

Marubeni Washington Report**The 2025 Off-Year Elections: Realignment Through Affordability**

How Economic Strain, Redistricting Battles, and Party Divisions Are Recasting the Political Landscape Ahead of the 2026 Midterms

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- In the 2025 elections, Democrats scored sweeping victories by putting the focus squarely on reducing everyday costs—housing, healthcare, and energy, and by running candidates tailored to the political character of each community. That flexibility has become one of the party’s biggest strategic advantages heading into the 2026 midterms.
- The 43-day shutdown exposed sharp divisions within the Democratic Party. Eight senators broke ranks to join Republicans in reopening the government, reigniting tensions between moderates and progressives and fueling mistrust toward party leadership. Although the shutdown ended on November 12, Democrats still lack a unified plan as the next funding deadline and the risk of another shutdown on January 30 approaches.
- Republicans, for their part, face vulnerabilities of their own. The party’s unconditional loyalty to President Trump has stripped it of strategic flexibility, forcing every Republican to absorb the political fallout of his more extreme rhetoric and policies. On top of that, the GOP enters the midterms carrying the traditional disadvantage of being the president’s party; a dynamic historically associated with significant seat losses. Rising economic frustration and tariff-driven price increases only add to the headwinds.
- In response, Trump has tried to soften his image on economic issues with a wave of populist proposals: reviving his push to lower prescription drug prices, rolling out new aid for farmers, expanding HSA contributions, floating \$2,000 payments funded by tariff revenue, and even proposing a 50-year mortgage. But many economists warn that these ideas risk reigniting inflation or simply shifting the burden of tariffs back onto the public.
- If Republicans suffer heavy losses in 2026, Trump’s grip on the party could weaken sharply, accelerating the emergence of a “post-Trump” wing within the GOP. With no path to a third term, his biggest challenge will be whether he can hold both his base and the party establishment together as the political pressure intensifies.

On November 4, voters across the country went to the polls—and Democrats swept the 2025 off-year elections. From the New York City mayoral race to the governor’s races in Virginia and New Jersey, the party posted strong wins. In California, voters also approved a redistricting measure expected to add as many as five Democratic seats, a direct counter to GOP map-drawing in states like Texas and North Carolina.

With national politics increasingly shaping local elections, this was the first major voter verdict on President Trump’s second-term leadership. Inflation remains high, and many believe Trump’s promise to lower living costs has gone unfulfilled, turning economic frustration into a political liability for the GOP. Concerns about heavy-handed immigration enforcement and the deployment of state troops to major cities added to the unease. And as the record-long shutdown dragged on, disruptions—especially airport delays caused by a shortage of air-traffic controllers—reinforced the perception that the administration was struggling to keep the government functioning.

Under normal circumstances, a president facing such warning signs would recalibrate ahead of the midterms. But Trump is no ordinary president. While he has floated quick-relief measures like cash payments and drug-price initiatives, voters are far less forgiving now than during the early days of his

presidency, and cosmetic fixes may not be enough. A deeper shift in policy or tone may be unavoidable.

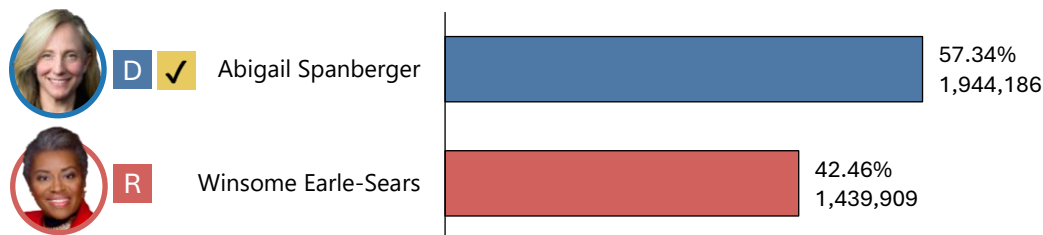
The stakes are enormous. If Republicans suffer major losses in 2026, Trump’s legislative agenda would stall and his influence within the GOP would weaken dramatically. A “post-Trump” realignment could begin sooner than expected. Whether Trump recognizes this—and whether he is capable of adjusting course—remains uncertain as the midterms approach.

Analyzing The 2025 “Off-Year” Elections

Virginia

Virginia 2025 Gubernatorial Election Results

Spanberger secures a decisive victory and propels Democrats to a trifecta in the Commonwealth.



