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**To:** Friends of Democracy Corps

**From:** Stan Greenberg  
James Carville

**RE: THE BATTLE FOR THE BUDGET**

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We face a momentous battle to defeat the budget proposed by President Bush. As you appreciate, this is a radically conservative budget and tax cut, which eliminate any increases in investment or discretionary spending, undermine Medicare and the country's fiscal stability, and promise untold increases in military spending.

The good news is that there is every reason to believe that the budget and tax cut can be defeated in the hearts and minds of the American people. The bad news is that it is not yet clear how the Congress, particularly the U.S. Senate, will act. But those Senators on the fence need to understand that President Bush is not overwhelmingly popular, and his tax cut proposal wins only modest support – and both are weakening.

The situation is dynamic but mostly weakening the ground on which Bush is standing. People are increasingly worried about the economy, and there are growing doubts about his handling of the job and the efficacy of his proposals. People want a tax cut, but not necessarily Bush's tax cut. At the same time, the underlying priorities of the public – which are at odds with Bush's – are beginning to make themselves felt. Voters are increasingly concerned that Bush governs mainly for the wealthiest and big businesses, rather than ordinary citizens.

In short, this is a moment of opportunity for those ready to join the battle. Using surveys from Democracy Corps, as well as the DLC, *NBC/Wall Street Journal*, *ABC/Washington Post*, *Los Angeles Times* and *CBS/New York Times*, we have sought to lay out the emerging dynamics and possible strategic directions.<sup>1</sup>

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<sup>1</sup> The Democracy Corps survey was conducted March 6-8, 2001 among 998 likely voters. The DLC survey was conducted February 15-22 among 500 registered voters; *NBC/Wall Street Journal* March 1-4 among 2,024 adults; *Los Angeles Times* March 3-5 among 1,449 adults; *CBS/New York Times* March 8-12 among 1,105 adults; and *ABC/Washington Post* March 22-25 among 903 adults.

### The Starting Point: President Bush and the Tax Cut

George Bush's job approval rating ranges from 55 to 58 percent, down from 63 percent at the time of the joint session address to Congress. According to three polls, the number disapproving of his performance in office has risen at the end of March to 33 percent – up 10 points over the course of March. On the economy, just 50 percent approve of the job he is doing.

Support for his tax cut is even lower than his general job approval: 52 percent (according to CNN and *WSJ*), with 40 percent opposed. Support has dropped about 7 to 10 points since his address, with evidence of declining support at the end of the month.

The rising doubts about his performance and proposals are rooted, in part, in the decline in economic confidence. Since the beginning of the year, according to *ABC/Money Magazine*, we have seen three big drops during each month of this year. While the decline in confidence is across the board, it is marginally greater recently among non-college graduates and those earning under \$50,000. That is producing growing support for a tax cut, support that gets stronger as you go down the income ladder.

Two-thirds of the electorate believe a tax cut is good for the economy (*WSJ*). Obviously, any approach attacking the Bush tax-cut proposals will have to address the financial pressure on people, and particularly their desire for a tax cut. (We shall see later that anti-Bush budget messages, with tax cuts for working and middle class people, score significantly higher than those messages without a tax cut.) It is important to note that Bush's proposal is losing support, even as people grow nervous about the economy and responsive to some kind of tax cut. Obviously, there are underlying doubts about Bush's approach that are beginning to find expression.

Bush's budget plan is also being undermined by a clash in priorities with the public. Every survey – including those conducted in the latter half of March – documents this point. While the President places the highest priority on tax cuts and military spending, the public puts its highest priority on strengthening Medicare and Social Security; followed by increasing investment in education and other domestic needs; retiring the national debt; and then, tax cuts. In the *ABC/Washington Post* poll, 20 percent say a tax cut is the top priority, down 2 points from before the President's speech. There is no evidence in the last month that the President is moving the public to a different priority ranking.

Further doubts are rooted in some other emerging common sense conclusions about the Bush budget. Most notably, somewhere between two-thirds and three-quarters of the country believe the surplus estimates are unrealistic (*ABC* and *WSJ*).

