



Make Way for the Iowa Caucuses

The Iowa Caucuses Explained

- ▲ **Caucus Process:** Iowa Republicans kick off the primary season on January 15 with a caucus, involving small group meetings, speeches & debates among caucusgoers, and proportional delegate allocation.
- ▲ **Top Issues:** Economy (81%), Immigration & Border Security (80%), Government Spending/Deficit (72%) are top concerns for likely caucusgoers.
- ▲ **Local Focus:** Agricultural issues, particularly related to corn, eggs, pork, and ethanol, take center stage in the campaign.
- ▲ **Policy Proposals:** Candidates advocate relocating federal agencies to Iowa to amplify local voices in policymaking.
- ▲ **Campaign Dynamics:** *Former President Trump highlights trade achievements, while Governor DeSantis emphasizes education reforms and school choice.*

On January 15, the 2024 primary season will officially begin as Iowa Republicans meet to vote for their preferred presidential candidates. The caucus process works differently from a regular primary. Instead of casting a secret ballot, Iowa voters show up to their local caucusing precinct at 7 PM local time. The caucuses then begin with speeches from community leaders in favor of each candidate, after which attendees write the name of their preferred candidate on a blank piece of paper and give it to their precinct

¹ <https://iowacapitaldispatch.com/2023/12/26/ethanol-is-a-key-iowa-issue-for-gop-presidential-contenders/>

mark.vitner@piedmontcrescentcapital.com

Chief Economist (704) 458-4000

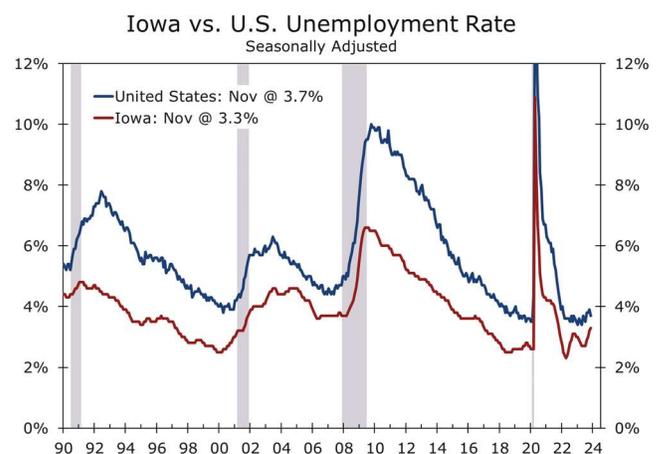
saul.vitner@piedmontcrescentcapital.com

Policy Analyst (704) 458-8570

captain. After tallying the votes, the precinct captain reports the totals to the Iowa Republican Party. Delegates are then awarded proportionality to the candidates based on the totals.¹

The economy is the most pressing issue to Iowa Republicans according to polling from the Des Moines Register. Eighty-one percent of likely caucusgoers feel the economy is extremely important. Immigration and border security is second at 80%, followed by government spending and the deficit at 72%. Other issues polled include the Israel-Hamas War, relations with China, and abortion restrictions.²

Iowa's economy has slowed. Nonfarm employment dropped by 0.3% in the last seven months, resulting in a reduction of 5,100 jobs. The unemployment rate has risen slightly due to layoffs in the state's large financial sector and a general slowdown in hiring.



Source: Bureau of Labor Statistics

² <https://iowacapitaldispatch.com/2023/12/26/ethanol-is-a-key-iowa-issue-for-gop-presidential-contenders/>



While inflation has moderated, the higher cost of living remains a key concern. Housing costs have risen dramatically since the pandemic, with home prices rising 30% since the first quarter of 2021. Personal income surged when the stimulus checks were sent out in early 2021 but is up just 3.3% since then.

Iowa manufacturers have struggled of late. Business fixed investment has weakened in recent quarters, which is hurting capital goods producers. Exports have also struggled, reflecting weaker economies in Europe and China.

Even with inflation now moderating, the high cost of living remains a key concern.

