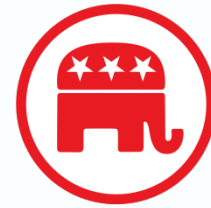




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2018 Midterm Election Review

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Divided Government Once Again

Since 2007 the United States has had divided government for eight of the last twelve years. It has emerged again as the Democrats appear to have won more than 30 seats to be taking control of the House of Representatives in 2019 even as the Republicans expanded their majority in the United States.

In the 2018 campaign Republicans failed to recognize that politics has two fundamental core principles: 1) For every action there will be an equally strong reaction and, 2) Politics are additive. To win a candidate doesn't need to win every vote but must at least try to persuade the persuadable. Candidates cannot just win over their strongest adherents, but instead must cobble together and convince those with more nuanced views that they can do a better job. 3) Fear can sometime be a good motivator but people like to hear appeals for hope and aspirations as well.

House Democrats, at least in 2018, seemed to understand this as they limited their nominations of extremely progressive candidates (Democratic Socialists) to districts that were safe for the them and kept them relatively quiet (not an easy thing) during the fall. They did this to prevent Republicans labeling the party as a whole as "far-left socialists," something that does not play well with Middle America.

In the end, Congressional Republicans in the House were frustrated by their political inability to take advantage of the strong economy and strong stock market. Many times, they were overshadowed by the President's rambling speeches at political rallies in rural areas that received television coverage in their suburban districts. Other times, particularly for business owners and farmers, frustrations emerged about the looming trade wars and immigration policies which placed restrictions on much needed labor, unsettled supply lines, and caused some loss of export markets.

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Combined, they created a new economic headwind that worked against the gains that the GOP thought they were achieving through their efforts to reduce regulation and business taxes.

The urban-suburban/rural divide remains very strong in a nation which has proven itself to once again be deeply divided. President Trump remains tremendously popular in the states which he carried by more than 15 percent in 2016 and his relentless campaigning for Republican candidates in, Indiana, Missouri and North Dakota where Republicans defeated Democratic incumbents, and perhaps also in Montana where it the race still too close to call. He also assisted in closing the gap but still coming up short in the Senate race against Democratic Senator Joe Manchin in West Virginia.

Both parties have reason to feel somewhat satisfied. The Democratic strategy of targeting women, minorities, and younger voter was validated their results in the House of Representatives where they did extremely well in picking up suburban seats not only on the East Coast, West Coast, Chicago and Minneapolis, but in also in Kansas, Iowa, and Oklahoma. Republicans targeting white and rural voters allowed them to win a number Senate seats held by Democrats in states where President Trump did very well in 2016.

Despite the good economy, only 41 percent of voters believe the country is moving in the right direction versus 56 percent saying it is on the wrong track, reflecting both the political and social divisions separating the country. Both political parties are deeply troubled.

Overall Results

Unlike 2016, the polls in 2018 were correct. As anticipated, the Democrats picked up 33 seats in the House of Representatives, 10 more than necessary to take control of the legislative body for the first time since 2010. In the Senate, the polls were also right, with different electoral outcomes with Republicans adding to their narrow majority by defeating a number of Democratic incumbents in states which where President Trump won by a landslide in 2016 and also added Florida to the list where the President's victory was much more narrow. Republicans faced an excellent political map where only 9 of their seats were up for re-election, compared to the 26 that Democrats had to defend. The Republicans managed to increase the size of their narrow majority by 1 seat, giving them a 52-48 vote edge. In perhaps a break from most recent Senate elections, in the narrowest 8 races which had less than a 6 percent margin of victory, the races seemed to have broken in the end to the Republican's advantage and President Trump's campaigning helped to bring out his base to strengthen the Republican control in the Senate.

It was a record turnout for a midterm election with highly motivated voters coming out all across the nation. The new Congress will contain over 100 women with a significant majority of them being Democrats.

