

# Memorandum

---

**From:** The Smith-Free Group  
**Date:** July 11, 2022  
**RE:** The Big Casino – July 2022

---

## Political Overview

We have all heard the proverb that counsels, “may you live in interesting times”. But after the rapid-fire series of events over the last few years, we think it fair to say that many of us are ready to live in boring times for a while. Four surges of Covid-19, a chaotic post-2020 election, the worst inflation in 40 years, and the largest armed conflict in Europe since World War II have all contributed to a broadly held national sense of fatigue and distress.

Naturally, that unease has pervaded our politics. Right Track/Wrong Track measurements in surveys routinely come out 20/70, and the June consumer sentiment numbers from the respected University of Michigan survey were at 50.0, down 14% from May and 41% year over year. The current and most recent former president, the titular leaders of the two major parties, consistently enjoy in surveys nearly identical – and mediocre – approval/disapproval numbers (40-52).

In Washington, we continue to see physical signs of our collective disquiet. Once again, security fencing rings part of Capitol Hill – the Supreme Court, in the wake of the *Dobbs* decision – and it remains comparatively challenging for the public even to enter the congressional office buildings, a security feature still in place in no small part due to the January 6<sup>th</sup> attack on the Capitol.

Yet, for all our problems we do think claims of the country actually coming apart at the seams or Democracy being fundamentally threatened are far overblown. Compared to the 2008 economic crisis, the stark recession of the early 1980s, or the tumult of 1968 (daily body counts from Vietnam, assassinations, riots and burning of American cities), we have come through much worse in the recent past and should not believe in the propensity of each generation to think its problems are novel and pre-eminent. And around the edges, there continue to be glimmers of good news. The strong July jobs report, and a Federal Reserve signaling it will do what it takes to strangle inflation (hopefully without inducing a full-blown recession) hopefully presage an economy that can weather the storm.

Less than four months before the mid-term elections, inflation far and away remains Americans' [biggest worry](#). Voters seem in the mood to blame and to punish the party in power for high prices; but, still, the recent plateauing of gas prices, even dips in some parts of the country, might have contributed to a leveling of Democrats' slipping poll numbers. Since the Court handed down the decision in *Dobbs*, "brushfire" surveys even temporarily showed as much as a five-point uptick on the generic ballot for Democrats, although after initial passions cooled over the past few weeks the GOP has maintained a [small but consistent overall lead](#). In the end, Amy Walter is probably right that it is [too early to know](#) if this is a short-term surge or if it will have lasting staying power into the fall.

Many pundits argue voter attitudes tend to harden as summer progresses and are hard to move after Labor Day. This is even more important now that so many states have early voting in the fall, some starting as early as September, shrinking the window for Democrats to turn around public perceptions. Consequently, it is useful to compare President Biden's 40% job approval in the rolling Gallup survey to similar points for the most recent presidents whose parties faced upcoming mid-terms – Trump (39%), Obama in 2014 (41%) and 2010 (45%) and Bush in 2006 (38%). The results from these elections make it easy to see why Democrats continue to harbor such concerns, an increasingly regular condition that led one analyst recently to decry our quadrennial "[Ping-pong politics](#)".

Still, if Democrats can salvage some legislative priorities from the final push for Build Back Better, they will have some successes to tout – BBB, infrastructure, installation of a new Supreme Court justice, and enactment of a first legislative step to address the horrible recent flurry of mass shootings. Already states are stepping up efforts under the Infrastructure and Jobs Act, often coinciding with announcements about [spending and investment](#) from the White House. Whether all this amounts to enough to overcome GOP criticism about inflation, gas prices and public safety remains to be seen. But it is arguable that things now do not seem quite so bleak for Democrats as they did not too long ago.

As for the always looming specter of Donald Trump, his uneven record in 2022 endorsements has undercut his standing somewhat with Republicans and reportedly intensified his thinking about whether to make another White House run in 2024, the speculation being that an early entry would scare away potential challengers. A drip-drip of polling data shows a slow rise in the number of Republicans who do not think he should run again and seems to prove a simmering theme about why his [appeal is slipping](#). This in turn has led to speculation that maybe the [core of his supporters](#) is more important to him than he is to them. However, let's be clear: Trump is still a dominating player in the GOP ether, but more and more evidence shows he is not THE dominant figure he was not too long ago. On a parallel note, Dems have watched a similar dynamic unfold as more and more party stalwarts have gone on the record in questioning whether the president should run again in 2024. Concerns about his [public](#)

[performance](#) are more than simple pearl-clutching and the low hum of dissent against the party “establishment” undergirds the challenges by restive, far left activists against more moderate candidates in the 2022 primaries. That record has been mixed so far, but it serves as a flashing warning sign for Democrats already facing a challenging campaign season and lies at the drive by party leaders to show “fight” for the Build Back Better initiative.

