



Understanding Trump's Washington in Q2 2017



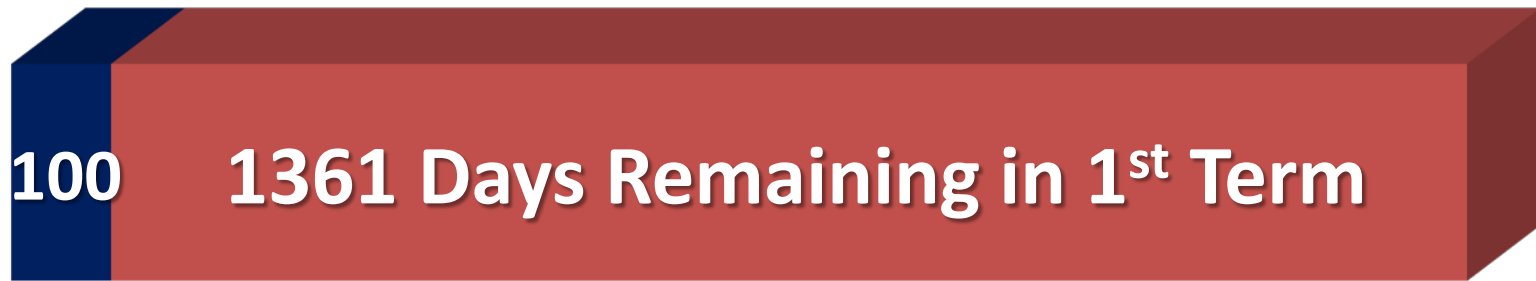
9 Things to Know

#1

It's Still Early

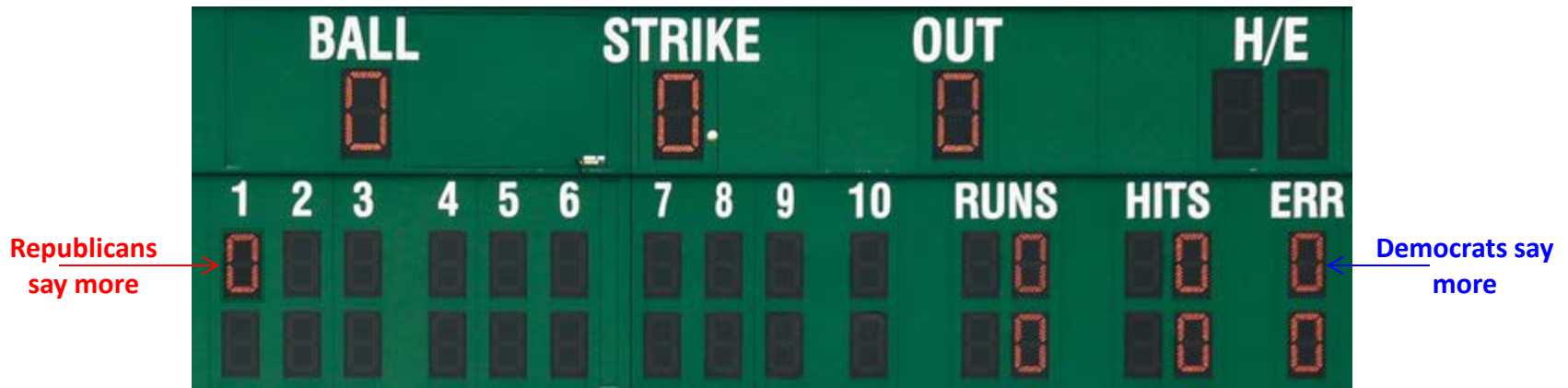
We're Still in the "First Inning"

Over 93% of the Term is Remaining



↑
You are here

...in a baseball game we just finished top of the 1st



The Team Is Slowly Taking the Field

84% of Players to be Named Later

Of 556 key positions requiring Senate confirmation ...

465

No nominee

26

Awaiting nomination






40

Formally nominated

25

Confirmed

Much Slower than Past Administrations (thru 4/25)

					
NOMINATED	94	174	85	187	63
CONFIRMED	50	49	35	69	26
Avg. Days to Confirm	21	13	8	24	29

#2

The Disruptions Will Continue

A Disruptive Approach & Agenda

Agenda =
The (Obama) Undoing Project

- ☐ Undoing ACA 
- ☒ Undoing TPP 
- ☒ Undoing Gun EO 
- ☒ Undoing Climate Plan 
- ☒ Undoing Labor Regs 
- ☒ Undoing Telecom Regs 
- ☐ Undoing NAFTA 
- ☐ Undoing Dodd-Frank 

Approach =
Viral & Aggressive



28.6M

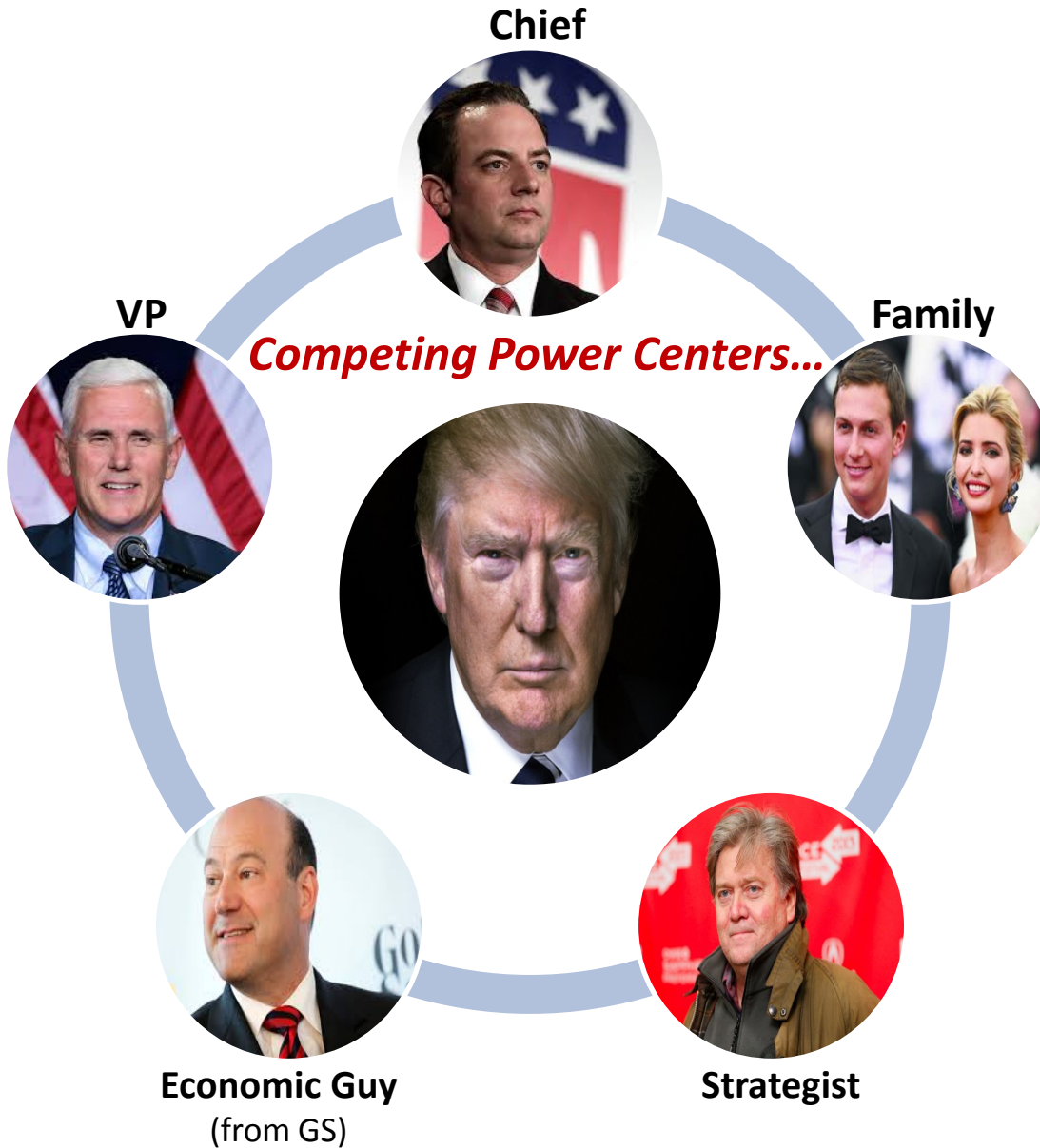
Twitter Followers
of @RealDonaldTrump
(16.7M for @POTUS)