Source: Virginia Department of Elections, Unofficial Results (as of November 12, 2025)

In Virginia, former Democratic Congresswoman Abigail Spanberger’s margin of victory was far wider than most had predicted, and the Democratic wave extended down the ballot—sweeping the races for lieutenant governor and attorney general while expanding the party’s majority in the Virginia House of Delegates from 51 to 64 seats, flipping 13 in the process. The result delivered a full Democratic trifecta, marking a sharp reversal from 2021, when Glenn Youngkin’s culture-focused campaign had propelled Republicans to power.

Every county in Virginia swung to the left, reflecting voters’ growing frustration with affordability as the dominant issue. Spanberger’s “Affordable Virginia Plan” centered on reducing healthcare, housing, and energy costs while drawing a contrast with Trump-era economic populism—calling tariffs “taxes by another name” and criticizing the administration’s \$40 billion aid package to Argentina as misplaced spending. The message resonated especially in Northern Virginia, home to a large number of federal employees who have endured missed paychecks during the prolonged government shutdown.

Another key factor was the issue of rising energy prices linked to the region’s massive data center build-out, the largest in the world. Northern Virginia now accounts for roughly 13% of all reported global operational data center capacity, making it the epicenter of the state’s energy and infrastructure debates. Voters expressed growing concern over surging power bills¹, mounting stress on local infrastructure, and land-use and quality-of-life impacts tied to the rapid pace of data center expansion. Spanberger’s campaign effectively captured these concerns by calling for increased in-state energy generation, particularly through renewable and clean energy investments and expanded

¹ Between May 2024 and May 2025, average residential electricity prices in Virginia rose about 3% (from 14.95¢ to 15.41¢ per kWh), compared with a nationwide average increase of roughly 6.5%. Some states, such as Maine, saw spikes exceeding 36%. A state watchdog warned in December 2024 that electricity demand in Virginia could double within the next decade—potentially raising monthly Dominion Energy bills by up to \$37 by 2040.

storage capacity, while urging large data-center operators to “pay their fair share” of infrastructure costs.

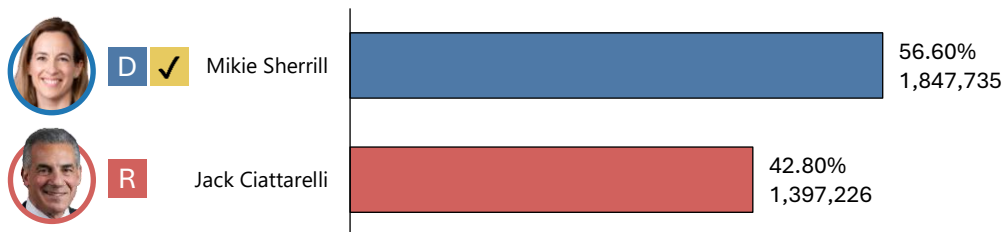
The Virginia gubernatorial race may well serve as a canary in the coal mine for future elections, as accelerating AI development drives up electricity demand and turns energy prices into one of the defining campaign issues of the 2026 midterms.

This commanding victory also bodes well for Democrats’ broader redistricting push, aimed at countering President Trump’s efforts to engineer more Republican-leaning districts in states such as Texas, Missouri, and North Carolina. Shortly before the election, Democrats in the Virginia General Assembly approved a constitutional amendment granting the legislature the power to redraw the state’s congressional districts—ostensibly to create additional seats favoring Democratic candidates.

New Jersey

New Jersey 2025 Gubernatorial Election Results

Sherrill victory expands Democratic control and flipping several long-held Republican Assembly districts.



Source: New York Times (as of November 12, 2025)

In New Jersey, Democrats achieved a decisive victory that exceeded expectations in a state where Republicans had recently made notable gains. Major polls had projected a close race, particularly after the GOP narrowed margins in recent election cycles. In 2021, Republican candidate Jack Ciattarelli lost to Governor Phil Murphy by only three points, and in 2024, President Harris carried the state by just 5.9%, a sharp decline from President Biden’s 16-point margin in 2020. Yet in 2025, every county in New Jersey voted more Democratic than in both the 2021 gubernatorial and 2024 presidential elections.

Voter participation was also unusually high. More than 3.6 million New Jerseyans, representing 54% of registered voters, cast ballots—the highest turnout in any non-presidential election since 1998. Representative Mikie Sherrill’s victory at the top of the ticket helped flip several long-held Republican Assembly seats, giving Democrats an even firmer hold on the 80-seat lower chamber.

A key factor in the outcome was the renewed salience of Donald Trump as an active political presence. According to exit polls, 52% of voters said Trump was a “major factor” in their decision for governor. Many affluent, college-educated suburban voters—particularly in Hunterdon and Morris counties, which Ciattarelli had carried comfortably in 2021—shifted decisively toward Sherrill. For many of these voters, the return of Trump to the White House made it politically untenable to support Republican candidates aligned with him. Sherrill ultimately flipped Morris County, a longtime GOP stronghold in gubernatorial races, and Republican margins elsewhere fell to less than half their average since 2009.

