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## CAPITOL ANALYSTS NETWORK, INC.

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### **THE MEDIA IS WRONG: THE HOUSE GOP "WON THE SHUTDOWN"**

Do you like your job? You probably do, perhaps because it provides you with financial stability, intellectual challenges, structure, and identity. If so, you are like members of Congress. They also like their jobs and, like many of us, they will do a great deal to hold onto their employment. Two hundred House Republicans just did.

Unlike regular folk, however, there are only two ways that members of Congress can get fired: lose a primary or lose a general election contest. They understandably spend considerable effort reducing the risks that either mishap may befall them. Many believe November general elections pose great risks because the voters can vote them out every two years, but this risk has been falling continuously since 1840-1865 when twenty percent to thirty percent of incumbents were defeated, according to [historic House reelection statistics](#) (see page 656) .

Today, general election risk holds little fear for 362 of 435 House members. They come from safe districts where they won 55 percent or more of the vote in 2012, and often their winning percentages were much higher. This fact shapes House behavior which we describe today. In our next companion paper, we will discuss the source of Senate dysfunction, and draw broader conclusions about investment implications of the modern broken Congress.

### **Voters Do Not Choose Congressmen, Congressmen Now Choose the Voters**

These lopsided victories within Congressional districts are intentional. They were manufactured by partisan governors and state legislatures who carved out safe seats for their partisan congressional allies after the 2010 Census. In states with divided government, bargains often were struck to protect incumbents, with one GOP congressman having his district hardened for every Democrat who received symmetrical protection from general election voters. Such gerrymandering is not new. It was invented by Massachusetts Governor Elbridge Gerry in 1812. The personal computer and advances in software design made it possible to optimize the congressional district mapping process inexpensively in any state in 2011, once the 2010 Census results were in hand. As a result of politicians picking the voters, at most only 17 percent of congressmen, approximately 73 House members, worry about the 2014 general elections after reading their 2012 winning results. Here is a summary table of the 2012 House election results:

2012 Election Results: Order in the House!		
	<b>GOP</b>	<b>Dem</b>
Less than 55 Percent	33	40
55-55.9 Percent	58	24
60 or more Percent	143	137
<b>Totals:</b>	<b>234</b>	<b>201</b>

The election result tabulation above overstates November 2014 general election risk because only 18 Democrats and 6 Republicans won in districts that their 2012 party presidential standard bearers failed to carry. Fewer congressmen have ever lived "behind enemy lines" than now. Recruitment failures also frequently produce weak House general election opponents.

**Kill One, Terrify Ten Thousand**

While general election risk is minimal for at least 80 percent of the House, it is present in primaries, the only contests that could seriously threaten every House Member's job. The cause is the rise over the last twenty years of partisan enforcers. From the left, House Democrats especially fear antagonizing MoveOn.org, the Daily Kos, the Huffington Post, Emily's List, and the AFL-CIO. From the right, the House GOP fears the Club For Growth, FreedomWorks, Heritage Action, and local Tea Party organizations. These groups practice headhunting inside their own parties and have adopted Sun Tzu's stratagem from the "Art of War": Kill One, Terrify Ten Thousand. It worked in China in 500 B.C., and it often is successful now in U.S. politics. To see an example of an enforcer at work, click [primary my congressman](#).

Worried congressmen know that trouble arises whenever true believers in their party suspect that they are no longer one of the faithful. All it takes for a threat to emerge is an ambitious and credible man or woman to step forward with support from one or more of the well-heeled partisan enforcers. These outside groups can write checks that pay for much of the primary expenses of a challenge, forcing incumbents to drain their time and wallets of their supporters. Almost all challenged congressmen defeat such intra-party confrontations. Only four Republicans have lost such intraparty nomination fights to private citizens in the last two elections. However, while challenged members typically win primary fights, the struggles weaken them at home and require the expenditure of considerable energy. When fatal, congressional careers usually come to an ignominious end. All but the most secure members from safe districts believe the best way to avoid such risks is not to stray far from the ideological line.