+44,228 new followers
every day

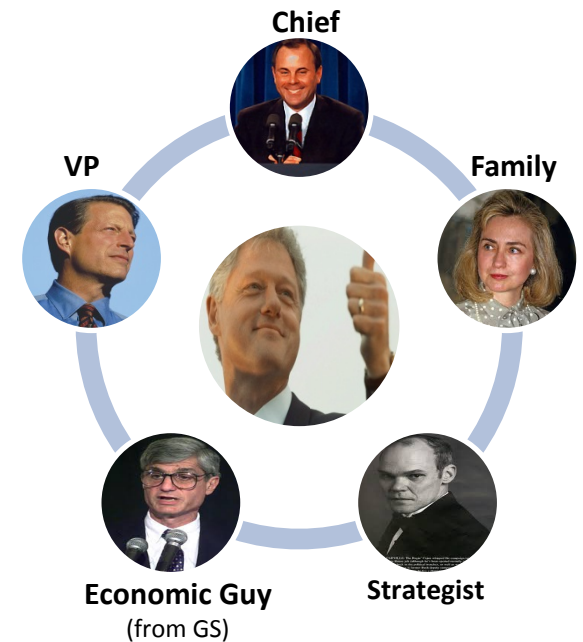
357

Tweets by @POTUS
from 1/20-3/31
(vs. 37 by Obama 1/20-3/31)

Trump's Team of Rivals Still Establishing Its Rhythm



...Similar to Clinton WH in '93?

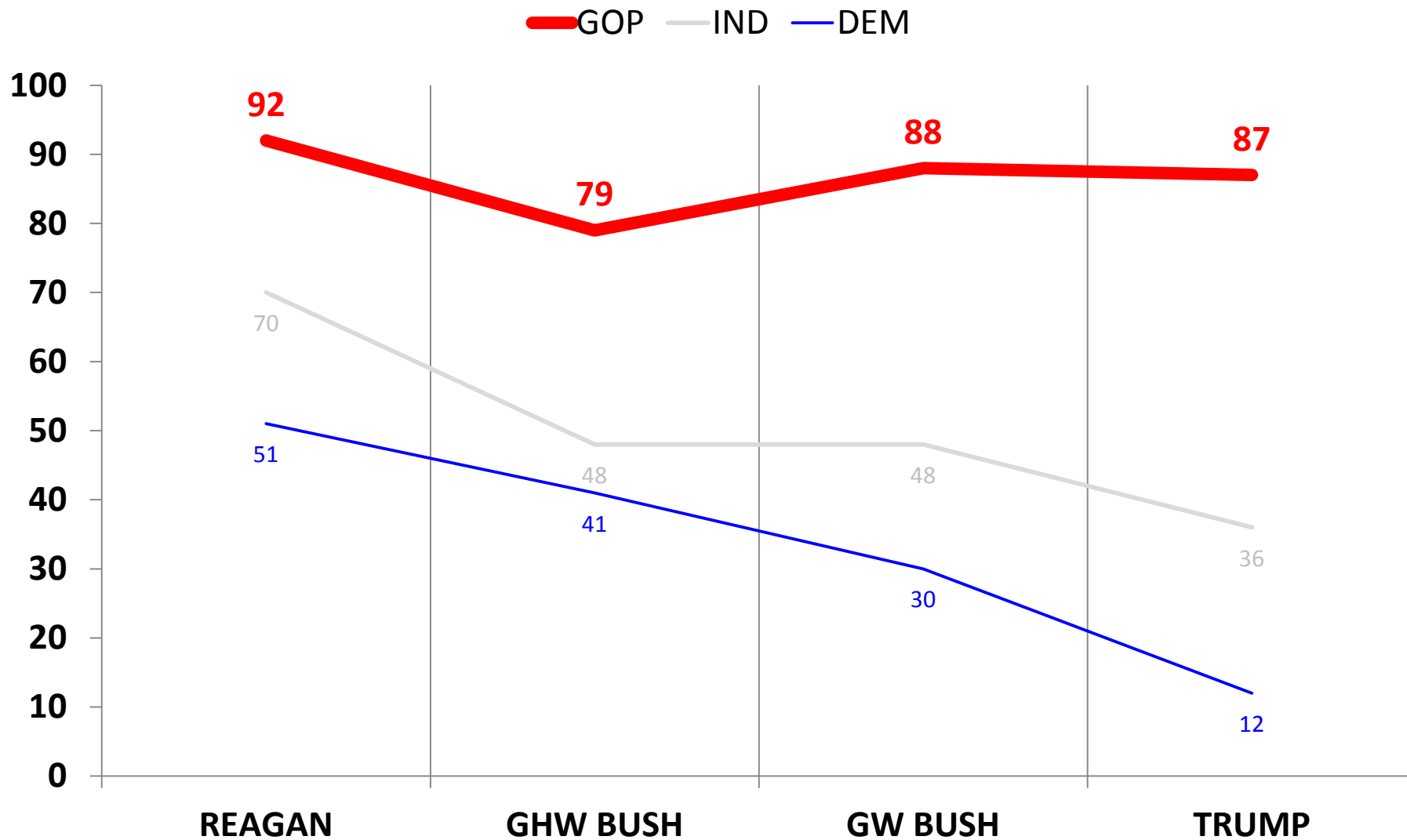


#3

***Why the White House Remains
Confident***

Republican Support Holding

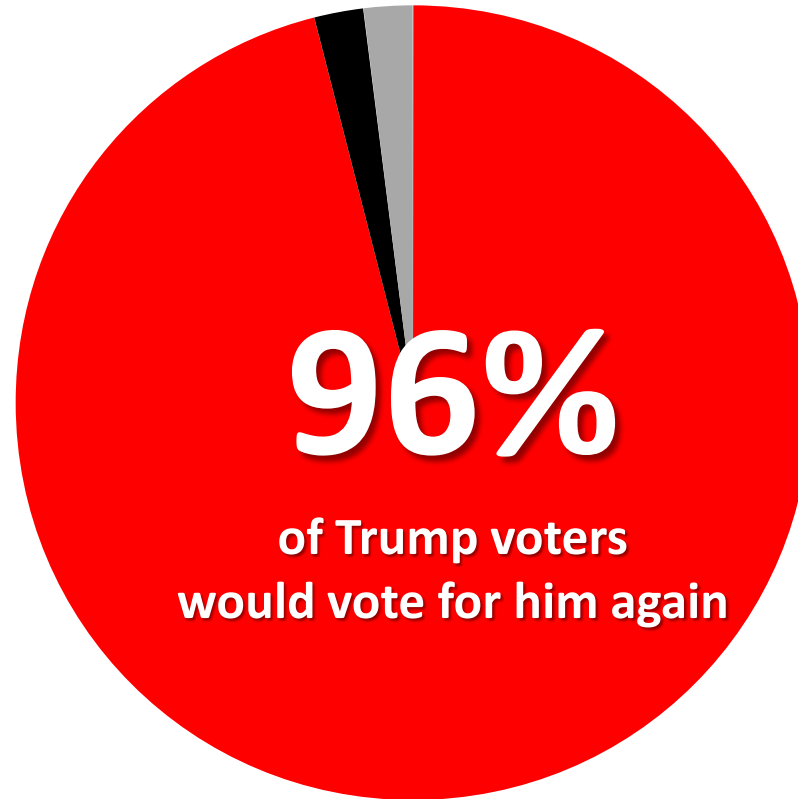
Trump Approval Among GOP Same As Reagan's At This Point



