



The Big Casino

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*"Public sentiment is everything. With it, nothing can fail, without it, nothing can succeed."
--Abraham Lincoln*

Political Overview

As presidential campaign efforts intensify, the Biden campaign has done a fine job at leveraging the power of incumbency to ward off potential primary challengers. The party apparatus is as united as it can be behind the president. But the ability of fringe candidates like Robert F. Kennedy, Jr., Marianne Williamson, and even Cornel West to garner support in the low double-digits in some polls proves the president still has work to do to rally a restive Democratic party base. As one respected analyst has put it, "Biden's appeal remains similar today to what it was in 2020: it's less about who he is than who he isn't." The specter of facing Donald Trump again in a general election would certainly consolidate the Democratic vote; but, in the meantime, if the president escapes the primary season without significant intra-party challenge, then he will be well along in escaping the ignominious end suffered by Presidents Johnson, Carter and Bush41.

At the same time, some Democrats continue to worry about a third-party effort from the No Labels organization or any other entity that could secure significant funding. Although much of the presidential election process is geared both federally and at the state level toward a two-party contest, any White House incumbent would not want to fight a multi-front war. The fiction writer David Eddings is not known for his politics, but he hit the nail on the head when he wrote, "[o]nly an idiot tries to fight a war on two fronts, and only a madman tries to fight one on three."

On the Republican side of the ledger, the ability of former President Trump to articulate a penetrating message that dominates media coverage is a formidable weapon in his campaign to return to the White House. The Republican primary field seems largely set at around 10 major candidates, although many are unlikely to raise the money or to build the infrastructure to last until the start of primary season next year. Several of the candidacies seem premised on the hope that the myriad legal challenges pending against the former president will derail his campaign, or the candidates are auditioning for the vice presidency. But, as we have seen in recent years, when it comes to Trump the prevailing wisdom is usually wrong, and his ability to play the martyr to his followers seems even to turn dire legal danger into a political asset. Former Speaker of the House in California and political scientist Jesse Unruh is credited with noting "money is the mother's milk of politics" and the key in coming months for candidates not named

Biden, Trump or DeSantis will be if they can raise the funds to mount a serious effort toward sitting in the Oval Office.

If one is looking for a harbinger election this fall, they should watch the gubernatorial race in Kentucky. For the last five cycles, that contest has presaged how the presidential contest unfolds the following year. Popular incumbent Andy Beshear is trying to fend off a challenge from Attorney General Daniel Cameron in a state that is trending toward the GOP but has elected Democrats to the Governor's office three of the last four cycles. Cameron has been called a "generational talent" by some and has deftly relied on the skills of his home state mentor, Sen. Mitch McConnell, while also earning strong support from Trump. If he can continue draw support from both camps, he might mount a winning race that provides a template for Republicans on the ballot in 2024.

Down an electoral level, the playing fields for House and Senate campaigns are beginning to take shape. In the House, 18 Republicans – mainly in New York and California – sit in seats the president carried in 2020, while five Democrats hold Trump seats. These and a handful of other office holders represent the 40 or so House campaigns the parties will likely home in on, although the recent Supreme Court decision in the Alabama voting rights case could expand the playing field. In the Senate, the three Democrats – Brown, Manchin, and Tester – are the most endangered incumbents, running in states the GOP are likely to carry by double digits. The GOP starts the cycle with only nine incumbents on the ballot, most in strong shape. Sens. Cruz (Texas) and Scott (Florida) are on Democratic target lists, but while the political left salivates at defeating them most pundits rate them as relatively strong at this stage of the race.

There are several telling trends from recent cycles to watch when it comes to Senate races. First, only one senator since 2016 (Sen. Collins in 2020) has won in a state that voted for the opposite party for the White House. This alignment bodes poorly for the Democrats this cycle. But, at the same time, Democrats have put together via ActBlue and other efforts a fundraising juggernaut, outraising their Republican counterparts by a 3:1 ratio in the 2022 cycle and leaving the GOP fretting about playing catch-up. Considering toss-up races in 2024 could cost as much as \$250 million, it is hard to overstate the importance of the Democrats' financial strength.

Since Republicans took control of the House, Speaker McCarthy has been Rodney Dangerfield of American politics, getting "no respect". The mainstream press has openly derided his intelligence and transferred the hostility and disdain it holds for Trump to McCarthy and his Republican lieutenants. While McCarthy indeed faces a daunting challenge with his slim majority, he has one great asset lacking in his GOP predecessors – he wants the job and works hard at it. His slim majority ensure he will continue to face challenges on a regular basis in managing the House, but his work ethic combined with the intrinsic authority of the Speaker's office should not be underestimated. He also benefits from the fact the House minority is under new leadership that while having gotten off to a good start nowhere near matches the skill and strength of former Speaker Pelosi. Minority Leader Jefferies has done well in his first few months on the job, but he admittedly has the easiest job of any of the four congressional leaders and will continue to focus mostly on coordinating with Senate Democrats and the White House to put up a united front against Republican probes of the Biden Administration.

