THE CHAOS CONTINUES

How a Close Election, Fraught Lame Duck & Very New Congress Promise More Disruption in DC
THE CHAOS CONTINUES

37 DAYS TO THE MIDTERMS .................................................. Slides 3-10
… Race for the House & Senate

94 DAYS REMAINING IN 115TH CONGRESS .......................... Slides 11-16
… Four Key Questions for the Lame Duck

ANTICIPATING THE 116TH CONGRESS ................................. Slides 17-24
… New Members, New Chairmen, New Priorities

765 DAYS UNTIL THE 2020 ELECTIONS ......................... Slides 25-31
… Future of the Political Parties
… The Road to 2020
**Big Data Models See House at Risk, Senate Safer (& Hillary President)**

<table>
<thead>
<tr>
<th></th>
<th>House GOP Forecasters</th>
<th>Senate GOP Forecasters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Odds Democrats Win...</strong></td>
<td><strong>HOUSE</strong></td>
<td><strong>Forecaster</strong></td>
</tr>
<tr>
<td>80%</td>
<td>FiveThirtyEight</td>
<td>31%</td>
</tr>
<tr>
<td>78%</td>
<td>IEM Iowa Electronic Markets</td>
<td>27%</td>
</tr>
<tr>
<td>68%</td>
<td>PredictIt</td>
<td>34%</td>
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</table>

Sources: PredictIt; 538 (H, S); Iowa Electronic Markets
# Presidential Approval Consistent w/ Prior Waves

<table>
<thead>
<tr>
<th>Year</th>
<th>Approval</th>
<th>Change</th>
<th>Minority Status</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>39</td>
<td>-30</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>2018</td>
<td>40</td>
<td>?</td>
<td>Already in minority</td>
</tr>
<tr>
<td>2014</td>
<td>42</td>
<td>-13</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>1982</td>
<td>43</td>
<td>-26</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>2010</td>
<td>45</td>
<td>-63</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>1994</td>
<td>46</td>
<td>-54</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>1978</td>
<td>52</td>
<td>-15</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>1990</td>
<td>58</td>
<td>-8</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>1986</td>
<td>63</td>
<td>-5</td>
<td>Chamber lost</td>
</tr>
<tr>
<td>2002</td>
<td>63</td>
<td>+8</td>
<td>Chamber gained</td>
</tr>
<tr>
<td>1998</td>
<td>66</td>
<td>+5</td>
<td>Chamber gained</td>
</tr>
</tbody>
</table>

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</thead>
<tbody>
<tr>
<td></td>
<td>58</td>
<td>52</td>
<td>63</td>
<td>63</td>
<td>66</td>
</tr>
</tbody>
</table>

Legend:
- Chamber lost
- Chamber gained
- Already in minority
## OTHER KEY ELECTION INDICATORS MIXED

### FAVORING GOP

- **Economy**
- **Red States & CDs**
- **Electorate**

*(Midterms historically older, less diverse)*

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Congressional Control Preference <em>(NBC/WSJ)</em></td>
<td>R+6</td>
<td>R+1</td>
<td>Even</td>
<td>D+9</td>
<td>Even</td>
<td>R+2</td>
<td>D+12</td>
</tr>
<tr>
<td>Recruited More House Candidates <em>(FEC)</em></td>
<td>R+11%</td>
<td>R+1%</td>
<td>R+4%</td>
<td>D+12%</td>
<td>R+51%</td>
<td>R+21%</td>
<td>D+24%</td>
</tr>
<tr>
<td>Primary Turnout Advantage <em>(NBC)</em></td>
<td>+2.2M</td>
<td>+1.2M</td>
<td>+1.2M</td>
<td>+3.0M</td>
<td>+4.9M</td>
<td>+2.1M</td>
<td>+4.3M</td>
</tr>
<tr>
<td>Very Satisfied with U.S. Economy <em>(NBC/WSJ)</em></td>
<td>4%</td>
<td>27%</td>
<td>4%</td>
<td>10%</td>
<td>3%</td>
<td>4%</td>
<td>26%</td>
</tr>
<tr>
<td>Consumer Confidence <em>(U. Michigan, Nov.)</em></td>
<td>91.6</td>
<td>102.7</td>
<td>84.2</td>
<td>92.1</td>
<td>71.6</td>
<td>88.8</td>
<td>100.1</td>
</tr>
</tbody>
</table>

