



Thoughts from the FRONTLINE

John Mauldin's free weekly investment and economic newsletter

A Little Chaos Is a Good Thing

JOHN MAULDIN | February 3, 2016

A Special Edition of Thoughts from the Frontline

Longtime readers know that I rarely delve into partisan politics. That's not the usual focus of this letter. While I am sure that most readers suspect that I generally lean Republican, I try not to let that enter into our macroeconomic and investment discussions. And I'm not really going to change that policy today. What I do want to talk about are the rather arcane topics of how the delegates to a national convention are chosen and what a "brokered convention" would actually look like. I think if you understand what is potentially brewing, you will find the ups and downs of the primary process much more interesting.

The results from Iowa last night indicate that there is a real potential for the Republican Party to go into its convention in Cleveland in late July without a de facto winner. We haven't seen something like that happen in the Republican Party in a very long time – certainly not in the memory of anybody that I know.

There is a great deal of speculation as to what a "brokered convention" for the Republican Party would mean. Given a change/manipulation of the rules by the Romney camp at the last convention, it could mean utter chaos and a floor fight. That said, even the old rules would mean chaos, though of a different sort. Since very few in the media have ever been anywhere near an honest-to-God floor fight, let alone run one at a major convention, let me give you a little "inside baseball" as to what could happen.

I do this from the perspective of someone who was heavily involved in Texas and national Republican Party politics up through the early 2000s. I held Republican Party offices and chaired state committees. I was also a national delegate in 1996. I have been involved in and have run "floor fights" over rules and policies and platforms at a convention twice the size of the national convention. To say that the process can be chaotic and unruly is an understatement.

National conventions have become very scripted affairs (for both parties). We know who the nominee is going in, and they want to make sure their message is highlighted, that unity is stressed, and that the public receives a very on-target message. While state conventions can be raucous, nothing much really happens at the national convention... except behind the scenes, safely away from impressionable voters. You don't see floor fights: you see sweetness and love and everybody holding hands and expressing unity in order to defeat the bad guys (of the other party). It's the same for both parties.

Being a delegate to the national convention is typically a reward for hard work on behalf of the party. Delegates to the national convention are selected by the rules of each state. Unless you are a high state party official or leader, you typically don't get to go back year after year in the larger or more active states. That honor is spread around among people who have done long duty in the trenches – which is why you don't see that many young faces at national conventions. The young faces you do see are usually not selected by the congressional districts but are typically at-large delegates, picked precisely because the party wants some young faces on hand and the young people involved are activists in their college or community.

In most states, delegates to the Republican National Convention are selected at the congressional district level during the state convention. You run to be a delegate, typically against several other people from your congressional district; and your fellow state convention delegates from your congressional district vote to see which three people from your congressional district will go to the national convention. Quite often, you actually have to do a little campaigning and phone calling in order to line up votes, just as any politician would.

You pledge to vote for the presidential candidate designated by either the voters or the caucus. For most states, that means you are bound to vote for the designated candidate through one roll-call vote. There are some states, like Georgia, where you are bound for two roll-call votes. That means if you're a Trump delegate, you will have to vote for Trump, no matter what your personal beliefs are, for at least one or two rounds. You agree to do to that because you really want to go to the national convention. Now, you may be a very passionate Trump supporter – or maybe not so much – but we'll get to that in a minute.

Each state gets ten at-large delegates, with the states designating their own rules as to how those delegates get selected. Each state also gets three district delegates for each representative it has in Congress. There are also "bonus" delegates. If your state voted for the Republican presidential candidate last time around, you get bonus delegates. You also get a bonus delegate for each Republican senator you have elected. You get a bonus delegate for a Republican governor and another one if you control your state chambers.