These are the 19 House GOP members still fearing thunder on the right in 2014:

GOP House Incumbent	State	District
Martha Roby	Alabama	2
Rick Crawford	Arkansas	1
Buck McKeon	California	25
Gary G. Miller	California	31
Mike Coffman	Colorado	6
Mike Simpson	Idaho	2
Adam Kinzinger	Illinois	16
Aaron Schock	Illinois	18
Larry Bucshon	Indiana	8
Dan Benishek	Michigan	1

GOP House Incumbent	State	District
Kerry Bentivolio	Michigan	11
Steve Palazzo	Mississippi	4
Steve Daines	Montana	AL
Renee Ellmers	North Carolina	2
Frank Lucas	Oklahoma	3
Greg Walden	Oregon	2
Bill Shuster	Pennsylvania	9
Scott DesJarlais	Tennessee	4
Pete Sessions	Texas	32

## **GOP Primary Risks and "The Shutdown"**

Well before October 1, 2013 when "the government would run out of money," polls showed that ObamaCare was unpopular by a margin of 40 percent to 52 percent. There is no surprise here: This poll results have been stable for three years. Polls also showed that shutting down the government to defund ObamaCare was even *more* unpopular, and yet the House GOP did precisely that. The puzzle why the House GOP proceeded anyway is no mystery for those who have thought through the risks to congressmen by primary elections. In "safe" GOP districts, ObamaCare polls around 30-65 or worse, and even the most aggressive effort to defund it are popular with the GOP base. As former House Speaker Tip O'Neill said, "All politics is local." *By standing with the base, 180 House GOP Congressmen from safe seats appear to have locked up their primary elections without a fight. In doing so, they won re-election! In their minds, they "won the shutdown" hands down.*

If you are skeptical about House GOP intentions, consider this. Legal experts had determined prior to the shutdown that it was impossible to "defund ObamaCare" using the appropriations process! Conservative firebrand Senator Tom Coburn (R-OK), who is no fan of ObamaCare, proved this to all but the unreasonable when he circulated the legal analysis of this tactic prepared by the [Library of Congress](#) on July 29, 2013. He sent it to GOP Senators and Congressmen, but it was mostly ignored by the media.

Events proved the Library correct. The government was shut down for 16 days, "defunded" from October 1, to October 16, and yet the ObamaCare exchanges legally opened for business, badly it is true, but for unrelated reasons. So why would the House GOP proceed knowing in advance that they were pursuing a legal impossibility, in the face of opposition by the country at large, President Obama and the Democratic Senate? They wanted to defuse primary threats en masse. Mission accomplished.

## **Will There Be a Replay January 15, 2014 When the Government "Runs Out of Money?"**

Washington analysis requires calculating probabilities. In theory, anything can happen in a House-Senate brinkmanship contest. The greater probability now is that the House GOP does not pursue a shutdown in mid-January or threaten an early March default when the debt ceiling is hit. Once again, analyzing primary threats is an important element in predicting behavior.

It takes at least nine months of preparation to mount a credible primary campaign against an incumbent congressman. The process includes lining up numerous volunteers to gather thousands of signatures to get on the ballot, hiring a press secretary, hiring an election attorney, hiring fund raisers, hiring a printing company, hiring a copy and layout mass mail expert, and quitting your job to bone up on the issues and to have time meet the voters. The all-in cost likely is \$1 million, much of which must be from secure sources before a decision to file in a primary contest should be made affirmatively. As the table below documents, by mid-December only five percent of Republicans will still fear that a credible primary challenge can emerge, if it has not already done so. The time period between August 2013 and November 2013 is the window of vulnerability for most incumbents. By January 2014, it will have closed.

GOP Congressman Passed Primary Election	Percent	Primary Election
24	10.3	3/4/2014
30	12.9	4/1/2014
63	27.0	5/16/2014
122	52.4	6/3/2014
167	71.7	7/15/2014
222	95.3	8/12/2014
233	100.0	11/4/2014

### **The Next Priority for the House GOP Conference: Electing 218 Republicans**

With their own races under control, the 180 of 200 Republican congressmen from safe seats, without primary risk, next will turn their attention to another political priority: assisting the re-election of the remaining 33 Republicans who could face genuine competition from Democrats in November 2014. Unless 18 of 33 are successful, Nancy Pelosi will return as House Speaker in January 2015.

Shutting down the government to defund ObamaCare last month was not popular in these decisive districts. Unless the GOP enjoys being in the minority, it will not attempt it again this January. The recent "shutdown" provoked a 4 percent selloff and interrupted a raging bull market. Logic compels that the House GOP move nearer the center next year on fiscal issues. House GOP politics is less likely in early 2014 to interfere with a market that seems to want to only go up.

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