Indeed, the public is coming to think that the tax cuts should be scaled back. Whatever their reasons – doubts about future surpluses or different priorities – people repeatedly say “give me something smaller.” Almost 60 percent want the Senate to cut

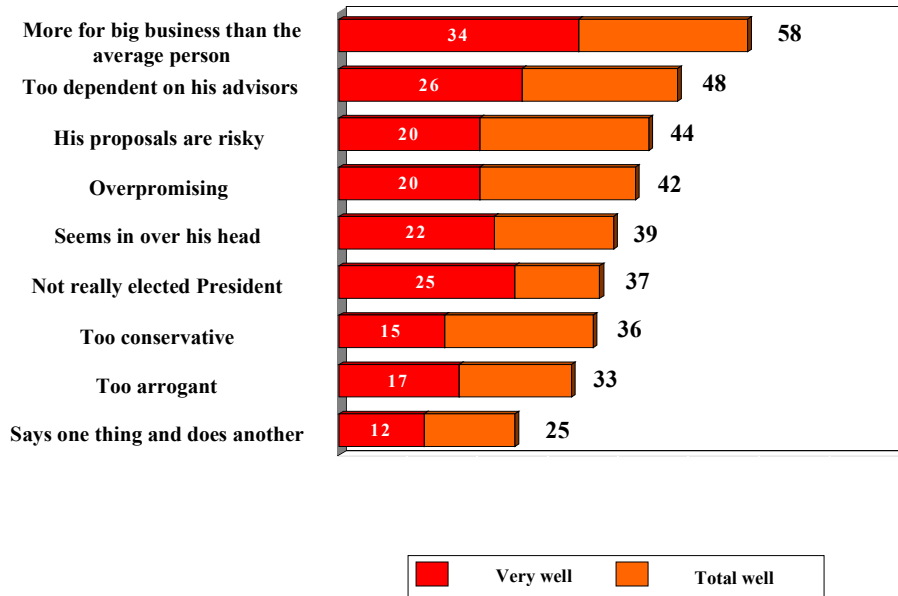
back the House-passed tax cut (CNN), and 64 percent want the tax cut to be smaller to allow more spending for either education or Social Security.

**Bush Himself**

Bush is personally still fairly popular, with about 60 percent expressing favorable views of him – twice the number who view him negatively. He has built an image— evident at the time of the joint session address – as down to earth, honest, moderate, with good ideas of addressing the country’s problems (Democracy Corps). (It will be interesting to see whether these images have been eroded by his special-interest favoritism and questions about his budget proposals.)

However, even when Bush was at his high point after his address in early March, voters expressed a lot of doubts about him, which could be coming to the forefront in this period. Almost 60 percent said he was more for big business than the average person. Almost half thought he was too dependent on his advisors, and almost 40 percent said he “seems in over his head.” Even then, 44 percent thought his proposals were “too risky” (Democracy Corps). The underlying doubts about Bush lay the groundwork for questions about who really benefits and what the risks are in such a course.

**Bush Negatives**



Before the budget battle, Bush was already perceived as partial to the privileged, but that beginning impression – perhaps because of the budget but perhaps because of the environmental decisions as well – has since been seared into people’s consciousness. Nearly every survey documents the emerging impression:

- Three-quarters say it is very likely that the Bush tax plan benefits mainly the rich, with almost half (47 percent) believing that strongly (CNN).
- When asked who benefits from Bush’s tax plan, 53 percent say the rich, and only 19 percent say the middle class (with 11 percent saying the poor) (*L.A. Times*).
- Twice as many people say Bush mainly cares about the interests of large corporations (61 percent) as say he cares about the interests of ordinary people (31 percent) (*ABC/Washington Post*).

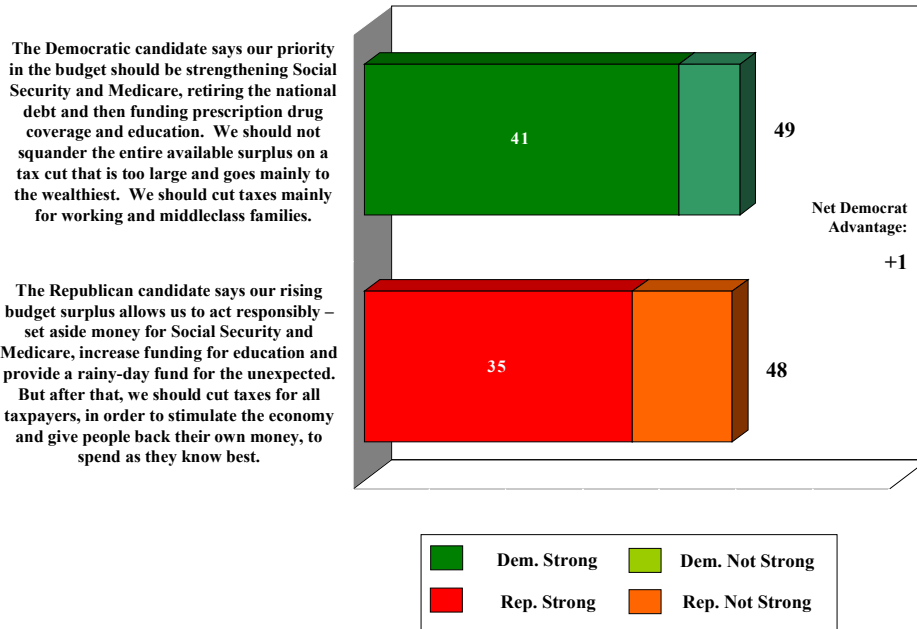
So, central to any developing strategy is the public belief – becoming conventional wisdom – that Bush’s core instinct is to side with big corporations and the wealthiest. This belief is critical to our efforts, as it explains why this basically honest and well-intentioned President has developed a tax plan that is heavily tilted to those at the top.