Thus Idaho gets 13 more delegates than Hawaii does, even though they are roughly equal in terms of the size of their congressional delegations, because Idaho is a thoroughly Republican state and gets 13 bonus delegates. California has the most delegates at 172 but gets no bonus delegates. Far less populous Texas has 155 delegates, 34 of whom are bonus. Smaller Republican states command a somewhat disproportionate number of delegates compared to the size of their populations. There is an excellent summary at a website called [The Green Papers](#), where you can find out how many delegates your state gets. As an aside, Guam, Puerto Rico, Samoa, Washington DC, the Virgin Islands, and the Northern Mariana Islands (where a population of just 50,000 gets 13 delegates) are represented by a total of 78 delegates, which as a bloc is almost 6% of the delegates needed for election. I have no idea how their delegates are selected. Remember the hanging chads in 2000? If the convention roll-call votes are really tight, you could see these small islands plus DC actually being the equivalent of Broward County in Florida.

Any state voting before March 15 has to allocate delegates proportionally, so that you could see multiple candidates getting delegates. Thus Cruz, Trump, and Rubio walk away from the Iowa caucuses with almost exactly the same number of delegates. However, states that have primaries after March 15 can, at their choosing, make it winner take all, which means that whichever candidate gets the most votes wins all the state's delegates – even if the candidate's vote total is less than 30%. Except... many of those winner-take-all states allocate their delegates at the congressional district level, which means that different candidates can win in different congressional districts, thereby splitting up the vote. You probably didn't pay attention to this last night, but there was a significant difference in preferences among various Iowa counties. The same thing will hold true in the congressional districts of winner-take-all states.

Further, Nancy Pelosi's district is going to get three Republican delegates (which may be all the Republicans in her district). My own district is heavily Democratic – one of the joys of living in downtown Dallas. This will be my first presidential voting season since I moved here, and sadly I have no idea how my fellow local Republican voters feel about this election. When I say I haven't been involved since 2000, that is really true. And since moving to Dallas County from Tarrant County, I have had very little contact with local politicians other than a few congressmen who have been around forever.

Now here is the interesting part. How delegates are selected is really controlled by the individual states. In some states the delegates are chosen by the winning presidential nominee. In other states the nominee can make a suggestion, but the congressional district is not bound to follow it; the district just has to send delegates who pledge to vote appropriately for the required number of roll-call votes. I am sure there are many variations on the above.

Let's take that concept to Texas. You could get the odd situation where a pledged Trump delegate is actually a Cruz supporter and goes to the convention. Trump would get his or her first vote. Or, you could get a delegate pledged to Cruz from a congressional district where the majority actually prefers Trump. Same with Rubio or Kasich or Carson or Rand Paul. I'm not certain whether things have changed, but when I was involved, Ron Paul had a much larger percentage of supporters among party participants than he had votes.

What I'm saying is that, if a majority of delegates at the national convention don't vote decisively for one presidential candidate in the first round, it is really not clear what will happen in the second or third rounds. At that point, delegates are free to vote their conscience and convictions.

Now let's throw a wrench into the gears, in the form of an odd rule. Since 1972 (I think it was), a candidate could get his or her name placed in nomination at the convention by winning a plurality in five states. That rule was put into place to keep states from running "favorite sons" who could claim the full right to long nominating and seconding speeches and then their personal speeches as well. Conventions could get rather long-winded in the old days, as future presidential nominees liked to get their names and faces in front of the nation. So a structure was put into place that worked perfectly well for 40 years.

That is, until the last election cycle, when the Romney campaign engineered a rules committee change which said that the nominee had to win a majority of the delegates in eight states instead of a plurality in five, which basically meant that Ron Paul would have no chance to have his name placed in nomination at the upcoming convention. That is the way the rule still stands today (with a few cosmetic changes). No one back then had any idea that the current primary process would be so open. Further, given the scattered nature of the process, it is perfectly plausible that only one candidate will actually get a majority in eight states, but without getting a majority of the overall delegate count. (You can read all the rules [here](#).)

But – and this is a huge *but* – the rules as they are written now are not the rules the convention will have to follow. Each convention adopts its own rules. Each state will appoint a member to the rules committee, which will meet prior to the convention to put together the new rules under which the convention will be convened. Those rules will be presented to the convention *in toto* – there can be no amendments offered from the floor. An amendment can be tendered only if 25% of the rules committee members want to propose an alternative rule. It's possible, but it doesn't happen very often.

