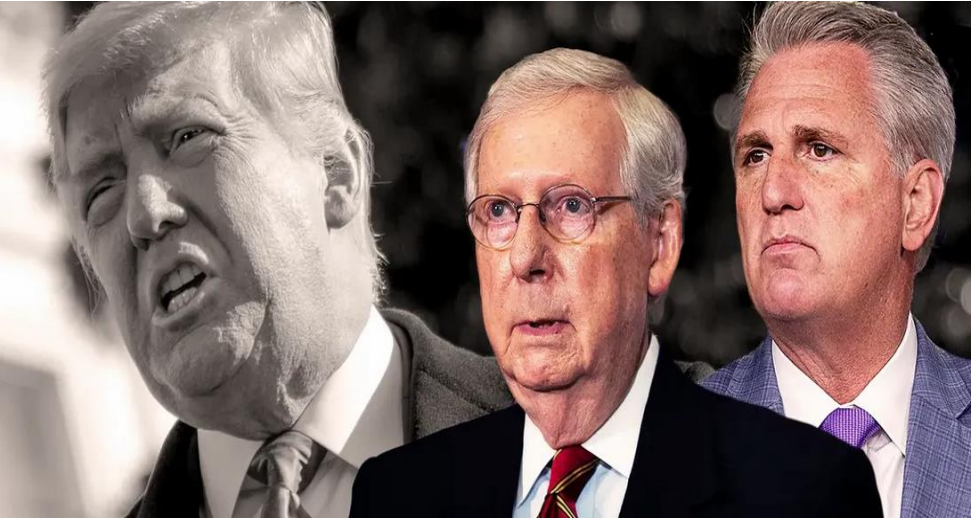


The Midterms & the Macros



U.S. Politics & Policy: Yesterday, Today & Tomorrow

YESTERDAY
An Age of Disruption

THE BROADER NARRATIVE: AN AGE OF DISRUPTION

TREND

OPPORTUNITY

CHALLENGE

BACKLASH

**TECHNOLOGY
TRENDS**



Digitization & Deindustrialization



Permissionless Innovation



Inequality Grows



**GEOPOLITICAL
TRENDS**



Cold War Ends



Hyper-Globalization



Arbitrage & Authoritarianism



**CULTURAL
TRENDS**



Comfortable Conformity

modern
family



New Voices Heard

MEHLMAN CASTAGNETTI
ROSEN & THOMAS

INFORMS



Old Gatekeepers Gone

AFFIRMS



Hyper-Activism

IMPACT: LOSS OF TRUST IN INSTITUTIONS

MEDICAL ESTABLISHMENT



THE CHURCH



WALL STREET



HOLLYWOOD



POLICE

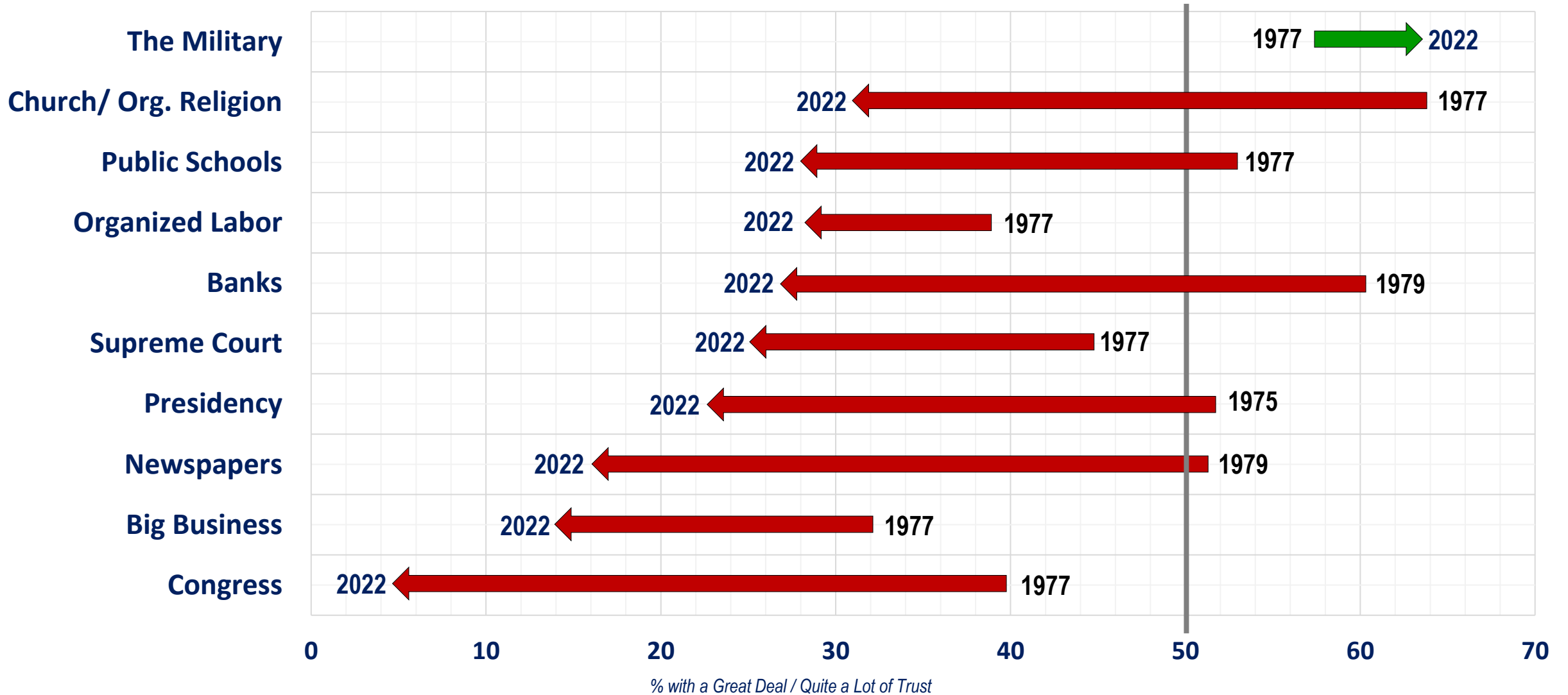


PUBLIC SCHOOLS



LOSS OF TRUST IN INSTITUTIONS PAST 25 YRS

A Great Deal / Quite a Lot of Trust (1977 → 2022) (U.S.)