### The Debate

From the beginning, the arguments against the Bush plan have held their own against Bush’s best arguments for his budget and tax cut. There is now evidence to suggest that the thematic battle is shifting toward the opponents.

Right after the President’s speech, the Democracy Corps survey counter-posed the two big arguments, and the result was a draw: 49 percent for the opponents’ argument and 48 percent for Bush’s, though amongst those with intense views, opponents won out (41 to 35 percent). This was the high point for the Bush budget, yet the public was never won over.

### The Big Choices: Balanced



The Democratic candidate in this test was going head-to-head with Bush, arguing for *different priorities and balance* (Social Security and Medicare first); retiring the debt and funding education and prescription drug coverage; critiquing the tax cut for the wealthiest and insisting on tax cuts mainly for working and middle class families.

In our research in early March, Democrats were as strong as the Republicans when, thematically, they stressed *investment and deficit reduction* to strengthen the country; they were nearly as strong as the Republicans when talking about the necessity of *fiscal balance*; and finally, they achieved near parity when talking about *strengthening the economy for the long-term* (and attacking the Bush plan as endangering the economy). There is room, in short, for the broad range of objections to the Bush budget and tax plan.

In other polls in March, the Democrats and opponents had begun to emerge more strongly; indeed, at the end of March, the Democrats and opponents have started to move ahead thematically.

- The *L.A. Times* presented this choice: Bush wants a tax cut of \$1.6 billion and to eliminate two-thirds of the debt over ten years; the Democrats say cut taxes by about half as much with more money devoted to domestic programs, such as Medicare and education and reducing the debt. By almost two to one (55 to 30 percent), voters preferred the Democratic course.

- A little later in the month, the *Wall Street Journal* posed this choice: The President says the budget surplus is large enough to cut taxes for all taxpayers, while leaving room for debt reduction and some spending increases in priority areas, like education; the Democrats say the surplus is not that large and so we should only cut taxes for middle and lower income, so the government has enough for debt reduction and specific spending increases in priority areas, like education. The Democrats won this choice by 11 points (52 to 41 percent).

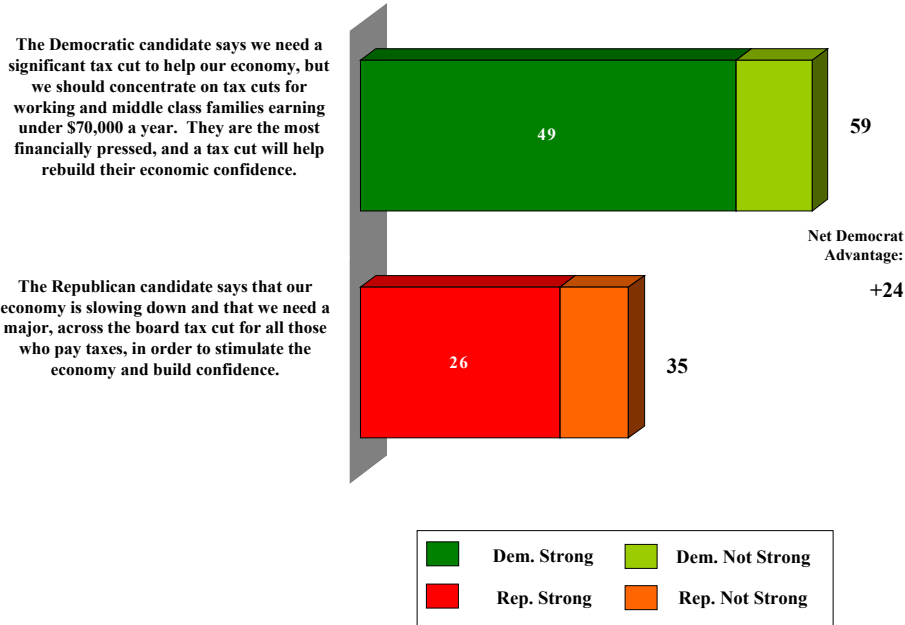
Setting up this emerging thematic advantage is the power of a series of attacks on the Bush proposals. Unfortunately, many of the message polls, including our own, were done right after the President's speech. Our guess is that thinking has crystallized and that some new issues have emerged, including the impact of the economy and the Democrats' proposal for immediate economic-stimulus tax cuts; the Bush budget might also crash on the shoals of the Medicare trust fund (used to fund Bush's contingency fund) and the cuts in spending for energy conservation, police, and disaster relief.