### FAVORING DEMS

- **Recruiting**
- **“Generic Ballot”**
- **Turnout in Primaries**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Even</td>
<td></td>
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<tr>
<td>Even</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R+2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D+12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R+51%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R+21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>D+24%</td>
<td></td>
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</tr>
</tbody>
</table>
HOUSE MAJORITY VERY VULNERABLE

Seats-At-Risk-to-Margin Ratio High

- Net Seats at Risk
- Margin of Control

Majority Lean, Toss-Up, Worse - Minority

2014: Majority Grew
1998: Majority Grew
2002: Majority Grew
1994: House Flipped
2010: House Flipped
2018
2006: House Flipped

Net Seats at Risk:
- 2014: -18
- 1998: -10
- 2002: 8
- 1994: 54
- 2010: 93
- 2018: 64
- 2006: 48

Margin of Control:
- 2014: 30
- 1998: 11
- 2002: 8
- 1994: 42
- 2010: 40
- 2018: 23
- 2006: 16

Source: Cook Report's final House Ratings of each cycle, late Sept. for 2018

DEM minorities had more seats at risk than GOP majorities
DEMS DEFENDING MAJORITY OF CLOSE SENATE RACES

Dem Candidate Lead in Closest Senate Races (RCP 9/30)

<table>
<thead>
<tr>
<th>TX</th>
<th>ND</th>
<th>MO</th>
<th>TN</th>
<th>IN</th>
<th>NV</th>
<th>FL</th>
<th>AZ</th>
<th>MT</th>
<th>MN</th>
<th>NJ</th>
<th>WV</th>
<th>WI</th>
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<tbody>
<tr>
<td>-4.5</td>
<td>-1.6</td>
<td>-1</td>
<td>0</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
<td>2.5</td>
<td>3</td>
<td>6.7</td>
<td>8.3</td>
<td>9.3</td>
<td>11</td>
</tr>
</tbody>
</table>

KEY (Map & Chart)
- Dem Incumbent
- GOP Incumbent
- GOP-Held Open Seat

Source: RealClearPolitics aggregation of recent polls as of 9/30
BUT… OUT-PARTY INCUMBENTS RARELY LOSE

Historical Winning Percentages in Modern Midterms (1978-2014)

OUT-PARTY INCUMBENTS

- Donnelly
- Heitkamp
- Manchin
- McCaskill
- Tester

- Baldwin
- Brown
- Casey
- Nelson
- Stabenow

IN-PARTY INCUMBENTS

- State Voted For POTUS (10+)
- State Voted For POTUS (0-10)
- State Voted For POTUS (0-10)
- State Voted Against POTUS

IN-PARTY OPEN SEATS

- State Voted For POTUS (10+)
- State Voted For POTUS (0-10)

Source: Mehlman Castagnetti Rosen & Thomas analysis
% Absolutely Certain They Will Vote

<table>
<thead>
<tr>
<th>TRADITIONAL DEM CONSTITUENCIES</th>
<th>TRADITIONAL GOP CONSTITUENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afr. Am.</td>
<td>Whites</td>
</tr>
<tr>
<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td>Hispanics</td>
<td>50-64</td>
</tr>
<tr>
<td>27%</td>
<td>69%</td>
</tr>
<tr>
<td>18-29</td>
<td>65+</td>
</tr>
<tr>
<td>26%</td>
<td>82%</td>
</tr>
<tr>
<td>Dems</td>
<td>Reps</td>
</tr>
<tr>
<td>63%</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: Gallup, Sept. 28

Source: Washington Post, Sept. 25, 2018
PARTIES GETTING WEAKER, ROBBER BARONS STRONGER

Record Outside Spending in a Midterm Election

Historically 33% of total
Historically 67% of total

Thru Sept. 29
After Sept. 29

$7.3M
$9.5M
$15.2M
$27.6M
$69.5M
$309.8M
$566.1M
$385.1M
$1.17B projected

Source: OpenSecrets (FEC) excluding Party Committee independent units
The Future of the 115th Congress

Four Key Questions
Nov. 7, 2018 – Jan. 2, 2019
#1. WILL ELECTION RESULTS BE CONTESTED?

