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To: Friends of Democracy Corps

From: Stan Greenberg
James Carville

RE: BUSH'S LONG ODDS
A Report on the New Phase of the 2004 Election

Six months out from the election, the race for president has entered a new and distinct phase with Bush not only endangered, as we suggested earlier, but now with the odds against him. He is more likely to lose than win. Public confidence has collapsed on Iraq, but there is a lot of collateral damage, producing a strong desire for change. Whether it is the vote or job approval or personal favorability, Bush has become a 47 percent president at best. In almost every area, he is being dragged down by even stronger negative trends. Put simply by the voters themselves: just 42 percent want the country to continue in Bush's direction.

In this new phase, the whole framework for the election now re-enforces Bush's marginality. Big forces are at work, undercutting Bush's case for progress and point of view on the economy, budget priorities, foreign policy and national security. As a result, Bush wins the argument in no area in this survey, putting the election on the Democrats' terrain.

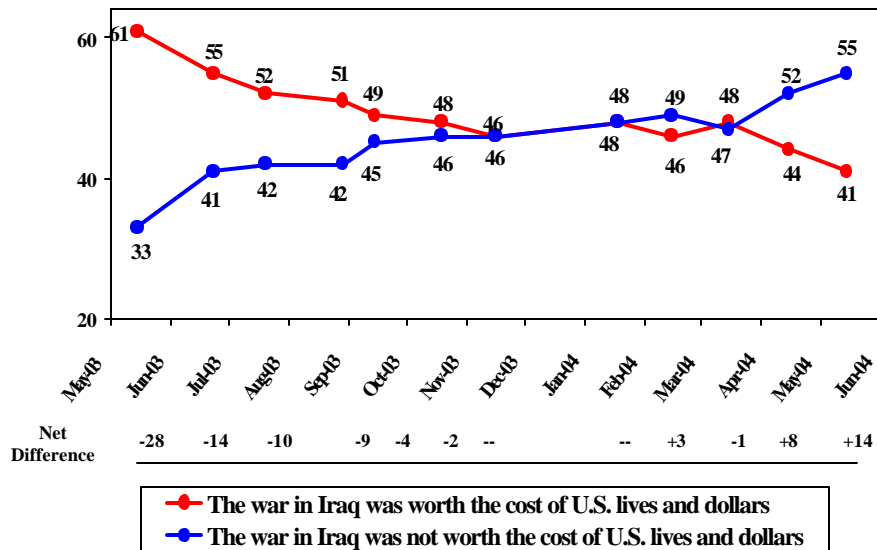
Kerry's personal standing is slightly improved in this survey, he remains weakened by Bush sustained attacks. Nonetheless, he has taken the lead nationally (49 to 47 percent), which is also the average of all the public polls. Kerry has made these gains – his margin up 2 points since mid-April and 5 point since mid-March – largely because of the collapse in confidence in Bush, the deepening mood for change and the emerging framework for the election.

This memorandum highlights the changing and re-enforcing dynamics that has created this new phase.

Bush collapse on Iraq. Bush has made Iraq his signature initiative that defines success and failure in the war on terrorism, but the public now believes things have gone badly wrong. By 55 to 41 percent, voters say the Iraq war was not worth the cost of U.S.

dollars and lives. Just two months ago, the country was split, but no longer. Bush has faltered on every measure related to the war, and by 54 to 44 percent, want to go in a significantly different direction (net +10 points for change). Perhaps most important in terms of Bush's case for progress and staying the course, a large majority of 55 percent say the U.S. is losing control there, with only 41 percent thinking we are making progress.

Was the War in Iraq Worth it?

