

# ***AFTER COVID***



**ELECTION 2020**



## ***Politics & Policy in the Age of Pandemic***

# CONTENTS

## AFTER COVID

### *Politics & Policy in the Age of Pandemic*

I.	We Were Not Prepared.....	3-9
II.	What to Expect in 2020 (Congress & Elections).....	10-22
III.	<b>10 Predictions</b> for Post-Pandemic Policy & Politics.....	23-33
	1. New Psychology Will Drive New Priorities	
	2. The Fourth Industrial Revolution Will Accelerate Disruption	
	3. Deglobalization Will Gain Momentum	
	4. We Will Re-examine Freedom's Trade-Offs	
	5. Activism Will Increase, Engagement Intensify	
	6. Populism Will Keep Rising, But 2020's Populists At Risk	
	7. The Techlash May Pause But Will Return	
	8. More Asset Bubbles Likely In Search of Yield	
	9. COVID Inequalities May Widen Social Divisions	
	10. Initiative Will Accelerate Away from Washington	
IV.	Reasons for Hope.....	34-37
V.	Five Recommendations for Leaders.....	38

**WE WERE NOT PREPARED**

*A Most Predictable Disaster*

# WE WERE WARNED

*Everyone Saw This Coming*

2003



2004



2005



2007



2009



2017



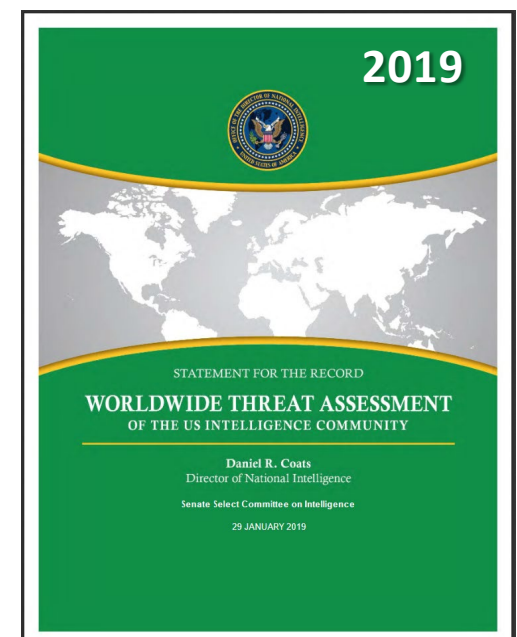
2015



Bill Gates | TED2015

**The next outbreak? We're not ready**

2019



STATEMENT FOR THE RECORD  
**WORLDWIDE THREAT ASSESSMENT**  
OF THE US INTELLIGENCE COMMUNITY

Daniel R. Coats  
Director of National Intelligence

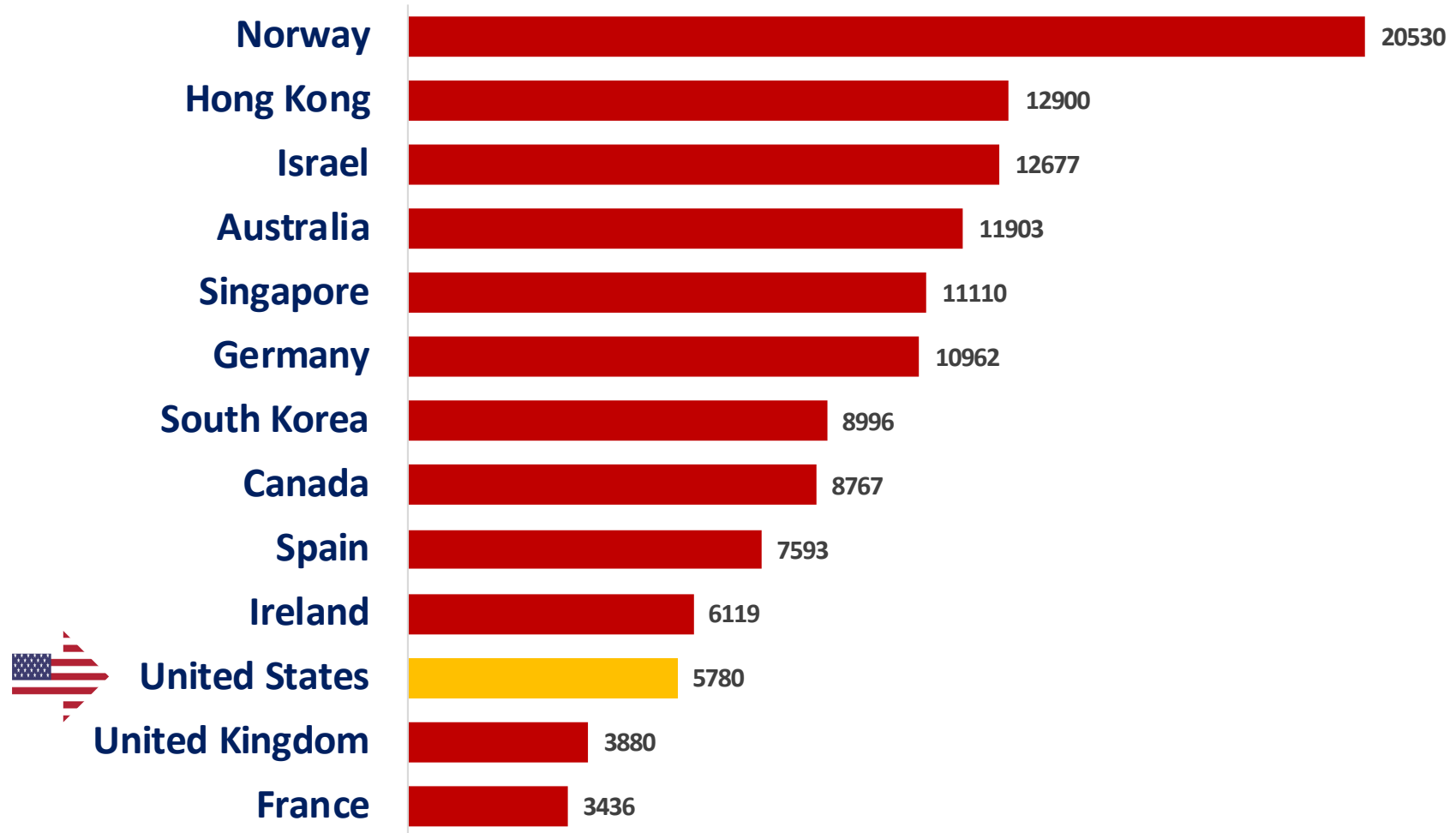
Senate Select Committee on Intelligence

29 JANUARY 2019

# WE FAILED THE TEST(ING)

*Nations With Early, Widespread Testing Fared Best*

# COVID Tests per million population (4/6/20)



# WE WERE TOO VULNERABLE

*Safety Net Lacking Even Before the Coronavirus Era...*



**53%** of U.S. households had no emergency savings



**33.6M** civilian workers lacked paid sick leave



**27.9M** non-elderly lacked health insurance



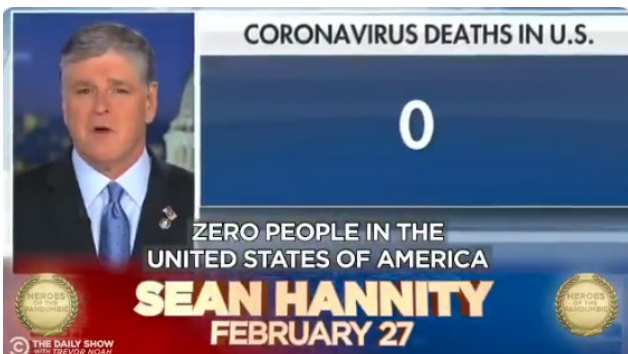
**21.3M** lacked adequate broadband



**550,000** homeless were living on streets



# MEDIA OFTEN AFFIRMED RATHER THAN INFORMED



# WE RESISTED CHANGE & SLOW-ROLLED INNOVATION

## U.S. Congress



## Schools

### Section 807

Fire and emergency drills  
Education (EDN)

