The Wall Street Journal found substantial polling gains for Republicans since the beginning of the year on handling the deficit.

Deficit Salience Pivotal in Elections

The budget deficit was found to be the most important issue to voters in some of the pivotal elections during the Obama administration. The January 2010 special Senate election in Massachusetts following the death of Sen. Edward Kennedy (D-MA) put a spotlight on public concern with the deficit. In a surprise upset, Republican Scott Brown won the seat, and exit polls found the deficit overall to be the MIP for voters. In noting
that the public’s belief that “spending is out of control” was lowering support for Obama, the *Times* asserted that, “the deficit issue has risen to a public prominence not seen in two decades,” (Calmes, 2010). The election result chilled Congressional Democrats. “After Massachusetts and all the polls about Independents’ abandoning us for being fiscally irresponsible,” said an advisor to Congressional Democratic leaders, “we can’t afford to be spending more than Obama,” (Calmes, 2010). The weekend after the election, Senator Evan Bayh (D-IN) said, “If you look what was driving Independents, the people who voted in Massachusetts for Scott Brown, and even to this election, it was the deficit and the debt,” (This Week November 7, 2010).

On Election Day, November 2010, when Republicans recaptured the House of Representatives, exit polls found deficit reduction to be voters’ highest priority for the next Congress.

**Public Misperceptions on Deficit Increases and Decreases**

While the deficit had been declining for three years, a Bloomberg poll published in February 2013 found that the public was overwhelmingly under the misperception that the deficit was rapidly increasing, with 94% of those polled being unaware that the deficit was getting smaller. In fact, 62% thought the deficit was growing, 28% believed it was staying about the same, and only 6% correctly believed that it was shrinking (Davis, 2013a). Bloomberg reported similar numbers in September of that year, despite the fact that fiscal year 2013, which ended a few days later, marked the third straight year of deficit decline, and the largest drop in the deficit in any year since the end of WWII (Davis, 2013b).
On January 8, 2014, in Phoenix, Arizona, President Obama expressed frustration with polls showing that the public believed the deficit was increasing: “We’ve done all this while cutting our federal deficit by about two-thirds. And I’m going to repeat that, because they did a poll the other day and like 70 percent of the people think the deficit is going up. No, 70 percent of the people. You stop people on the street – 7 out of 10 think the deficit is going up. The deficit has gone down by two-thirds since I was President of the United States. So we’re doing all this in a fiscally responsible way,” (Obama, 2015).

**Expert Opinion: The CBO and the Federal Reserve**

I examined the content and coverage of reports and testimony from the CBO and Federal Reserve between 2001 and 2015. These agencies represent the closest thing to a “neutral arbiter” in budget battles, and often provide information that drives the news and forces policymakers to respond (Joyce, 2011).

While Bush received crucial support early in his administration from Federal Reserve Chairman Alan Greenspan on the tax cut package (Berry, 2001), Greenspan regularly warned against budget deficits when the economy was not in recession. “[R]eturning to…continuous large deficits,” Greenspan said in testimony to the House Budget Committee in September 2002, “would risk returning to an era of high interest rates, low levels of investment and slower growth of productivity,” (Greenspan, 2002). Greenspan’s position was resisted by Republicans. Following the Chairman’s Congressional testimony on February 11th, 2003, Treasury Secretary Snow stated “If there is a disagreement, I would make the bet on boosting the economy now because the economy isn’t as strong as we would like,” (Ip, 2003).
The administration’s methods of reducing the size of the deficit on paper was effective, insofar as the techniques affected CBO’s scoring process. For example, in May, the agency reported that the deficit was now projected to be “well below $400 billion, perhaps in the vicinity of $350 billion,” due largely from stronger tax receipts from corporations (“Budget Office Projects Narrower Budget Deficits;” 2005). “It’s a sign that our tax-relief plan, our pro-growth policies, are working,” President Bush said in July, when the O.M.B. presented similar projections.

In October 2009, Senator Obama received a boost in his campaign for president from Fed Chairman Bernanke, whose Congressional testimony was generally interpreted as a positive response to Obama’s proposed fiscal stimulus, (“Bernanke Endorses Obama,” 2008). Despite the disturbing budget numbers announced by President-elect Obama on January 9, 2009 (confirmed the next day by the CBO), the New York Times reported a political consensus on the necessity of stimulus. “To a degree that would have been unimaginable two years ago, economists and politicians from across the political spectrum have put aside calls for fiscal restraint and decided that Congress should spend whatever it takes to rescue the economy,” (Andrews, 2009). The article cited consensus among a “startling range of name-brand economists,” which included Martin Feldstein of Harvard, a top adviser to Republican presidents; Mark Zandi of Moody’s Economy.com, a former adviser to Senator John McCain’s presidential campaign; and Robert B. Reich, the secretary of labor under President Clinton. This coalition “urged Democratic lawmakers on Wednesday to think more boldly than ever before.” (Andrews, 2009)

The relationship between Chairman Bernanke and Congress during the Obama administration, however, was contentious. In February 2010, Bernanke testified that
while addressing the medium-term budget deficit was important, it was acceptable that near-term deficits would rise while the economy recovered from the recession (Reddy, 2010). And on June 9th, 2010, Bernanke testified, “This very moment is not the time to radically reduce our spending or raise our taxes,” (Chan, 2010). During Bernanke’s testimony in June, Rep. Jeb Hensarling (R-TX) cited research by Carmen M. Reinhart that suggested economic growth stalls when the national debt reaches approximately 90% of GDP “I don’t think there’s anything magic about 90 percent,” Bernanke said. In fact, earlier in the year, Kenneth Rogoff, the Harvard University economist whose paper with Reinhart was often cited as a justification for austerity, said that cutting the deficit, even in 2011, would be “nuts,” considering the economic conditions (Weisman, 2010).

On June 2010, in a public hearing of the White House fiscal commission, CBO Director Douglas Elmendorf echoed Bernanke’s perspective. While he warned that persistent deficits could lead to a variety of economic problems, he stated, “there is no intrinsic contradiction between providing additional fiscal stimulus today, while the unemployment rate is high…and imposing fiscal restraint several years from now, when output and employment will probably be close to their potential,” (Elmendorf, 2010). It was important, Elmendorf said, to distinguish between economic periods when it was favorable or unfavorable to borrow. On the same day however, the Senate refused to continue unemployment benefits, which they had been regularly extending, citing deficit concerns. “The only reason the unemployment extension hasn’t passed” Republican Senate Leader Mitch McConnell said, “is because Democrats simply refuse to pass a bill that doesn’t add to the debt,” (“The Conversation,” 2010).
Chairman Bernanke expressed serious concern with the budget sequestration cuts scheduled to go into effect on March 1st, 2013, as the federal government’s contribution to GDP had already decreased by 7% in the previous two years. In Congressional testimony, Bernanke asked Congress and Obama to replace the scheduled budget cuts with something to reduce the deficit more gradually, suggesting that the cuts “could create a significant headwind for the economic recovery.” “I expect that discretionary fiscal policy will continue to be a headwind for the recovery for some time,” Vice Chairwoman of the Federal Reserve Janet Yellen would later echo, “instead of the tail wind it has been in the past,” (Appelbaum, 2013).

On May 9, 2013, in an article titled “Emphasis on Deficit Reduction Is Seen by Economists as Impeding Recovery,” the New York Times reported that after years of budget battles between Obama and Congress, among economists, “the consensus about the result is clear: Immediate deficit reduction is a drag on full economic recovery,” (Calmes & Weisman, 2013).

Consistently, the message from these agencies, during periods of recession and slow economic recovery under Presidents Bush and Obama, was to acknowledge and emphasize the importance of medium to long-term challenges for the federal budget with regard to debt, but to emphasize that short term spending cuts or tax increases would be counter-productive.

**Chapter Analysis – Deficit Politics from 2001-2015**

This chapter presented an analysis of the politics of the budget deficit from 2001-2015 by focusing on traditional areas of attention for understanding public opinion: media coverage, polling data, and elite rhetoric. I identified data and patterns of budget
deficit politics over the period that I argue work to lock in public misperceptions on the issue and maintain the perceptual gap between the public and economists on the issue.

There were a number of similarities in the politics of the budget deficit issue during the Bush and Obama administrations. However, during the first year of the Obama presidency, costs incurred primarily during the Bush presidency, the effects of the Great Recession, and changes in accounting by the Obama administration brought about America’s first trillion-dollar budget deficit. The public salience of the issue also increased substantially not long after, and stayed relatively high during much of the Obama administration, despite the deficit’s sharp decline. This increase in salience was impactful, as shown by the reactions of politicians in this chapter to public, internal, and exit polling.

Chapter VI will allow for a fuller examination of whether salience of the deficit issue was significantly connected to changes in the deficit as a percentage of GDP. However, polling analysis shows that public salience of the issue often appeared quite disconnected from changes in the relative size of the deficit. For example, in 2008, when the deficit was 3.11% of GDP, Gallup’s MIP percentage for “reducing the deficit” was a mere 1.47%. However, in 2013, when the deficit was less than a point higher at 4.07% of GDP, the MIP percentage for “reducing the deficit” was 7.26%. This differential doesn’t seem to be explained by the higher national debt in 2013 (considering the fact that salience of the deficit issue plummeted at the end of the Obama administration with a larger national debt).

What is more clear is that public opinion on the budget deficit issue between 2001 and 2015 was undergirded by distinctly large public misperceptions about the issue,
beyond what is generally seen with other economic indicators, such as the fact that the vast majority of the public believed the deficit was still increasing years into a decline (Popkin, 1994; Zukin and Van Horn, 2016).

This chapter also presented polling evidence that the public is distinctively out of step with mainstream economists with regard to the usefulness of economic stimulus in a weak economy or recession. The CBO, representatives of the Federal Reserve, and other economists were consistent during the economic recovery in the Obama administration that short-term spending cuts or tax increases when the economy was still weak were counterproductive. However, polling indicates that the public does not appear to find economic stimulus credible, and tends to believe that cutting the deficit creates jobs.

The increase in media coverage on the budget deficit issue during the Obama administration was sharp and long-lasting. An increase in mere mentions of the deficit or debt in the media can be expected to increase the salience of the issue (Hart, 2000). However, in examining elite rhetoric and the contextual politics of the issue, elements that reinforce both the public misperceptions and the distance from economists include both the non-ideological and “crisis” framing of the deficit, the use of a handful of deceptive sub-frames, and the cognitive dissonance caused by confusing and often contradictory policymaker positions on the issue.