% with a Great Deal / Quite a Lot of Trust

MEHLMAN CASTAGNETTI
ROSEN & THOMAS

DISRUPTION DEFINES MODERN POLITICS

Change in Control of House, Senate and/or White House





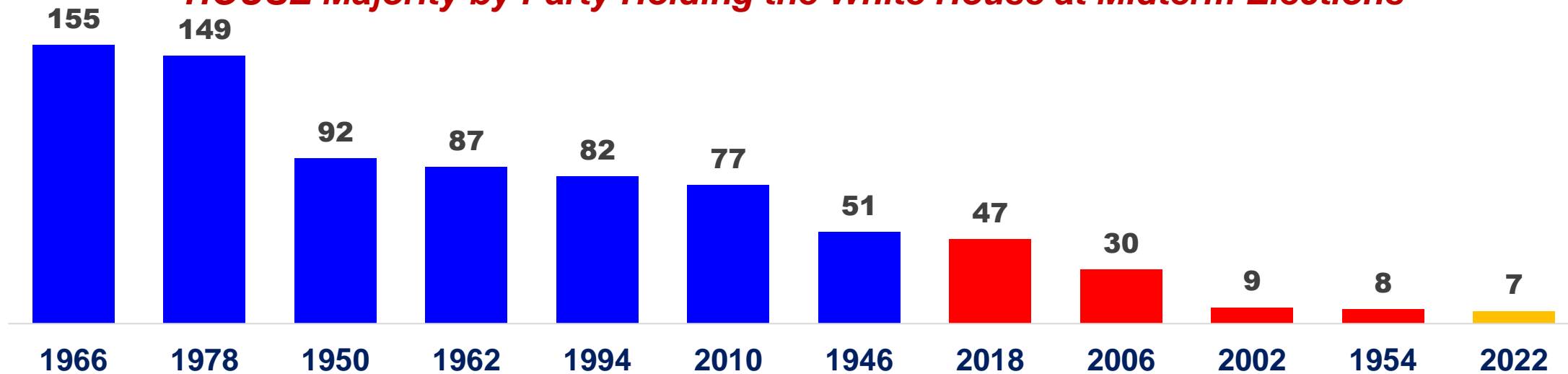
TODAY

A Nation Divided

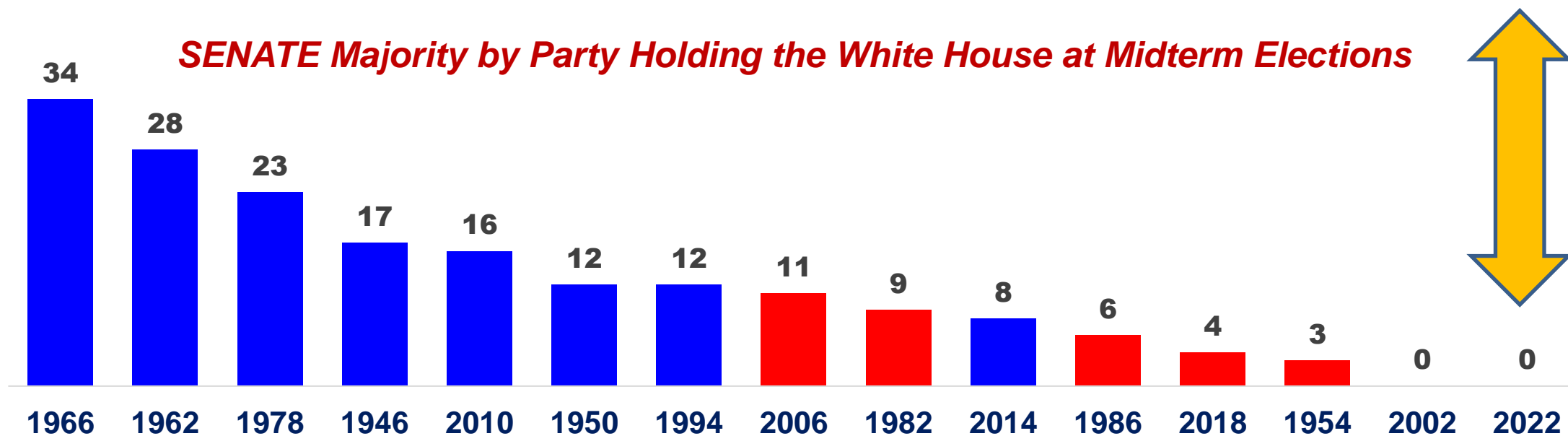
Midterms in 57 Days: What to Expect

TINY MARGINS = CONTROL IS ON THE LINE

HOUSE Majority by Party Holding the White House at Midterm Elections

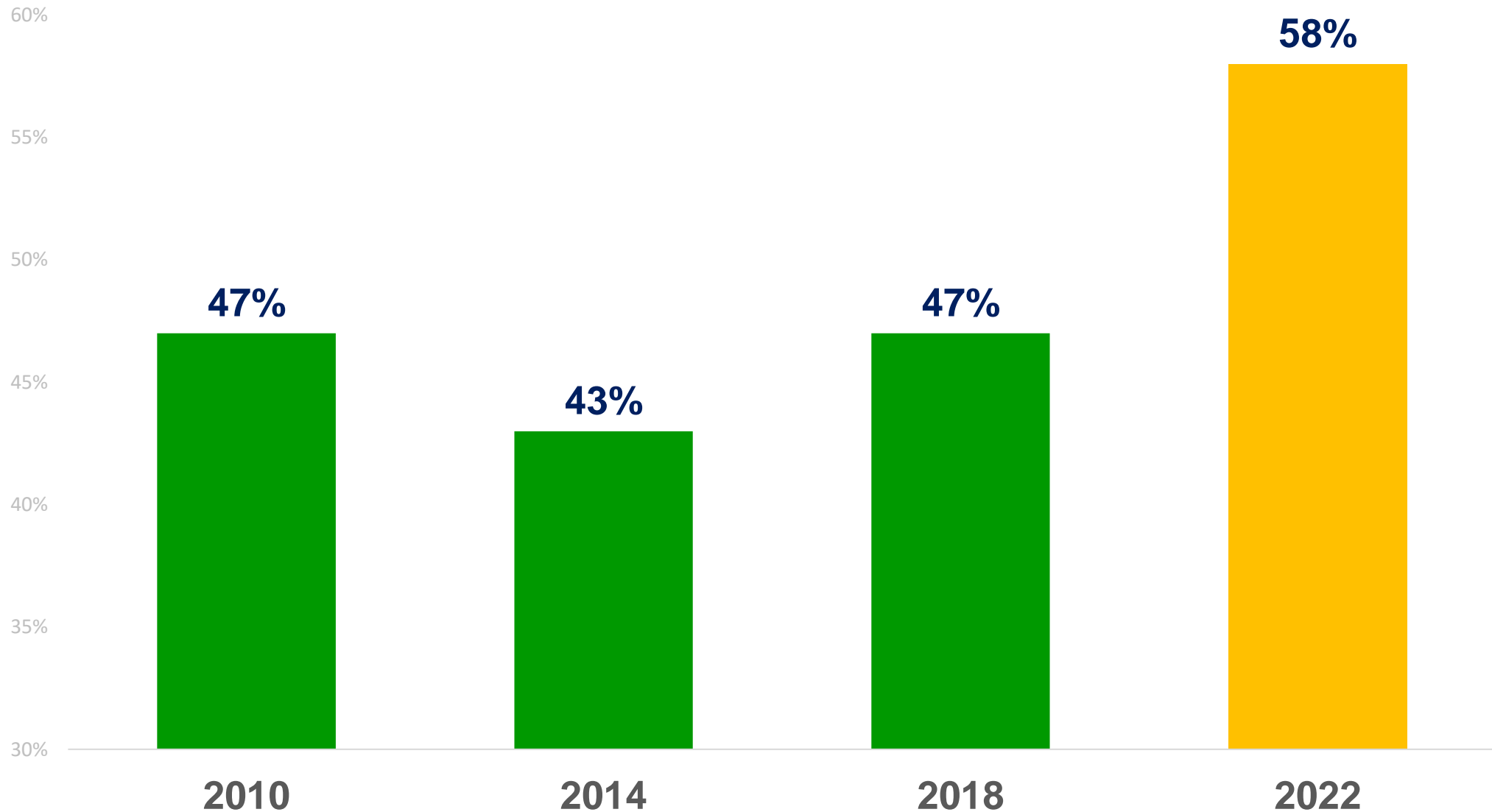


SENATE Majority by Party Holding the White House at Midterm Elections



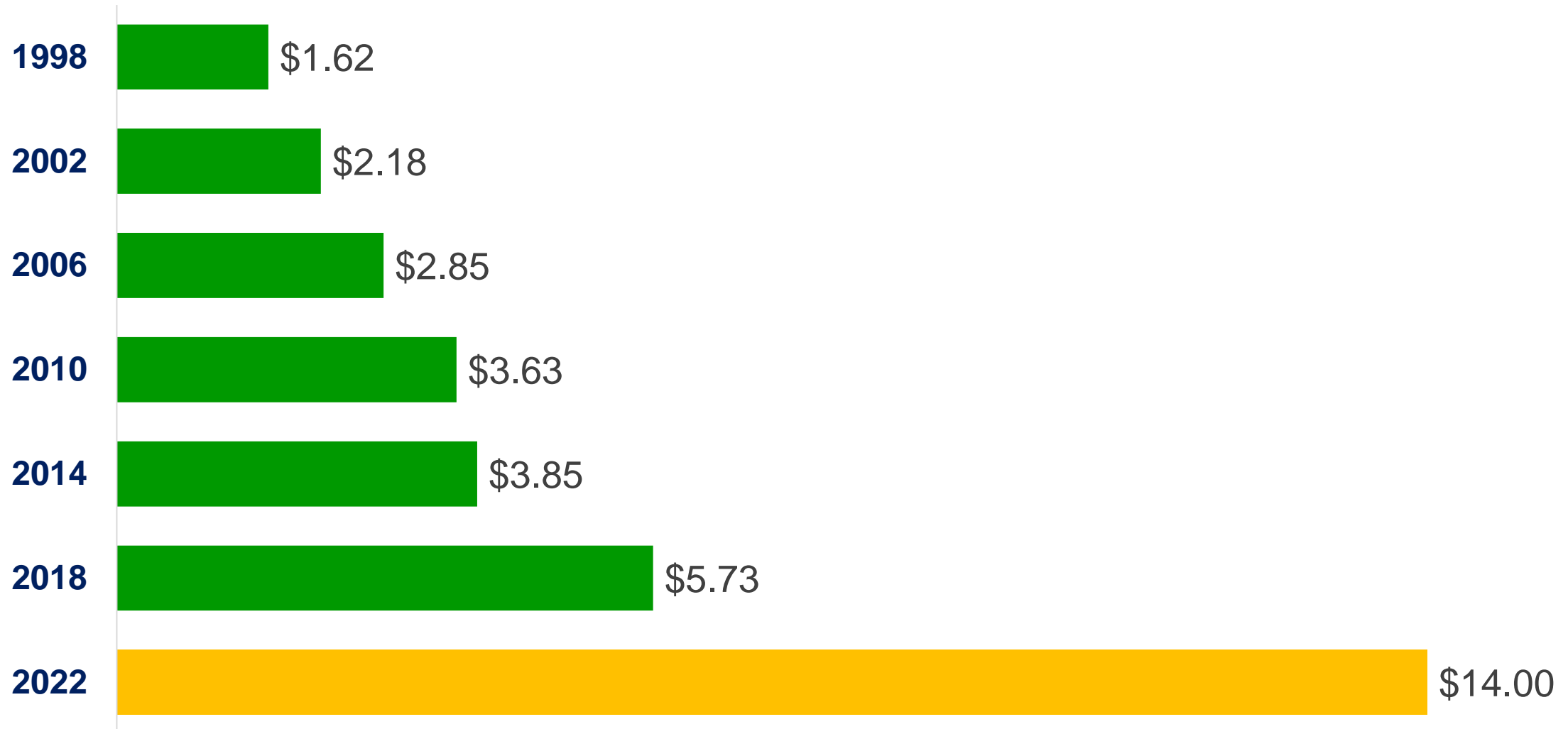
EXPECT HISTORIC **TURNOUT** IN ERA OF HYPER-ACTIVISM

% of Voters *Most Interested in Voting as of August* (NBC)



EPIC **SPENDING** AS ALL SIDES SEE HUGE RISKS & OPPORTUNITIES

Spending in U.S. Midterm Elections (\$B)