MEHLMAN CASTAGNETTI
— ROSEN & THOMAS —

BASE: No Regrets

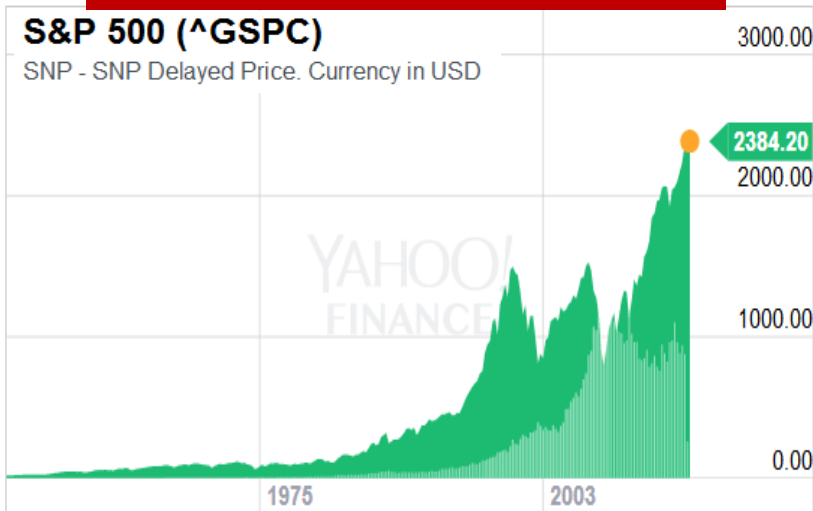
At 100 Day Mark: 96% Say They'd Vote for Trump Again



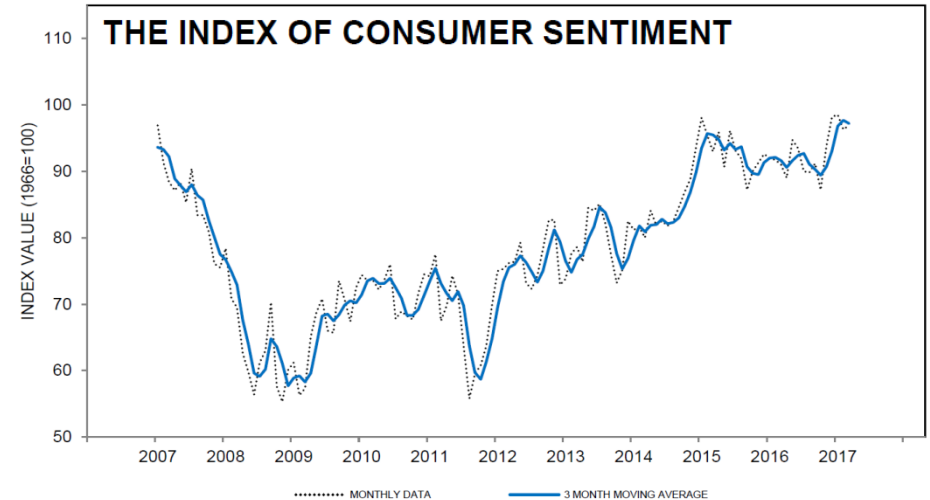
...only 85% Hillary voters say they'd vote for her again...

Markets Remain Optimistic

Near-Record High Stock Prices



Consumer Confidence Restored



Stronger Gains than Predecessors

POTUS	S&P from Election	S&P from Inaug
JFK – 1961	24.1%	14.54%
Trump – 2017	11.44%	4.97%
GHWB – 1989	10.39%	5.26%
WJC – 1993	7.63%	3.59%
RWR – 1981	2.57%	2.32%
RMN – 1969	-2.41%	-0.89%
JEC – 1977	-1.35%	-2.36%
BHO – 2009	-13.54%	8.00%
GWB – 2001	-15.43%	-11.23%

Small Business Confidence Surging

Small Business Optimism Index

Based on 10 survey indicators, seasonally adjusted, Jan. '00 – Feb. '17

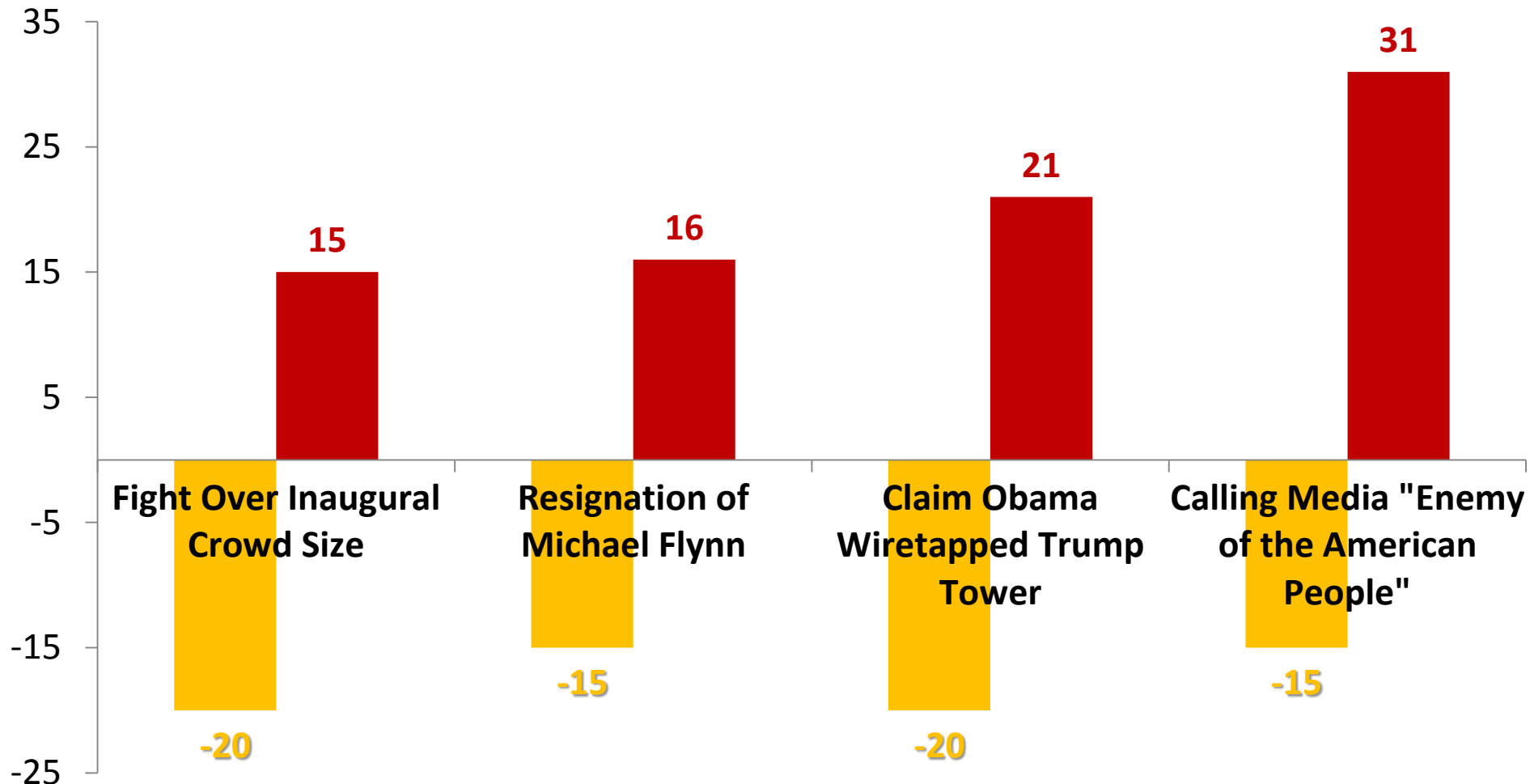


Base Enthusiasm Increased by Media Tempests

“Trump Voter” Approval vs. “All Voter” Approval

Did each of the following give you a more or less favorable view of Donald Trump?

