

More of the same?

US midterm elections and the final Obama years

Matt A. Mayer

I am writing this piece exactly one month before the midterm elections in the United States, which will determine control of the U.S. Senate and the fate of President Barack Obama's final two years in office. With the results now in, it is critical to analyze how those results will impact where the United States goes from here.

The status quo today

Currently, Republicans control the U.S. House of Representatives with a 233-199 majority and three vacancies. Given the historical midterm election trend in which the President's party loses seats in Congress, no credible prognosticators expect Republicans to lose control of the U.S. House.

At the same time, Democrats control the U.S. Senate with a 55-45 majority, as two independents vote with the Democrats. Going into the election, both parties have a strong hold on 45 seats, with ten key races left to decide which party will control the U.S. Senate. As of today, I expect Republicans to defeat incumbents in Alaska and Arkansas, as well as hold Republican seats in Georgia, Kansas, and Kentucky. All five of those states are strong Republican states that voted against President Obama twice.

Democrats likely will hold incumbent seats in Colorado, Iowa, New Hampshire, and North Carolina. If these predictions hold, then the U.S. Senate will be at 50 Republicans and 49 Democrats, with just the Louisiana outcome left to determine control of the U.S. Senate. Louisiana uses a 'jungle primary' system where all candidates are on the bal-

lot in November. If no candidate gets more than 50 percent of the vote, then the two candidates with the most votes face a winner-take-all runoff in early December. It appears there will be a runoff between Democratic incumbent Mary Landrieu and Republican Congressman Bill Cassidy.

If Representative Cassidy wins, then Republican Minority Leader Mitch McConnell from Kentucky will become the Senate President with a single vote majority. If, however, Senator Landrieu wins reelection, the U.S. Senate will be split 50-50. That means Vice President Joseph Biden, as a Member of the U.S. Senate in the case of a tie, gets to cast the deciding vote for control of the U.S. Senate, which would result in Senate President Harry Reid from Nevada maintaining razor thin control of the U.S. Senate.

What this means for tomorrow?

With continued Republican control of the U.S. House and either outright control of or a deadlocked U.S. Senate, I expect America's hyper-partisan political environment to continue leading up to the 2016 Presidential and U.S. Senate elections. Both parties will do whatever they can to create the best environment to win those elections, with the ultimate goal being total control of the Presidency



and Congress in 2017. Whether fair characterizations or not, the perception is that President Obama simply doesn't like Republicans and Republicans don't like President Obama. This animosity hits the political, policy, and personal spheres. It also means continued dysfunction in Washington.

To be fair, part of the dysfunction has nothing to do with what each party thinks of the other; rather, the dysfunction is due to how congressional districts are created after each U.S. population census and the lack of term limits to weaken the power of incumbency. As more congressional districts have become safe Republican or safe Democratic seats (i.e. a seat with a strong majority for one party), those seats have become driven by more conservative and more liberal factions. Winning in November is an afterthought because the real election occurs in the primary, as each party's base drives the outcome. The opportunity and interest in reaching across the aisle shrinks each passing election as more and more Members of Congress hail from the wings of the parties.

Short of a major event like another large-scale terrorist attack or a major recession, I don't foresee either party

changing its way in the near future. The only way major changes will occur is if one party exits the 2016 elections with total control.

What can we expect from President Obama's final two years?

More of the same. That means petty tussles with Congress, budget fights, a possible government shutdown, and unilateral executive action by President Obama. If Republicans take control of the U.S. Senate, you can expect more congressional investigations of the Obama Administration and enormous confirmation battles over any U.S. Supreme Court vacancies. Let me be crystal clear. America and the world face serious issues that need to be addressed over the next few years. Here are a few items that are most likely to require action over the next two years:

Jobs

The United States is adding jobs each month, but not at the pace necessary to create broad-based prosperity for all Americans. The drop in the unemployment rate is grossly misleading because the drop is largely due to Americans

[Dark clouds gather over the Capitol. The animosity Republicans and Obama hits the political, policy, and personal spheres. It also means continued dysfunction in Washington \(photo: Flickr/Stephen Melkisetian\)](#)

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leaving the labor force. Specifically, the Labor Force Participation Rate (those Americans working or looking for work) is at a 37-year low. Because those Americans don't count towards the unemployment rate, the 5.9 percent unemployment is more realistically closer to 10.0 percent.