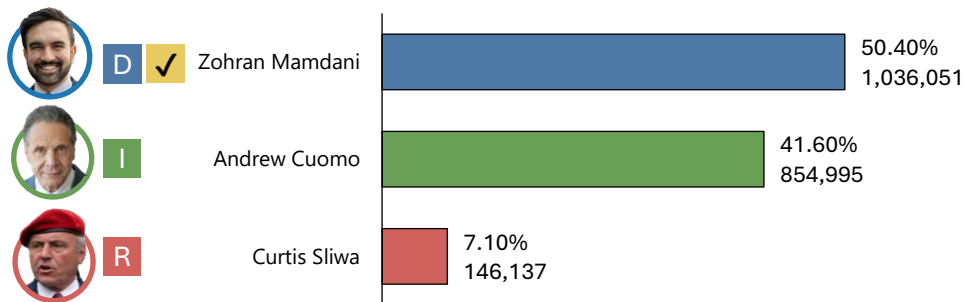
The Republican campaign also failed to replicate Trump’s recent gains among Hispanic and Asian American voters. While Trump made significant inroads with both groups nationwide in 2024, those gains did not transfer to Ciattarelli. Instead, turnout in Latino-majority areas surged against Trump-

aligned policies. As Nedra Morsy, director of Make the Road Action New Jersey, observed, “Voters were very clear—this was Trump versus democracy, versus authoritarianism—and that message prevailed.”

New York City: Progressives Ride a Wave of Economic Discontent

New York City 2025 Mayoral Election Results

A 34-year-old democratic-socialist’s win marks a high-turnout repudiation of status quo politics.



Source: New York Times (as of November 12, 2025)

In New York City, Democratic candidate Zohran Mamdani defeated Independent and former Governor Andrew Cuomo in a high-profile mayoral race that centered squarely on the issue of affordability. Voter frustration over rising costs for housing, groceries, childcare, and transportation drove an estimated two million voters to the polls—an 84% increase compared with 2021 and the city’s highest turnout since 1969.

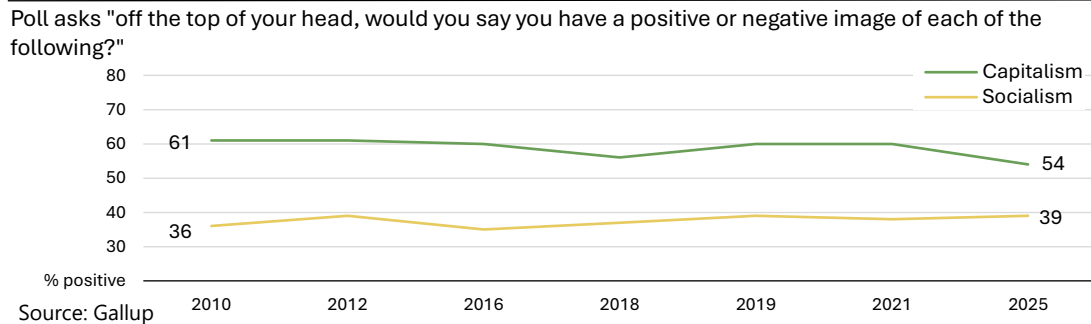
While anti-Trump sentiment likely played some role in energizing Democratic turnout, exit polls indicated that 58% of voters said Trump was not a factor in their decision, distinguishing the race from those in Virginia and New Jersey. The most important issue, according to the same exit polling, was cost of living (55%), followed by crime (23%), immigration (9%), healthcare (6%), and transportation (1%).

Mamdani’s campaign drew on an ambitious set of progressive policy proposals, including free city buses, subsidized city-owned grocery stores, a rent freeze, and universal free childcare. Critics—both Republicans and moderate Democrats—dismissed these plans as fiscally unrealistic. However, Mamdani’s victory has been widely interpreted as a demonstration of the Democratic Party’s ability to win across a broad ideological spectrum. While Spanberger and Sherrill succeeded as pragmatic moderates in their respective states, Mamdani—a self-described democratic socialist—proved a natural fit for New York City’s progressive electorate. Despite their ideological differences, all three centered their campaigns on affordability, illustrating the party’s capacity to field ideologically diverse candidates tailored to local political climates while maintaining message cohesion at the national level.