The Case for the GOP

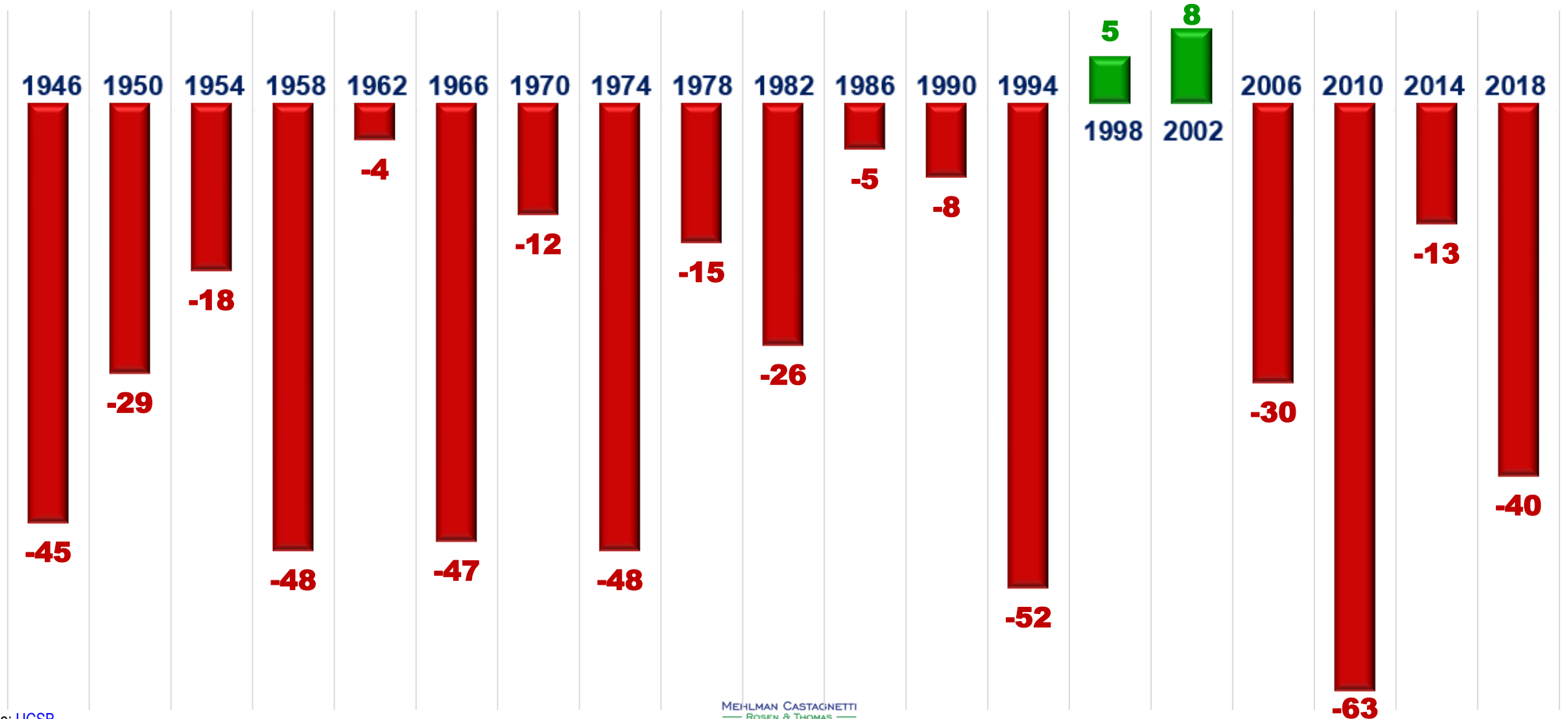
7 Reasons Republicans Are
Likely to Win

2022



#1: HISTORY: MIDTERMS PUNISH PARTY HOLDING THE WHITE HOUSE

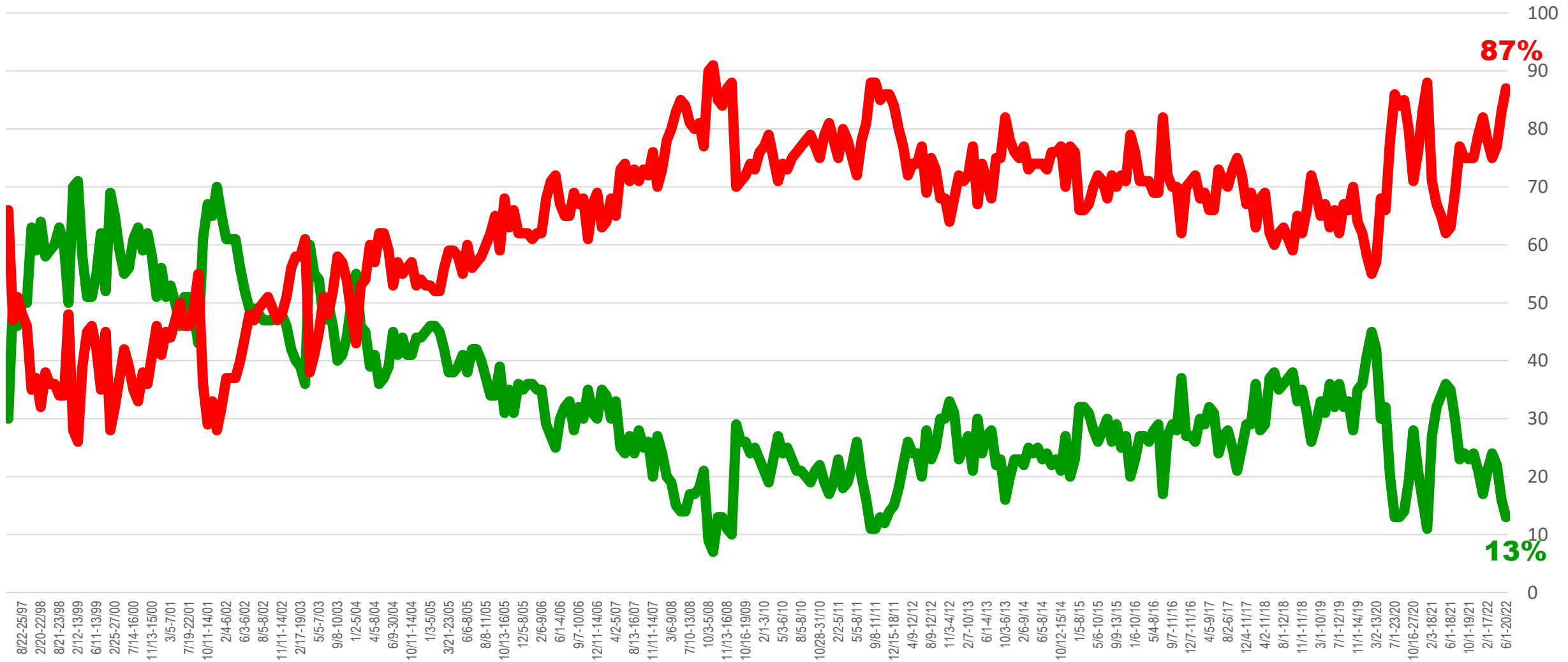
House Seats Lost/Won by Party Holding WH in Midterm Elections



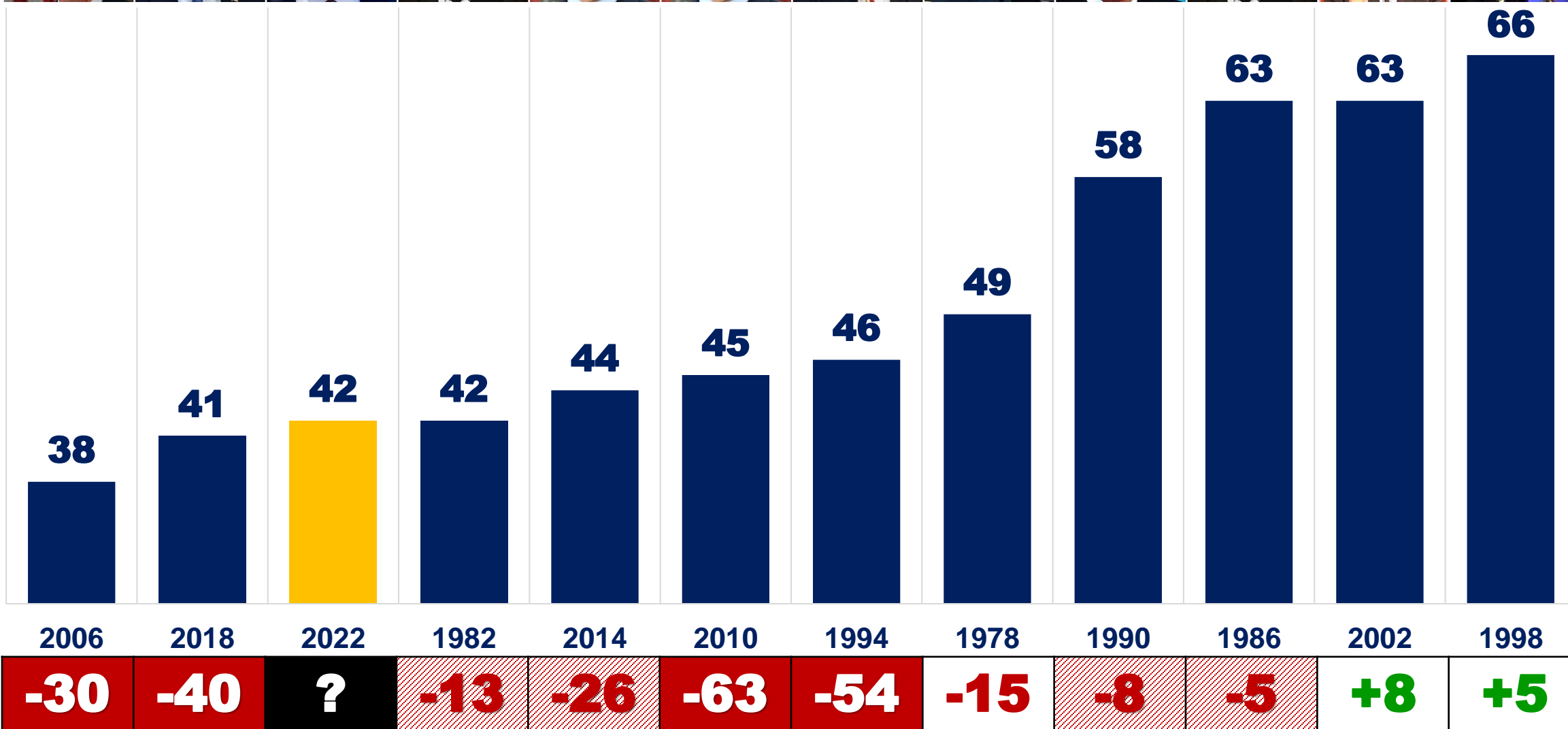
#2. THE MOOD: VOTERS ARE STRESSED & PESSIMISTIC

“Are you satisfied or dissatisfied with the way things are going?”

