

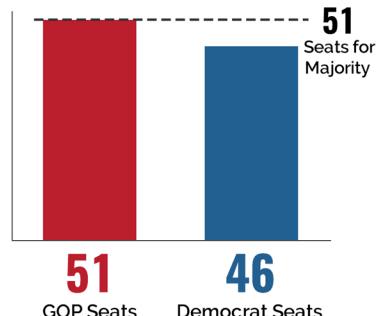
# NAVIGATORS INSIGHTS

## POST-ELECTION OVERVIEW

After an eventful evening, the 2018 Midterm Election results matched most national predictions. Below are key takeaways from the results.

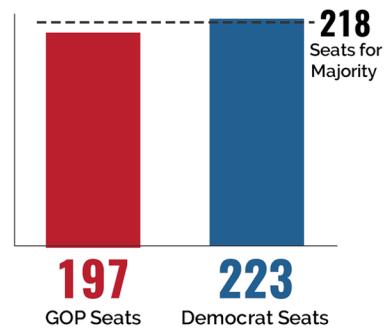
### SENATE

The Republican Party maintains control of the Senate, holding a 51-46 edge in the upper chamber. Rick Scott declared victory in Florida's Senate race and currently holds a voting edge. Incumbent Bill Nelson has not conceded the contest, however, and it appears to be heading for a recount. In Arizona, Congresswoman Martha McSally maintains a lead, but the close nature of this race means it will likely remain undecided until later in the week. In Mississippi, Senator Cindy Hyde-Smith is headed for a runoff against Democratic challenger Mike Espy on November 27th, where she is heavily favored for the state's junior seat. We continue to monitor the Arizona and Florida Senate contests.



### HOUSE

In the House of Representatives, the Democratic Party regained control for the first time since 2010. Current results give the party an approximate 223-197 lead. Close contests in the races yet to be called indicate that final totals may remain unknown for days to come. We continue to monitor outstanding House results in California, Maine, Texas, and Washington, among others.



### GOVERNORS

The only outstanding Governor race is in Georgia, where Brian Kemp maintains a lead. There is a possibility that a slim margin of victory triggers a runoff in December. Overall, the electoral map favored the Democratic Party, which picked up 7 seats and closed the national gap to 26-23 (in favor of the GOP).

### LEADERSHIP

#### REPUBLICAN HOUSE LEADERSHIP ELECTIONS: Week of November 13

Congressman Jim Jordan (R-OH) announced a bid for Minority Leader. He'll be challenging Kevin McCarthy (R-CA) for the top role in the next Congress; Congressman Steve Scalise is running for the Minority Whip position, likely behind McCarthy.

#### DEMOCRATIC PARTY HOUSE LEADERSHIP ELECTIONS: Week of December 5

Nancy Pelosi (D-CA) is set to regain her former position as Speaker of the House.

#### SENATE LEADERSHIP ELECTIONS

Aside from Senator John Thune (R-SD) taking over as Majority Whip for the term-limited John Cornyn (R-TX), we do not expect any leadership changes in the Senate at this point.

# POLICY IMPLICATIONS

The Trump Administration has already begun to outline its priorities for the coming year. While divided control of the House and Senate will play an influential role in the Administration's pursuit of its goals, we expect the White House to maintain its general course while gearing up for the 2020 presidential election.

Tuesday's results mean we could see an extended period of policy gridlock in Washington, D.C., especially on major legislative items. Any Democrat-passed bill in the House would need Republican support to both clear the 60-vote hurdle in the Senate and survive a Presidential veto. Depending on early results in Congress, the Democratic Party could quickly turn its attention toward 2020. The primary concern for the White House under a Democratic House will now be the increased focus on oversight and investigations into the Administration. These committees, such as the Judiciary, Homeland, and Oversight Committees, have subpoena power and Administration staff is already bracing itself in anticipation of Democratic committee leader actions.

Given the makeup of the House and Senate, potential impeachment proceedings – while still a possibility – will likely go on hold until at least next year. In the Senate, we will likely see a continued emphasis on judicial confirmations.

## POTENTIAL FOR BIPARTISANSHIP

The early Democratic Leadership-Trump Administration relationship could set the table for cooperation, especially if both parties wish to demonstrate to constituents that there remains a desire to get things done in Washington, D.C. Operating under this assumption, it is possible that a Democratic House majority could find areas of cooperation with the Trump Administration. While Democrats may be reluctant to give Trump a victory, common ground could be found in advancing a new infrastructure plan, coming to a consensus on a minimum wage hike, and reaching a deal on drug pricing control. However, skepticism remains over successful passage of these items.

On trade, Democratic and Administration priorities could align on items like the new United States-Mexico-Canada Agreement, although they would need to see meaningful overhauls to the agreement before any sort of quorum could be reached. The volatility created by the midterms also has representatives from the other members of the agreement – Canada and Mexico – concerned that the deal could be changed before being ratified.

## EXECUTIVE ACTION

We still expect the Administration to accelerate its use of executive actions, including on issues such as deregulation, indexing capital gains, and spending cuts. Since we do not expect any major deals to be reached given the potential disagreement between a Democratic House and the Trump Administration, immigration could also be addressed through this method.

## NAVIGATORS INSIGHTS: POST-ELECTION REPORT

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