



From the National Director



During the firestorm over the credibility of the White House and their current use of intelligence in an orchestrated way, few have noticed the magnitude of the gaping financial hole Bush is digging for the nation and for future generations:

- The outstanding public debt by Labor Day will total \$7 trillion (7,000,000,000,000.) This is an increase of \$1.5 trillion since George Bush became President.
- Bush officials now project an astounding \$455 billion budget deficit this year and \$475 billion next year. Just a few months ago they projected about \$300 billion this year and next.
- In February 2002, after the administration knew about the recession and the September 11 tragedy, Bush projected a budget deficit of only \$80 billion this year and a balanced budget next year.
- Tax cuts for the rich, which have formed the basis of the Bush economic program, have produced a 2.6 million job loss, most of which have been lost since the 2001 tax cut.
- Right now the US government is running deficits bigger as a share of the G.N.P. than those that plunged Argentina into crisis.
- On top of the fiscal crisis is the cost of the war in Iraq. Yale economist, William Nordhaus, estimates this may be \$1.5 trillion over the next ten years.

The only reason we are running on a reasonably even keel is that world markets trust the United States to get its house in order. As soon as the markets notice that this administration has no inclination to deal with the budget deficit and continues to fudge the numbers and cook the books, Bush's credibility goes out the window. This may be his Achilles heel and the reason behind a possible Democratic electoral sweep in 2004.

CONTROL OF CONGRESS MAY DEPEND ON THE MARGINS OF THE PRESIDENTIAL RACE

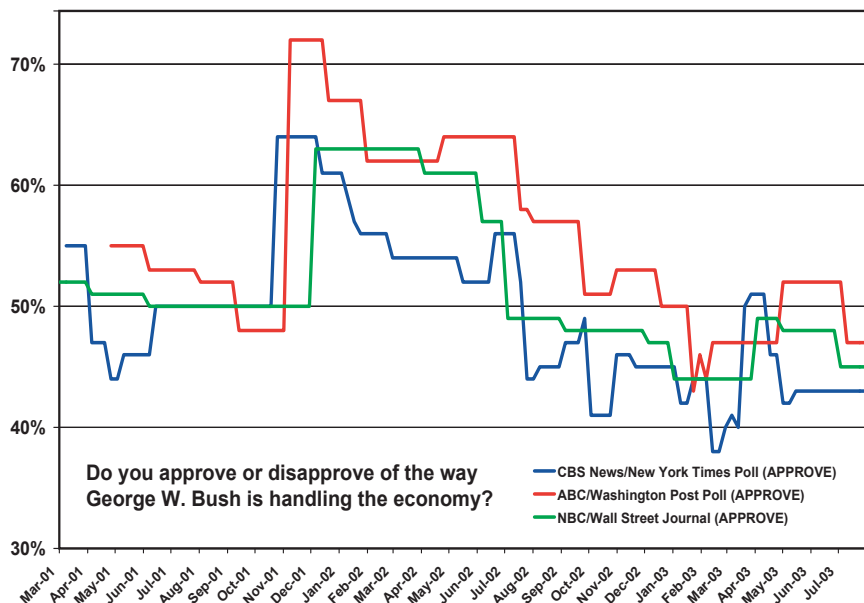
It is almost guaranteed that the election between George Bush and his Democratic opponent will be decided by no more than a few percentage points. It is doubtful that the race will be as close as in 2000, which required a Supreme Court intervention, and it is equally doubtful that there will be a landslide victory.

The nation is equally divided between Republicans and Democrats. In study after study and in poll after poll and in every election analysis, the 50% of Americans who actually vote appear to be split right down the middle.

Americans are good ticket splitters but in close Congressional races the pull or drag from the Presidential race will be an important factor. For most voters, the state of the economy and the President's rating on his economic management will be the number one issue.

continued on page 6

Americans Are Figuring Out That Bush is Bad for the Economy



NCEC'S EARLY ANALYSIS OF PRESIDENTIAL WHERE THE "2004 BATTLE

ARIZONA

2000 Gore Percent: 47%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 10

Arizona is a Republican state, but there are signs that this trend could be softening. Like so many states, Hispanic voters are a large and

important bloc who are just beginning to exercise their electoral strength. This is particularly true in Arizona. Currently, Hispanics vote reliably Democratic, thus softening Arizona's Republican tendencies. The newly elected governor is a Democrat which also provides Democrats an edge in 2004. Though Bush is favored here, Democrats have a chance.

