
Challenges for Obama's Final Two Years

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Leslie Vinjamuri

Welcome to Chatham House this afternoon. It's wonderful to have you all here for what I think will be a fabulous conversation on 'Challenges for Obama's Final Two Years'. I should say that today's meeting is on the record. I believe you can tweet to #CHEvents, we would encourage you to do that.

We have three truly extraordinary speakers. We're going to begin on the far left. I'm Leslie Vinjamuri, by the way, I'm an associate fellow here at Chatham House on the US Programme. Our first speaker is Joe Twyman, who is head of political and social research at YouGov. He's one of the founding directors there, so he's been with the organization since 2000. I'm sure it's very well known to all of you here at Chatham House. We will then have Xenia Wickett, who is the director of the US Programme here, the founding director. She is also dean of the Queen Elizabeth II Academy for International Affairs here at Chatham House. Xenia has quite an extraordinary background, working in the United States. She was director of South Asia at the National Security Council. She worked at the State Department for many years and also at the Belfer Center at Harvard University. On my left, we have Steven Erlanger, who is well known to anybody who reads all of the news that's fit to print. Steven is here in London as the bureau chief for *The New York Times*. He hardly needs an introduction but previously he was the bureau chief in Paris. He has been the bureau chief in Berlin, in Prague and in Bangkok. He has truly made an extraordinary contribution. He's won many prizes, including a shared Pulitzer Prize for his reporting on Al-Qaeda.

It's wonderful to have you all here. We will have each of our speakers speak to you for about five to eight minutes and then we will open it up to the floor for questions. Joe, if you'd like to begin.

Joe Twyman

Thank you. I'm going to run through very briefly some of the data that we've collected at YouGov from our American office about the political opinion landscape in Britain – sorry, force of habit. Anyone want to know who's going to win the British general election? That we've been collecting from our American office on American politics.

I want to start by putting things in context. I'm going to look back to the start of this year, before the State of the Union. Before the State of the Union, approval ratings for President Obama looked like this. Broadly in line with what we've seen for the past year, 18 months. But after the State of the Union address, they look like this, which is broadly what we've been seeing for the last year to 18 months. Really this is a common occurrence, that the State of the Union address itself doesn't have usually a major impact on presidential approval ratings, though individual policies within the speech can have an impact. We'll look at some of those. So that's where we are on approval ratings.

Congressional approval ratings: really not very good, but actually better than they were. They have been as bad as 70 per cent disapproval. Not as bad but still not winning, I guess we would say. Similarly, after the State of the Union, not much movement there. Also, direction of the country – right direction versus wrong track – a little movement there in light of the State of the Union, but not very much. I should make it clear that I have made these slides available to Chatham House, so they'll be available for you guys to download.

This discussion is about the next two years. Part of an indication for that comes from the State of the Union address and various issues that were explored in there. So I thought it would be interesting to look at which of those are winners with public opinion and others not so much.

Firstly, if we look at Cuba and the announcements on Cuba, we see that expanding travel is popular; a plurality of people support that. Even among Republicans, although there's not strong approval very much, there is still broad approval by a significant minority. Similarly, allowed to buy products from Cuba: very popular with Democrats, popular with a majority of the country as a whole, and Republicans divided. I don't think that's necessarily a bad thing from the president's point of view. Should citizens be allowed to travel: a very popular policy. As you see, two-thirds of American adults support that policy. So that's the kind of thing I would say is a public opinion winner.

Less so is Guantanamo Bay. These are quotes from the State of the Union address itself. To cull the population of Gitmo, as it's referred to (for those of you who speak military-geeky), and reduce its population and look to close the place itself, this is not a popular option. Only just over a quarter of American adults want to close it down. Even among Democrats it's pretty much divided on whether to keep it open or close it. That's definitely an issue that's going to have to be addressed longer-term.

Wall Street and financial regulations. This was a key theme of Obama's talk, as part of a wider narrative about equality. We see that across all groups, at least half – so nearly half – believe that most problems have not been fixed with banks since the 2008 financial crisis. Yet when you ask people, 'Do financial markets need more or less regulation from federal government?', opinion is greatly divided and virtually diametrically opposed. You have a majority of Democrats feeling that more regulation is needed, you have a majority of Republicans feeling that less regulation of the financial markets is needed. So Obama's position of more regulation places himself somewhere in a widely spread American public.