**The Losing Side May Not Accept Defeat Quietly**

**Democrats Alleged GOP Illegalities in Every Election**

**President Trump Alleged Widespread Fraud in an Election He Won…**

**Likely to Blame:**

1. Russian Hackers
2. Elbridge Gerry (Gerrymandering)
3. Billionaires
4. Voter suppression

**Likely to Blame:**

1. Media (MSM, Social)
2. The Deep State
3. Illegal Immigrants
4. Chinese Hackers
The Next Battles in the Parties’ Civil Wars

Both Nancy Pelosi (D) & Kevin McCarthy (R) have majorities for Speaker. Neither may have 218 votes.

**DEMOCRATS**

Plan A: Pelosi

Plan B: ???

**REPUBLICANS**

Plan A: McCarthy

Plan B

Plan C
#3. WHAT REMAINS FOR THE 115TH CONGRESS?

*Battles Over Wall-Funding & Nominees Likely*

1. **Funding Government Past 12/7**
   - Continuing resolution expires
   - Pres. Trump may veto spending bill that fails to significantly fund border wall.

2. **154 Nominees awaiting Senate Confirmation** (on Executive Calendar)

3. **Farm Bill / Food Assistance (SNAP)**

4. **Intelligence Reauthorization**

5. **Nat’l Flood Insurance Program**

6. **Higher Education Act**

7. **Tax Extenders & Technical corrections**

8. **IRS Reforms**

9. **Election Security**

10. **Violence Against Women Act**

**Opioids & WRDA Bills**

*(expected to pass pre-election)*

Source: Senate Executive Calendar, pending civilian nominations
#4. WHAT PROBES, PURGES, PARDONS & PARTINGS?

Mueller Report Expected

Post-Election Turnover?

Firings Widely-Rumored

End of Year Pardons?

Sources: All photos licensed from AP
S&P 500 hasn’t fallen in the 12 months after a Midterm since 1946
1950 - 2014 avg = 15.3%

Source: Strategas Research Partners
The 116th Congress

Brand New Congress, Same Old Challenges

Jan. 3, 2019 – Nov. 3, 2020
Size of Freshman Classes in the House of Representatives, 1967-2019

- Freshmen Classes 1967-2019

15%-25% OF THE HOUSE WILL BE NEW

Source: CRS (thru 2008) & research by A. Yukawa, MCR&T
## MAJOR TURNOVER IN COMMITTEE LEADERSHIP

**Term Limits & Retirements Guarantee Changes, Others May Lose**

<table>
<thead>
<tr>
<th>Year</th>
<th>House Chairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>6</td>
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<td>1982</td>
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<td>2012</td>
<td>2</td>
</tr>
<tr>
<td>2014</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>3</td>
</tr>
<tr>
<td>2018</td>
<td>10</td>
</tr>
</tbody>
</table>

### HOUSE COMMITTEES WITH NEW CHAIRS / RANKING MEMBERS
- Administration
- Appropriations
- Financial Services
- Foreign Affairs
- Homeland Security
- Judiciary
- Oversight & Government Reform
- Space, Science & Technology
- Small Business
- Transportation & Infrastructure
- Veterans’ Affairs

### SENATE COMMITTEES WITH NEW CHAIRS / RANKING MEMBERS
- Commerce, Science & Transportation
- Commerce, Science & Transportation
- Finance
- Foreign Relations
- Homeland Security

*Italics = Toss Up race*
EXPECT TRUMP ADMINISTRATION TO DOUBLE DOWN

**STYLE**
(Disruptor)
- Proudly politically-incorrect
- Intentionally unpredictable
- Media-obsessed
- Speaking direct to public

**SUBSTANCE**
(Doing what he promised)
- Remaking global trade
- Controlling immigration
- Ending ObamaCare
- Rebuilding infrastructure

There will be tweets

Tweets Per Month from @RealDonaldTrump

Source: http://trumptwitterarchive.com/archive
WHAT A DEM-LED HOUSE WILL DO

**Aggressive Oversight**
- Trump (*campaign, business +*)
- Cabinet & Agencies
- Investigating Industries
  - CEO Pay
  - Board diversity
  - Antitrust
  - LGBTQ rights
  - Health costs
  - Net Neutrality
  - Climate
  - #MeToo

**Potential Deals**
- Infrastructure
- Rx Prices
- Trade / USMCA & China
- Carried Interest
- Techlash (*Privacy, Antitrust*)

