

Date: September 22, 2003

To: Leaders of the Progressive Community

From: Stanley B. Greenberg, CEO  
Greenberg Quinlan Rosner Research

John Podesta, CEO  
Progress Through Action

Re: The New Debate on Iraq Spending and Our Nation's Priorities: New Moment

The President's request for an additional \$87 billion for Iraq, combined with the exploding deficits, changes the public debate in the country. We are writing to progressive leaders to underscore the new dimensions, opportunities and obligations, even as the Bush Administration is failing the country.

The President's request for another \$87 billion for Iraq, in addition to the \$79 billion already approved by Congress earlier this year, comes just a few weeks after the Congressional Budget Office announced that next year's budget deficit would be at least \$480 billion. In fact, according to the Administration's own budget projections, the deficit for next year alone will be \$525 to \$535 billion including the funding for Iraq. Independent organizations point out that even these estimates depend on overly optimistic growth forecasts, and the Administration's track record of rosy budget projections tends to confirm that criticism. These deficits are the starkest budget turnarounds in American history. In fact, the \$5.6 trillion surplus once projected through 2011 is now a \$2.3 trillion cumulative deficit under the best-case predictions.

The exploding deficits will be a drag on economic growth, with higher interest rates and costs for consumers. The deficits and open-ended Iraq spending will mean less money for education, health care, Social Security, homeland security and indeed, even the military itself.

One would think that confronted with an \$8 trillion turnaround and a request for an additional \$87 billion for Iraq, the Administration would, in the interest of the country, change its path and reconsider its failed economic policy, especially its top rate tax cuts, which are helping send the federal deficit out of control.

Although the Administration refuses to raise its head, this dramatic transformation of our budget outlook has not gone unnoticed by the public. Four in five voters now say the deficits are a serious problem, including 45 percent "very serious" (just below rising health care costs, the top problem). What is also new is the utter collapse of confidence in the Republicans in handling budget issues. Just 27 percent trust the Republicans on the budget and deficits, with the Democrats, remarkably, holding a 20-point advantage – a swing of 32 points since the early days of the Bush Administration.

On taxes, the Republicans are now barely trusted more than the Democrats and support for the President's tax cut plan dropped from 51 to 44 percent over the summer, despite the intervening tax cuts and rebate checks.

The deficits are now central to the progressive narrative because Americans have been educated in 50 state budget battles on the meaning of out of control deficits. The open-ended Iraq spending and the tax cuts come right out of essential services and programs important to people's lives. The debate about deficits is about priorities, and right now, they do not trust the conservative direction of the country.

What bothers voters the most about the exploding deficits, according to the Democracy Corps poll, are 1) government not able to afford spending for education, health and other areas and 2) Social Security lacking the funds it needs. The former is the runaway reason for those under 40 years of age and the latter, for those over 50 years. The deficit debate is about saving spending for education and health care and for saving Social Security. Those are progressive priorities and voters trust us on these.

At the center of the progressive response are three issues, now symbolically powerful, that give progressives the force to define the future debate – the Iraq request, the jobless recovery, and exploding deficits. The \$87 billion Iraq request was a shock to the country, and many voters can recite the actual number. While progressives must act to protect and fund the troops and ensure reconstruction, over 60 percent of the country are now opposed to the budget request, reflecting deep concern about the Administration's lack of truthfulness and planning. The request is assessed in the context of our weak economy and the out-of-control deficits. In fact, this combination of issues is taking a toll on the President's popularity. The President's poll ratings have dropped dramatically for many reasons, but above all, because of the ill-considered and explosive choices the Administration has made. The public understands the consequences and wants accountability, which is what progressives should provide. Indeed, there is a new clarity at this moment and we should join this debate with these new symbols.

The voters are turning to progressives to make the right choices because of declining confidence in the President's choices. It centers on his handling of the economy and the budgets (only 41 percent think he has a good plan); and his handling of Iraq (only 44 percent think he has good plans here). The Bush Administration is seen to be adrift before the mounting problems facing the country as 54 percent think the President does not have a plan to win the peace and bring American troops home.

This is a moment for progressives to pose bold alternatives consistent with the need for leadership, responsibility and the right priorities. Progressives should demand that Congress repeal the tax cut for the top one percent of Americans, to pay for what is needed to get the job done in Iraq and to start a discussion of how we can ensure that we are meeting our key needs in education, health care and retirement. That is our first priority. Progressives should also demand that the Administration put forward a strategy to share the burden of Iraq reconstruction with our allies and friends.

A battle on the \$87 billion request will certainly elicit attacks from the White House questioning their critics' patriotism and claiming that progressives are not backing the troops. But progressives will support and fund the troops; they will work to get other allies to share the burden and cost. It is the Bush Administration that has failed the troops by going it alone, lacking a plan for post-war Iraq, and leaving America's soldiers exposed and stretched thin.

It has also failed the country by lacking a plan on the economy and offering reckless budget policies that leave us exposed at home. This is a new moment for progressives.