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# 2020 POST-ELECTION OUTLOOK ON A “PURPLE” CONGRESS

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**Important Note:** For the purposes of this guidance, we are going to assume that Democrats are not able to pick up both seats in the U.S. Senate runoffs in Georgia. This would mean that we have a Democratic White House, a slim Democratic majority in the House and a slim Republican majority in the Senate. If Democrats do pick up both seats...expect a fresh outlook.

## WHAT WE SEE

By signaling and sometimes even calling himself a “transitional candidate,” President-elect Joe Biden may have summoned an eager and early field to the starting blocks of a 2024 race that may not include him. If a campaign with no incumbent were to occur, there are a number of candidates, including the 800 pound gorilla who has yet to concede defeat, who may already be thinking about their future, their role, or planning a campaign.

President Donald Trump may tease a 2024 run, or even embark on one. And if he were to do so, he'd currently be the prohibitive favorite. That will not change without a change in circumstances for either Trump or the party. So he will likely maintain a leading voice in the party and will hold significant sway over the GOP primary electorate and even congressional activity. This will add a historic amount of early outside pressure to lawmakers.

That's bad news for Vice President Mike Pence who will be seeking his due from four years of loyalty and will suffer from a lack of oxygen despite likely attempts to try and influence policy. The Trump family, including Don Jr. and Ivanka, will remain political celebrities with outsized voices, even over established legislators.

Despite the Trump orbit, you will have a many Senators vying for national attention from different corners of the ideological spectrum so they can also be positioned for a run. Tom Cotton (R-AR) may be asserting himself as a national security candidate. Ted Cruz (R-TX) may look to reclaim some of his 2016 conservative credibility with a dose of Trumpism. Josh Hawley (R-MO) may look to grab the more populist conservative wing. Ben Sasse (R-NE) may align with constitutional conservatives who want a return to more sober leadership. Mike Lee (R-UT); Marco Rubio (R-FL); Tim Scott (R-SC); and Rick Scott (R-FL) will also be positioning themselves, the latter of which will run the NRSC at a moment when a difficult midterm looms.

Outside Washington, you will have former Ambassador Nikki Haley, Governors Larry Hogan (R-MD); Ron DeSantis (R-FL); Greg Abbott (R-TX); and potentially some surprises vying for national attention. And you will have the quixotic ambitions of some House Republicans as well.

On the Democratic side, it is highly likely the 2024 nominee will be Vice President-elect Kamala Harris but that is not a certainty and she will be seeking to define an independent role for herself inside the administration to demonstrate leadership and experience. This would follow the pattern set by Vice Presidents Cheney, Biden and Pence as more hands-on figures.



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This is not to handicap the 2024 race before Biden is even inaugurated but to indicate that leading decision-makers in Congress are already jostling for political position with significant outside pressure, and in a period of divided government where little may get done, that matters.

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Trump voters, or the apparent threat of Trump voters will continue to loom large. One mistake often made in Washington is assuming a Member of Congress fears the president. What they fear is a backlash from his voters and a difficult primary. Republican members in both chambers will continue to read the tea leaves of the MAGA grassroots for direction. Whether a split emerges between MAGA and other Republican/conservative grassroots audiences will largely depend on if the GOP primary beginning right after the 2022 midterms defines that battle or if the candidates merely compete for a share of the pie.

**The Democratic side** will continue its own battle from within between younger progressives and older pragmatics. The progressive wing is restless and wants systemic change, which will be nearly impossible to come by with a Republican Senate. So, their energy may be focused on the 2022 midterms which are favorable to Democrats. The quandary is whether that progressive energy will simply produce candidates that are too progressive to win general elections in Pennsylvania, North Carolina, Iowa or Wisconsin. And whether they can buck the trend of first term presidents facing a midterm backlash.

And Democrats will be wrestling with what went wrong in 2020. Sure, they won the White House, but their down ballot races were a failure. They had a net loss of state legislatures right on the eve of redistricting. Their Senate races defied all polling, the wrong way. And Speaker Nancy Pelosi was barely able to maintain her majority.