— Satisfied — Dissatisfied



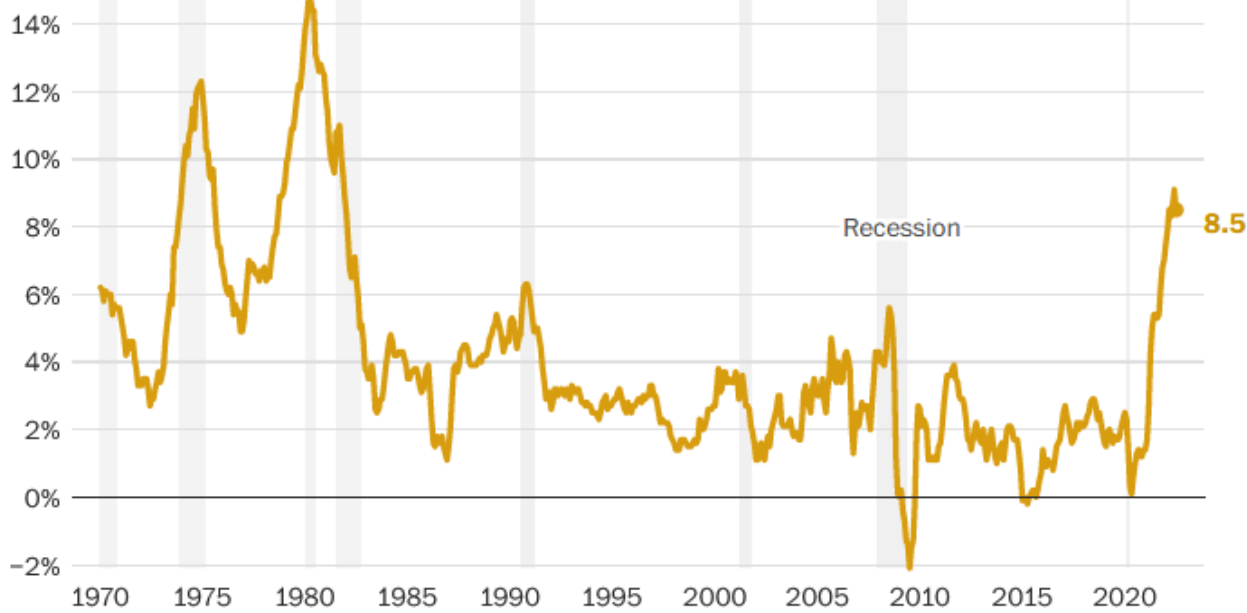
#3. REFERENDUM: LOW POTUS APPROVAL HURTS PARTY CANDIDATES



■ Chamber lost
 Already in minority

#4: ISSUES → IT'S (STILL) THE ECONOMY, STUPID

INFLATION IS OUT OF CONTROL...



...WAGES AREN'T KEEPING UP...



...INVESTORS FEAR STAGFLATION...

