



### GAME ON [Updated 7/6/2016]

By Arthur B. Laffer, Ph.D.

#### Summary

To save you the agony of plodding through this fascinating, information-rich paper, I'll get straight to the point: Donald Trump will be the next President of the United States after having won an easy victory over Hillary Clinton in November 2016. The reasons:

- I.) Section one shows that the essential characteristics of the narrative for the Trump campaign and the Reagan campaign of 1980 are surprisingly similar, which would point to a Trump landslide.
- II.) Section two describes the poor state of the current economy using detrended GDP per adult, the ratio of employment-to-adult-population and new home sales per 1,000 adults and how these measures strongly indicate a Republican victory.
- III.) Using historical data for the Gallup poll question "are you satisfied" and presidential election dates, this section would point to an overwhelming Republican win in November 2016.
- IV.) Relying on voter turnout data this year versus earlier years and party selection, the Republicans have a large advantage coming into the Fall election.
- V.) Basing our forecast on the past eight years of Congressional elections—House and Senate—as well as state elections of house, senate and governors, the Republicans should be exceedingly confident about the upcoming presidential election.
- VI.) Taking careful measure of what both Hillary Clinton and Donald Trump have done in the public eye, Trump has the issues on his side.

#### I. 1979-1980 How the Reagan Revolution Began

In early 1979, a group of Ronald Reagan acolytes—some 10 to 15 in total—got together in Justin Dart's office at Rexall (the corner of La Cienega and Beverly) and there they formed the original Reagan Executive Advisory Committee. With very few exceptions (initially only me), this group had been called Reagan's Kitchen Cabinet. Those present and those also invited included Justin Dart, Holmes Tuttle, Jack Wrather, Bill French Smith, Bill Wilson, Earle Jorgensen, Ben Biaggini, Ted Cummings, Alfred Bloomingdale, Charles Wick, Henry Salvatori et moi. I was the youngest of the group by three decades. And, in fact, the only way Justin Dart could convince the others to let me be a member was that they needed someone to keep the minutes of the meetings, i.e. as a secretary. In speaking with a reporter about the Kitchen Cabinet, here's what Jus Dart had to say: "In addressing the question of how many of Reagan's friends actually qualify as members, Dart said: 'Damn fewer than is generally advertised.'" That just says it all.

The purpose of this committee was to provide guidance and support to the emerging presidential candidacy of one Ronald Reagan. The members were to a person close, close, close friends and supporters of Ronald Reagan or husbands of Nancy Reagan's best friends. And the race for the White House began.

During this pre-primary and primary process, Ronald Reagan was disrespected and abused by a significant segment of the Republican establishment.<sup>2</sup> He was called an empty suit, a trigger-happy California cowboy, only an actor, a person who spoke words others wrote, a racist, a bigot, a divorcée, a war monger and the man who would start the Third World War. My favorite slur came from none other than the Democratic Party's "éminence grise" Clark Clifford,<sup>3</sup> who referred to Ronald Reagan as an "amiable dunce." The torrent of anti-Reagan epithets never stopped.

<sup>1</sup> "Industrialist Justin Dart has declared President Reagan's 'kitchen cabinet,'" *United Press International*, March 26, 1981. <http://www.upi.com/Archives/1981/03/26/Industrialist-Justin-Dart-has-declared-President-Reagans-kitchen-cabinet/4240354430800/>

<sup>2</sup> There is a display at the Young Americans Foundation in Santa Barbara of a number of these anti-Reagan videos by any number of Republican and Democratic stalwarts.

<sup>3</sup> As if receiving divine retribution for his nasty ways, Clark Clifford, who served as Secretary of Defense for President Johnson and as an advisor to Presidents Truman, Kennedy and Carter, was indicted in the early 1990s on charges of conspiracy, fraud and bribery surrounding the Bank of Credit and Commerce International scandal.

For more, see: <http://www.nytimes.com/1998/10/11/us/clark-clifford-a-major-adviser-to-four-presidents-is-dead-at-91.html?pagewanted=all>

In fact, the whole group of us received virtually no support from the Republican Party or the Party's elders. It wasn't until Reagan had finally defeated George Bush, along with John Connally, Howard Baker, Phil Crane, Bob Dole and John Anderson in the primary race, that there was any attempt to be conciliatory to Ronald Reagan's presidential campaign by the Republican powers that were. Even Barry Goldwater, whose career owed so much to Ronald Reagan, was cool at best to a Reagan presidency.

I remember one post-Bush-defeat meeting of our committee when we had already secured the nomination and George Herbert Walker Bush sat next to me and lightly apologized for referring to me as the "Voo-Doo Economist." In truth, I had sort of enjoyed the handle, and told H.W. Bush that I was delighted he finally had come to join us because I needed some fellow Yalies to up the quality of our group. He laughed.

Things had been so vitriolic and bad during the primary campaign that a number of Republicans couldn't in clear conscience support Ronald Reagan at all and others could only support him in name only. And one of the primary contestants, John Anderson, Republican Congressman from Illinois, was so offended by Ronald Reagan's nomination that he decided to run as an independent in the general election, which he did. While, in hindsight, John Anderson's decision may now seem like a non-event, it sure wasn't seen as a frivolous gesture back then. Ronald Reagan looked like a sure loser with both a moderate Republican opponent and a sitting Democratic President, with all the privilege, prestige and power that the Office of the President holds.

At the convention in Detroit City, I testified before the platform committee on what I thought Reaganomics would be—which was lots of fun. But, the real drama occurred when it came time to select Ronald Reagan's running mate. Showing no signs of remorse or respect for the primary voters, the Party's establishment conspired to browbeat Ronald Reagan into accepting Gerald Ford as Ronald Reagan's co-president running mate. They—the establishment—were absolutely certain that Ronald Reagan would be blown away by Carter in November of 1980 and that the down ticket Republican candidates would get their lunch handed to them. So much for the wisdom of Republican elders and insiders.

In other words, just like today in re Donald Trump, the party's cognoscenti were forecasting a huge Reagan defeat that would carry with it large numbers of House members and Senators. Reagan, they thought, would prove to be more devastating to Republicans than either the Goldwater defeat of 1964 or the Ford defeat of 1976.

As you all know, none of this happened. We handily defeated Carter, even though we were behind in the polls as recently as 1 week before the election.<sup>4</sup> Reagan took 44 states and 50.7% of the popular vote to Carter's 41% of the vote and Anderson's 6.6% of the vote. Whodathunkit? I'm naturally an optimist, but I've never been more optimistic than I am today or than I was in 1980, and I've never had more fun than I had in the several years before Ronald Reagan's election. The Reagan saga of 1980 seems a lot like the Trump story today.

## **II. "It's the Economy Stupid" – James Carville 1992**

In the 2016 primaries, each and every Republican candidate promised lower tax rates, restrained government spending, sound money and greatly lessened regulations. The mantra was repeal "Obamacare," eviscerate Dodd-Frank and cut taxes. There couldn't have been a more supply-side, pro-growth field of candidates assembled in the entire history of our nation—not one outlier. It almost became a Republican feeding frenzy as to who could propose the lowest tax rate and create the most growth. Debates on economic issues were super boring and hyperbole as to who could be the most pro-growth supply sider infused the air we breathe. In truth, every Republican, from Jim Gilmore to Donald Trump, understood that America was in free fall and needed a huge dose of incentive alignments. There was very little room for debate on the issues because the candidates all agreed with each other.