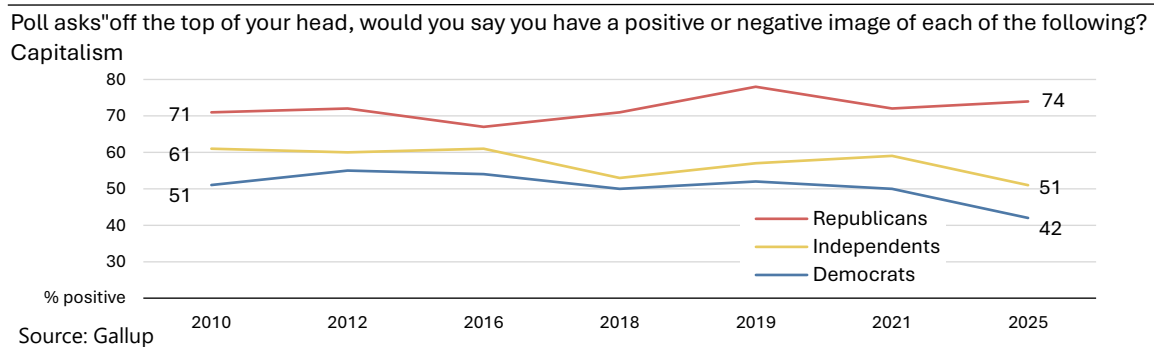
The result also underscored a growing tension within the Democratic Party between its moderate and progressive wings. Figures such as Mamdani, Representative Alexandria Ocasio-Cortez, and Senator Bernie Sanders continue to push for expansive social policies, while moderates like Spanberger and Sherrill advocate a more fiscally grounded, incremental approach. Yet, rather than dividing the party, the 2025 off-year elections suggested that both factions can coexist under a unifying economic narrative centered on cost-of-living relief.

Broader public sentiment may also be shifting. As economic pressures persist, voters appear increasingly less interested in ideological debates—such as capitalism versus socialism—and more focused on tangible results. Public trust in capitalism has declined, particularly among independents and Democrats, while perceptions of socialism have improved modestly over the past decade. Policies once considered politically marginal—paid family and medical leave, universal pre-kindergarten, and affordable childcare—were central to President Biden’s 2021 American Families Plan, and elements of these proposals have since been adopted by both moderate and progressive Democratic candidates.

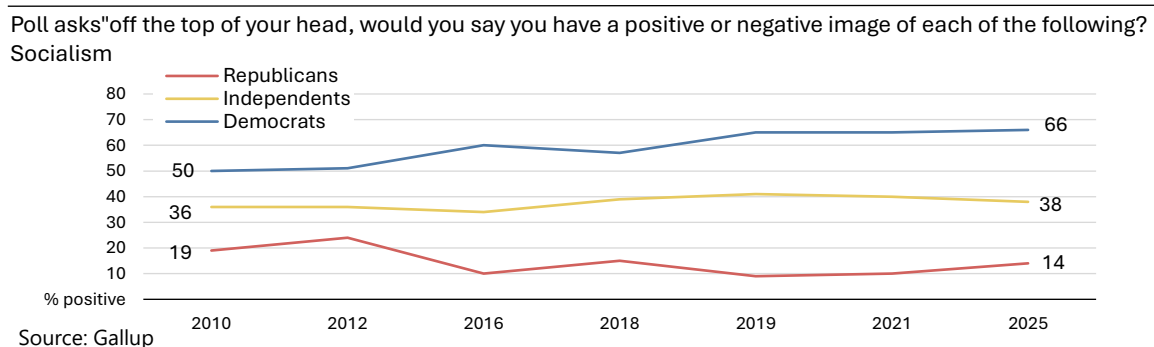
Trend in Americans' Positive Ratings of Capitalism and Socialism



Trend in Opinions of Capitalism by Political Party



Trend in Opinions of Socialism by Political Party

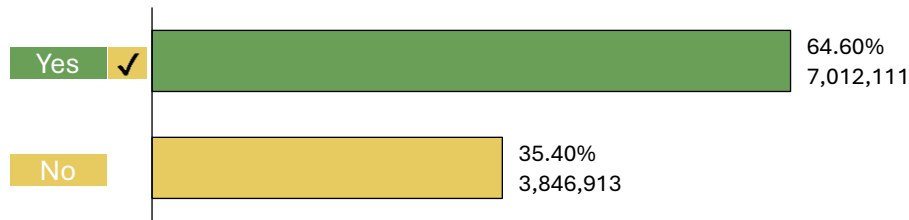


Looking ahead, as affordability remains the electorate’s dominant concern, the challenge for Democrats will be to sustain their momentum while bridging internal divides. The party’s forthcoming post-election “autopsy,” which will assess the reasons behind its 2024 presidential loss, is expected to provide insight into how Democrats plan to frame economic issues and balance their competing ideological identities in the run-up to the 2026 midterms.

