



## 2012 Election

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### Overview

While votes remain to be counted and races to be determined, the U.S. has chosen to stay with its current split-party alignment of a Democratic President, a Democratic Senate, and a Republican House of Representatives. This post briefly looks at the key issues in this election while also examining what the election potentially tells us about ourselves and the forthcoming policy agenda.

### Election Theme – Expanded, Diversified Electorate

A clear impact President Obama has had on U.S. politics is the expansion and diversification of the U.S. electorate. Just as important has been the expansion in voting options, notably early voting, which has facilitated voting by the expanded electorate. The impact of the expanded, diversified electorate can be seen in the decision of 2 states (Colorado and Washington) to effectively legalize marijuana via referendum votes and in the success of referendum votes to either allow or not ban same-sex marriages. In addition, the increased share of the electorate that is Latino has increased their political power. A key issue with Latino voters is immigration reform. Many experts think that unless the Republican Party becomes more accommodating to immigration reform it will struggle to win the Presidency and control of the Senate. Last, it will be interesting to see to what degree the expanded, diversified electorate is the result of the personal appeal of President Obama and to what degree the new voters will continue to vote and to vote Democratic.

### Election issue – The Economy

A key factor affecting the vote was individual voters' personal assessment of the state of the U.S. economy. Those who voted for President Obama saw him as helping avert a worse economic situation. The auto bailout and stimulus package were cited as supporting evidence for this view. Those who voted for Challenger Romney worried about the impact on the long term competitiveness of the U.S. economy of expanding regulations and increasing health care costs. It is not unreasonable to note that many voters continued to attribute the sluggish U.S. economy to the policies of George W. Bush. This unusually long memory underscores the serious economic consequences of The Great Recession of 2008. However, with each passing year it becomes harder to argue that economic performance is not at least partially a legacy of President Obama. In short, the state of the economy will likely be a key factor in the 2014

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Congressional elections and 2016 Presidential and Congressional elections.

### **Election Issue – Health Care**

The continuing, passionate division among the U.S. electorate over the Patient Protection and Affordable Care Act, commonly called **Obamacare**, remains stark. Three more states voted to impose some limits on the implementation of this law in their state (Alabama, Montana, and Wyoming). On the other hand, exit polls showed that in many of the nation's most populous states, majority support exists for retaining and often expanding this law. While not the most important issue cited by the plurality of voters, the view on health care was clearly a factor that influenced the votes of many Americans. Given the fractured policy environment, it is worth noting that many of the benefits of this law came into effect before the 2012 election while many of the potential costs will not come into effect until after the 2012 election. It could well be that the reactions to the administration and full implementation of this law over the next few years will determine how the U.S. ultimately resolves this continuing, divisive issue.

### **Observations**

It is always risky to simplify the policy environment in any country let alone a country as large and diverse as the U.S., but I suggest that many issues confronting the U.S. at present can be viewed as a debate over the components, administration, and funding of a U.S. safety net modernized for the 21st Century. However, this desire is occurring at the same time that the U.S. is confronting a painful economic constraint resulting from economic growth that is slower than historically expected. Until the U.S. figures out a new engine to raise its growth rate, it is likely that growth will remain muted, which in turn means that attempts to expand the safety net will require hard budget and tax revenue choices.

Interestingly, the debate over the 2012 Farm Bill involves many aspects of this broader policy discussion: debate is occurring over both the form and cost of the farm safety net, as well as whether the safety net should be delivered through private agents, i.e., crop insurance, or via government agencies, i.e., the Farm Service Agency. While entirely speculative, it is possible that history may reveal that the 2012 farm bill ultimately served to guide the resolution of the policy issues surrounding the broader U.S. safety net for the 21st Century. In short, it may be fortuitous that during the forthcoming lame duck session of Congress the debate over the so-called fiscal cliff of automatic budget cuts and tax increases coincides with the debate over the farm bill.

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