

US ELECTION WATCH¹

THE SIGNIFICANCE OF THE IOWA PRIMARY

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As we observe the outcome of the Iowa Caucus, which surprised many observers by putting presidential candidates Barak Obama and Mike Huckabee in the lead of their respective parties, here are some key considerations that help inform our analysis of how America's 2008 presidential is shaping up.

1. Iowa has not, traditionally, been a reliable indicator of the general primary election's outcome. Many candidates who ended up gaining their party's nomination and winning the final presidential election did not win Iowa. Bill Clinton and George Bush Senior are two recent examples of candidates who lost Iowa and went on to capture the White House. We're looking at a Marathon, not a sprinting event. Major shifts must be expected over the coming months, and further analyses will be provided to ESISC members as the situation evolves.
2. The Iowa Caucus did, however, help define the nature of the contest within both the Republican and Democratic parties. **Battle lines have crystallized.** They are different for each party:
 - a) **On the Democratic side**, the central divide appears clear: it is about "change" versus "experience." Obama stands for the former, Clinton, for the latter. Younger voters overwhelmingly gravitated toward Obama, and senior citizens supported the former first lady and Senator from New York.

¹ The "US ELECTION WATCH » is a new analysis service we'll provide to our subscribers during all the year 2008.

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- b) On the Republican side**, the central divide appears to center along religious lines. The protestant minister Mike Huckabee won a decisive victory over Mitt Romney, despite Mr. Romney's superior spending power. Romney, a Mormon (a religious affiliation that may have hurt him in a state where evangelists and "born again" Christians had a decisive impact) outspent Huckabee on political adds by six to one. He aired negative political adds calling Huckabee "weak on Immigration." It appears immigration is not as big an issue as some analysts have predicted. This might be different in southern states. But the protestant conservative, value and character oriented voters have made Huckabee as a credible candidate in the general race – something that upsets the centrist Republican establishment and forces the party back into an internal struggle over religion's role in government, a theme that may ultimately hurt the party with a majority of Americans, who, whilst overwhelmingly religious, have stood consistently on the side of separation of church and state for the past 200 years. Huckabee is smart and personable enough to get around this double edged sword, but a religious/faith focus for upcoming debates may ultimately not serve him well. Nor will such a divide serve the Republican Party as a whole. The best front-runner would be the candidate who can most effectively bridge the gap between religious and fiscal conservatives.
- 3.** Romney's failure to win in Iowa strengthens Giuliani and McCain's prospects. Both these candidates represent the secular -- some would say centrist --side of the Republican Party. Perhaps neither terms adequately describe their wider appeal, which may (in contradiction to what many media analysts assume) stem from their respective image as "hawks" on the international scene. The assumption of much of the media is that their respective support for US interventionism abroad, and specifically, their determination to fight the "war on terror" proactively and to "win" the war in Iraq might hurt them with a public that, polls show, appears to regret their initial 2/3 support for that war. This analysis ignores that President Bush won against anti-war candidate John Kerry three years ago by a significant (four percentage point) margin, which, by American standards, constitutes a humiliating outcome for the loser. While Huckabee has, intelligently, avoided defining himself too strongly on the issue of the Iraq war, Giuliani and McCain do inspire confidence among a large portion of conservative voters, especially those who care most about countering terror. Their most dangerous competitor was Mitt Romney, principally because of his financial war-chest, and his relatively centrist, business-friendly appeal. Romney may not survive for long. His voters are likely to gravitate toward Giuliani (whose strategy to concentrate on bigger, more defining states, and letting the others fight it out in Iowa may in fact pay off), and McCain, who is expected to do well in New Hampshire (which he won the last time he ran, seven years ago).
- 4.** On the numbers side, there is little need to over-interpret actual scores. Unless the New Hampshire's primary vote (coming up five days from today) puts Mitt Romney back on the map, the relevant candidates remaining are:
- a)** On the Democratic side: Obama, Clinton, Edwards remain viable as they basically split the vote in a three-way race, eliminating all other competition; The poorer of the three candidates is Edwards. It is thus likely that he will be the first one to drop out. The big fear, inside the Clinton campaign, is that a majority of Edwards voters eventually gravitate toward Obama. This could spell disaster for Hillary Clinton. Hence, her advisors are now actively working to profile Edward voters and devise a strategy to appeal to them. The chances of the former first ladies may hinge on her campaign's ability to design and successfully execute this mission. In other words, Edwards' strong showing in Iowa has effectively destroyed the aura of inevitability that, thus far, helped cast Clinton as the Democratic candidate most likely to ultimately attract the

“center” and recapture the White House. Now, if she is to lure Edwards voters, she may have to shift her rhetoric further to the left. A risky proposition if she is to ultimately present herself, in the final hours of her contest against Obama, as the candidate most likely to appeal to the centrist/undecided vote. Hence, the net impact of Iowa has been to turbo boost Obama and confirm the appeal of his idealism, and created a tough strategic dilemma for the Clinton camp.

b) On the Republican side: Huckabee, McCain, Giuliani. Romney has proved that he cannot carry the “center” against the “conservative” and religiously oriented wing of the Republican party. So even though he came in a strong second in this initial, localized straw poll, this author estimates that Romney may not make it to the finish line.