SHARE



1. It is the policy of the state to require every public or private school or educational institution within the state, other than colleges and universities, to make a minimum of twelve fire drills, so that they may in a sudden emergency be able to respond appropriately in the shortest possible time. Every public school shall be held at least twelve times in each school year, eight of which required drills shall be held between September first and December thirty-first of each such year. Eight of all such drills shall be evacuation drills, four of which shall be through use of the fire escapes on buildings where fire escapes are provided or through the use of identified secondary means of egress. Four of all such required drills shall be lock-down drills. Drills shall be conducted at different times of the school day. Pupils shall be instructed in the procedure to be

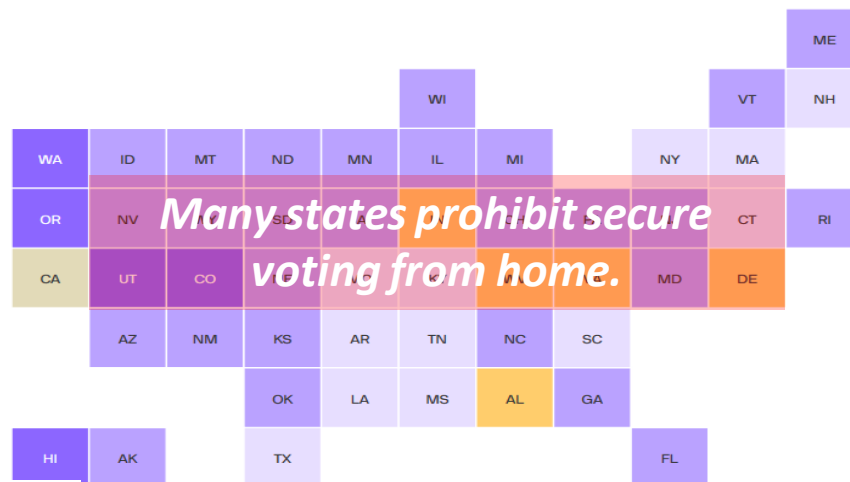
## Health Care



## Elections

### Vote at home rules by state

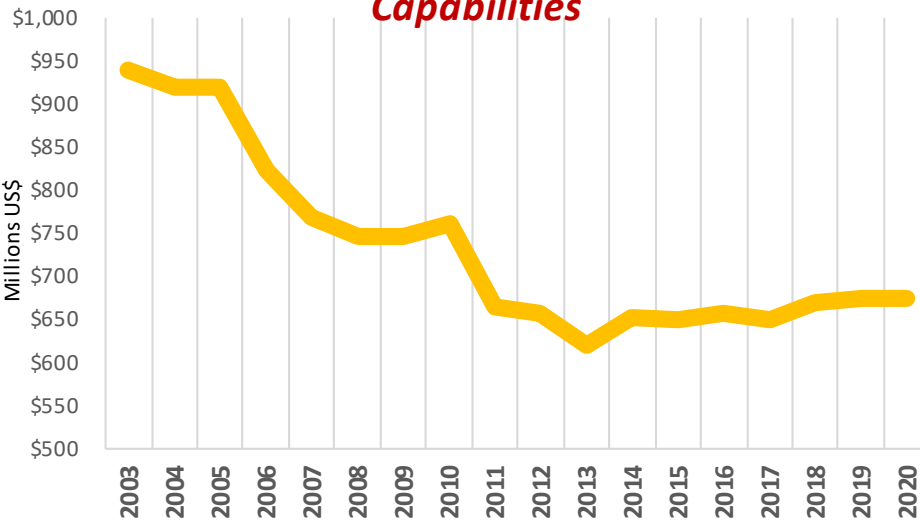
■ Default ■ Excuse required ■ No excuse needed ■ Default in some counties  
■ Temporarily allowing it due to COVID-19



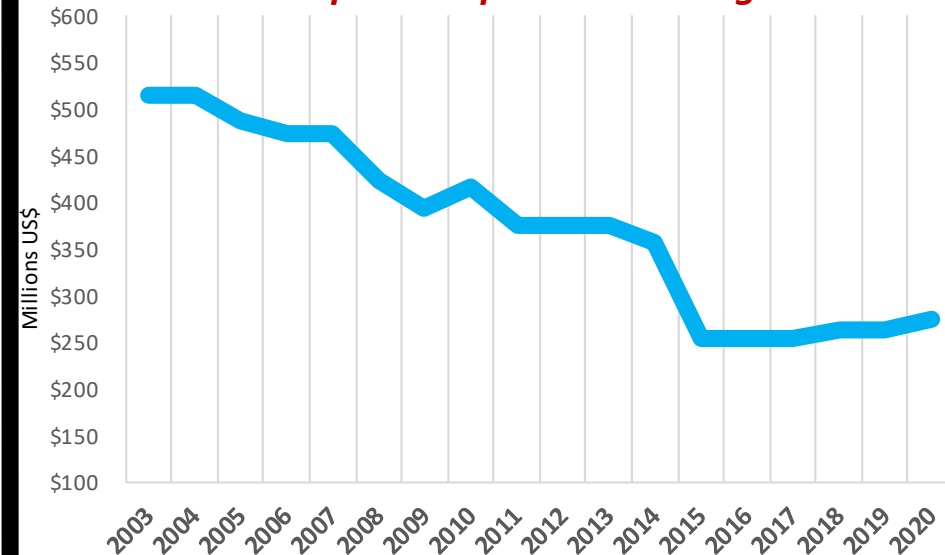


# WE UNDER-FUNDED PREPAREDNESS & LACKED SURGE CAPACITY

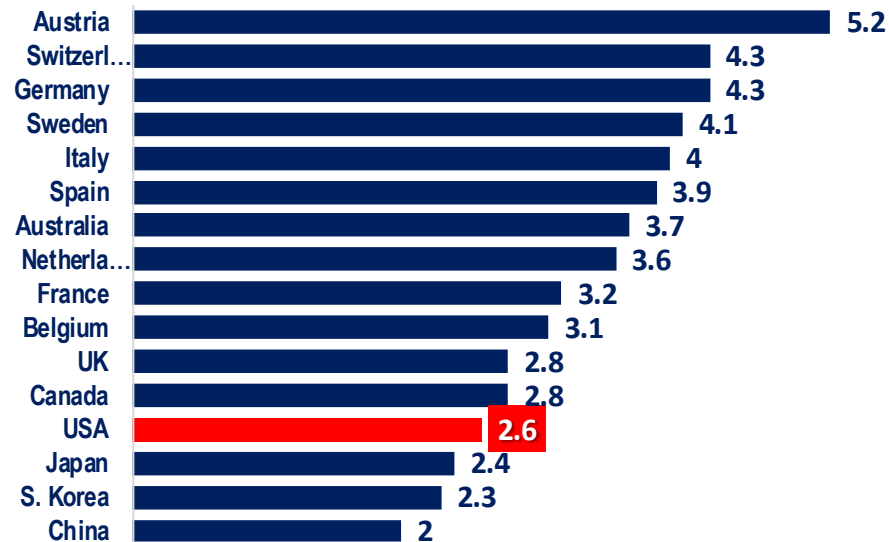
**CDC State & Local Preparedness & Response Capabilities**



