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For several years now in past remarks, I have tried to highlight and provide insights into how politics and partisanship has changed and how it's impacting congressional elections, legislating, decisions of congressional leadership and impacting us and our agendas.

Today, I want to build on those remarks because we are caught in the middle of an ongoing battle between the political parties and within each party, fueled by traditional allies outside of Congress.

That is the terrain we operate on today and, at the same time, we must work to change that environment in order for government to govern effectively.

Recent national surveys underscore the degree of dissatisfaction toward government and politics and that dissatisfaction is shaping congressional and the presidential campaigns.

Sixty-six percent of Americans view the country as on the wrong track compared to just 22 percent who say it is on the right track.

More than 6 in 10 say the political system is dysfunctional with sizable majorities of Democrats, Republicans and Independents agreeing.

More than 7 in 10 Americans say people in politics cannot be trusted.

Three in four Americans (75%) believe corruption is widespread in the government; a trend has been largely stable since 2010.

Last month the Pew Research Center released findings from a new poll finding that three-quarters (74%) of Americans say elected officials put their own interests ahead of the country's, while just 22% say elected officials put the interests of the country first.

Pew also found a public divided over the extent to which elected officials should make compromises with people with whom they disagree:

- 49% want elected officials to compromise,
- 47% prefer those who stick to their positions.

And while early in the campaign cycle, nearly 60% of Republicans prefer the next president comes from outside the political establishment and about a quarter of Democrats say the same.

Populism has taken center stage in politics, in both political parties and in the presidential race.

Populists are using rhetoric to set up a simplistic battle of good against evil, all while playing the game of anti-politics.

We are in an era where what you say and its relation with facts is completely irrelevant as we hear regularly in the presidential campaign.

Donald Trump uses polarizing rhetoric to fuel even-more-extreme polarization.

Politicians who try to talk rationally about policy issues are disadvantaged against populists.

It's been striking all summer how political outsiders have upended and dominated the presidential nominating process in both parties.

Some Presidential candidates are playing to angry crowds rather than modulating the anger.

Populism's simplistic good versus evil message fuels people's anger with the status quo.

With more than half of the American people expressing the view that people no longer have a voice, "outsider" candidates have become credible alternatives to the political elites.

Some of the rhetoric coming from presidential primary contenders in both parties contributes more to eroding confidence in the political system than restoring it.

With anger fueling the public's distrust, the general-election winner could be the candidate that speaks most powerfully to the anger and dissatisfaction that Americans are feeling about the economic and political systems.

Polls show that anger cuts across just about every partisan and demographic line.

- 54% of Americans believe the economic and political systems are "stacked against" against them.

Working-class voters are in full revolt against trade treaties, immigration reform and crony capitalism, among others, that they see as inimical to their interests.

What these constituencies have in common is an angry rejection of the center-left and center-right political formula that enabled the two political parties to govern for decades.

What remains to be seen is whether angry voters will actually vote.

The energy in politics today is coming from those who reject politics, at least politics as we know it.

Populist insurgencies are threatening the "establishments" of both major parties.

I think we are witnessing a political evolution about the future of both Parties and, I don't believe it be settled with the next Election.

Both Parties' are embroiled in a political civil war between an anti-establishment, far-right wing and far-left wing. The two competing wings in each Party hold each other in contempt.

Talk radio hosts, cable news, right-and-left-wing blogs, social media, the activist voters who make up the primary and caucus electorates have become angrier and angrier, not just at the President but, also at their Party leaders.

Partisan divisions have shifted very little in recent years.

We are operating in an extended period of stalemate with each party working to block the agenda of the other side.

Looked at in a historical perspective, in all of this century's presidential elections, Republicans and Democrats have won between 46 and 53 percent of the vote. In the historical sense, that's a narrow range.

[No nominee has come close to winning the 57 to 61 percent landslides registered by Democrats and Republicans in 1936, 1956, 1964, 1972 and 1984.]

The same phenomenon has been apparent in congressional elections since the mid-1990s.