Legislative Agenda

To the surprise of almost everyone in Washington, the debt ceiling legislation was passed with practically no drama or major market disturbances. It remains to be seen if the agreement struck by President Biden and Speaker McCarthy becomes a template for future compromise or represents an outlier event. The outcome of debt ceiling talks should not have come as that much of a surprise: for instance, seven of the past 10 increases in the ceiling were accompanied by congressionally directed changes to spending levels. But the relative lack of brinkmanship and market turbulence were welcomed non-events.

Thus far the House Republicans seem the most uneasy about the debt ceiling agreement. This is surprising in that the GOP could claim several tangible wins in the bill: spending caps and regulatory reform, whereas Democrats' best arguments for supporting were that it stopped bad things from happening, a harder case to make. But for a White House that must have a healthy economy to prevail on Election Day 2024, the absence of fiscal or monetary mishap might turn out in the long run to be just as good as near-term policy victories.

Coming on the heels of the debt ceiling agreement there is a trend to watch in the House. While the rules of the House empower a majority to limit debate (i.e., no filibuster), efforts by the cadre of GOP holdouts that ground business on the floor to a halt could serve as a tactical template for future efforts to slow legislation on the floor. It would be overstating the matter to call it a House filibuster, but small bands of Republicans could coalesce on a case-by-case basis to try to influence policy and process on the floor.

Looking at recent history, divided government has sometimes led to sweeping legislative action: tax and immigration reform during the Reagan Administration; welfare reform and the balanced budgets of the Clinton Era; the establishment of Medicare Part D and the launching of global health initiatives during the Bush Administration; and the Budget Control Act and other fiscal restraint – albeit after some teeth-clenching brinkmanship – during the Obama years. But the gulf between House Republicans and the Biden White House (aided by the slim Democratic majority in the U.S. Senate) is vast, and our initial assessment is the debt ceiling deal will prove to be an outlier. The next real test will come in the early autumn when some sort of bipartisan deal on FY24 spending is needed by the end of the fiscal year on September 30th to avoid a government shutdown.

The debt ceiling discussion was like a giant black hole where gravity sucked in everything around it, slowing or even stopping congressional work on practically all other legislation. Congress has tried to ramp back up work on other items, but it is clear this is going to be a low-output year when it comes to enacted legislation. We do not want to use the pejorative “Do Nothing Congress” label, but we are beginning to believe it could indeed be a “Do Little Congress”. There are a handful of “must pass” items for Congress to consider this year – the FY24 spending bills and the annual Department of Defense authorization package – and beyond that only a few more policy initiatives we put in the “may pass” category – the popular “Farm Bill” (agriculture policy) and the expiring law that authorizes and funds federal air transportation programs (FAA). In the meantime, House Republicans will continue to exercise strong oversight of the Biden White House, and hearings will focus on both the political (e.g.,

Hunter Biden and Burisma) as well as policy matters (border controls, implementation of the Inflation Reduction Act).

In the Senate, Majority Leader Chuck Schumer seems content to focus on judicial nominations and confirming Biden Administration sub-cabinet officials. This strategy of bringing little legislation to the Senate floor helps protect his most endangered incumbents from difficult amendment votes and limits the ability of Republicans to promote their own legislative priorities. It also aids the White House by limiting opportunities to roll back provisions of the Biden Administration's signature IRA legislation. In turn, some Republicans even tacitly support this strategy to a degree, happy to rein in what they see as the spending excesses of the first two years of the Biden term and to placate the small "c" conservatives who want to limit what they see as the over-expansion of the administrative state. Also, both parties are on comfortable ground fighting over appointments to the Judiciary given the intense focus on the third branch of government by both liberal and conservative activists.

This tactical posture by Schumer does come with a price. Assuming House Republicans can continue their legislative win streak from the spring, Senate Democrats seems to be settling into a defensive posture, grinding away on nominations but advancing little legislative proactively. If so, they would be ceding the legislative and rhetorical initiative to House Republicans. The Schumer camp has recently made a lot of noise about an initiative around Artificial Intelligence as well as potential legislation aimed at China as rallying points. But thus far those efforts seem more like smoke than fire.

While we expect enactment of few new federal statutes this year, the Biden Administration has shifted its regulatory and administrative efforts into overdrive. Overall, this White House has already begun to reorient itself to a more overtly "political" posture as the 2024 campaign gears up, and it exercises strong, centralized control over cabinet agencies' decision making. We will continue to see an aggressive federal bureaucracy that is comfortable testing the limits of its authority and fighting out any setbacks in the courts. In turn, this will intensify a feedback loop in which senators on both sides of the aisle emphasize the confirmation, or blocking, of judicial nominations.

Worth a Read

Here is a [list](#) of the most viewed websites in the world in April 2023.

What a [stud](#).

Maybe the [state of polling](#) is not as bad as many people think.

We are at a [loss](#) for words.

This is a [different](#) way of looking at life.

Calendar

- July 24 Pioneer Day
- July 25 Unofficial date for filing Congressional Review Act resolutions for regulations finalized before the 118th Congress.
- Aug 10-20 Iowa State Fair
- Sept. 18 Emmy Awards
- Nov. 7 Statewide elections in Kentucky, Louisiana, and Mississippi.
- Nov. 18 Potential Louisiana gubernatorial runoff.
- Nov. 21 UT02 special election.

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