43 percent of American voters named health care as the top issue for them, and this, not the investigation of President Trump, was the calling card used by suburban Democrats to win office.

Immigration, which was a focus of President Trump in the last days of the campaign only polled at 23 percent. The economy, which usually polls high, came up in third place at 23 percent.

President Trump was on the ballot

- **President Trump used the same tactics he employed in 2016, to the chagrin of some suburban Republicans seeking reelection**
- **The President focused on divisive issues like the immigrant caravan, birthright citizenship, and other things to galvanize his base, himself saying that talking about the great economy was “boring”**
- **His rhetoric lessened the “intensity gap” between GOP and Dem voters which helped the Republicans in the Senate , but hurt GOP candidates in suburban districts**

President Trump frequently reminded everyone who attended his peripatetic calendar of rallies that even if his name was not on the ballot, his Presidency was on the ballot. He made sure that the electorate knew that in this election, they were voting either for or against his policies and himself. Most Democrats, who almost always disagree with him, chose not to part ways in this assessment, although it did cause discomfort to Republicans running in marginal seats. The President chose to use his arsenal of tricks which worked for him in his 2016 election campaign, an election he was expected to lose, to bring the Republican Party to victory again.

Using high visibility wedge issues such as 2nd amendment gun rights, immigration, crime, Supreme Court appointments, and his assertion that Congressional Democrats would destroy the economy and weaken defense spending, the President sought to excite the Republican base whose larger than expected numbers were responsible for his own victory two years earlier. However, his tactics often frustrated the incumbent Republican legislators who felt that the President should instead be emphasizing the tax cuts in the GOP tax reform bill, an excellent economy, and remarkably low unemployment to win over people who might have not have voted for him in the 2016 election.

The President himself, who has good instincts on how to excite people at his rallies, said these conventional issues were too boring to excite his base. He chose, just as he did in 2016, to rely on his own feelings, and against the advice of the “so called experts” for whom he has little respect for. His efforts did reduce the “intensity gap” between the enthusiasm of the Democratic base and Republican base that had burdened the GOP for most of the year. However, it also brought corresponding anger which unfortunately is the fuel that feeds politics and also allowed him to win in 2016. This year the anger worked mostly to the favor of the Democrats in picking up suburban districts.

Reenergized Democratic Base

- **Democrats made gains in suburban districts that have been traditionally safe for the GOP, but voted for Clinton in 2016**
- **Two years of President Trump brought back the same coalition that elected President Obama**
- **Many House Republicans saw writing on the wall and retired early instead of risking defeat**

What is most interesting about the 2018 election is how in its aggregate, it is not that much different than 2016, as voters revealed to be once again mostly evenly divided along the lines of the issues that existed two years ago. President Trump received about 46 percent of the national vote in 2016 and this number held steady two years later. His campaign and governing style is admittedly different than most politicians, and has created a fervently polarized electorate that make voters either revere him or loath him.

In this case, the President's tactics and communication strategy created the reemergence of the old Obama coalition that consists of younger voters, African Americans, Muslims, Hispanics, Asians, single urban and inner suburban affluent liberals, GLBTQ community members, and single women. Many of these voters were less than enthusiastic about Hillary Clinton in 2016, but came out in record numbers in 2018 with the overwhelming majority of them voting for Democrats. Even before Election Day, there were some strong indications of their enthusiasm, with pre-election voting done through absentee ballots, mail, and early voting in about half the states, exceeding the entire number of early votes cast by their entire state electorate in 2014.

In 2016, President Trump benefited from the fact that blue collar Obama/Trump voters were concentrated in just a few important states, giving him the ability to win narrowly in the traditionally blue states like Pennsylvania, Wisconsin and Michigan, while almost pulling off the upset in Minnesota. He also ran the table in winning every swing state including Florida, Ohio, and North Carolina. Those same voters that he struck a nerve with in 2016 were his target audience in 2018.