Both the news media and politicians tend to frame deficit reduction as a goal that is non-political. While liberals and conservatives naturally advocate for different positions on a variety of matters, budget-cutting is framed as something that everyone is “for,” despite the fact that it is another political choice to weigh against other priorities. The deficit is framed as a “problem by definition” rather than a policy tool. This rhetorical
similarity between the parties is not the norm in American politics. Studying trends in Congressional speech, researchers have found that conservative and liberal rhetoric diverged sharply in the 1990s (Gentzkow et al., 2016), and that rhetoric on political issues, from healthcare to guns, tends to be very different between Republicans and Democrats (Iyengar 2005).

However, beyond the framing of budget-cutting as a universal goal, the budget deficit and national debt are largely covered in the media through the “crisis” frame (An & Gower, 2009). Analyzing elite rhetoric on the Sunday network political shows, we see that more than 50% of the mention put the budget deficit or national debt in the “crisis” frame, and approximately one quarter of the mentions of the opposing party to the sitting president attach or blame the president for the budget deficit. The commonality of the “crisis frame” in reference to the budget deficit issue an be expected to emphasize the urgency of the issue and to increase public salience (Burden and Sandburg, 2003).

Within these larger rhetorical frames of the deficit issue are smaller and usually misleading frames, used by both parties. The “posterity frame” is covered in Chapter III. The “per-household” frame is misleading because macroeconomics is fundamentally different than a household budget, such as the fact that much of the federal government’s debt is owed to itself (Kurtzleben, 2013). And the “Greece” frame is misleading because Greece’s economy is dwarfed by America’s, and Greece does not control its own currency (Rose and Dickens, 2012).

Misstatements are not unique to the deficit. However, the abundant public misperceptions about the deficit appear to allow extra leeway for deceptive statements by political elites, including conflation of the deficit and national debt, or the assertion that
Tax cuts reduce the deficit, for which there is little evidence (Hungerford, 2012).

Arguments by Republicans that the deficit in the first year of the Obama administration was the result of initiatives he was able to pass in Congress, or claims by Democrats that the Great Recession was caused by Republican deficits, exacerbate public misperceptions and diminish the likelihood of rational preference-formation or democratic accountability.

The fact that Democrats, Republicans, and the media tend to frame the budget deficit issue in the same way confers advantages to the Republican Party on the issue. Cognitive linguist George Lakoff has argued that American culture has competing worldviews of parental roles of “strict” versus “nurturing,” which correspond to the Republican and Democratic parties respectively, and that certain words and phrases activate these value systems; a contention that has found support from other research (Abadi, 2017). While Lakoff doesn’t cover the deficit, as we see in this chapter, rhetoric on the deficit fits squarely in the “strict” column. “When you argue against the other side using their language, and quoting them,” Lakoff says, “then you’re helping them. The ball is in their court, you’re playing on their field, and you’re trapped,” (Abadi 2017).

This Republican advantage on the issue may also be manifest in the fact that President Obama talked about the deficit and debt much more than President Bush in his State of the Union addresses; a fact which likely increased the salience of the deficit issue under Obama. Research on OECD nations has shown that the public tends to see political parties of the right as better at balancing budgets, causing “left-wing incumbents to compensate for their bad fiscal reputation when concerns about balanced budgets are salient in the political system,” (Kraft, 2017). Obama’s far greater focus on the deficit
issue in his State of the Union addresses could certainly be a function the deficit’s percentage of GDP or increased salience of the issue, but also might be a function political disadvantages on the deficit issue for parties on the left.

The nature of Republican and Democratic debates on the budget deficit also seem likely to foster cognitive dissonance and public confusion because, as demonstrated in this chapter, the arguments tend to merely be a (misleading) proxy for the classic political debate of social spending vs. tax cuts. Both sides imply that their favored “stimulus” is not an increaser of the budget deficit. Key economic agencies tend to be consistent, but in a slow economy or recession, Republicans tend to resist their advice in regularly pushing for spending cuts, and Democrats tend to resist their advice in pushing for tax increases. Invoking the deficit often appears largely to be a means of imbuing the speaker’s disfavored position with peril.

These issue contortions put policymakers in the position of arguing for spending increases and cuts at the same time. An example is Dick Durbin’s statement on *This Week* in January 2009, that the country had “a national debt that is going to haunt future generations, and we have to deal with it” but that “at this moment in time I think everyone agrees…that we need to stimulate this economy and spend money despite this national debt…” (This Week, Jan. 4, 2009). Without a better reserve of public understanding, these seemingly contradictory positions are likely a generator of cognitive dissonance among the public, invoking a “spending addict” who urges one more “fix” before going on the wagon.

Ultimately, when regarding elite rhetoric on the deficit and debt, an aversion on the part of policymakers to addressing the long-term drivers of federal debt is the core of
what maintains the tension with an agency like the CBO. The cuts that the CBO and the
Federal Reserve regularly call for essentially involves either cutting future entitlement
benefits, or for devising ways to slow the rise of healthcare costs. The reluctance of the
parties to address these long-term drivers of debt is a key element in maintaining
confusing and unproductive politics on the issue.
CHAPTER V
CROSS-SECTIONAL SURVEY

This chapter examines individual knowledge and concern about the budget deficit issue through a cross-sectional survey. The survey presents respondents with a combination of traditional and original survey questions designed to elicit new information on public opinion. The results are analyzed through regression modeling aimed at determining the predictors for knowledge about the budget deficit, and the degree to which the respondent believes that reducing the budget deficit should be a national priority.

The questionnaire that serves as the basis for this chapter was administered through Mechanical Turk, Amazon’s online recruitment platform, between August 25 and September 7, 2016. Mechanical Turk has been found to be as effective at capturing psychological phenomena as more conventional convenience samples (Behrend et al., 2011; Paolacci et al., 2010; Berinsky et al., 2012). In this study, 402 adults from across the U.S. were paid $1.00 each to complete the questionnaire, which took an average of 12-minutes to finish.

Study 1: Misperceptions about the Budget Deficit

There is abundant evidence that misperceptions influence policy preferences (Bartels, 2002; Howell and West, 2009; Kull et al. 2003; Hauser and Norton, 2017). Because I hypothesize that misperceptions about budget deficits will tend to increase the degree to which respondents believe that reducing the budget deficit is a national priority, I first examine the predictors of individual knowledge and misperceptions on the issue.
There are two assumptions underlying my hypotheses. First, consistent with polling trends, I expect that a substantial majority of respondents will believe that the budget deficit increased from FY 2010 to FY 2015. Second, consistent with U.K. research (Johnson, 2012), I expect to find that a substantial majority of respondents will not demonstrate the ability to distinguish between the federal deficit and the national debt.

The survey question designed to determine the respondent’s perception of the trajectory of the deficit (the dependent variable) was: “What do you think happened to the federal deficit from FY 2010 to the end of FY 2015?” The federal deficit decreased approximately two thirds during this period (both in dollars and as a percentage of GDP), so the best answer is “Decreased a lot.” Participants were instructed to give their “best guess” about the topics and asked not consult outside sources (instruction from Pasek et al., 2015).

As expected, Table 5.1 shows that the vast majority of respondents did not know that the deficit had decreased, consistent with previous national polling. Approximately 91% of Republicans, 72% of Democrats, and 74% of Independents though the deficit had either “Increased” or “Stayed about the same.” Less than 6% of each of the three groups knew that the deficit had “Decreased a lot” during the period.

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6 Respondents were informed that the U.S. fiscal year runs from October 1st to September 30th.
Table 5.1. Respondents’ perception of the budget deficit’s trajectory between FY 2010 and FY 2015.

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased a lot</td>
<td>65.6%</td>
<td>23.8%</td>
<td>36.7%</td>
</tr>
<tr>
<td>Increased a little</td>
<td>19.6%</td>
<td>35.4%</td>
<td>24.4%</td>
</tr>
<tr>
<td>Stayed about the same</td>
<td>8.9%</td>
<td>12.2%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Decreased a little</td>
<td>5.9%</td>
<td>16.8%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Decreased a lot</td>
<td>1.4%</td>
<td>5.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>1.4%</td>
<td>6.3%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

I next tested the degree to which respondents could distinguish between the budget deficit and the national debt. This was done by presenting the respondents with three questions, randomly assigned: the first aimed at understanding their general perception of the relative difference between the size of the annual budget deficit and the national debt, the second aimed at determining whether they could identify the correct definition of the deficit, and the third aimed at determining whether they could choose the correct definition of the debt.

The first question was: “Which choice below would you say best describes how the federal deficit and the national debt compare?” When the survey was administered, the deficit was approximately $584 billion, whereas the debt was approximately $14.3 trillion. Therefore, the best answer is “The national debt is much larger than the federal deficit.”

The questions aimed at determining whether respondents could select the correct definitions of the deficit and debt were multiple-choice. The options included the correct definition of the deficit (“The difference between U.S. government income and spending

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7 Both the order of the multiple-choice responses and the order of “federal deficit” and “national debt” in the question were randomized to avoid bias.
in one year”), the correct definition of the debt (“The total amount the U.S. government owes”), as well as three “decoy” options (“The combined total amount owed by each individual state,” “The total amount of personal debt held in the U.S.,” and “The difference between the amount spent under a presidential administration and the amount authorized by Congress,”).

Tables 5.2, 5.3, and 5.4, show the percentile responses to the three questions among Republicans, Democrats, and Independents.

**Table 5.2.** Responses to question asking the relative size of the federal deficit and the national debt.

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>The national debt is much larger than the federal deficit</td>
<td>50.74%</td>
<td>33.72%</td>
<td>40.13%</td>
</tr>
<tr>
<td>The national debt is somewhat larger than the federal deficit</td>
<td>17.91%</td>
<td>20.93%</td>
<td>14.9%</td>
</tr>
<tr>
<td>The federal deficit and the national debt are about the same</td>
<td>8.95%</td>
<td>12.79%</td>
<td>12.24%</td>
</tr>
<tr>
<td>The federal deficit is somewhat larger than the national debt</td>
<td>10.44%</td>
<td>9.88%</td>
<td>8.84%</td>
</tr>
<tr>
<td>The federal deficit is much larger than the national debt</td>
<td>4.47%</td>
<td>3.48%</td>
<td>2.72%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>7.46%</td>
<td>19.18%</td>
<td>21.08%</td>
</tr>
</tbody>
</table>
Table 5.3. Responses to question asking for the best definition for the federal deficit.