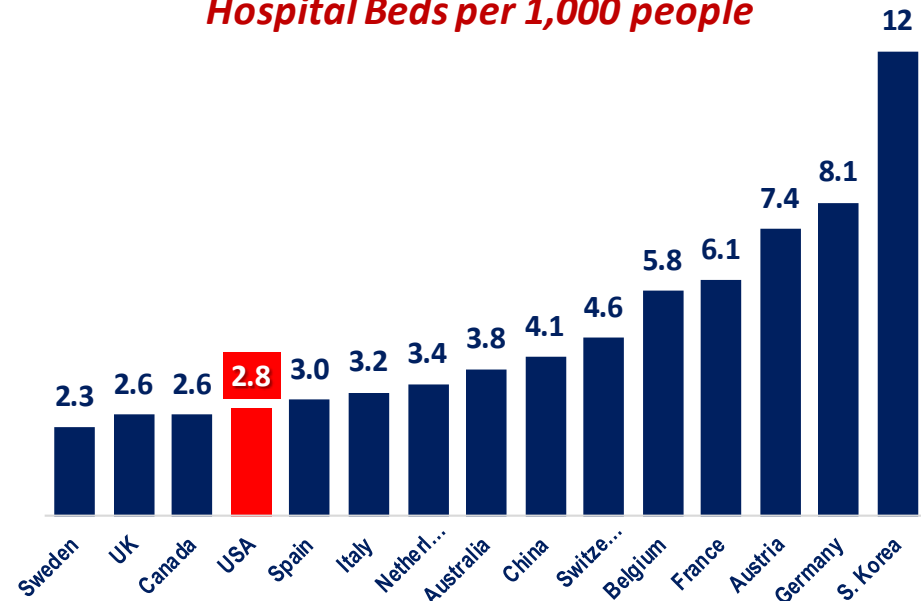
**HHS Hospital Preparedness Program**



**Practicing Physicians per 1,000 people**



**Hospital Beds per 1,000 people**



# WHAT TO EXPECT IN 2020

## *Congress & the Elections*



# THE \$9 TRILLION CONGRESS?

*In addition to funding FY21 (~\$5T by 9/30/20), this Congress will spend to...*

Near-Term	Mid-Term	Long-Term
<b>STABILIZE</b>	<b>RECOVER</b>	<b>REFORM</b>

3/6 Phase **1** **\$8.3B** for CDC vaccine & treatment development, improved surveillance & protective gear

3/18 Phase **2** **\$192B** for paid sick leave, food aid (SNAP), Medicaid funding, virus testing coverage

3/25 Phase **3** **\$2.2T** to subsidize families, sustain small business payrolls, help state & local governments, fund health care surge, help unemployed, food stamps, election assistance & loans to larger employers

April **3.5** **~\$XXXB** to more fully-fund small business loans, healthcare (\$\$ & equipment), state/ local gov'ts, individuals & safety net (unemployment/food)... *may split into 2 bills*

~Summer **4** **\$XT** help those missed last time (USPS, front-line workers hazard pay, mortgage servicers, medium-sized employers) + jobs program to revive hiring via tax credits, infrastructure (water, transportation, broadband), education... *Expect ideological fights over energy, election assistance, taxes*

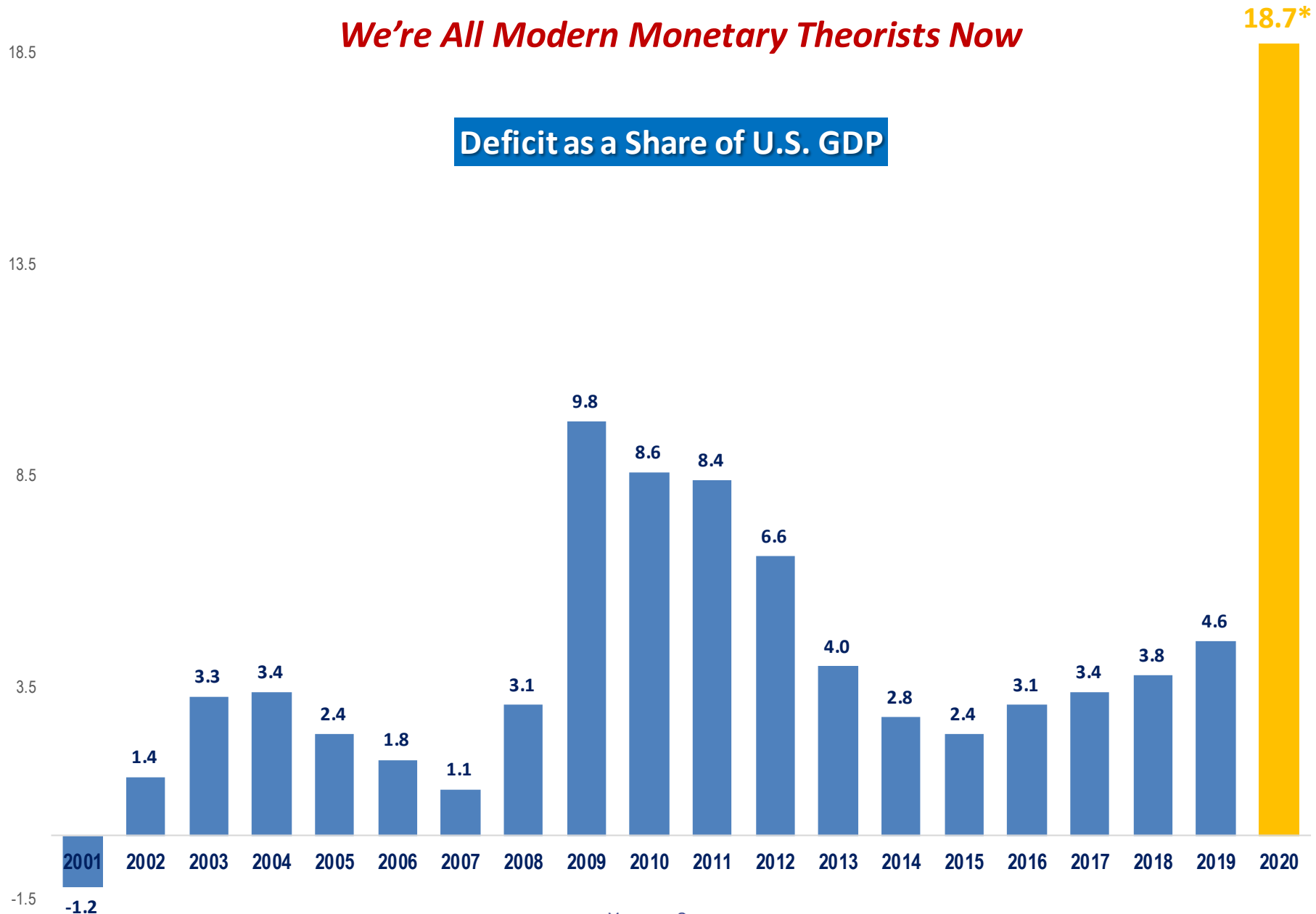
~TBD **5** **\$XXB** for systemic reforms re pandemic readiness, education & student debt, telehealth, social safety nets, systemic risks & rescues