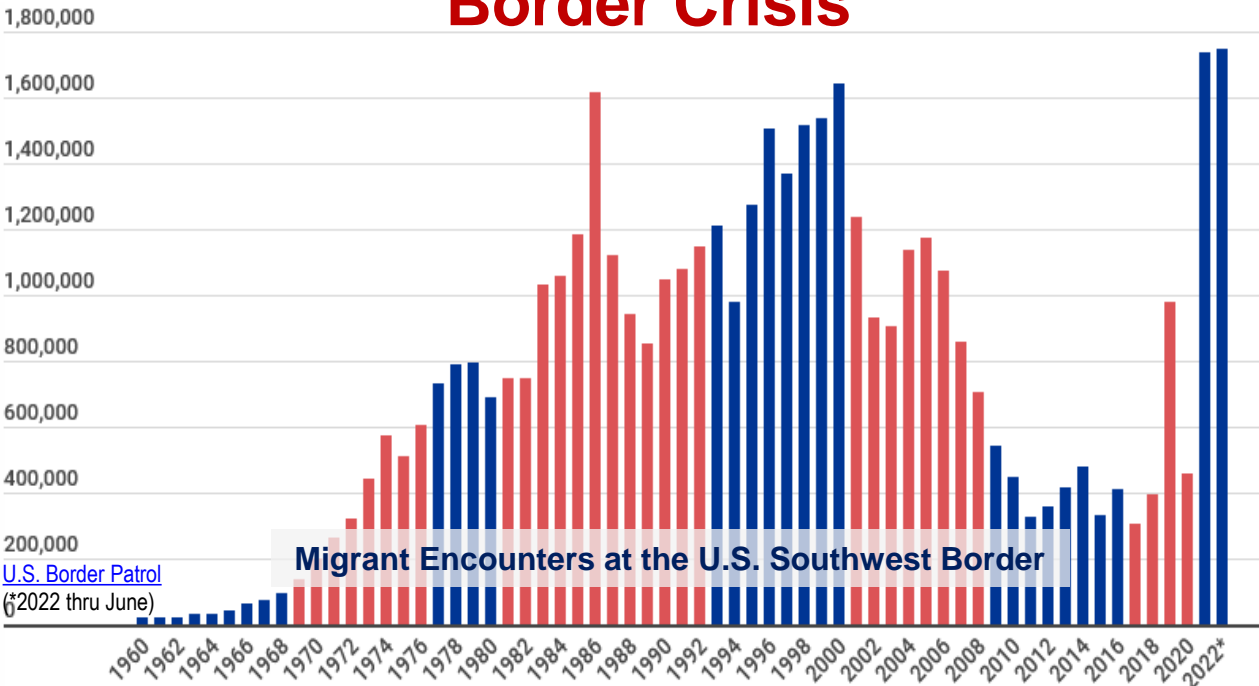


...CRUSHING CONSUMER CONFIDENCE

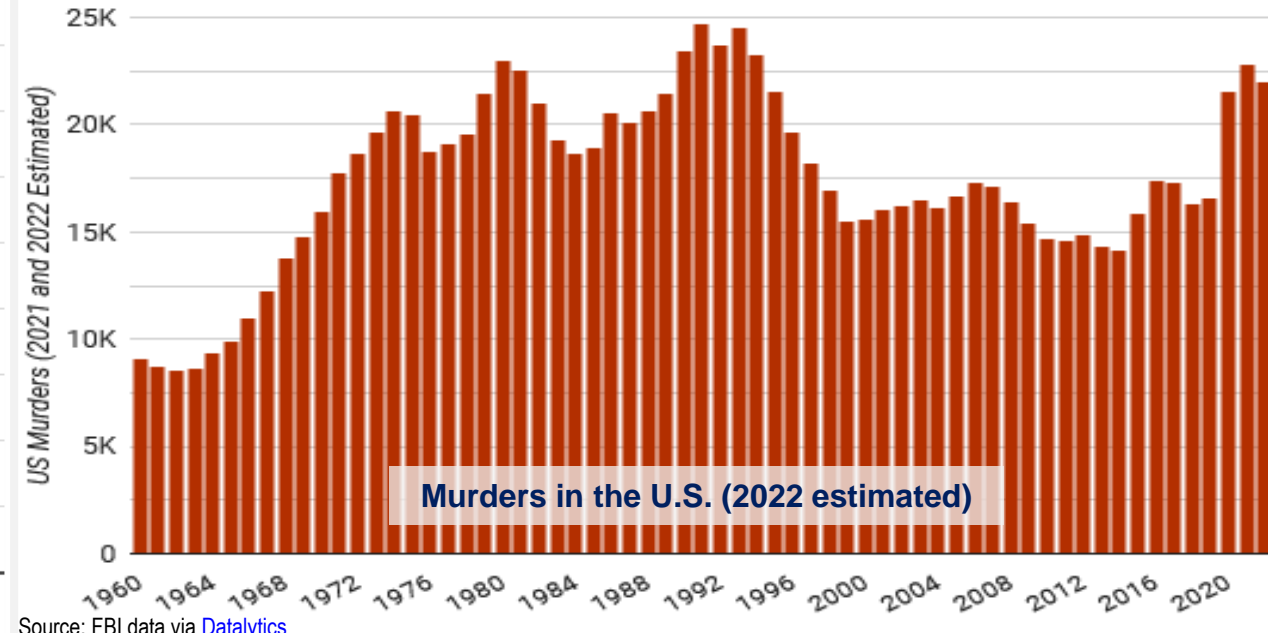


#5. ISSUES CON'T. → MISHANDLING CRISES

Border Crisis



Safety Crisis



Source: FBI data via Datalytics

Student Loan Forgiveness



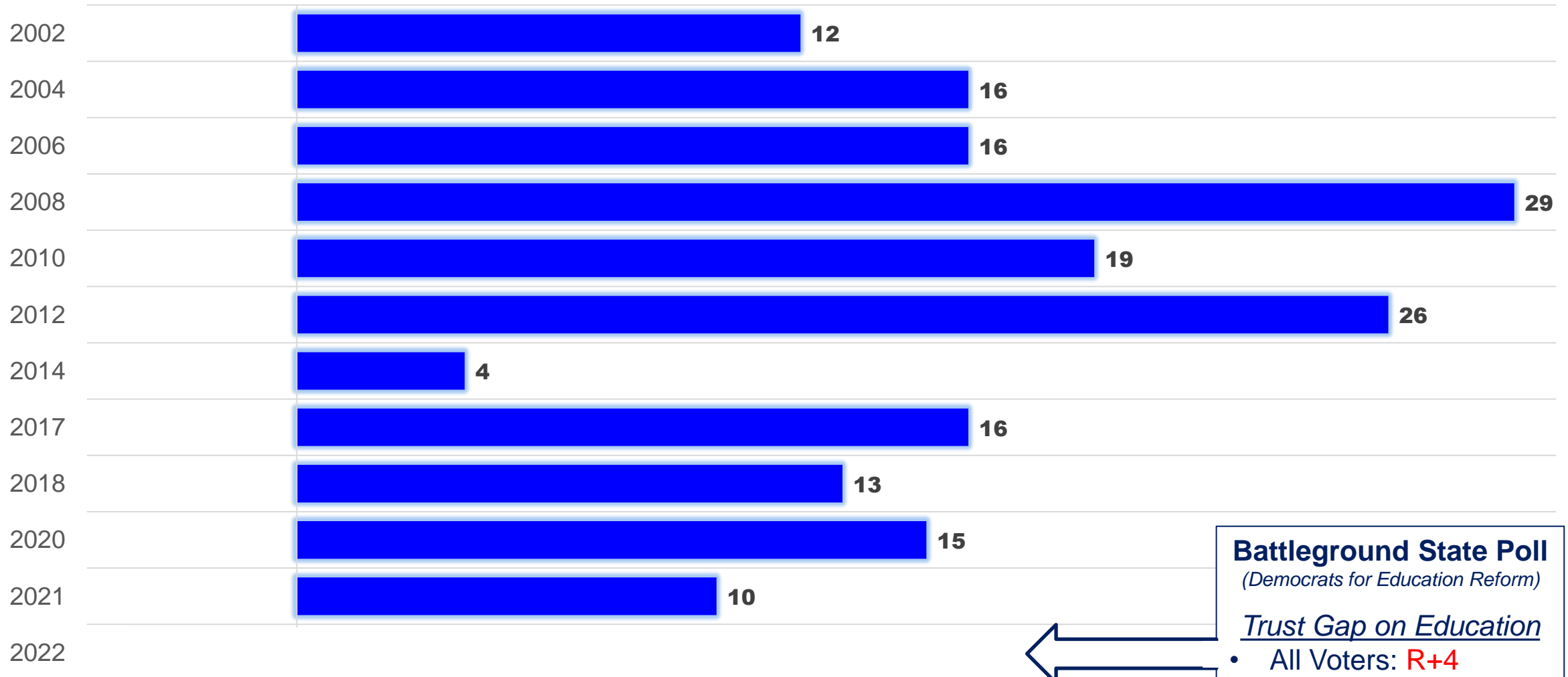
Foreign Policy Failures



#6. ONE MORE ISSUE → GOP LEADING ON... EDUCATION?!!

Democratic Advantage on Education

(Who do you trust to do a better job?)



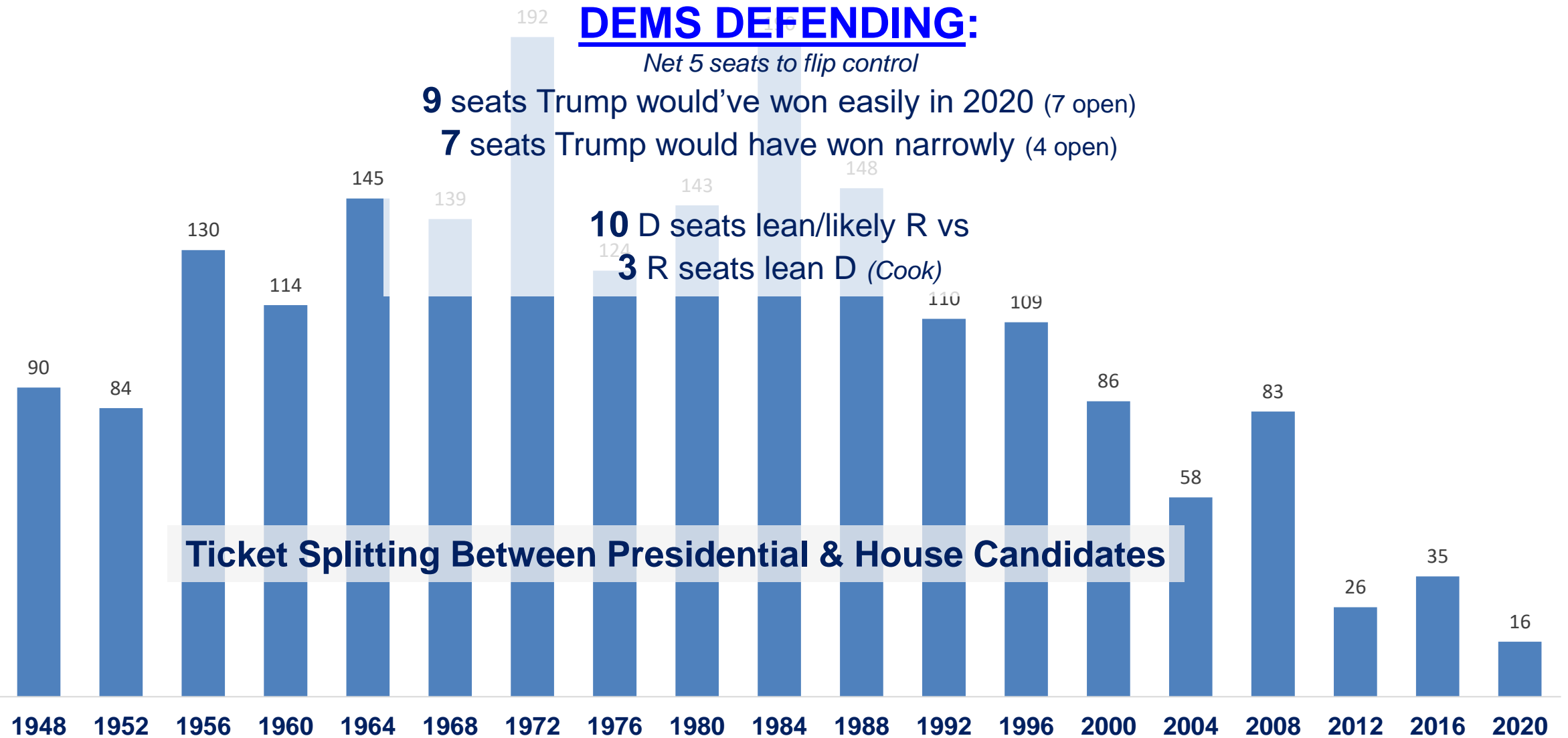
Battleground State Poll
(Democrats for Education Reform)

Trust Gap on Education

- All Voters: **R+4**
- Parents: **R+9**
- Voters of color: **R+10**

#7. THE MAP: D SEATS HARDER TO DEFEND POST-REDICTRICTING & RETIRES

Defending “Trump Seats” When Ticket Splitting No Longer Common



#BONUS POINT: YOUR NEXT SENATORS WILL BE....