■ All Voters (Net Change) ■ Trump Voters (Net Change)



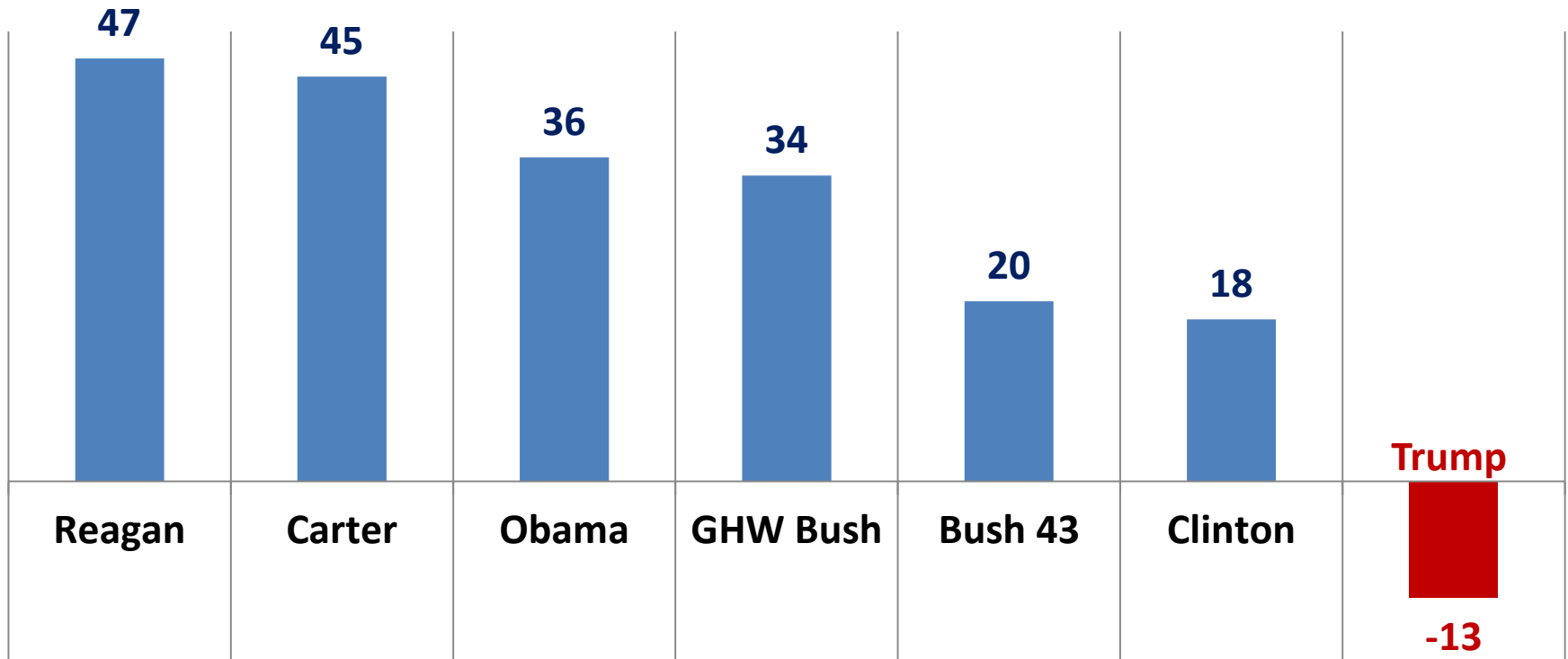
#4

***Why Democrats are at the
Ramparts***

Low Trump Approval Numbers Embolden Left

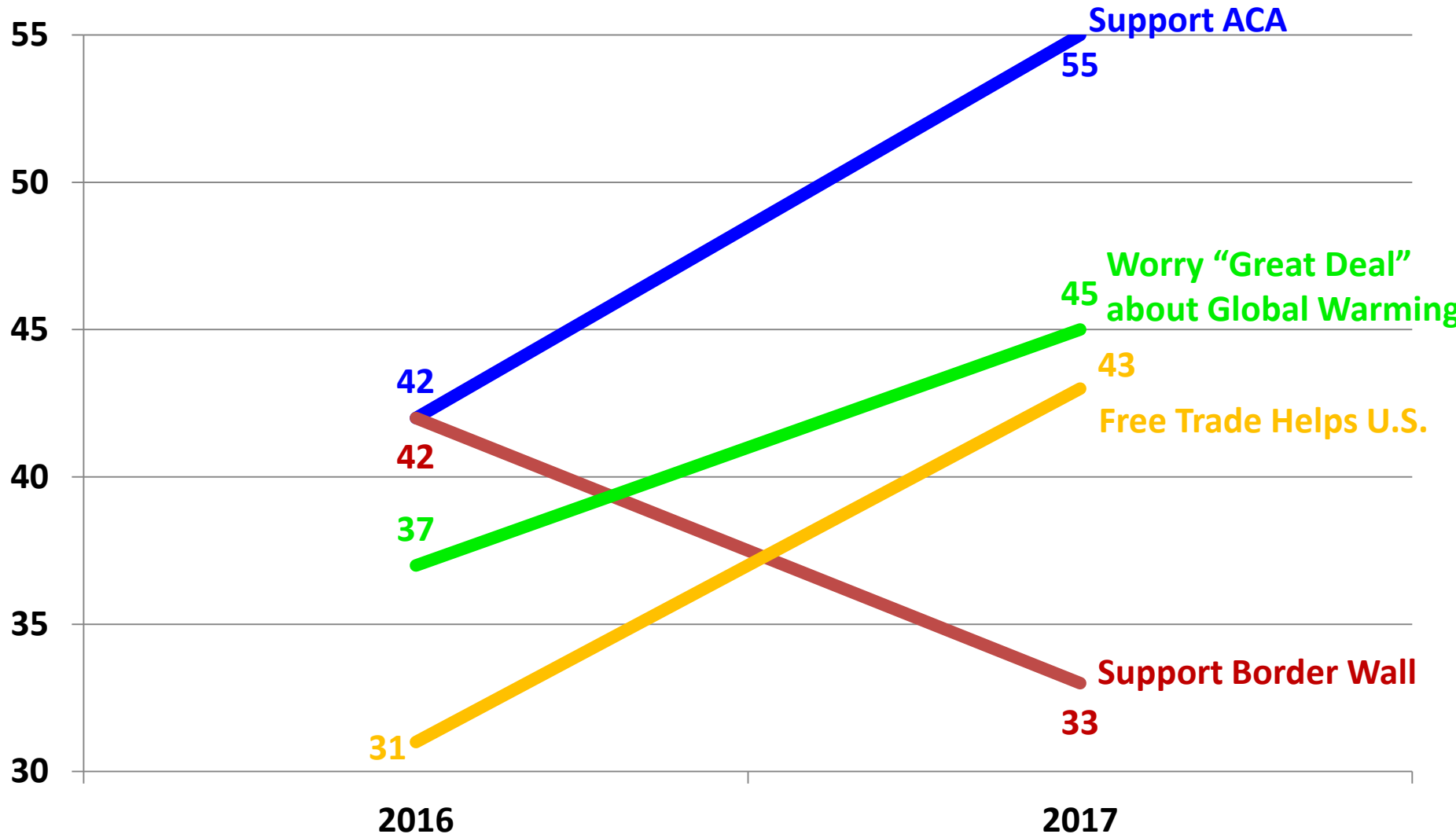
Dems Sense “Blood in the Water,” No Reason to Compromise

Net Job Approval as of ~100th Day



Democrats Perceive Trump Losing on Issues

Public Opinion Trending Away from Trump Positions



Rising #Resistance Demands 100% Loyalty

Flood Your Town Hall

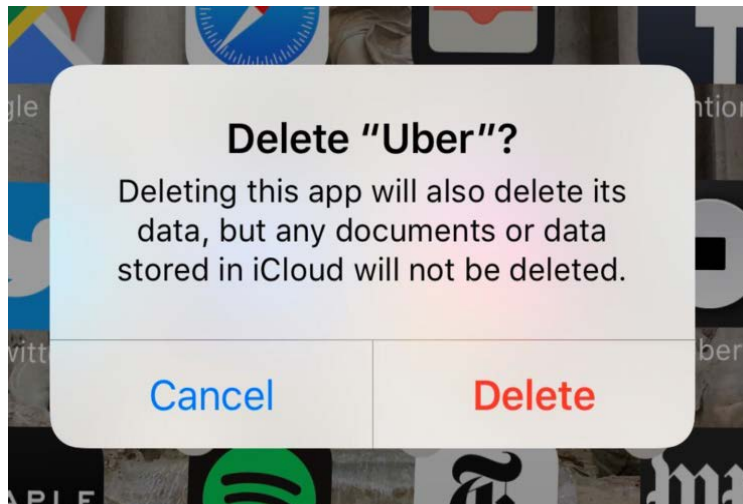
The resistance is coming to your area — people near you are attending Representative Lance's upcoming town hall during the Congressional recess. Join them to make your voice heard.