# DEFICITS WILL SKYROCKET... WILL ANYONE CARE?

*We're All Modern Monetary Theorists Now*

Deficit as a Share of U.S. GDP





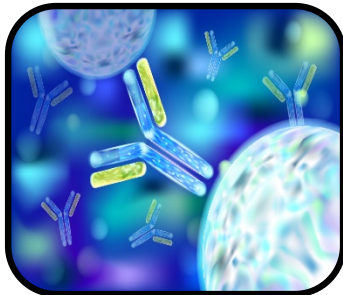
# THE GREAT RE-OPENING DEBATE COMING SOON

## *Whether, When & How to Re-Start?*



### THE NEW NORMAL

- A Half-Speed Economy: investment, consumption, trade, growth
- Temperature checks to travel, dine, go to work, attend class
- Rolling regional flare-ups & lock-downs (red / green zones)
- Ubiquitous masks, wipes, re-designed public spaces



### THE ANTIBODY ECONOMY

- COVID immunity tests are the new I-9 Forms
- Salary premiums for “uninfectables”... “CV” on your CV?
- Smarter quarantine spaces (safer, connected COVID hotels)



### THE GREAT DEBATE

- Have we gone too far or not far enough? THAT is the question.
- Should the responsible subsidize the reckless?
- Is excluding higher-risk people protective or discriminatory?
- *COVID is the new climate change: Ground Zero for 2020 culture wars*

# STRONG CRISIS LEADERSHIP IS OFTEN REWARDED...

## *Americans Appreciate Strength, Resolve & Empathy*



**2004: Do You Trust President Bush To Handle Terrorism?**

**58% YES**

(broke 85%-14% for Bush)

**40% NO**

(broke 94%-4% for Kerry)

**2012: How Important to your vote was President Obama's Response to Hurricane Sandy?**

**15% The Most Important Factor**

(broke 73%-26% for Obama)

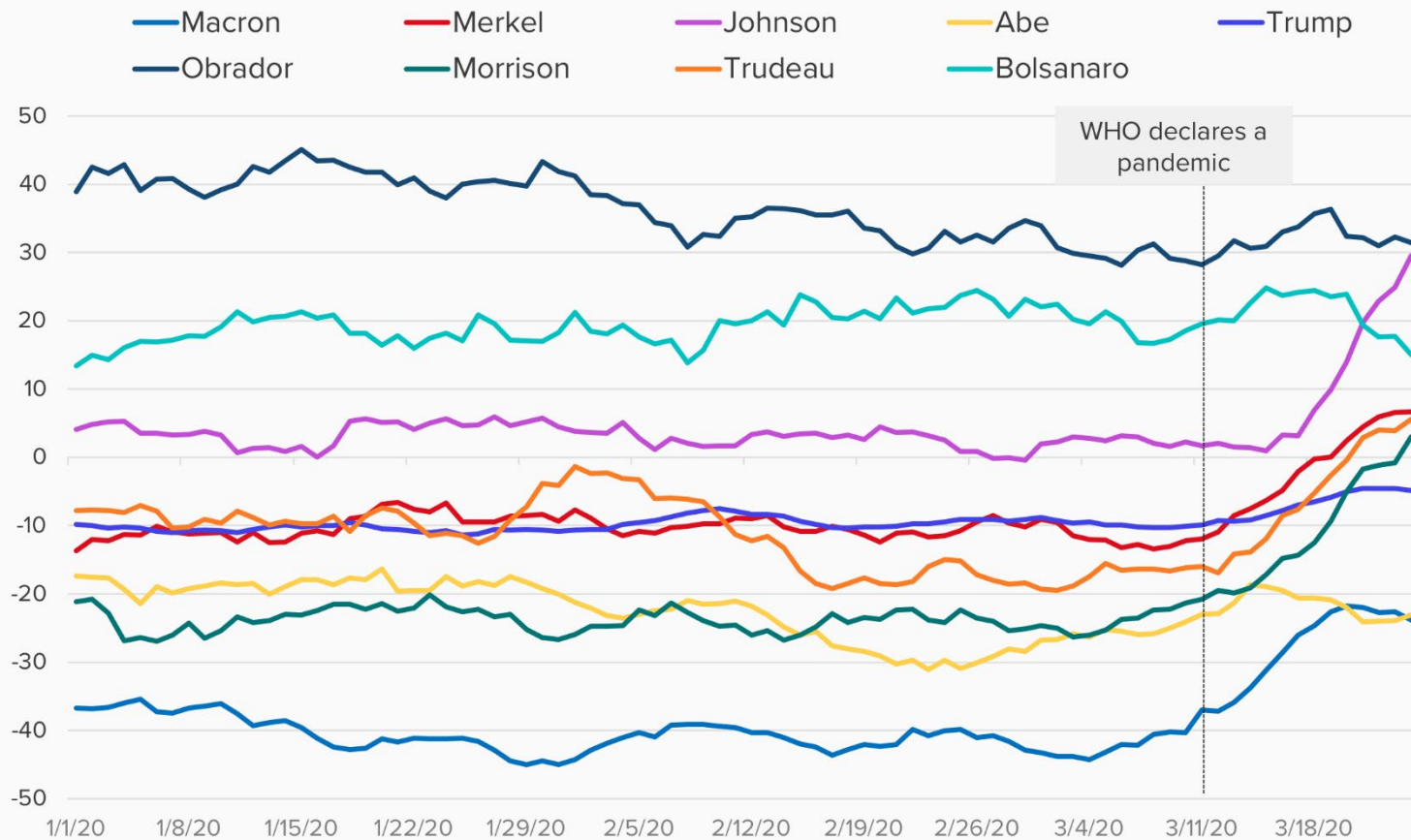
**27% An Important Factor**

(broke 65%-33% for Obama)



# CITIZENS RALLYING AROUND LEADERS GLOBALLY

## How Perceptions of World Leaders Have Shifted in the Wake of the Coronavirus Outbreak



MORNING CONSULT

Net approval (approval minus disapproval) among each country's general population

# 2020 WILL BE A REFERENDUM ON TRUMP'S COVID LEADERSHIP

## What Trump Will Say to Win Reelection

Strong Wartime Leader

+

Others to Blame

+

Superior Choice

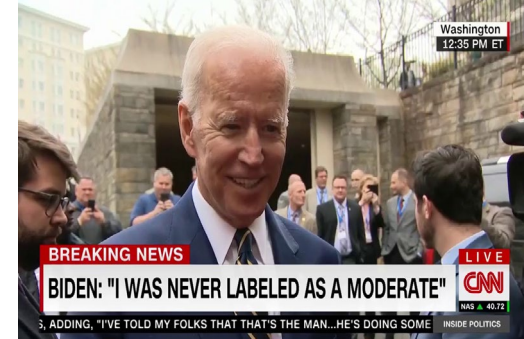


***“Donald Trump’s  
Strong Wartime  
Leadership Saved  
Millions of Lives &  
Trillions of Dollars”***



**President Trump  
also criticizing:**

- Unprepared Governors
- Biased Mainstream Media
- Past Administrations
- Impeachment distraction
- Partisan bureaucrats
- World Health Organization



***“I created the greatest  
economy once and I can  
do it again... Joe Biden is  
a career politician who  
will make things worse.”***



# 2020 WILL BE A REFERENDUM ON TRUMP'S COVID LEADERSHIP

## What Biden Will Say to Defeat the President

Trump Failed

+

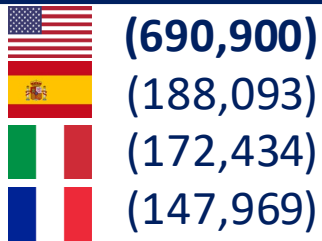
"Lies & Mistakes"

+

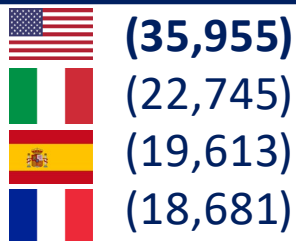
Better Alternative

*"America suffered the most cases, costs & deaths due to Trump's failed leadership"*