The Democrats, once O'Malley, Webb and Chafee exited stage left, were pulling each other further and further to the "Free Lunch Tax the Rich" ticket. Already way over-subsidized, students were promised free college by Sanders, and America would have a \$15 federal minimum wage everywhere. And then there was expanded free health care, huge tax increases on Wall Street exploiters and on the rich in general. The Walton family was singled out as the perfect example of what's wrong with America: one family whose net worth was close to \$150 billion and whose legacy company, Walmart, paid workers' wages so low that full-time employees qualified for welfare. The Democrats defined their enemies as the most successful innovators, investors, job-creators and employers in America.

The Democrats also, in their never-ending debates, careened further and further toward "from each according to his ability and to each according to his need" paradise. The most enthusiastic crowds were energized by the endearing, wild-eyed, septuagenarian Socialist whose unkempt, long white hair became emblematic of "enough is enough already": Uncle Bernie Sanders. Who doesn't love Bernie Sanders? Or, as his throngs of acolytes scream, who doesn't "feel the Bern?"

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<sup>4</sup> Reagan's surge in polls is generally attributed to the presidential debate held one week before the election took place, on October 28<sup>th</sup>, immediately after which Reagan appears to have moved into a 3 point lead. See: Lydia Saad, "Late Upsets Are Rare, but Have Happened," Gallup, October 27, 2008. <http://www.gallup.com/poll/111451/late-upsets-rare-happened.aspx>

Hillary’s and Bernie’s kabuki dance is far from over. The continued Sanders’ humiliation and exposé of Clinton is profoundly damaging to the Democrats’ prospects, while the Republicans have just chosen their candidate. Someone ought to tell that to Bill Kristol.

What is patently obvious from the rise of Bernie Sanders and the massive, hard fought battle in the Republican primary is that economic discontent is at an all-time high. The electorate wants economic change NOW.

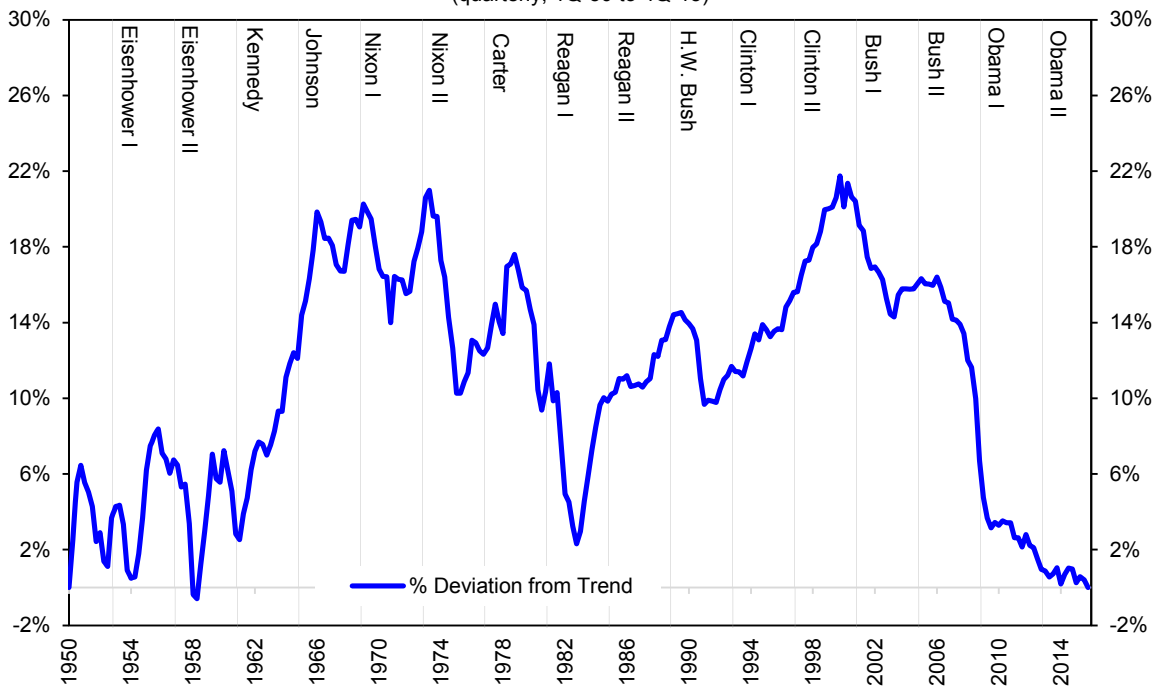
But, then there’s Hillary Clinton’s take on the economy and the Obama record. Like Pat Buchanan’s protectionist niche some 20 years ago, there is a segment of America that truly likes the Obama record. But, that segment is not even close to being large enough to elect a winner.

Hillary Clinton’s political and academic credentials are second to none—Wellesley undergraduate, Yale Law School, Watergate trial activist, Rose Law firm lawyer, First Lady, Senator from New York, and President Obama’s Secretary of State. She has been indefatigably toiling her way through the political superstructure to be the next President of the United States: the incarnation of an Obama third term and protector of the Obama legacy. This tack that she has taken is helpful in the Democratic primary, especially among African Americans, but is a very large mistake in a general election and reflects poorly on her political judgement.

Judging from the three most important metrics of the economy: i.) detrended real nondefense GDP per adult from 1950 to the present, ii.) employment as a share of adult population during the post-World War II period, and iii.) new housing sales per 1,000 adults over the past 55 years, anyone who runs on the Obama record is at a great, great, great disadvantage.

Just look at each of these three measures of economic performance:

Figure 1  
**Real Nondefense GDP Per Adult Detrended<sup>5</sup>**  
 (quarterly, 1Q-50 to 4Q-15)



Note: Real GDP per Adult Trend = 1.88% Average Annual Growth from 1Q1950 to 4Q2015

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Laffer Associates

Even when a president’s term ends on a high note, as was the case with Presidents Kennedy, Reagan and Clinton, it is a challenge for the incumbent party to maintain the White House. Thus, given that detrended real nondefense GDP per adult as a measure of our country’s economic performance has ended on very low notes for Obama, “W” Bush and Bush Sr., it is clear