Protest at Your Home



Vote With Their Feet



Challenge Your Reelection?

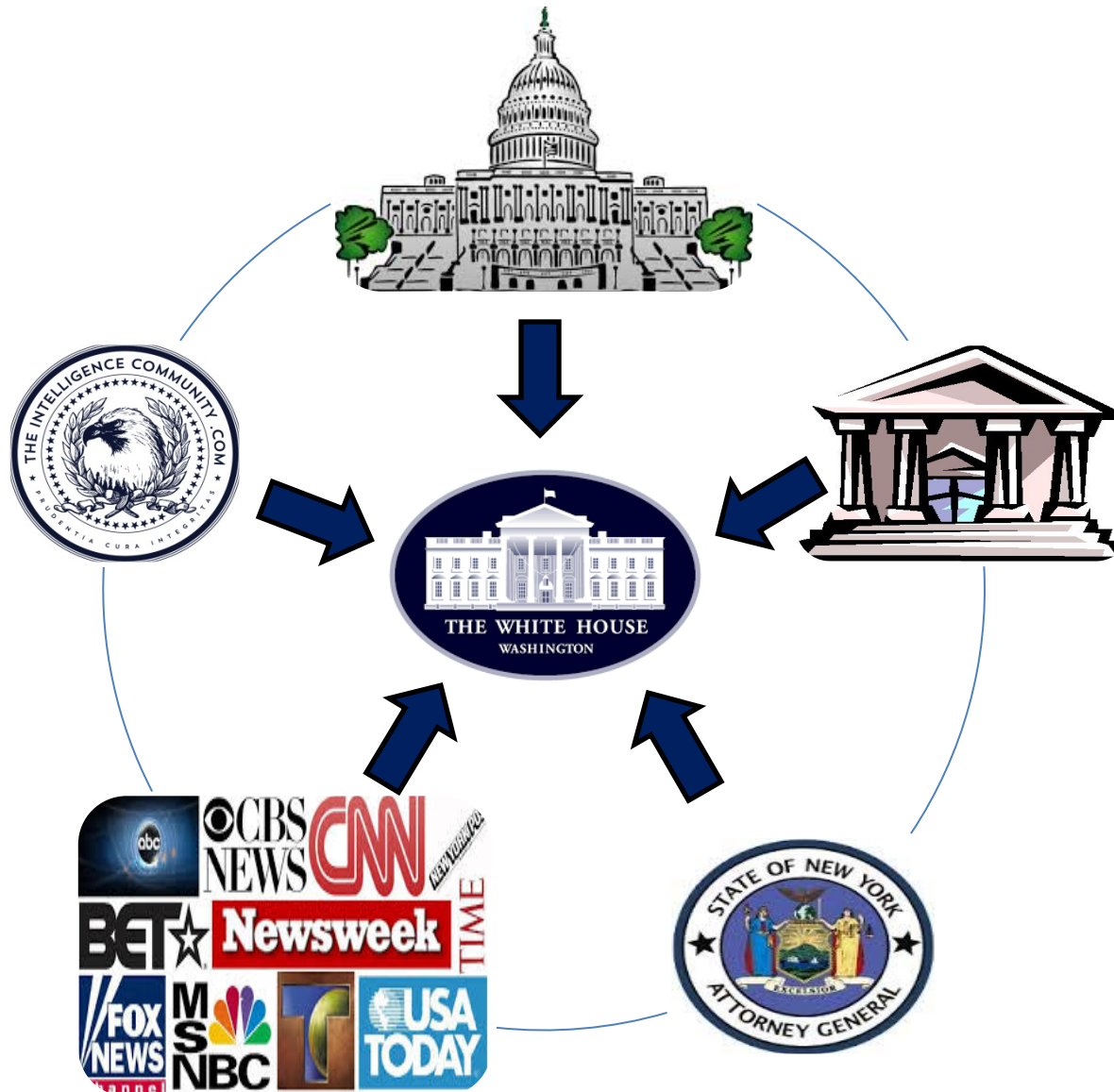


#5

What We Learned in Q1

Our System is Resilient

Checks Are Checking, Balances Are Balancing



The World Is Confused

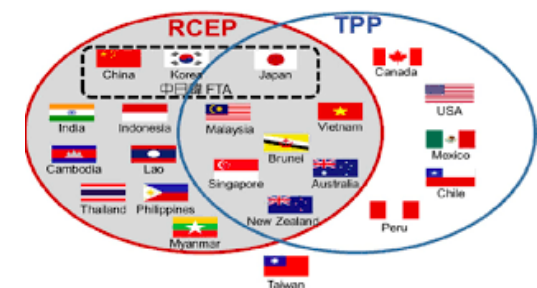
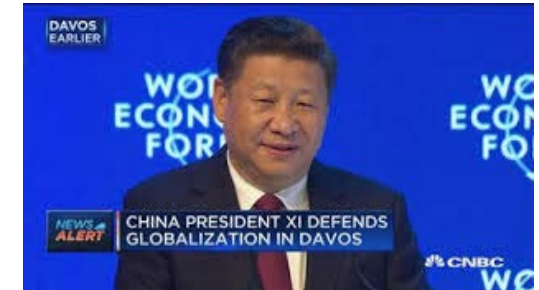
Allies Uncertain



Enemies Probing



Alternatives Emerging



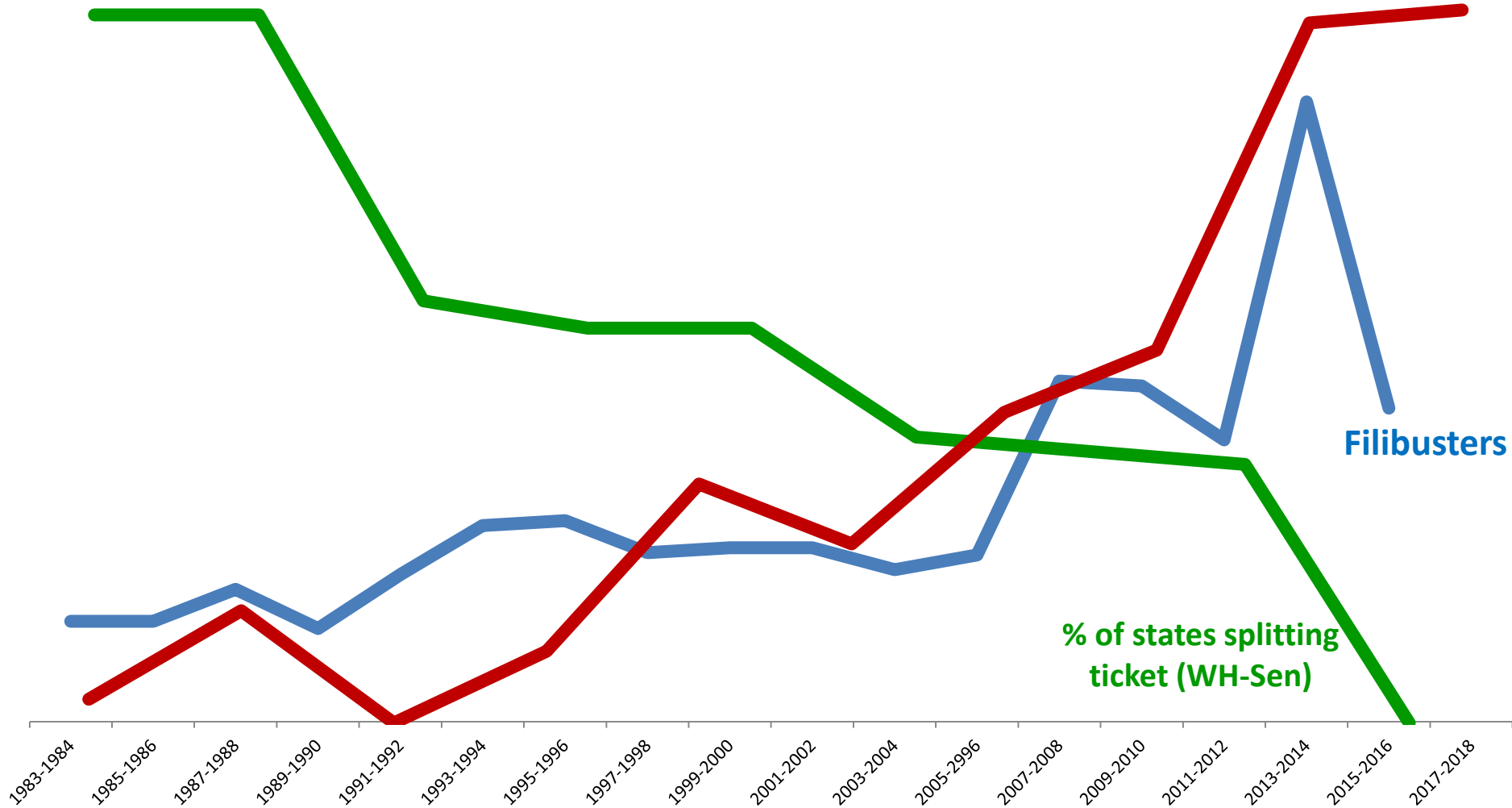
The World's Greatest Deliberative Body... Isn't Anymore

