



October 29, 2010

Letter from Washington

You know it's an unusual mid-term election shaping up when the Democrat running for governor in Rhode Island (Frank Caprio) tells the President to take his endorsement and "shove it". Even more bizarre when a senior respected Democrat in the House (Gene Taylor, MS) tells an interviewer that he voted for McCain in 2008.

As everyone surely knows by now, the mid-term elections will be held next Tuesday. In play are all 435 House seats and a third of the 100 Senate seats, as well as numerous state governorships and legislative seats.

By all measures the Democrats will suffer significant losses, likely losing their majority in the House, although probably holding the Senate while having their majority there shrink from ten to two or three.

At this point, four days out, the outcome seems fairly certain although the causes will be the subject of endless debate.

On the Democrats' side, there seems to be a belief that they should have pushed their agenda more forcefully and taken on more of the big issues. There is also a recurring theme of condescension, in that the voters just don't understand or appreciate all that has been done for them.

On the Republican side there is the belief that the election will be a referendum and a broad repudiation of the President and his policies, and that the result will be the political critical mass for a large-scale roll back of the health care bill.

Both parties have it wrong.

Undoubtedly the Democrats will lose a significant number of seats but it will not be because the voting public has decided that the Republicans have the better policies and plans. The Democrats will lose seats partly because they are being punished for the lackluster economy, but mainly because they are the party in power during a period of discontent and will suffer the penalty accordingly.

That discontent is fed by a number of things, starting with the huge budget deficits that have no apparent end and are identified with Democratic programs that have become unpopular, such as the 2009 stimulus bill, the car company bailouts, the bank bailouts, etc. The fact that these programs may have averted larger problems is acknowledged, but the lack of any strategy for getting the deficits and federal spending under some sort of control will cost the Democrats heavily with the independent swing voters.

The basic fact is that the US remains a center-right country politically. When asked to self-identify their philosophical basis, Americans claim to be approximately 40% conservative, 25% liberal, and 30% moderate or independent. The Obama administration's policies have been perceived as a hard shift to the left, and one that the 70% of conservatives and moderates were not prepared to follow. Not only are the administration's policies perceived as politically too far too fast, but also associated with huge price tags.

The key number for the Republicans in the House is 39 seats to regain the majority. They are likely to pick up at least in the 50's and possibly beyond. Based on Democratic spending in the last two weeks, the party considers as many as 90 seats in play, many of them belonging to multi-term incumbents previously considered safe.

In the Senate, the Republicans need to pick up 10 seats to recapture the majority there. Their potential for running the table is much lower, since several of the Republican's Tea Party-sponsored candidates are unelectable in a general election and destined to lose to even highly vulnerable Democrats. The result of the sudden appearance of the highly ideological but largely unvetted Tea Party-sponsored favorites will likely be the first time since 1930 that the majority has shifted in just one house of the Congress and not both.

While the Republican numbers will be impressive --- a tsunami according to the Party Chairman --- it will be possible to read more into it than is warranted. Many of the seats that the Democrats will lose on Tuesday are seats that were Republican but were lost in 2006 and 2008 when the electorate was first spanking George Bush and then swooning for Obama. These Democrats were elected in mostly conservative districts, and their losses on election night will be as much a natural correction as the leading edge of a Republican tidal wave.

On November 3rd the political landscape will have shifted, but will that translate into anything different?

The Republicans will control the agenda in the House, but the Democrats will still hold the Senate and the White House. Any attempt to roll back health care or the new financial regulations might gain some traction in the House, but would likely not get through the Senate. Even if it did, the President has

the power to veto any legislation and there clearly would not be enough votes in the Senate for a veto override.

The Congress is held in contempt by most of the public with an approval rating of 16%, the lowest ever recorded. That lack of regard for the legislative branch has been the result of 16 years of highly partisan bickering between the parties in which gridlock and lack of accomplishment have become the norm. Obama was elected in 2008 partly on a pledge to restore civility to the process, ushering in an era of "post-partisanship". That hasn't happened, and most of the Obama legislative agenda has been pushed through on a series of contentious party-line votes with the Republicans abstaining completely. Obama himself, perhaps awakening late to the size of the disaster that is coming, has spent the last month crisscrossing the country campaigning on behalf of beleaguered Democrats in highly partisan form.

Many of the newly arriving Republicans, especially in the Senate, will have been elected either directly as Tea Party candidates or with Tea Party support. They will see themselves as arriving with a mandate to shrink the size and reach of the federal government and to reduce the deficit. Civility and compromise are not going to be high on their list of skills, and they will represent a real challenge to the Republican leadership attempting to rein them in and enforce party discipline.

The Republican legislative strategy will be to deny the President any victory, and to resist any effort to improve the economy before 2012. The 2012 presidential campaign starts on November 3rd, and the Republicans' effort will be focused on ensuring that Obama is sent home as a failed one-term President, so the possibility of any bipartisan compromise on the major issues facing the country is nil.

That is a risky strategy for both sides, since one of the reasons that the incumbent Democrats are about to be turned out of office lies in the failure of the Congress to act like responsible grownups.

Prediction: Republicans will gain 59 seats in the House, seven in the Senate.