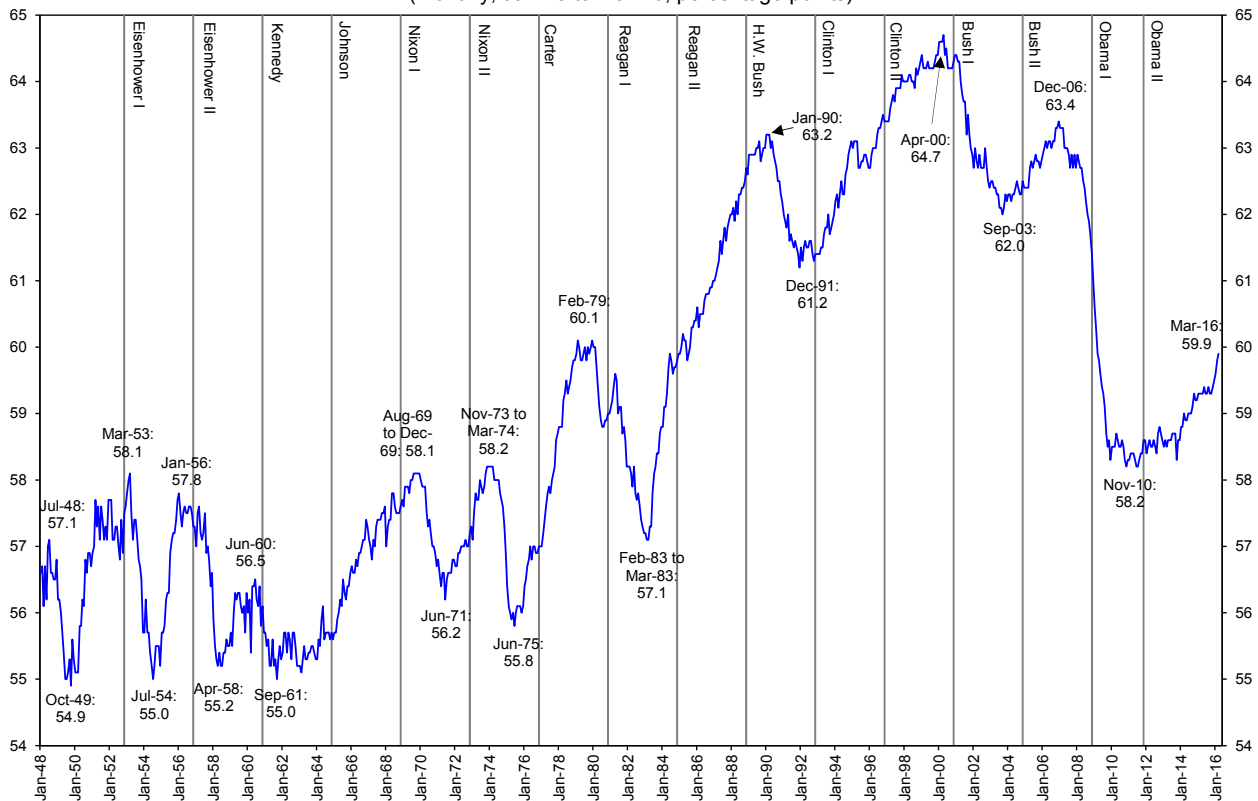
<sup>5</sup> Note: the gray vertical lines in figures throughout this paper represent the election dates of these individual presidents. The reason for this (rather than placing vertical lines on inauguration dates) is that we’re using economic metrics throughout this paper as indicators of votes rather than as descriptors for the success or failure of presidential policies.

that the economy is shouting for a party change. This does not bode well for the Democratic Party, which continues to endorse the current status quo.

And to confirm GDP growth's implications, we also have the disappointing measure of employment to adult population. Again, there is every reason on Earth to change parties now. There literally has been no Obama recovery, and Hillary Clinton promises she'll do more of the same. The U.S. has about 10 million fewer jobs per year than we would have had if the ratio of employment to adult population were what it was in mid-2000.

Just compare the ascent of the employment to adult population ratio for the eight years of Obama to the Johnson years, or even to the Nixon years, and especially to the Reagan and Clinton years. This Obama economy really isn't a recovery, let alone a strong recovery, as one would expect should have happened following the devastating collapse of the Great Recession. Why would Hillary Clinton want to run on the Obama record? It's beyond me.

Figure 2  
**Civilian Employment-to-Population Ratio**  
 (monthly, Jan-48 to Mar-16, percentage points)

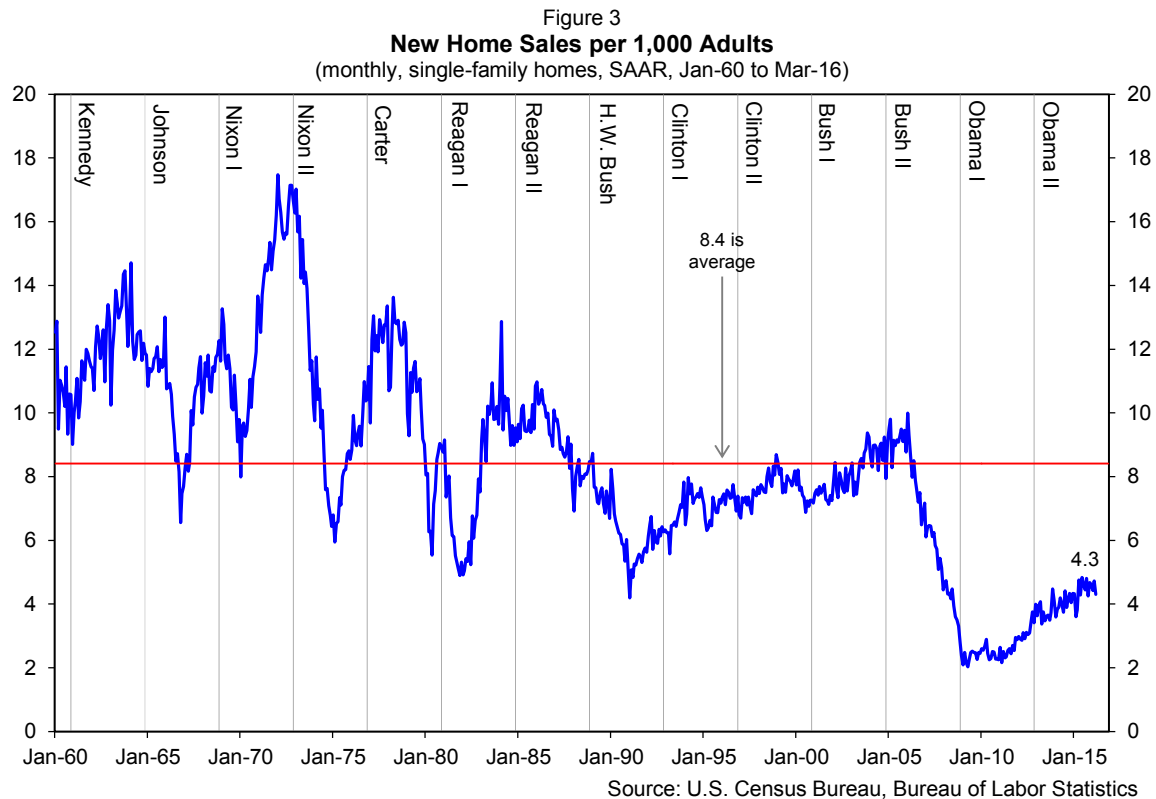


Source: Bureau of Labor Statistics

Using detrended real GDP per adult and total employment per adult, there have been two elections since Truman was elected in 1948 that appear to contradict my economic improvement hypothesis—the Nixon election in 1968 and the Obama reelection in 2012. Both of these elections appear to have had very strong extraneous factors at work. For Nixon's success, the huge outrage against Johnson's handling of the Vietnam War could well have overpowered the seemingly good economy and for Obama in 2012 a high racial sensitivity quotient could also have tipped the scales. If anything, today the war and racial sensitivity issues operate against the Democrats.

What I beg you to look at carefully are the virtually identical precipitous drops in the economy immediately preceding the Presidencies of Ronald Reagan and Barack Obama and the totally opposite results during their respective Presidencies. I just can't see how a pro-Obama candidate can win in 2016.