Then we have things like childcare and education tax credits. Popular among a lot of people. Again, divided Republicans. Middle-class economics – again, this feeds into this theme of fairness and equality. This chart is slightly more complicated. What this looks at is what people think the American tax system does and what they believe it should do. The blue bits are 'treat everyone equally'. So you can see with the exception of the Democrats, where things are more divided, there is this strong belief in the narrative of equality. Of course, equality means different things to different people. But this chart shows that there is a belief that at the moment, the tax system favours the wealthy over the middle class and the poor, but that it should actually treat everyone equally. I think the discrepancy between those two is an interesting finding and one for consideration.

Capital gains tax. This one, Republicans – only 15 per cent of them are not sure, compared to over a third of independents and Democrats. Not a wholly popular one but again, I think that's mainly down to a lack of understanding rather than simply strong Republican opposition.

Free community college: playing to your base. Very popular with Democrats, unpopular with Republicans. Majority of the population agrees.

Iran and sanctions – lifting sanctions against Iran. Again, supported by the Democrats, opposed by the Republicans, down the middle for independents, and the entire country divided.

Then climate change, and this goes back to stuff we did before the State of the Union. Again, a lot of people don't know, particularly among independents. Democrats approve of how President Obama is handling climate change and others less so, particularly Republicans.

So what does this all mean for the next two years? We don't know exactly. We don't know exactly because there are a lot of uncertainties. Lame-duck presidencies, etc., but also we have primaries to come for both the Republicans and the Democrats. At the moment, polling on that shows very clear winners. But these are hypothetical situations and we know from history that that picture could change greatly. We don't know for certain who is going to be the candidate for either party and therefore we don't know for certain what the result of the presidential election will be. But I hope we'll discuss that.

Just before I finish: what we did ask was whether people thought President Obama would achieve more or achieve less in the next two years than previously. Even among Democrats, only a third of them believe that he will accomplish more and a quarter believe that he will accomplish less. So I think this is recognition of the fact that these last two years will be a bit of a quiet time, essentially. If only that were true.

I just want to show you this very quickly. You may think that politics never intervenes with the real world: tell that to the people of Godfather's Pizza. This is the result from YouGov's Brand Index, which is an index of attitudes towards different brands. This shows the attitudes of Republicans, Democrats and independents to Godfather's Pizza, owned by Herman Cain, just before and then just after the announcement that he was running for the Republican nomination. You can see that when it started, people were pretty much ambivalent about Godfather's Pizza, but Democrats particularly and Republicans to a lesser extent really took a position on Godfather's Pizza after the announcement of Herman Cain. We shall wait and see if similar effects happen next time around. Thank you.

Leslie Vinjamuri

Thank you, Joe. There are some very interesting data. I should say I'm from the hometown of the founder of Godfather's Pizza in America, so I appreciate the last line. Xenia, we'll turn it over to you. I should say that Xenia has written a very excellent analysis of President Obama's State of the Union address, which you can find in the US Programme at Chatham House, on the website. I would recommend that you have a look at that.

Xenia Wickett

Thank you. I'm really tempted to pick up on the Godfather's Pizza, but I'm going to pass on that and go almost to the slide before your comment, that most people think it's going to be a quiet two years. Let me pick up from that point and say, well, yes, but there are some things that are going to be done. The State of the Union and the budget that came out earlier this week – this was President Obama coming out fighting. He made it absolutely, abundantly clear that he knows that the Republicans now hold the Congress, both houses, and he doesn't care. He has his legacy, he has his agenda. He wants to frame the narrative. He's tried the compromise position with the Republicans and he isn't doing it again.

So what actually can he get done, or what is he going to try to get done – first of all, what is he going to try to get done? First and foremost, and you see this in the budget, you heard this in the State of the Union, it's about economic growth and particularly it's about equality. We saw some slides about the middle class there. The middle class was mentioned something like 22 times in the State of the Union. This is really where the focus was.

Secondly is trade. Again, this is what President Obama's objectives are, this isn't necessarily what's going to get done. I'll get to that. Trade – that's both TTIP, the trade agreement with Europe, but it's also TPP, which will probably come first, which is the trade agreement with Asia.

The third is security. Again, you saw this very much in the State of the Union. He focused extensively on counterterrorism. He focused extensively on cyber. I think it's broader than that. It's also staying out of new wars, which has implications for Syria and elsewhere, potentially, not least of which is Ukraine and Russia.

Fourth is environment. I'm going to just piggy-back on environment and I'm going to stick energy into the bucket with environment. President Obama has made it absolutely clear that environment is very high on his agenda. He will continue to push that. Energy is going to get stuck in there but I think that was something you saw much more action earlier on in his presidency than you're going to see in the next couple of years.

No particular order: immigration. Immigration is extraordinarily important to the president. I'll get to whether I think anything can be done on immigration, but certainly that is going to be part of what he considers to be his legacy and what he is going to continue to push.