Now here's the fun part. Let's say one candidate gets 40% of the delegates and most of the remaining 60% are split between two major candidates, plus a smattering here and there. If the delegates representing the 60% don't want to adopt the current rule requiring a candidate to win a majority in eight states, they can reject the rules (*in toto*), and force the rules committee to go back into emergency session and keep coming up with new rules until they get something a majority of the delegates like. Which could be rules that allow more than a few names to be placed in nomination, which would then open up later roll-call votes.

Further, the delegates for a candidate pledge to vote for that candidate on the first roll-call vote – but not necessarily to vote his way on any rules committee vote. So here again, just theoretically, that Trump delegate who is actually a closet Cruz or Rubio (or Christie or Paul or Kasich or whoever your favorite guy is out of the horde) supporter could vote to reject the rules until the process was opened up to more nominees.

Further, let's say two other candidates get a plurality in five states and two candidates get a plurality in just four states, but the first two need the latter candidates' support in order to make sure they can get the votes to force the rules to be rewritten so that they can be nominated. So the whole process could be really wide open – or not. It all depends.

How to Run a Floor Fight

Now let's talk about the dynamics of a floor fight. Texas and Virginia have the two largest state conventions in the country. I recently called the national committeeman from Virginia, Morton Blackwell, who has been on the rules committee since 1988 and has attended every national rules committee meeting since 1972. We reminisced about some of the floor fights we had as the Republican Party became more conservative during the '80s and '90s. Morton caught me up on some of the nuances of the current rules.

I think it was sometime in the mid-'90s that I was given the gavel for a portion of the Texas state convention that covered rules and credentials. Understand something: guys or gals down the pecking order are never given the gavel at a major convention unless either the proceedings are very boring or the chair doesn't want to be anywhere near the podium during a big floor fight. This was a situation of the latter kind. I can't even remember what the disagreement was about, but for a large number in the room it had to do with a very deep-seated conviction. We were in the Fort Worth Convention Center, which held roughly 8000 people plus observers. My four girls were up in the upper decks watching their dad, proud that he was at the microphone – until 3000 or more people began to rather raucously and aggressively boo their father. They turned to their mother and demanded to know, "Why are these people booing Daddy?"

(Talk about an emotional day. That morning I had my first-ever standing ovation for a speech. That doesn't happen much when I'm talking about investments and economics these days.)

Well, their daddy had made a ruling on a voice vote that did not meet with their satisfaction. The fact that I knew where the votes were, and that one side had clearly won, wasn't apparent from the pandemonium and noise level on the floor. The next hour was spent in a rather interesting fashion, trying to piece things together through points of order and amendments and so forth. The convention parliamentarian – a rather thankless job – was kept quite busy.

I was never involved in and never ran a serious floor fight where we didn't have reason to believe we had the votes when it came down to it. But the reality is I have been in some when the other side also thought they had the votes. Which is why you *have* the vote, to find out who really has counted their support correctly.

And when you're trying to get your rule passed and the chair doesn't want your rule passed, you had better have your ducks in a row. In a large convention in a venue the size of a football field – which the national convention will be – there will be microphones everywhere. Lot of people are going to want to get to a mike to let their opinion be known. Typically the rules limit the number and time of comments that can be made, so you want to make sure that the three people from your side who are allowed to speak are actually the three you want and not some random person walking up to the mike and losing the argument for you.

In the same way, if you hold the gavel and are in the chair, you want to make sure that you pick the right three people on your team, and if you can locate a wild player on the other team, you want to recognize his microphone. That means you have to have a floor team that is on the ball, typically with flags or hats or bandannas of distinctive colors, giving you signals as to what's going on. With all the noise, even with cell phones (which we didn't have in those days), you can't hear *anything*. And at a national convention, if you're up on the stage, you're expected to keep everything moving. The TV cameras are on, and the nation is watching.