5. The major good news for the Democrats as a whole is that their first primary attracted twice as many voters as the Republican primary. This implies a much greater voter mobilization than they had in 2004 or even 2000. This, combined with their ability, in 2007, to raise significantly more money than Republican candidates, bodes well for the ultimate confrontation between the two parties. That said, the Republican Party may still be able to alter the balance of power, money, and public mobilization. Also, it must be noted that Ron Paul, the only Republican candidate who defined himself as an anti-war conservative candidate, pulled a significant 10 percent of the conservative straw poll. There is therefore the possibility of a significant voter transference from the republican party to the democratic party. As we look at US party politics over a longer period in history, we must remember that on major, defining issues, Republican and Democratic leaders have, at critical moments in history, shown an ability to Majorly shift their appeal among voters. Republicans used to be more progressive. It was, after all, Abraham Lincoln who abolished slavery, and presided over the most bloody war in US history to defend the Federal Government’s choice to (finally) apply rights of the US Constitution to all Americans irrespective of race. It should also be remembered that the greatest foreign military engagements in US history were led by internationalist, Democratic presidents.

This election is most interesting in the sense that America is ready for significant change, and both parties have an opportunity to redefine the central values they stand for and the voter base they want to appeal to. This intangible, yet very real factor presents a greater opportunity for Democrats than for Republicans, who, to some extent, will be associated with the decisions taken by the White House in the past 7 years.

While the Democratic Party may indeed profit from the aforementioned facts and potential opportunities, which were clarified by the Iowa Caucus, it would be premature to conclude that the Democrats will, necessarily, take the White House in 2008. While they will, as a party, profit from greater voter mobilization, a general desire for change, and an opportunity to re-define the basis of their popular appeal, certain potential evolutions may help Republicans regain a lead come the fall.

6. Republicans came out of the Iowa caucus more scattered and less mobilized than the Democrats. But the Republican Party still stands a chance of winning the presidential race in 2008. Events and factors that may play in their favor include:

a) A resolution of the pending question: Is America, in fact, at war? While many young Americans are risking their lives abroad, as volunteers and professional members of the armed forces, the country, as a whole, does not feel that it is, in the traditional sense, “at war.” America is not “mobilized.” This could

change, and such a change could rally a larger proportion of the public to Republican side. For example, a significant terrorist attack on American soil would certainly impact the average voter's priorities and push public sentiment closer to hawkish international policies. Giuliani, whom most Americans came to trust and admire during September 11th, is the ultimate hawk. At a time when most of America was shocked and glued to their TV screens, looking for answers, Giuliani displayed more leadership and inspired more confidence than the president himself. In fact, he appeared more active, decisive, articulate, calm and determined than any federal official. Giuliani's weakness on the religious/faith front within the Republican voting base may be offset by his image as a bold, tough and decisive leader. Obviously, if average Americans do not consider their country to be at war, and if they become more interested in domestic issues, a candidate like Giuliani may be especially vulnerable to negative attack advertisements (which the Democratic-leaning public-influence organizations, like MoveOn.org and others, have already started working on). While Giuliani's record as mayor of New York is impressive in many regards (he improved public safety in a radical way, and presided over an era of prosperity), we can expect Democrats to attack him for a number of controversial social decisions he took as mayor, and dig up the kind of dirt/skeletons that any big city mayor will have accumulated.

But why are we talking about Giuliani when Huckabee is the candidate that won Iowa. Principally, as mentioned earlier, because Romney failed to push in to the first place and that this result may propel Giuliani into the leading position, which national polls (as opposed to Iowa voters) tend to put him in.

Note: Rumors of a Giuliani-McCain ticket are gaining ground (with McCain as Vice President). If these rumors become fact, McCain may significantly increase a candidate like Giuliani's chances of capturing the political center.

Another potential advantage of a Republican candidate is the prospect for a radical increase in funding after the primaries. Hence the next reason why the chances of a Republican ticket cannot be under-estimated:

- b) Increased funding prospects:** while Democrats have raised more money during the primaries, it must be understood that the Principal Industrial Lobbies (PIL), led by the military-industrial complex, the oil industry, and the chemical and pharmaceutical industries, have had to play their cards safely, and channel significant money to Democratic candidates in the early stages of this election, in order to hedge their positions early, and to avoid the emergence of a candidate that would be radically opposed to their core interests. Given that the Democrats hold both houses of Congress, and are currently more likely to garner public support for opposing such powerful lobbies during the presidential race, the lobbies, intelligently, shoveled enough money into the leading Democrats' campaigns to neutralize the tenor of their attacks. However, once leading candidates emerge, the PIL may decide that the Democrats' plans to push an environmental agenda, reduce America's dependence on foreign oil, withdraw from conflict zones, and reform the healthcare industry, may be threatening enough to their interests that they may start channeling much more money into the Republican ticket.
- c) Personality vs credibility.** A factor that may play in favor of the Republican party is that all of its leading candidates are seen to possess a rather good mix of personal charm and professional credibility. While Democrats will battle each other along the lines of "change" versus

