



April 23, 2008

### **Letter from Washington**

If the classic definition of insanity is doing the same thing over and over again but expecting a different result, then the Democrat primaries have truly entered the crazy stage, and the House and Senate leaderships' handling of the Defense Supplemental seems to be headed down a familiar path as well.

The Pennsylvania primary was supposed to be the event that would finally deliver the death blow to Senator Clinton's hopes of gaining the White House. The collective wisdom of the political handicappers was that she had to "win big" to be able to continue the race, with "winning big" defined as double digits. Her staff had set the expectation sufficiently low (50% plus one vote) so that her 10% win seemed fairly convincing. As a result, she not only dodged a bullet but may have breathed new life into her fundraising ability, at least enough to carry on into the next set of contests.

So whether she "won big" or not is academic. She won *big enough*.

Her hope through the last 6 weeks has been to hang on, trailing in the delegate count and trailing in the popular vote but hoping that Obama would somehow implode, causing the remaining super delegates to rally behind her as the party's best option for defeating McCain in November.

While Obama has been rattled by several issues (his relationships with an incendiary racist pastor, a shady real estate developer on trial for criminal activity, and a 60's radical bomb thrower), the one that seemed to have had the most traction is that he can be caricatured as an aloof elitist, out of touch with small town America. Clinton's main strength in Pennsylvania and the rust belt states before has been from working class white males, the so-called "Reagan Democrats" who have crossed over to vote for Republicans on national security issues but are tied to the Democrats' economic message and traditional strength with union employees.

The really troubling thing for the super delegates must be that Obama has thus far failed to make the sale with the Reagan Democrats in Michigan, Ohio and now Pennsylvania, and that they will vote for McCain in November if Obama is the nominee.

So now instead of clarity in the Democrat race, the focus shifts to the next set of primaries two weeks from now in North Carolina and Indiana. Obama enjoys a big lead in North Carolina, where the Democrats' constituency is heavily black, but Indiana is a toss up with Clinton ahead by three points. Obama has a large war chest to throw at the Indiana primary, and can outspend Clinton by a factor of three, but if he can't close the deal there in the manufacturing cities in the southern part of the state, the Reagan Democrat problem will become a real issue of concern, and the cycle of expecting a different outcome will be repeated.

Meanwhile the likelihood of the contest between Clinton and Obama going on to the last primaries in June has now become almost a certainty, with the party leadership increasingly concerned that Clinton's persistence in the face of the seemingly hopeless mathematical reality of the vote and delegate count is damaging Obama by creating and raising issues the Republicans will use in the fall. As in most situations, the side that can frame the issues first generally creates the lasting impression with the voters, and the concern is that Clinton will be both effective in underlining Obama's weaknesses, while forcing him to go hard negative and disprove that he represents anything new in US politics.

Meanwhile, back in the Pentagon...

In a surprisingly frank and forthright speech at the Air War College in Alabama, Defense Secretary Gates took the Air Force to task for not doing enough to support the wars in Iraq and Afghanistan. Speaking specifically of the Air Force's reluctance to embrace unmanned reconnaissance aircraft and to deploy and support them in adequate numbers in the war zones, he exhorted the students to break with the "old thinking" focused on non-existent future threats and to do more to support the troops in the field. Urging the young officers to be creative in approaching problems, he clearly took aim at the senior leadership of the Air Force. Gates has shown himself willing to hold service secretaries accountable, previously sacking the Army secretary over that service's failure to address the low quality of care for Iraq wounded at the Walter Reed hospital. This level of direct criticism may not be unique or even unusual, but for the Secretary of Defense to take it public as Gates did is unprecedented.

This very pointed criticism of the Air Force comes just as the Pentagon is about to embark on a Congressionally-mandated review of roles and missions. Just the term "roles and missions" brings out the worst in competitive interservice rivalries, and from the services' standpoint the review is a zero sum exercise, resulting in big winners and inevitably big losers.

Chairman Mullen and Secretary Gates are trying to strike a balance inside the building by narrowing the terms of reference of the study to downplay

service concerns, however the Congressional direction contained in the FY-08 Defense Authorization is to examine areas where there are overlapping structures and "excess capability". The task for Gates and Mullen is to achieve efficiencies and streamline warfighter support without having the services go to the mattresses in a full scale intramural resources fight, convinced that their institutional survival is at stake. Gates' comments to the Air Force about overcoming "old thinking" are even more surprising and potentially instructive in the roles and missions context.

On the Congressional side of the Potomac River, the House and Senate are expected to take up the Defense Supplemental spending bill by early May. The Democrat leadership is apparently considering rolling the remaining FY-08 requirement of around US\$100B into a bill that would also add about US\$70B for FY-09. This would have the effect of taking the issue of defense spending off the table prior to the November election, and inoculating Democrat candidates against Republican charges of not supporting the troops. The funding, which would carry into mid-09 would be available to give the next President (presumably Obama or Clinton) the flexibility to begin the withdrawal of some troops.

The Defense Supplemental may well be the only appropriations bill passed in 2008, with the Democrat leadership in both Houses wanting to postpone the appropriations process until early 2009 to leave the next President (again presumably not McCain) the ability to shape FY-09 spending policy around Democrat priorities. In order for that strategy to work, they will have to use the Defense Supplemental as the vehicle for a number of non-Defense domestic spending programs, setting the stage for a fight with the Republicans.

The Democrats have talked about using the Defense Supplemental to enact a secondary economic stimulus package of infra-structure spending and enhanced unemployment benefits, among many other unrelated priorities. The President, through staff intermediaries, has indicated that any bill that contains domestic spending or is in excess of the administration request for defense, will warrant a Presidential veto.

In this scenario, in which the President has invariably prevailed, the Democrats will be provoking the fight they need least going into the elections, and coincidentally teeing up John McCain's signature issue --- his lonely fight against wasteful government spending.

Finally, the selection of the Northrop Grumman/EADS Airbus 330 as the Air Force's next generation tanker aircraft has resulted in much Congressional angst. Despite the strength of the Boeing constituency in Congress, the Air Force apparently conducted the selection carefully enough (this time) that a protest will not be successful. That leaves the issue up to the Congress, and aside from enacting specific legislation to exclude Airbus after the fact, it is not clear what the legislative branch can do to change the outcome.