

The Commentator
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Will Obama hang on? Three factors to watch **Lawrence J. Haas**

Now that Gov. Mitt Romney has skillfully presented himself in three presidential debates as a reasonable alternative to President Obama, undercutting the latter's months-long effort to paint him as a scary extremist, Obama is struggling to hold his lead in the few swing states that will decide the election.

Will Obama hang on, re-energizing his base and grabbing enough independent voters to halt Romney's momentum in Florida, Virginia, Ohio, and elsewhere?

One key indicator of the public mood suggests that the country is poised for change. By averaging a series of recent "right-track, wrong-track" polls, Real Clear Politics reports that 39 percent of Americans say the country is on the right track while 55 percent say that it's on the wrong track.

Nevertheless, while the economy clearly has not recovered as quickly as Obama predicted from the Great Recession and financial crisis that awaited him in early 2009, the President retains a loyal following and Americans broadly say they like him and believe that he's focused on helping average Americans.

At this point, however, three factors could tip the relatively small number of undecided Americans against him.

First, unemployment.

The October 5th release of the government's latest jobs report, which showed unemployment tumbling from 8.1 to 7.8 percent – its lowest level since January 2009 – was a burst of good news for Obama, allowing him to argue that his formula for economic recovery really is working. But, the good news rested on a very shaky foundation, one that could haunt him just before Election Day.

The jobs report, from the Labor Department's Bureau of Labor Statistics, takes data from two different surveys – one that asks employers how many people are on their payrolls, and one that asks people whether they have a job or are looking for one. The latter survey determines the unemployment rate.

This survey tends to be quite volatile from month to month, as witnessed by the 0.3-percentage-point drop in unemployment in the latest report (for September). Because unemployment had not dropped below 8 percent for nearly four years, the chances are decent that the good news may not extend to the next report – indeed, that the rate may go back up.

That next report, by the way, comes out on the first Friday of November, four days before Election Day and more than enough time for undecided voters to absorb, and then act upon, this new signal about the U.S. economy.

Second, stocks.

As former Treasury Secretary Bob Rubin used to say during times of stock market volatility, “markets go up and markets go down.” True, but nothing makes middle and upper-income voters feel richer or poorer than the direction of stocks, which affects their 401k plans and other investments.

Of late, poor corporate earnings reports and continuing economic uncertainty have sent stocks tumbling, with the S&P 500 down nearly four percent since its mid-September high. Unless stocks rebound in the next two weeks, that, too, could make millions of Americans just a bit grumpier, and a bit more eager for change, when they go to the polls.

Third, Benghazi.

Foreign policy does not tend to swing elections, especially with voters focused (as they are today) on the economy, living standards, and job security. But Americans want to trust their President and they value competence – and the latest news on the attack in Benghazi, Libya, raises questions about both.

This week, leading news outlets reported that just two hours after the September 11th attack on the U.S. diplomatic mission in Benghazi, a government e-mail that went to the White House, the State Department, and the FBI told officials that the Islamist group Ansar al-Sharia had claimed credit for the attack.

That, of course, raises serious questions about why Obama’s U.S. Ambassador to the United Nations, Susan Rice, went on the Sunday talks shows five days later to explain that the violence arose from a spontaneous demonstration against a controversial anti-Muslim video, or why other U.S. officials echoed that line.

To be sure, a terrorist group’s boasts do not, by themselves, amount to proof that it did, in fact, mount the attack. But, the Administration’s public explanations continue to raise questions about whether the White House knew what the State Department had learned about the attack and why U.S. officials said what they did.

At this point, I expect Obama to hang on to his slim lead and win another term because he’s got an easier path to the victory in the Electoral College by virtue of the swing states where he’s now leading.

But, with unemployment uncertain, stocks shaky, and Benghazi a headache that will remain in the headlines and stir doubts about presidential straightforwardness and competence, I wouldn’t put much money behind him.

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