



February 1, 2010

### **Letter from Washington**

While everyone was focused on the disastrous earthquake in Haiti this past week, there was an equally dramatic shifting of the political tectonic plates in Washington.

Riding a wave of voter anger, a virtually unknown Republican state senator in Massachusetts defeated the odds-on Democratic Party favorite for the Senate seat of the late Ted Kennedy. Scott Brown ran an excellent campaign, and his opponent was so convinced that she could not lose that she didn't even bother to campaign until the last month before the election.

The significance of Brown's win has far-reaching implications, since he ran specifically as the 41<sup>st</sup> vote in the Senate to block the Democratic super majority required to move the health care reform bill forward. He defeated the establishment candidate handily in the single most liberal state in the union, a feat that would have been unthinkable until recently.

The message for the Democratic leadership was received clearly. There is such unhappiness with the direction of the country that the all-important independent swing voters seem to have deserted en masse. Obama carried Massachusetts by 26 points in 2008. One year after his inauguration his party's candidate (whom he made a special trip to Massachusetts to campaign for), lost by five, a 31 point shift. Last November, Republicans won the governorships in Virginia and New Jersey, states that Obama had also won, with 25 and 20-point shifts respectively.

As a result Obama's signature issue, health care reform, has been stalled with no clear way forward. The question then is how does the election of one Senator cause such an upheaval in party strategy and thinking? The answer lies in the dramatic number of voters who believe that the country is headed in the wrong direction. The independent voters, whose sentiments have swung so rapidly, were the key to the Democrats' sweep of the presidency and both houses. They voted for undefined, unspecified "change", and clearly believe they are getting something more than they bargained for, something unwelcome.

Obama ran successfully a year ago as an outsider and a change agent, with very little record on which to be judged. The promise that most of his supporters saw at that time was that he would overcome the partisan gridlock in Washington, and address some of the systemic issues that beg for resolution. What they see one year later is that the partisanship has not changed, the economy may be in recovery technically but unemployment remains very high, and incredible sums of money are being spent in a profligate way such that there are trillion plus dollar deficits as far as the eye can see into the future.

Add to all that a real unhappiness with the effort to close Guantanamo and to afford terrorists the same protections as US citizens while being tried in US courts. The administration's decision not to try Khalid Sheikh Mohammed in Manhattan, after announcing with great fanfare that it would, makes the leadership seem both clueless and poll-driven in national security issues. This follows close on the heels of the mishandling of the Christmas Day airline-bombing attempt, and plays to the public perception that Republicans are more realistic on defense and security issues.

There are 48 Democrats in the House who were elected from nominally Republican districts that McCain carried in 2008. Those 48 imperiled Congressmen know that they will have to face an increasingly unhappy electorate in November, and they would just as soon not be saddled with any more unpopular votes than necessary. Therefore, health care reform, which had only the minimum support required for passage, has become a very heavy lift for the Democratic leadership following the Massachusetts victory.

Article II of the Constitution requires the President to deliver a message to the Congress on the state of the union. By custom this occurs toward the end of January, and this year's was looked to with some anticipation as it would be Obama's first, coming right after the Massachusetts election. There was some question as to which Obama would appear...the head of state or the head of the Democratic Party. Surprisingly, neither one showed up.

Obama spent the hour plus address alternatively scolding both the Democrats and the Republicans for their lack of progress, while not accepting any of the responsibility himself. He spent a good part of the speech bemoaning what a terrible place "Washington" has become, and laying most of the problems of the country on "Washington", without ever acknowledging that the President symbolizes and embodies "Washington" in every conceivable way. Obama may have run a successful campaign as an outsider, but it becomes a little incredible for the President to try to maintain outsider status one year into his term.

It's also wearing a little thin with most Americans that Obama continues to find it necessary to point out that he inherited some large problems that he did not cause. Fair enough, but the time to take ownership of the problems and (hopefully) the solution has long passed. What was once a reasonable

statement of fact has after a year become perceived as whining, and grown tedious while diminishing the man himself.

Obama did make one proposal as a gift to the left wing of his party in urging the Congress to end the military's "don't ask, don't tell" policy on gays serving openly. Obama made that commitment during the campaign, but hesitated to follow through this past year. No matter what the moral issues involved, the politics of overturning the policy are toxic. Not just the 48 Democrats in Republican districts, but a large majority of Democrats see this as one more difficult vote they will have to explain in November, and that Obama is setting them up for extinction by raising the issue now.

The electorate has become sullen and angry and will take out its frustration on incumbents in November, but the Republicans are in danger of a serious misreading of the situation. If the voters are angry with Democrats it doesn't mean that they have forgiven the Republicans and suddenly love them again. The real lesson is that the two governors and the senator who upset incumbent Democrats did so by staking out centrist positions, and coming across as non-ideological problem solvers, rarely acknowledging their party affiliation. The Republicans nationally would do well to soft-pedal the divisive social issues and stick to national security and fiscal responsibility.

The Administration today forwarded its 2011 budget request to the Congress, requesting \$741.2 billion in new military spending, including a \$548.9 billion base budget as well as \$159.3 billion to finance the wars in Iraq and Afghanistan, with an additional \$33 billion in FY-10 supplemental funds for SW Asian operations. The base budget number reflects a 3.4% increase over last year, and represents a victory for Defense Secretary Gates within the administration.

Part of the increase is to be used for the services to realign and adjust their forces in reflection of the just published Quadrennial Defense Review (QDR). The QDR encourages the services to move away from the two simultaneous war capability against state actors, and to prepare to fight a series of small counter-insurgency and stabilization efforts in the future. What this will mean in terms of budget and program decisions is not immediately clear, but certainly the DoD will again attempt to kill the C-17, the alternate JSF engine and other disfavored programs.