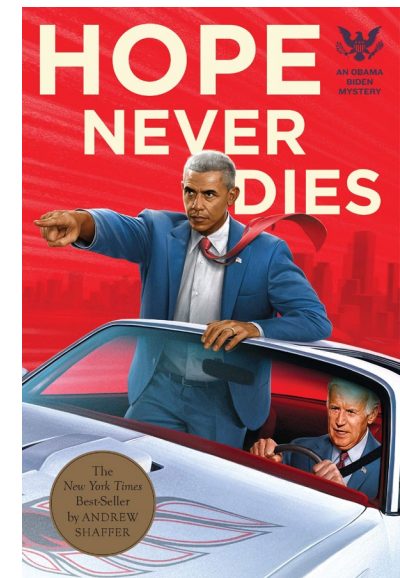
### MOST COVID CASES



### MOST COVID DEATHS



*"Joe Biden (& Barak Obama) led America through H1N1, Ebola & the Financial Crisis... he can do it again."*





# NON-TRADITIONAL CAMPAIGN HELPS NON-TRADITIONAL CANDIDATE

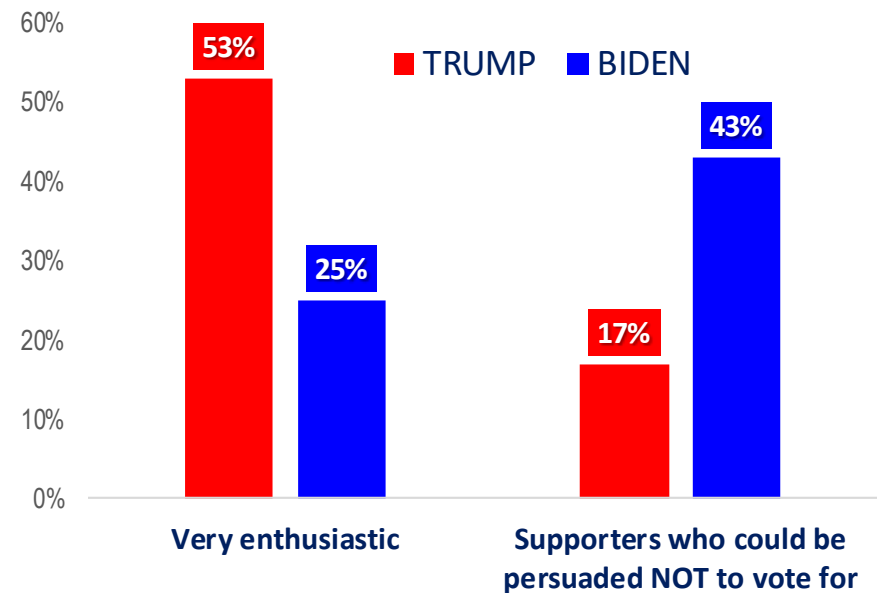
## Visuals



## Followers

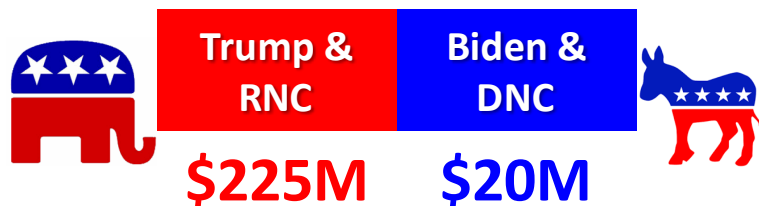
		
TRUMP KEEP AMERICA GREAT 2020	75.9M	28.6M
BIDEN PRESIDENT	4.7M	1.7M

## Enthusiasm



## Fundraising

Cash on Hand (start 3/2020)



# BUT ECONOMIC RECESSIONS HISTORICALLY INCUMBENT-KILLERS...

## *No Recession in 2 Years Before Election*

RECESSION?	President (Year)	REELECTION?
NO	Obama (2012)	YES
NO	Bush43 (2004)	YES
NO	Clinton (1996)	YES
NO	Reagan (1984)	YES
NO	Nixon (1972)	YES
NO	LBJ (1964)	YES
NO	IKE (1956)	YES
NO	Truman (1948)	YES
NO	FDR (1944)	YES
NO	FDR (1940)	YES
NO	FDR (1936)	YES
NO	Wilson (1916)	YES

## *Recession in 2 Years Before Election*

RECESSION?	President (Year)	REELECTION?
YES	Bush41 (1992)	NO
YES	Carter (1980)	NO
YES	Ford (1976)	NO
YES	Hoover (1932)	NO
YES	Coolidge (1924)	YES
YES	Taft (1912)	NO

# ...AND INCUMBENTS STRUGGLE AMIDST RISING UNEMPLOYMENT

## *Unemployment Momentum Matters (12 months before Reelections)*

Unemployment Rate				Outcome	
October Year Before	October Election Year	CHANGE	YEAR	W / L	Incumbent Pop. Vote Margin
1.9%	1.2%	-36.8%	1944	WON	+7.5%
20.1%	16.9%	-15.9%	1936	WON	+24.3%
8.8%	7.4%	-15.9%	1984	WON	+18.2%
17.2%	14.6%	-15.1%	1940	WON	+10%
8.9%	7.9%	-11.2%	2012	WON	+3.9%
4.3%	3.9%	-9.3%	1956	WON	+15.4%
8.4%	7.7%	-8.3%	1976	LOST	-2%
6.0%	5.5%	-8.3%	2004	WON	+2.5%
5.5%	5.1%	-7.3%	1964	WON	+22.6%
5.5%	5.2%	-5.5%	1996	WON	+8.5%
3.9%	3.7%	-5.0%	1948	WON	+4.5%
5.8%	5.6%	-3.5%	1972	WON	+23.2%
7.0%	7.3%	+4.3%	1992	LOST	-5.6%
6.0%	7.5%	+25%	1980	LOST	-9.7%
15.9%	23.6%	+48.4%	1932	LOST	-17.8%
3.6%	???	> +100%	2020	TBD	TBD



# VOTERS UNLIKELY TO AGREE ON FACTS & TRUTH

*When an Unstoppable Virus Meets Immovable Minds*



# VERY HIGH RISKS OF DISPUTED OUTCOMES

*The Only “October Surprise” Will Be No Surprises in October*

WHAT IF COVID-19 returns aggressively in Fall 2020, as Spanish Flu did in 1918?

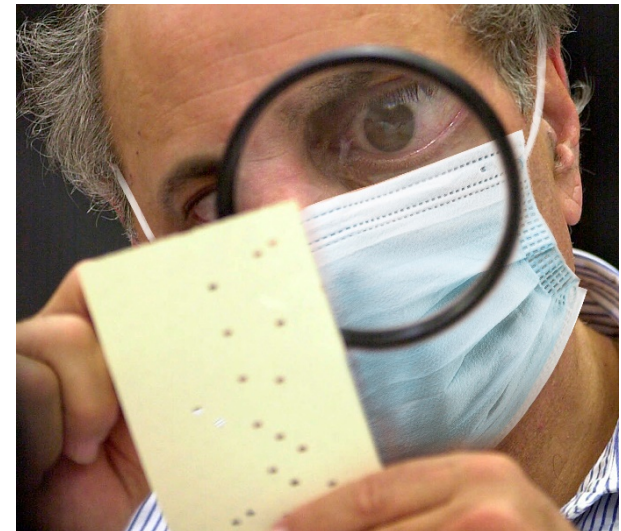
WHAT IF states need to lock down the week of the election?

WHAT IF a Governor orders quarantines for blue cities but not red suburbs?

