



# The Big Casino

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*"The largest single-employer strike in American history now appears inevitable."  
--Sean O'Brien, Teamsters General President, June 28, 2023*

## Political Environment

Despite increasing speculation in the press about the president's age and capacity to mount another presidential campaign, a serious intra-party threat has yet to emerge. Ironically, the son of the last man (Robert F. Kennedy) to help unseat a sitting president of his own party (LBJ in 1968) is the fringe candidate receiving the most attention. But remember that the last sitting president to be denied his party's nomination for

re-election was Franklin Pierce in the 1850s, so history is on the side of the Biden camp. If the presidential race continues on its current, albeit early, trajectory, we will see the first ever rematch between a sitting chief executive and the previous Oval Office occupant.

On the GOP side of the ledger, the first debate is coming soon on August 23<sup>rd</sup>. While there is some disquiet among Republicans about Trump, the first president since Hoover to lose the House, Senate and White House in a single term, polling continues to show he enjoys a solid, early lead built on a foundation of die-hard supporters within the party's base. If he is the GOP nominee, this likely provides all the impetus Democrats will need to unify their coalition and to turn out voters.

Former Clinton White House Political Director Doug Sosnik recently noted that while historically the best data points to assess election outcomes were the president's job approval numbers and a survey of reliable national polls, the last several elections seem to have debunked this notion. The unexpectedly strong showing by Democrats in 2022 is the latest example of an electorate that seems to be shifting in unexpected ways. If the current trend continues, we will see a general election match-up between two candidates (Biden and Trump) for whom the public holds negative impressions. According to the most recent ABC/Ipsos survey only 31% of voters have a favorable impression of both men. The remaining "double doubters" comprise a sizable part of the electorate, and Sosnik notes in 2016 and 2020 the winning candidate won similar groups by double digits. More broadly, in recent years (2000 – 2016) the White House incumbent lost independent voters typically by 2-3%; in 2020, Trump lost the bloc by 13%. In short, if next year's general election is a race again between Trump and Biden, it is not hard to see which voters are going to be targeted by both sides.

Across the country there has been an uptick in labor unrest, what Axios has dubbed the “summer of strikes.” Work stoppages have already affected entertainment (writers and actors) and could soon come to delivery/supply chain logistics (UPS/Teamsters on July 31) and auto manufacturers (September) among others. This trend comes as the foremost concern for the Biden Administration remains the health of the economy and avoiding a recession. While it is difficult to overstate the closeness of the president's relationship to organized labor, at the same time it is hard to deny that bond, combined with an overall shortage of workers, has emboldened unions to push the envelope in negotiating with employers. For many years now, every client of our firm has increasingly focused on a labor shortfall, from entry-level to senior executives. Because of demographic trends and ripple effects from Covid-induced early retirements, this could be a trend that continues for the near future and, in turn, drives public policy discussion. While organized labor has struggled for decades now in terms of legislative and regulatory efforts, an uneven labor market could lead to an intensified federal focus on workforce issues in the coming years.

At the congressional level, recent court rulings will bring new, likely minority, districts in Alabama, Louisiana, and possibly other states. At the same time, expect Republicans to exercise their ability to redraw maps and to gain as many as seven seats combined in North Carolina and Ohio. In the Senate, while the map tilts heavily against Democrats, Republican senators continue to warn against “falling in love with the map.” Recent electoral underperformances in 2012 and 2022 (GOP) and 2020 (Democrats) point to a fickle electorate and the need for strong candidates who run campaigns that can appeal ultimately to general election voters.

## Legislative Agenda

Congress has started a three-week sprint to the August recess, and happily for many there has been no serious talk from the congressional powers-that-be of threatening the recess. We continue to think July will be relatively humdrum on Capitol Hill. Work will focus on important topics (defense authorization, FAA authorization in the House, potential spending bills in the House), but there are no hard deadlines to drive concrete, final action on any matter before the August

break. Talk of further work on a Ways and Means tax bill has fizzled – look for it to come to the floor in September when GOP leadership might need a rallying, unifying bill for intra-party tactical reasons.