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>The difference between U.S. government income and spending in one year</td>
<td>52.23%</td>
<td>50%</td>
<td>54.42%</td>
</tr>
<tr>
<td>The total amount that the U.S. federal government owes</td>
<td>17.91%</td>
<td>22.67%</td>
<td>17.68%</td>
</tr>
<tr>
<td>The combined total amount owed by each individual state</td>
<td>0%</td>
<td>2.32%</td>
<td>4.08%</td>
</tr>
<tr>
<td>The total amount of personal debt held in the U.S.</td>
<td>2.98%</td>
<td>8.13%</td>
<td>2.72%</td>
</tr>
<tr>
<td>The difference between the amount spent under a presidential administration and the amount authorized by Congress</td>
<td>16.41%</td>
<td>7.55%</td>
<td>6.12%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>10.44%</td>
<td>9.30%</td>
<td>14.96%</td>
</tr>
</tbody>
</table>

Table 5.4. Responses to question asking for the best definition of the national debt.

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>The total amount that the U.S. federal government owes</td>
<td>67.16%</td>
<td>57.55%</td>
<td>61.90%</td>
</tr>
<tr>
<td>The difference between U.S. government income and spending in one year</td>
<td>8.95%</td>
<td>10.46%</td>
<td>10.20%</td>
</tr>
<tr>
<td>The combined total amount owed by each individual state</td>
<td>2.98%</td>
<td>6.97%</td>
<td>4.08%</td>
</tr>
<tr>
<td>The total amount of personal debt held in the U.S.</td>
<td>13.43%</td>
<td>9.30%</td>
<td>7.48%</td>
</tr>
<tr>
<td>The difference between the amount spent under a presidential administration and the amount authorized by Congress</td>
<td>4.47%</td>
<td>8.13%</td>
<td>3.40%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>2.98%</td>
<td>7.55%</td>
<td>12.92%</td>
</tr>
</tbody>
</table>

Respondents were considered able to distinguish between the deficit and the debt if they answered the comparative question and the two definitional questions correctly.
Among the respondents, 28.4% of Republicans, 19.8% of Democrats, and 25.9% of Independents were scored as correctly able to make the distinction.

**Predictors of Misperceptions on the Trajectory of the Deficit**

The federal deficit and the national debt are very different economic indicators, and often have opposite trajectories over time. Because considerations relating to the budget deficit are often at the center of legislative activity in Washington, the ability to properly distinguish between the deficit and debt is of significant value to an individual’s ability to develop informed opinions on national budgetary matters.

The possibility that widespread misperceptions of the trajectory of the U.S. deficit are predicted by an inability to correctly identify what the budget deficit is, and/or an inability to distinguish between the budget deficit and the national debt, has apparently not been tested in academic publications. In the context of the survey covered in this chapter, an additional research goal is to determine if misperceptions on an abstract “unobtrusive” indicator like the deficit are significantly correlated with other political perceptions, potentially pointing to opportunities for correcting misperceptions.

There are several reasons why I expect that an inability of respondents to know the difference between the deficit and the debt will predict misperceptions of the deficit’s trajectory. Polls throughout the Obama administration showing that the public overwhelmingly believed that the deficit was on the rise could partially be explained by confusion about the distinction, since the national debt *did* continue to rise during the administration. Public confusion about the distinction might be stoked by the fact that political elites often conflate the difference between the deficit and the debt in public rhetoric. Second, an individual that *does* understand the distinction between the indicators
would seem more likely to have the type of political knowledge that could be attuned to
the actual trajectory of the deficit itself.

I also expect partisanship, and approval or disapproval of the president, to predict a
respondents’ perception of the deficit’s trajectory. Republicans in 2016 should be more
likely to perceive that the deficit had increased – insofar as the party out of the White
House tends to have a more negative view of objective economic indicators than is
actually the case (Shani, 2009; Tilley & Hobolt, 2011; Burden & Hillygus, 2009). Among
Democrats and Independents, political ideology and approval/disapproval of President
Obama are expected to be predictors of their perception of the trajectory of the budget
deficit.

Hypothesis 5.0: Inability to distinguish between the deficit and debt predicts
the misperception that the budget deficit increased from FY 2010 to FY 2015

Hypothesis 5.1: Motivated perception of facts

I expect that being a Republican, a conservative, or disapproving of President
Obama will predict lower levels of knowledge that the deficit had decreased between FY
2010 and FY 2015.

Method

Respondents were asked “What do you think happened to the federal deficit from
FY 2010 to the end of FY 2015?” Responses to this question served as the dependent
variable. Ordered logistic regression was used because the priority choices were ordinal:
Responses were measured on a 5-point scale ranging from “Increased a lot” (1) to
“Decreased a lot” (5). As with most response options in the survey, the appearance of
“Increased a lot” or “Decreased a lot” as the first multiple-choice option was randomized to avoid bias. I used the following independent variables in the model:

Demographic control variables

• Age

• Male – Binary variable with “Male” (1). There is some evidence that women may be “less sensitive to the constraints of deficits and debt” than men. (Eichenberg and Stoll, 2013).

• Education – 8-point scale from “Less than high school” (1) to “Post-graduate” (8). There is some evidence that an increase in formal education can reduce political misperceptions (Flynn, 2016).

• Income – 9-point scale for total family income from “Less than $10,000” (1) to “$150,000 or more” (9)

Political independent variables:

• Ideology – 5-point scale from “Very Liberal” (1) to “Very Conservative” (5)

• Presidential approval – A binary variable for approval or disapproval of President Barack Obama with “Approve” (1).

• Party – A categorical variable that classified respondents as Republicans, Democrats, or Independents.

• Perception of economy - This variable represents the response to the survey question, “How would you rate economic conditions in this country today…as excellent, good, only fair, or poor?” The variable is a 4-point scale from “Excellent” (1) to “Poor”(4).
**Political knowledge variables:**

- General political knowledge – A score from (0) to (4) generated by the number of general political knowledge questions the respondent answers correctly. General political knowledge has been found to reduce political misperceptions of certain facts (Gilens, 2001), although it can also make individuals more attuned to partisan messaging, which can have the opposite effect.
- Deficit knowledge – A binary variable with (0) for those who are not able to properly distinguish the difference between the deficit and debt and (1) for those who are able to make the distinction.
- Follow the news – A 4-point scale indicating the respondent’s identification of how often they follow what’s going on in government and public affairs, from “Hardly at all” (1) to “Most of the time” (4).

**Results** (Regression Table in Appendix B, Study 1)

The hypotheses were tested with four regression models. Model 1 consisted of Republicans, Democrats, and Independents/Other, Model 2 of just Republicans, Model 3 of just Democrats, and Model 4 of just Independents/Other. The models provide partial but substantial support for Hypotheses 5.0 and 5.1.

In Model 1 (Republicans, Democrats, and Independents/Other), the only significant variables were for presidential approval (p <.01), with approval of the president predicting better knowledge of the deficit’s trajectory, and Very Conservative, with an increased unit towards Very Conservative predicting poorer knowledge of the deficit’s trajectory. Individuals that approved of the president were about 2.4 times more likely to
provide a response in the direction of “the deficit decreased a lot.” A one-unit increase in Very Conservative made a one-unit response in the correct direction 24% less likely.

Specifically among Republicans, no variable was a significant predictor. Among Democrats, deficit knowledge was significant ($p < .05$), providing support for Hypothesis 5.0. Also significant in the model was the respondents’ perception of the economy ($p < .05$). A Democrat who was able to distinguish between the deficit and the debt was about 2.8 times more likely to choose a more correct category for the trajectory of the deficit, and a one-unit increase towards perceiving the economy poorly reduced the odds of selecting a more-correct category by about 44%. Among Independents/Other, only presidential approval and Very Conservative were significant ($p < .01$), providing support for Hypothesis 5.1, with Independents/Other that approve of Obama being about 2.5 times more likely to choose a more correct category about the deficit’s trajectory, and a one-unit increase in Very Conservative making them about 37% less likely to choose a more correct category.

The support for Hypotheses 5.0 and 5.1 is partial because neither deficit knowledge, nor variables for partisanship, ideology, or presidential approval, were consistently significant predictors in all of the models.

What stands out in these results in relation to Hypothesis 5.1 is that they don’t support previous research wherein party IDentification in particular has been a significant influence on the perception of economic facts (Campbell et al., 1960; Zaller, 1992; Jerit and Barabas, 2012). However, the influence of motivated reasoning in the perception of objective facts is indicated by the significance of presidential approval (as well as ideology) among the full group, and specifically among Independents. A reason for the
prominent significance of presidential approval in knowing the trajectory of the deficit might be that Obama presidency was particularly polarizing (Tesler, 2012).

While the ability to distinguish between the deficit and debt was not significant in all of the models as expected, its substantial significance among Democrats indicates that knowledge of the distinction is a meaningful public predictor for knowing that the deficit had decreased between FY 2010 and FY 2015.

**Study 2: Public Priority Levels for Reducing the Budget Deficit**

I now turn from the issue of perceptions of the budget deficit to the degree to which individuals rate the issue as a priority for the federal government. The “consensus” nature of the issue, wherein it maintains generally high ratings as a matter of public concern relative to other political issues, means that the public consistently signals to lawmakers that action to reduce the budget deficit is important (Mayhew, 1974; Fenno, 1978), and that action on the issue has the potential to reap electoral rewards (Jones, 1994). However, if widespread misperceptions about the deficit significantly predict the priority level that respondents select for the issue, it could indicate a disconnection in the democratic relationship between lawmakers and their constituents on budgetary matters.