The Romney/Clinton voters (about the same size as the Obama/Trump voters) were dispersed throughout suburbs all across the nation, often in safely red or blue states, thus minimizing their impact in the presidential election. This year saw the opposite. The heavily energized base of President Trump remains concentrated in rural communities, small towns and industrialized smaller cities. GOP House members who represented these areas on the whole did quite well. Democrats, of course, held on to their base of urban cities, affluent inner suburbs, and college towns.

What made the difference in the 70 swing seats of 2018 in the 435-member House of Representatives was the significant shift in votes in broader suburban areas, including the 25 seats currently held by Republicans that Hillary Clinton captured in 2016. These include a large number

of seats which had previously gone for Romney, McCain and Bush. Many of the Republican Members of Congress representing these districts knew early in the year that their seats would be in jeopardy and chose to retire instead of risking defeat. A staggering 38 Republicans in the House chose to retire instead of seeking re-election in a lot of these seats, although a fair number of them chose to run for a higher office. Republicans saw some of their worst losses in these seats Clinton carried and in about 25 other seats (mostly suburban) where President Trump won but with much smaller margins than recent Republican Presidential nominees.

Suburban Women Shift Away From Republicans

- **Fed up with Trump's governing style, women who previously voted Republican switched sides**
- **"Gender Gap" has become "Gender Canyon" in political differences between men and women**

The most notable reason for the Democratic victory in the House was not just from the revitalization of the Obama Coalition, but from the significant shift of support from married, educated, affluent suburban women. Throughout almost all of the last twenty years, this demographic generally voted slightly Republican. However, they voted for Democrats in 2018 by a more than a 10% margin. Among women overall, the split is 60-39 in favor of Democrats. In 2018, the famous "gender gap" that has seen Republicans faring better with men and Democrats faring better with women, became a gender canyon.

There are many reasons for this, but probably the greatest was not unhappiness over a particular issue, but instead, an intense dislike of President Trump's governing style, most notably his persistent use of late night and early morning tweets creating government policy and insulting those who he did not like. These suburban women voters were the most likely to be tired of the chaos, drama, and sought the same type reconciliation, peace, civility, and order that they strive to maintain in their families and expect from their governmental leaders. Many were also sympathetic to Dr. Blasey Ford, who accused Supreme Court Justice Kavanaugh of attempted rape, and to migrant families that were separated at the border. Americans say they want their President to unite us and Democrats, Republicans and Independents all cite our current divisions as a major problem.

The paradox of the defeat of so many of the suburban Republicans is that they, and not the ones who held on to their seats, were the ones who were most inclined to at least try or pretend to find common ground with Democrats, if they could. Former Congressman Charlie Dent (R-PA), who resigned earlier this year and chose not run for re-election called them and himself, "the governing wing of the Republican Party" which was less ideological and far more pragmatic. Democratic critics of them usually acknowledged their social affinity, but on also said they were the "enablers" of President Trump and the Freedom Caucus who main motive was to blow things up rather than to seek agreements.

A Democratic House

- Nancy Pelosi likely to become Speaker – though she may have to fight for it
- Investigations of Trump Administration will dominate the agenda
- A bipartisan compromise is possible regarding infrastructure spending

Democratic House

Resistance to GOP Agenda

- Investigations into Trump Administration and a slight potential for impeachment
- Traditional Democratic priorities will be in the spotlight but will not move forward

Republican Senate

Less Power, Focus on Judicial Appointments

- Senate will continue to focus on confirming judicial appointments
- Will be hard to pass anything through Senate with slim GOP majority



- Much of GOP agenda is in jeopardy. Further tax cuts, repealing the Affordable Care Act, reducing entitlement spending, and a border wall are impossible. Approving NAFTA 2.0 and infrastructure spending are still possible.

