



ISSUE 1 : FEBRUARY 2010

A Little History...

When Ronald Reagan took office in January 1981, the nation's unemployment rate was 7.5%. When Bill Clinton took office in January 1993, unemployment was 7.3%. And when Barack Obama was inaugurated last January? 7.6%.

During Reagan's first two years, things got worse. A lot worse. By the time of the 1982 midterm, unemployment had risen to 10.8%—still the highest level since the Great Depression. The Republican party paid a price at the polls—a net loss of 26 House seats (but no Senate seats). It could have been much worse.

***A wise politician once said,
"In politics, you have to
have a base. Your base are
the people who are with
you when you're wrong."***

Reagan limited the damage with a campaign to "stay the course."

A wise politician once said, "In politics, you have to have a base. Your base are the people who are with you when you're wrong." In 1982, it looked like Reagan was wrong. Reaganomics had never worked. But Reagan was able to rally millions of voters to stand by him because they believed in the course he set out. It's not clear whether President Obama has that kind of base.

What happened to the economy during President Clinton's first two years? Here's a

surprise: things got better. Much better. By November 1994, the unemployment rate had dropped to 5.6%. So what? The Democrats still got blown away. There's the thanks of a grateful nation.

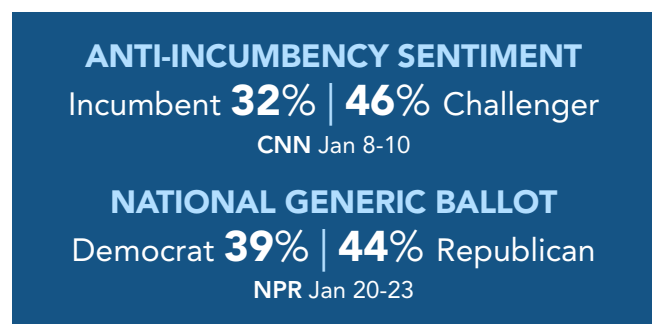
President Reagan's experience suggests that a bad economy need not destroy you. Not if you have a strong base. President Clinton's experience suggests that a good economy may not save you. Not if voters are angry over a host of other issues like gun control and health care and taxes and gays in the military and midnight basketball.

The message from Massachusetts is that a full-scale populist revolt has erupted. Just like in the early 1990s and the late 1970s. It happens when the economy turns bad and voters take out their anger on the governing class. It's "us" versus "them"—"we the people" against the political insiders.

In the "malaise" crisis of the late 1970s, popular anger took the form of a tax revolt, starting with Proposition 13 in California. It made Jimmy Carter a one-term President. In the early 1990s, the revolt took the form of a term limits movement that spread all over the country. It made George H.W. Bush a one-term President. Pat Buchanan's "pitchfork brigades" raged across the land. Ross Perot led an uprising of Independents. In 1994, angry white men rose up and overthrew the Democratic Congress after forty years in power.

Then it was Rush Limbaugh, Newt Gingrich and the Contract with America. Now it's Glenn Beck, Sarah Palin and the Tea Party movement.

But the bad economy is not the only thing driving voter discontent. We're also seeing anger aimed specifically at Congress. It is always dangerous for Congress to act in defiance of public opinion. The Republican Congress paid a price for impeaching President Clinton in 1998. In 2008, outrage over the Wall Street bailout—passed by a Democratic Congress and signed by President Bush—provoked the Tea Party movement.



Congress was on the verge of passing health care reform—in defiance of public opinion—when Massachusetts shouted “Stop!” In a nationwide Gallup poll taken the next day, most Americans said they thought Congress should suspend work on the health care bills. The public does favor health care reform—in principle. But not these bills. Too expensive. Too many insider deals. President Obama is trying to resurrect himself and his party the way President Clinton did it in

the 1990s—as problem-solvers. If problems are getting solved, voters don’t ask too many questions about ideology. Americans are pragmatic. Pragmatists believe that whatever works is right. Ideologues believe that if something is wrong, it can’t possibly work, even if it does work. Problem-solving has become President Obama’s new mantra. In his State of the Union speech, the President issued a charge to his fellow Democrats, saying, “I would remind you that we still have the largest majority in decades, and the people expect us to solve some problems, not run for the hills.”

