



## Whither the Republican Challengers?

Bradley Mitchell, UK Growth Fund Manager

Important as it is from a UK equity market perspective, I must admit to becoming a little tired of the ceaseless rhetoric surrounding the current situation in the eurozone and its impact on peripheral government bond yields. I am therefore instead turning my attention to events in the world's largest economy, equally as important from the point of view of the UK market. I'm fascinated, if not a little obsessed, with US Presidential elections: candidates, primaries, caucuses, debates, results, elephants and donkeys and everything else in the protracted preamble to the main event. If you're as sad as me, check out my favourite website - [www.uselectionatlas.org](http://www.uselectionatlas.org).

The 2012 election is now just 12 months away and it could prove to be a belter! Obama should be a worried man - the economy is sluggish, unemployment is stubbornly high, his standing in the opinion polls is awful and most Americans feel that the country is heading in the wrong direction. By this reckoning the Republicans should be a shoe-in, especially when they ask Ronald Reagan's killer question from 1980 that buried the hapless Jimmy Carter: "Are you better off now than you were four years ago?" Most Americans are only too painfully aware of the answer.

Yet despite all this the Grand Old Party seems to be doing its best to shoot itself in the foot. They have a front runner, an experienced politician and businessman who has a well-funded campaign, has run for President before, can debate and is able to walk and chew gum at the same time. He even looks presidential (i.e. he's tall, has all his own hair and teeth etc). But there's only one problem with Mitt Romney - most Republicans can't stand him.

Romney was a successful liberal Republican Governor of Massachusetts, the most liberal state in the Union (remember that this was the only state to vote Democrat in the 1972 Nixon landslide). However Republican activists simply don't trust him, claiming that he's either still a liberal at heart, or is a flip-flopper who will say anything to get elected. It's worth pointing out that standing as a hard core conservative in Massachusetts isn't likely to be a winning strategy.

Then there's his religion, which matters immensely in the USA. Mitt is a Mormon and many Evangelicals simply don't regard him as a Christian.

So we have had the glorious sceptics of the Tea Party latching on to any plausible alternative candidate. First out of the traps we had Minnesota congresswoman Michele Bachmann, a self-confessed "kook" whose radical ideologies ultimately discredited her candidacy.

Then came gaffe-prone Texas Governor Rick Perry, whose ability to be President was called into question following his inability to remember some of his own policies during the recent round of televised debates.

Next we had former pizza company executive Hermann Cain. As a genuine black conservative, Cain infuriated liberals as much as he delighted conservatives. Unfortunately for him his campaign has been derailed by some fairly serious allegations of harassment during his time as CEO of the National Restaurant Association. This resulted in him receiving a number of death threats and becoming the first Republican Presidential candidate ever to receive Secret Service protection.

So now we have, rising from the dead like some latter day Lazarus, a Republican relic from the 1990s - Newt Gingrich, the former Speaker of the House and the battle-scarred nemesis of President Clinton. As I write he is leading the polls in Iowa, which will be the first state to vote in January. Given the extent to which Republicans are big on 'character' issues (which really means personal morality), it should be fun watching Newt explain why he's on his third marriage! Obama must surely be scarcely able to believe his luck.

So when next November comes, what will we see? I suspect that Romney will be a very unenthusiastic Republican party challenger. Obama will run a very negative campaign, which, given the state of the economy, will be his best tactic. Oh, and by then we will all have become far more knowledgeable about the Book of Mormon.

Source: rlam as at 21 November 2011 unless otherwise stated.

This article is for professional customers only. The views expressed are the author's own and do not constitute investment advice.

rlam is a marketing brand including the following companies: Royal London Asset Management Limited registered in England & Wales number 2244297; Financial Services Authority (FSA) register number 141665. Royal London Pooled Pensions Company Limited registered in Scotland number SC048729; FSA register number 110456. Royal London Unit Trust Managers Limited registered in England & Wales number 2372439; FSA register number 144037. Royal London Cash Management Limited registered in England & Wales number 19632; FSA register number 121844. All of the above are authorised and regulated by the Financial Services Authority.

It also includes Royal London Asset Management Bond Funds Plc registered in Ireland number 364259 and regulated by the Central Bank of Ireland. All these companies are subsidiaries of The Royal London Mutual Insurance Society Limited registered in England and Wales number 0099064 (FSA registration number 117672). Head office: 55 Gracechurch Street, London EC3V 0RL.

485-PRO-11/2011-QS