Progressives **in the House** led by Alexandria Ocasio-Cortez (D-NY) will have considerable power. Think back to the power that the Freedom Caucus had over Speakers John Boehner (R-OH) and Paul Ryan (R-WI). By packaging a small block of votes, they can determine what can and cannot be successful on the floor. Moderates could do the same, but it's much less likely you see them draw the same hard line.

Meanwhile, House Republicans have only become more emboldened. Their opposition will reach fervent heights, especially with new members representing the full MAGA wing of the party. So, it's unlikely we'll see much if any cross-aisle collaboration in the House.

House Democrats will push highly liberal bills to the Senate, where they will be rejected. They will complain that Senate Majority Leader Mitch McConnell (R-KY) is holding them up. And any legislation with a chance of becoming law will have to be



crafted by bipartisan gangs in the Senate driving toward an outcome where Minority Leader Chuck Schumer (R-NY), McConnell and Biden force Pelosi's hands more often than not.

**If this sounds like déjà vu all over again, it's because it is.** We are returning to a traditional divided government atmosphere much like what we saw in the Bush and Obama administrations. And a major reason why Senators Susan Collins (R-ME) and Joe Manchin (D-WV) will hold considerable power.

Finally, the Biden cabinet will resemble a Democratic coalition but also a negotiating apparatus. They will carry more traditional policy portfolios and may be the difference between Biden getting some things done or merely keeping the White House warm.

## **WHAT IT MEANS**

Look for Republicans and Democrats to find common enemies or objectives when and if possible. This could mean:

### **Pharmaceutical industry in the crosshairs:**

Republicans have traditionally protected the industry from Democratic impulses in the name of cost-cutting. But as the party has grown more populist, so has its relationship with business. With that said, the pharmaceutical industry has perhaps never had a year like 2020 where their value and innovation were more recognized.

### **Healthcare tug-of-war:**

Biden ran on the expanding the promise of the ACA. He also led a major initiative to cure cancer. A Republican Senate is very unlikely to expand the ACA, but they may be able to find a number of areas of agreement to clear the decks of issues like pre-existing conditions. This will remain the major policy issue in Washington.

### **Immigration, again:**

Like on healthcare, Senate Republicans may see some merit to clearing the decks of some lingering immigration issues, especially after seeing some modest electoral gains in 2020. The question remains whether hardline House Republicans allow this to happen, even if their votes are irrelevant. If Biden makes certain unilateral moves, we could be right back to the 2013-2014 dynamic.

### **It's finally Infrastructure Week:**

Embracing a large infrastructure package is the kind of pork-heavy effort that could entice a former Senator like Biden and members in both parties. Republicans are likely to become born-again fiscal conservatives so that could remain a hold up, but they also have infrastructure priorities. Democrats could also use this as a vehicle for climate change bargaining chips.



### **The tech industry under fire:**

Both sides have significant issues with how tech and social media companies are behaving and how they self-regulate. Republicans, led by Hawley, could look for openings of oversight and regulation that the industry may object to, but their users may not.

### **Big COVID-19 stimulus:**

Even with Republicans' newfound fiscal responsibility, it's likely that the turn of the year will see enough economic repercussions from 2020 that a large support bill will become inevitable, even if the lame duck is able to advance something in the meanwhile.

### **CBO becomes powerful once again:**

Remember CBO scores? Republicans once lived or died by them and they will once again. Spending will be an issue on the right despite cries of hypocrisy from the left.

### **Omnibuses, CRs, debt limits, oh my:**

Federal budgeting will take a sharp turn back toward brinksmanship for all of the political reasons already noted. Expect fiscal cliffs and potential shutdowns to come back into play.

### **Voting rights:**

Voting rights was once considered the potential vehicle to end the legislative filibuster, especially after the loss of Congressman John Lewis (D-GA). After widespread criticism from Democrats in 2016 and from Republicans in 2020, we may see an opening for new federal standards and protections. The question is whether they can bargain in good faith on issues of ID, ballot counting, accessibility, etc.