“experience”; likeability and idealism (Obama), versus efficiency and credibility (Clinton), the principal Republican candidates do not suffer from this type of dichotomy. If the emerging Republican leader succeeds in navigating the delicate secular vs. faith-oriented policy dilemma, they may, in fact, be in a position to attract a significant portion of the undecided vote. Unlike Democrats, leading Republicans do not present voters with a likeability vs credibility dilemma. Perhaps this analysis underestimates Hillary’s ability to become more likeable. Or perhaps it underestimates Obama’s ability to compensate his perceived candor with greatness of vision. But one thing is certain. As Clinton and Obama go head to head, they are likely to hit at each other’s perceived weaknesses quite hard, leaving the winner with a critical, possibly un-alterable, image problem going into the race against the leading Republican. “Likeability” is not essential to winning the White House (Bush Senior and Nixon were not particularly “likeable”). Nor is experience or age a must (Kennedy and Clinton had little of both, but were able to make up for it by being exceptionally good communicators). But the fact that the Republican contenders possess a good mix of likeable personalities and credibility may as well be taken into consideration. Let’s look at them one by one.

Huckabee comes across as a straight talker. Someone one might like even if he or she disagrees with him on certain issues. To many Americans, his unassuming, and rather un-imposing religious background is a plus. America is, after all, the country that has most houses of worship (including churches, synagogues and mosques) per inhabitant on earth. He has the ability to appeal to religious protestant Americans while not scaring away secular voters, especially because he has enough humility and humor to deflate provocative questions about religion. This may, in fact, allow him to bridge the gap between fiscal and religious conservatives (a gap that can undermine the coherence of the conservative vote).

McCain is generally liked, including by many Democrats, despite his position on Iraq. Whereas his age is perceived to be a liability by many (young) media analysts, retired voters do, in fact, represent a very large, influential and cross-party portion of the electorate. To them, age is not a liability. For some, it may even represent a confirmation of their age-group’s relevance and place in society. If Obama is the leading democratic candidate, McCain’s age, experience, and respectability may in fact turn into a critical advantage for him. Many of Hillary’s older supporters may turn to him rather than to Obama. Even if McCain merely runs as Vice President, this could strengthen any Republican ticket.

As for **Giuliani**’s chances, they may well be underplayed by the 24-hour news people in the aftermath of Iowa (where Giuliani invested practically no effort, as he chose to concentrate instead on larger states that will have a decisive impact later on in the primaries). In national polls, however, Giuliani continues to score very high among likely republican voters. Serving as mayor of New York for two terms gives him about as much experience as any politician is likely to acquire. It is also critical to consider that he won the mayoral election despite the fact that New York’s intelligentsia is primarily left-leaning. The man has a proven ability to win support across party lines.

Concluding notes:

- 1) No analysis that attempts to predict the outcome of the 2008 presidential election based on the results in Iowa and the upcoming vote in New Hampshire should be seen as reliable. The bets start once the front-runners of each parties are known.

- 2) Despite poor showings in Iowa, both Hillary Clinton and Rudolph Giuliani still stand a chance. It is in their interest that other candidates stay in the race as long as possible. Clinton would be most at risk if Edwards retired early and if his support based transferred to Obama. And Giuliani would do well not to antagonize Huckabee too directly early on. Leaving that job to Mitt Romney (who ran negative adds against Huckabee in the lead up to Iowa and mostly hurt himself in the process) was a smart move.
- 3) The fact remains that Obama and Huckabee's wins have energized this election. America's capacity for renewal, which may be the country's greatest asset, depends on the ability of its political system to produce such upsets. The establishments of both parties have now been challenged. This bodes well for the quality of the debate in coming months, and may focus the political class's attention on the country's most pressing issues.
- 4) From a global perspective, given rising oil prices, a troubled housing market, a falling dollar, and doubts about America's capacity for effective international leadership, this energizing start to the 2008 presidential campaign comes as good news. The most powerful nation on earth is indeed a vibrant democracy. Whereas powerful industrial lobbies will continue to yield significant influence, the current mix of candidates has Washington's K Street rainmakers' scratching their heads about whom to support.

For all the above reasons, this election promises to be the most interesting and change-provoking political contest in decades. Outside observers, whose business and personal decisions may be affected by America's global policies would do well to keep a close eye on this process in coming months. The ESISC will continue to provide independent analysis at key turning points in the race.

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