I could go on for a long time about all this – and have and will over a few glasses of wine when asked – but you get the idea. When I tell you a brokered convention could be chaos, I know whereof I speak. Party politics is a full-contact sport. You better have your pads and game face on if you walk into a brokered convention.

But let me offer another thought. To paraphrase Jefferson, I hold that a little chaos every now and then can be a good thing. It just has to be fair chaos. You do not want delegates and observers coming away from the convention feeling that they were “robbed” or that the process wasn’t fair or that the rules were somehow controlled by the powers that be.

The mood of the country right now is that people are very concerned that the establishment is hogging the show, and they aren’t very happy with the direction of the country. If the power and hubris of the political elite were on display at a national convention where everyone could see them, it would be a public relations disaster. It would make absolutely no difference if in their heart of hearts the leaders of the national Republican Party were as anti-establishment as you could find. Perception controls reality. If, however, people see an open process that is fair and clear, even if it’s also chaotic and raucous, they may not like how the game ends, but they will walk away saying “Just wait till next time.” And then work to get their nominee elected.

It is up to RNC Chairman Reince Priebus to make sure the process is perceived as fair. I know, the pressure to have the convention be perfectly scripted and run smoothly is enormous. And if some candidate gets 50%+1 going into the first roll-call vote, then so be it. But if the nomination isn’t settled on the first vote, then there needs to be a truly open convention.

Frankly, I think a brokered convention would be a godsend for the Republican Party, which has become rather calcified. The media would do nothing but cover the possibility of such an outcome for a full two months prior to the convention. The country would get to meet a slice of America in the form of individual delegates who actually look like them – fellow citizens trying to figure out how to do the right thing and doing it enthusiastically. The back-and-forth and give-and-take would be phenomenal. And instead of the obligatory two or three hours in the evening for a few nights, there would be wall-to-wall coverage during the convention. Taking a cue from Donald Trump, you can’t buy media that good. No matter who the Democratic Party nominee turned out to be, their air would just get sucked out of the room.

Just for the record, there are no more powerbrokers who can speak for whole delegations. There are no smoke-filled rooms. There are certainly people who are influential in every state, and certainly people who will be influential on a national level with a certain following; but the delegates on that floor will have all played political hardball a few times, or they wouldn’t be there. They could be persuaded, or they might change their minds, but they will not be controlled. Or bought.

Maybe one candidate catches fire during the first few state primaries and then goes on to roll it up – just as in every election in the recent past. But then again, maybe not. I think it would be fascinating if the outcome came down to California, whose primary has not made a real difference for a long time. Further, the leading candidate could go to the number two and ask if he would like to be vice president. Think Ronald Reagan and George Bush senior. Or there could be all manner of other horse-trading prior to the convention.

In closing, if you haven't had enough politics already, then I suggest you read Tucker Carlson's gonzo piece called "[Donald Trump Is Shocking, Vulgar and Right](#)." It's not an endorsement of Trump but rather an indictment of the Republican Party. I was talking with Newt Gingrich this week, and he sent me this link in the middle of our conversation. He said it was the best explanation of the Trump phenomenon that he has read. I think he's right. It may be hard for you to believe, but Newt is pretty anti-establishment. I won't tell you how he thinks it will turn out. Unless he is right, and then I will tell you he told me so. (He will have an analysis of the Iowa caucuses on [his website](#) on Wednesday. I find his political analysis to be thoughtful and candid.)

I know I went on a little bit of an anti-Trump tirade over his Muslim comment a few weeks ago, and I still think his remark was deplorable, but I must admit that I would no longer vote for Clinton over Trump. His speech last night in Iowa was very classy. In fact, were Trump to win, I might even be an enthusiastic supporter. Because he might just turn the system upside down. So would Cruz and several of the other candidates.

I hold that a little chaos every now and then is a good thing.

Your wondering how New Hampshire will turn out analyst,



John Mauldin

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