In nine of 11 elections starting in 1994, Republicans have won between 48 and 52 percent of the popular vote for the House, and Democrats between 44 and 49 percent. Again, a historically narrow range.

Both political Parties today are the sum of uneasy coalitions of divergent groups with varying agendas.

As the activist components of both Parties outside of Washington have transformed; they are changing how Congress operates.

We are not just a politically divided country; we are a fearful country with large portions of voters in both Parties fearful about the state of the country. And, they want to translate that fear, which erupts as anger at times, into the 2016 elections.

The insurgents in each Party don't have nearly enough support to pass legislation but, they can blow up conducting legislative business and decapitate the leadership of their own Party.

Today, we are a nation more divided than at any time in modern history.

Confidence in government institutions is at an historic low.

It's as if we are approaching that point politically where people just want to blow everything up.

President Obama

With the exception of trade, the Obama administration has decided to double down on policies that have produced, at best, a slow-motion recovery.

The White House quietly released its formal rulemaking schedule for regulations across the federal government a couple weeks ago.

The fall Unified Agenda suggests Obama has no intention of slowing down the regulatory process during his final year in office.

President Obama is moving to complete scores of regulations to cement key parts of his legacy.

In too many cases, the regulatory state makes rules without considering the costs or, the benefits of regulatory decisions in a systematic way as part of their rule-making notices.

Agencies seldom comply with this requirement.

For example, in October, only 56 of the 333 final rule notices published included monetary estimates of compliance costs.

Only 35 of the 187 proposed rule notices included monetary cost estimates.

And, “mega-rules,” those regulations that impose more than a billion dollars in economic costs, have become more frequent.

Gallup reported in September that even the public has taken notice with 49% of Americans, close to a majority, judging government regulation of business to be excessive, as has been the case throughout the Obama presidency.

The rise in “too much” regulations has been sustained throughout the Obama presidency, reaching as high as 50% and never falling below 49% first reported in 2009.

A growing number of Obama’s actions have been challenged in court, including parts of his signature healthcare law, his actions on immigration and his clean power plan, and I expect that trend to continue well after the president leaves office.

Rather than focus on doing less harm, starting with calling a “time out” on the torrent of anti-growth regulations pouring forth, the Obama administration continues to want to tax more, spend more and regulate more, imposing some of the most expensive regulations on the American economy relying heavily on executive orders to implement new regulations.

Even the best medicine can be fatal when taken in excess and the number and cost of regulations coming out of this Administration can hardly be called “best medicine.”

President Obama expressed his desire to "change the trajectory of America" along the lines of Ronald Reagan, rebuking the legacy of Bill Clinton's pragmatic presidency in the process.

By his own measure, the President will say he has succeeded. He is steering the country in an unmistakably liberal and highly "progressive" direction his final time in office.

Republicans see Obama as bent on fundamentally transforming America by any means necessary, and in their view, more often illegally than not.

Actions have Consequences

However, the president is presiding over a shrinking party whose control of elected offices at the state and local levels has declined precipitously.

In January, Republicans will occupy 32 of the nation's governorships, 10 more than they did in 2009.

Democratic losses in state legislatures during Obama's administration rank among the worst in the last 115 years, with 816 Democratic lawmakers losing seats and Republican control of legislatures doubling since the president took office.

Republicans have more chambers today than they have ever had in the history of the party

The electorate is polarized, and the partisan divisions of presidential politics are felt at all levels.

Rigid ideological voices on the left and the right are in the ascendency.

We, as a nation, agree on less than ever before.

The consequence is electing people who are abandoning policy making and governing.

Those who wish to occupy a "sensible center," which includes the business community, risk being run over from both directions.

National candidates have staked out policy positions that resonate with the anti-Washington, anti-Wall Street, anti-trade constituencies creating growing political risk for companies and making it harder for all of us to make traditional business arguments that elected representatives respond to.

The political momentum and passion within the Democratic Party has begun moving towards liberal progressives.