My primary assumption, consistent with previous polling trends, is that a substantially higher percentage of Republican respondents in 2016 will view reducing the deficit as a top priority than Democratic or Independent respondents. This assumption is based on research on motivated reasoning, and to polling evidence which indicates that members of the party of a sitting president tend to grow relatively less concerned with reducing the budget deficit, and the opposing party more concerned (Tesler, 2015; Motel, 2015).
As expected, Table 5.5 shows a substantially higher percentage of Republican respondents viewed the deficit as a top priority than Democrats or Independents. In fact, “reducing the budget deficit” rates as one of the highest Republican priorities; it is tied for third in mean priority score with “Immigration” out of 18 issues. Only “Terror” and “Economy” rate higher. Notably, the priority level of reducing the budget deficit surpasses other issues among Republicans that received much more news coverage during the period when the questionnaire was administered, such as jobs, taxes and trade. For Independents and Democrats, the deficit is tenth and fifteenth respectively in mean priority score out of eighteen issues.

Table 5.5. Respondents’ Mean Priority Score of Political Issues.

<table>
<thead>
<tr>
<th>Republicans</th>
<th>Democrats</th>
<th>Independents</th>
</tr>
</thead>
<tbody>
<tr>
<td>2) Terror – 3.69</td>
<td>2) Health – 3.53</td>
<td>2) Health – 3.51</td>
</tr>
<tr>
<td>16) Poor – 2.77</td>
<td>15) Deficit – 3.06</td>
<td>15) Trade – 2.88</td>
</tr>
<tr>
<td>17) Environment – 2.50</td>
<td>16) Trade – 2.89</td>
<td>16) Immigration – 2.81</td>
</tr>
<tr>
<td><strong>18) Climate – 2.42</strong></td>
<td>17) Immigration – 2.64</td>
<td>17) Guns – 2.71</td>
</tr>
<tr>
<td>19) Guns – 2.27</td>
<td>18) Military – 2.2</td>
<td>18) Military – 2.28</td>
</tr>
</tbody>
</table>
My hypothesis regarding deficit salience is:

**Hypothesis 5.2: Misperceptions predict issue salience of budget deficit**

I expect that misperceptions about the deficit’s trajectory, and an inability to distinguish between the deficit and the debt, will be significant predictors for increased priority levels for reducing the federal budget deficit.

**Method**

Respondents were asked the following question, which was the basis for the dependent variable: “We’d like to ask you about priorities for President Obama and Congress this year. Please indicate if you think each should be a top priority, important but lower priority, not too important or should not be done.” Respondents were presented with the 18 issues referenced in Table 5.5. The specific wording for the deficit issue was “reducing the budget deficit.” Ordered logistic regression was used because the dependent variable is ordinal: (1) top priority, (2) important but lower priority; (3) not too important; and (4) should not be done. Other studies examining issue salience have used this scale (Egan, 2013; Greenberg, 2005).

Following initial analysis, “should not be done” responses (only about 3% of the responses) were combined with “not too important” into a “not important” category (instruction from Greenberg, 2005). Therefore the multivariate statistical model’s categories for the dependent variable are top priority, important but lower priority, and a “not important” category. I employed the same independent variables used in Study 1, and added the respondents’ knowledge of the deficit’s trajectory (the dependent variable in Study 1) as an independent variable.
**Results** (Regression table in Appendix B, Study 2)

The model provides partial support for Hypothesis 5.2.

In the model, only the respondent’s knowledge of the trajectory of the deficit, and the respondents’ ideology, are significant ($p < .05$). A one-unit increase in knowledge of the deficit’s trajectory makes a one-unit increase in priority level about 17% less likely, so that an individual who knows that the deficit “decreased a lot” over the period is about 68% less likely to select a higher priority level than an individual who thinks the deficit “increased a lot” over the period.

Very Conservative is also significant, with a one unit increase towards Very Conservative making a one-unit increase in priority level about 48% more likely, meaning that a respondent who identifies as Very Conservative is about twice as likely to select a higher priority level for “reducing the deficit” than someone who identifies as Very Liberal.

Hypothesis 5.2 receives partial but significant support: while more correct knowledge of the deficit’s trajectory predicts a lower level of concern for reducing the deficit, the inability to distinguish between the deficit and the debt is not significant in the model. Of course, as we saw in the previous section, an inability to distinguish between the deficit and the debt was a significant predictor for lower levels of knowledge about the deficit’s trajectory.

*Additional findings on political perceptions*

This chapter’s survey also rendered additional information, which is useful in more fully understanding public opinion on the budget deficit.

**Question:** “Which party is better on the deficit?”
Consistent with previous research, Republicans indeed have a broad advantage on perceptions about their handling of the deficit. Republicans believe by 70% that their party is better on the deficit, whereas only 54% of Democrats believe that their party is better. A meager 1.49% of Republicans think Democrats are better able to handle the deficit issue, while 9% of Democrats believe that Republicans are better on the issue. Most crucially, perhaps, Independents think Republicans are better at handling the deficit by 22% to 16% (others chose “neither party” or “both the same”). The most significant difference relating to perceptions of the parties comes from the significantly greater number of Democrats who think the parties are equal in handling the issue: 24% of Democrats responded that the parties were “About the same” in dealing with the issues of deficit and debt, while only 15% of Republicans agreed.

Question: “The U.S. federal government owes money to creditors. Who are the creditors to whom the U.S. owes money?”

Approximately half of the national debt is owed to domestic investors, and half to foreign investors. Political rhetoric with regard to national debt tends to focus on the portion owed to other nations (China in particular), and it seems likely that individuals would perceive that debt is owed mostly if not solely to other nations. The results from the questionnaire show that the vast majority of respondents indeed believed that the debt is mostly owed to foreign nations – a fact that is not conditioned much by one’s political party. 64% of Democrats, 60% of Republicans, and 56% of Independents think the U.S. mostly owes money to foreign governments. Less than 15% of any of the three groups think the money is mostly owed to domestic investors.
The results here may underestimate the degree to which the public believe national debt money is owed primarily or exclusively to foreign nations. This is because the survey presents the question as multiple-choice, and it seems possible that a number of respondents wouldn’t have previously considered that federal debt could be owed to “ourselves” if it hadn’t been provided as an option.

Question: “What do you believe happened to federal government spending between FY 2010 and FY 2015?”

Federal spending had essentially been flat in the 5-year period covered in the questionnaire. However, a substantial majority of Republicans, Democrats, and Independents believe that spending has increased. For Republicans, a large majority of 69% believed that federal spending over the period “Increased substantially.” Overall, 87% of Republicans believed that federal spending increased over the period. 69% of Democrats believed that spending had increased, but with a smaller percentage of 22% believing that it had “Increased substantially.” Among Independents, 76% thought federal spending increased during the period, with 38% believing that it “Increased substantially.”

A potentially significant finding in this survey is that an individual’s perception about federal government spending is substantially correlated with perceptions about the deficit’s trajectory (.59). This may hold out the possibility that correcting misperceptions about the more “concrete” issue of federal spending could have an ancillary corrective benefit with regard to durable misperceptions relating to the more abstract issues of deficit and debt.
Conclusion

This chapter analyzed public opinion on the budget deficit through a cross-sectional survey. As with previous polling trends, the survey found that the vast majority of respondents incorrectly believed that the deficit had increased between FY 2010 and FY 2015.

Only about a quarter of respondents were able to correctly distinguish the difference between the annual federal budget deficit and the accumulated national debt; a finding that does not appear to have been identified in published research in the U.S.

To understand the predictors for these substantial misperceptions about the deficit’s trajectory, ordered logistic regressions indicated motivated reasoning, in particular with regard to approval or disapproval of President Obama (rather than Party ID) wherein disapproval of the president predicted misperceptions of the trajectory of the deficit. Additionally, an inability to correctly distinguish between the definitions of federal deficit and the national debt was a significant predictor for misperceptions of the trajectory of the deficit among Democrats. These findings support my hypothesis that the inability to distinguish between the indicators has explanatory power for widespread misperceptions on the budget deficit.

Having generated independent variables for knowledge of the trajectory and definition of the deficit, I then examined the predictors of respondents’ priority level for reducing the budget deficit. Misperceptions about the deficit’s trajectory, though not misperceptions regarding the difference between the deficit and debt, was significant in the model, as was the respondent’s political ideology, in the expected directions, wherein
greater misperceptions and movement towards Very Conservative predicted higher levels of concern.

This chapter also presented additional evidence on public perceptions of the budget deficit. Results support the contention made throughout this dissertation that the Republicans tend to be perceived as better on “reducing the deficit” than Democrats. The majority of the respondents, as expected, believed that most of the money the U.S. owes is to foreign investors (U.S. federal debt is essentially split evenly between foreign and domestic investors), a useful fact for further investigation in understanding the salience of the issue. Additionally, an individual’s perception about federal government spending is substantially correlated with perceptions about the deficit’s trajectory (.59), which may suggest that correcting misperceptions about the more “concrete” issue of federal spending could have a corrective benefit with regard to misperceptions relating to the more abstract issues of deficit and debt.

The stacked cross-sectional survey spanning 15 years in the next chapter will allow for a fuller adjudication between the various theories on the predictors of deficit salience. However, by revealing the predictive value of misperceptions on deficit concern, this chapter presents evidence that could not be rendered from previous polling or academic analysis.
CHAPTER VI
PREDICTORS OF DEFICIT CONCERN 2001-2015

This chapter tests hypotheses about the predictors of individual salience of the budget deficit issue from 2001 to 2015, using logistic regression models and Gallup polling data. The data was accessed through the Most Important Problem Dataset, “an individual-level dataset that includes responses from surveys taken of individuals in the United States from 1939 through June 2015 with a focus on responses to ‘most important problem’ questions,” (Heffington et al., 2015). As described in Chapter IV, Gallup has asked the MIP question - *What do you think is the most important problem facing this country today?* - once a year until 2007, at which point Gallup began generally asking the question on a monthly basis. Gallup data was chosen for this Chapter’s analysis because, in addition to comprising the majority of the MIPD database, Gallup’s MIP polling results are widely reported, and the data has been used to test issue salience hypotheses in numerous studies (Burden and Sandberg, 2003; Soroka, 2002; McCombs 1999; McCombs and Zhu, 1995).

My three hypotheses on the predictors for deficit concern are:

*Hypothesis 6.0: The deficit issue was more salient in the Obama years than in the Bush years*

I expect that, controlling for relevant factors, respondents will still be substantially more likely to select “reducing the deficit” as their MIP during the Obama years. As discussed in previous chapters, this result is expected due to the strength of issue ownership theory, and the durable tendency for the public to view the Republican Party as better at reducing the deficit than the Democratic Party.
Hypothesis 6.1: Changes in the deficit as a percentage of GDP will not significantly predict salience

Based on fluctuations in polling data, and well-documented public misperceptions on the budget deficit issue, I expect that variation in the deficit itself as a percentage of GDP does not significantly predict the likelihood that individuals choose “reducing the deficit” as their MIP.