James Lankford



Markwayne Mullin

The Case for the Democrats

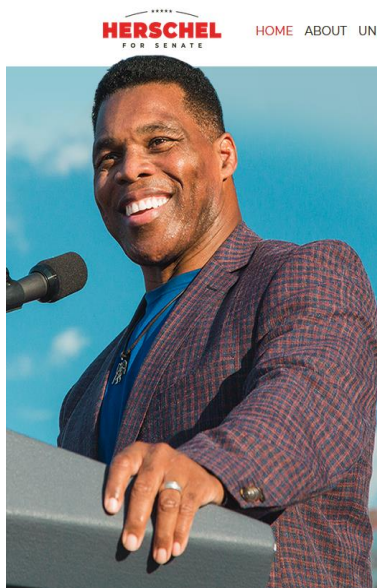


#1. CANDIDATE QUALITY: GOP FIELD UNEVEN

First-Time, Populist Candidates Often Stumble



... Trump-Preferred Nominees Showing Inexperience



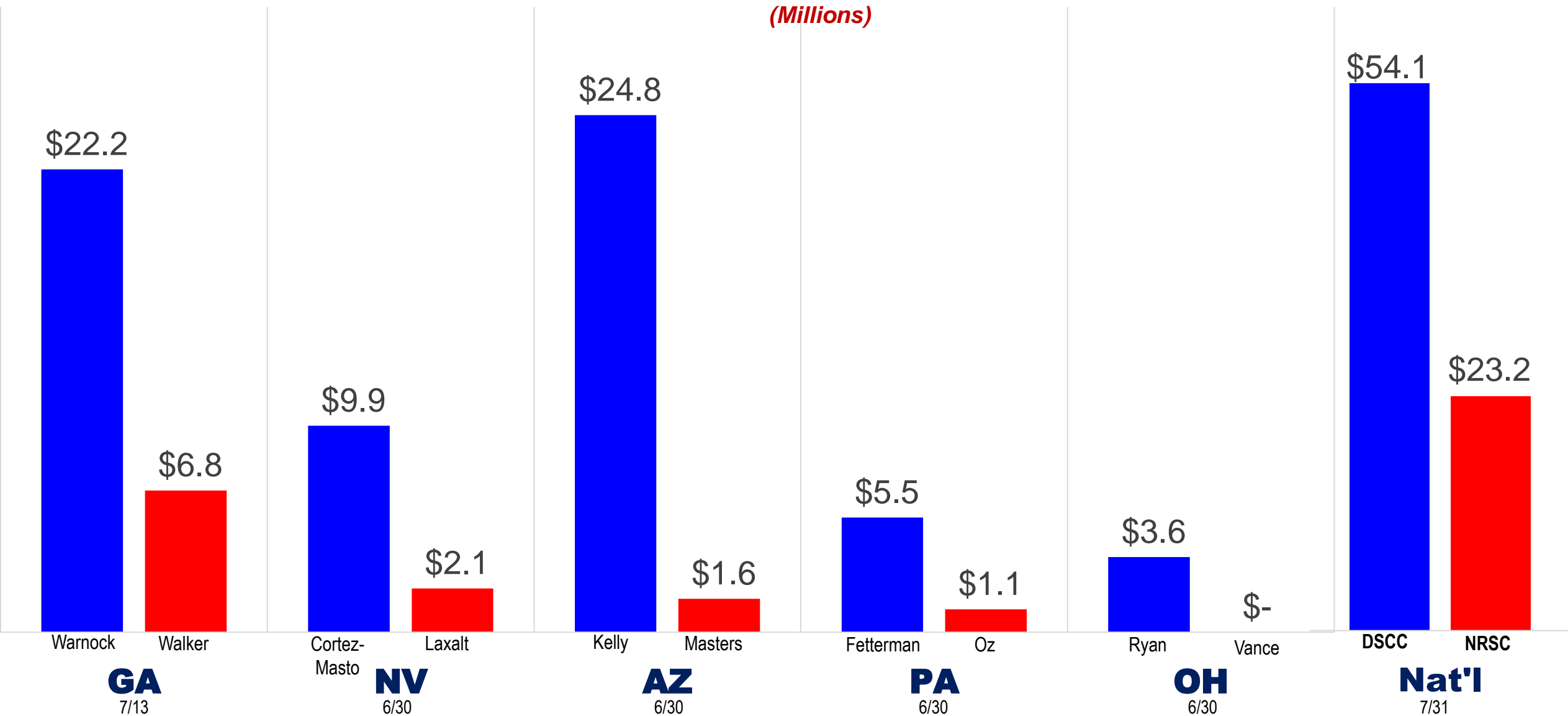
MEHLMAN CASTAGNETTI
ROSEN & THOMAS



#2. MONEY MATTERS: DEMS DOMINATING CASH

Campaign Cash on Hand, Most Recent FEC Report

(Millions)

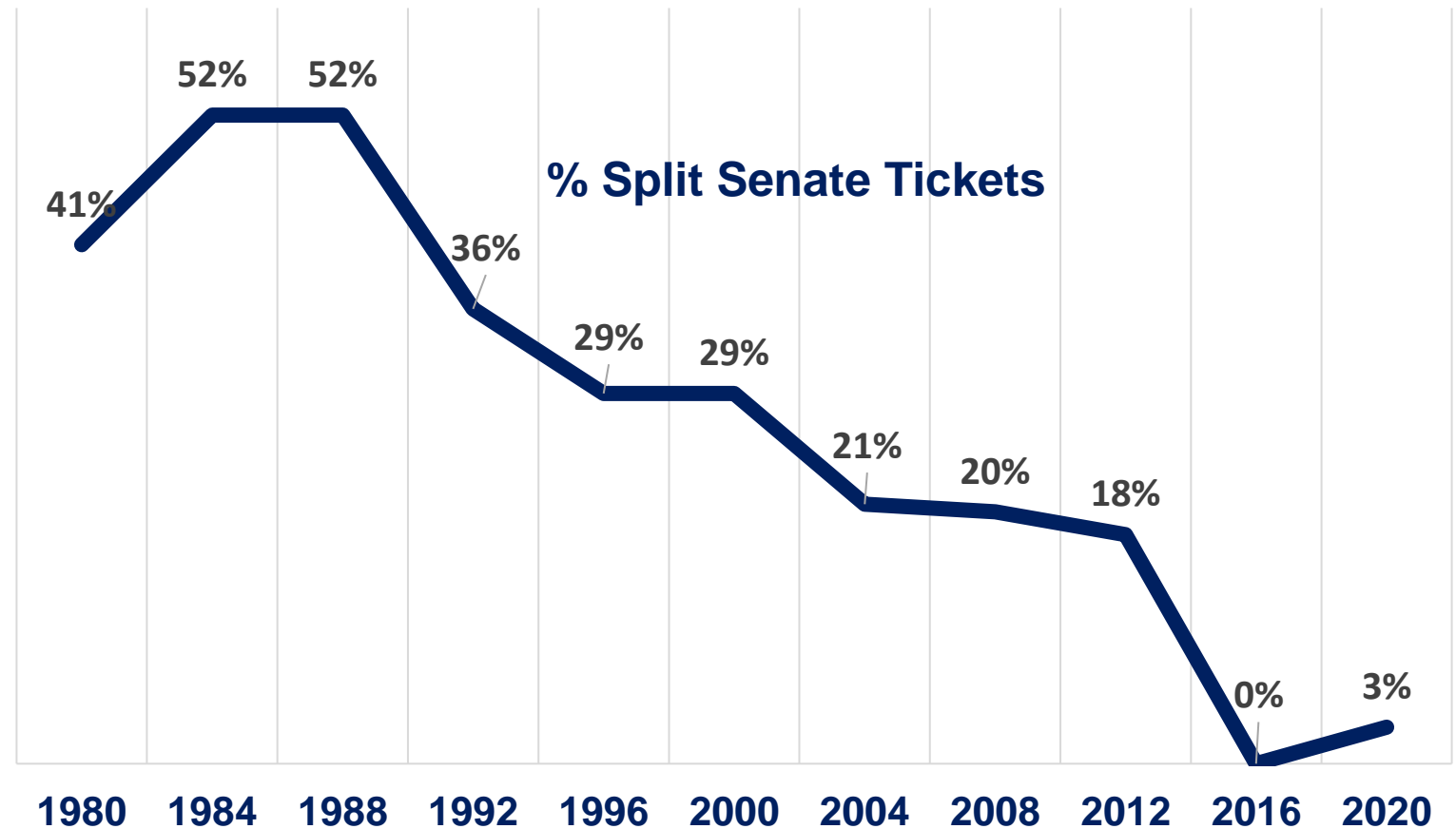


#3. THE MAP: SENATE CONTROL WILL BE DECIDED IN BIDEN STATES

**Most Close Senate Races
Are in Biden 2020 States...**

**...In an Era When Fewer
Voters Split Tickets**

State	2020 Outcome
GA	Biden +0.2
AZ	Biden +0.3
WI	Biden +0.5
PA	Biden +1.1
NV	Biden +2.4
NH	Biden +7.4
CO	Biden +13.5
NC	Trump +1.4
OH	Trump +8.0
FL	Trump +3.4



#4. 2022 INCREASINGLY ABOUT TRUMP vs REFERENDUM ON BIDEN



► MAR-A-LAGO
PALM BEACH, FL / MONDAY

FOX BUSINESS FBI RAIDS TRUMP'S MAR-A-LAGO HOME



#5. ACCOMPLISHMENTS TO RUN ON: HISTORICALLY BIG & BOLD

Select Stimulus Bills	2020 Dollars	% US GDP
American Rescue Plan (2021)	\$1.90T	8.4%
Bipartisan Infrastructure (2021)*	\$550B	2.7%
Student Loan Forgiveness (2022)	\$519B	2.4%
Inflation Reduction Act (2022)	\$485B	2.1%
CHIPS for America (2022)	\$52B	0.25%
Phase 4 Covid Relief (2020)	\$900B	4.3%
CARES Act (2020)	\$2.02T	10.2%
Trump Tax Cuts (2017)	\$1.9-\$3.0T	
ARRA (2009)	\$1.03T	5.8%
Marshall Plan (1948)	\$154B	5.2%
New Deal (1933)	\$835B	12.6%

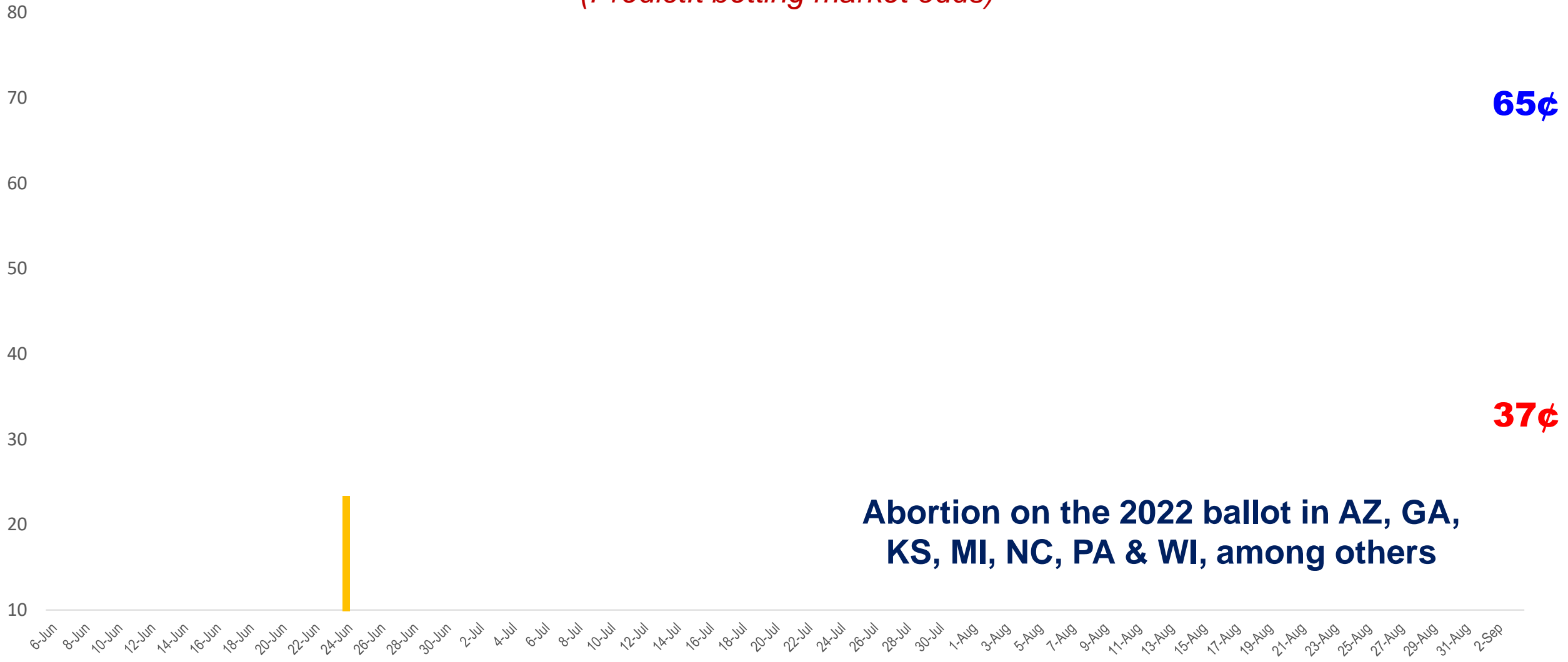
* New dollars...
total = \$1.2T

#6. ISSUES: DOBBS DECISION (ABORTION) RALLIED DEM VOTERS



“Which party will control the Senate after 2022 election?”