Then two final things from the foreign policy perspective. Asia – there's been a lot of discussion over the last few years about whether there's a pivot on the pivot, and the answer is, well, if there's been a pivot on the pivot, we're now going to have a pivot on the pivot on the pivot. America is going to continue to pay attention to Asia where it can. Yes, the Middle East is going to cause fires, Europe is going to cause fires, but certainly the focus on Asia will remain. I think right at the moment, Ash Carter is going through his confirmation hearings for the secretary of defense. Nothing is for sure, but to the extent that we can make predictions, Ash Carter will be confirmed. It will be painful confirmation hearings – it has been. He will get confirmation and he will also be very much focused on Asia. That's something he knows very well.

However, some of these agenda items are going to be very hard to move forward with Republican control of Congress. So the second question – not what does he want to do, but what actually is going to get done and how is it going to get done – there's a couple of things that Obama is going to continue pushing forward by executive order. He's just going to do it independently. What this means is they will move forward for two years; after those two years, when Obama steps down, we don't know what's going to happen.

The first is immigration. The Republicans are holding the Department of Homeland Security in hock on the immigration debate. He will win that battle, not least because actually Republicans really don't want this to be an agenda item for the election. So to the extent they can sweep this under the carpet and move on, they will do so. So I think Obama will move the immigration agenda forward, not as much as he wants to but he will.

Environment, again, he will keep moving this by executive order. This is one that may be reversed in two years. But where environment meets industry, industry really wants predictability. So to the extent that he can set up an agenda that provides industry with predictability, it will be very hard to roll it back two years from now. But I think that one's a little bit more iffy.

Then Iran. We can talk about whether the Iran deal is going to go through. That has far more to do with hawks in Iran and to some extent hawks in the US. But President Obama does have the capacity to sign through on a deal with Iran by executive order. Again, it will be revisited. Whether the Iranians will sign

up if that's all it is – if it's not permanent lifting of sanctions – is a very big question, but certainly it's going to be high on his agenda.

Things that Obama and the Republicans can work together on – first of all is trade. This is something that is far higher in the Republican agenda than it is in the Democratic agenda. The next step is what they call trade promotion authority (TPA). Best case scenario, TPA comes through by May. The deal with Asia comes through by the end of the year. But that's best case scenario. TTIP comes next year, which means it probably doesn't come at all. We can talk a little bit about that.

Security, again, very much on the agenda for both the Republicans and President Obama. And I'm just going to drop in here tax reform. I don't think tax reform is going to happen. It's high on the Republican agenda. It's mixed on the Obama agenda. If he can get what he wants for tax reform, he'll do it. I personally think this is going to get stuck again, but we can debate that.

Why are we going to get progress, despite what Americans are saying? Why are we actually going to get progress on some of these issues? First of all, Obama has a legacy he still wants to address. So he's got two years to do it. He's going to push quite hard on some of these things, like trade and immigration. More importantly, the Republicans are in a kind of, a little bit of a quandary. On the one hand, they need to show to the American people that they can get things done. So it can't be a do-nothing Congress for the next two years. There has to be progress. So they're going to cherry-pick those policies that Obama wants that they want. Those are going to be the least painful ones to move forward, like trade, and those are going to move ahead.

The second thing is, Republicans don't want to be on the wrong side of some agenda items, like the immigration debate. They really don't want to get into this. They really don't – despite the fact that some Republicans want to get into the healthcare debate, other Republicans really don't want to bring that one up again. So some things will just, as I said earlier, be put under the carpet.

Then the final thing is, you have to remember the Republicans are split. You have a group of Republicans who are going to fight absolutely everything, and then you're going to have a group of Republicans who really want to see some things happen. The job of John Boehner and Mitch McConnell is to try and keep the party together. That's going to be extraordinarily hard. They're going to use an awful lot of effort trying to keep the party together rather than making a lot of effort to prevent President Obama from doing anything.

To close, let me just say something about 2016. If the election were tomorrow, I think Hillary is going to run. I don't think it's a guaranteed, sure thing, but I would say 80 per cent that Hillary is going to run. There isn't going to be a strong Democratic contender. Yes, we're talking about Elizabeth Warren, there are a few others. But if Hillary runs, she is the Democratic nominee.

Vast array of Republicans. Those from the Senate and the House, like Ted Cruz, like Rand Paul, Marco Rubio, they're going to be really careful about what they say, because they're going to be judged on it. That plays out in Congress. The governors or former governors have a lot more flexibility. Jeb Bush, Scott Walker (who actually is coming to Chatham House next week), Chris Christie (who we saw in London earlier this week – for those who read the papers, didn't go quite so well for him). But they've got a lot more flexibility about what they do.