### **Judges:**

Democrats may still believe court-packing was a necessary reaction to Trump's SCOTUS picks. But it was not politically popular. Justice Breyer may choose to retire with Joe Biden as president. Perhaps an opening for...Merrick Garland? This may not be the ideal progressive choice but may be what cools the temperature in the Senate, which is one of Joe Biden's campaign goals.

### **Make alliances great again:**

With Joe Biden unable to move major legislative packages, he may seek comfort in repairing America's relationship with the UN, NATO, WHO and other alliances. Reasserting a U.S. commitment to the Paris Accords could be the opening salvo. The issue of trade is more difficult to predict. Populist Republicans largely co-opted the Democratic trade platform under Trump. Whether Democrats seek to counter Trump's moves, especially with China, or to let them lie remains to be seen.



### **Another four years of a pen and phone:**

President Obama enacted major reforms and regulations via executive order and agency rulemaking. President Trump did the same. Expect President-elect Biden to carry on the new normal, reversing his predecessor and enacting his own administrative agenda.

## **WHAT YOU SHOULD DO**

This is a difficult political climate for companies, issue organizations and coalitions. Political alliances are shifting, and headwinds and tailwinds are becoming harder to read. While divided government can often slow legislation and spare new regulation, it can also become highly unfavorable if you find your company or industry a target with bipartisan agreement.

### **Be prepared:**

Shortly after the inauguration is a good time to be in the field with quantitative and qualitative research to see if and which expectations of your stakeholders and audiences have shifted since the election and how you can effectively communicate with them over the next 6, 12 and 18 months.

### **Prioritize stakeholders:**

The winter months mean a surge in COVID-19 cases and economic repercussions, and 2021 will bring a new political climate as we've outlined. The stakeholders who mattered in 2019 and 2020 may have changed. This includes consumer and activist-led audiences as well the policymaker and opinion former audiences they influence. You can have a message that resonates broadly, but your time and resources should be prioritized to impact business and policy outcomes.

### **Communicate early:**

It will take some time for Washington to regain solid footing in 2021, with COVID still an outstanding crisis and the fog of the Trump era still omnipresent. Rather than wait for the issue or crisis to come to you, 2021 will offer opportunities to take action and build dialogue with stakeholders, building equity you may need to draw on in policy battles later next year or in 2022.

### **Identify significant milestones in your path:**

As the environment changes, so do the dates that matter. Whether it be shareholder expectations, critical business-driven moments or the political calendar, mapping your activations around these milestones is good campaign management. This can be done knowing that you will also need to be flexible given the high number of unknowns in the year ahead.



**Change your paid media cadence:**

The Trump era redefined the media diet for policymakers and those who influence them, which was a good situation if you sold airtime for Fox & Friends. Audiences are now more fragmented and diverse and will require better targeted content, more value-centric messaging and thoughtful channel planning. Finding the people who matter is more important than ever, rather than attempting to reach the old audience-of-one who is watching last night's Tucker Carlson in the White House residence.

**Analyze your third-party advocates and critics:**

Just as you are re-evaluating your footing, so are your opponents. Now would be a good time to reassess which alliances look solid and which could splinter in the months ahead. More often than not, third-party allies are called upon when they are needed, creating a transactional relationship where a trusted, strategic one would be even more valuable. Use this time of transition and uncertainty to reevaluate and renew advocates and to assess potential threats.

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*Despite our best attempts, 2021 is a difficult year to predict. There are considerable external and internal pressures on legislative activity; a divided government; a Trump hangover; a still-omnipresent pandemic; and critically unstable economic conditions. At Purple Strategies we've helped some of the world's greatest companies deal with the world's toughest challenges. We stand ready to help you navigate these changes, fortify your reputation, and address any headwinds. Please don't hesitate to reach out.*

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