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The New Balance of Power: What the 114th Congress Means for Business

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As the now-lame-duck U.S. Congress convenes for its final legislative session of 2014, the 114th U.S. Congress is gearing up for action. Officeholders on both sides of the aisle are preparing for the shift to Republican control of both the Senate and House of Representatives, and are anticipating renewed debate on a broad range of issues. This collection of On The Subject articles examines what we can expect from the new Congress and how upcoming legislative efforts may—and may not—affect businesses in the United States and around the world.

Following the election of November 2014, here are the before and after numbers:

BEFORE THE ELECTION	AFTER THE ELECTION
HOUSE 234 Republicans 201 Democrats (includes 1 currently vacant R seat, 2 currently vacant D seats)	HOUSE At least 244 Republicans (net gain of at least 12, largest R majority since 1928) At least 184 Democrats 7 races still pending
SENATE 55 Democrats (including 2 Independents who caucus with Ds) 45 Republicans	SENATE 53 Republicans (net gain of at least 8, more likely 9) 46 Democrats Still pending – Louisiana runoff on December 6



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The Democrats were delivered a serious and important rebuke by the voters. Even attractive, younger incumbent Democratic senators, such as Senator Kay Hagan of North Carolina or Senator Mark Begich of Alaska, who ran

“perfect” races lost their seats. Rising stars, including Senator Mark Warner of Virginia, barely returned.

The new Senate will be solidly controlled by the Republicans and the House will have a much larger Republican majority. For Speaker John Boehner (R-OH), who previously could be held hostage by a dozen of his own members, the larger majority will allow him to lead more and follow less.

But the Senate Democrats, diminished in number, will remain a brake on Republican legislative ambitions. Under current legislative rules, it still requires 60 votes on most contentious legislative issues. This requires the Republicans to maintain their party discipline, and pick up the remaining votes on the Democratic side. For many reasons, Democrats historically have demonstrated they are unlikely to exhibit the same remarkable level of party discipline that Republicans were able to achieve while in the minority from 2012 through 2014. A handful of Democrats represent “red states,” such as Senator Joe Manchin of West Virginia, and often can be approached by Republican counterparts. Former Democratic governors, including the above-mentioned, now-chastened Senator Warner and Senator Tom Carper of Delaware, are by temperament and department willing to find common cause to legislate.

For these and many other reasons, now that roles are reversed we believe Republicans will have more success in legislating and avoiding Democratic filibusters, the Republican versions of which so frustrated Senate Democrats in the last Congress. But as the 2014 election becomes more remote, those Senators who “cross over” most often will have an even more complex task, especially if Republican hardliners stop most or all Senate confirmations, as some have threatened.

So what does this mean for business? While oceans of ink and terabytes of data are being spilled over the answer, here are 10 areas where you should look for change:

1. [Oversight and Investigation](#)
2. [Attorney General and Judicial Nominations and Confirmations](#)
3. [Tax Reform](#)
4. [Financial Services and Banking](#)
5. [Health Care](#)
6. [Energy and the Environment](#)
7. [Immigration Reform](#)
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