WHAT IF at-higher-risk seniors must stay home while those under 30 can vote?

WHAT IF we cannot determine who won on election night?

WHAT IF voters or election officials refuse to bring or wear a mask?



# AFTER COVID-19

## *10 Predictions for Post-Pandemic Policy & Politics*



# #1. NEW PSYCHOLOGY WILL DRIVE NEW PRIORITIES

## BEFORE COVID

## AFTER COVID

EFFICIENCY

RESILIENCE

*Supply Chains*  
*Health System Capacity, Innovation > Cost*  
*Inventories*

INTERDEPENDENCE

SELF-SUFFICIENCY

*Less Global Integration*  
*Stronger National Industrial Base*  
*Tighter Migration Controls*

LEVERAGE / RISK

MARGIN / SAFETY

*More Regulation, Bigger Safety Nets*  
*Rent > Own; Big Employer > Startup*  
*Major New Liability Considerations*

ABUNDANCE

AUSTERITY

*Less Gov't Debt (Super, Duper Committee?)*  
*More Gov't Revenue (VAT, carbon, trading, wealth?)*  
*Consumers Twice-Bitten, Now a lot Cheaper*



# #2. THE 4<sup>th</sup> INDUSTRIAL REVOLUTION WILL ACCELERATE DISRUPTION

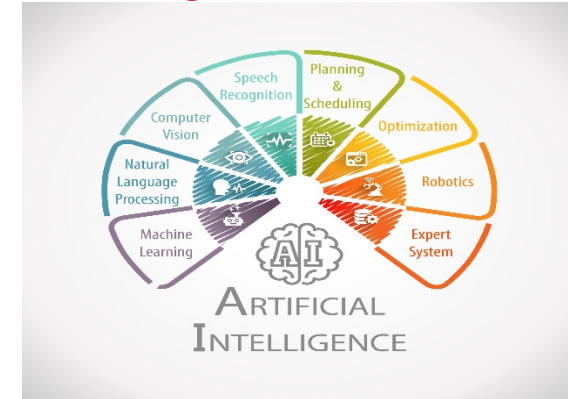
## *Digitizing Government, Education & Health Care*



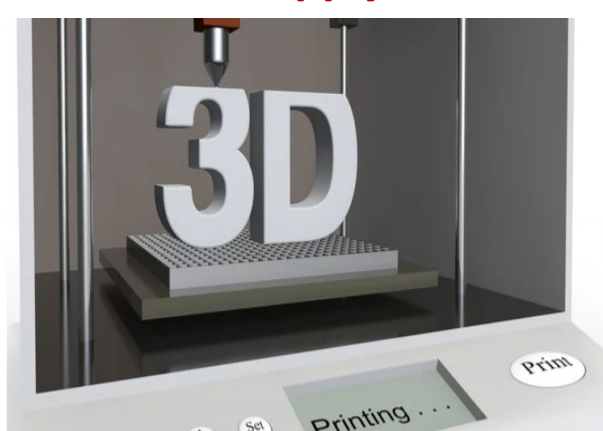
## *Reducing Risk, Cost & Carbon in Transportation*



## *Enabling Earlier Warnings & Faster Cures*



## *Manufacturing Faster With Shorter Supply Chains*



## *Making Cities Safer, Cleaner & Smarter*



## *Enabling New Jobs & New Work Opportunities*



# #3. DEGLOBALIZATION WILL GAIN MOMENTUM

## *Multilateralism Was Sick Before COVID, Downward Spiral Possible*

### “PRE-EXISTING CONDITION”

2017-2020 *trade wars undermined multi-lateral institutions, cooperation & readiness*

- Weakened EU, G20, UN, US, WHO & WTO
- Trade fights undermined leaders' trust & communications

### “VIRULENT NEW MALADY”

*Concurrent outbreaks* mean most nations need the same supplies at the same time

- Fighting over access to masks, meds, ventilators & closed borders
- Dishonest data sharing slowed many nations' responses

### “CHRONIC DISEASE”

U.S.-China *friction growing* amid fights over source of virus & Chinese honesty about deaths & cases

- Ongoing battles over Huawei & trade harder in recession
- China growing its own soft power by aiding nations in need (U.S. is not)

### “ORGAN FAILURES”

Many *emerging economies now risk failure* as developed nations lack will, resources to help

- Refugee crises likely but health risks may create catastrophe
- Power vacuums invite non-state actors (e.g. ISIS)

### “LONG-TERM PROGNOSIS”

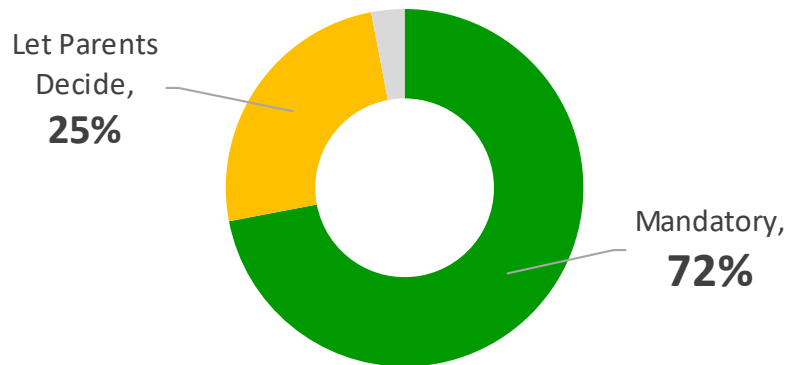
World Wars were failures of diplomacy fixed by multilateralism... *more Nationalism likelier* this time

- Recovery as a competition (tariffs, domestic preferences)
- Increased border controls, resource competition & supply chain diversification

## #4. WE WILL RE-EXAMINE FREEDOM'S TRADE-OFFS

### *Make COVID Vaccine Mandatory?*

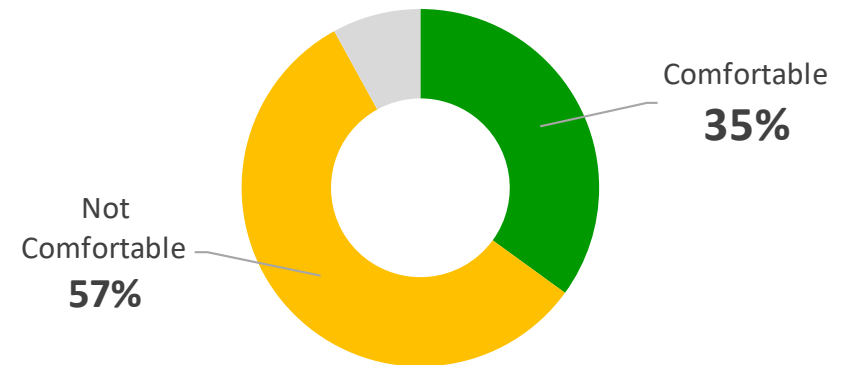
Standard Vaccination of Children (2019)



Source: [NBC/WSJ](#), 2019

### *Use Cell Phones to Contact Trace?*

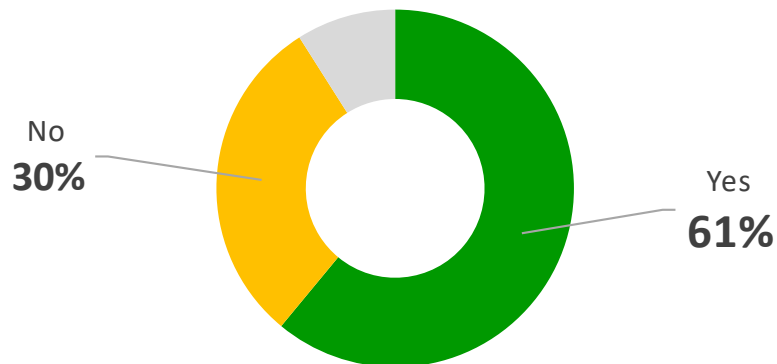
Tech Co's Sharing Location Data w Govt to Track COVID