If, as the polls currently suggest, it's Bush versus Clinton, I'm going to put my cards on the table right now: if the election were tomorrow, I would say Bush will win. If it's anybody else running against Clinton, if the election were tomorrow, it will be Clinton.

Leslie Vinjamuri

Thank you, Xenia. There's a lot in there. I just want to add one comment before we turn it over to you, Steven. One of the nice things in the analysis that Xenia wrote on the State of the Union was about Obama really trying to shift the discourse. I think this theme of inequality – I guess one of my questions, and we can come back to it later, is whether or not that might actually have resonance even beyond the next two, very difficult years. The data that you put up, Joe, was interesting because any way you ask that question, you get decent data – it's very hard to get anybody saying, actually we should continue to favour the wealthy in our tax code and in any other variety of ways. So it will be interesting.

I'm reminded of it because about a year ago, I was at a meeting here at Chatham House that Xenia chaired, and Steven said to me: you know, there's this amazing book coming out, I've just reviewed it, you've got to pick it up. You've got to buy it. It's by this French guy, Thomas Piketty. Who? Within a month, of course, the entire discourse in the newspapers and in the public sphere had changed to be about inequality. So it's a very important theme.

I forgot to say that in addition to all the other places in which Steven Erlanger has been bureau chief, he's also been in Moscow, if I'm correct. So not a minor addition to the CV. I'll turn it over to you.

Steven Erlanger

Thank you. Thanks to all of you for your patience, and to Chatham House, and to Xenia. It's always difficult since one is based here – I spend quite a lot of time thinking about what's going on here and in Europe. But I used to work for the *Boston Globe*, which cared desperately about politics, and *The New York Times* does too. (By the way, digital subscriptions are not expensive, so if you're interested in American politics, give it a try.)

Politics is really unfair, which we all know. The problem with Obama is that though he's certainly talking like a duck, he can no longer walk like a duck, because he's lame. He's a lame duck. That means a lot. There is only so much he can get done. Though in the State of the Union he seemed more energized, he seems, when you watch him and when you talk to people who spend time with him, to be a little preoccupied. Not always on point. A little bored, perhaps. Very annoyed, frustrated with the job and his inability to get certain things done. Tired of the press – I can't blame him for that. Certainly tired of Congress. One of the things I most remember is he gave one of these White House correspondents' speeches – this is before the Republicans took over both houses of Congress – he said: people keep telling me, it's easy, just have a drink with Mitch McConnell. Then he stopped and said: *you* go have a drink with Mitch McConnell. I think that feeling of his, which was even two years ago, is more extreme now.

The State of the Union struck me as more of a sermon than a political roadmap. It's about his legacy, it's about being right (he believes) on certain issues, and a vow to struggle to the end for the things he believes in – and those are important, because after all we elected him twice. He remains, as you know, thoughtful,

analytical, a bit cold – which I think is great, by the way, in a leader. I don't like leaders that are too hot. They get very emotional and they tend to do stupid things. Just ask George Bush, Jr.

But usually at the end of their terms, presidents spend more time on foreign policy because it's easier to plough a field. They simply need less domestic support. There are two or three things that clearly are important to Obama, which he has been very explicit about. One is Cuba, which I think he's made a big beginning, which is very important and I think very lasting. It really breaks a taboo and it's going to matter quite a lot, I think.

Second is Iran. He really, really, really wants a deal with Iran. He may not be able to get one but it won't be his fault. He's gone a distance that makes some people, including Bibi Netanyahu, very anxious. But so far they have kept the Permanent 5+1 together. That includes Russia, by the way, and China. I think he really would like to find a solution that takes Iran off the bombing table, because he still is on the record as saying an Iranian nuclear bomb is unacceptable and will not happen. But if talks fail, he runs out of other options. So the talks will continue. Rouhani – you never know what the supreme leader thinks, that's the whole point of being the supreme leader. But right now I would say – the White House said yesterday, I think, it's about a 50/50 chance. I think it's maybe even more than that, but again, I'm trying to be careful. It's true, as Xenia said, he doesn't need congressional support to do a deal. Nor does he need congressional support immediately to lift sanctions, because the American sanctions on Iran are quite strong and they are separate from UN and EU sanctions. But a deal won't happen overnight. A deal will create steps that the Iranians must take in return for lifting degrees of sanctions over time. It's much easier for the EU to start lifting sanctions, and the UN even to start lifting sanctions, and congressional sanctions actually can start being lifted or he can even postpone it to the next presidency, it seems to me, and still get an Iranian deal. So that's part of the way they're thinking.