The big question for many analysts is whether Nancy Pelosi can remain the leader of the Democrats and return to be Speaker of the House. Rep. Pelosi's political prowess and ability to count votes is widely respected inside the beltway and it is more likely than not that the current slate of leadership in the House remains unchanged. While much attention was given to the approximately 47 Democratic challengers who pledged not to vote for Nancy Pelosi for Speaker, only 11 of them won with 4 seats being undecided at the time this article was published. Further complicating matters, the office of Rep. Tim Ryan (D-OH) told reporters on November 5th that he "has left the door open" to challenging Rep. Pelosi. He lost his 2016 challenge by a 134-63 vote. And while that result was resounding, most Members expected Rep. Pelosi to win, and were loath to oppose her publically, meaning that race could have been much closer. Some of the discontent towards her likely comes from a natural reaction to her serving as either Democratic Minority Leader or Democratic Speaker of the House of Representative for almost 16 years, which is a hard thing to do in the modern era when attention spans and patience have become notoriously short. Despite this, most people think she is expected to win again, although her tenure as Speaker might be comparatively brief.

Expect the Democrats to quickly unveil a series of initiatives telling voters that they are "draining the swamp," including lobbying reform legislation and a number of investigations into the Trump Administration. Most House committees will increase their investigative capacity under Democratic control and the numerous scandals that have been simmering throughout the administration. The

President's use of a personal mobile phone, Russian interference in the 2016 election, the President's tax returns, and others will receive enhanced attention and press coverage. These disputes will only prove to poison the relationship between the White House and House Democrats even further.

However, the growing chorus of liberals aiming to impeach the President will likely be kept at bay. Rep. Pelosi has made it clear she will not support impeachment proceedings without a "smoking gun" since she remembers the political price Republicans paid when impeaching President Clinton. The biggest wild card of 2019 will be Robert Mueller's investigation into the President and his associates. Depending on what he reveals, which is expected in the coming months, all of the 2019 Congressional agenda could be consumed with Presidential scandals.

Whether Rep. Pelosi is the speaker or not, you can expect the Democratic Party to proceed cautiously. They have just come back from serving 8 years as the minority party and don't want to do anything that will cause political difficulties for suburban Democrats. These suburban Democrats are coming to office after winning a previous Republican seat, but these seats could turn again to the other party if the progressive left tries to define all Democrats in their own image. Impeachment talks will be kept at bay, as will efforts to promote Medicare for all, a \$15 minimum wage and other things that have been the calling card of the political left.

However, there are a few areas where House Democrats could find compromises with the Trump Administration. Most notably, one of President Trump's big campaign promises, a massive infrastructure package, found little support amongst his own party. House Democrats will be eager work on legislation repairing roads, bridges, transit systems, and other projects. With the massive deficit expected next year it is unclear how those upgrades will be paid for, but Democratic resistance to public-private partnerships may wane and Republican apprehension towards raising gas taxes may diminish as the two sides seek a compromise and major legislative accomplishment. However, with a tight Republican majority in the Senate, it is unclear how this infrastructure deal makes it all the way to the President's desk.

Another issue, combatting opioid addiction, might be an additional area for bipartisan cooperation. President Trump on the campaign trail promised to do something to reign in high pharmaceutical prices. The Democrats may seek to force his hand to see whether or not he was being earnest. Even if they fail, they have another issue that they can use in 2020, which makes the national outrage over high drug prices and concerns that the opioid epidemic is undermining communities and families a win/win political situation for them.

Tax and Retirement Agenda

- **The 2017 Republican tax law will remain intact with possible technical tweaks**
- **Retirement security will be on the agenda in the lame duck and possibly next year**

Besides conducting oversight and investigations, House committees will turn back toward traditional Democratic priorities. But despite Democratic hopes to roll back the GOP tax overhaul of 2017, the Republican Senate will stop anything other than technical corrections to that law, which Democrats may allow if they receive some compromises in return.