### **Legislative Agenda**

The stop-start pattern of congressional activity commences again today. The schedule has always been critical to the movement of legislation, but even more so today because of the recent irregular rhythms of Congress. Activity in the House in 2022 has been sporadic at best, alternating between “regular” sessions, remote “committee work weeks” and “district work periods”. This has suited the desires of Democrats to be home and close to frustrated voters while also dovetailing with the reality that only a handful of bills are likely to pass the 50/50 Senate.

As for the loyal opposition, House Republicans are openly measuring the drapes when it comes to new offices for a 2023 majority, this despite the recent [admonitions](#) from Rep. McCarthy about counting chickens before they hatch. While the business community has been warming to “The 147” who voted against certification of the 2020 election, looking at the make-up of the current GOP conference as well as likely new members raises the question of just how business-friendly a Republican-controlled House next year will actually be – at least “business-friendly” in the usual take of the phrase. This is a subject we plan to explore in future editions of the Big Casino.

While the name of the legislative game this year has been the United States Senate, legislative battles there in recent years have more resembled World War I trench warfare, both leaders tactically probing for even the smallest weakness in hopes of exerting tangible pressure on the other. It is no accident Sens. Schumer and McConnell might be the two most patient and tenacious members of the body, indispensable qualities to lawmaking now.

One striking, recent turnabout on the Hill and in Washington generally has been the rapid decline in the intensity of public discussion about Ukraine. It was barely a month ago that the pounding of war drums threatened to drown out most all other legislative debate. But the drop in rhetoric and at least public activity around discussions of Ukraine has been precipitous. As always, if events in eastern Europe take a turn, matters of national security can quickly crowd out the legislative agenda. But, for now, broad focus of it on the Hill has diminished.

In the House, the weeks leading up to August will be dominated by appropriations matters. Because the process is largely broken, annually ending in unwieldy CR and Omnibus talks, it has diminished the

importance of House floor efforts. Still, House action gives its appropriators a tactical advantage in year-end talks with senators and bears watching. We continue to advise young staff looking to understand the nitty-gritty of policymaking to scrutinize enacted spending bills for lessons in how lawmaking actually works.

Finally, it appears House Democrats sense a political advantage on the hot-button issues of abortion and guns, and we should expect hearings and legislation throughout the month (i.e., protect women travelling across state lines for abortions, expand AMBER alerts warnings during active shooter incidents) that Democrats think will help them drive messages going into the fall.

### “BBB is Dead! Long Live BBB!”

Give Senate Democrats an “A” for effort. Their insistence on making lemonade out of lemons following Sen. Manchin’s announcement in December has led to small steps of progress in the health section of Build Back Better and an uptick in the chances of enacting a package before reconciliation instructions expire at the end of the fiscal year on September 30<sup>th</sup>.

Democratic focus on BBB has the twin benefits of showing a restive political base their leaders will fight for priorities while also masking an otherwise threadbare legislative agenda – or at least distracting from an unrealistically ambitious agenda that has little chance of passage by an evenly divided legislature. Even before Senate Republicans threatened the future of the bipartisan USICA/China bill by tying it to BBB, decision-making surrounding Build Back Better – how to use offsets, tax issues at play, the scope of a potential bill – had impeded conference committee work on USICA.

By any account we can find, conventional wisdom on the Hill points toward any final BBB focused almost exclusively on health matters, mainly prescription drugs, plus another priority especially of House Democrats – extension of Affordable Care Act subsidies and tax credits. Stripping down the tax title to politically palatable tax hikes on upper-income earners (e.g., closing the 3.8% Medicare tax “loophole” on certain pass-through income) and jettisoning the complex international tax proposals and relatively controversial energy and climate provisions might ultimately pave the way to enactment before the reconciliation instructions expire on September 30<sup>th</sup>.

### **Worth a Read**

Here is even more proof that middle school kids are [smarter](#) than the rest of us.

Drone delivery is coming [sooner](#) than most people think.

Here are the White House [visitor logs](#) for March....

...and here are the [salaries](#) for White House personnel.

### **Calendar**

July 20	National Hot Dog Day
July 24	Pioneer Day
July 29	House recesses for August
July 30	Islamic New Year
Aug. 5	Senate recesses for August
Aug. 10	National S'mores Day
Aug. 11	Iowa State Fair begins
Aug. 12-13	Perseid Meteor Shower
Sept. 11	National Grandparents Day
Sept. 17	Oktoberfest starts in Germany