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To: Third Way

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Re: Tariffs and the Economy Focus Group Findings

Four focus groups among swing voters who mostly voted for Trump across 2026 Senate battleground states revealed a mix of trepidation and cautious optimism about Trump's presidency and his economic policies thus far.

Participants are hearing a good deal about Elon Musk and DOGE. They expressed concerns that they are moving too fast in the dramatic changes they are bringing to the government, despite being supportive of their perceived goals of cutting spending and bringing manufacturing back to the United States. They are also nearly universally familiar with Trump's tariffs, though they were not as top of mind. They tend to believe the immediate impact will be their own costs go up, and many do not believe the "short term pain" will pay off for them and the country.

By and large, these voters adopted a "wait and see" attitude towards Trump's economic policies; they believe things could work out but are not sold on the implementation. Still, they are willing to give him some time to get things on track. They did not feel that he is currently doing the things they had wanted when it comes to bringing down prices, but had hope that he would get to those priorities soon. They like his focus on cutting spending, feeling that this is in taxpayers' best interests, although they did feel some concern that the mass firings are being done recklessly. Several participants compared Trump's second term thus far negatively with his first term, which they look back on with rose-colored glasses, particularly regarding his handling of the economy.

On the tariffs, participants widely believed that the tariffs will impact them directly by raising their costs, and did not push back on the specific cost implications we presented to them. If anything, they thought the costs to them would be higher than the \$800 per year we presented. They had sympathy for Trump's goals in implementing tariffs, recognizing that they are intended to bring jobs and manufacturing back to the United States, but they believed the tariffs are too steep and should be rolled out incrementally and not until inflation was more under control to not cause as much pain.

The findings and recommendations in this memo are based on four virtual focus groups conducted in battleground Senate states on March 4th and 5th, 2025. The group were among Latina non-college women, Black non-college men, white non-college women, and white college men, all swing voters. Findings are directional and cannot be extrapolated to the entire population.

The GOP budget bill has not yet broken through for these voters, although they were not optimistic that it would be helpful for them and their families. They are cynical that anyone in Congress is going to do something that benefits them, so while some remembered getting a small tax cut during Trump's first term, they do not assume this budget benefits them at all. When presented with information about the Medicaid cuts, they were concerned about what it means for working people who rely on it.

Key Findings

Political Landscape and Initial Views of Trump's Presidency:

- **Participants across groups felt that the country is unstable and unpredictable.** For a majority, this was a bad thing, and they felt uncertain and anxious about the future. But for a substantial minority, especially among the men's groups, there was hope in the uncertainty that things might work out for the best. Many had a "wait and see" attitude, feeling that there are so many changes happening, and they just needed to wait for form an opinion. The "wait and see" attitude was tinged with positive feelings towards Trump and an optimism that there may be a broader plan to the chaos or that the chaos would eventually settle into a more efficient government, even if it is not visible now.
- **Voters are still negative on the economy and by and large do not believe it has gotten better since Trump took office.** Groceries were the biggest pain point, with some mention of housing and utility costs as well. Several mentioned picking up extra jobs on the side, like delivering for Instacart, to make ends meet every month. In the economy today, many felt that the wealthy are getting ahead, but there was universal sentiment that for people like them, things are not getting better.
- **On the economy, most felt that Trump has not really gotten started yet, which raised some worries as to whether he is prioritizing the economy enough.** Several pointed to his statements that he would fix inflation on day one, statements that they had not taken literally, but rather took it to mean that inflation would be his number one priority. Given these expectations, they felt that he has not been following through as much as they would have liked. Some also worried that the uncertainty in the economy caused by Trump's tariffs and erratic behavior was unhelpful to the economy but not many had lost faith that he could still deliver. In the Black men's group, one participant said he knew that Trump would have "an ax to grind" with his enemies but hoped that he would be able to

improve the economy while exacting revenge at the same time. They have not seen that to be the case.

When it came to positives for Trump on the economy, people mentioned his campaign promises like no tax on tips or overtime, which they liked a lot – though most were aware these changes haven't happened yet. Those who were broadly positive on Trump and inclined to defend him felt that inflation was not his fault and is hard to solve as president, or that his presidency has just started, and he has time to fix it.