Hypothesis 6.2: Agenda-setting effects: increased coverage predicts increased salience

Based on the strength of agenda setting theory, and the fact that unobtrusive issues are more subject to agenda-setting effects (Iyengar, 1979; Weaver, 1991), I expect that an increase in media coverage of the budget deficit and the national debt will significantly increase the likelihood that a respondent chooses “reducing the deficit” as their MIP. Specifically, I expect an increase in the number of deficit articles in The New York Times and The Wall Street Journal in the week prior to the Gallup poll, as well as an increase in mentions of the deficit or debt on the Sunday morning network political programs prior to the Gallup poll, will predict a higher likelihood that the respondent chooses “reducing the deficit” as their MIP.

Hypothesis 6.3: Partisan/presidential interaction

Based on the evidence presented in Chapter I on the relationship between economic perceptions and partisanship, and the independent effects of presidential approval on issue salience, I expect the interaction between an individual’s political party and the party of the sitting president to be significant in the model, wherein a respondent will be
significantly more likely to choose “reducing the deficit” as their MIP when the sitting president is of the opposite political party. I also included an interaction between an individuals’ identification as a Conservative, Moderate, or Liberal and the party of the sitting president. I expect that political ideology as measured by this 3-point scale may also have significant interaction effects with the party of the sitting president in a similar way as partisanship, although I expect the effect of ideology will be less substantial than the proven influence of party ID on preference formation.

**Method**

To determine the predictors for salience of the budget deficit, I performed binary logistic regression analysis, and used the odds ratio statistic to determine the likelihood of respondents choosing “reducing the deficit” as their MIP.

The data pool consists of 79,274 observations/respondents over a span of almost 15 years, which includes a total of 90 polls. My hypotheses are derived from the data I generated and described in previous chapters. I use the following independent variables:

**Demographic control variables:**

- Gender – Binary variable with “Male” (1)
- Age – ranges in this survey from 18-99 with a mean of 50.7.
- Education – ranges in value from No High School (1) to Post Grad (5)
- Income quartile – ranges in this survey from (1) (Lowest 25%) to (4) (Highest 25%)
**Economic independent variables:**

- Deficit as a percentage of GDP – This variable represents the budget deficit as a percentage of GDP in the month prior to the Gallup poll.
- Debt as a percentage of GDP – This variable represents the national debt as a percentage of GDP for the fiscal year preceding the Gallup poll.
- Unemployment rate – The average unemployment rate for the month preceding the poll.
- Economic growth – The average rate of GDP growth for the fiscal quarter preceding the poll.

**Political independent variables:**

- Conservative – an ideology question with values of “Liberal” (1) “Moderate/Neither” (2) and “Conservative” (3).
- Presidential approval – A binary variable, with “Approve” (1).
- Republican Houses – This variable represents the number of houses of Congress controlled by Republicans when the Gallup poll was taken. Because control of houses of Congress allows a party to have increased agenda-setting power, Republicans control in Congress may predict an increase in the salience of the deficit.
- Political party – A trichotomous categorical variable for whether the respondent identified as Republican, Democrat, or Independent.
• Obama years – this is a binary variable meant to capture change in the White House, with the Bush years from 2001-2008 (0), and the Obama years 2009-2015 (1).

• Fatalities – This variable represents the number of American fatalities in military engagements by year. This variable has been used as a control (see Brulle et al., 2011) to account for the increased focus on terrorism and war in the years following the terrorist attacks of September 11, 2001, which may have reduced the salience of issues such as the budget deficit.

• Articles: this variable represents the combined total of “deficit articles” in The New York Times and The Wall Street Journal for the week prior to the Gallup poll. This variable intended to represent agenda-setting effects, which tend to be strongest in the week prior to polling. I define an article as a “deficit article” if it mentions the budget deficit in either the headline or the lead paragraph.

• Sunday show deficit/debt mentions – This variable, also intended to capture agenda-setting effects, represents the total number of mentions of the budget deficit and national debt broadcasted on the three Sunday morning network political shows on the Sunday prior to the Gallup poll.

• Date variable: included as a control to account for temporal relationships between the variables.

**Results** (Regression table in Appendix B, Study 3)

Hypothesis 6.0 is supported by the model. Controlling for numerous factors, individuals were more than twice as likely (2.14) (p < .001) to select the budget deficit as the MIP during the Obama years.
Hypothesis 6.1 is supported by the model: while a number of the independent variables are significant predictors in the model, the variable for the budget deficit as a percentage of GDP is not. This suggests that public salience of the budget deficit may indeed be largely disconnected from variation in the size of the deficit itself.

Hypothesis 6.2 is supported by the model: the variables for agenda-setting media effects are significant in the expected direction, wherein more deficit articles in the newspapers and more mentions of the deficit and debt on the Sunday political programs in the week preceding the poll predict a greater likelihood that respondents will select “reducing the deficit” as their MIP.

Hypothesis 6.3 was not supported by the model: while Republicans, Democrats, and Independents were all substantially more likely to select the deficit as the MIP during the Obama years, the interaction effect of party ID and the sitting president was not a useful predictor for a respondent’s selection of “reducing the deficit” as the MIP. However, the interaction of ideology and the president was significant in the model, in the expected direction, which will be covered in the next section.

Discussion

First I will discuss some of the main effects of the model, and then I will focus on the interaction variables which help explain differences in the salience of the issue between the Bush and Obama administrations.

**Main effects: 2001-2015**

The agenda-setting effect found in the model is substantial, though not huge. Nevertheless, the model presents evidence that agenda-setting is a significant factor in
selecting “reducing the deficit” as MIP, wherein more articles on the deficit, and more
mentions of the deficit and debt in the Sunday programs, increases the likelihood of
respondents selecting “reducing the deficit” as their MIP; an effect which is likely to be
stronger when more media is taken into account.

The odds ratio for the Sunday programs variable was .004 (p < .01), which means
that 10 additional mentions of the deficit or debt on the Sunday network political
programs increases the odds that a respondent selects “reducing the deficit” as MIP by
about 4%. The highest total mentions for a single program on the Sunday prior to a
Gallup MIP poll was 46 (Meet the Press on July 10th, 2011). Therefore, an individual
polled during that week, all things being equal, would be about 18.4% more likely to
select “reducing the deficit” as the MIP than during a week with zero mentions.

The variable for the total number of articles in the Times and Journal was also
significant with an odds ratio of .014 (p < .01). The highest number of articles in the 7-day
period before a Gallup poll was 22 (the week of February 1st – 7th, 2010). Therefore, an
individual polled that week would be about 31% more likely to select “reducing the
deficit” as the MIP than during a week with zero deficit articles.

Presidential approval was significant in the model as expected, with an odds ratio
of .42 (p < .001), which predicts that an individual who approves of the sitting president
is about 58% less likely to select “reducing the deficit” as the MIP.

Beyond the factors directly relating to this chapter’s hypotheses, there were
additional noteworthy statistical relationships identified by the models. Perhaps most
interesting is that males, over the span of administrations, were nearly 50% more likely
(1.49, p < .001) to select “reducing the deficit” as the MIP than were women. The
academic literature provides a precedent for this finding on the issue of the budget deficit: Eichenberg and Stoll (2013) found that women tend to be “more supportive of social spending, and less sensitive to the constraints of deficit and debt,” (p. 334).

A key result in the model was the significance of the variable for the national debt, which has an odds ratio of .035 (p < .001). A 10% rise in the national debt as a percentage of GDP predicts that respondents would be about 35% more likely to select the deficit as the MIP. In FY 2003, the national debt was 33.65% of GDP. In 2014, the national debt was 73.20% of GDP. Therefore, controlling for all other factors, the national debt in 2014 would predict that a respondent would be about 1.4 times more likely to select “reducing the deficit” as top priority. Here, we have some evidence of the “real world effects” that appear to be missing in the relationship between the budget deficit as a percentage of GDP and the selection of “reducing the deficit” as MIP in the model. However, as I have argued throughout this dissertation, because the deficit and debt are very different indicators, “real-world effects” of the national debt are not an effective heuristic for a citizen when assessing the budget deficit.

The variable for Republican houses is significant in the model at 1.22 (p < .001). When Republicans control both houses of Congress, an individual is about 44% more likely to select “reducing the deficit” as the MIP than when Republicans control neither house. Due to the consistent Republican advantage on the budget deficit issue as measured by public polling, it would seem that the best way to interpret this finding is that when Republicans control chambers of Congress, their agenda-setting power on budgetary matters is increased. This has intuitive value since Republicans, for example,
had numerous budget-cutting measures on the floor of their respective chambers when they controlled them during the Obama administration.

An increased level of education predicted a greater likelihood for selecting “reducing the deficit” as the MIP, wherein each unit increase in education level made selecting “reducing the deficit” as MIP 15% more likely. An individual with “post-grad” education, therefore, is about 60% more likely to choose the deficit as MIP than an individual who did not finish High School. It will take more research to determine the degree to which this result may be a function of the fact that those with more formal education tend to be more attuned to elite messaging.

Higher income also predicted a greater likelihood for selecting the budget deficit as the MIP, with an odds ratio of .20, wherein an individual in the top 25% of earners would be about 60% more likely to choose the deficit as MIP than those in the lowest 25%. This makes some intuitive sense, insofar as high earners are likely more attuned to the macroeconomy, and therefore may be more concerned with the possibility of tax increases resulting from national debt.

**Interaction effects**

Democratic, Independent, and Republican respondents were much more likely to choose the “reducing the deficit” as the MIP in the Obama years than in the Bush years. During the Obama years, and controlling for a variety of factors, Democrats were about 3.2 times more likely, Independents about 3.7 times more likely, and Republicans about 7.4 times more likely to select “reducing the deficit” as the MIP. However, what we see in the model’s interaction of party ID and president is that party ID actually becomes less of a reliable predictor for selecting “reducing the deficit” as the MIP. What becomes a
better predictor is the interaction between president and ideology, wherein identifying as a moderate or conservative is a significant predictor of selecting the deficit as the MIP in the Obama years, when compared to identifying as a liberal. During the Obama years, the effect of identifying as a moderate predicts that an individual will be 1.46 (p < .05) more likely to select “reducing the deficit” as the MIP than a respondent that identifies as liberal, and the effect of identifying as a conservative in the Obama years makes it 1.38 (p<.1) more likely that an individual will select the “reducing the deficit” as the MIP than those that identify as liberal. More research is necessary, but these results have intuitive value because the parties are so changeable on the deficit.