**Stop / Reverse Trump**
- Block Deregulation (*Labor Environment, Banking*)
- Protect / Save ACA
- Undo Tax (*Corp rate, SALT*)
- Block Judges / Noms (*If Dems take the Senate*)

**Rally the Base**
- Immigration/ Dreamers
- Ethics Reform
- Gun control
- Pay Equality
- Voting Rights
- Medicare for All

Sources: Pelosi pic (Wikimedia Commons); Analysis (Mehlman Castagnetti Rosen & Thomas)
DEBT CEILING FIGHT RETURNS Q1 2019

Congress Must Increase Debt Ceiling in 2019, As PAYGO is Re-imposed & Trillion $$ Deficits Return

Source: CBO Apr. 2018 baseline
COMPANIES WILL FACE EVEN MORE PRESSURE

Social Issues Increasingly Inescapable, Fraught With Peril & Promise

New Accountability

We’re Sorry

We know we can do better. Starbucks® values all people of color and we are working on employee sensitivity training.

The best dialogue starts over a cup of coffee and we’d like to buy you one.

New Opportunities

FREE RIDES TO VOTE

New Audiences

New Risks

Believe in something. Even if it means sacrificing everything.

Just do it.
**2020 Senate: Can It Function?**

**Intense Kavanaugh Confirmation Acrimony Will Linger**

Rules Require Compromises, Politics Prevent Them

### 116th Senate by the Numbers

**0-1:** Likely margin of control

**9+:** Dem Sens may be running for WH

**12:** Seats defended by Democrats
- (2 in Trump '16 states: AL, MI)
- (4 in swing states: MN, NH, NM, VA)

**22:** Seats defended by Republicans
- (2 in Clinton '16 states: CO, ME)
- (4 in swing states: AZ, GA, IA, NC)
- (1 Majority Leader)

**0:** States split 2016 Sen/Pres. vote

![2020 Senate races, shaded by current party control](image)
The Road to 2020
FUTURE OF THE GOP #1: LESS COLLEGE

Voters With College Degrees: Party ID (self-described)

Source: Pew (college grads+ among registered voters)
**FUTURE OF THE GOP #2: FEWER WOMEN**

**Women: Congressional Preference**

<table>
<thead>
<tr>
<th>Year</th>
<th>GOP</th>
<th>DEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>47</td>
<td>51</td>
</tr>
<tr>
<td>2012</td>
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<td>2016</td>
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<td>51</td>
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<td>2017</td>
<td>36</td>
<td>53</td>
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<tr>
<td>Jan-Aug 2018</td>
<td>37</td>
<td>54</td>
</tr>
<tr>
<td>2018 Sept</td>
<td></td>
<td>58</td>
</tr>
</tbody>
</table>

Source: NBC / WSJ (Sept. 2018)
2020 BEGINS: HAIL TO THE CHIEF

It’s Trump’s Party
(He Can Tweet If He Wants To)

90% likely

No incumbent Republican President ever failed to win re-nomination.
(Major challengers in 1912, 1932, 1976 & 1992 all failed)

Take Back the Right
(What Would Reagan Do)

9% likely

Insurgent runs as “truer conservative” (Reagan 1976)
(e.g. UN Amb. Nikki Haley, Sens. Ben Sasse, Marco Rubio, Ted Cruz)

Rockefeller Restoration
(Return of Kinder, Gentler)

1% likely

GOP turns to popular moderate with proven record (Eisenhower 1952)
(e.g. Governors John Kasich, Larry Hogan or Charlie Baker)
FUTURE OF THE DEMOCRATS: ‘18 DETERMINES ‘20

A Tale of Two Democratic Parties

LEFTWARD HO!
(Party of the Popular Vote)

WIN BACK “REAGAN DEMOCRATS”
(Party of the Electoral College)

Do You Think President Trump should be impeached & removed from office, or not?

<table>
<thead>
<tr>
<th></th>
<th>Liberal</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Libel</td>
<td>74%</td>
<td>YES</td>
</tr>
<tr>
<td>Moderate</td>
<td>17%</td>
<td>NO</td>
</tr>
</tbody>
</table>

Sources: Fox News poll, 9/16-19/18 (impeachment); Politico (dump Pelosi article)
2020 BEGINS: WHICH DEMOCRATS AREN’T RUNNING?

Establishment

Disrupters

MORE PROGRESSIVITY LESS
Mehlman Castagnetti
Rosen & Thomas

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