Source: [Morning Consult](#), 2020

### *Limit Deceptive Speech on Platforms?*

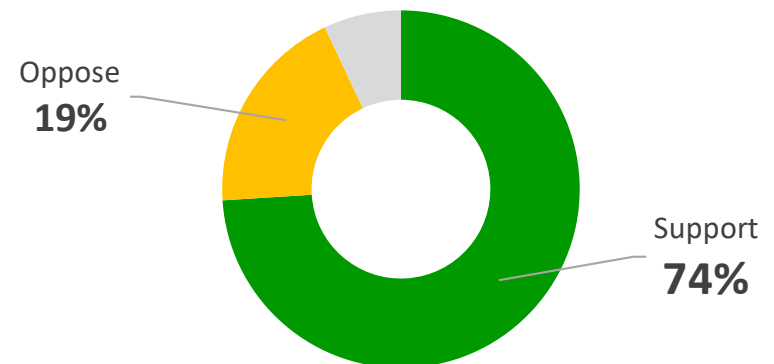
There Are Places Free Speech Should Be Restricted



Source: [Caravan Surveys](#), 2019

### *Impose National Quarantines?*

Support a National Quarantine



Source: [Morning Consult](#), 2020

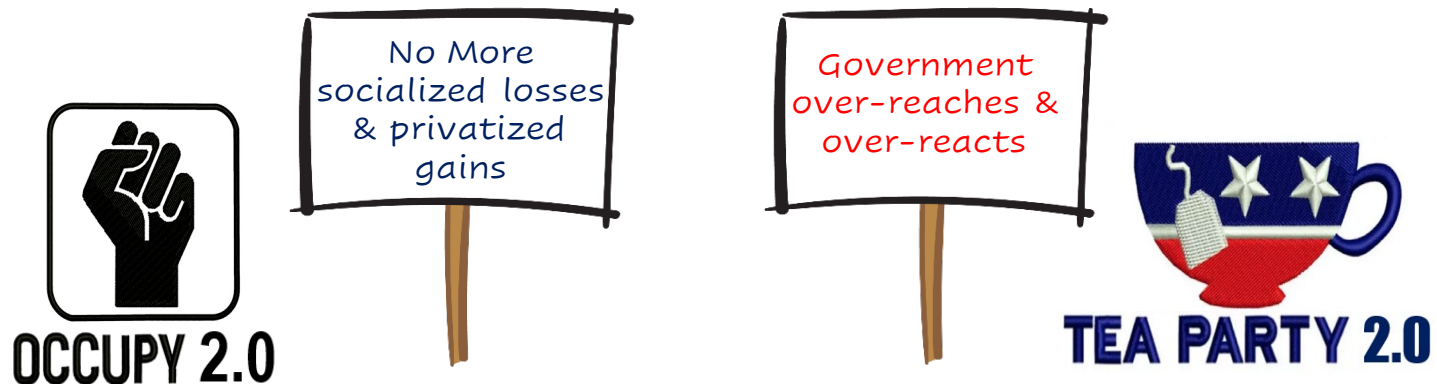
## #5. ACTIVISM WILL INCREASE, ENGAGEMENT INTENSIFY

***THIS TIME IS DIFFERENT:***

***Payouts Bigger, Pain Greater, Social Media More Ubiquitous...***

	Net Payouts	Peak Unemployed	Social Media %
Financial Crisis ('08-'09)	~\$500B	8.6M	26%
COVID Pandemic ('20- )	>\$3T	>22M	72%

***...Likely Leading to Further Radicalization of the Fringes...***



***...BUT this time business is part of the solution, not the problem***



# #6. POPULISM WILL KEEP RISING, BUT 2020 POPULISTS AT RISK

## *What Did They Know and When Did They Know It?*



Xi “was leading the epidemic response when Wuhan went ahead with New Year celebrations despite the risk of wider infections... let some 5M people leave Wuhan without screening and... waited until Jan. 20 to announce the virus was spreading between humans.” (WSJ)



“The risk to the American people remains very low... within a couple of days is going to be down to close to zero. That’s a pretty good job we’ve done.” (CNBC)



“Johnson's government is under growing pressure to explain why it has failed to mirror other European countries in implementing widespread coronavirus testing...” (Business Intelligence)



Brazilians “never catch anything. You see some bloke jumping into the sewage, he gets out, has a dive, right? And nothing happens to him.” (Guardian)



“Criticism has mounted over the lack of planning ahead of the shutdown, which was introduced with less than 4 hours' notice. Many of India's 1.3 billion citizens have been left jobless and hungry. Tens of thousands of migrant labourers have been forced to walk hundreds of kilometres to their native villages.” (BBC)



## #7. THE “TECHLASH” MAY PAUSE BUT WILL RETURN



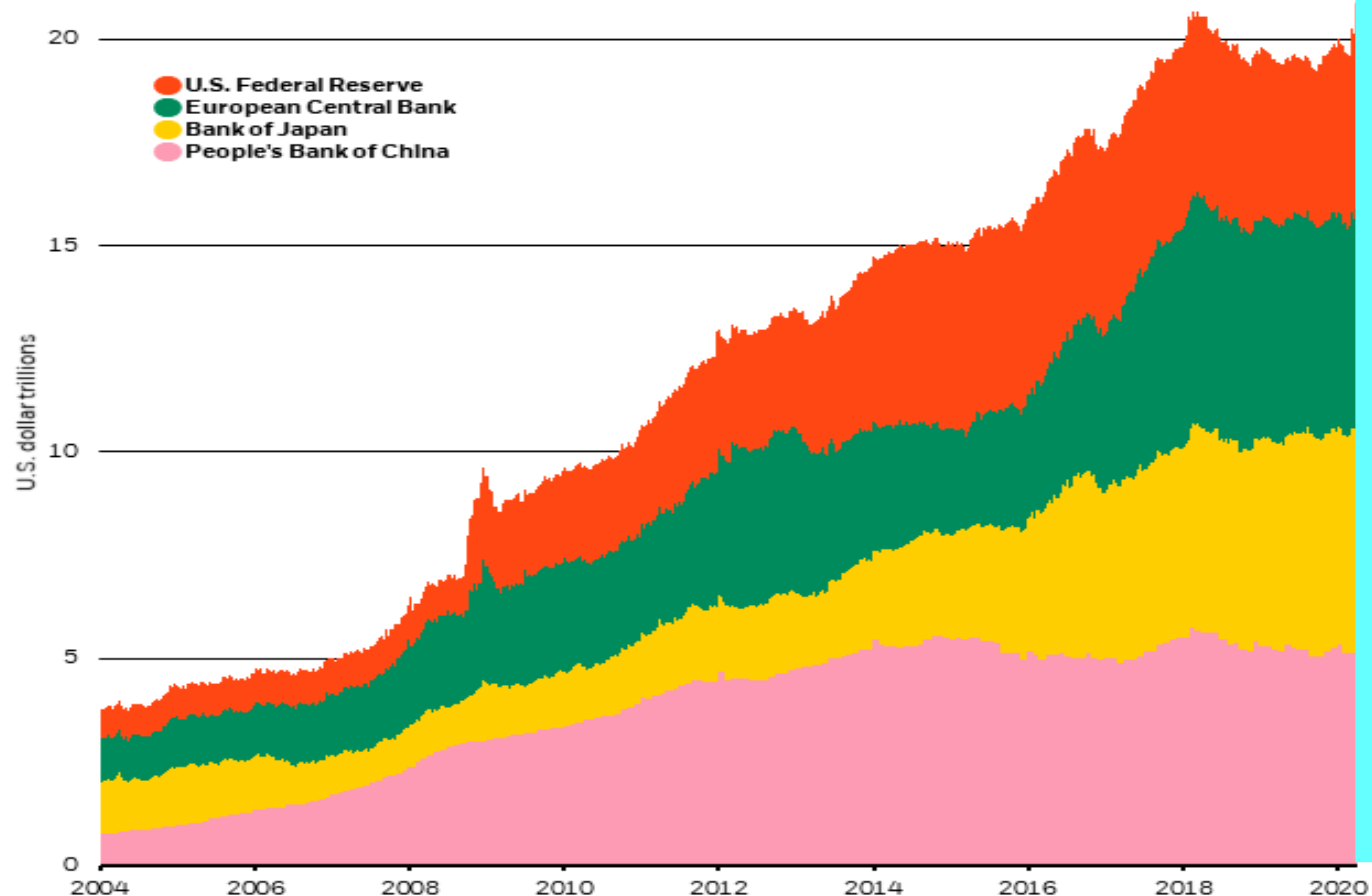
CONCERNS BEFORE COVID	IMPACT OF CRISIS	OUTLOOK POST-PANDEMIC
Too Much <b>Market Power</b>	FAANG gaining market power & dominance	Renewed scrutiny awaits
Insufficient <b>Consumer Protections</b>	Privacy trade-offs for health; Cyber risks up	New rules likelier than before
<b>Platforms</b> Rife with Bad Actors, Biased in <b>Censorship</b>	Aggressive policing of misinformation & price gouging, mixed results	Battles over censorship rules & rights will return
<b>Too Global</b> & Over-Exposed to China	Increased global frictions, especially U.S.-China	Global markets & supply chains harder to maintain
Undermining the <b>Social Compact</b>	Tech stepped-up big: led on safety, supplies, charity & productivity	Coming fights over tax, automation, inequality