In the House Ways & Means Committee, Rep. Richard Neal (D-MA) will ascend to chairman for the first time. A major priority for Rep. Neal has always been improving the nation's retirement system. After dispensing with his committee's portion of the infrastructure deal, Rep. Neal will likely turn to his previous legislative proposals regarding retirement, including bills to require most employers to offer a defined contribution plan, to simplify retirement savings rules, and legislation encouraging auto-enrollment and increases in savings rates among employer-sponsored plans.

During the lame duck session of Congress, it is expected that Congress will take up the bipartisan Retirement Enhancement Savings Act (RESA) that would allow unaffiliated small businesses to form pension plans together, includes a number of incentives for small employers to offer retirement savings plans, and other small improvements to the retirement system.

Retirement is an area that some Senate Republicans are also eager to work on. Like infrastructure, this could be another area of compromise between the two parties, though a major deal is unlikely to unfold.

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Financial Services Committee

- **Democratic ire at banks and lenders will be at the forefront**
- **Positive momentum likely on terrorism reinsurance, flood insurance, and bipartisan legislation to ease restrictions on raising capital for small firms**

The House Financial Services Committee will be helmed by the liberal Rep. Maxine Waters (D-CA), who has become a favorite and sometime unfair target of President Trump. While Rep. Waters has openly talked about impeaching the President, her work on the Committee will mostly stay away from that issue. Rep. Waters has been an ardent critic of large banks, especially Wells Fargo, which she recently suggested should be broken up.

Wall Street institutions, payday lenders, student loan institutions, auto loan companies, and large mortgage lenders will remain in her sights as ripe targets of investigations and legislation, which has relatively no chance of becoming law. She will also spend a significant amount of time reviewing the work being done by the Consumer Financial Protection Bureau (CFPB). During most of the last two years, the Bureau has been headed by Mick Mulvaney, a former Congressman from South Carolina who had two hats – head of the Office of Management and Budget in the White House and temporary head for the CFPB. His main role was to undo much of the work that had been done by his predecessor, Richard Cordray, during the Obama Administration. Mulvaney's work has earned the support of many in the lending business but infuriated consumer groups and Congressional Democrats.

On other issues, Rep. Waters has shown a willingness to compromise. Over the summer she worked with the Republican Chairman of the Committee, Jeb Hensarling (R-TX), her ideological opposite, on a wide-ranging bill that would ease financial regulations and protect investors. The House passed the bill, the majority of which focused on relaxing financial market rules to make it easier for growing companies to raise capital, by a massive 406-4 vote.

She is also a supporter of the Terrorism Reinsurance Act, a federal backstop for insurance claims related to terrorism and a big priority of the property-casualty industry, and will work towards a long-term reauthorization of the National Flood Insurance Program.

Deficits

- **Fiscal Conservatives in Congress have become a dying breed**
- **Expect deficits to grow unchecked**

In a parallel moment of the Obama Administration in 2010 when the Tea Party activists helped the Republicans win 63 seats to gain control of the House of Representatives, large budget deficits along with dissatisfaction with the Obama Affordable Care Act were the driving factors for victory. The net result of this was the beginning of an earnest effort by Congressional Republicans to enter into a deal with President Obama to reduce or at least slow the pace of federal spending. They never accomplished much but at least they tried.

With the nation at or near full unemployment in 2018, the federal deficit was almost \$800 billion and is projected to rise to \$900 billion next year. In addition, more than \$1 trillion will pile on every year after that. It is often said that it will take a bipartisan solution with both parties joining hands to do something that they don't want to do (for Republicans, raising revenue and for Democrats, cutting non-defense spending and entitlements) for something to happen. President Trump has shown little interest in this and with an eye to 2020, don't expect anything to happen, except for speeches lamenting the growing depth of the nation's fiscal problem. There are no willing partners for a deficit solution and this unfortunately makes the issue more dangerous and more difficult to address later on.