Not Your Father's Senate... Becoming the House

Avg. "No" Votes
on Cabinet Noms

Filibusters

% of states splitting
ticket (WH-Sen)



Freedom Caucus ≠ Trump Caucus

HFC MEMBER		AHCA	'16 Margin for HFC'er	Trump > Clinton	Trump Margin – House Margin
Jody	Hice	yes	100%	25.5%	-74.5%
Jim	Bridenstine	yes	100%	28.7%	-71.3%
Trent	Franks	NO	68.5%	21.1%	-47.4%
Brian	Babin	yes	88.6%	46.8%	-41.8%
Steve	Pearce	yes	25.5%	10.2%	-15.3%
David	Schweikert	yes	24.2%	10%	-14.2%
Justin	Amash	NO	22.0%	9.4%	-12.6%
Scott	Perry	NO	32.2%	21.5%	-10.7%
Andy	Harris	NO	38.4%	28.4%	-10.0%
Bill	Posey	NO	30.6%	20.7%	-9.9%
Dave	Brat	NO	15.3%	6.5%	-8.8%
Ken	Buck	NO	31.8%	23.1%	-8.7%
Mark	Sanford	NO	21.8%	13.1%	-8.7%
Jeff	Duncan	yes	45.7%	38%	-7.7%
Warren	Davidson	NO	41.8%	34.5%	-7.3%
Andy	Biggs	NO	28.2%	21.1%	-7.1%
Joe	Barton	yes	19.3%	12.3%	-7.0%
Tom	Garrett	NO	16.6%	11.1%	-5.5%
Gary	Palmer	yes	49.1%	44.7%	-4.4%
Rod	Blum	NO	7.6%	3.5%	-4.1%
Randy	Weber	NO	23.8%	19.8%	-4.0%
Louie	Gohmert	NO	49.8%	46.9%	-2.9%
Paul	Gosar	NO	43%	40.2%	-2.8%
Jim	Jordan	NO	36%	33.6%	-2.4%
Ted	Yoho	NO	16.8%	16%	-0.8%
Ron	DeSantis	yes	17.2%	17%	-0.2%
Mo	Brooks	NO	33.5%	33.4%	-0.1%
Morgan	Griffith	yes	40.3%	41.5%	1.2%
Mark	Meadows	NO	28.2%	29.4%	1.2%
Raul	Labrador	NO	36.4%	38.3%	1.9%
Scott	DesJarlais	NO	30%	41.2%	11.2%
Alex	Mooney	yes	16.4%	36.4%	20.0%

Unwilling to go along on policy

21 / 32
Opposed the WH on AHCA

Un-Intimidated



Donald J. Trump @realDonaldTrump · 2h

The Freedom Caucus will hurt the entire Republican agenda if they don't get on the team, & fast. We must fight them, & Dems, in 2018!

14K

6.1K

23K

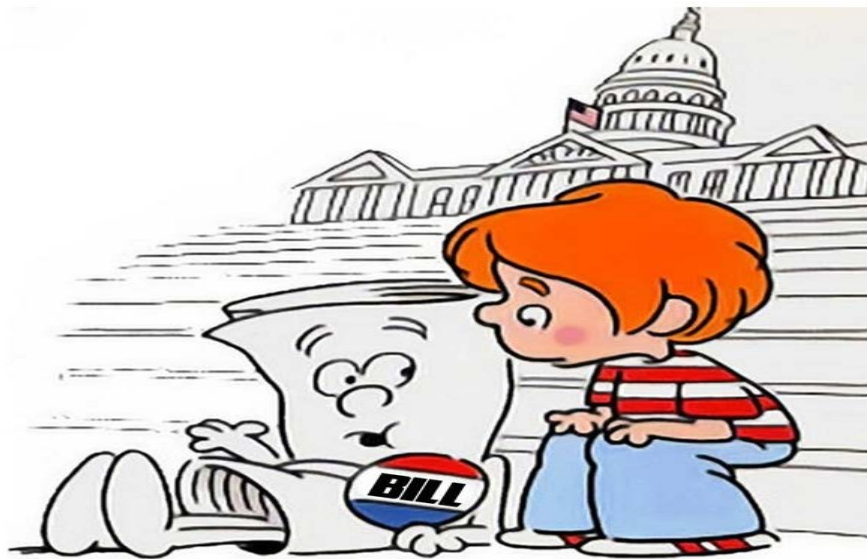
Confident in their own electoral base

27 / 32
Out-performed Trump in their district in '16 elections
(Won by more than DJT beat HRC)

#6

What We Expect in Q2

Expect More (De)Regulating, Less Legislating



SLOWER THAN WE THOUGHT

- 1) Confirmations / Judges
- 2) Health Care
- 3) Funding FY '17
- 4) Tax Reform
- 5) FY '18 Budget
- 6) Defense Authorization
- 7) Infrastructure



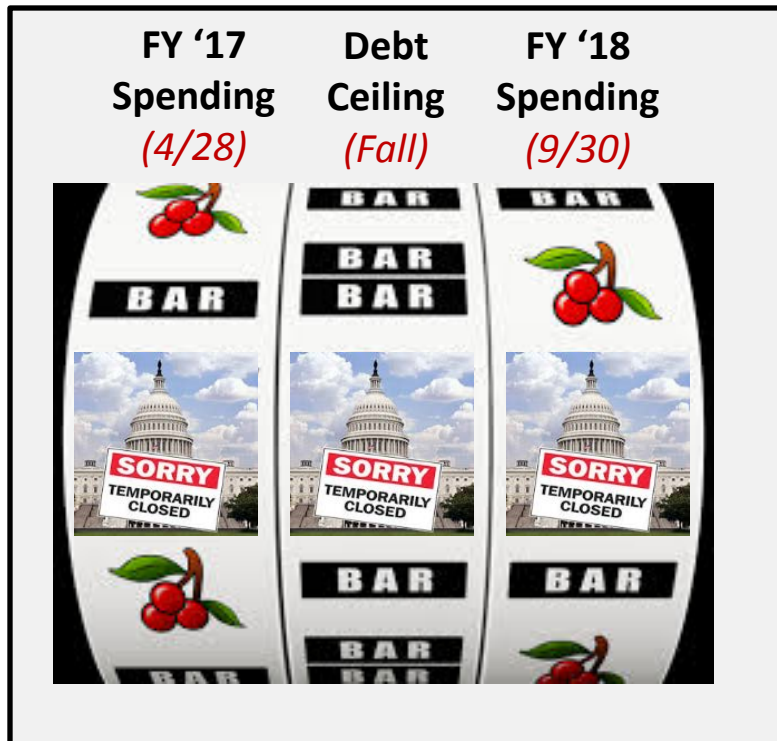
FASTER THAN YOU THINK

- 1) Immigration Enforcement
- 2) Energy / Climate / EPA
- 3) Health Care reg. changes
- 4) Telecom Deregulation
- 5) Dodd-Frank Reforms
- 6) Trade Enforcement
- 7) Labor (Fiduciary Rule, OT, IC, pay data)

Government Shutdown Risk High

***GOP Needs Democratic Votes to Pass FY '17 Spending by 4/28...
... What Will They Seek In Return?***

Three Shutdown Risks in 2017



Key Spending Battles



Democrats demand continued funding for Planned Parenthood.