And, of course, without a housing recovery, there can't be prosperity, and, as shown in Figure 3 below, there is very little prospect for a housing recovery anytime soon.



Far from being a change agent, once Obama took office, he doubled down on the Bush economic agenda, kept Bush's key economic advisors and thereby created further down-drafts for the economy.

The simple fact that absolutely leaps off these charts is the abysmal record attained by the 7+ years of the Obama Administration. To be fair, the decline began when "W" took office and accelerated greatly when Bush, aided by Geithner and Bernanke, bailed everyone out and spent huge sums of U.S. resources trying to stimulate the economy—all to no avail. To me, the circumstances today are almost identical to those of 1980—16 years of bad economics about to be followed by a political renaissance.

For Hillary Clinton, the Obama record on the economy will be her biggest negative come November. And the very fact that she actually sought out and embraces this legacy speaks volumes about her judgement.

### III. All Elections are Referenda on Incumbents

#### **The Mood of the Country – The History of the Gallup Poll**

Whether fair or not, Hillary Clinton is viewed as a Democratic insider and establishment regular. As such, she benefits greatly in her ability to raise money and attract superdelegate support. But, there's also a downside to being a Democratic insider and establishment regular today. When the electorate is unhappy with the direction the country is heading, she'll also be blamed right along with the President and other members of his party. This is exactly what happened to the Presidencies of Johnson, Nixon, Ford, Carter, Bush Sr., Bush "W" and presumptively Obama.

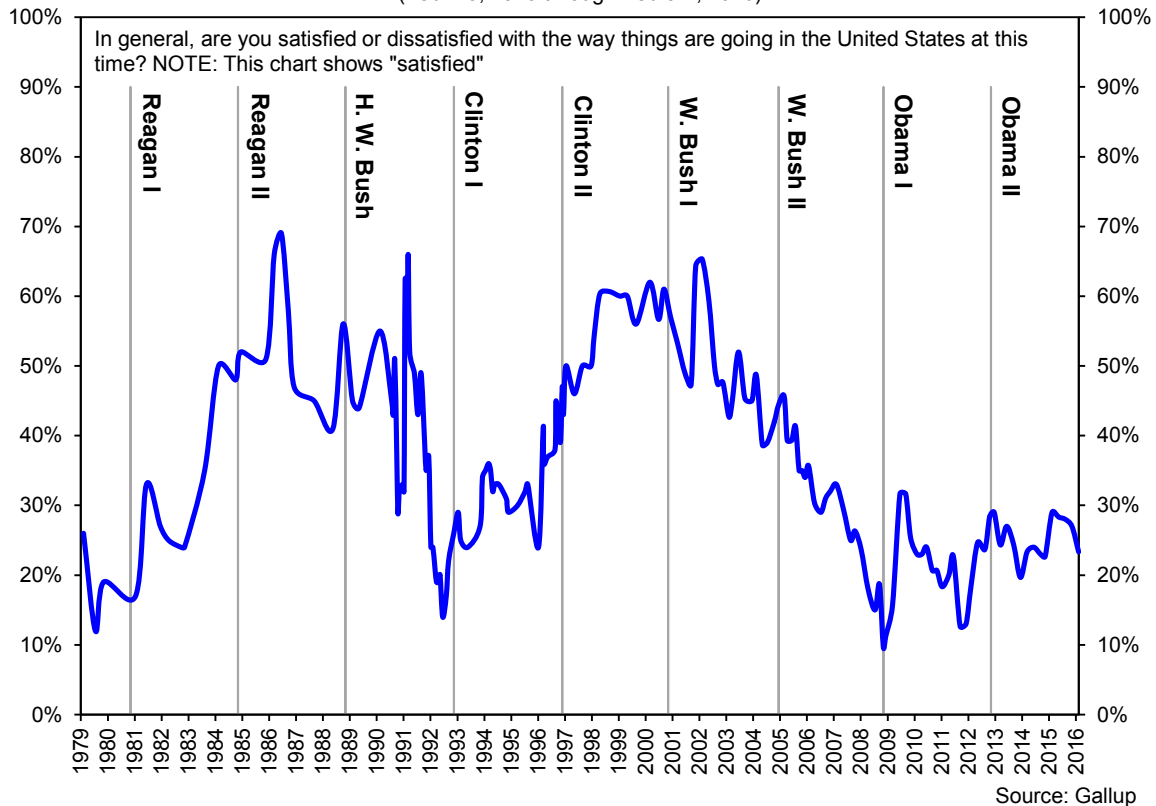
If any one of you remembers the contested Democratic primary of 1980 when Senator Ted Kennedy challenged his party's sitting President, you will be reminded of the current Democratic primary where Bernie Sanders continues to humiliate Hillary Clinton, primary after primary. While Senator Kennedy lost in his quest to secure the Democratic nomination, he clearly exposed all the weaknesses of President Carter, just as Senator Bernie Sanders is exposing Hilary Clinton's vulnerability. This can't be good news for Mrs. Clinton.

For quite some time now, I have been using the Gallup poll question, "Are you satisfied with the way things are going?" as my measure of the electorate's level of discontent. This question has been posed by Gallup for years and years and, thus, the

electorate’s response to this question reflects a consistent indicator over a long period of time: in fact, long enough for us to get a sense of whether this measure is a reliable guide to help forecast election results (see Figure 4). It is:

In my paper “Senate Outlook” of October 2, 2014, I relied heavily on this Gallup question to arrive at my outlandish forecast of a seven seat gain for the Republicans in that year’s Senate races. My forecast of a seven seat pickup was probably the most optimistic forecast at the time for the Republicans. But, as it turned out, I was off by two! The Republicans actually picked up nine seats—West Virginia, Montana, South Dakota, Arkansas, Alaska, Louisiana, Iowa, North Carolina and Colorado—and lost none.

Figure 4  
**The Gallup “Are You Satisfied?” Survey**  
 (Feb 2-5, 1979 through Feb 3-7, 2016)



The predictive power of this Gallup poll’s “are you better off?” question since the election of 1980 is pretty impressive. Both of Reagan elections were right in sync with Gallup’s poll survey at November of 1980 and November of 1984. Likewise, Bush Senior’s election in November of 1988 was seen as Reagan’s third term and was foreseen by the Gallup poll question.

And then both Clinton elections were right in line with the survey results from the Gallup poll questions in November of 1992 and November of 1996.

Bush the younger’s election in 2000 is anomalous, but his reelection in 2004 is consistent with the measure as was McCain’s (really it was Bush’s) defeat in November 2008. The 2012 election also appears contrary to the survey response to the poll question. If this poll reestablishes its predictive power in 2016, Trump wins in a Reagan-like landslide.

**IV. Primary Colors**

While perhaps subtle, what happens in contested presidential primaries is also a harbinger of general elections. And if the current Democratic and Republican primaries are accurate measures of voter enthusiasm, the Democrats are facing a tough up-hill fight against Republicans to say the least.