But even at the beginning of the month, it was apparent that a series of attacks could take a toll on the Bush budget:

- ***The Bush proposal is for the wealthiest 1 percent, and not ordinary taxpayers*** (55 percent are less likely to support, our strongest attack in Democracy Corps). The power comes in the vivid, concrete illustration: a tax cut of \$40,000 for those making over \$350,000 and nothing for the single mother making \$25,000. (In the DLC research, this was the second strongest attack.)
- ***First things first.*** Pay down the debt, secure Social Security and Medicare, before having a big tax cut. A big tax cut first may mean not having enough money to meet our obligations (67 percent say this is a strong reason to oppose the Bush budget – DLC)
- ***Spending surpluses before they even exist.*** The Bush budget spends 10 years of projected surpluses before they even exist, which could mean a return to deficit spending, high interest rates and a weakening economy (50 percent less likely to support, and second strongest attack in Democracy Corps research).

Finally, the Democrats win the debate when they ***take the lead on tax cuts***, as they have in the past few weeks. The evidence in support of the Democrats' strategy is quite overwhelming, as one can see in the graph below:

### The Big Choices: Tax Cut



In the Democracy Corps survey, we lead with the reassurance that Democrats support a significant tax cut and test a broad tax cut for working and middle class families – those earning under \$70,000. When the Democrats advance this policy and the argument that these families are the most financially pressed, the Democrats surge into a 24-point lead over the Republicans (59 to 35 percent), who argue for a major across-the-board cut.

### Recommended Strategic Direction

The most important overall recommendation for Democrats is to join the battle: the public has doubts about Bush and his proposals, and voters are very open to the Democratic critique, discourse, and policy priorities. While the debate is still evolving, it is clear that the following arguments have power.

1. We should attack the Bush proposal as irresponsible. It spends 10 years of surpluses that may not be there. It raids the Medicare trust fund to support budget contingencies. These irresponsible proposals threaten the return of irresponsible budget deficits. Voters think the projected surpluses are illusory, and this argument underscores their instinctive doubts.

2. The Bush budget puts massive tax cuts before other critical priorities and obligations – before Social Security and Medicare, before paying down the debt, and before other critical domestic needs. These are the wrong priorities.<sup>2</sup> And on this point, we are in line with the country’s priorities.
3. Democrats must advance their own, front-loaded tax proposal that addresses the economy and the financial pressures on people. Voters respond strongly to broad tax cuts for those earning under \$70,000 and a front-loaded cut to address the problem of economic confidence.
4. The Bush proposal needs to be attacked because it favors the wealthy—at the expense of working and middle class Americans: 43 percent of the tax cut goes to the top 1 percent, while leaving the working and middle class with a pittance – most of it, not for years in the future. (Use concrete family examples.) Voters are shocked by the \$40,000 versus nothing comparison. That the budget is so tilted to those at the top allows people to understand the motivation behind the Bush budget. Why would this decent and honest guy advance such an irresponsible budget? Well, as it turns out, probably for the same reason he’s walked away from global warming and arsenic regulations.
5. The Bush budget puts our economy at risk. By shifting the economic direction, spending the surpluses, returning to deficit spending, and failing to pay down the debt, the Bush budget endangers our long-term economic well-being.

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<sup>2</sup> I thank Celinda Lake for emphasizing the priorities argument, which moved this up the recommendation list.