Establishment Democrats worry about the ascendant left's more polarizing populist overtones becoming part of the mainstream Democratic pitch just as the Tea Party's push entered the mainstream of the Republican Party.

Outside Democratic-aligned groups ranging from Daily Kos, MoveOn.org, Credo Action and the Democracy Alliance have all called for getting rid of the Democratic “DINOS.”

That effort includes primary challengers against incumbent Democrats.

Independent from the Democratic Party, these groups are determined to lay the groundwork for a liberal version of the Tea Party and intend to run the same kind of playbook that Heritage Action and the Club for Growth have been doing to pull the Republican Party to the right.

While Democrats had avoided the messy fate of their GOP counterparts in primaries, the battle for the Democratic Party’s future is already under way in states like Maryland, Ohio, California, Pennsylvania, Florida and Illinois.

And then, we have the far left---far right convergence.

Candidates from the left and the right, at times sound nearly identical populist, anti-trade, anti-Wall Street, anti-establishment themes.

Cross-Party Populism Raises Questions

Will all the cross-party populism bring about a populist “takeover” of some kind?

How might all this populism manifest itself on Election Day?

Will it bring wholesale change in governing?

Today, I think it’s too early to say whether all those dynamics will alter the outcome of the 2016 elections.

Looking back, we do know, in the 2012 election, we saw the highest levels of party loyalty and straight-ticket voting took place since voting patterns began to be tracked. (1952: American National Election Studies).

In 2012:

- Over 90% of Democrats and Republicans supported their party’s presidential candidate.
- Close to 90% of them supported their party’s House and Senate candidates,
- And, 83% cast a straight-party ballot for President, House, and Senate.

These hyper-partisan voting patterns suggest another close election in 2016 with the same set of swing states as in 2012 ultimately deciding the outcome.

High levels of straight-ticket voting reflect a fundamental change in the way Americans relate to political parties.

Growing numbers of Americans have been voting against the opposing party rather than for their own party.

In essence, this is negative partisanship.

Given the rising polarization in the country, the candidates elected have become increasingly partisan.

Left virtually unmentioned is the fact that, if we don't change our fiscal direction, the national debt will increase by almost half, to over \$20 trillion by 2025 and that projection optimistically assumes no new recession intervenes.

Going forward, there will only be more claimants for an economic pie expanding more slowly.

If we don't begin to candidly discuss big issues because the choices that need to be made are unpopular then, we forfeit the opportunity to ever forge consensus.

Ironically, by ignoring our entitlement crisis, politicians are only accelerating America's crisis of governability.

The business community must face this reality: With divided government and at times, a House and Senate divided on strategic direction; it is hard not to conclude that we are on defense and will be, at least through 2016.

Across all these dimensions, each political party is operating with an electoral coalition defined as much by its limits as its strengths.

And from just listening to the presidential debates, the two parties not only disagree on solutions to policy issues, they don't even agree on what the issues are.

As long as that's true, I think American politics is more likely to produce a polarized stalemate than a comprehensive advantage for either side.

Paul Ryan - Speaker

Paul Ryan took the gavel as Speaker of the House, promising a fresh start for the fractious GOP Congress.

Ryan, like Boehner, promised regular order when he took the gavel.

Ryan will face many of the same obstacles that stymied Boehner including the Senate filibuster barrier of 60 votes that empowers the minority.

The irony of ironies to me is the complaint of House Freedom Caucus members that the Senate filibuster rule permits 40 senators to block almost anything while demanding the 40 or so of them should be able to dictate the terms of the Republican Conference.

Their assertion of their own importance translates into HFC members from one party want to override the clear will of the whole chamber.

The HFC is made up of members who have been united around what they oppose rather than what they support.

The group is readying for one last big fight in 2016: over the government spending bill being forged.

Talk of a federal shutdown is not nearly as widespread as it was in September. But numerous Freedom Caucus members say that Ryan will have to quickly prove his mettle.

The good news for Ryan is that no one is threatening to oust him if he can't force Obama to accept conservatives' terms. It's unclear, though, whether that reflects a honeymoon period or a real change in the Freedom Caucus's insurgent attitude.