Trade, you're quite right. I think he'd really like to get at least the Asian trade deal done. I think they'd like to get TTIP with Europe done but partly the Americans think it's better for Europe than for us, and if Europe doesn't want it, the hell with them (a little bit, maybe I'm exaggerating). But we have a big problem with Germany, which is unexpected. I think that's one of the biggest foreign policy surprises of the last year, how the United States seems to be losing Germany, or Germany seems to be slowly getting unmoored in very interesting and I think rather troubling ways, especially given its reluctant hegemony in Europe.

I do think they're beginning – well, let's take another easy one, ISIS. He struggled to create a coalition. ISIS seems to be helping his coalition-building through its brutality and viciousness, particularly with moderate Arab states like Jordan. We won't be on the ground, we'll continue to bomb them. They are gaining some territory. The Kurds seem to be basically okay, however. Iraq, again, is a rebuilding process. So things are going pretty well. We'll see what happens. But I think ISIS has been at least stymied. I think further enlargement of the Islamic State will be difficult. Also, counter-terrorism cooperation has been quite good with Europeans and others. People really have focused in on the issue. They don't have solutions but the issues of radicalization and travel – even the Turks, I think, are a bit taken aback finally, and may do more on their border. So that's hard diplomatic work but it's important. It's not visible.

The other thing that seems to me very important is Russia and Ukraine. I don't know if it's shifting with Ash Carter, who said he basically favours arming the Ukrainians with lethal military aid. This has been a debate for a long time. As little as three or four months ago, people at the White House were saying, no, no, because every time you push the Ukrainians to fight harder against the Russians – because now they are fighting the Russians, Putin just puts his finger more on the scale – in the end you're escalating rather

than de-escalating. But I think they're realizing that isn't working, particularly with the latest Russian-backed efforts in eastern Ukraine.

Again, reading Putin's mind is very difficult, even for the people around Putin. He's a bit like Khamenei, the supreme leader. But clearly, to support Crimea he needs some kind of way of supplying Crimea by land. That seems to be what's at stake. I don't think he wants to annex the territory, I think he just wants to keep Ukraine a mess. But that presents enormous problems for Europeans and for Americans too. But in general, I think Obama's as fed up with Putin as he is with Mitch McConnell (maybe even a little less than Mitch McConnell). He's kind of written off Russia. I think he's wrong a little about this myself, but he's said publicly: well, Russia is a regional power but it's declining. It's declining demographically, it's declining in oil. It can't produce anything. It's not as important as it used to be, we shouldn't go nuts about it. Putin's weakened himself. I don't know. *Posmotrim*, as the Russians would say – let's see what happens.

But it is a big challenge and it's a major challenge to the security order of the world. I think it requires more of a response and more leadership from Mr Obama, and maybe Ash Carter and new aides – because aides are leaving all the time from the White House now – will begin to make more of a difference. One of the things people always argue about Ukraine is, well, what you need to do is make a success of the rest of Ukraine (despite Ukrainians, sometimes, or in spite of them). That means a lot of financial aid. I don't see where that's coming from. The IMF has pumped up 10 billion. Most people think Ukraine needs another 10 to 15 billion. It's not coming from Washington, I'll tell you that much. It may not even come from the IMF.

The American policy on Ukraine with Russia seems to be mostly: let's make it difficult for Putin. Let's make the speedbumps higher, let's slow him down. Let's have a cost to Moscow that's visible. But we're certainly not going to get involved militarily with Ukraine. We now do have in Moscow a serious ambassador, a diplomat who was working quietly, not making a lot of public statements, not going on Twitter like my friend, who I admire, Mike McFaul. He came to Moscow at a different time. I think now we needed a different kind of diplomat.

I will just end very quickly. The issue of equality and inequality is very important domestically. The middle class, you can see the figures. My parents are middle class. When you do cost of living adjustments, they were actually making quite a lot of money in the 1950s and doing better than I'm doing now, in real terms. That's true of a lot of Americans. Kids are no longer doing much better. Kids are doing all the right things. So I think this is a big political issue.

But one thing that always strikes me about America is that unlike often in Europe, where inequality breeds great resentment, in America it tends to breed ambition. In other words, people admire the wealthy, they don't hate them. They want to be like them, they don't want to pull them down. So it may be that some of this actually helps a centrist Republican rather than a Democrat, because it has been under Obama that the middle class has felt particularly diminished. I'll end it there.

Leslie Vinjamuri

Very good. A lot on the table. I'm going to go ahead and turn it over to all of you.