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**Research Report**

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## Running against the Economy

U.S. President Barack Obama's Re-Election Prospects

*Brittany Sammon and Stormy-Annika Mildner*

With four months left to go in the U.S. presidential election, the campaign has turned into a neck-and-neck race. In a campaign about economic perception, the candidates each represent starkly contrasting narratives and visions for America. The election will ultimately serve as a referendum on President Obama's first term in office, although each candidate enjoys key advantages and disadvantages that could be decisive factors in such a close election. At this point, it is unclear who will win in 2012 but it is clear that it will be much closer than 2008.

A string of troubling news for President Obama leading into June has accumulated into one of the worst stretches of his entire Presidency, although a small polling bump and the Supreme Court's affirmative ruling on the President's healthcare legislation at the end of the month provided a brief respite from Obama's troubles. The healthcare decision was an important victory for the President, although the effect on the overall dynamics of the election and the impact the issue will have going into November is still unclear. In June, lower-than-expected job growth numbers were followed by an increase in the national unemployment rate from 8.1% to 8.2%. Although the numbers seem to indicate a minor change, the negative direction signals a downward trend of the economy, which is psychologically and politically a bad sign for the electorate and consequently for Obama's re-election prospects. Fol-

lowing the release of the dismal economic numbers the President caused a stir when he fumbled an attempt to make a point about the public sector being in a worse predicament than the private sector by mistakenly saying that the private sector was doing fine. The gaffe was construed by both sides of the political aisle as particularly mismatched amidst stalled unemployment and sluggish job growth and sparked concern that the comment was revelatory of an out-of-touch President who is unaware of the realities of the dire economic situation. Then it was revealed that in May, Republican challenger Mitt Romney's campaign raised more money than Obama's campaign. And according to a Real Clear Politics average of national polls, Obama's job approval rating remained below the halfway point throughout the month of June, with an average approval rating between 47% and 48%. Leading into June,

Obama's consistent 7 point-average lead over Romney in Presidential race matchups eroded into a 2-4 point-average – putting him in a virtual tie with his opponent. Overall, Obama continues to maintain a slight lead over Romney in national polls while it is nowhere near the 9 point lead he held over Senator John McCain in 2008.

### Dueling Strategies

In a campaign about the economy, the November vote will overwhelmingly be about economic perception and whether or not voters *believe* the economy to be improving. A 2012 Pew Research report found that more than 80% of voters list the economy and jobs as the most important issues in deciding who they will vote for this fall. 74% of voters list the federal budget deficit and healthcare as the next most important issues. Other issues listed by a majority as important, but closer to the halfway point are taxes (61%) and foreign policy (52%). Ranking the lowest among voters in importance – despite being provocative media topics – are social issues, such as immigration (42%) and gay marriage (28%).

All eyes are on the candidates' campaigns as voters seek answers to the issues that matter most to them. In June, Obama and Romney each gave decisive economic speeches that laid out contrasting and distinctive economic agendas that made clear how fundamentally different their two visions for America are. Both candidates prioritize creating jobs and decreasing the budget deficit, but with opposing positions on how to do so. Obama's economic agenda advocates government-driven economic growth with increased spending and investment on developing infrastructure and clean energy programs, for example, and higher taxes for the most wealthy. Romney's agenda to turn the economy around advocates a smaller federal government (leaving more authority with individual states) and austerity measures, such as slashing government spending and cutting taxes for all income groups to spur

private sector-driven growth. Healthcare is likely to be featured in the campaign as Romney vows to repeal the measure, but it is not likely to play a decisive role for voters. Last, foreign policy has a limited place in either candidate's narrative, which is of little surprise in times of domestic economic trouble.

Polling throughout the election confirms that not only are voters mainly concerned with the economy, but the largest divides between Obama and Romney supporters are over the scope and role of government in the economy, such as how to tackle the federal budget deficit. The contrasting narratives that leave voters with an 'all-or-nothing' ultimatum between two very separate visions for the direction of the future of the country may be reflective of the polarized American electorate this year in which partisan divisions have reached a new high. A Pew Research report shows that this year, Americans are more polarized along party lines in 2012 than at any other time in the past 25 years with the divide between Republicans and Democrats on values greater than any other political or social division, such as gender, race or class.

### Obama's Re-Election Campaign

With the economy dominating the theme of the election, the Obama campaign is largely helpless in controlling the message they want to send to voters as the unemployment rate and job growth numbers in the country speak for themselves. Obama's argument that raising taxes and spending will best achieve steady progress has not been popular among voters. The excitement surrounding Obama's candidacy in 2008 that surged enthusiasm among his base – especially among the youth, African Americans, and liberal voters – has simmered into a cohort of disappointed voters. Obama cannot avoid the economic issue nor can he make new promises to weary voters who want concrete evidence that the economy is in recovery or at least heading in that direc-

tion. A further avalanche of bad economic news could potentially overwhelm the President's other advantages or drive away undecided voters.

Faced with few options and a more complex messaging challenge this year, Obama's campaign strategy aims to cultivate a campaign narrative that deflects focus away from his record. The strategy frames Obama's re-election narrative in ideological terms, with an 'us-versus-them' appeal to rally his base behind him and convince them that the President has fought hard to help everyday Americans in hard times and that real change takes longer than one term. His re-election argument cautions that a Romney Presidency would just be a repeat of Republican economic policies that have failed. The strategy to re-focus the narrative is about making the election a choice between Obama and the Republican Party's agenda, rather than a referendum on the President's job performance and the economy. Obama attributes the bad economy to carryover he inherited from the Bush era and frames the November vote as a "make-or-break moment" for the middle class to end the Republican-caused gridlock in Congress. In sharp contrast to the tone of the last campaign, the re-election strategy emphasizes the differences between the two political parties on major issues such as how to balance the budget in hopes of insuring that the race is about competing ideologies and the vote in November is a clear choice between two candidate's platforms.