We will know soon whether the Freedom Caucus and GOP grassroots will give Ryan the flexibility to compromise.

Compromise is baked into the American system even when one party controls all of the government, much less when power is shared.

One of the biggest challenges going forward is that the conservative movement has created a new establishment of permanent opposition with groups like Heritage Action, the Club for Growth, Freedomworks and the Senate Conservatives Fund whose fund-raising depends on feeding perpetual grassroots outrage.

Partial policy victories are never enough.

It is hard to see how House Conservatives who consider their Senate counterparts and Mitch McConnell as adversaries rather than allies will embrace compromise.

For Ryan, the challenge is congressional math, and that means balancing the desires of conservative hardliners with McConnell's reality of needing at least six Democratic votes to clear anything for the president's signature.

The key question is whether Ryan can find the unity to revive Congress as a governing body.

The House Freedom Caucus faction fails to recognize the costs of "sticking to principle" in a governing system that demands power be shared within and across political parties and institutions.

The conservative right-wing sees the strength of anti-establishment presidential candidates as proof that GOP leaders underestimate the party's grassroots.

The Freedom Caucus can disrupt the Congress, but not lead it. Their belief in shutdowns to secure concessions is a fantasy, not legislative realism.

Conservative Republicans have not come to grips with the reality that their "majority" power is limited by the facts of the filibuster, the veto pen and, their own ideological fissures.

These insurgent voices are masters at destruction but incompetent at construction.

We have political parties that know what they don't want far more than what they do want.

It seems as if we are a nation of opposites more than ever.

The Pew Research Center reported last year political polarization of the American public has increased and partisan antagonism is "deeper and more extensive than at any point in the last two decades."

Presidential candidates have gained more traction by separating themselves from the political and economic systems that many Americans view as rigged against them.

I don't think a majority of either party is actually fueled by anger, but there are a lot of furious voters out there who feel alienated from and let down by the political system.

And next year, policy issues will be subject to the classic dynamic of polarization when the Democratic and Republican presidential nominees square off with candidates advocating radically different approaches to governing.

For those who believe in free enterprise, limited government, and opportunity rather than redistribution and dependency, the stakes are high.

Looking ahead, the immediate political situation will remain stable with Republicans in control of both houses of Congress but without a filibuster proof majority in the Senate and with a difficult to control majority in the House and with Obama still in the White House.

As a result, we will be playing defense on most issues and, we will be dealing with an administration that does not feel bounded by rules.

At the strategic level next year, there will two overriding tension points:

White House Democrats vs. Congressional Republicans vs. Presidential candidate Republicans and Democrats.

- We will be playing as much defense as we do offense. A good portion of the blocking and tackling we do in 2016 will be to position ourselves for a new President – Republican or Democrat – in 2017.

House Republican vs. Senate Republican dynamics.

- Twenty four Senate Republicans will be up for re-election next year. Only 10 Democrats are in cycle. Will Senate Republicans go into a defensive crouch?
- Paul Ryan is promising a bold, idea-filled agenda. Will Senate Republicans follow his lead? Or will that be a source of conflict between House and Senate Republicans?

Both of those tension points will play out at the tactical, Congressional agenda level.

Looking ahead, the first six months of 2017 will be the new President's point of maximum leverage with the Congress.

Important issues will need to be addressed.

The business community needs to lead in defining the issue landscape the next President will run and govern on by acting as opinion leaders and catalyst for other allies.

The major issues that will become inescapable for whoever wins the presidency will include:

- Comprehensive tax reform
- Immigration reform (step by step vs. comprehensive)
- Entitlement reforms
- Transportation/highway trust fund
- Comprehensive rewrite of Obamacare (if a Republican gets elected)
- Comprehensive rewrite of Dodd Frank (if a Republican gets elected)

And finally, business must understand in order for any of its messages to be considered, for any opportunities to act on, we must first and foremost exert political leadership in helping to elect people who will govern responsibly.