



2019: A Political Odyssey
We need some downtime

Trump Derangement Syndrome (TDS)

- He is...racist, sexist, destructive to democratic institutions, more recently a Russian-spy
- Enduring reality: more voters than the conventional wisdom admits DO NOT CARE
- Standing up to the dominant status quo instead of pandering to the mood of political class

Solid Core

- Approval rating with own party at end of 2nd year (Gallup):

George W. Bush 97%

Donald Trump 88%

Barack Obama 85%

George H.W. Bush 84%

Richard Nixon 79%

Ronald Reagan 76%

Bill Clinton 75%

Jimmy Carter 62%

Approval Low But Incredibly Stable

	Low Approval Rating	High Approval Rating	Range
	%	%	(High - Low)
Trump (Jan 2017-Dec 2018)	35	45	10
Nixon (Jan 1969-Jan 1971)	51	67	16
Johnson (Nov 1963-Nov 1965)	62	79	17
Eisenhower (Jan 1953-Jan 1955)	57	75	18
Kennedy (Jan 1961-Jan 1963)	61	83	22
Clinton (Jan 1993-Jan 1995)	37	59	22
Obama (Jan 2009-Jan 2011)	43	67	24
G.H.W. Bush (Jan 1989-Jan 1991)	56	82	26
Reagan (Jan 1981-Jan 1983)	37	68	31
Ford (Aug 1974-Aug 1976)	37	71	34
Carter (Jan 1977-Jan 1979)	39	75	36
G.W. Bush (Jan 2001-Jan 2003)	51	90	39
Truman (Apr 1945-Apr 1947)	33	87	54

Data for Presidents Truman through George W. Bush based on multi-day Gallup polls. Data for Trump and Obama based on weekly averages of Gallup tracking.

Through the Noise

- What we need to be focused on:
 - 1) The Midterm Readout
 - 2) Farm Bill Implementation
 - 3) Trade tension and de-escalation

Midterm Results: Split Decision

House of Representatives

- Since 1826, President's party has lost seats in 42 of the 48 midterms
 - Obama lost **63** seats
 - Clinton lost **54** seats
 - Trump lost **40** seats
- 21 seats lost by GOP in districts carried by Hillary Clinton
 - Highest midterm turnout since 1914
 - Suburban and moderate
- House Leadership Elections:
 - R's elected McCarthy/Scalise/Cheney
 - D's elected Pelosi/Hoyer/Clyburn

Midterm Results: Mixed

Senate

- **Republicans** Build on Majority
 - Strength in Rural America
 - Trump Effect
- **53 R's vs. 47 D's**

States (key point ahead of 2020)

- D's + **WI, MI, KS**, ME, IL, NV, NM
- R's held **OH, FL, IA**, GA, SD
- **MN will have the only legislature under divided control**
 - >Hasn't happened since 1914

A New Farm Bill

- Included two highest priorities of California Rice
 - 1) Temperate Japonica Rice Reference Price (RP) Increased to 124% of Medium Grain *Effective* Reference Price MY 2012-2016
 - Was 115%
 - PLC Reference Price \$17.36
 - Max. Effective Reference Price \$ 19.96
 - 2) Clear, statutory direction that nothing should limit 10-year EQIP contracts even those solely for the benefit of wildlife
- Expect Farm Bill Implementation Schedule Announcement Soon

Other Key Provisions

- New ARC/PLC Election for 2019 and 2020 crops
- 1-time Yield Update With 2020 Crop
- Beginning 2021 thru 2023; annual decision. Farm-by-farm, commodity-by-commodity
- Amends definition of 'family' to include first cousins, nieces and nephews

Trump Trade Policy



How trade policy circles have misread

- Freak out of the Washington political class

- 1) NAFTA withdrawal
- 2) NAFTA termination
- 3) KORUS withdrawal
- 4) WTO withdrawal
- 5) China will never concede

*Trump is going to dismantle the global trading system built over 70 years

- Realignment and Pure Bilateralism

->US-Mexico ->US-Canada =USMCA

->US-China

->US-Japan

South China Morning Post

UPDATED : Monday, 21 Jan 2019

How China misread the US on trade during Donald Trump's early days

- China experiencing slowest growth in 14 years
 - 1) Xi Directed Credit Crunch
 - 2) Chinese Markets: 2018 performance was worst in a decade
 - 3) BUT...they can wait it out
- Time to strike a deal is now
 - 1) Strength of US Economy
 - 2) March 1 Deadline
 - 3) China already committed to large ag purchases
 - 4) Others pain, rice can make gains