ARKANSAS

2000 Gore Percent: 47%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 6

Arkansas is a Southern state that still has deep ties to the Democratic Party. In 2002, Arkansans elected Mark Pryor, a Democrat to the US

Senate, and this year Sen. Blanche Lincoln appears to be on track for another victory. Though Gore lost this state in 2000, it will be competitive in 2004.

COLORADO

2000 Gore Percent: 46%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 9

Colorado was once a swing state but has since drifted further rightward. There is a large group of progressive voters clustered around the

Denver-Boulder area in Colorado, but so far they have not been able to overcome the Republicans in the rural parts of the state and those clustered around Colorado Springs. There is a potentially exciting Senate race against Ben Nighthorse-Campbell that could keep the state in play.

FLORIDA

2000 Gore Percent: 50%
2000 Winner: Bush
NCEC Judgment: Toss-up
Electoral Votes: 27

The debacle of Florida in 2000 will hopefully never be repeated again. However, the factors that led the state to be so close in 2000

are likely to remain in 2004. Also, adding to the wildcard nature of the race is the prospect that the

state's senior senator, Bob Graham, could be the Presidential nominee. In any event, the open Senate seat will add to the stakes in FL.

IOWA

2000 Gore Percent: 50%
2000 Winner: Gore
NCEC Judgment: Toss-up
Electoral Votes: 7

Iowa will be in the national eye all year in 2004, beginning with its caucus in January and continuing to its swing state closeness

in November. Gore narrowly won the state with 50% and change in 2000. Bush has visited the state many times as President and badly wants to win.

MAINE

2000 Gore Percent: 53%
2000 Winner: Gore
NCEC Judgment: Close Democratic
Electoral Votes: 4

Maine was once the home of a Yankee Republican tradition that valued fiscal responsibility and a government that valued individual

privacy. That tradition is dead in the Republican party and Maine continues to move closer to the Democratic Party. Al Gore won the state in 2000 with 53% of the vote. The governor's office, the state house, and the state senate are in Democratic hands. This is likely to be a Democratic state in 2004.