California: Democrats Counter GOP Redistricting With Proposition 50

California Voters Endorse Democratic Redistricting Plan

Voters back legislature-drawn maps, bolstering Democrats, potential gain up to 5 seats ahead of midterms.



Source: New York Times (as of November 12, 2025)

In California, voters approved Proposition 50 by a wide margin—64% to 36%—authorizing the state to use a new legislature-drawn congressional map for the 2026 through 2030 elections. The measure temporarily suspends the maps created just a few years earlier by the state’s independent redistricting commission, allowing Democrats to replace them with a plan expected to yield as many as five additional congressional seats. Under the measure, the legislature’s authority to draw maps will expire after the 2030 census, at which point the independent commission will resume its work.

Proposition 50 was placed on the ballot by Governor Gavin Newsom and legislative Democrats in direct response to President Trump’s push for Republican-led states to redraw their own maps to entrench GOP control in the House of Representatives ahead of the 2026 midterms. Following Trump’s call, Republican legislatures in Texas, Missouri, and North Carolina enacted new redistricting laws projected to add a combined seven GOP-leaning seats—five in Texas and one each in Missouri and North Carolina. In turn, Democrats have launched parallel redistricting efforts in California, Virginia, and Maryland, together expected to produce five to six new Democratic-leaning seats.

If these projections hold, Democrats could emerge from the redistricting cycle with a net seat advantage, offsetting Republican gains elsewhere. However, pending redistricting initiatives in Ohio, Indiana, and Utah could still shift the balance in the GOP’s favor. For now, California’s overwhelming support for Proposition 50 underscores how the once technocratic process of redistricting has become overtly partisan, with both parties increasingly treating control of congressional boundaries as a central battleground in the fight for House majorities.

The passage of Proposition 50 also highlights a broader trend seen throughout the 2025 election cycle: Democrats’ growing willingness to match Republican tactics in areas once seen as procedural or institutional. What began as a state-level initiative has now become part of a nationalized struggle over political representation, further entrenching redistricting as one of the most consequential—yet least visible—arenas of American electoral politics.

Pennsylvania – Supreme Court Retention Elections

In Pennsylvania, voters approved the retention of three Democratic Supreme Court justices, preserving the court’s 5–2 Democratic majority. The decision maintains continuity on a court that has played a defining role in shaping the state’s legal and political environment in recent years. The Democratic-controlled bench previously struck down a GOP-drawn congressional map in 2018, upheld the state’s mail-in voting law in 2022, and overturned a precedent upholding Medicaid’s abortion coverage ban in 2024. Had all three justices failed to win retention, the court would have been deadlocked 2–2 through the end of 2027, paralyzing its ability to set binding precedents on major election and policy disputes.

Georgia – Public Service Commission Upset

In Georgia, Democrats scored an unexpected victory by flipping two seats on the state’s Public Service Commission, which regulates utility rates and energy infrastructure. Preliminary results from the secretary of state’s office showed both Democratic candidates defeating Republican incumbents, marking the first time since 2007 that Democrats will serve on the commission. The wins reflected widespread public anger over rising electricity bills, which have climbed sharply amid broader inflationary pressures. With commissioners serving six-year terms, these victories give Democrats long-term influence over the state’s energy and utility policy at a moment when affordability has become a top political concern.

Maine – GOP Voting Restrictions Rejected

In Maine, voters decisively rejected a Republican-backed ballot initiative that would have imposed stricter voting rules, including a photo ID requirement, limits on ballot drop boxes, and restrictions on absentee voting. The proposal, heavily financed by conservative activist Leonard Leo² and supported by Trump allies, was expected to be competitive—polls showed it near 50–50 in the final week—but ultimately failed by a wide margin. The outcome represents a significant setback for Republican-led efforts to tighten voting access in swing and Democratic-leaning states.

Outlook: A Favorable Landscape for Democrats — and Trouble for President Trump’s Party

All indicators point to a favorable political environment for Democrats heading into the 2026 midterm elections—a troubling sign for the party of incumbent Republican President Donald Trump. The results of the 2025 off-year elections demonstrated not only strong Democratic momentum but also the party’s ability to appeal across a wide ideological spectrum while maintaining message discipline around affordability as the central voter concern.