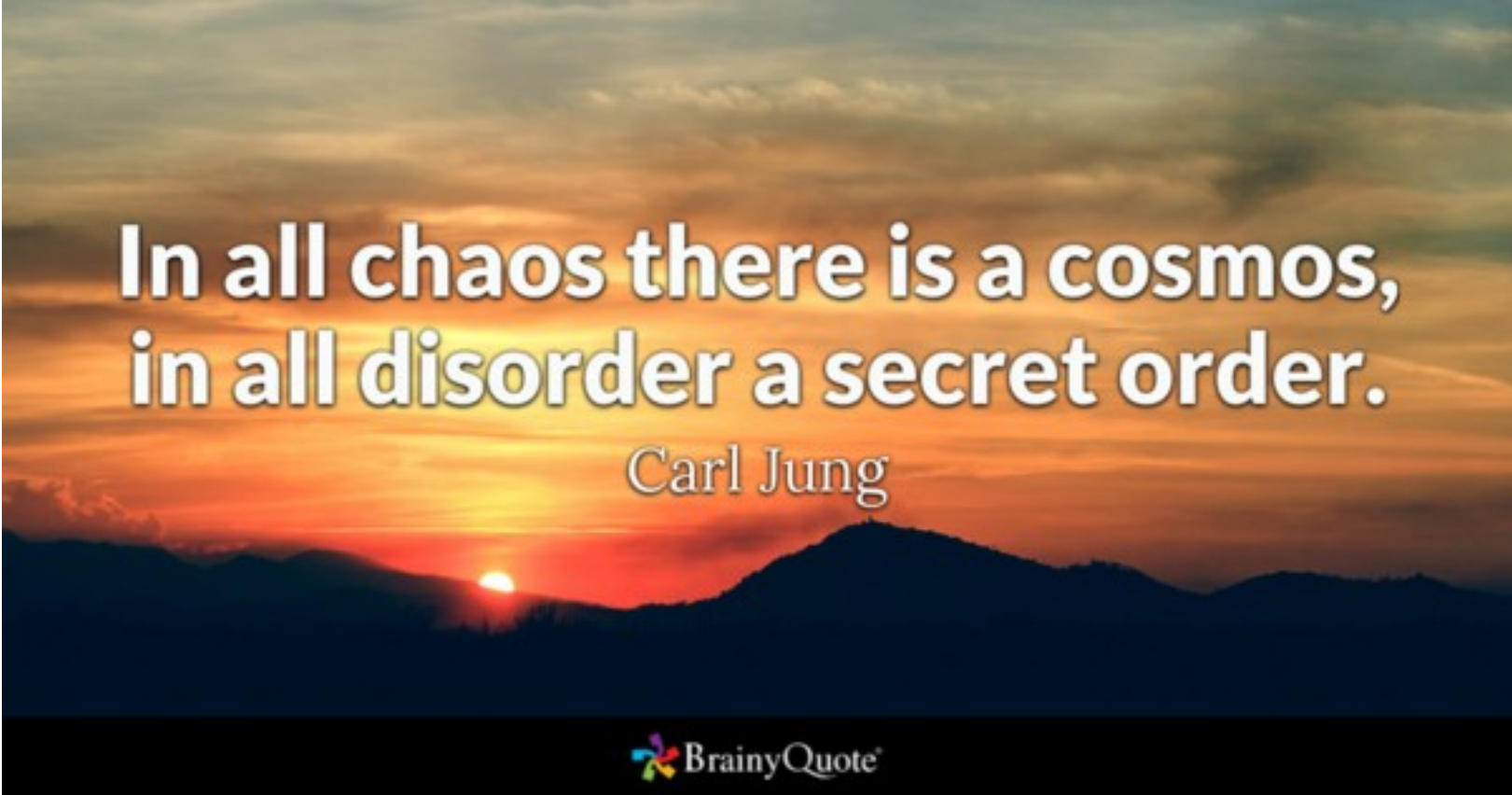
Japan

- More tons and better access than TPP
 - 1) Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
 - Effective December 30, 2018
- USTR Notified Congress October 16, 2018
 - 1) Talks can begin after 90 days
- Will this be a fully authorized FTA or not?
 - 1) USTR Lighthizer: full free trade agreement
 - 2) “Early harvest”: low-hanging fruit

USMCA

- Key: Mexico is largest market for US Rice
 - 1) We must remain a trusted supplier
- Requires Congressional Ratification
 - 1) Measuring stick is TPA vote, June 2015
 - 2) 218-208
- Interesting dilemma for House Democrats
 - 1) Late spring/Early summer whip effort
 - 2) Expect a bumpy ride - - they always are with trade votes

How To Treat Trump Derangement Syndrome

A sunset over mountains with a quote by Carl Jung. The sun is low on the horizon, casting a warm glow over the sky and silhouetting the mountains below. The quote is centered in white text with a slight shadow.

In all chaos there is a cosmos,
in all disorder a secret order.

Carl Jung