Similarly, the average incomes of Americans have stagnated over the last six years. Thus, between record levels of people not working and those who are seeing little to no income gains, the sentiment among many Americans is pessimistic. The political parties will attempt to do something to fix these issues, but there is currently little agreement on how best to do so. For example, the parties can't even agree on expanding trade with Europe.

National security

As I wrote in these pages after the 2010 elections:

"Obama's foreign policy weakness also means a stronger Russia, China, North Korea, Iran, Pakistan, Somalia, and Yemen. Should regional instability occur, the fragile global economy could slide back into recession, which would devastate the already weak recoveries in the U.S. and Europe... The likelihood of peace between Israel and the Palestinians has grown dimmer, as Obama's weak and sporadic actions have left a void filled by more tension between and arbitrage by the parties."¹

Four years later, that outcome seems prescient after the Russian invasion of Ukraine, the increased fighting between Israel and Palestinians, and the rise of the Islamic State of Iraq and Syria (ISIS) in the Middle East. The world seems to be teetering on the knife's edge, just one swift wind away from toppling over.

Beyond the debate in America concerning the actions we should take to deal with ISIS, a rising element of the Right seems poised to cut defense spending and keep America out of foreign entanglements. After the price we've paid in Iraq and Afghanistan – a price some believe was too high – few can blame this pseudo-isolationist movement. With Europe's already anemic defense spending levels, if Uncle Sam stops policing the globe and securing the trade lanes, who will? Over the next two years, this debate will certainly heat up.

Corporate taxes

The American recovery from the financial collapse in 2008 has been weak, at best. Many corporations are seeking more favorable environs outside of the United States, especially in

reaction to our relatively high corporate tax rate. It appears to be a safe bet that President Obama and Congress can reach an agreement on reforming America's corporate tax code to make our companies more competitive globally.

Energy

It was unthinkable just five years ago that America would become energy independent. The birth and growth of hydraulic fracturing married with horizontal drilling has reinvigorated our energy landscape. With record levels of

*The real election
occurs in the primary*

natural gas and oil, America is poised to replace Middle East instability and Russian extortion with a stable, affordable supply of energy to Europe and beyond. Two of the key fights in the United States will focus on the

proposed XL pipeline expansion and the export of oil. It would be shocking if Washington can't leverage this energy renaissance to increase global stability and grow exports.

Transportation

Like Europe, America's transportation infrastructure is aging and, in some cases, in dire need of repair or replacement. The positive outcome from creating more fuel efficient cars is that people are needing less gasoline. The downside of that decrease is the combined federal and state gasoline tax largely funds transportation projects in America. With fewer gallons of gasoline being purchased, less gas tax money is being sent to the transportation fund. Given the pressure businesses are putting on policymakers to strengthen the transportation supply chain infrastructure, President Obama and Congress will propose solutions to solve this issue.

What issues won't get solved?

Several issues will be put on the shelf until after the 2017 elections; namely, immigration, federal government spending, dealing with the national debt, and entitlements.

Although both political parties want to lure the Hispanic vote by doing something on immigration, their solutions are not aligned. President Obama will continue to use his executive



powers to legalize as many illegal immigrants as possible, as Congress and interest groups file lawsuits claiming that he is abusing his constitutional powers. Finding the right solution to secure our borders, reform our visa system, and legalize the millions of illegal immigrants already here simply won't be easy.

On federal spending and the national debt, politicians on the Right like to campaign on the issue, but when elected lose interest in actually getting a handle on spending and the debt. Because no one knows when the tipping point is at which foreigners will stop buying our bonds, the urgency to reduce both items waxes and wanes with recessions and expansions. Nonetheless, the burden we are placing on future generations is morally wrong.

Finally, as with Europe, America's entitlement system is straining under the weight of growing enrollments and costs. In the United States, the three government entitlement pillars are Social Security (retirement income for seniors citizens), Medicare (healthcare for senior citizens), and Medicaid (healthcare for the poor). As Americans have aged and lived longer, a greater number of people qualify for Social Security and Medicare for longer periods of time. Programs established to provide support for the last few

years of life have now become programs used for decades by a growing number of people.