(PredictIt betting market odds)



Abortion on the 2022 ballot in AZ, GA, KS, MI, NC, PA & WI, among others

#7. WHY SOME DEMS STILL HOPE TO HOLD THE HOUSE

Impact of the Dobbs Ruling for Dems (so far)...

Erased Enthusiasm Gap

Mar '22: R+17

May '22: R+8

Aug '22: R+2

2018: D+9

2014: R+11

2010: R+17

2006: D+13

Over-Performed in Special Elections

Since Dobbs, Democrats have done well in special elections

How the final vote-share margins in federal special elections in the 2022 cycle compare with the seats' FiveThirtyEight partisan leans, as of 11:45 a.m. on Aug. 24, 2022

DATE	SEAT	PARTISAN LEAN	VOTE MARGIN	MARGIN SWING
March 20, 2021	Louisiana 2nd*	D+51	D+66	D+15
March 20, 2021	Louisiana 5th*	R+31	R+45	R+13
May 1, 2021	Texas 6th*	R+11	R+25	R+14
June 1, 2021	New Mexico 1st	D+18	D+25	D+7
Nov. 2, 2021	Ohio 11th	D+57	D+58	EVEN
Nov. 2, 2021	Ohio 15th	R+19	R+17	D+2
Jan. 11, 2022	Florida 20th	D+53	D+60	D+7
June 7, 2022	California 22nd	R+11	R+24	R+14
June 14, 2022	Texas 34th*	D+5	R+5	R+10
	Pre-Dobbs average	D+12	D+10	R+2
June 28, 2022	Nebraska 1st	R+17	R+5	D+12
Aug. 9, 2022	Minnesota 1st	R+15	R+4	D+11
Aug. 23, 2022	New York 19th	R+4	D+2	D+6
Aug. 23, 2022	New York 23rd	R+15	R+7	D+9
	Post-Dobbs average	R+13	R+3	D+9

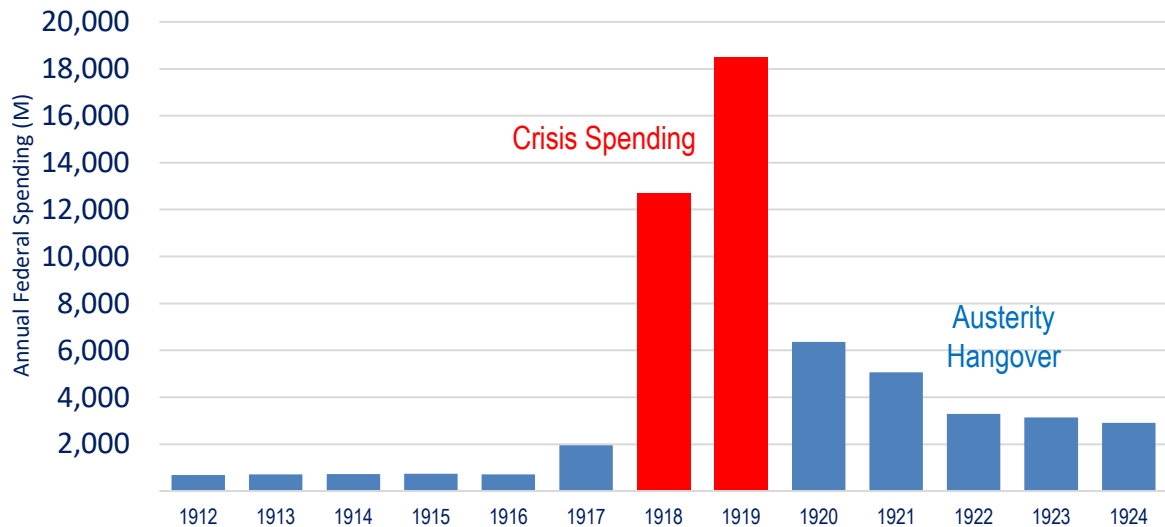
TOMORROW:

4 Macro Trends Defining Politics & Policy in 2023-24

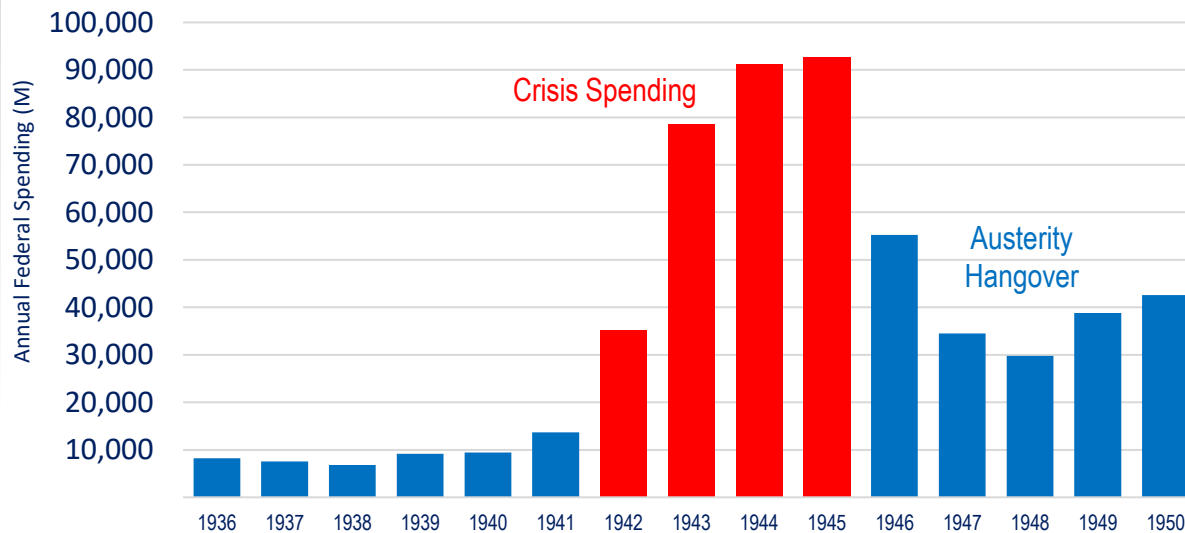
#1. The New Austerity

AUSTERITY HANGOVERS FOLLOW CRISIS SPENDING

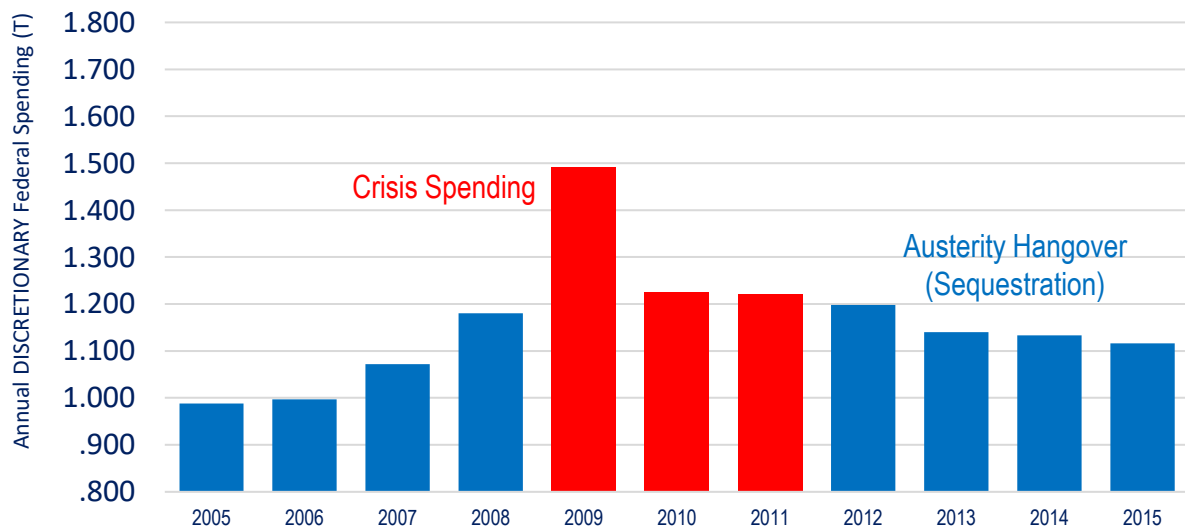
WWI & Spanish Flu



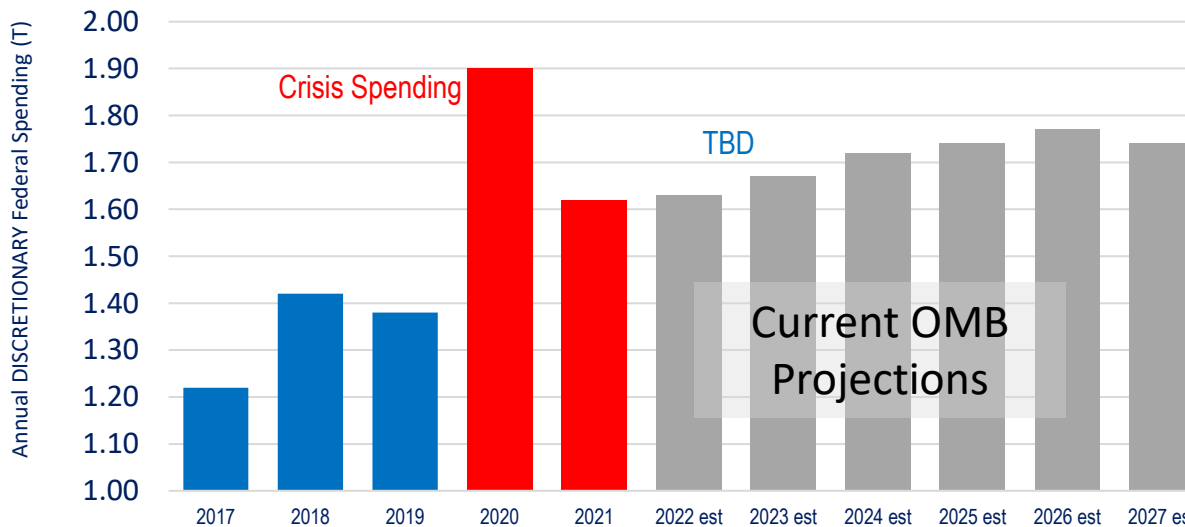
World War II



Global Financial Crisis



COVID Pandemic



#2. Activist Government

EXPECT AGGRESSIVE AGENCY ACTION

Activist Government Is Back (“Phone & Pen” 2.0)

OVERSIGHT



Consumer Financial
Protection Bureau



REGULATION



ENFORCEMENT



OVERSIGHT IS COMING

Congressional Oversight Can Be High Risk, High Impact

DEM HEARINGS

(Senate)

1. TRUMP ADMIN
2. CLIMATE (Oil Co's)
3. CHINA
4. "UN-WOKE" CEOs
5. TRUMP FAMILY
6. TECH PRIVACY
7. FALSEHOODS ONLINE
8. ANTITRUST UNDER-ENFORCEMENT
9. COVID PROFITEERING
10. THREATS TO DEMOCRACY



High Impact Oversight

- BIG TOBACCO 1994 → \$206B settlement agreement
- MICROSOFT 1997 → DOJ antitrust lawsuit
- WALL STREET 2010 → Dodd-Frank
- BANK SECRECY 2009 → Global prosecutions

GOP HEARINGS

(House)

1. BIDEN ADMIN
2. CLIMATE (ESG)
3. CHINA
4. "WOKE" CEOs
5. BIDEN FAMILY
6. TECH PRIVACY
7. FREE SPEECH ONLINE
8. EXECUTIVE OVER-REACH
9. COVID FEARMONGERING
10. THE IRS

#3. Mind the “WOKELASH”

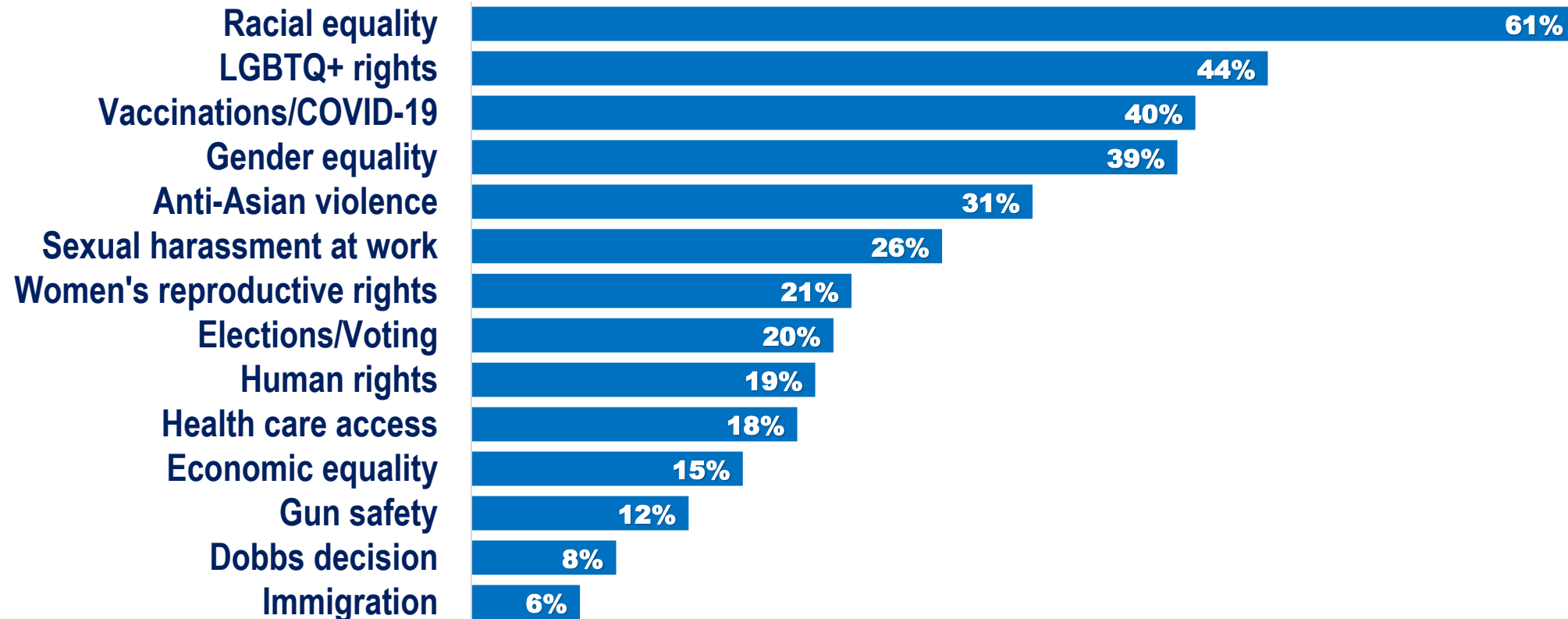


EMPLOYEES / ACTIVISTS PUSHED BUSINESSES TO ENGAGE

Business Leaders Started Speaking Out on Social & Cultural Issues



Share of companies taking public stands on social issues since 2020



ESG MAY GET HARDER

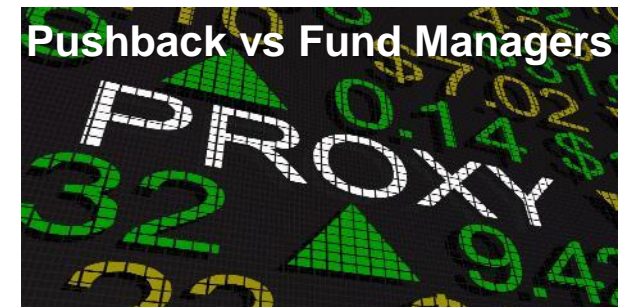
ENVIRONMENTAL



SOCIAL



GOVERNANCE



#4. Political Realignments

WHAT TO EXPECT IN 2023

New Forces Battling for Leadership & Control

THE HOUSE



THE SENATE



POLICY

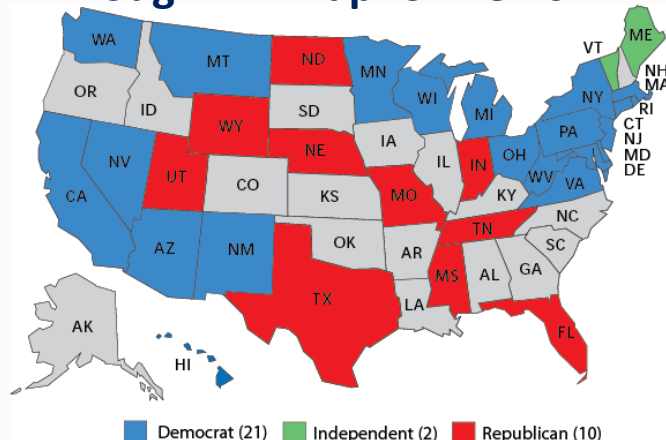


POLITICS

Litigating '22 Races



Tough '24 Map for Dems



2024 ELECTIONS ARE COMING

Hotly Contested Primaries Likely If Either Party Turns the Page

POLE POSITION



THE FIELD

Harris

Booker
Klobuchar

Buttigieg
Raimondo

Whitmer
Newsom
Murphy

Sanders
Warren
AOC

ESTABLISHMENT

ANTI-ESTABLISHMENT



Pence

Youngkin
Christie

Rubio
Cotton
T. Scott
Sasse

Haley
Pompeo

Cruz
Hawley

DeSantis

Tucker
Carlson



Cheney
Hogan
Hurd

Romney
Sununu

McRaven
Petraeus

Mark
Cuban

Change Is & Will Keep Coming.

Navigating a path forward in a zig-zagging Washington.

1. Big & Small:

Swing for the fences and **set bold goals**. Delays become reveals; incrementalism becomes market and political reality. Policymakers understand that politics is the art of the possible, but they don't start out wanting to settle/compromise. They start out wanting to be inspired. Give them the next great idea!

2. Love & Marriage:

Politics and policy. **Narratives AND data**. You can't have one without the other – not if you expect to be successful. Narratives get policymakers interested; data locks them in and gives them the confidence to convince colleagues. We should be constantly improving both our story and our data.

3. Rinse & Repeat:

Policymakers are bombarded with issues, and all the noise makes it hard to be heard. A strategy of **constant engagement** is necessary to not only stay on radar, but also learn from Members of Congress, the Administration and staff on how to overcome any resistance – not to mention find and build new champions!

THANK YOU, OKLAHOMA!

RECENT ANALYSES:

<https://bit.ly/Mehlman-Infographics>

MEHLMAN CASTAGNETTI
— ROSEN & THOMAS —

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