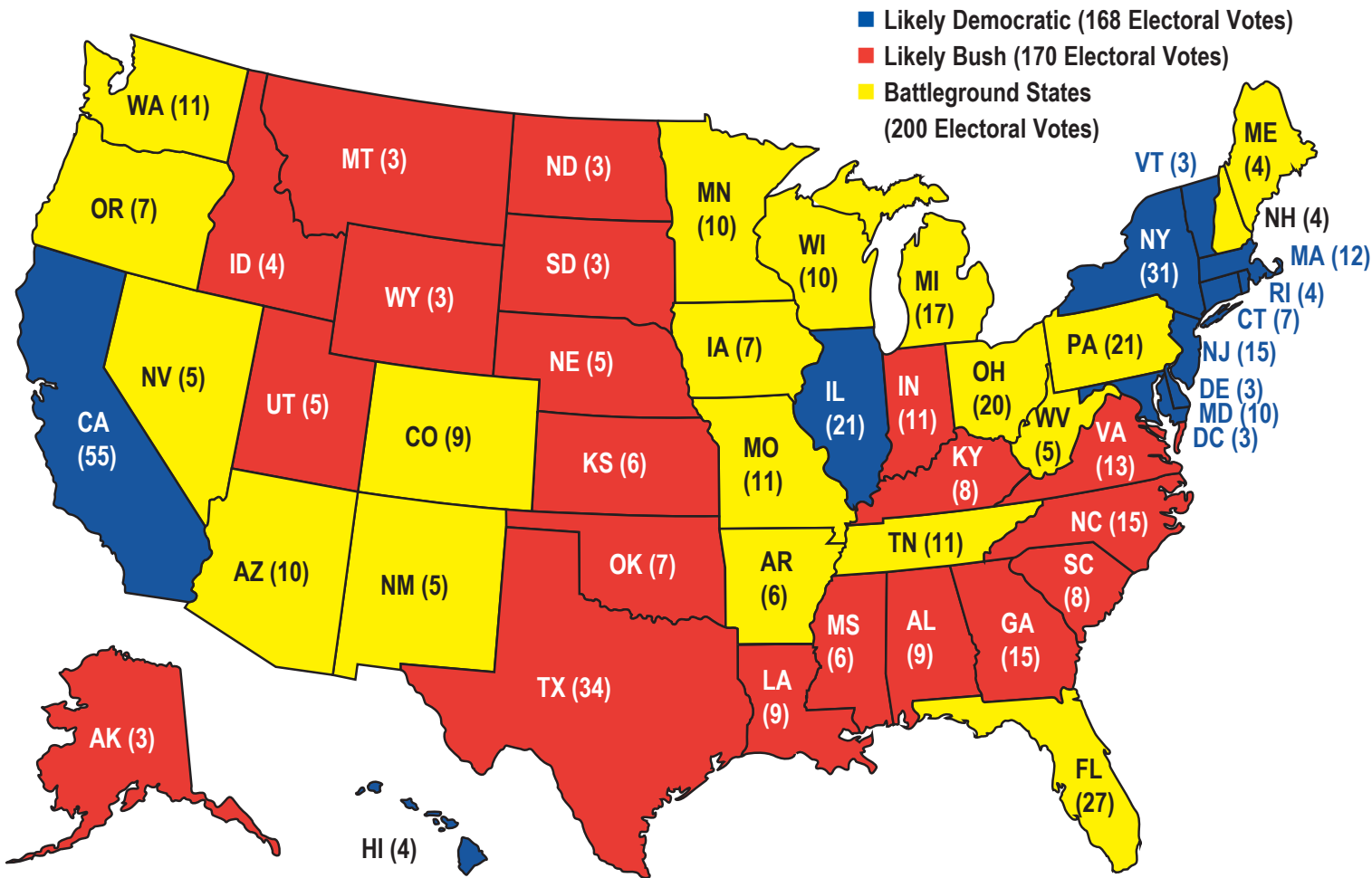
MICHIGAN

2000 Gore Percent: 53%
2000 Winner: Gore
NCEC Judgment: Close Democratic
Electoral Votes: 17

Michigan has long been a bellwether of American politics. The state is home to a broad mix of unions, corporations, small businesses and a

plethora of ethnic groups. There are solid signs that the state is moving closer to a reliable Democratic voting pattern. In 2000, Al Gore won the state with 53% of the vote and Debbie Stabenow sent Spencer Abraham packing in the Senate race. In 2002, Jennifer Granholm, a brilliant and telegenic Attorney General easily captured the governor's office. The state is far from a sure thing in 2004, but a strong Democratic effort here will pay big dividends. In addition, the state, heavily dependent on manufacturing, has been brutalized by the Bush economy.

RACE IN 50 STATES IDENTIFIES 19 STATES "BATTLEGROUND" WILL BE WAGED.



MINNESOTA

2000 Gore Percent: 51%
 2000 Winner: Gore
 NCEC Judgment: Close Democratic
 Electoral Votes: 10

and failing to gain any major electoral victories, they must stage a comeback and deliver the state for the Democratic nominee. Gore narrowly won the state in 2000 with 51% of the vote and that margin will likely continue into 2004.

MISSOURI

2000 Gore Percent: 48%
 2000 Winner: Bush
 NCEC Judgment: Close Republican
 Electoral Votes: 11

2004 is going to be an important year for Minnesota Democrats or DFL'ers as they are known. After a terrible year in 2002, losing Paul Wellstone, Missouri is at the geographic and political center of America. It is polarized between the Missouri that elected John

Ashcroft and the Missouri that elected Dick Gephardt. The Democratic governor is in for a tough race, but the state remains a swing state up for grabs.

NEVADA

2000 Gore Percent: 48%
 2000 Winner: Bush
 NCEC Judgment: Close Republican
 Electoral Votes: 5

Nevadans were betrayed by the Bush-Cheney ticket in 2000. They promised to stop the construction of the Yucca Mountain nuclear site, and then swiftly broke that promise. That could mean that this state which voted Republican by a 48% margin could swing back to the Democrats.

CLOSE 2004 PRESIDENTIAL RACE FORECAST BY NCEC

A state-by-state analysis of the 2004 Presidential race conducted by NCEC shows that, although Bush is leading in the polls, Democrats have a good chance to unseat him. A strong Democratic candidate would be favored in 12 states with 168 electoral votes, and Bush in 20 states with 170 electoral votes. 200 electoral votes are up-for-grabs in 19 "Battleground" states and the Democratic nominee must win 102.