Likewise, with the passage of the Patient Protection and Affordable Care Act (Obamacare) that incited states to expand Medicaid eligibility from 100 percent of the Federal Poverty Rate (FPR) to 138 percent of the FPR, roughly half the states did so. As a result, the Medicaid rolls are growing significantly and, as expected, containing people who require more expensive medical care.

In analyzing federal entitlements, the U.S. Congressional Budget Office (CBO) projected that "the gap between federal spending and revenues would widen after 2015." By 2039 the deficit would be back at the level of 1946 (6,5% of GDP), as would be the level of federal debt held by the public (106%). In addition, the report states: "According to CBO's projections, the percentage of people who are age 65 and older will" also increase significantly by 2039, especially in relation to the percentage of people ages 20 to 64. The latter group will only increase by 11%, whereas the group of people who are age 65 and older will increase by 82%. To balance federal spending and revenues by 2088, CBO projects that an increase of payroll taxes by 4%, a reduction of scheduled benefits "by

[Obama's reelection in 2012 allowed him to escape the one-term comparison to Jimmy Carter, but the weariness Americans are showing for him and the growing domestic and foreign policy failures of his presidency place him in a Carter-esque bubble \(photo: White House/Pete Souza\)](#)

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an equivalent amount, or some combination of tax increases and spending reductions of equal present value” is required.²

America’s day of reckoning on entitlements is coming, but the political parties will continue to punt the ball to future officeholders so as not to upset the one voting bloc – senior citizens – that still votes at high levels every election.

Parallels with Europe

In many ways, the fight Europeans see happening in America is really the same philosophical fight occurring in Europe between the European Union and Member States. At the core of both fights is the question: where do you want the locus of power over your life to reside?

In Europe, a strong plurality of Europeans appears fairly comfortable with the locus of power residing in Brussels. At the same time, a strong minority of British, Dutch, German, French, and citizens from other European countries, believing the European Union has taken too much power, want the locus of power back in their countries. Words like sovereignty, competencies, bureaucracies, and citizenship have fundamental meaning and power to many Europeans, sometimes in conflicting ways.

In the United States, the American Left believes the federal government is a force for good whose growth has been a positive force in the lives of the poor and disenfranchised. In stark contrast, the American Right feels the federal government has ridden roughshod over the power of the states, leading eventually to America’s decline. Words like federalism, decentralization, centralization, efficiency, and limited government will lead the debate on which level of government should hold most of the power over our lives.

These vigorous debates in Europe and America will determine whether the West can renew its global leadership as liberal democracies or if our collective time as passed.

The legacy of Barack Obama

In 2010, I wrote:

“Obama may find that he is like Icarus: once the veneer of competency and moderation come off his persona, no amount of action can save him from his fall. Should he become a one-term failed president, it won’t be Carter’s name people refer to anymore when talking about the worst modern president.”

Without doubt, President Obama’s election in 2008 was a historic moment for the United States. His reelection in 2012 allowed him to escape the one-term comparison to Jimmy Carter, but the weariness Americans are showing for him and the growing domestic and foreign policy failures of his presidency place him in a Carter-esque bubble. People like him, but increasingly believe he is in over his head.

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All is not lost, however. Both Ronald Reagan and Bill Clinton had second term scandals that dented their popularity (Iran Contra and Monica Lewinsky). Both men moved skillfully past those scandals and engaged in

actions popular with large swaths of the American public. As a result, their presidencies ended very positively, with President Reagan (63%) getting George H.W. Bush elected in 1988 for a third straight Republican presidential term (Al Gore kept President Clinton (65%) at a distance in his narrow 2000 election loss). Whether President Obama can recover will determine the economic and security environment of not just America, but the world. More of the same simply won’t cut it, yet he seems incapable of getting past partisan politics.

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Would you like to react?

Mail the editor: redactie@atlcom.nl.

1. Matt A. Mayer, ‘Of waxed wings. Obama’s reality check after the midterm elections’, *Atlantisch Perspectief* no. 7, 2010.
2. CBO: *The 2014 Long-Term Budget Outlook*, July 2014, accessed at www.cbo.gov.