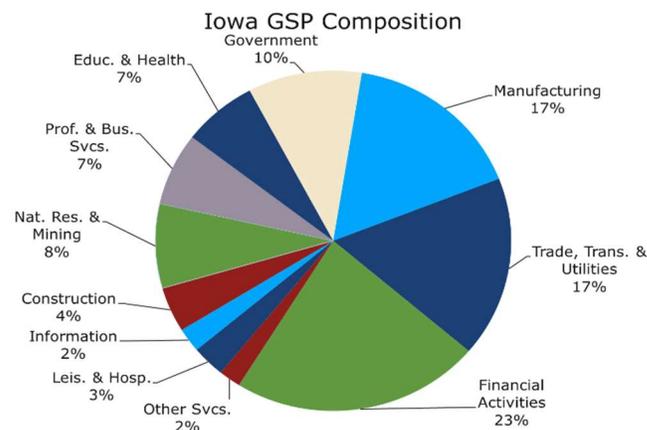
Local concerns have been at the forefront of the campaign, particularly agricultural issues. Iowa is the nation's largest producer of corn, eggs, and pork. Ethanol, a renewable fuel source from which most of Iowa's corn is used to produce, has become a contentious source of debate during the campaign. Governor DeSantis came under attack from Trump for opposing the Renewable Fuel Standard during his time in Congress, a mandate that requires ethanol to be blended with gasoline. Vivek Ramaswamy was condemned by the Iowa Renewable Fuels Association for criticizing the use of eminent domain to build pipelines that would be used by ethanol producers.³

Candidates have made broader calls for deregulation and the removal of federal bureaucracy in the agricultural sector. Governor DeSantis pledged to move the U.S. Department of Agriculture to Iowa, an idea applauded by Iowa Governor Kim Reynolds. President Trump made a similar move in 2019 by relocating two Department of Agriculture research centers to Kansas City. Proponents of relocation laud

³ <https://iowacapitaldispatch.com/2023/12/26/ethanol-is-a-key-iowa-issue-for-gop-presidential-contenders/>

⁴ [https://www.desmoinesregister.com/story/news/elections/presidential/caucus/2023/12/02/gop-presidential-](https://www.desmoinesregister.com/story/news/elections/presidential/caucus/2023/12/02/gop-presidential-candidate-ron-desantis-completes-99-country-tour-during-iowa-caucuses-campaign/71718112007/)

the policy as giving local farming communities a larger voice in federal policymaking.⁴



Source: Census Bureau

Former President Trump has invoked his record on trade during campaign rallies across the state. He discussed the reworking of NAFTA into the USMCA, and argued the benefits seen by farmers due to his tariffs on China.⁵ Meanwhile, Governor DeSantis touted his own record in Florida. Education has been a key issue to the DeSantis campaign. Florida and Iowa have similar school voucher systems at the state level. DeSantis has campaigned alongside Governor Reynolds on the merits of school choice in their states while arguing for its implementation at the federal level.⁶

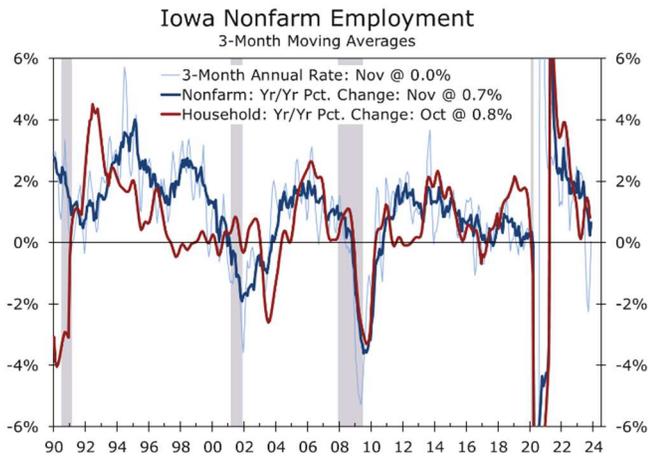
So how much do the Iowa Caucuses matter? The short answer is not as much as they used to. Over the past several election cycles, Iowa has provided a fairly poor predictor of overall success in the primaries. This holds especially true on the Republican side. Not since 2000 has a non-incumbent Republican won both the Iowa Caucuses and the presidential nomination.