Trade

- **Democratic House could force Trump to include more worker and environmental protections in NAFTA 2.0 agreement**
- **May put a check on his trade war with China that has placed farmers and manufacturers in a precarious position**

President Trump has changed more than 70 years of Republican orthodoxy by moving away from rules based free trade policy in favor of the liberal use of tariffs and other tools, designed at least in the long term to openly address what he perceives as a global trade system that operates to the detriment of American business and workers.

During his first two years, he rewrote both the South Korean-U.S. Trade Agreement and the North America Free Trade Agreement with Canada and Mexico, imposed new high tariffs on the import of steel and aluminum as well as on goods coming from China, and threatened high tariffs on a number of products from the EU, the most notable being cars imported into the United States. Business groups have complained that the steel tariffs imposed this spring have already hurt U.S. manufacturers who are dependent upon using the metal as an essential component of their products. The Chinese have retaliated by raising tariffs and imposing unreasonable inspection requirements on the \$20 billion of U.S. Agricultural exports that come into that country, including \$14 billion of soybeans. Playing the long game, China has initiated efforts to diversify its agricultural supplies turning to countries such as Canada, Mexico, and Argentina to fill the gap. This has engendered long term fears from agricultural processors that if the market is lost, it can never be recovered.

The President's trade policies have brought more opposition within his own Republican Party (at least privately) than among Democrats, who since the 1980s have viewed trade as hurtful rather than helpful to American workers. It is possible that the President's political calculation might change if the economy begins to suffer because of the trade wars. This is likely to mean he could be satisfied with the types of deals that were achieved with South Korea and in NAFTA that modernized and modified existing trade agreements, but did not materially alter them. Democratic support might be needed to get these deals adopted, and the price for it could be greater worker and environmental protections. This is not something normally associated with a Republican President, but President Trump might accept the changes in the interest of "getting the deal done." Some Republicans might swallow hard on this, but they have shown over the last two years that they possess a remarkable capacity to accept things that they did not before.

Funding the Government and Debt Ceiling

- **Battle over debt ceiling will be contentious between Republicans and Democrats, may cause both parties to give concessions**
- **Trump has hinted in the past that he would be okay with a government shutdown if the blame goes on the Democrats**

As evidenced again by the Republican takeover of the House of Representatives in 2010, the main element of political leverage is the power of the purse, which is to keep the government open. In return for their votes, President Obama was forced to accept some concessions in order to keep the government open. President Trump is thought to believe that closing the government and possibly losing the ability of the government to pay off its debts might in fact be helpful for him, as the Democrats would take the blame instead of him. It is a high stakes game involving the lives of more than 330 million Americans. If a debt ceiling increase is not agreed to this summer, it could create havoc in capital markets including a reduction of stock prices, a figure that Trump has taken credit for increasing over the past two years.

It may be a question of who is going to blink first and the President will have not only Democrats to worry about, but also Congressional Republicans who hate voting for budget and debt ceiling increases. Many of them during the tenure of GOP Speakers Boehner and Ryan (2010-2018) became part of the "Vote No and Pray Coalition," which chose to register their vote in opposition but hope that it would be pass anyway so that they would not have to bear the consequences of their actions.

State Legislative and Governor Races

- **GOP had some big gubernatorial victories in Maryland, Florida, Georgia, and Massachusetts, but had some bad losses in Wisconsin, Illinois, and Kansas.**
- **Republicans still control majority of state legislators, but lost a sizable amount**

- **26% more women on state ballots than four years ago**

The general public's primary focus in Midterm elections is often at the federal level, not at the state level. Yet, state level House and Senate races are just as important as federal level races. For the 2018 Midterms, there are 36 races for Governor and 6089 state legislative seats up for election. Republicans entered Tuesday's election with a sizable advantage, controlling two-thirds of the 99 state legislative chambers, along with 33 gubernatorial offices. The GOP held a trifecta of power in 25 states, compared with just 8 for Democrats.

