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To: Interested Parties

From: Lake Research Partners

Re: The Economic Implications of the 2013 Elections

Date: November 25, 2013

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Conventional wisdom often approaches the results of “off-year” elections in two ways. The first is to dismiss the outcomes because they tend to feature fewer “marquee” candidates and lack the excitement of midterm and presidential cycles. The second approach, often equally fallacious, is to divine alluring, if spurious, trends from the election results and to impose those theories on future elections. In studying the results of November 2013, a third approach suggests itself: not an as-yet-undiscovered vein of public opinion, but the continuation and intensification of demand from voters that government address the fundamental inequality that has come to define our economy.

In 2013, voters across the country approached the polls with a very clear agenda, expressing not only their ongoing anxiety about the state of the economy, but also their strong desire to help the middle class and level the economic playing field for working families. This trend was not limited to minimum wage increase initiatives, either; some of the biggest candidate races became referenda on economic policy, job creation, and leveling the playing field for America’s working middle class families. Far from a new development, these wins build on the momentum from earlier campaigns—both the economic populism of recent federal races, and the multiple statewide minimum wage initiative victories of 2006, 2004, and years prior—as well as the electorate’s enduring frustration over economic equality, manifested in consistently negative ratings of the economy stretching back well over a decade now. President Obama performed best when his message turned to this theme in 2012, and the past year demonstrates that economic equality has formed a fundamental platform for current elections. Just a year away from the critical 2014 midterms, these results should inform the policymaking calculus for candidates and elected officials alike.

## The Context of the Minimum Wage

Strong public support for increasing the minimum wage is not a new phenomenon; it has been robust and intense for years, and only appears to be growing. Increasing the minimum wage to \$10.10, the level recently endorsed by President Obama, registers between 70% and 80% support in a number of

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recent nationwide polls, claiming solid majorities of Democrats, independents, and Republicans<sup>1</sup>. The most recent Gallup Poll showed support among Democrats at 91%, among independents at 76%, and among Republicans at 58%. However, minimum wage levels and income growth in low-wage jobs continue to lag farther and farther behind the increasing cost of living and financial requirements to raise a family in America, despite the rising fortunes of the country's CEO class. Americans firmly believe that people who work full-time should be able to support themselves and their families, yet the current federal minimum wage of \$7.25 amounts to \$15,080 in annual income or just \$290 per week (below the federal poverty level for a single parent with even one child).<sup>2</sup>

## Minimum Wage on the Ballot in 2013

This month, New Jersey voters hiked their state's minimum wage (61% to 39%) over the veto of their overwhelmingly popular governor, making New Jersey the fifth state to raise its minimum wage this year (Connecticut, California, Rhode Island, and New York also increased their minimum wage). New Jersey voters even passed a measure amending the state Constitution to include yearly increases in the minimum wage and link those increases to inflation, an approach we found to be increasingly popular as voters focus more and more on the quality of jobs being created and the fact that wages are not keeping up with the rising cost of living. Even Governor Christie himself, recognizing the political reality, proposed an alternative that would have raised the state's minimum wage, albeit at a slower pace. Then, of course, there is SeaTac, Washington, the city that is on the brink of overcoming substantial opposition to boost its minimum wage to an unprecedented \$15 for workers in the airport industry.

These strides underscore the remarkable unity on this issue: voters not only favor real reform in polls but also on Election Day (translating public opinion to votes at the ballot box remains an obstacle on a host of other popular issues). They also demonstrate the electorate's reluctance to accept arguments advanced by opponents that raising the minimum wage will destroy jobs, hurt businesses, and produce a drag on the economy. The success of these measures could ratchet up the pressure on Speaker Boehner and his caucus to address the issue of wage equality. It also demonstrates voters' willingness to take the issue into their own hands at the state and local levels.

Furthermore, these results ensure a prominent role for similar measures on next year's ballot and promise to act as a turnout mechanism for constituencies who are traditionally less engaged in non-presidential election cycles. As the Voter Participation Center has noted, 34 million 2012 voters are estimated not to show up in 2014. Rising American Electorate (RAE) voters comprise a disproportionate share (roughly two thirds) of this group. These largely progressive-minded voters tend to regard raising the minimum wage as an especially motivating issue.<sup>3</sup> Participation among even a fraction of these drop-off voters could determine the results of elections in a number of key states this cycle. This factor alone should inspire fear among legislators on the record as opposing an increase in the minimum wage.

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<sup>1</sup> Polls by Gallup, Hart Research, and Lake Research Partners have all found nationwide support for various minimum wage proposals at 76%, 80%, and 73% (respectively) in both 2012 and 2013.

<sup>2</sup> U.S. Census Bureau and U.S. Department of Labor data organized by the UC Davis Center for Poverty Research.

<sup>3</sup> U.S. Census Bureau data from USCB's 2012 November Supplement as organized by Lake Research Partners on behalf of the Voter Participation Center and compared to 2014 turnout estimates based on 2002, 2006, and 2010 participation figures and 2014 population estimates based on monthly population data from 2010-2013.

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## Economic Fairness and Pro-Worker Protections in 2013 Candidate Races

Beyond the successes of minimum wage ballot initiatives in 2013, a number of high-profile mayoral races, including in New York City, serve as examples of the public's appetite for greater economic fairness in an even broader sense. During the campaign, Mayor-elect de Blasio offered an unabashedly populist take on New York City's current leadership, the economic stratification of the city (characterized most vividly by his successful deployment of the "tale of two cities" narrative), and his support for a citywide living wage ordinance. While de Blasio undoubtedly benefited from the missteps of his opponents, his economic agenda struck a strong chord with voters, especially the large swath of voters disenchanted with Bloomberg's weak commitment to protections for working families, helping the middle class, and addressing inequality.

The same dynamic held true in the Boston mayoral race, one of the most expensive municipal races in the country this year. Underdog candidate Marty Walsh made his working class roots central to his definition of the race and beat his opponent with a populist economic message about the need for a mayor who is in touch with, and will stand up for, all of Boston.

In Pittsburgh's heated Democratic mayoral primary earlier this year, the unapologetically populist Bill Peduto overcame a well-regarded and establishment-backed opponent on the strength of his promise to upend Pittsburgh's tradition of political privilege and representation for wealthy insiders at the expense of the rest of the city.

While many of this year's big-ticket mayoral races occurred in northeastern cities, the trend described above played out in other parts of the country as well. Toledo voters ousted independent mayor Michael Bell after he backed Ohio Governor Kasich's infamous anti-worker bill, while Cincinnati voters overwhelmingly defeated a measure jeopardizing pensions for the city's municipal workers. Arizona voters elected new worker-friendly candidates to Phoenix and Tucson city councils. The evolving national mood on economic fairness is perhaps exemplified best by the growing momentum behind fast food worker strikes and the movement by Wal-Mart workers calling for a living wage. The building pressure on employers who hold down wages is a symptom of this economic moment and are redefining how Americans understand the economy today.

## The Political Ramifications

As we turn the corner and head into another major election year, political observers, candidates, and consultants are assessing the issues that will dominate the 2014 cycle. Too often lost in the Washington parlor games and politics of the hour is the overarching lesson we should draw from 2013: that a populist economic message about building the middle class and leveling the playing field—especially for those Americans who are working full-time yet still earning below the poverty level—is at the core of voters' agenda. That the voting public is so adamantly supportive of policies designed to ensure a basic level of subsistence for full-time workers should serve as a warning to analysts and policy makers alike that they ignore the public's will on this issue at their own peril. In 2014, smart candidates will be addressing this theme with substantive policy solutions and connecting with voters in the same ways that produced such eye-catching results this November.