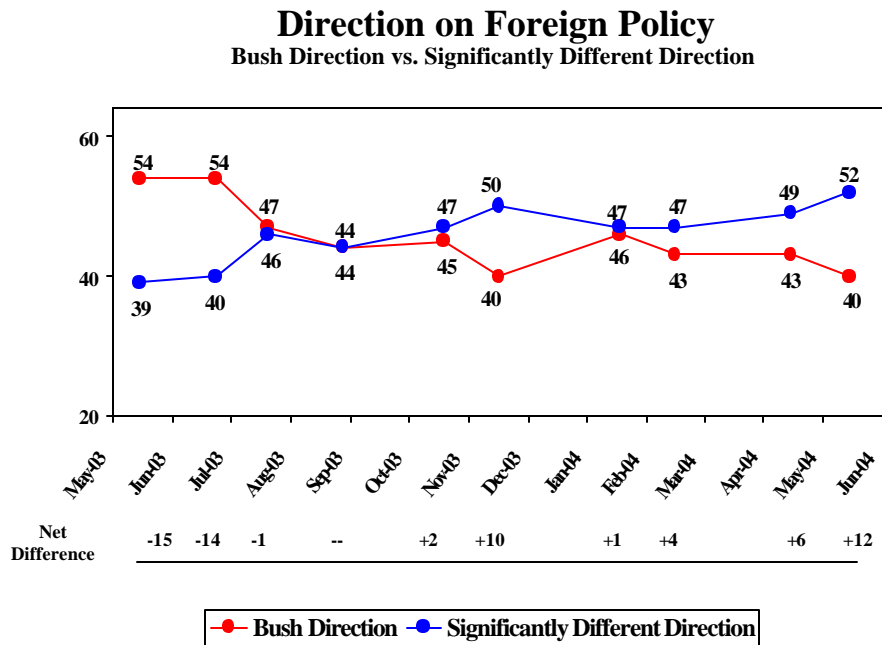


Bush is very vulnerable to further attacks on the Iraq issue. In this survey, there were four powerful attacks: 1) Halliburton (no bid contracts, \$6 billion in profits, inflated prices and overcharging the government for troops' meals); 2) misled on out-of-control costs (assured us Iraq would finance own reconstruction, but have spent \$166 billion dollars, after getting the additional \$87 billion, now requesting another \$25 billion, and they offer no Iraq budget until after election); 3) war financed with deficit spending paid by our children; 4) no clear mission for the soldiers or plan for post-war rebuilding leaves us with nearly 800 American have died in Iraq, as our soldiers now perform tasks they did not train for, and are sitting ducks. Each of these raises serious doubts for about 60 percent of the electorate, including very serious for about 40 percent.

Foreign Policy and the War on Terrorism. The political crash in Iraq is part of a much bigger pull back from Bush on how America relates to the world and how to keep America secure. Voters are drawing conclusions, not just about progress and competence; they are coming to a view of the world very much at odds with Bush's ideology and policy prescriptions. Even when the presidential debate is compressed to an argu-

ment about security, Bush can only manage a draw – in the area that is the central purpose of his presidency.

The country sees a mess in Iraq but more than that, in America's foreign policy – and it matters as much as any other issue. By 52 to 40 percent voters want to go in a significantly different direction than Bush, rather than continue the current course. The margin for change has doubled from a month ago to a net +12 points. (At the beginning of the year, the parties were evenly split.) In our regression models to predict the vote in 2004, views of Bush on foreign policy are as strong as any other issue and significantly stronger than judgments about the war on terrorism.



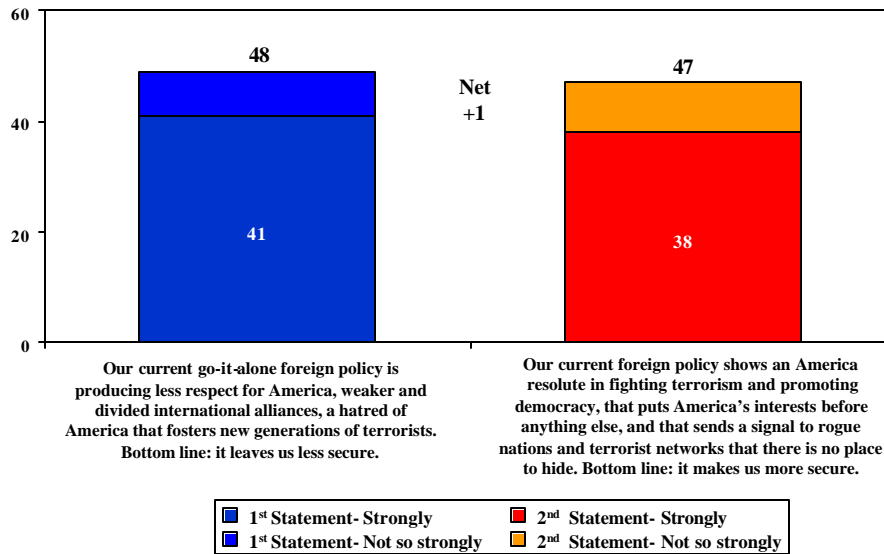
A large majority has decided it prefers a different way to relate to the world: 52 percent says “America’s security depends on building strong ties with other nations,” while just 41 percent agree, “bottom line, America’s security depends on its own military strength.”