By almost all standards, the Republicans had no place to go but down. Many of the legislators came into power during the very good Republican years of 2010 and 2014, and the 4,120 seats that they currently hold is the highest Republican number in history. Incumbent Republican Governors Charlie Baker in Massachusetts and Larry Hogan in Maryland won landslide victories in heavily Democratic States. Both Governors, who embraced their independence away from the national Republican Party and President Trump, not only did well with Suburban voters who often vote Republican, but also with African American and non-Cuban Hispanic voters who are often counted on as reliable Democratic voters who favor non-ideological, problem solving Governors.

Republicans also won extremely competitive races in Florida and Georgia. The Florida Governor's race was arguably gubernatorial race with the highest amount of national attention as the Democratic candidate Andrew Gillum, who was seen as far left on Democratic standards, ran against Republican candidate Ron DeSantis, who was a candidate that did not shy away for his admiration of President Trump. Most polls had Gillum winning by a low margins, but nonetheless Desantis ended up victorious. Many Republicans also feared that reliable-red Georgia would fall to Democratic candidate Stacey Abrams, but that result ended up favorably for the GOP as well.

After the 2018 election, noted pollster Frank Luntz and other have said that which many Republicans have long felt. There is a hidden Trump vote of 2 to 3 percent which will never speak with a pollster and if they do, they will try to manipulate them into getting the wrong information so as to annoy the nation's elites.

While the GOP saw some bright spots, two term Republican Wisconsin Governor Scott Walker, as well as one-term Republican Illinois Governor Bruce Rauner, both were defeated on Tuesday. Scott Walker has been a controversial figure since he won his first election in 2010, making significant changes to Wisconsin labor unions. However, he was not able to pull out a victory in his attempt for a third term. Bruce Rauner in Illinois was also extremely unpopular, and lost by an expectedly large margin in his race. In Kansas, a deeply red state, the Republican favorite Trump-backed candidate, Chris Kobach lost as well.

The Republicans also lost six legislative chambers across the nation, bringing their numbers down significantly while still maintaining their majority. Democrats did a much better job recruiting women to run for state legislative seats, having 26 percent more women run on the ballot than they had four years ago. Many of them won.

What does this Portend?

Democrats remain hopeful that the poor showing of Republicans with educated and comparatively affluent suburban women, along with the increased participation of the old Obama coalition of the “ascendant” means the beginning of new political alignment that will spur them to victory again. This is possible, but if history is any guide, they will overreach like they have before and the electorate will shift again.

Republicans have many reasons to be worried. Their core of older voters is diminishing naturally while they are faring particularly poorly with younger voters and first generation immigrants whose populations are increasing. Millennials now account for the highest percentage of voters, eclipsing aging baby boomers for the first time. During the last ten years, the growing state of Virginia, once thought to be Republican, has now become a relatively blue state. North Carolina, once thought as mostly Republican, also is shifting more towards the center. Most worrisome for Republicans, it seems like their electoral crown jewels of Texas and Georgia are slowly but surely shifting to become more purple states as well. Like what is happening in the national level, the Republican Party’s message in the South is not playing well in the growing suburbs and the changing demography of this region.

What Does this Mean for President Trump?

Losing significantly in a mid-term election is something that persistently happens for the party of the incumbent President. The election usually is a referendum on the President, and those who are angry are usually the most motivated to vote, while supporters are mostly indifferent. Other recent Presidents like Obama and Bush chose to acknowledge their defeat and tried to learn from it. They shifted their rhetoric and positions to accommodate the new political reality, and emerged as better leaders. President Trump has already declared the election a “tremendous success,” even though the Democrats took control of the House. As many expected before, he refused to take the blame for the House loss and instead blamed the GOP candidates that chose to not align themselves with him.

In the weeks ahead, the President will highlight that fact that his persistent campaigning allowed the Republicans to maintain and increase their majority in the United States Senate, while blaming individual House Republican candidates for not embracing him closely enough. In his view, their apathy towards him ended up being responsible for their own defeat, and was a reason why he spent most of his time campaigning for Senate candidates instead of House candidates. With the loss of so many Republican suburban Members, the remaining members will become much more ideological and supportive of President Trump’s style of governing.