Although Obama cannot run from the economic issue, he does have other advantages to leverage his re-election prospects. For one, he can use the power of the presidency to change the discussion. After the barrage of bad economic news, the Obama administration strategically announced a new favorable policy for young illegal immigrants. This not only changed the campaign conversation overnight, but forced his vague-on-details opponent into an uncomfortable position as the pressure of the national spotlight left the Romney

campaign with no choice but to come forth with a declarative stance on immigration as well. Obama also shook up the conversation prior to this when he announced his support for gay marriage. Another factor working in Obama's favor is that voters like him. Polling consistently shows that in spite of the economy, the Obama coolness appeal continues to play to his advantage as voters find him more "likeable" than his opponent.

Obama has the same confident and technologically sophisticated campaign team from 2008 that hopes to make up for lost supporters with a superior scaled-up grass-roots effort and capitalizing on their ability to exploit new technology in order to microtarget Obama's core support base. Obama's 2008 election strategy was unusual as, unlike traditional presidential campaigns, it did not focus on a handful of states but aimed at the broad, nation-wide electorate. In 2012, Obama's team returns to a more traditional approach focusing specifically on seven states – Florida, Ohio, Virginia, Iowa, North Carolina, Colorado, Nevada – that the campaign team feels will be key to the election.

### **The "Other Guy" – Romney's Narrative**

Despite the initial hesitation in the Republican Party on Romney as their candidate, the lethargy of the party has been far outweighed by the Republican universal dislike of Obama. Romney's biggest advantage in the election is that he is not Obama, a fact that has united the Republican Party and rallied them around Romney. Running against an incumbent president allows Romney's team to frame him as the anti-establishment candidate, which fires up voters and triggers momentum. This, together with a lagging economic recovery, allows the Romney campaign to make a simple argument for election: *Do you really want four more years of this?* With the campaign feeding into the public perception that Obama has not fixed the economy, more bad economic news helps sell the

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#### Further Reading:

Henriette Rytz, *USA: Konservative unter Anpassungsdruck. Die republikanische Partei vor den Wahlen 2012*, SWP-Aktuell 23/2012, June 2012, <[www.swp-berlin.org/fileadmin/contents/products/aktuell/2012A32\\_ryz.pdf](http://www.swp-berlin.org/fileadmin/contents/products/aktuell/2012A32_ryz.pdf)>

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portrayal of an out-of-touch, overwhelmed President and Romney's good-for-business reputation to voters. Romney promises to change the entire economic game-plan on his first day in office. The campaign's "Day One" outlines his priorities on his first day in the White House including overturning key reforms enacted by the Obama administration such as the health care legislation, tax increases, and the financial market regulations framed in the Dodd-Frank-Act.

With Romney's advantages being mainly economic in nature, the campaign faces its own distinct challenges, including a large likeability deficit. After an uninspiring Republican primary, the general perception of a weak Republican field left many in the Republican Party with misgivings about Romney who falls short of the larger-than-life personality desired of a presidential candidate. Polling confirms that only about a third of the country like him and he trails Obama by sizable margins on connecting with ordinary people.

Capitalizing on his narrative of being everything Obama is not together with a large financial advantage over his opponent, the Romney campaign is focused on relating to the broader electorate to reel in disillusioned voters. The focal group is the core Republican base – non-Hispanic, blue-collar, rural white Americans – especially in battleground states. Among white voters, Romney currently has a relatively sizable lead over Obama and does best among the religious, those who are either married or have been married, and those who have a high school or college education.

### The Merits of Being Vague

So far, neither Romney nor Obama has offered too many details on policies and what the next four years would bring under their watch. Romney has repeatedly earned criticism during the campaign after offering specifics on measures he would take as President, such as his call for eliminating the Department of Education which was used against him afterwards to suggest he

did not care about schools. Obama's reluctance to be more specific on policy goals for his second term stems from his overly specific campaign promises made in 2008 – including vowing to cut the federal debt in half and getting the unemployment rate below 8% by the end of his first term – that he has not been able to achieve after four years. By avoiding specificity in their campaign narratives, the candidates avoid political risks that come with offering more details and arming their opponents with 'political ammunition.' However, the closer November 6 gets, the more pressure will be on the candidates to produce concrete plans on the economy, in particular on the three most imminent financial challenges: At the end of 2012, the tax cuts of the Bush administration will expire; starting in 2013, the across the board budget cuts under the Budget Control Act of 2011 are due; and the U.S. is expected to reach the debt limit sometime in February.

### Outlook

Who is going to win in November is too early to tell. A key indicator to watch for during the remainder of the presidential campaign will be Obama and Romney's battle over the undecided voters as they attempt to sell them on their economic agendas. Undecided voters are projected by a recent poll as one-in-four voters. Trends in swing states, in which neither candidate has a decisive advantage, are another good indicator of which way the country will swing in November. Lastly, all the polling and analysis in the world cannot account for the element of surprise of game-changing developments that could impact the election. As such, President Obama is particularly wary about developments in Europe as an unfolding crisis would undoubtedly derail the U.S. economic recovery.