Trump demands funding for Border Wall.



Democrats demand continued support for Obamacare subsidies.



Defense hawks (mostly GOP) demand higher defense budget.



Democrats insist on adding \$1 non-defense for every \$1 defense increase.

Comprehensive Trade Policy Re-Think Begun

Robust Agenda Ahead... DOC, USTR & WH Each Claiming Role

NEW ENFORCEMENT & DEAL SCRUTINY



**Tighter Reviews, Tougher
Rules, New Laws**

DEAL REVIEW & RENEGOTIATION



**EO: Review Trade
Deficit Causes &
Remedies**



NEW TRADE DEALS & REQUIREMENTS



Bilaterals > Multilaterals

Trade Act of 1974



**Self-initiation of trade
actions**

BUY AMERICAN



#7

How Business Is Managing Volatility

When Facing New Political Risk...

Even Majority of Democrats Approve of Use of Bully Pulpit

WASHINGTON POST-ABC NEWS POLL APRIL 17-20, 2017

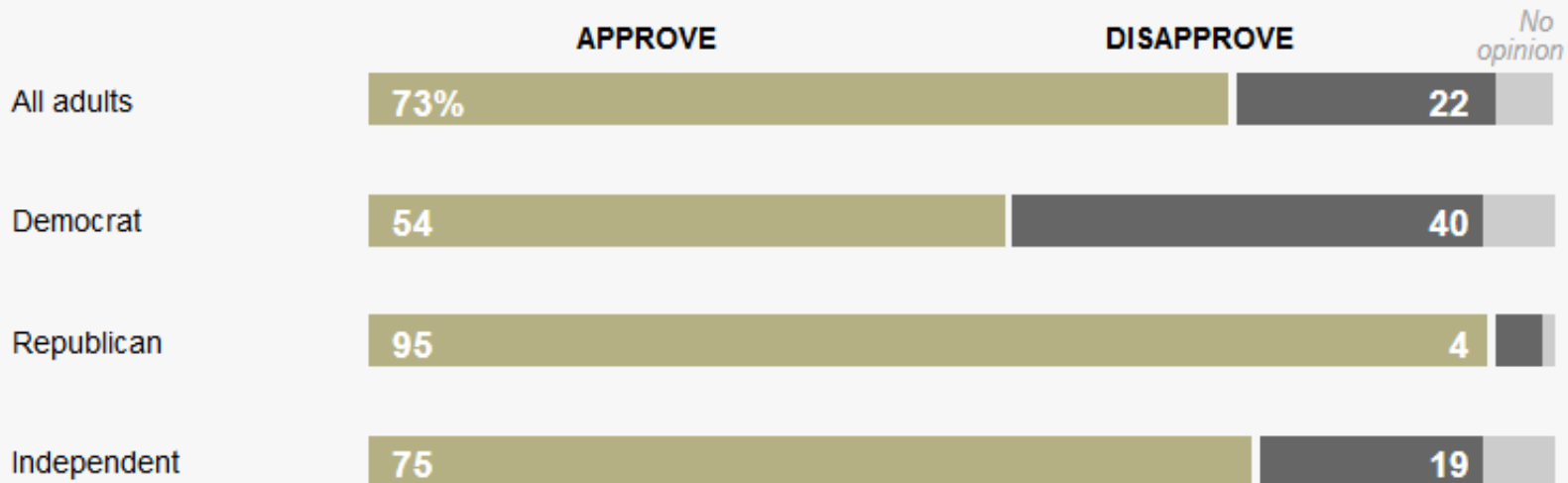
Q: Do you approve or disapprove of Trump pressuring companies to keep jobs in the United States?

Sunday, April 23, 12:40 AM

Results by Party ID

Show results by:

Party ID



The Washington Post - ABC News poll

ENGAGE When You Can, Resist When You Must

Business Leaders Sharing Recommendations & Concerns...

Major Announced Advisory Groups

“Strategic & Policy Forum”

~16 business leaders chaired by Blackstone’s Schwarzman

“American Manufacturing Council”

~30 business & labor leaders headed by Dow’s Liveris

“Infrastructure Council”

~15-20 builders led by LeFrak & Roth

“Office of American Innovation”

J. Kushner-led effort advised by CEOs such as Apple’s Cook, Bill Gates & Tesla’s Musk



...As They Did With Previous Administrations



CEOs served on Obama-created advisory groups Including:

- Transition Economic Advisory Board
- Council on Jobs & Competitiveness
- President’s Management Advisory Board

ALIGN on Shared Goals & Values

e.g. Focus on American Jobs, Domestic Manufacturing










PREPARE for Heightened Political Risk



Anticipate Foreseeable Events, e.g. POTUS Tweet



Majority of targeted companies failed to respond to negative tweet within the same news cycle

Company	Trump Tweet	Response type	Response time
	11/17/16	Press release; Tweet	1 day
 <small>United Technologies</small>	11/29/16	Press release; Tweet	1 day
	12/2/16	Statement in WSJ article	2 weeks
	12/6/16	Press release; Tweet	<3 hours
	12/22/16	Met with Trump; Tweet	1 day
	1/3/17	Statement to media; Tweet	< 2 hours
	1/5/17	Press release; Tweet	<1.5 hours

BEST PRACTICES

1. Weigh new political risk in business plans & external communications... practice Q&A.
2. Know & streamline internal approval path for replies in advance... monitor news + social media real-time.
3. Have good facts & lists of allies who will support-you pre-prepared for rapid response... run “fire drills.”
4. Let executives immediately know you’re aware of situation & responding ASAP.
5. Respond in the same news cycle, sharing with executives, employees, customers & the Hill... have allies retweet.