The performances of Abigail Spanberger in Virginia and Mikie Sherrill in New Jersey provide early evidence of this shift. Both candidates outperformed President Harris’s 2024 margins by substantial amounts—+9 points in Virginia (Harris +5.7 in 2024; Spanberger +14.8 in 2025) and +7.9 points in New Jersey (Harris +5.9 in 2024; Sherrill +13.8 in 2025). These results suggest that Democratic candidates, particularly those positioned as pragmatic reformers, can exceed national party benchmarks even in politically competitive environments.

A key factor behind this success is the Democratic Party’s flexibility in candidate positioning. The party has demonstrated an ability to field candidates well suited to local political conditions while maintaining thematic coherence nationwide. Spanberger and Sherrill ran as moderate reformers focused on cost-of-living issues, while Zohran Mamdani, a self-described democratic socialist, proved an effective standard-bearer for New York City’s progressive electorate. Despite stark ideological differences, all three centered their campaigns on economic affordability, underscoring the Democrats’ capacity to run ideologically diverse candidates in the right races for maximum impact.

² Leonard Leo is a prominent conservative legal activist and longtime leader within the Federalist Society, a network of conservative and libertarian lawyers. He played a central role in shaping Republican judicial strategy and has advised multiple GOP presidents on Supreme Court and federal judicial nominations, helping advance the appointments of Justices Roberts, Alito, Gorsuch, Kavanaugh, and Barrett.

By contrast, Republicans remain constrained by their loyalty to Trump and the MAGA movement, which limits their ability to adapt to state and district-specific dynamics. Candidates who deviate from Trump's messaging or style risk being attacked by the party's base or by Trump himself, undermining their electability. This rigidity has repeatedly cost Republicans competitive seats in states such as Georgia and Arizona, where moderate, locally attuned candidates might otherwise have prevailed.

Historically, midterm elections serve as referendums on the sitting president's performance. Since World War II, the president's party has lost an average of 28 House seats and four Senate seats, with only three exceptions:

- Franklin D. Roosevelt (1934), when voters rewarded his New Deal reforms;
- Bill Clinton (1998), when voters perceived the Republican-led impeachment drive as excessive; and
- George W. Bush (2002), when post-9/11 unity temporarily shielded Republicans from losses.

Unless Trump can reverse rising voter frustration over affordability, polarization, and governance style, history may once again repeat itself—with Democrats well positioned to gain seats in Congress in 2026.

Electoral Success Contrasts with Weakness Exposed by the Shutdown

The conclusion of the forty-three-day government shutdown—the longest in U.S. history—introduced new uncertainty into what had been a distinctly favorable environment for Democrats. Seven Senate Democrats, along with one independent caucusing with them, broke ranks to join Republicans in voting to reopen the government until January 30, 2026, effectively ending the standoff. In return, they secured limited concessions: modest increases in food assistance funding, the rehiring of roughly 4,200 laid-off federal employees, back pay for furloughed workers, and a Republican promise to hold a future vote on extending the enhanced ACA premium tax credits.

Contents of the Senate Deal

Eight Democratic Senators break with their party to end the longest federal government shutdown

- Funds the government through January 30, 2026.
- Full year funding for military construction and the Department of Veterans' Affairs, The Department of Agriculture and the Food and Drug Administration, and the Legislative Branch.
- Full year funding for the Supplemental Nutrition Assistance Program (SNAP) and Women, Infant, and Children (WIC) program.
- Stops the administration's mass firings of federal employees until the end of January 2026.
- Rehire federal employees fired during the shutdown with full pay.
- Reimbursement for states for funds they spent covering for federal shortfalls during the shutdown.
- More funding for Indigenous health services
- Allows eight Republican senators whose phone logs were seized during former special counsel Jack Smith's investigation of the January 6, 2021 attack on the Capitol, to sue the government for up to \$500,000 apiece.

* The key demand from Democrats to extend the expiring ACA health insurance premium tax credits was not included in the deal. Instead, the eight Democrats accepted an offer from Senate Majority Leader Thune to hold a vote on the issue later this year, before the subsidies expire.

The agreement has drawn sharp criticism from Democratic lawmakers and progressive activists. Although Senate Minority Leader Chuck Schumer publicly opposed the deal and voted against it, many rank-and-file Democrats blame him for failing to hold the party together around a single strategy to hold Republicans accountable for rising healthcare costs.

For forty-three days, Democrats had held the line on the assumption that the mounting economic and political costs of a prolonged shutdown would eventually force President Trump and congressional Republicans to concede. For a time, that strategy appeared to be working: polls showed that most Americans blamed Republicans for the shutdown, Trump's approval rating declined, and Democrats rode a wave of voter frustration to sweeping victories in the off-year elections. Yet in the end, they agreed to end the impasse on nearly the same terms offered at the outset—perhaps not so surprising given that all eight Democratic senators who broke ranks were either retiring or not facing reelection in 2026, and were therefore insulated from potential political backlash in future primaries.