Interaction effects can be challenging to in a binary logistic model. However, the result may suggest that, when it comes to deficit salience, it is ideology rather than party ID that, in the context of a Democratic president, makes an individual more likely to select deficit as the MIP. Salience of the budget deficit may be more of a “conservative” than a “Republican” preference.

This result is relatively clear with regard to Independents: moderates and conservatives become significantly more likely to select “reducing the deficit” as MIP when a Democrat is president. This suggests that in the absence of party ID, identifying as a moderate or conservative makes an individual more subject to issue ownership effects on the budget deficit issue. More research is needed to determine if the more ambiguous interaction of party ID and president is a function of the intuitive possibility that “reducing the deficit” is more a “conservative” than a “Republican” value, or merely a function of party ID effects tending to be more uniform overall, and therefore less useful as a predictor in the model.
Conclusion

The deficit issue was far more salient during the Obama years than it was during the Bush years. Why? The model presents evidence that the increased salience of the deficit in the Obama years was not a function of changes in the relative size of the deficit. Instead, the fact that, controlling for a variety of factors, individuals were still more than twice as likely to select “reducing the deficit” as the MIP in the Obama than in the Bush years suggests the influence of issue ownership, wherein Republicans tend to be viewed by the public as better at reducing the deficit. The model suggests a substantial agenda-setting effect where an increase in coverage (such as in the Obama years relative to the Bush years) increases the salience of the issue, which was particularly expected because of the “unobtrusiveness” of the deficit issue.

Future work should look to the question of whether media coverage is impacted by the “real world effects” of the deficit, and to the question of the degree to which parties in control of Congressional chambers can impact issue salience by setting the agenda for the news media. Issue ownership may be an important factor in deficit salience, since with all the controls, individuals were still over twice as likely to select the deficit as the MIP in the Obama years than they were during the Bush years. The model suggests a substantial agenda-setting effect, which was expected because of the “unobtrusiveness” of the deficit issue; and as we have seen there was far more coverage of the issue during the Obama years.

Future work should investigate the reasons that men, across both administrations, were about 50% more likely to select “reducing the budget” than were women. Additionally, the relationship between fluctuations in deficit and the volume of media
coverage should be examined, as should the degree to which parties in control of Congressional chambers can impact the political discourse and the salience of the budget deficit by setting the agenda for the news media.
CHAPTER VII

CONCLUSION

The aim of this dissertation has been to better-understand public salience of the budget deficit issue in the U.S. I’ve argued throughout that public opinion on the budget deficit exerts an influence on American politics, and when the issue is particularly salient, it can be a force that shapes national policy. However, public understanding of the budget deficit issue is particularly prone to misperceptions, and there tends to be a gap between the public’s general perception of budget deficits (as fundamentally harmful to an economy) and the view of mainstream economists (as a useful economic policy tool). These dynamics create politics that alienate informed public opinion and democratic accountability.

To contribute to knowledge on the budget deficit issue and public opinion, and to gain perspective on how discourse surrounding the issue might be better-informed and more productive, both qualitative and quantitative methods were used in this dissertation. Examining presidential rhetoric, I identified a through-line – the “posterity frame” – which I argued is important for understanding the persistent normative concerns, and stagnant politics, of the budget deficit issue. In tracking the issue during the Bush and Obama administrations, I found that the arguments by political elites tended to be a stand-in for traditional political arguments on spending and taxes; a dynamic that can be expected to foster public confusion on the issue. Through regression modeling of data generated by an original cross-sectional survey in 2016 that closely examined individual perceptions and concern about the issue, I found that salience is predicted by misperceptions relating to both the deficit’s trajectory and its distinction from the national
debt. And through regression modeling of a stacked cross-section of Gallup data from 2001-2015, I found that public concern with the deficit was not predicted by changes in the deficit itself, but instead by ideology and news coverage. I argued that the results of the model provided evidence of the strength of issue ownership theory, and supported the presence of a distinct Republican advantage on the issue, which has explanatory power in understanding public opinion on the issue.

In Chapter I, I explained the importance to political science for understanding public opinion on budget deficits. I argued that the combination a durable public consensus that “reducing the deficit” is important, combined with fundamental public misperceptions on the issue, and the influence of the “public mood” on the behavior of political elites, presents distinct problems for democratic accountability in the U.S. Chapter II presented a literature review that provided a theoretical template for understanding the influence of misperceptions on preference formation. The chapter also compiled and explained the contested theories on the predictors of public salience of the budget deficit issue.

The first half of Chapter III presented a brief overview of the political history of the budget deficit and national debt issue in the U.S. With reference to Schick’s periodization of budget politics, we see that America’s distinctive and enduring normative concerns about the federal budget, a key to understanding public opinion on the issue, was firmly established in the first period of Congressional dominance, growing in part out of the experiences and of the Founders.

The passage of the Congressional Budget and Impoundment Control Act of 1974 re-empowered Congress in budgetary matters relative to the president. This led to more
intense partisan and inter-branch budget battles and contributed, in part, to chronic U.S. budget deficits, and to making the issue a focal point of national policy in recent decades.

In the second half of Chapter III, I built on previous work on Americans’ normative concerns relating to budget deficits by identifying what I called the “posterity frame”: a rhetorical device used with striking frequency by presidents and other policymakers since the Founding, which frames budget deficits and national debt as an unfair burden to future generations. I argued that it was important to place this rhetorical frame in the context of the durable American virtue of self-reliance, in order to both understand its prominence in the discourse and its potential long-term effects on public opinion.

I also examined the “posterity frame” through the lens of the theory of “reproductive futurism” developed by Lee Edelman (1998). By making budget-cutting a politically neutral goal, and framing budget deficits as a universally agreed-upon danger to children and the unborn, rather than a fully political policy choice to weigh against other policy choices, “reproductive futurism” helps explain the psychological power and persistence of the posterity frame. Further, it helps explain the salience – and flattened dissent – characteristic of the politics surrounding the budget deficit issue in the U.S.

Chapter IV presented an analysis of the politics of the budget deficit from 2001-2015 by focusing on traditional areas of attention in public opinion research: media coverage, polling data, and elite rhetoric. I presented new evidence and identified patterns in budget deficit politics that I argue lock in both public misperceptions and the gap between the public and mainstream economists on the issue. The chapter showed how the impactful increase in public salience of the budget deficit issue during the Obama administration was undergirded by public misperceptions.
A content analysis of media coverage and elite rhetoric on the deficit issue reveals a sharp increase in coverage during the Obama administration. Elite rhetoric during the period tended to be characterized by the non-political framing of budget-cutting (as a universally-agreed political goal), and media coverage characterized by the regular use of the “crisis” frame in relation to the budget deficit and national debt. The unusually similar rhetorical approach to the issue among Democrats and Republicans, mirrored by much of the media, I argue, contributes to the substantial advantage the Republican Party has on the issue.

Ultimately, Republican and Democratic debates on the budget deficit, I argue, tend to be a misleading proxy for the traditional left/right debate over social spending vs. tax cuts, where each side maintains that their preferred form of “stimulus” will not increase the deficit. The invocation of a budget and/or federal debt “crisis” is often a means to imbue the speaker’s disfavored position with peril. These elements of the public discourse foster cognitive dissonance and public confusion, and reinforce the unproductive politics on the issue. The aversion on the part of policymakers to addressing the long-term drivers of national debt, I argue, is also at the core of the gap between elite rhetoric and the general position of the CBO and the Federal Reserve on the economic impact of national debt.

Chapter V presented an original survey, administered in 2016, that provided confirming evidence that only a small portion of the public was aware that the deficit was in decline between FY 2010 and FY 2015. Addressing a gap in the literature on budget deficit politics in the U.S., I found that only about a quarter of respondents were able to distinguish between the budget deficit and the national debt, which has explanatory
power for understanding public misperceptions on the issue. Logistic regression models based on the survey’s data presented evidence that perceptions of President Obama were better predictors for misperceptions on the deficit issue than party ID - potentially a function of a polarizing presidency, but notably different from the bulk of the literature which tends to emphasize the importance of partisanship to economic evaluations.

Additionally, as hypothesized, misperceptions of the deficit’s trajectory (along with one other variable - presidential approval) significantly predicted increased salience of the deficit issue for survey respondents, supporting the argument made throughout the dissertation that the common misperceptions on the issue increase its public salience.

Chapter VI presented a binary logistic regression model with a dataset comprised of 15 years of Gallup polling data. The intent was to adjudicate between various theories on the predictors of the salience of the deficit issue overall, as well as to account for factors that substantially increased the apparent salience of the issue during the Obama administration. Controlling for a number of political and economic factors, the model presented evidence that individuals were indeed more than twice as likely during the Obama administration to select “reducing the budget deficit” as their MIP than they were during the Bush administration. I argue that this differential is evidence of the strength issue ownership theory, and consistent with evidence stretching back to the Reagan administration that suggests the public tends to be less concerned about the budget deficit under Republican presidents. I also found significant agenda-setting effects on the issue, wherein more articles about the deficit in the *New York Times* and *Wall Street Journal*, as well as more mentions of the deficit or debt on the Sunday morning network political programs, predicted increased public issue salience. The public salience of the budget
deficit issue, I argue, is likely to be particularly prone to media influence because it is the epitome of an abstract and “unobtrusive” issue to most individuals; an issue quality shown to increase media effects in previous research.

The model in this chapter also presented evidence that the budget deficit as percentage of GDP was not a significant predictor for salience of the issue between 2001 and 2015. This supports the argument made throughout this dissertation that public opinion on the issue is disconnected from “real world” changes in the deficit. Issue salience of the deficit during the Obama years was better-explained by respondents’ ideology on the liberal to conservative scale than by their party ID, which has intuitive value insofar as a preference for balanced budgets may be more “conservative” than “Republican.” The model also presented evidence of strong gender effects on the issue, wherein men tend to find the issue substantially more salient than women, a finding which has not been firmly established but has precedent in the academic literature (Eichenber and Stoll, 2013).