#8

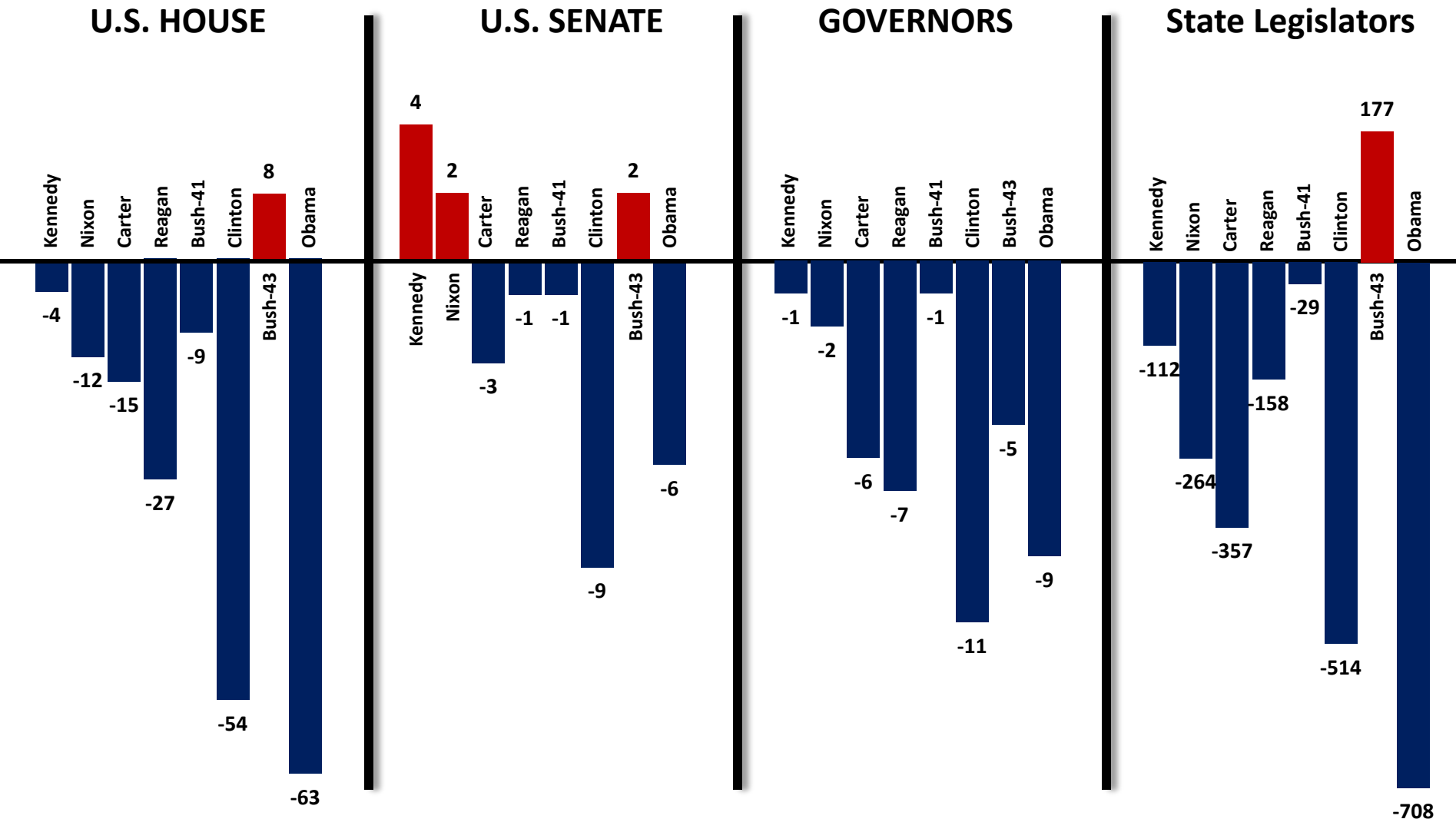
The Next Elections Have Already Begun

First tests come in special elections in KS (4/11), GA (4/18) & MT (5/25)



1st Midterms Historically Tough Down Ballot for WH

Presidential Party Performance in 1st Midterm, by POTUS



GOP Over-Exposed in Gov. Races, Dems in Senate

Who's Defending Where?

(Based on 2016 performance of Party's Presidential candidate in State / District)

AT RISK			SAFER	
Lost WH by 10+	Lost WH by < 10		Won WH by < 10	Won WH by 10+
REPUBLICANS				
5	4	Governors	8	11
	1	Senate	2	6
5	18	House	36	181
DEMOCRATS				
	1	Governors	3	5
5	5	Senate	4	11
4	8	House	15	168

#9

The Key Questions Ahead

Can We Find Common Ground?

While Favorability Is Different than Job Approval / Positive Image...



6%

Job Approval
(4/10)

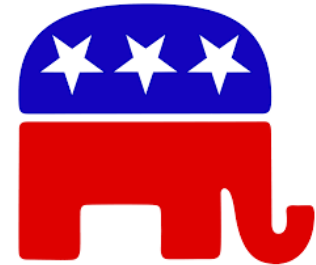


14%

Favorable
(North Korea)



Dems Think More of North Korea than Trump?



27%

Favorable
(Putin)



9%

Positive Image
(Pelosi)



Rs Prefer Putin to Pelosi?

What Could Derail Team Trump's Efforts?

Biggest Potential Risks for New Administration

Russia Investigation



Market Slowdown



Global Challenges







Internal Dissension



How & When Might the Trump Team “Pivot”?

Every Administration Pivots at Some Point

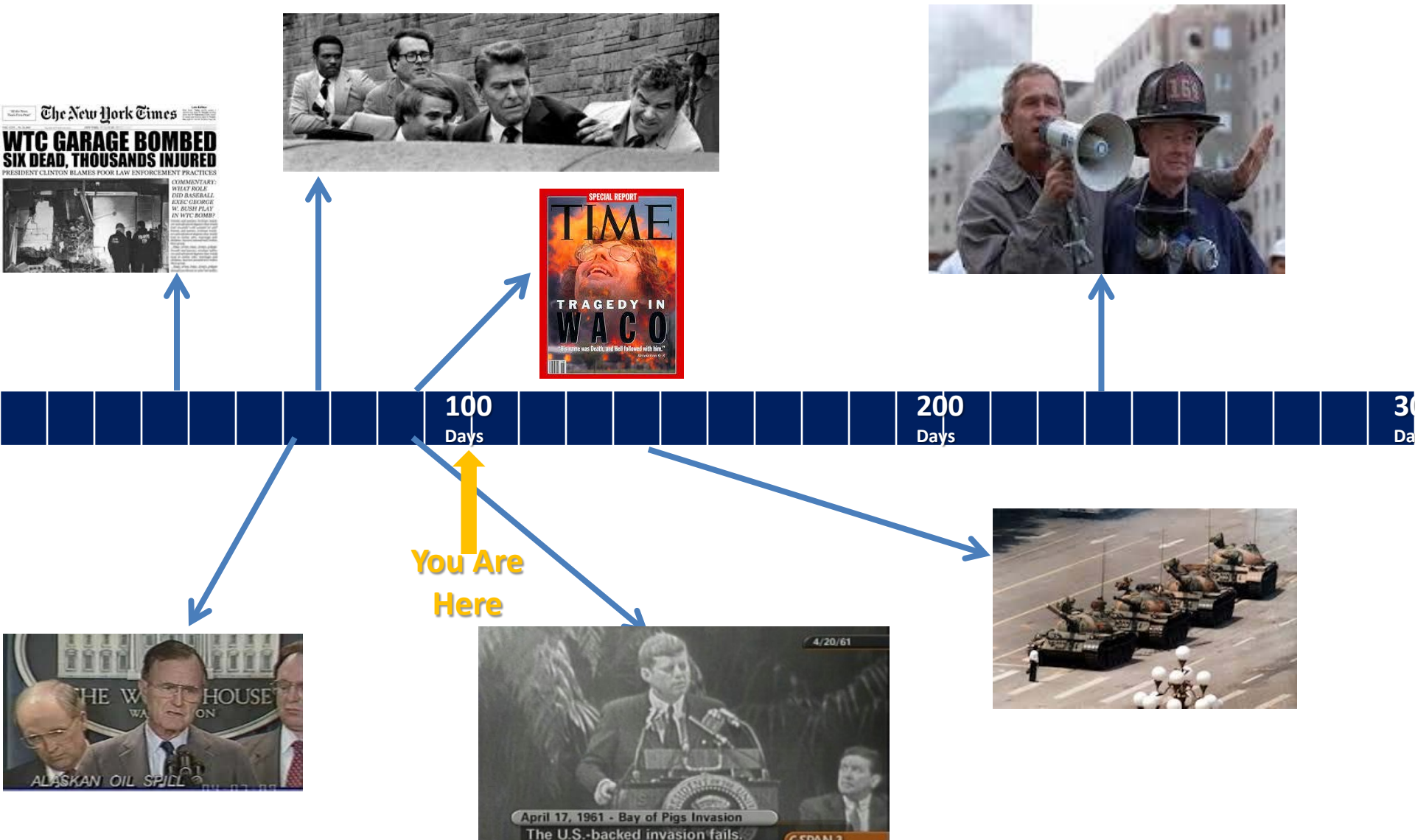
			
1990	1995	2007	2014
Agreed to raise taxes despite “read my lips”	“Era of big government is over”, triangulates on welfare reform	Pushed immigration reform & Iraq surge	“I have a pen and I have a phone”, pursues aggressive agency action

WHAT MIGHT A “TRUMP PIVOT” LOOK LIKE?

- 1. Clintonian Triangulation**
(find policy middle ground with Democrats)
- 2. Full Bannon Populism**
(attempt to govern as anti-Establishment crusader)
- 3. Take on Freedom Caucus**
(create space for GOP center to cut deals with Dems)
- 4. Wartime President**
(rebuild domestic support thru foreign policy, military successes)

Will We Be Ready?

Every President Faces Crises, Foreign & Domestic



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