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A RAUCOUS POLITICAL YEAR FOR AMERICA

A Policy Update Paper

By

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Judging from the results of the Iowa caucus, the political mood of Americans is fractious and fluid and augurs for a bitterly divisive presidential campaign in the ten months ahead. If nothing else, the Occupy Wall Street movement has provided a compelling theme. President Obama is already pitching his remarks at the 99%, running against Wall Street and seeking to corner the Republicans, and whoever his ultimate competitor will be, as the “defenders of the 1%”. It is being judged by some as “class warfare” – echoing a theme attempted unsuccessfully by Democratic contenders in the past – from Dukakis to Gore to Kerry – but conditions generally in 2012 are markedly worse than they were for previous campaigns. Obama may get more traction because the gaps between rich and poor in America have become larger and middle class voters, on whom elections ultimately turn, are beleaguered with concerns about jobs, housing, education and health care. Underpinning the mood is a stark divide in America over the role of government as a driver of economic investment and the redistribution of wealth.

There is little optimism in the political air, and much frustration, even anger, about Washington. While the President gets a good chunk of the blame, Congress, and notably Republicans, fair even worse. Positive views about the performance of the House and Senate have fallen to single digit percentages.

The fact that the TV debates for the Republican primaries have attracted record audiences is a symptom of the unease in America, fuelling ever-shifting polling support for one lead candidate after another. Governor Romney may well be the last man standing. He has the money, the organization and a decent track record. Romney may indeed have broader appeal in an election than with hard core Republican supporters. He carries the unenviable label (among Republicans) of being a “moderate”! But, as a multi-millionaire whose business background with Bain Consulting invokes images of Wall Street, he will have a major challenge connecting with the electorate. Assuming he wins the nomination, Romney will need more than an anti-Obama platform. While Independents are deeply disappointed in the performance of President Obama, they are skeptical that Republicans offer anything better. And, as the Republicans slag one another more aggressively in the primary home stretch, that sentiment will undoubtedly prevail. Should the irrepressible and erratic Ron Paul or Donald Trump choose to run as an Independent, either would hurt Romney’s prospects much like Ross Perot did for George H.W. Bush in 1992. (In that election, Clinton won with 43% of the vote; Bush garnered 37.5%; Perot 18.9%.)

Ordinarily, unemployment numbers hovering around 9% and approval ratings in the 40 – 50% range would be lethal for an incumbent. That is precisely why Obama is choosing to run away from his record and that of Washington and instead, on a “fairness” theme, invoking basic American values while castigating those (the 1%) who have benefited at the expense of the vast majority of Americans. His formidable \$1B campaign war chest and his equally formidable talents as a campaigner (Just ask Hillary) are tailor-made for this kind of rhetoric.

Obama set the tone for his campaign in a speech last month in Osawatomie, Kansas: “I believe this country succeeds when everyone gets a fair shot, when everyone does their fair share and when everyone plays by the same rules. Those aren’t Democratic or Republican values. They’re American values and we have to reclaim them.”

Romney advocates reclaiming a different version of American values, emphasizing principles of individual freedom and the exceptionalism of America, while rejecting any notion of fading power or decline. He assails Obama as a “European-style social democrat”.

As Kimberly Strassel observed in the Wall Street Journal “If 2012 is a referendum on a president that Americans know and personally like, who might be presiding over a marginally

better economy, and who might be no worse than the other guy, they may well stick with what they know.” Others suggest that, if the election is about Obama, the Republican will win but, if it is about the Republicans, the President will be re-elected. The payroll tax debacle before Christmas and an unexciting field of presidential candidates has weakened the Republican brand across America.

Foreign policy may prove to be the soft underbelly for the President. In coming months unpredictable flashpoints like Iran, Pakistan or North Korea may become a defining factor for the election.

What is certain, however, is that, as election fever grips America, not much of consequence will be done this year to address serious fiscal imbalances or other pressing policy issues. The art of 2012 politics will be tactics to postpone difficult choices for at least another year.

The one saving grace may be the resilience of the U.S. private sector. U.S. corporations are demonstrating yet again an impressive ability to adapt, registering healthy profits despite difficult business conditions, restricted access to credit and bleak political prospects. Especially compared to Europe, the outlook for America is downright sunny! There are even signs that business and consumer confidence is starting to improve. That would be a welcome tonic and not just for Americans.

The underlying mood is definitely cranky and many Americans seem to be “fed up” with a political system that produces so little, even in times of crisis. The “checks and balances” which epitomize the U.S. system were designed by those apprehensive of the power of government. In that sense it is perhaps working as initially intended. But fasten your seat belts. It is much too soon for predictions but this promises to be a rocky, raucous political year for America.

ABOUT THE AUTHOR

Derek H. Burney (72) is Senior Strategic Advisor to Norton Rose. He is Chairman of GardaWorld's International Advisory Board, a Director of TransCanada Pipelines Limited, a Governor of the Ottawa Hospital Board of Governors and a member of the Advisory Board of Paradigm Capital Inc. Mr. Burney is a Senior Research Fellow at the Canadian Defence and Foreign Affairs Institute and a Visiting Professor and Senior Distinguished Fellow at Carleton University.

Mr. Burney headed the Transition team for Prime Minister Harper from January to March, 2006. He was President and Chief Executive Officer of CAE Inc. from October 1999 until August 2004. Prior to joining CAE, Mr. Burney was Chairman and Chief Executive Officer of Bell Canada International Inc. (1993-1999).

From 1989-1993, Mr. Burney served as Canada's Ambassador to the United States. This assignment culminated a distinguished thirty-year career in the Canadian Foreign Service, during which he completed a variety of assignments at home and abroad, including a period as a Deputy Minister of External Affairs.

From March 1987 to January 1989, Mr. Burney served as Chief of Staff to the Prime Minister. He was directly involved in the negotiation of the Canada-U.S. Free Trade Agreement. He was the Prime Minister's personal representative (Sherpa) in the preparations for the Houston (1990), London (1991) and Munich (1992) G-7 Economic Summits.

In February 1992, Mr. Burney was awarded the Public Service of Canada's Outstanding Achievement Award.

In July 1993, he was named an Officer of the Order of Canada.

Mr. Burney was conferred Honorary Doctor of Laws degrees from Lakehead University, Queen's University, Wilfrid Laurier University, Carleton University and University of Windsor.

His memoir of government service - "Getting it Done" - was published by McGill-Queen's in 2005.

Mr. Burney was born in Fort William (now Thunder Bay), Ontario, and was educated at Queen's University, where he received an Honours B.A. and M.A. He is married to Joan (Peden) and has four sons.

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