Using only states with party primaries, i.e. not state caucuses, and only party primaries up to the time when Donald Trump became the presumptive Republican presidential nominee, which was following the May 3<sup>rd</sup> Indiana primary, there has been a large increase in voter turnout for the Republicans in 2016 when compared to either 2008 or 2012. In fact, in the 28 state primaries through May 3<sup>rd</sup>, the total number of Republicans who actually voted in those primaries has increased by 57.2% over 2008 and 67.1% over 2012 (see Table 1 on page 8). And, using unweighted state numbers, the 2016 Republican primary

voter turnout is up 66.6% over 2008 and 103.0% over 2012. I use both total turnout as well as equal weighted state turnout because our Electoral College system for selecting a president is a combination of both. These numbers are astounding and by themselves speak volumes for Republican prospects in 2016. And it is not just the Trump phenomenon; it's the Trump phenomenon plus much more.

But, the situation is worse for Democrats. When juxtaposed to the Democratic turnout in 2008 and 2016, the 2016 Republican turnout looks even stronger. Remember, the 2012 Democratic primary was a non-event because President Obama, then a sitting President, was running for nomination essentially uncontested. We therefore focus exclusively on the change from the 2008 to the 2016 Democratic Party turnout, which, using the same states, is down in total by 20.1%. And, using equal-weighted state numbers, it's down by 16.2%. On a state-by-state comparison, Republican turnout is way up, and Democratic turnout is way down. Someone should ring the Democratic alarm bell.

And, even head-to-head comparisons of absolute voter turnout between the Democratic and Republican primaries in 2016 and 2008 give the Republicans a definite edge for the elections of 2016 and an enormous increase over 2008. So far in 2016, there have been 3.5 million more Republicans voting in their party's primaries than there have been Democrats. In 2008, the Democrats had over 11.3 million additional primary voter advantage over their Republican counterparts. This enormous increase in Republican voter turnout over Democrats in 2016 plus the fact that there are more Republican voters in 2016 than Democratic voters should be perhaps the single most disturbing statistic if you are a Hillary supporter, especially given the exceptional enthusiasm for Bernie Sanders in what has turned out to be a down primary turnout for Democrats.

Even on a state-by-state basis, the flip from Democrat to Republican has been pronounced. So far in this 2016 primary season, there are 14 new states that had Republican turnout in excess of Democratic turnout, i.e. those states in 2008 had more Democratic turnout than Republican turnout, while in 2016 Republican turnout exceeds Democratic turnout. These states are not, as Bernie Sanders would say, "chopped liver." They include Arkansas, Georgia, Indiana, Mississippi, Missouri, New Hampshire, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia and Wisconsin. When it comes to the electoral college, flipping a state is far more important than is increasing the margin of victory.

What should be even more alarming to the Democrats than the party flip against Democrats in the 14 states that have already had primaries is the fact that so far in every state, save Michigan, Democratic voter advantage over Republican's has declined. And Michigan, without trying to reach too far for excuses, appears to hinge on the tragedy of the Flint water contamination and Mitt Romney's candidacy in 2008 and 2012. And so as not to take everything away from the unique Michigan phenomenon, it still must be remembered that in both 2008 and 2016, Republican primary turnout in Michigan was greater than Democratic turnout.



Table 1  
**Primaries Completed as of May 3<sup>rd</sup>**

	Republican Primary Turn Out			% Increase 2016 from 2008	% Increase 2016 from 2012	Democrat Primary Turn Out		% Increase 2016 from 2008	Democrat Advantage 2008	Democrat Advantage 2016
	2008	2012	2016			2008	2016			
Alabama	552,209	621,916	860,652	55.0%	38.4%	536,626	396,851	-26.0%	(15,583)	(463,801)
Arizona	541,767	511,239	625,770	-2.1%	22.4%	456,626	468,461	2.6%	(85,141)	(157,309)
Arkansas	229,882	152,360	410,920	76.8%	169.7%	315,839	221,020	-30.0%	85,957	(189,900)
Connecticut	151,605	59,639	213,372	40.8%	257.8%	355,561	328,467	-7.6%	203,956	115,095
Delaware	50,237	28,592	69,892	39.1%	144.4%	96,341	93,640	-2.8%	46,104	23,748
Florida	1,949,498	1,676,176	2,361,805	20.8%	40.9%	1,749,920	1,709,183	-2.3%	(199,578)	(652,622)
Georgia	963,541	901,470	1,295,963	34.2%	43.8%	1,060,851	765,366	-27.9%	97,310	(530,597)
Illinois	899,422	933,454	1,449,748	57.8%	55.3%	2,038,614	2,056,047	0.9%	1,139,192	606,299
Indiana	412,684	635,589	1,110,543	167.2%	74.7%	1,278,355	638,779	-50.0%	865,671	(471,764)
Louisiana	161,169	186,410	301,241	86.9%	61.6%	384,346	311,776	-18.9%	223,177	10,535
Maryland	320,989	248,468	459,066	35.0%	84.8%	878,174	916,763	4.4%	557,185	457,697
Massachusetts	501,997	370,425	637,703	25.8%	72.2%	1,263,764	1,220,296	-3.4%	761,767	582,593
Michigan	869,169	996,499	1,323,589	52.4%	32.8%	594,398	1,205,552	102.8%	(274,771)	(118,037)
Mississippi	143,286	293,787	416,252	182.8%	41.7%	434,110	227,164	-47.7%	290,824	(189,088)
Missouri	588,844	252,185	939,270	58.6%	272.5%	825,050	629,425	-23.7%	236,206	(309,845)
New Hampshire	234,625	249,534	287,683	21.1%	15.3%	288,672	254,776	-11.7%	54,047	(32,907)
New York	670,078	190,515	921,771	27.9%	383.8%	1,891,143	1,970,900	4.2%	1,221,065	1,049,129
North Carolina	1,335,052	973,206	1,149,705	-14.7%	18.1%	1,580,726	1,143,293	-27.7%	245,674	(6,412)
Ohio	1,095,917	1,213,879	2,014,396	86.4%	65.9%	2,354,721	1,259,754	-46.5%	1,258,804	(754,642)
Oklahoma	335,054	286,523	459,922	37.2%	60.5%	417,207	335,843	-19.5%	82,153	(124,079)
Pennsylvania	829,129	808,115	1,594,475	88.8%	97.3%	2,354,005	1,681,427	-28.6%	1,524,876	86,952
Rhode Island	27,237	14,564	62,331	125.5%	328.0%	186,657	124,960	-33.1%	159,420	62,629
South Carolina	445,499	603,770	745,405	65.6%	23.5%	532,151	373,063	-29.9%	86,652	(372,342)
Tennessee	553,815	547,561	855,729	54.3%	56.3%	624,764	377,222	-39.6%	70,949	(478,507)
Texas	1,362,322	1,449,477	2,836,488	107.9%	95.7%	2,874,986	1,435,895	-50.1%	1,512,664	(1,400,593)
Vermont	40,120	60,850	61,756	52.1%	1.5%	155,279	135,256	-12.9%	115,159	73,500
Virginia	489,252	265,570	1,025,425	109.5%	286.1%	986,203	785,041	-20.4%	496,951	(240,384)
Wisconsin	529,932	787,847	1,105,944	107.1%	40.4%	1,113,753	1,007,600	-9.5%	583,821	(98,344)
<b>Total Votes</b>	<b>16,284,331</b>	<b>15,319,620</b>	<b>25,596,816</b>	<b>57.2%</b>	<b>67.1%</b>	<b>27,628,842</b>	<b>22,073,820</b>	<b>-20.1%</b>	<b>11,344,511</b>	<b>(3,522,996)</b>
<b>EW % Change</b>				<b>66.6%</b>	<b>103.0%</b>			<b>-16.2%</b>		