The problem-solving approach worked for President Clinton. It was Republicans who got trapped by ideology. Ideology led Speaker Newt Gingrich to shut down the federal government. Ideology led George W. Bush to take the country to war in Iraq. President Obama’s critics believe ideology drove him to take up the cause of health care reform.

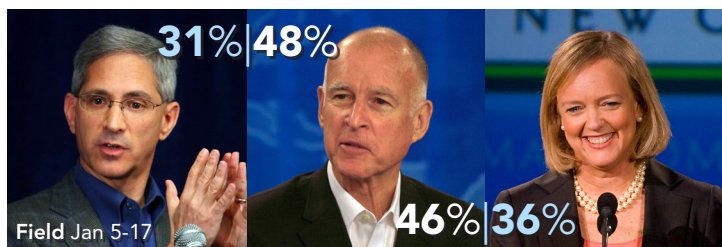
The President acknowledged in his State of the Union speech, “By now it should be fairly obvious that I didn’t take on health care because it was good politics.” The President is using his setbacks to make a point: that he is driven by problem-solving, not by politics. Or ideology. “I am not an ideologue,” President Obama told House Republicans. When the assertion drew a skeptical response from the audience, the President protested, “I’m not.”

The Democrats’ immediate problem is the mid-term. Asked what he did during the French Revolution, the Abbé Sieyès responded, “J’ai vécu” (“I survived”). Democrats have to survive 2010. Right now, they’re in serious trouble. But the election is ten months from now. The national mood can change fast (look at Massachusetts). The polls in this memo are one way to track it. We’ll be doing that, month by month. And later, week by week.

Another European statesman (this time a Brit—Harold Wilson) said, “A week is a long time in politics.” Ten months is an eternity. ■

Governors

A midterm election is like a three-ring circus with no main event. For most voters, the biggest event will be the race for governor. Look at the job approval ratings of current governors and you'll see plenty of dismal numbers (like Gov. Schwarzenegger in California—27%).



Thirty-seven states will elect governors this year. Most of those races look competitive. *The Cook Report* counts 22 competitive races, *The Rothenberg Report* 23 and *Congressional Quarterly* 27. Expect a lot of changes in party control.

The hottest race? California, where Silicon Valley entrepreneurs Meg Whitman and Steve Poizner are likely to spend tens of millions of their own dollars on the race. Jerry Brown will coast to the Democratic nomination unopposed.

In 1974, Brown (age 37) became the youngest governor elected in California in 100 years. If he wins this year—nearly 28 years after leaving the governorship—he will become the oldest governor ever elected in California (age 72).