Senate Democratic leadership has tried to gin up in the political press a sense of legislative momentum. But the usual grind on nominations has continued, and we expect to see slow and creeping work on the annual defense policy bill until consent agreements can be reached on amendments. None of the other top-tier issues – Farm Bill, FAA reauthorization, China 2.0 package, etc. – promoted by Sen. Schumer's team are anywhere near ready for floor action.

In the House, the oversight and investigation of the Biden Administration by multiple committees will continue apace. While threats of impeachment have gone from rare to trite and commonplace, we do think it worth watching to see if any of the investigations lead eventually to anti-corruption/enhanced disclosure legislation. Such a package could be natural for an election year, and Oversight Committee Chair Comer has been public in his desire to write a bill. To succeed, however, means there would have to be some sort of nod to anti-nepotism guardrails that Democrats could point to as needed in light of Trump White House activities.

Last week the House grinded its way to conclude the annual defense policy bill, and we expect the same as spending bills come to the floor over the next several weeks. Because of the meandering pace of progress on appropriations bills to date, speculation has begun on how events may unfold leading up to the September 30<sup>th</sup> deadline. It is a fair question, but we note the tenor of the coverage by the Capitol Hill press corps has been more hyperbolic than usual, almost breathless from the folks at Politico, Axios and other Hill-centered outlets. This next legislative challenge “will test [McCarthy’s] leadership” and other ominous ledes and headlines are becoming the norm. It is merely another sign of the deep skepticism, bordering on disdain, the Capitol Hill press corps holds for the speaker. Each time the House majority passes notable legislation, McCarthy clearly relishes the chance to remind everyone his new favorite word remains “underestimated.”

### **Keeping House**

Taking a step back to look at longer-term trends in how Congress functions daily, it is clear House Republicans have systematically diminished the power of their leaders. Each Republican speaker over the past 30 years has seen their authority incrementally weakened by the GOP Conference: Kevin McCarthy can only dream of the grip Newt Gingrich had on House Republicans. Long gone are the days of rank-and-file members pining for money, endorsements, or committee assignments from their leaders. As Rep. Ralph Norman recently put it: “I’ve cut grass before. I can vacuum carpet. I don’t care what committee I’m on.” Increasingly, it is the rank-and-file lawmakers — supported by outside allies juiced on social media — who hold real sway in the “People’s House.”

Because the Republicans’ hold on the House is tenuous, it is fair to wonder how Democrats will administer the body when they again have the majority. Democrats are not immune to the broader political and societal forces that have dragged both parties away from the political center, and we suspect a Speaker Jeffries or other Democrat may also struggle to administer the House on a day-to-day basis similarly to Speaker McCarthy. As long as a narrowly divided House continues to reflect a polarized electorate, we might have left a period of strong Speakers and entered into a time when back-bench members have more influence over legislation than to what we are accustomed.

At the same time, the trend in the Senate — at least when it comes to the most momentous lawmaking — is toward centralized decision-making. For years now, most major legislation has been crafted in the Majority Leader’s office, Democratic or Republican, with committee chairs more and more playing a supporting role. For those who are veteran enough to remember how Sens. Byrd, Mitchell or Dole ran the Senate, it is a stark change

to watch the mechanics of a Schumer-directed Senate. It is hard to see how the legislative flow could slow any further. As long as the 60-vote threshold for cloture on legislative matters remains intact and we see the same sort of polarized electorate, the trend of leadership-driven bill-writing may continue.

## Worth A Read

Traditional PAC fundraising is beginning to change.  
Go west, and south, young man.  
Flying cars are closer than you think.  
Dude is so fired.

## Calendar

July 16	<u>National Ice Cream Day</u> .
July 20	54th anniversary of Apollo 11 moon landing.
July 31	Congressional recess scheduled to begin.
Aug. 1	Colorado Day.
Aug. 18-22	Rose of Tralee festival.
Aug. 23	First GOP presidential debate held in Milwaukee.
Sept. 1	CMS announces 10 Part D drugs selected for 2026 negotiations.

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