Views of the Parties:

- **Despite these voters' mixed ratings on Trump, across groups they had little positive to say about the Democratic Party.** There was little sense of Democrats' positions on the economy, with their primary association with Democrats being social issues like abortion, pro-immigration policies, and LGBTQ issues. There was also some mention of social programs, tax credits, government spending, and "throwing money at stuff" that Democrats like, which participants saw as Democrats' strategy to win different constituencies' votes.
- **Participants had a stronger sense of what Republicans stand for when it comes to economic issues, though the perceptions were not altogether positive either.** They associate Republicans with lower taxes and smaller government, capitalism, and eliminating government regulation. They do not believe Republicans prioritize people like them and their preference for Republican leadership on the economy is tied more to a shared view of smaller government and lower taxes.

Participants were critical of Republicans' economic policies as well, believing that they want to give tax breaks to the wealthy, trust too much in trickle-down economics, and have some specific extreme views like wanting to cut public schools. While they broadly associate Republicans with lower taxes which they like, they did not necessarily think they themselves would get a tax break under Republican leadership – there was a sense for many that Republicans are more likely to give tax breaks to the wealthy.

Tariffs:

- **Voters across groups had high awareness of Trump's tariffs, and their perceptions of them leaned negative.** This was an area where voters clearly believed they would feel the negative impacts of Trump's policies, with voters

almost universally expecting to see prices rise. Some said they did not expect to eat eggs for breakfast anymore, and one woman said people keep telling her she should have done her home repairs last year because now everything will be more expensive. They broadly saw the tariffs as a tax – a few pushed back on the “sales tax” description that tariffs aren’t exactly that, but there was no doubt that the tariffs count as a tax on American consumers.

- **They did not see tariffs as a bad idea inherently – many thought they were a good idea and defended Trump’s overall aim of bringing manufacturing back to the United States.** That said, most felt that he was moving too fast with them and that 25% is much too high. Some suggested that an incremental approach to tariffs would be reasonable, but not everything at once. They do not believe Trump’s argument that the countries will pay for it to continue trading with the US, and several had already seen the countries talk about retaliatory tariffs. They also felt that the benefits may or may not come in the distant future, but in the meantime, there would be substantial pain.
- **From the list of consequences for tariffs that we tested, most concerning were increases in food costs, the total price tag (for some), and increasing production costs for manufacturers that will drive up costs for cars and household appliances.** This list of consequences was believable to participants and did not raise alarms that this could be partisan messaging. Rather, this information seemed straightforwardly true to them and aligned with their expectations. The increased grocery costs were particularly believable as there was high awareness that a lot of our food comes from outside the United States.
- **Most did see the tariffs as a negotiating tactic, with many believing the tariffs will be gone soon.** Those most enthusiastic towards Trump argued that he is grandstanding and will soon cut a deal that’s better for the U.S., but others were more uncertain, with one white male summing it up as “he’s rolling the dice for sure.” Most did not see Trump as having a grand master plan, but rather trying something risky that could pay off, or not.

Reconciliation Bill:

- **There was substantially less awareness of the GOP reconciliation bill.** Participants off the bat assumed a Republican tax bill would involve tax cuts for the wealthy and big corporations and would not benefit them personally, and after hearing about the \$4.5 trillion in tax cuts, they felt no different. One participant, who was a small business owner, complained about paying more in taxes than big corporations, and he did not expect the situation to improve. Their

skepticism about politicians being able to help them extended to both Democrats and Republicans, with one white male participant saying, “in the course of history, has anyone’s taxes ever gone down?”