2012

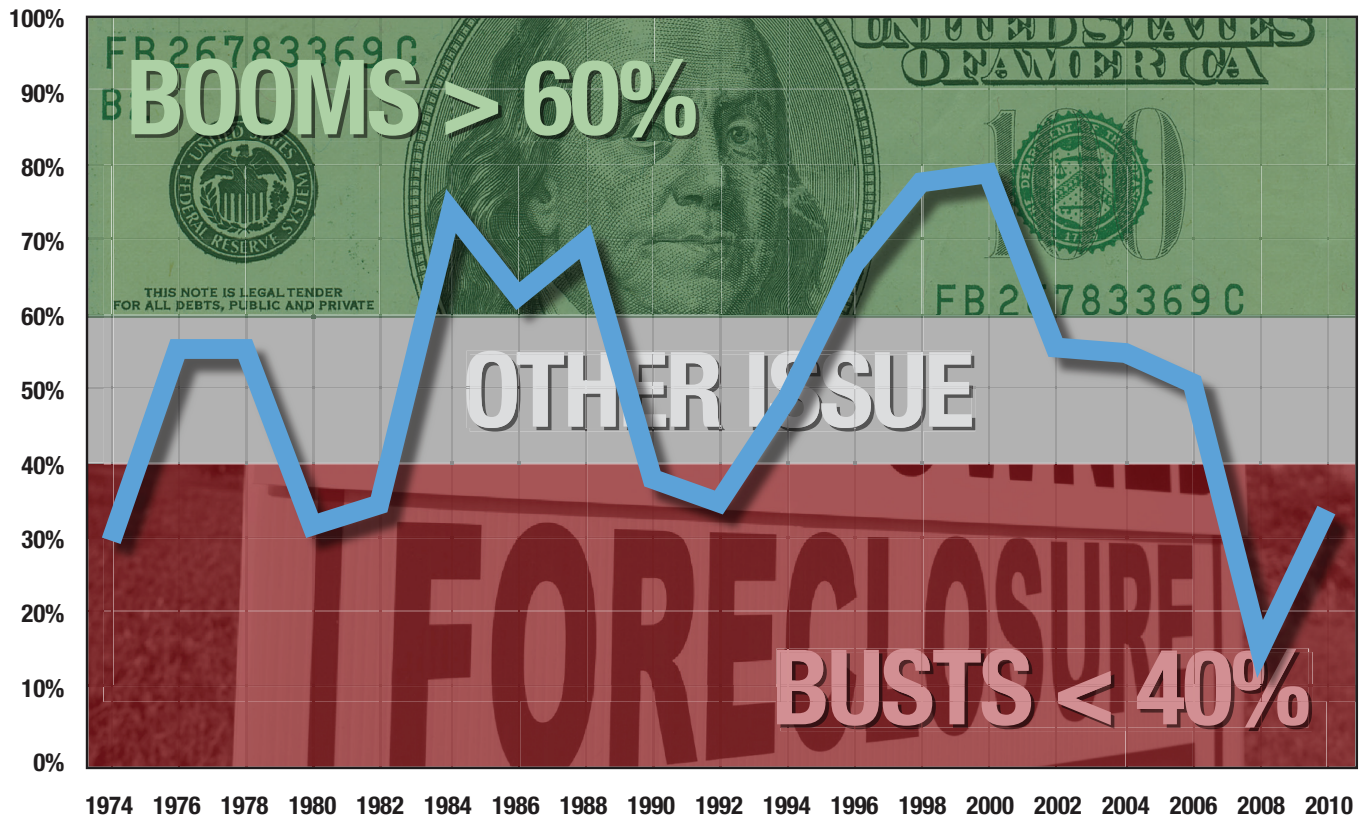
Democrats often go for new faces when they nominate candidates for President: Jimmy Carter, Michael Dukakis, Bill Clinton, Barack Obama. Republicans usually nominate candidates who have run before: Richard Nixon, Ronald Reagan, George H.W. Bush, Bob Dole, John McCain. Which is why the candidate at the top of most Republican lists for 2012 is Mitt Romney. It's his turn.

Sarah Palin told Fox News she would consider running in 2012 "if I believe that is the right thing to do for our country and for the Palin family." The latest Marist Poll asks about a three-way match-up between Obama (D), Palin (R) and New York Mayor Michael Bloomberg (Ind.). Palin gets only 29 percent (Obama 44%, Bloomberg 15%).

What Republicans need in 2012 is a new face. Sen. Scott Brown? When's the last time an obscure state senator won a U.S. Senate seat and then ran for and won the presidency before completing his first term? That would be Barack Obama.



Percent Who Say Things Are Going Well in Country



Over 60% "Going Well" - BOOMS

1984	74%	"Morning in America"
1986	63%	Good Times
1988	70%	"Third Term" for Reagan
1996	67%	Clinton Re-elected
1998	78%	Democrats Defy Impeachment
2000	79%	Gore "Wins"

Under 40% "Going Well" - BUSTS

1974	30%	Watergate Election
1980	32%	Malaise Election
1982	35%	"Stay the Course"?
1990	38%	Anti-incumbent Voting
1992	35%	"The Economy, Stupid"
2008	16%	Obama Wins

40%-60% "Going Well" - SOMETHING ELSE IS THE ISSUE

1976	56%	Watergate
1978	56%	Tax Revolt
1994	49%	Guns and Health Care
2002	56%	9/11
2004	55%	War on Terror
2006	51%	Iraq War

2010... 34% (BUST)

Inside Politics with Bill Schneider is published by Third Way.

Third Way is the leading moderate think-tank of the progressive movement. We create high-impact products for use by elected officials, candidates and the Administration.

For more information about Third Way please visit www.thirdway.org.



third way
fresh thinking

