

Scenarios for the 2020 Presidential Election – and Its Aftermath

By Futures Strategy Group Principals

The work that we do with our clients - Scenario Planning - is primarily concerned with planning and decision-making when the future is clouded by uncertainty, and typically the further ahead in time, the greater the uncertainty.

But there are few if any events that are as consequential for the future as a US presidential election; and the short-term future (and its aftermath) is rarely as sensitive to a vote as it may be to the one the nation will take in November of this year. In response, we have created four short-term scenarios exploring a range of plausible political and policy outcomes for the next four years.

A couple of disclaimers: we are not given to punditry, and while we have written about elections in the past, this is the first time we have pondered the short term and its possible implications in this way. These scenarios are necessarily brief – and admittedly superficial. In no way are they representative of our typical client work.

Also, all of the scenarios are equally subject to disruption by “wild cards.” In other words, any one of these four worlds could be fundamentally changed by one or more major external shocks, e.g.:

- *Large-scale cyber terrorism;*
- *Serious global pandemic;*
- *Economic depression;*
- *Major military conflicts or homeland security events;*
- *Nuclear disaster(s);*
- *Sudden unforeseen scandals or other political upheavals;*
- *The sudden departure of major political figures from the scene.*

Finally, we attach no probabilities to these scenario worlds. None will “come true;” each may contain a fragment or fragments of the future. Their value, instead, is serving as a backdrop to thinking in broad strokes about the full spectrum

of outcomes, and assessing current plans and decisions in these alternative scenario contexts.

We hope our readers find this exercise stimulating and, in some way, useful.

We welcome your comments on our website at www.FuturesStrategyGroup.com.

SCENARIO #1: “BLINDSIDED”

Trump wins, but Republican plans to continue the conservative transformation are upended by an economic crisis and the need to stimulate the economy back to stability.

Donald Trump was re-elected by a slim margin in November 2020, largely on the strength of the economy and the inability of the Democrats to leverage the Trump impeachment and unite forcefully behind their party’s nominee. Congress remained divided. The Democrats retained a sizeable majority in the House, while the Republicans managed to pick up a Senate seat, thus keeping the country on a path of seemingly endless gridlock. The national mood remained divided and grim, after a turbulent election marked by unprecedented nastiness and accusations of voter manipulation and foreign interference. Progressives now ruled the Democratic party, which vowed an all-out effort to resist further rollbacks of Obamacare, entitlement commitments, social programs, and environmental regulations. Republican leaders salivated over opportunities to shrink government, further cut taxes, and add to a conservative Supreme Court majority.

Then a vicious stock market correction hit in 2021 and continued into 2022. It changed – if not everything – quite a lot. Economic growth went negative for three straight quarters, and the stock market gave up almost all of its post-2016 gains. Unemployment climbed to almost

9%. Banks took big hits on corporate debt defaults and needed to be shored up. Captains of industry begged the administration to prevent another “Great Recession” or worse. With interest rates already at rock bottom, there were no monetary fixes left, just spending options. Republicans needed House Democratic support to pass a recovery spending package. Democrats went along, after winning assurances that social programs would be protected and that blue districts would win a fair share of infrastructure spending.

In 2023, markets have stabilized but the economy has yet to recover. Much of the recovery appropriation is only slowly creeping its way through the expenditure pipeline. Some of it has been misspent, partly because of graft and pork-barreling, and partly because of too few experienced bureaucrats left in government to manage big projects. The way forward is unclear, as the administration’s popularity plummets. The Democrats, under the leadership of a new cadre of impatient progressives, now control both houses of Congress, but this may simply be a reflection of a protest vote; Americans are struggling and have little patience for the status quo – or for grandiose reform agendas.

SCENARIO #2: “GIPPER TRUMP”

Trump wins the 2020 election in an Electoral College landslide, though barely matching the Democrat’s popular vote, and while the Democrats hang on to the House, they are in complete disarray. Meanwhile, behind strong economic tailwinds, Republicans feel empowered to complete unfinished business...

It’s 2023, and as Republicans ponder whom to support in the 2024 election, some of them are seriously discussing how to get President Trump a third term. The idea is not as far-fetched as it might appear. Far from leading America to disaster, Trump has overseen the longest and strongest economic boom the country has ever seen. The Democratic party, failed in its attempt to stop Trump from being re-elected, and hopelessly divided among its factions (African-

Americans, “progressives,” pro-choice women, Hispanics, LBGQTQ, labor, the highly educated), has begun to fragment in a serious way. The Democratic Socialist Party is now a real party. African Americans and Hispanics are demanding more for their support, previously taken for granted by Democrats. Democrats lost the House in 2022.

In business, industry concentration has been increasing markedly, with oligopoly becoming the dominant structure in many critical sectors. But a few would-be oligarchs, including one tech giant, have had their empires broken up when their interests clashed with the President’s. In the face of accelerated de-regulation, pollution and product safety issues have risen; in response, industry giants have banded together to punish competitors who might give their industries a bad name and risk re-regulation. Trade policy is erratic and unpredictable, especially vis-a-vis China, but corporate leaders lobby hard and effectively to avert supply chain disruption and otherwise protect their offshore markets and business interests. China has continued to gain global market share at the expense of American companies.