- **When it comes to what the GOP might cut, they anticipated cuts to education, healthcare, and the “less fortunate.”** When asked if Medicare and Medicaid were at risk, participants felt that they were, as well as public schools. While conversations around DOGE were mixed, with voters expressing some sympathy for what it is trying to accomplish, the conversation around these cuts in the budget bill had a more negative tone, as voters were pessimistic that they would really benefit from the tax cuts and could see real downsides to Medicaid cuts.
- **The strongest messaging against Trump’s economic agenda focused on breaking his campaign promises, driving up costs, and cutting taxes for the rich while imposing tariffs on ordinary Americans.** When it came to his campaign promises, several expressed that they voted for him to help the economy and bring down prices, not to make these dramatic budget cuts to programs like Medicaid or to impose tariffs that will drive costs up, not down. Straightforward messaging on how costs will go up performed well too. A message connecting tax cuts and tariffs, arguing that Trump is paying for tax cuts for the rich with tariffs on ordinary people, rang true for several participants and aligned with their existing concerns.

Messaging on Medicaid and rural hospitals raised concerns for several as well, particularly those in our groups that lived in rural areas, work in health care, or have family depending on Medicaid. While conversations about costs touched all participants’ lives, messaging on Medicaid and rural hospitals had strong resonance even for some of those most loyal to Trump given their close connection to Medicaid policy.

Tariffs Negative Consequences Messages Presented

Business experts say tariffs will amount to a tax increase of \$800 per U.S. household this year because of higher costs for the things we all buy.

Food costs will increase, especially fresh fruit and vegetables, because a lot of U.S. produce comes from outside the U.S., particularly in winter months.

These tariffs are expected to increase the average price of a car by about \$2,700 because most autos are made with a mix of U.S. and foreign materials.

These tariffs are expected to increase gas prices because of the oil and natural gas we get from Canada.

These tariffs are expected to raise housing prices because building materials will become more expensive, especially imported lumber and material used to make drywall.

Canada and China have already responded to these tariffs by imposing some of their own on American-made products, which will make it harder for American farmers and manufacturers to do business.

These tariffs on aluminum and steel will increase production costs dramatically for American manufacturers and force them to raise their prices to make up the difference, including on cars, household appliances, and food and drink products.

Economics Message Battery

[DEFICIT REDUCTION] The Republican tax bill will add trillions of dollars to the national debt, and we all will have to pay for that. Republicans talk about reducing the debt, but at the end of the day are spending much more than they are cutting, and they are exploding the national debt.

[SALT] Already, Republicans are planning to expand a special state and local property tax deduction, that gives taxpayers in the richest states like New York, California, and New Jersey a huge break in their federal taxes. This is a giveaway to wealthy people that drives up costs for everyone else.

[TAX CUTS + TARIFFS] The Republican tax bill gives tax cuts to the wealthiest, paid for by ordinary Americans who will be forced to pay a 25% tariff on food, appliances, cars and more. These tariffs are like adding a new and enormous sales tax on the working and middle class, and the major reason is to pay for tax cuts for the richest Americans.

[COSTS] Trump's tariffs will drive up working Americans' costs, including on essential everyday items like groceries, gas, and medicine. It will also drive up housing costs, by increasing the cost of building supplies like lumber and drywall material. Meanwhile, the Republican tax bill gives no relief for middle and working-class Americans.

[MEDICAID + RURAL HOSPITALS] When he campaigned, Trump promised not to cut Medicare and Medicaid but is now supporting a plan that would cut \$880 billion from Medicaid. These cuts to Medicaid will strip health care from millions of Americans and hurt rural hospitals who rely on that funding.

[CAMPAIGN PROMISES] People voted for Trump because they wanted him to lower costs, get the economy back on track, and get the border under control. He should focus on those priorities, not on driving up costs even more with tariffs, tax cuts for the wealthiest Americans, and budget cuts to programs millions of Americans rely on.

[OUTSOURCING] Trump's tax bill from his first term gave tax breaks to companies who ship jobs and profits overseas by creating a special tax rate for offshore profits. Now he wants to pass tariffs that will allow these companies to raise prices on American consumers, while taking tax breaks and keeping their profits overseas.

[LAST TIME] Last time Trump was in office, he passed tax cuts that saw 83% of its benefits go to the ultra-wealthy and corporations while raising taxes on middle class families – and this new bill aims to do the same thing. Especially now while the cost of living is so high, we can't afford another handout to the richest Americans.