



May 28, 2008

### **Letter from Washington**

In a race that becomes more bizarre hourly, the Clinton-Obama contest has arrived at equilibrium: he says she can't win the nomination; she says he can't win the election. They may both be right.

Since the last letter, the Kentucky and Oregon primaries have been conducted with another predictable split --- Obama winning handily in Oregon with its largely white, well-educated population. Clinton repeated her West Virginia blow-out performance by besting Obama by 35 points in Kentucky. These lopsided victories in key border states have had the dual effect of prolonging the contest by giving Clinton impressive numbers to point to, while at the same time letting some air out of the Obama balloon.

Clinton has brushed off suggestions that she should bow out because she is damaging Obama for the general election. On the contrary, she insists that she is strengthening him by making him a better candidate, more capable of standing up to the Republicans in the fall.

In one of the more strange episodes, Clinton was explaining to a group of reporters why she felt that it was still too early to even consider dropping out, despite the reality of the numbers. She cited the fact that her husband did not secure his nomination until June in 1992, and incredibly reminded the reporters that Robert Kennedy had been assassinated in June.

While her intent was to show that previous primary seasons had stretched into June, it came out sounding more like a request: won't somebody, somewhere please whack this guy? Soon?

As a point of fact, previous races had indeed been still going in June, but as in that 1992 example she cites, the first primary that year was not until March. This year the first primary was in January, and this race is three months longer already.

Despite the increasingly desperate tone in Clinton's rhetoric, she does have a point. Obama has failed to carry key states in the electoral college math: Ohio, Pennsylvania, West Virginia, and now Kentucky. There is no way she can raise this fact with any delicacy and not be accused of playing the "race

card". The fact remains, however, that Obama plays poorly in these constituencies which are critical, and may well default to McCain in November.

Clinton's apparent strategy is to stay in it until there is an absolute certainty that Obama has the nomination locked up. At that point she will likely campaign for him vigorously. Until then she is continuing to amass the maximum popular vote total that she can, then use that total to persuade the super delegates that she is the more electable choice.

The Clinton campaign released an eleven page memo to the super delegates, complete with charts and graphs, to show that she is more capable of taking on McCain in November.

All of which suggests that Clinton will carry the fight on to the convention if allowed to by the party leadership. House Speaker Nancy Pelosi said that she anticipates that there will be a candidate selection during the week after the last primaries on June 3<sup>rd</sup>, and indicated she would not allow the situation to go beyond June unresolved.

The party would undoubtedly like to see an Obama-Clinton ticket, but the likelihood of that seems low given the bitterness of the past six weeks. Meanwhile, the Democrat Senate leadership's plan to pass the defense supplemental bill before the Memorial Day recess was derailed by several factors, primarily the absence of key Democrats for various reasons. The Senate finally this week approved a two-part supplemental spending package that includes \$165 billion for the wars in Iraq and Afghanistan, increased veterans' benefits, extended unemployment insurance and other non-defense spending. The bill also contains defense items that DoD did not request (15 C-17 and 8 C-130 aircraft) that have been added to the bill in the hopes of using the leverage of the must-pass legislation.

The Senate again failed to pass restrictions on the war funding, such as a mandatory redeployment date.

Majority Leader Reid, (D-NV) agreed to strip several immigration related proposals from the bill in an effort avoid a veto. President Bush has long said that he would veto the supplemental if it contained non-defense spending.

Defense Secretary Gates has been quite vocal in complaining about the difficulty in attempting to manage the programmatic side of the department with the constant need to shift funds to accommodate late appropriations. In that regard the DoD submitted a request to the Congress to reprogram US\$9.7B from various accounts to continue to fund the war.

Gates and Chairman Mullen have both warned the Congress that troops in Iraq and Afghanistan will not be paid after June 15 without the supplemental or the reprogramming request, which will have to be approved by June 9<sup>th</sup>.

This sets up an interesting game of chicken with the President who has promised to veto the supplemental because it contains US\$28B worth of spending not requested by the administration.

Another interesting showdown will occur if a provision of the House version of the 2009 Defense Authorization bill makes it through the process. Last fall the President issued an executive order directing the agencies not to honor earmarks that were not contained in the actual text of the appropriation bills. This prohibition on so-called "air dropped" earmarks (i.e., mysteriously appearing, unattributable funding requirements) in the conference report or accompanying text, was intended to allow the Republicans to reclaim the fiscal responsibility mantle.

The House version of the Bill states that the executive order's provisions will specifically not apply, setting up a sure veto from the President. The issue will likely have to be resolved by the Supreme Court, unless a Democratic sweep of the White House and Congress in the fall renders the problem no longer applicable.