Table 2  
Primaries Following May 3<sup>rd</sup>

	Republican Primary Turn Out			% Increase 2016 from 2008	% Increase 2016 from 2012	Democrat Primary Turn Out		% Increase 2016 from 2008	Democrat Advantage 2008**	Democrat Advantage 2016**
	2008	2012	2016			2008	2016			
Nebraska	136,648	185,402	197,430	44.5%	6.5%	N/A	Caucus	N/A	N/A	N/A
West Virginia	Caucus	112,416	202,880	N/A	80.5%	456,282	241,016	-47.2%	N/A	38,136
Kentucky	Caucus	Caucus	Caucus	N/A	N/A	701,768	454,573	-35.2%	N/A	N/A
Oregon	353,476	287,955	408,937	15.7%	42.0%	641,499	641,595	0.0%	288,023	232,658
Washington	529,932	Caucus	608,128	14.8%	N/A	N/A	N/A	N/A	N/A	N/A
California	2,932,812	1,924,970	2,162,810	-26.3%	12.4%	5,066,992	4,966,115	-2.0%	2,134,180	2,803,305
Montana	95,730	140,457	156,888	63.9%	11.7%	273,793	126,376	-53.8%	178,063	(30,512)
New Jersey	566,201	231,465	443,724	-21.6%	91.7%	1,141,199	877,496	-23.1%	574,998	433,772
New Mexico	110,939	92,930	104,627	-5.7%	12.6%	Caucus	216,075	N/A	N/A	111,448
South Dakota	60,964	58,292	66,879	9.7%	14.7%	97,797	53,006	-45.8%	36,833	(13,873)
<b>Total Votes*</b>	<b>4,256,770</b>	<b>2,921,471</b>	<b>3,541,295</b>	<b>-16.8%</b>	<b>21.2%</b>			<b>-12.2%</b>	<b>3,212,097</b>	<b>3,425,350</b>
<b>EW % Change</b>				<b>11.9%</b>	<b>34.0%</b>			<b>-29.6%</b>		

\*Total Votes are only summed for states that held primaries in 2008, 2012 & 2016

\*\*Democrat Advantage is summed only for states that have had both a Republican and Democrat primary in 2016

While caucus numbers are influenced by a number of factors other than voter turnout and electorate preferences, their implications are little different from those of the primary states.

Again these results have to be concerning for Presidential candidate Hillary Clinton.

Table 3  
Caucuses and Mixed Caucuses/Primaries Completed as of May 3<sup>rd</sup>

	Republican Caucus Turn Out			% Increase 2016 from 2008	% Increase 2016 from 2012	Democrat Caucus Turn Out		% Increase 2016 from 2008	Democrat Advantage 2008**	Democrat Advantage 2016**
	2008	2012	2016			2008	2016			
Alaska	15,000	14,135	21,930	46.2%	55.1%	8,621	10,600	23.0%	(6,379)	(11,330)
Colorado	65,400	66,027	N/A	N/A	N/A	120,001	123,508	2.9%	54,601	N/A
Hawaii	N/A	10,228	13,377	N/A	30.8%	37,426	33,716	-9.9%	N/A	20,339
Idaho	Primary	44,672	Primary	N/A	N/A	21,224	23,884	12.5%	N/A	N/A
Iowa	118,696	121,354	186,874	57.4%	54.0%	236,000	171,109	-27.5%	117,304	(15,765)
Kansas	19,432	29,857	73,116	276.3%	144.9%	37,089	40,000	7.8%	17,657	(33,116)
Kentucky	205,226	176,160	229,667	11.9%	30.4%	N/A	N/A	N/A	N/A	N/A
Maine	5,338	5,814	18,650	249.4%	220.8%	44,670	46,000	3.0%	39,332	27,350
Minnesota	62,828	48,916	114,245	81.8%	133.6%	214,066	207,109	-3.2%	151,238	92,864
Nebraska	N/A	N/A	N/A	N/A	N/A	38,670	33,460	-13.5%	N/A	N/A
Nevada	44,315	32,894	75,216	69.7%	128.7%	117,559	84,000	-28.5%	73,244	8,784
Utah	Primary	Primary	177,204	N/A	N/A	Primary	77,344	N/A	N/A	(99,860)
Wyoming	1,200	1,308	N/A	N/A	N/A	8,753	7,000	-20.0%	7,553	N/A
<b>Total Votes*</b>	<b>470,835</b>	<b>429,130</b>	<b>719,698</b>	<b>52.9%</b>	<b>67.7%</b>	<b>884,079</b>	<b>780,386</b>	<b>-11.7%</b>	<b>454,550</b>	<b>(10,734)</b>
<b>EW % Change</b>				<b>113.3%</b>	<b>99.8%</b>			<b>-4.9%</b>		

\*Total Votes are summed only for states that held caucuses in 2008, 2012 and 2016

\*\*Democrat Advantage is only summed for states that have had both a Republican and Democrat caucus in 2016

Table 4  
Caucuses Following May 3<sup>rd</sup>

	Republican Caucus Turn Out			Democrat Caucus Turn Out	
	2008	2012	2016	2008	2016
Washington	Primary	50,764	Primary	Primary	230,000
New Mexico	N/A	N/A	N/A	153,299	214,307
North Dakota	9,785	11,349	N/A	19,102	N/A

**V. Politics Bubbles Up from the Bottom and Presidential Selection is the Final Coup de Grace of a Political Revolution**

The proposition of this section of this paper is that elections for the U.S. House of Representatives, the U.S. Senate, state houses, state senates and governorships are accurate indicators of Presidential races. If these federal and state elections are accurate forecasters in 2016, Hillary Clinton is toast.

**a.) Politics in the U.S. Congress**

In January 2009, there were 57 Democrats in the U.S. Senate, 2 Independents (Sanders VT and King ME) who always voted with and caucused with the Democrats, and 41 Republicans. Today, there are 54 Republicans, 44 Democrats plus the same 2 Independents who are effectively Democrats (see Table 5 below).

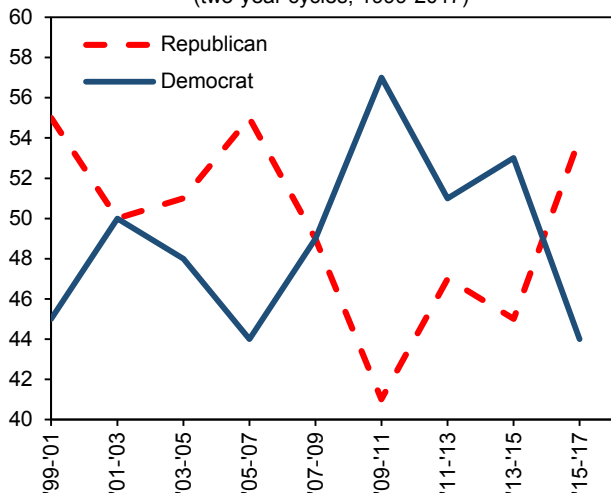
Likewise, in January 2009, there were 257 Democrats in the U.S. House and 178 Republicans. Today, the tables have turned and the Republicans have their largest majority in the House since 1928, 247, and the Democrats have 188 House members. Not only have the numbers changed dramatically, but the ideologies have also become more concentrated. The changes in the U.S. Congress over the past eight years are huge and reflect an enormous swing in U.S. political sentiments. But the groundswell doesn't stop there.