The public’s confidence in Bush’s handling of the war on terrorism has fallen steadily this year, collapsing in the last month. In January, the public wanted to continue Bush’s direction on the war on terrorism by 33 points, but that dropped to 26 points in February, to 22 points in April and to 14 points today (56 to 42 percent).

The result is that Bush cannot win the central debate in the framework he would hope would shape the election. In the simulated debate below, the resolute foreign pol-

icy, sending signals to rogue nations and terrorist networks to make America secure only breaks even against the critique of the go-it-alone foreign policy that leaves America less respected and more hated, with weaker alliances and less secure.

Debate Over Foreign Policy and Security

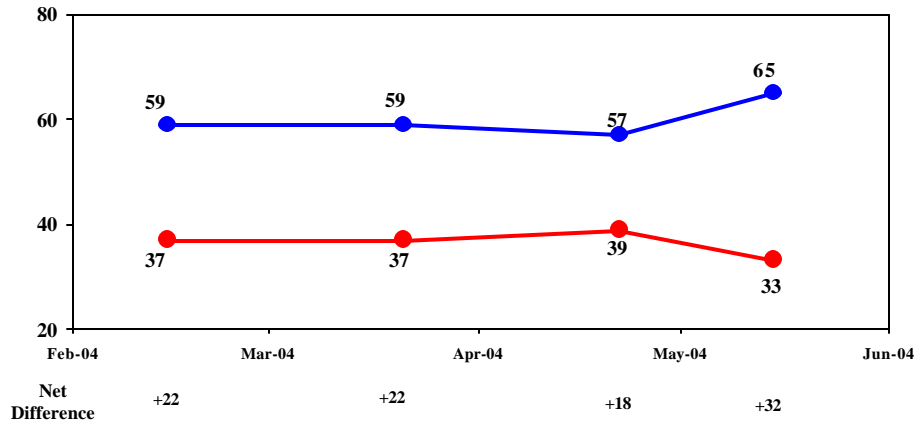


“Now I’m going to read you some pairs of statements. As I read each pair, please tell me whether the FIRST statement or the SECOND statement comes closer to your own views, even if neither is exactly right.”

Economic frustration. It is time to take the voters’ frustration with the economy seriously, despite continuing reports on job creation, the strong economy and the good news that lies ahead. This month’s results are the most dramatic yet, as Bush drops on economic measures rival the changes on Iraq. It is possible that elite satisfaction with the economy and Bush’s talk about economic progress is producing an economic backlash in the country, particularly among average and middle class voters.

Virtually all public polls report a drop in Bush’s job ratings on the economy. This survey re-enforces that: 57 percent want to go in a significantly different direction on the economy, with 48 percent saying they feel strongly about that. The number for change has reached over 60 percent for non-college voters. This month, there has been a dramatic rise, up from 57 to 65 percent, saying there has been economic gains for the highest earners, but not for the middle class, for whom jobs are scarce and health care costs are skyrocketing.

Uneven Economic Gains vs. Economic Success



- There have been economic gains and tax cuts for the biggest corporations and highest earners, but not for middle class and working Americans. Jobs are scarce, incomes have barely risen in 3 years, while health care, college and housing costs are skyrocketing.
- The economy is showing real signs of success - record growth, highest home ownership ever, new jobs and rising stock values which shows that the Bush tax cuts are working and our economy is moving in the right direction.

In assessing why Bush is sinking, not rising with the economy, one has to keep in mind people's assessment of their own personal financial situation (which has not been rising, even as it forms a part of the ABC News/Money consumer confidence measure); the unemployment rate which leaves people with a sense of scarce jobs and low bargaining power; the strikingly unequal income gains in this recovery; the focus on outsourcing and reduced benefits for current jobs; and most important, the dramatic rise in costs for health care and gasoline.