I end with several recommendations for educators, journalists, and political actors interested in increasing public knowledge and fostering a more productive political discourse on the issue. First, most discourse and reporting on the deficit and debt shuns definitions of the terms; definitions which I’ve argued throughout this dissertation are politically meaningful. Increasing reference to the widely-misunderstood distinction that the deficit is a yearly budget imbalance, and the debt is the much larger accumulation of past deficits, is a first step in addressing public misperceptions on the issue. Second, as identified in Chapter VI, individual perceptions of the budget deficit are highly correlated with perceptions of federal spending. Therefore, it could benefit the public discourse to
increase focus on the relatively less-abstract issue of “spending” when describing the federal government’s activity than the budget deficit. Third, the perceptual gap between the public and economists on the budget deficit issue would be diminished if citizens’ focus shifts to the medium to long-term costs of the federal government emphasized by the CBO and the Federal Reserve. The long-term drivers of federal debt, while subject to different ideological approaches to achieve budget sustainability, are risky for politicians to address. However, a public emphasis that it is decisively not short-term discretionary spending, but future entitlement benefits and the rising costs of healthcare in the U.S. that prompt serious warnings from economists, could be a step towards diminishing public misperceptions on the issue and bridging the divide between public and expert opinion.
APPENDIX A
CROSS-SECTIONAL SURVEY QUESTIONNAIRE

Informed Consent Form

Purpose of the Study: The purpose of this study is to gain a better understanding about individual political knowledge and opinions. What will be done: If you choose to participate, you will complete a survey, which will take about 12 minutes. First you will answer some basic demographic questions and questions about your political orientation. There will then be a series of questions about political matters. After we have finished all data collection, we will provide you with more information about the study.

Risks or discomforts: No risks or discomforts are anticipated from taking part in this study. If you feel uncomfortable at any time, you can choose to withdraw from the study. Confidentiality: Your responses will be kept completely confidential. How the findings will be used: The results of the study will be used for scholarly purposes only. Results will be presented in educational settings and at professional conferences, and may be published.

If there are any questions about this research, please contact the researcher Michael Faherty at mfaherty@uoregon.edu. By beginning the survey, you acknowledge that you have read this information and agree to participate in this research. Payment is [$1.00] for this approximately 12 minute survey. Please print and retain a copy of this consent form for your records. If you have questions about your rights as a research subject, contact
Research Compliance Services at ResearchCompliance@uoregon.edu or 541-346-2510. Please answer every question, and do not skip ahead. Please do not look up the answers to any of the questions, answer based on your own understanding without additional materials. Thank you.

Q2 What is your age?

Q3 What is your gender?

- Male (1)
- Female (0)

Q4 What is the highest level of education that you have achieved?

- Less than high school (Grades 1-8 or no formal schooling) (1)
- High school incomplete (Grades 9-11 or Grade 12 with NO diploma) (2)
- High school graduate (Grade 12 with diploma or GED certificate) (3)
- Some college, no degree (includes some community college) (4)
- Two year associate degree from a college or university (5)
- Four year college or university degree/Bachelor’s degree (e.g., BS, BA, AB) (6)
- Some postgraduate or professional schooling, no postgraduate degree (e.g. some graduate school) (7)
- Postgraduate or professional degree, including master’s, doctorate, medical or law degree (e.g., MA, MS, PhD, MD, JD, graduate school) (8)

Q5 Last year, that is in 2015, what was your total family income from all sources, before taxes?

- Less than $10,000 (1)
- $10,000 to less than $20,000 (2)
- $20,000 to less than $30,000 (3)
- $30,000 to less than $40,000 (4)
- $40,000 to less than $50,000 (5)
- $50,000 to less than $75,000 (6)
- $75,000 to less than $100,000 (7)
- $100,000 to less than $150,000 (8)
- $150,000 or more (9)
Q6 Do you approve or disapprove of the way Barack Obama is handling his job as President?

- Approve (1)
- Disapprove (2)
- Don't Know (3)

Q7 In politics today, do you consider yourself a Republican, Democrat, or Independent?

- Republican (1)
- Democrat (2)
- Independent (3)
- Other (4)

Q8 As of today do you lean more to the Republican Party or to the Democratic Party?

- Republican (1)
- Democrat (2)
- Neither (3)

Q9 In general, would you describe your political views as...

- Very Conservative (1)
- Conservative (2)
- Moderate (3)
- Liberal (4)
- Very Liberal (5)
- Don't Know (6)

Q10 Some people follow what's going on in government and public affairs most of the time, whether there's an election going on or not. Others aren't that interested. How often would you say you follow what's going on in government and public affairs?

- Most of the time (1)
- Part of the time (2)
- Only now and then (3)
- Hardly at all (4)

Q11 You'll now be asked four multiple choice questions about U.S. politics.
Q12 Who is the current Secretary of State?

- Susan Rice (2)
- Joseph Biden (3)
- Hillary Clinton (4)
- John Kerry (1)
- Don't Know (5)

Q13 Which party currently controls the House of Representatives?

- Democrats (2)
- Republicans (1)
- Don't Know (3)

Q14 How long is the term of a U.S. Senator?

- 2 Years (2)
- 4 Years (3)
- 6 Years (1)
- 8 Years (4)
- Don't Know (5)

Q15 Who is currently the Chief Justice of the Supreme Court?

- Samuel Alito (2)
- Anthony Kennedy (3)
- Stephen Breyer (4)
- John Roberts (1)
- Don't Know (5)
Q16 We'd like to ask you about priorities for President Obama and Congress this year. Please indicate if you think each should be a top priority, important but lower priority, not too important or should it not be done.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Top Priority (1)</th>
<th>Important but lower priority (2)</th>
<th>Not too important (3)</th>
<th>Should not be done (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the job situation</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Reducing health care costs</td>
<td>○</td>
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<td>○</td>
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<tr>
<td>Reducing crime</td>
<td>○</td>
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<tr>
<td>Protecting the environment</td>
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<td>○</td>
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<tr>
<td>Reducing the budget deficit</td>
<td>○</td>
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<tr>
<td>Defending the country from future terrorist attacks</td>
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<tr>
<td>Dealing with the issue of illegal immigration</td>
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<tr>
<td>Improving the educational system</td>
<td>○</td>
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<td>○</td>
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<tr>
<td>Taking steps to make the Social Security system financially sound</td>
<td>○</td>
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<td>○</td>
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<tr>
<td>Dealing with the problems of poor and needy people</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Strengthening the military</td>
<td>○</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Dealing with global trade</td>
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<td>○</td>
<td>○</td>
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<tr>
<td>Issues (12)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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<tr>
<td>---------------------------------------------------------------------------</td>
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<tr>
<td>Dealing with gun policy (13)</td>
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<tr>
<td>Dealing with global climate change (14)</td>
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<tr>
<td>Reforming the nation's tax system (15)</td>
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<td></td>
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<tr>
<td>Strengthening the nation's economy (16)</td>
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<tr>
<td>Reforming the criminal justice system (17)</td>
<td></td>
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<td></td>
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<tr>
<td>Taking steps to make the Medicare system financially sound (18)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Q17 These are the issues you selected as Top Priority. Please rank these issues in order of importance, with the most important issue at the top at number 1, the second most important issue beneath it at 2, and so on. (If the issues are already listed in your correct priority order, please just move one and then return it to the correct spot in your priority order so that the system knows you have responded.)

_____ Improving the job situation (1)
_____ Reducing health care costs (2)
_____ Reducing crime (3)
_____ Protecting the environment (4)
_____ Reducing the budget deficit (5)
_____ Defending the country from future terrorist attacks (6)
_____ Dealing with the issue of illegal immigration (7)
_____ Improving the educational system (8)
_____ Taking steps to make the Social Security system financially sound (9)
_____ Dealing with the problems of poor and needy people (10)
_____ Strengthening the military (11)
_____ Dealing with global trade issues (12)
_____ Dealing with gun policy (13)
_____ Dealing with global climate change (14)
_____ Reforming the nation's tax system (15)
_____ Strengthening the nation's economy (16)
_____ Reforming the criminal justice system (17)
_____ Taking steps to make the Medicare system financially sound (18)

Q18 The next set of questions will ask you about one of the issues listed in the previous "government priorities" question. Many people don't know the answers to these questions, but even if you're not sure we'd like you to select your best guess. It is fine to select "Don't Know" but please only select it if you have no idea. We ask again that you do not look up your answers on the Internet or elsewhere, and that you answer as honestly as you can in order to support the validity of the survey. Thank you!

Q19 Please read before moving on to the next set of questions: The federal government, like businesses, marks its yearly budget in Fiscal Years (FY). The fiscal year for the federal government runs from October 1st to September 30th, so Fiscal Year 2015 ran from October 1st 2014 to September 30th, 2015. The following questions are about the period ending last year at the end of the last complete fiscal year: September 30th 2015.
Q20 What do you think happened to the federal deficit from FY 2010 to the end of FY 2015? The federal deficit...

- Increased a lot (1)
- Increased a little (2)
- Stayed about the same (3)
- Decreased a little (4)
- Decreased a lot (5)
- Don't Know (6)

Q21 What do you think happened to the federal deficit from FY 2010 to the end of FY 2015? The federal deficit...

- Decreased a lot (5)
- Decreased a little (4)
- Stayed about the same (3)
- Increased a little (2)
- Increased a lot (1)
- Don't Know (6)

Q22 Which choice below would you say best describes how the federal deficit and the national debt compare?

- The federal deficit is much larger than the national debt (1)
- The federal deficit is somewhat larger than the national debt (2)
- The federal deficit and the national debt are about the same (3)
- The national debt is somewhat larger than the federal deficit (4)
- The national debt is much larger than the federal deficit (5)
- Don't know (6)

Q23 What choice below would you say best describes how the federal deficit and the national debt compare?

- The national debt is much larger than the federal deficit (5)
- The national debt is somewhat larger than the federal deficit (4)
- The national debt and the federal deficit are about the same (3)
- The federal deficit is somewhat larger than the national debt (2)
- The federal deficit is much larger than the national debt (1)
- Don't Know (6)
Q24 What choice below would you say best describes how the national debt and the federal deficit compare?