NCEC Outlook		Electoral Votes	States
Solid Democratic		54	Hawaii (4), Massachusetts (12), New York (31), Rhode Island (4) & District of Columbia (3)
Likely Democratic		114	California (55), Connecticut (7), Delaware (3), Illinois (21), Maryland (10), New Jersey (15) & Vermont (3)
Battleground	Leans Democratic	63	Maine (4), Michigan (17), Minnesota (10), Pennsylvania (21) & Washington (11)
	Toss-up	60	Florida (27), Iowa (7), New Hampshire (4), New Mexico (5), Oregon (7) & Wisconsin (10)
	Leans Bush	77	Arizona (10), Arkansas (6), Colorado (9), Missouri (11), Nevada (5), Ohio (20), Tennessee (11) & West Virginia (5)
Likely Bush		60	Georgia (15), Kentucky (8), Louisiana (9), North Carolina (15) & Virginia (13)
Solid Bush		110	Alabama (9), Alaska (3), Idaho (4), Indiana (11), Kansas (6), Mississippi (6), Montana (3), Nebraska (5), North Dakota (3), Oklahoma (7), South Carolina (8), South Dakota (3), Texas (34), Utah (5) & Wyoming (3)
TOTAL ELECTORAL VOTES		538	
			Gore states in blue Bush states in red

NEW HAMPSHIRE

2000 Gore Percent: 49%
2000 Winner: Bush
NCEC Judgment: Toss-up
Electoral Votes: 4

New Hampshire, like Iowa, plays a prominent role as one of the first contests in the nominating process as well as being a

swing state in the general election. Democrats had a dismal year here in 2002, and will hopefully gain some traction for the Democratic nominee in 2004.

NEW MEXICO

2000 Gore Percent: 50%
2000 Winner: Gore
NCEC Judgment: Toss-up
Electoral Votes: 5

New Mexico's narrow margin of victory for Gore (less than 1000 votes) was overshadowed by the drama in Florida.

However, this state

remains on the wire in terms of Presidential politics. Democrats will have an advantage as Gov. Bill Richardson continues to be a popular leader and will lend his considerable clout to the nominee.

OHIO

2000 Gore Percent: 48%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 20

Ohio is a state that represents a good portion of Middle America. The 2% margin of victory that George Bush received there in

2000 is not comfortable enough to call this state Republican. It will be a closely fought election here.

OREGON

2000 Gore Percent: 50%
2000 Winner: Gore
NCEC Judgment: Toss-up
Electoral Votes: 7

Oregon will be a targeted state in 2004, as Gore narrowly carried it in 2000. However, Democratic prospects should

improve as the Nader factor is likely to be less of an issue. Nader received 4% of Oregon's vote in 2000, and hopefully those voters will realize that their vote must be against George Bush no matter what this year.

PENNSYLVANIA

2000 Gore Percent: 52%
2000 Winner: Gore
NCEC Judgment: Close Democratic
Electoral Votes: 21

Pennsylvania will be a raucous battleground in 2004. As always, the Presidential election will be closely fought here as it was in 2000 when

Gore won with 52% of the vote. In addition, Arlen Specter,

Reapportionment Benefits Bush as Population Shifts South and West

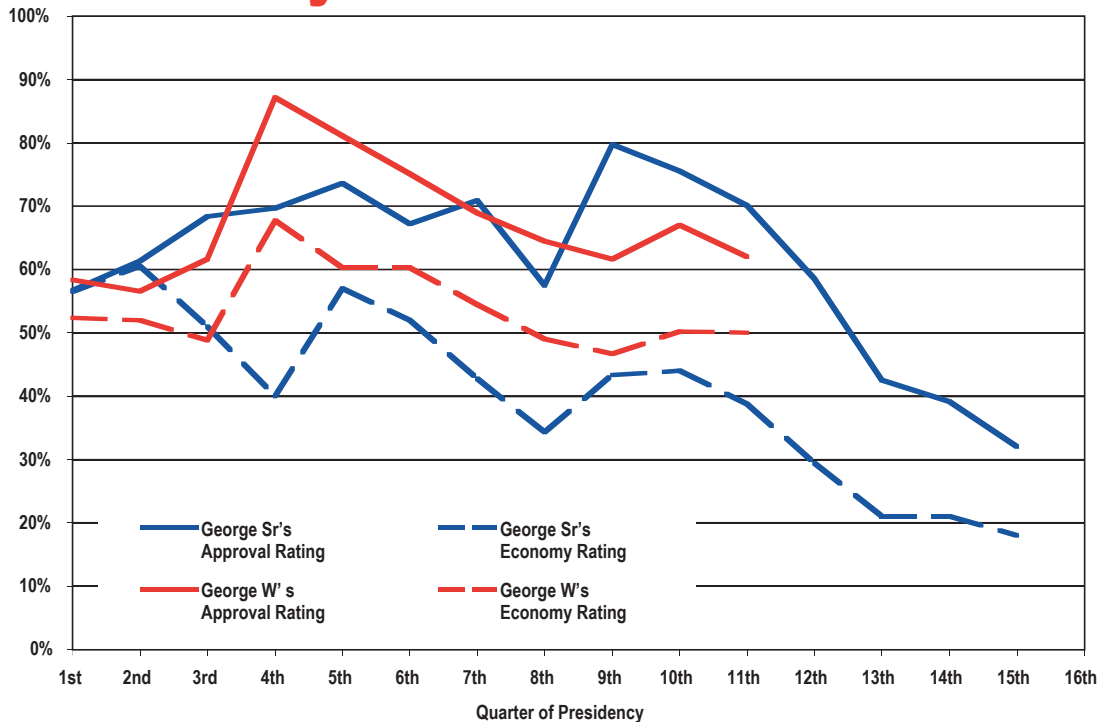
Population shifts over the 1990's resulted in a reapportionment of House seats (and corresponding electoral votes) from the Northeast and Midwest to the South and West. That shift comes at a disadvantage to Democrats.