Table 5

	U.S. Senate Count			U.S. House Count		
	Democrat	Republican	Other	Democrat	Republican	Other
1999-2001	45	55	0	211	223	1
2001-2003	50	50	0	213	220	2
2003-2005	48	51	1	205	229	1
2005-2007	44	55	1	201	233	1
2007-2009	49	49	2	233	202	0
2009-2011	57	41	2	257	178	0
2011-2013	51	47	2	193	242	0
2013-2015	53	45	2	201	234	0
2015-2017	44	54	2	188	247	0

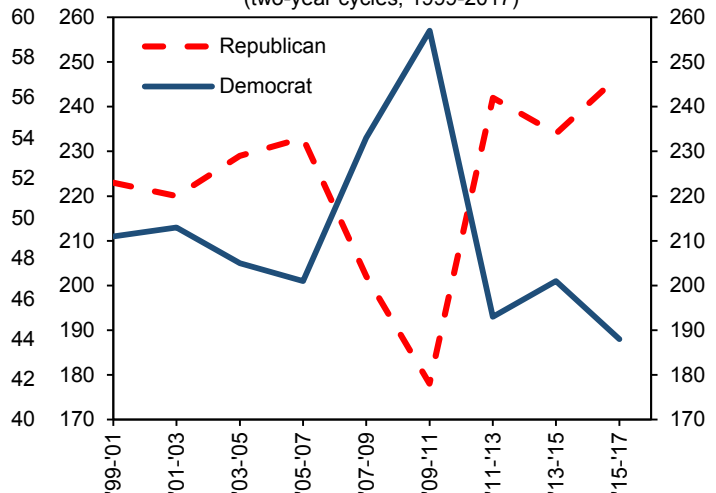
Source: 2009-2016 NCSL \*numbers for State data are of January for each year  
Source: Data prior to 2009 census.gov \*numbers for state data are of March of each year

Figure 5  
U.S. Senate Count  
(two-year cycles, 1999-2017)



Source: Senate.gov

Figure 6  
U.S. House Count  
(two-year cycles, 1999-2017)



Source: House.gov

**b.) Politics in the States**

In the state legislatures, the changes in the Democrat/Republican split have been equally as radical as they are in the U.S. Congress. Counting all senate members of the various state legislatures in 2009, there were 1,024 Democrats, 889 Republicans and 58 categorized as “other.” (See Table 6 below). But today, the Democrats have only 827 State Senators, the Republicans 1,088, with 57 categorized as other—this is the very definition of a 180 degree turn around.

In the state houses of representatives in 2009, Democrats had 3,058 members to the Republicans’ tally of 2,334 with 19 “others.” And yet, today, the Republicans control the vast majority of state houses with a grand total of 3,037 house members to the Democrats’ 2,342 members and 32 “others.” This switch in state legislatures all but assures the Republican control of redistricting and control of the U.S. House for years to come.

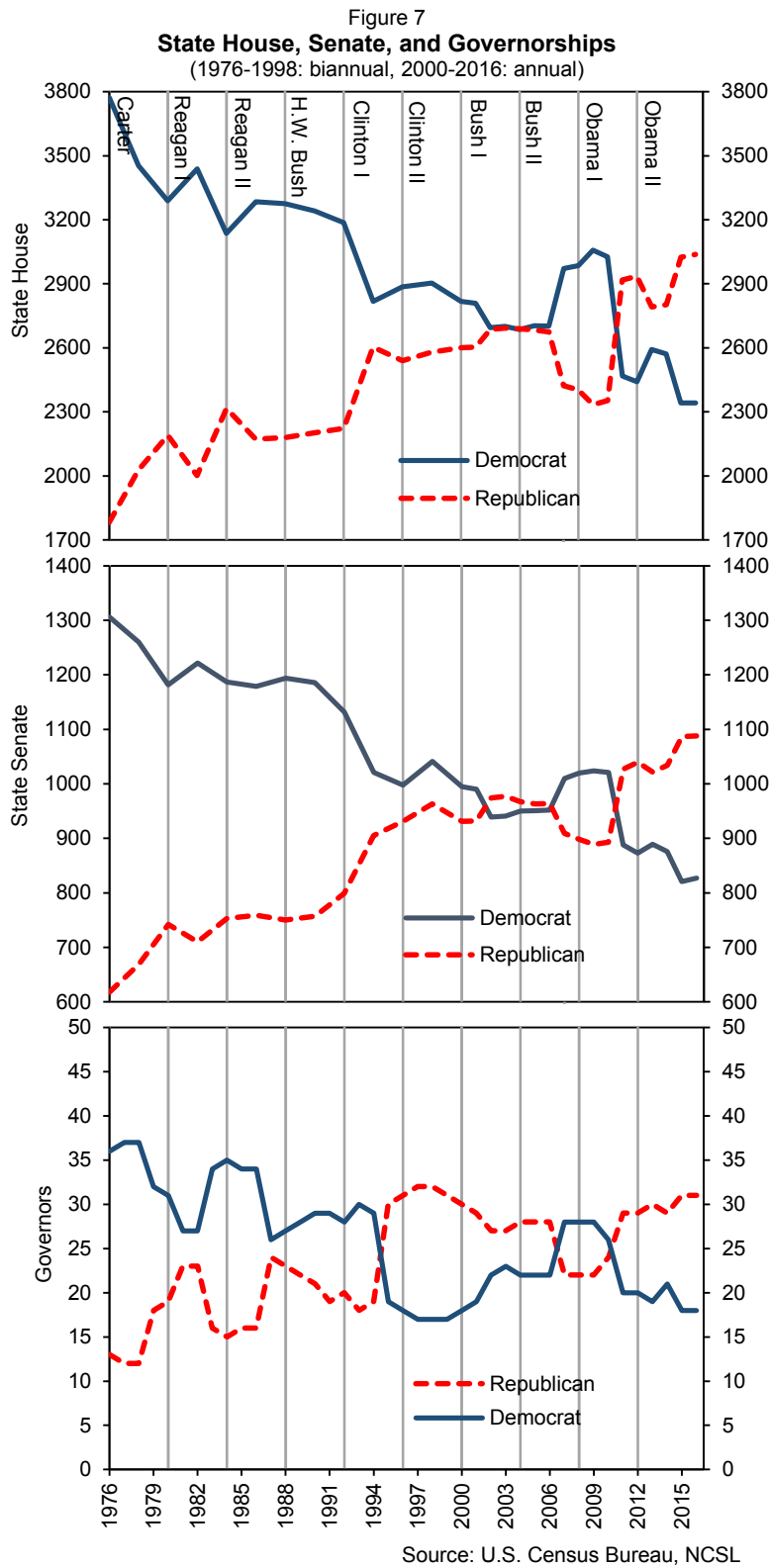
As a final sort of “egg in your beer,” the Democrats had 28 governors to the Republicans’ 22 in 2009. Today there are 31 Republican governors, 18 Democrats and one “other” Bill Walker (I) in Alaska. With solid control of both houses and the governorships of so many states, a united Republican Party could do almost anything it wants to do if it has the will to do it, and, at the state level, the party is following through.