[candidate-ron-desantis-completes-99-country-tour-during-iowa-caucuses-campaign/71718112007/](https://iowacapitaldispatch.com/2023/12/26/ethanol-is-a-key-iowa-issue-for-gop-presidential-contenders/)

⁵ <https://iowacapitaldispatch.com/2023/12/26/ethanol-is-a-key-iowa-issue-for-gop-presidential-contenders/>

⁶ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>





Source: Bureau of Labor Statistics

The Iowa Caucuses have been more predictive for the Democratic Party, predicting the nominee in 2004, 2008, and 2016. However, the famously chaotic 2020 Caucuses, in which President Biden placed fourth and no winner was declared for weeks, have led Democrats to question Iowa's relevance.⁷

For the first time since 1972, Iowa will not be the first event on the DNC's primary calendar. Instead, New Hampshire will be the first Democratic primary on January 23, followed by South Carolina on February 3. Iowa Democrats will forgo using a caucus altogether, although party leaders will still meet on the 15th. There will instead be an all-mail primary with the winner declared on Super Tuesday, March 5.⁸

The 2020 setback may have catalyzed change, but the DNC's inevitable shifts were driven by Iowa's electorate no longer mirroring the Democratic Party's diverse support base. Iowa's transformation from a swing state is evident, having leaned right since 2016. The 2022 midterms solidified Republican control over all congressional districts, the governorship, both senate seats, and nearly all statewide offices in Iowa,

⁷ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>

⁸ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>

⁹ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>

making it unlikely to be a competitive state in the 2024 general election.⁹

Despite Iowa's flawed record, the caucuses hold significant importance for former President Trump's primary challengers. Governor Ron DeSantis, especially, views the Iowa Caucuses as a critical test for his underwhelming campaign. Having toured all 99 Iowa counties with retail-style events, he garnered key endorsements from Governor Reynolds and numerous state legislators.¹⁰ Governor DeSantis still faces one major hurdle, however; the polls. The governor continues to trail the former president in Iowa by over thirty percentage points, and endorsements have so far done little to reverse his fortunes.¹¹

Governor DeSantis is no stranger to being the underdog. Polling underestimated him in both of his gubernatorial campaigns, something the governor often touts when questioned about the polls on the campaign trail. However, a thirty-point polling miss is virtually unheard of in national elections. There is also no guarantee the Florida governor will even finish second. Former South Carolina Governor Nikki Haley was enjoying solid upward momentum following multiple strong debate performances. She is now in a virtual tie with DeSantis in national polling and closing the gap in Iowa. A third-place finish in Iowa would likely spell the end of the DeSantis campaign, with Haley already well-ahead of the Florida governor in New Hampshire and South Carolina.¹²

Absent a significant surprise, the former president is highly likely to win the Iowa Caucuses. The margin of Trump's expected win will be revealing. If the January 15 results align with the polls, the primaries could essentially be decided before they even officially begin. But a close second place finish from either

¹⁰ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>

¹¹ <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>

¹² <https://www.kwqc.com/2023/12/19/iowa-gov-reynolds-joins-desantis-monday-bettendorf-campaign-event/>



DeSantis or Haley could keep the next few weeks interesting. If the GOP field hopes to have any chance of upending Trump, it will need to consolidate quickly. The second-place finisher in Iowa will likely emphasize this point after the caucuses, especially if the margin between them and Trump is closer than expected. Whether the other candidates heed such a call is another matter.

Of the remaining major candidates, only Governor DeSantis would probably drop out following a disappointing night in Iowa. Nikki Haley and Chris Christie are unlikely to call it quits before New Hampshire, the state where their poll numbers are strongest. Vivek Ramaswamy is somewhat of a wildcard. Though his chances of receiving the GOP nomination are near zero, he is a vocal disruptor who does not seem deterred by his low polling numbers. Indeed, his unwavering flattery of President Trump has led many to believe his run is not about winning rather than boosting his national profile for 2028 or beyond. In this case, he has an incentive to stay in the spotlight for as long as he can, after which he will most certainly endorse the former president.

Disclaimer: This publication has been prepared for **informational purposes only** and is not intended as a recommendation offer or solicitation with respect to the purchase or sale of any security or other financial product nor does it constitute investment advice.