To a certain degree, the 2018 election allows the President to complete his own efforts to make the Republican Party into his own image, and to remove its roots away from the traditional Republican mold of the Bushes, Dole, McCain and Romney. Is this Conservative? Probably not the same type of conservative Americans are used to. The Obama/Trump older voters that remain his passionate supporters are not that much different than traditional conservatives on any number of issues,

including their opposition to tax cuts for businesses and middle class entitlement cuts to Social Security. The traditional Republican suburban voter is generally supportive of rules based free trade and a muscular U.S. foreign policy which promoted democracy and western values in coalition with other western democratic nations. President Trump's base often feels differently.

For most of his first two years in office, President Trump was inclined to let the Republican Congressional leaders establish the policy agenda. He was more detached than most other Presidents in trying to get major legislation like health care replacement and tax reform adopted. With the Democrats taking control of the House of Representatives and the retirement of current House Speaker Paul Ryan, a different course will be taken. The House Freedom Caucus, whose attempts on health care contributed to the defeat of a significant number of their Suburban colleagues, will find themselves with more power within the party to establish an agenda. This can embolden their cause, even though they will typically not have the votes to pass any of their agenda. Their effectiveness has come from saying no and not offering realistic alternatives. With the Republicans now in the minority, and a few of their own Members losing, their attempts will less legitimate than before.

What Does it Mean for Congressional Democrats?

Like the Republicans did during the first two years of the Obama Administration, the House Congressional Democrats have flourished during the last two years. In most respects, being freed of the responsibility of governing in the majority gives a license for a party to say and do what they want. This usually means opposing everything that the other party pushes and not laying out a workable agenda of their own.

This now changes with a Democratic majority.

Like the Republicans, the Democratic party has become more ideological. The challenge for the Democrats will be to keep their progressive wing satisfied while at the same time not allowing the far-left to define the party in a way that turns off moderate voters who make the difference in most elections. A microcosm of what could happen in the next Congress took place this summer with the Kavanaugh nomination. A number of progressive Senators on the Judiciary Committee used the hearing to elevate their own political careers, but may have caused some discomfort with voters in the middle.

For the Democrats, their most difficult issue might be immigration. The Republicans under President Trump have seemed to move away from embracing immigration, like they had done under Reagan and Bush. Instead, they have become generally more nationalist and afraid of both illegal and sometimes legal immigration. The new Republican brand of immigration policy, at least what was articulated in the 2018 campaign, involves protecting American citizens in the U.S. from new people entering the nation who bring, in the words of Trump, "drugs and crime."

The Democratic Party has failed to offer its own competing narrative. Its affluent voters and progressive activists embrace the party, while other components of its coalition are less

enthusiastic. Democrats have strongly opposed President Trump' Muslim immigrant ban and family separation policies. The most recent controversy regarded putting troops on the border to stop the migrant caravan making its way to the United States. The Democrats have thus far not taken the next step of offering their own policies on what they want to do to redress the pressing immigration issue. This was manifested by the fact that health care, not immigration reform, captured the bulk of their attention in the 2018 election.

Most Americans want greater border protections, legal status for people who are already in this condition based upon satisfying some obligations, and a commitment to try to integrate immigrants faster and better into the U.S. society through the teaching of English and the development of job skills. The political class mostly knows this but cannot quite find a way to get a deal done

Conclusion

The political division of the country correlates its broad and growing sharp divide. The election results offer a predictable assessment of where we stand as nation, but regrettably will do nothing to facilitate the resolution of difficult issues such as our growing debt problem, health care reform, and immigration. It instead offers only the same path of discordance on which we have travelled for most of the first two decades in this century. Someday it will have to change, but don't expect that happen in the next two years.