Table 6  
**Membership of State Houses, Senates and Governorships by Party**  
 (biannual: 1976-1998, annual: 2000-2016)

	State Senate Count			State House Count			Governor Count		
	Democrat	Republican	Other	Democrat	Republican	Other	Democrat	Republican	Ind.
1976	1306	618	8	3772	1783	26	36	13	1
1977							37	12	1
1978	1260	669	3	3454	2027	20	37	12	1
1979							32	18	0
1980	1182	742	8	3289	2190	22	31	19	0
1981							27	23	0
1982	1210	725	2	3429	2006	17	27	23	0
1983							34	16	0
1984	1187	753	6	3136	2316	14	35	15	0
1985							34	16	0
1986	1177	762	7	3294	2164	9	34	16	0
1987							26	24	0
1988	1192	751	3	3277	2176	13	27	23	0
1989							28	22	0
1990	1186	757	3	3242	2202	23	29	21	0
1991							29	19	2
1992	1132	799	4	3186	2223	31	28	20	2
1993							30	18	2
1994	1021	905	3	2817	2603	31	29	19	2
1995							19	30	1
1996	998	931	9	2886	2539	31	18	31	1
1997							17	32	1
1998	1041	963	3	2903	2580	0	17	32	1
1999							17	31	2
2000	995	931	11	2818	2600	21	17	31	2
2001	990	932	13	2809	2604	14	21	27	2
2002	939	974	58	2694	2687	30	21	27	2
2003	941	977	4	2700	2693	18	24	26	0
2004	950	967	53	2686	2689	21	22	28	0
2005	951	963	8	2704	2683	24	22	28	0
2006	952	964	6	2702	2675	34	22	28	0
2007	1010	909	3	2971	2422	18	28	22	0
2008	1020	898	4	2985	2403	24	28	22	0
2009	1021	890	11	3041	2346	24	28	22	0
2010	1026	893	3	3028	2356	27	26	24	0
2011	881	1032	9	2453	2924	36	20	29	1
2012	873	1040	57	2441	2939	31	20	29	1
2013	889	1022	61	2592	2791	28	19	30	1
2014	876	1034	62	2572	2802	37	21	29	0
2015	821	1087	64	2342	3024	45	18	31	1
2016	827	1088	57	2342	3037	32	18	31	1

Source: 2016-2016: NCSL, numbers are as of January for each year; 1976-2012: Census Bureau, numbers are as of March for each year

To put substance into the predictive power of state and local election results for presidential elections, I have graphically aligned state house results for all states with state senate results for all states and gubernatorial results for all states by year.



While by no means perfect, there is clearly a close correlation between a party's success in state and local elections, and that party's success in the upcoming presidential election. If that close correlation holds in November of 2016, there will be a Republican landslide.

In fact the entire political terrain of the U.S. has shifted 180 degrees in the past 8 years with one exception—the White House. A betting person with any lick of sense would be loath to bet against a Republican presidency and a radical reversal of economic policies.

## **VI. Issues and Political History**

Another factor favoring Donald Trump over Hillary Clinton has to do with longevity and negative selection. The political process, more than any system I've ever worked with, thrives on pointing out mistakes and overlooking successes. My advice to many candidates has been to speak as little as possible and to describe policies in as general a manner as you can get away with. People aren't looking through your transcripts to find the next wonderful and positive thing you've done, but instead they try to find your missteps, transgressions, faux pas and failures. Politics is a totally negative process. You live or die by the sum total of what you've done wrong, not on the balance between what you've done right and what you've done wrong. In the words of Shakespeare, "the good is oft interred with their bones."<sup>6</sup>

Trump has had very limited exposure as a practicing politician and, therefore, has only his own words and phrases to criticize. While he may have a number of missteps in business or in his personal life, no one cares. And yet, he truly enjoys celebrity status as no one in politics today does. Also, given how much Trump has said about any number of issues over the past couple of years, there are probably quotes that can be used on any side of most any issue. But with Hillary, it's different.

Hillary has done a lot. She's been involved in politics at a visible level since the Watergate hearings and maybe even earlier. Her past contains numerous misdeeds and failures as much because she's done so much and perhaps not so much because she has been a failure. Yet, a diligent, hard-driving researcher can find a laundry list of her significant misdeeds.

To wit,

- As events have unfolded, her vote in favor of the Iraq War is a clear sign of poor political judgment, especially in her party.
- Her behavior surrounding the attack on the consulate in Benghazi and the failure to respond to four American deaths sure looks like a case of poor judgment.
- Her use of a private e-mail server while Secretary of State and thus the potential exposure of critical U.S. intelligence to those who would do us harm again smacks of poor judgement.
- The Clinton Foundation along with its big gifts and extraordinarily large speaking fees surely creates an aura of impropriety, favoritism and the absence of sound judgement.
- Her involvement in the cover-up of Fast and Furious is transparent bad judgment.
- Her disregard for coal miners and coal companies in her reckless quest to be seen as a defender of the environment is yet another case of dangerous judgement.
- The IRS scandal: While not directly implicated as a participant in an administration cover-up of the Cincinnati IRS office headed by Lois Lerner's misuse of government power, there are definite indications of her gross negligence in the pursuit of even-handed fairness of the power to tax.
- As I have predicted,<sup>7</sup> Obamacare has not only driven considerable premium increases for coverage since 2013, when the marketplace first opened for enrollment, but has also added significant cost burdens onto health insurance companies, many of whom are choosing to leave the Obamacare marketplace as costs continue to outpace profits. This has led to entire states, such as Alaska and Alabama, being left with only one insurer on their respective Obamacare marketplaces, with 650 counties total being left with just one insurer in 2017.<sup>8</sup>
- Her personal investments in cattle futures.<sup>9</sup> In the late 1970s, she turned an initial investment of \$1,000 into \$100,000 in just 10 months, despite having no previous investment experience. Her close friend, James Blair, an experienced commodities trader, advised her to enter the commodities market, but Clinton claimed to have made her own investment decisions. One academic study published in *The Journal of Economics and Finance* estimated the likelihood of achieving a result such as Clinton's as 1 in 31 trillion.<sup>10</sup>

<sup>6</sup> William Shakespeare, *The Tragedy of Julius Caesar*, Act III, Scene 2, Line 1620.

<sup>7</sup> Arthur B. Laffer and Emily Evans, "Rising Health Care Costs and Premiums: Is the ACA to Blame?" Laffer Associates, July 30, 2015.

<sup>8</sup> Anna Wilde Mathews, "Insurance Options Dwindle in Some Rural Regions," *The Wall Street Journal*, May 15, 2016. <http://on.wsj.com/1sqcTGg>

<sup>9</sup> Caroline Baum and Victor Niederhoffer, "Herd Instincts: Hillary's Investment Profits," *National Review*, February 20, 1995. pp. 43–44.

<sup>10</sup> Seth C. Anderson and John D. Jackson, and Jeffrey W. Steagall, "A note on odds in the cattle futures," *The Journal of Economics and Finance*.