To many, Trump has become the New Reagan. Americans seem to want to feel good about their country, and Democrats are seen as whiners or losers. All this has allowed Republicans to cement their control over the machinery of government and policy. Regulation of business has ground to a near-halt; the new 6-3 conservative Supreme Court has rolled back the post-New Deal federal regulatory state to a large degree, including significantly weakening Medicare and privatizing Social Security, while helping efforts to gerrymander Congressional districts and to require voter IDs. By some measures, the strong economy has stanching the rise in inequality, but the 1% is doing better than ever. Progressive opposition to the current situation – much like the Occupy Wall Street protests of 2011 – is emotional, fleeting and ineffectual.

SCENARIO #3: “50:50 NATION”

The Democrats took back the White House in 2020 with an Electoral College squeaker, despite a popular-vote landslide. They also took the Senate and House. The mandate was change, but how much? Democrats couldn't agree, and the new president has failed to forge a consensus around a coherent set of policies.

As 2024 approaches, many Democrats are talking about missed opportunities – though they often disagree on what those missed opportunities were. Most analysts believe that they simply overestimated the appetite of Americans for far-reaching change. But the fracturing of the party into progressive and moderate groups caused immediate squabbling over how extensive their reforms should be. A lack of firm leadership from the Oval Office did not help matters. Two years of attempts to pass single-payer health care, raise income taxes, and re-regulate business resulted in half-measures that satisfied few while mobilizing severe and well-heeled opposition. The end of the Obama-Trump boom in 2021-22 was a further obstacle. Demographic changes depressed housing, as affluent Baby Boomers downsized and sold off their homes into an already shaky market. And college loan forgiveness – which could have jump-started the housing and construction markets – never went anywhere. 2022 brought Republican majorities back in the Senate and House.

Business has suffered a rough ride, trying to adjust to what seemed imminent major changes to the health care, finance, and education markets, among others, and more expensive Social Security and Medicare benefits. Uncertainty has rarely been higher. Re-regulation after four years of deregulation has made budgeting and planning difficult. Court decisions have overturned many of the executive orders that the Democrats used to reverse four years of Republican pro-business policies. Initial stimulus in response to the recession has now been halted by the restored Republican Congressional leadership, which has brought back brinksmanship over increasing the debt ceiling to cut spending.

Democrats' prospects for retaining the presidency in 2024 seem severely dimmed. The back and forth between increasingly extreme partisan governments have made both businesspeople and the public long for stability. And yet uncertainty and acrimony have become the New Normal for the majority of voters who don't recall the comparatively benign political eras of Bill Clinton or George H. W. Bush. “We are dying from this 50-50 U.S. society,” said the head of one of the largest financial institutions in the world.

SCENARIO #4: “HAPPY DAYS MIGHT BE HERE AGAIN?”

2020 brought big victories for the Democrats – along with an extraordinary set of national and global challenges that constrain the scope for progressive reforms.

Not only did the Democrats win the White House in 2020; the party managed to take both houses of Congress. In retrospect, it should not have been such a surprise. The long expansion, blunted by the Corona pandemic, had stalled, and financial markets had been in some turmoil leading up to Election Day. Then US financial institutions were hit by a series of cyberattacks from one or more sources (Russia? Iran? North Korea? Criminals? Hacktivists?) that even today are murky. As they went to the polls, Americans were worried. They feared for their jobs, their bank accounts and their retirement savings. The incumbent administration was anything but reassuring. Uncertainty froze consumer demand, sending economic conditions into a downward spiral that analysts suggested could be worse than the Great Recession. Americans voted decisively for federal government intervention.

Though neither the cyber attack nor the Corona virus ended up being remotely apocalyptic, the election was a green light for progressive policies that might not have been possible under more stable circumstances. First, the new Democratic administration pumped massive amounts of federal money

into troubled banks and corporations. Congress then cut checks for households with income below \$100,000, to get people spending again and thus avert an even steeper drop in consumer demand. Infrastructure money was spread around, and even fiscal hawks did not object, at least during the crisis period. Most significantly, Congress and the administration steamrolled through legislation phasing in elective Medicare health insurance, with affordable premiums and subsidies for the poor. To many, the plan resembles a de facto roadmap to an eventual universal single-payer federal health insurance scheme – one that avoided a contentious battle with legacy insurers and providers. But there's little doubt that that's a battle that will be fought down the road.

In a big picture sense, the situation is stabilizing. US Treasuries have settled down after a rocky period and the dollar is once again a global safe haven, though inflation has finally risen above the Fed's 2% target, and seems

likely to remain an issue. But the initially promised "return to normal" has proved elusive. Democrats in 2023, though they retained both houses of Congress, have faced some political heat to restrain spending, curtail new regulations (especially in banking, finance and technology), and modify tax increases on the wealthy. And the ambitious spending programs have exposed serious human-capital capacity problems in the federal government, notwithstanding the hiring binge that's been going on. Longer-term problems, such as climate change, have been ignored as the immediate crisis has absorbed virtually all the US's – and the world's – attention.

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