The president has to make the case for the success of his policies, otherwise all is lost for him, but he faces a paradox rooted in the real lives of average Americans.

The deficits. Don't underestimate the power of the deficits. Remarkably, this is the area where voters' most want to see change from the Bush era: 62 percent, twice the number who want to continue with Bush. The sense of the budget out of control may be an important factor contributing to the rising desire for change. As a result, the federal deficits can be a central element in the critique of the Bush presidency and in the agenda of a Kerry candidacy.

- When we conducted a simplified message choice between Kerry and Bush, Kerry won by about 15 points, when we said, "He will cut the deficit in half so that Social Security is protected."

- One of the top attacks on Bush's Iraq policy centers on the deficits: "The war in Iraq has already cost \$166 billion and Bush now wants another \$25 billion. But because of his tax cuts for the wealthy, we are financing this war through the largest deficits in history, passing the costs off to our children." (61 percent serious doubts)

Two emerging, powerful themes and issue framework. The election has also moved to a new phase because of deepening emotions in two areas that are starting to structure the race. First, people are frustrated that America is not tackling its own problems, to make America strong at home as well as abroad. We have lived through almost three years under the Bush "wartime" presidency, which he wants to continue. But the public wants to be able to hope for more than that. Second, people are frustrated that the middle class is having such a tough time, while corporate America and CEOs live so high in Bush's Washington. Indeed, these frustrations are re-enforcing and can produce a powerful choice in the election.

1. An "American priorities" theme tests in the top tier of themes for a Kerry campaign: "We need to work together to start tackling our problems at home and building a strong America – addressing our economy, health care, education and retirement. We need to work for America to be strong both at home and abroad." Without any specificity, this theme moved to the top, with 60 percent responding they would be more likely to vote for Kerry. It captures an aspiration to bring the country together to make her strong at home, just as we demand strength against external threats. The message choices against Bush test 3 points stronger when they include this set-up.
2. The public responds very strongly to Kerry statements about the importance of prioritizing the middle class, raising its living standards and advancing a middle class agenda, particularly in light of the corporate excesses and favoritism of the Bush era. In the graph below, one can see the strong voter response when Kerry speaks of middle class squeeze and stagnant incomes, CEOs making 150 times as much as the average employee and a middle class agenda: middle class tax cuts, affordable health care and college. There is a strong response to a Kerry who speaks of a "100-percent America, where everyone has a chance for a better life, not just the privileged few." Indeed, it is possible to join these impulses, as Kerry asserts, "A strong country starts with a strong middle class."

KERRY THEMES <i>(Percent Responding)</i>		
	Much more likely to support	Total more likely to support
<p>Today, the middle class is squeezed, while top CEOs and the wealthiest demand ever more. CEO's now make 150 times as much as the average employee in their companies. The average family has seen only about a 15 percent raise in their income over the last 25 years and nothing in the last three. My goal is to shift the balance with middle class tax cuts, strong steps to cut health care costs and making college tuition tax deductible.</p>	40	61
<p>We need to work together to start tackling our problems at home and building a strong America -- addressing our economy, health care, education and retirement. We need for America to be strong both at home and abroad.</p>	33	61
<p>A strong country starts with a strong middle class. That's why everything I do will be judged by that goal. Cutting middle class taxes, keeping jobs in America with good wages and benefits, and affordable health care We need to work together to start tackling our problems at home and building a strong America -- addressing our economy, health care, education and retirement. We need for America to be strong both at home and abroad.</p>	38	60
<p>I believe in a 100-percent America, where everyone has a chance for a better life, not just the privileged few. An opportunity for education, to care for their families, affordable health care, and a secure retirement. America should be admired because we built a 100-percent country at home.</p>	36	58
<p>I would hope to restore the spirit of JFK's America. We must have the military strength to defeat terrorism and promote freedom, but we should also be admired for creating a 100-percent America at home, where everyone has a chance for a better life, not just the privileged few.</p>	34	55

With Bush losing the debate over foreign policy and Iraq and barely able to win the debate over security, Kerry is in a position to dominate the emerging debate over the country's future. The public is looking for a leader who will bring people together to tackle the country's problems and make America strong, starting with a strong middle class.