Of the states won by Al Gore in 2000, six (Connecticut, Illinois, Michigan, New York, Pennsylvania, Wisconsin) lost a total of eight electoral votes as a result of reapportionment. Seven states (Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Texas) won by Bush picked up 11 electoral votes.

Bush won 271 electoral votes to Gore's 267. Had the 2004 apportionment been in effect Bush would have beaten Gore 278 to 260.

	Won by Bush	Won by Gore
2000 Electoral Vote Count	271	267
10 States Lost Electoral Votes	-4	-8
8 States Gained Electoral Votes	11	1
2004 Electoral Vote Count	278	260

Finally a Crack in Bush's Armor



“Control of Congress” continued from page 1

Other important factors that will determine the 2004 results are:

1. The re-apportionment and configuration of the nation's congressional districts that are usually decided state by state by the party that elects the governor and legislative majority. The Democrats lost this redistricting fight in 2003.

2. A large voter turnout favors Democrats. The poor and least fortunate tend to vote in fewer numbers.

3. The quality and credibility of the candidates are obviously major factors.

4. Speaker of the House Tip O’Neill used to say, “all politics is local.” We agree.

The NCEC will provide every progressive candidate for the House and Senate with its unique state of the art campaign technology including newly developed 2004 innovations. Factored into NCEC analysis will be its state-by-state judgments on the presidential election.

We want to share with our supporters in this *Election Update* our early thinking and prognosis on the race between George Bush and his Democratic opponent. This will have a direct bearing on NCEC's fight to elect a Democratic Congressional majority and to regain control from the hands of Karl Rove and Tom DeLay.

The full spectrum of NCEC state of the art campaign services which are given free to progressive candidates are the hallmark of NCEC support and the *sine qua non* of running a modern congressional campaign. I can attest that, with NCEC precinct-by-precinct electoral and demographic targeting services, scarce campaign resources can be utilized with maximum efficiency and impact.

*Charles E. Schumer
U.S. Senator, New York*

“analysis” continued from page 4

a moderate Republican Senator is facing a dual challenge from both sides. Rep. Pat Toomey, closer in ideology to Rick Santorum is coming at Specter from the right, Rep. Joseph Hoeffel is coming from the Democratic side. There will be fireworks guaranteed.

TENNESSEE

2000 Gore Percent: 48%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 11

Tennessee is a distant hope for Democrats. Like most Southern states, it will elect Democrats at the state and

congressional level, but is reluctant to do so nationally. Tennessean Al Gore lost his own state by 2% in 2000, a sore point for TN Democrats.

WASHINGTON

2000 Gore Percent: 53%
2000 Winner: Gore
NCEC Judgment: Close Democratic
Electoral Votes: 11

Al Gore won Washington with 53% of the vote in 2000, doing particularly well with middle class technology

professionals in the high tech sector.

WEST VIRGINIA

2000 Gore Percent: 47%
2000 Winner: Bush
NCEC Judgment: Close Republican
Electoral Votes: 5

West Virginia has been on the Bush campaign team's mind since their close victory in 2000. It was the hopes of

convincing West Virginians to vote Republican that led Bush to impose his steel tariffs last year. The state remains a swing state and could come under Democratic control in 2004.

WISCONSIN

2000 Gore Percent: 50%
2000 Winner: Gore
NCEC Judgment: Toss-up
Electoral Votes: 10

Wisconsin was also the site of a dramatic recount in 2000, although overshadowed by Florida its result was favorable to

Democrats. Gore officially received 50% of the vote and carried the state. Like neighboring Minnesota, Wisconsin is narrowly split and will be fought over intensely. No side is a clear favorite for 2004.