With that political cover, the senators concluded that Trump's indifference to the human and economic toll of the shutdown left them with little choice. While the president hosted lavish events at Mar-a-Lago and oversaw the demolition of the White House East Wing, millions of Americans faced genuine hardship. Federal employees missed multiple paychecks, air traffic controllers stopped reporting to work, and the Department of Transportation's mandated reductions in passenger and cargo flights threatened to disrupt travel and supply chains ahead of the busy holiday season. For these senators, the mounting human cost and Trump's indifference ultimately outweighed the political value of extracting concessions on healthcare policy.

To those Democrats who argue that the party gained nothing from the shutdown, these senators would counter that the episode succeeded in sharpening the contrast between Democrats focused on affordability and a Republican administration perceived as detached from everyday struggles. In their view, the shutdown elevated public awareness of the issue to a level that could make it a politically potent theme heading into 2026.

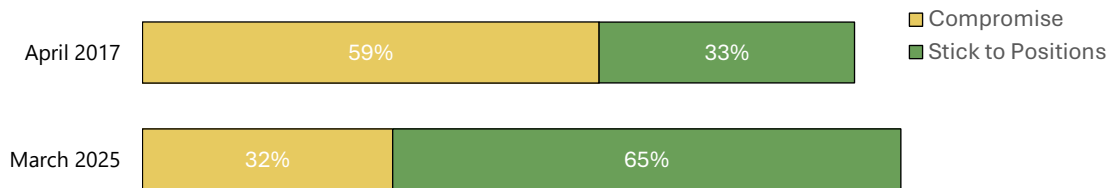
Substantively, little has changed: it remains up to the GOP to decide whether to prevent health insurance premiums from rising for millions of Americans, as Democrats have demanded. As of now, House Speaker Mike Johnson has not committed to holding a vote on extending the ACA tax credits, raising the prospect of another impasse at the end of January.

The question now is whether Democrats can maintain a unified strategy. For many within the party, resolving the issue would spare Americans from higher premiums but also eliminate a politically valuable wedge heading into the midterms. Some Democrats believe that the political leverage created by hardship is their most effective means of countering Republican overreach—not only on healthcare, but on broader economic issues as well. They see the ongoing struggle as justified and the temporary pain as a necessary cost. Others, however, are unwilling to tolerate further suffering, arguing that governance should take precedence over political advantage.

Amid this intraparty debate, a deeper question has emerged: does the party need new leadership? With Senate Minority Leader Chuck Schumer facing criticism for his handling of the shutdown, many Democrats are questioning whether he can unify the caucus and sustain momentum against Republicans. Calls for his resignation have grown louder, reflecting a broader crisis of confidence within the party's congressional ranks.

Democratic Voters Increasingly Prefer Sticking to Party Positions Over Compromise

Voters back legislature-drawn maps, bolstering Democrats, potential gain up to 5 seats ahead of midterms.



Source: NBC/WSJ Poll April 2017, NBC News Poll March 2025

Whether Democrats can resolve these internal divisions will shape their ability to maintain a coherent message heading into the 2026 midterms. The shutdown episode, once seen as a test of Republican discipline, has instead exposed the limits of Democratic unity at a time when the party can least afford public disarray.

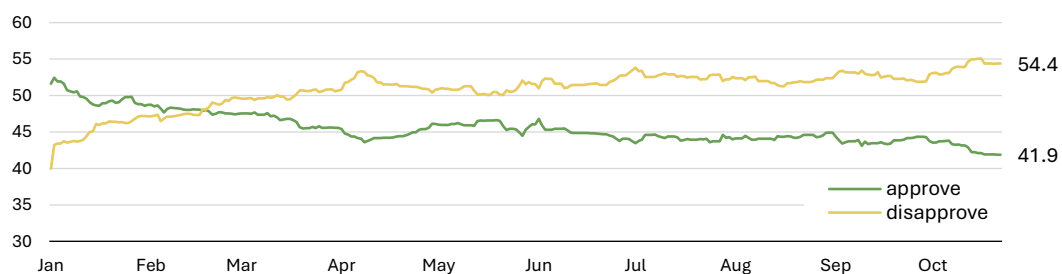
But Republicans are also Under Pressure from its own Excesses

While the shutdown revealed Democratic divisions, Republicans face mounting vulnerabilities of their own—chiefly their unconditional loyalty to President Trump. That allegiance binds the party to Trump’s political fortunes and exposes it to the consequences of his overreach. Structurally, the GOP already faces the disadvantage of being the incumbent president’s party, a status that historically leads to midterm losses.