- The federal deficit is much larger than the national debt (1)
- The federal deficit is somewhat larger than the national debt (2)
- The national debt and the federal deficit are about the same (3)
- The national debt is somewhat larger than the federal deficit (4)
- The national debt is much larger than the federal deficit (5)
- Don't Know (6)

Q25 What choice below would you say best describes how the national debt and the federal deficit compare?

- The national debt is much larger than the federal deficit (5)
- The national debt is somewhat larger than the federal deficit (4)
- The national debt and the federal deficit are about the same (3)
- The federal deficit is somewhat larger than the national debt (2)
- The federal deficit is much larger than the national debt (1)
- Don't Know (6)

Q26 Which choice below best defines the federal deficit?

- The total amount that the U.S. federal government owes. (2)
- The difference between U.S. government income and spending in one year. (1)
- The combined total amount owed by each individual state in the U.S. (3)
- The total amount of personal debt held in the U.S. (4)
- The difference between the amount spent under presidential administration and the amount authorized by Congress. (5)
- Don't Know (6)

Q27 Which choice below best defines the national debt?

- The total amount that the U.S. federal government owes. (1)
- The difference between U.S. government income and spending in one year. (2)
- The combined total amount owed by each individual state in the U.S. (3)
- The total amount of personal debt held in the U.S. (4)
- The difference between the amount spent by under presidential administration and the amount authorized by Congress. (5)
- Don't Know (6)
Q28 Overall, which party do you think is better at dealing with the issues of the deficit and debt?

- Republican Party (1)
- Democratic Party (2)
- About the same (3)
- Neither (4)
- Don't Know (5)

Q29 The U.S. federal government owes money to creditors. Who are the creditors to whom the U.S. owes money?

- Primarily U.S. investors (1)
- Primarily foreign investors (2)
- About the same is owed to U.S. investors and foreign investors (3)
- Don't know (4)

Q30 What do you believe has happened to federal government spending between FY 2010 and FY 2015? Federal government spending...

- Increased substantially (1)
- Increased somewhat (2)
- Stayed about the same (3)
- Decreased somewhat (4)
- Decreased substantially (5)
- Don't know (6)

Q31 How would you rate economic conditions in this country today...as excellent, good, only fair, or poor?

- Excellent (1)
- Good (2)
- Only fair (3)
- Poor (4)
- Don't Know (5)

Q32 Over the course of the next 12 months, do you think the financial situation of you and your family will improve a lot, improve some, get a little worse or get a lot worse?

- Improve a lot (1)
- Improve some (2)
- Stay about the same (3)
- Get a little worse (4)
- Get a lot worse (5)
Q33 What would you say has happened to federal taxes on the middle class since FY 2010? Federal taxes on the middle class have...

- Increased (1)
- Stayed about the same (2)
- Decreased (3)
- Don't Know (4)

Q34 How would you rate your own personal financial situation? Would you say you are in excellent shape, good shape, only fair shape or poor shape?

- Excellent shape (1)
- Good shape (2)
- Only fair shape (3)
- Poor shape (4)

Q35 Thinking now about your own personal debt -- that is the amount of debt you have when you think about your credit card bills, car loans, student loans or any other types of loans, mortgages, etc., -- about how much personal debt would you say you have today?

- $0-$999 (1)
- $1,000-$4,999 (2)
- $5,000-$9,999 (3)
- $10,000-$24,999 (4)
- $25,000-$49,999 (5)
- $50,000-$99,999 (6)
- $100,000-$149,999 (7)
- $150,000-$199,999 (8)
- $200,000-$249,999 (9)
- More than $250,000 (10)

Q36 How concerned would you say you are about your personal debt?

- Not concerned (1)
- Somewhat concerned (2)
- Very concerned (3)
- Extremely concerned (4)
- I have no personal debt (5)

Q37 Thank you for participating as a research participant in the present study concerning political knowledge and opinions. The present study tests individual levels of concern about political issues, and then presents questions to determine the participant’s level of knowledge about a particular issue that has been presented. The goal is to understand the relationship between a participants concern about the political issue and their understanding of that issue. If you have any questions regarding this study, please feel free to contact the researcher: Michael Faherty – mfaherty@uoregon.edu.
APPENDIX B

REGRESSION RESULTS

Study 1: Ordered logistic regression models (proportional odds ratios) of knowledge of the budget deficit’s trajectory from FY 2010 – FY 2015. (Dependent Variable: 5 point scale: Increased a lot (1), Increased a little (2), Stayed about the same (3), Decreased a little (4), Decreased a lot (5))

<table>
<thead>
<tr>
<th></th>
<th>Model 1 – Republicans, Democrats, Independents/Other</th>
<th>Model 2 – Republicans</th>
<th>Model 3 – Democrats</th>
<th>Model 4 – Independents/Other</th>
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</thead>
<tbody>
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<td>0.993</td>
<td>0.953</td>
<td>0.986</td>
<td>1.013</td>
</tr>
<tr>
<td>Std. Err.</td>
<td>0.011</td>
<td>0.031</td>
<td>0.018</td>
<td>0.017</td>
</tr>
<tr>
<td>Male</td>
<td>1.098</td>
<td>0.726</td>
<td>0.764</td>
<td>1.977</td>
</tr>
<tr>
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<td>1.029</td>
<td>1.285</td>
<td>0.933</td>
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<td>Std. Err.</td>
<td>0.078</td>
<td>0.378</td>
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<td>Std. Err.</td>
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<td>0.073</td>
<td>0.082</td>
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<td>Approve of President</td>
<td>2.323 **</td>
<td>2.068</td>
<td>2.902</td>
<td>2.503*</td>
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<td>1.878</td>
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<td>1.439</td>
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<td>1.112</td>
<td>1.200</td>
<td>1.393</td>
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<td>1.331</td>
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<tr>
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<td>0.798</td>
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<td>0.940</td>
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<td>Model 1 – Republicans, Democrats, Independents/Other</td>
<td>Model 2 – Republicans</td>
<td>Model 3 – Democrats</td>
<td>Model 4 – Independents/Other</td>
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<td>----------------------------------------------------</td>
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<td>Democrats</td>
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<td>1.560</td>
<td>1.503</td>
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<tr>
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<td>Pseudo $R^2$</td>
<td>0.055</td>
<td>0.056</td>
<td>0.046</td>
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*p < .05, ** p < .01, *** p < .001
Study 2: Ordered logit regression models (proportional odds ratios) of concern about the budget deficit

<table>
<thead>
<tr>
<th></th>
<th>Republicans, Democrats, Independents</th>
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<tr>
<td>Age</td>
<td>0.991</td>
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<td>0.011</td>
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<td>Male</td>
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<td>Education</td>
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<td>Income</td>
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<tr>
<td>Approve of President</td>
<td>.751</td>
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<tr>
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</tr>
<tr>
<td>Very Conservative</td>
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<td>Std. Err.</td>
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<tr>
<td>Political Knowledge</td>
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<tr>
<td>Std. Err.</td>
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<td>Trajectory Knowledge</td>
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<tr>
<td>Std. Err.</td>
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<tr>
<td>Deficit Knowledge</td>
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<td>Std. Err.</td>
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<td>Std. Err.</td>
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<tr>
<td>Democrats</td>
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<td>Std. Err.</td>
<td>0.247</td>
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<td>Cut 1</td>
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<td>Cut 2</td>
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<td>Std. Err.</td>
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<td>Pseudo R2</td>
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</table>

*p < .05, ** p < .01, *** p < .001
Study 3: Binary logistic regression models (proportional odds ratios) of whether the respondent chooses “Reducing the deficit” as the most important problem facing the country

<table>
<thead>
<tr>
<th>Deficit = MIP</th>
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<th>Robust Standard Error</th>
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<tbody>
<tr>
<td>Male</td>
<td>1.492***</td>
<td>0.056</td>
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<tr>
<td>Age</td>
<td>0.997**</td>
<td>0.001</td>
</tr>
<tr>
<td>Education Level</td>
<td>1.157***</td>
<td>0.026</td>
</tr>
<tr>
<td>Income Quartile</td>
<td>1.201***</td>
<td>0.025</td>
</tr>
<tr>
<td>Approve of President</td>
<td>0.425***</td>
<td>0.021</td>
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<tr>
<td>Independents</td>
<td>1.552**</td>
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<tr>
<td>Republicans</td>
<td>1.567**</td>
<td>0.245</td>
</tr>
<tr>
<td>Obama Years</td>
<td>1.939**</td>
<td>0.480</td>
</tr>
<tr>
<td>Independents * Obama years</td>
<td>0.686*</td>
<td>0.108</td>
</tr>
<tr>
<td>Republicans * Obama years</td>
<td>0.728</td>
<td>0.122</td>
</tr>
<tr>
<td>Moderates</td>
<td>0.892</td>
<td>0.144</td>
</tr>
<tr>
<td>Conservatives</td>
<td>1.078</td>
<td>0.191</td>
</tr>
<tr>
<td>Moderates*Obama Years</td>
<td>1.468*</td>
<td>0.257</td>
</tr>
<tr>
<td>Conservatives * Obama Years</td>
<td>1.381</td>
<td>0.264</td>
</tr>
<tr>
<td>Deficit % of GDP</td>
<td>1.018</td>
<td>0.022</td>
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<tr>
<td>Debt % of GDP</td>
<td>1.035***</td>
<td>0.008</td>
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<tr>
<td>Unemployment rate (previous month)</td>
<td>1.091</td>
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</tr>
<tr>
<td>Growth (previous quarter)</td>
<td>0.981*</td>
<td>0.009</td>
</tr>
<tr>
<td>Total mentions of deficit/debt on network political shows on Sunday prior to poll</td>
<td>1.004**</td>
<td>0.001</td>
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<tr>
<td>Total deficit articles in Times and Journal in week prior to poll</td>
<td>1.014**</td>
<td>0.005</td>
</tr>
<tr>
<td>U.S. War Fatalities</td>
<td>0.999</td>
<td>0.001</td>
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<tr>
<td>Date variable</td>
<td>1.000***</td>
<td>0.000</td>
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<tr>
<td>Republican Houses of Congress</td>
<td>1.217***</td>
<td>0.065</td>
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<tr>
<td>Constant</td>
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