



*\*Don't miss our new Inflation Reduction Act Program Trackers at the bottom of this note.*

## **Client Note: Election Days Looms**

### **Upshot**

With election day next Tuesday, all eyes are on the potential make-up of the next Congress. As we've discussed in previous notes, races continue to move in favor of Republicans such that the House will almost certainly flip to Republican control and the Senate is a true coin toss.

We'll provide more analysis after the election and things have settled, but until then we wanted to highlight a few storylines (tangentially and directly related to the election) we think are worth paying attention to.

### **Republican Polling**

Polls are often crafted to tell a story, and for weeks, Republican and conservative group-sponsored polls have been painting a picture of a tidal wave. Those polls are not only reported on, they're also included in polling aggregators that average multiple polls, like [Real Clear Politics](#). But when one side produces a ton of polling, the story starts appearing to be more believable because it seems to come from a variety of sources (even if it's actually an oversampling of partisan-leaning pollsters). Nate Cohn [laid it out](#) in the NYT earlier this week, saying:

“the flip side: Most of the polling over the last few weeks is coming from partisan outfits — usually Republican — or auto-dial firms. These polls are cheap enough to flood the zone, and many of them were emboldened by the 2020 election, when their final results came close to the election results even as other pollsters struggled.”

We're not delusional; a lot of Democrats will have a rough election night, and Republicans will likely win the House majority. But we're also not suckers, and the red tidal wave narrative might not align with how voters are feeling in key races. And Senate Democrats are [outperforming Biden](#) approvals by a significant margin in non-partisan polling, suggesting that a Republican wave might not spread to the Senate. For another look, read Morgan Chalafant's [piece](#) in Semafor.

### **The Economy**

Inflation and fears of a recession are what pollsters are talking about when they ask voters about “the economy” in this election cycle. And Congress and the Administration has largely ceded control of this narrative to the Federal Reserve. On Wednesday, Chair Jerome Powell announced the Fed would raise the federal funds rate another 75 basis points, continuing to restrict monetary policy as 30-year mortgage rates top 7 percent.

[Writing in Forbes](#), Jonathan Ponciano and Janet Novack explain how the Fed is very likely to push rates too high and send the economy into recession as soon as early next year.

But now Powell is facing the sharpest inflation spike in 40 years and some critics worry he may be hewing too closely to an outdated [former Fed Chair Paul] Volcker playbook, tightening too-fast and too long and spurring a deeper-than-needed recession at home and abroad. Repeatedly this year, Powell has alluded to the title of Volcker's memoir when discussing the duration of interest rate hikes, [pledging](#) the Fed must "keep at it" until inflation slows.

The Labor Department released the [October employment report](#) today, which showed that U.S. employers added 261,000 jobs last month, and the jobless rate rose to 3.7%. This growth is slightly above forecasts and shows the job market is modestly cooling off versus previous months.

### **The Inflation Reduction Act's enduring legacy**

While Republicans have pledged to fight the climate policies enacted in the IRA through oversight and negotiating changes in the law in future bills, they will have a hard time convincing Democrats in the Senate and President Biden to undo the signature accomplishment of the past two years. And as long as the bill is in effect, it will continue to fight climate change, perhaps even more successfully than initially expected. As a Robinson Meyer [noted](#) in the Atlantic last month:

“Many of the IRA’s most important provisions, such as its incentives for electric vehicles and zero-carbon electricity, are “uncapped” tax credits... The widely cited figure for how much the IRA will spend to fight climate change—\$374 billion—is in large part determined by the Congressional Budget Office’s estimate of how much those tax credits will get used.

But that estimate is wrong, [Credit Suisse] claims. In fact, so many people and businesses will use those tax credits that the IRA’s total spending is likely to be more than \$800 billion, double what the CBO projects.”

We’re hoping the Credit Suisse report is right and stronger than expected interest in these credits will reduce emissions for years to come.

### **Inflation Reduction Act Program Trackers - DOE, EPA & USDA**

The Pioneer Public Affairs team is working to help our clients stay on top of IRA programs! Please take a look at our new IRA trackers for DOE, EPA and USDA. Please let us know if these are useful and how we can improve them. More importantly, let us know if you see any errors or dated info. If there’s enough interest, we’ll keep these trackers up to date and consider expanding them. Please send feedback to [zoe@pioneerpublicaffairs.com](mailto:zoe@pioneerpublicaffairs.com).

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