Trump’s approval rating has fallen to its lowest point of his second term, reflecting public frustration with both economic conditions and his confrontational leadership. The full effects of his tariff policies are beginning to raise consumer and producer costs, compounding inflationary pressures. The government shutdown also disrupted federal data reporting, obscuring signs of economic slowdown. Without the cover of a strong economy, Trump’s hardline actions on immigration and domestic security risk being perceived not as strength but as overreach.

Presidential Approval Rating

Trump's net approval on October 1 when the shutdown began was -9.3%. Today it is 12.5%.

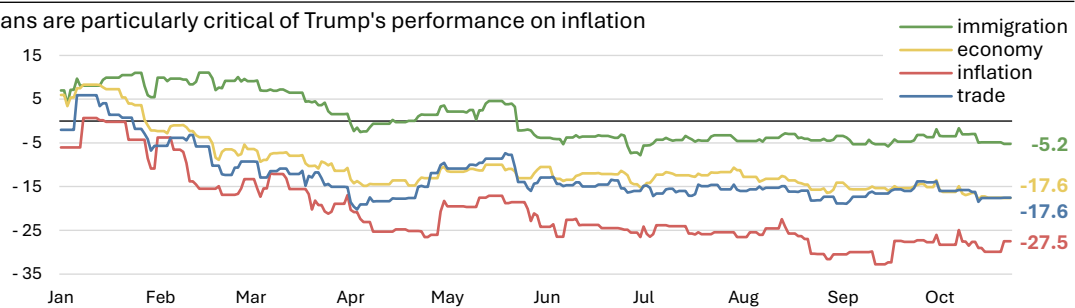


Source: Silver Bulletin

These weaknesses were evident in the recent elections in Virginia and New Jersey where Republicans severely underperformed. The emerging narrative of a “K-shaped economy”—in which affluent households continue to spend while working families struggle with rising prices—has further eroded confidence in Trump’s economic management. Persistent inflation, higher rents, student loan repayments, and soaring healthcare costs are reinforcing the perception that his policies favor the wealthy at the expense of ordinary Americans.

Presidential Net Approval Rating by Issue

Americans are particularly critical of Trump's performance on inflation



Source: Silver Bulletin

Unless Republicans find a way to distance themselves from Trump's polarizing leadership, they risk entering the 2026 midterms constrained by both economic discontent and political rigidity—a combination that could prove as damaging as any Democratic resurgence.

Will Trump Change his Behavior Ahead of the Midterms?

The 2026 midterms represent a critical test for President Trump. Losing control of either the Senate or the House would effectively derail his legislative agenda. While Trump has shown a willingness to govern extensively through executive action, there are limits to what he can achieve without congressional approval—particularly on issues involving federal spending. This explains why he has invested so much political capital in mid-decade redistricting, a process that could significantly reshape House races in his favor. He has also announced plans to hold a Republican National Convention—an unusual move in a midterm year—demonstrating his determination to mobilize turnout among his base and offset structural disadvantages facing his party.

On the policy front, Trump has signaled an interest in softening his image on economic issues. He has renewed his push to lower prescription drug costs, touting both his earlier “Most Favored Nation” (MFN) pricing policy and a new initiative, TrumpRx, an online platform designed to sell discounted medications directly to consumers. The administration is also preparing an initial \$12 billion payment package for farmers hurt by tariffs—a move intended to stabilize rural support.

More controversially, Trump has floated several populist economic proposals, including the introduction of a “50-year mortgage” aimed at lowering monthly housing costs, a plan to send \$2,000 checks to most Americans (excluding high-income earners) funded by tariff revenues, and new direct contributions to individual health savings accounts (HSAs). The Wall Street Journal editorial board criticized these proposals, writing that “Trump is trying to dull the public's tariff pain with direct payments that he can take credit for—a new version of the age-old income redistribution game of taxing people too much but then appeasing them with rebates or one-time cash payments.” Economists have also warned that such direct transfers could reignite inflation, which currently stands near 3%, potentially negating any political gains.

The political stakes could not be higher. Should Republicans suffer significant losses in 2026, Trump's credibility as party leader would weaken dramatically, effectively turning him into a lame-duck president. Already, divisions within the MAGA movement are deepening over Israel, healthcare, immigration, and foreign policy, reflecting the strains of governing amid ideological fragmentation. Once Trump is perceived as a liability—and with no legal path to a third term—ambitious Republicans and potential successors are likely to distance themselves.

For Trump, therefore, 2026 could mark a turning point: an election that determines not only congressional control but also the durability of his personal influence over the Republican Party.

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