## #8. MORE ASSET BUBBLES LIKELY IN SEARCH FOR YIELD

*Central Banks' 0% Rates & QE $\infty$  Drive Investors to Riskier Bets*

### Chart of the week

Central bank balance sheet in U.S. dollars, 2004–2020



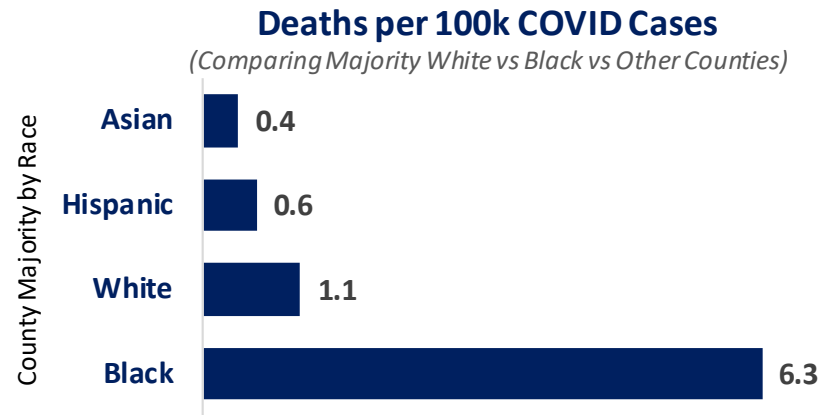
Source: BlackRock Investment Institute, with data from Refinitiv Datastream, April 2020. Notes: The chart shows the size of the balance sheet of each central bank.

# #9. COVID INEQUALITIES MAY WIDEN SOCIAL DIVISIONS

## States vs States



## Among Races



## Rich vs Poor

Income →	\$75k+	<\$30k
Remotely working now	39%	3%
Has home broadband	92%	56%
Child access to computer	96%	75%

## Among Generations



# #10. INITIATIVE WILL ACCELERATE AWAY FROM WASHINGTON

## *Accelerating Pre-Existing Trend Towards Activist Local Leadership*

Net Appropriate Measures – Not Far Enough	
FEDERAL GOVERNMENT	STATE GOVERNMENT
<b>-19</b>	<b>+30</b>

### Why Trust in Feds Is Low & Falling

- Early errors undermined response
- Bureaucratic snafus slowing relief \$\$
- Alleged insider trading by lawmakers
- Lack of leadership by example
- Self-described “backup” to States
- No credible oversight for unprecedented spending, future “Solyndras” likely

### Why Non-Washington Leaders Trusted

- Offered hard truths, built credibility early
- Governors & Mayors took responsibility
- CEOs led efforts to socially-distance
- NGOs offering safety net backstops
- Local leaders less framed by hyper-partisanship & “angertainment” TV

An American flag is shown waving on a black flagpole against a bright blue sky with scattered white clouds. The flagpole has a small, glowing yellow light at the top. The text "REASONS FOR HOPE" is overlaid in the center of the image.

**REASONS FOR HOPE**



# AMERICANS STOOD TALL





# DISTANCING STRENGTHENED COMMUNITIES



# INNOVATORS ARE STEPPING UP, KEEPING US...

## Productive



## Provisioned



## Informed



## Protected



## Entertained



## Healed



## Seen



## Covered



## Happy



## Tested



## Fed



## Breathing



## Connected



## Cared For



## Connected



## Examined



## Networked



## Solvent



# POST-COVID-19 RECOMMENDATIONS FOR BUSINESS LEADERS

## 1. Have a Good Answer to “How Did You Help During the Great Pandemic?”

- *Quantify what you did for your employees, customers, community & nation*
- *Identify stakeholders who will help tell your story in the months ahead*

## 2. Leverage the Opportunity to Build a Better Business

- *Become more disruption-resilient via cloud, mobile, telework tools & telehealth benefit*
- *Harden systems against hacking, ransomware, supply chain disruptions*

## 3. Have Credible Solutions to the New Major Challenge

- *What will grow employment, increase resilience or save money?*
- *Engage policymakers soon (while they're home and eager to get to work)*

## 4. Prepare to Engage Reformers on the Systemic Failures Exposed

- *What do 21<sup>st</sup> century safety nets need to look like, and how do we pay for them?*
- *How to enable inclusive growth that leverages & helps focus market forces?*

## 5. Think Globally, Act Locally

- *Diversify supply chain optionality while defending trade & global engagement*
- *Lead by example in supporting global institutions aimed at shared challenges*



<http://www.mehlmancastagnetti.com/>

MEHLMAN CASTAGNETTI  
— ROSEN & THOMAS —

*is one of the nation's most innovative government relations firms, offering strategic solutions to companies, trade associations, non-profits, and entrepreneurs that help them succeed in Washington.*

**RECENT MCR&T ANALYSES:**

Q1 '20: Hunting Black Swans: <http://bit.ly/HuntingBlackSwans2020>

Q4 '19: Deglobal: <http://bit.ly/Deglobal-Mehlman2019>

Q3 '19: Wokepocalypse: <http://bit.ly/Wokepocalypse2020>

Q2 '19: The Roaring 2020s: <http://bit.ly/Roaring2020s>

Q1 '19: Permissionless: <http://bit.ly/Permissonless>

Q2 '18: Empowered America: <http://bit.ly/EmpoweredAmerica>

Q4 '17: Navigating the New Gilded Age: [http://bit.ly/Mehlman\\_NewGildedAge](http://bit.ly/Mehlman_NewGildedAge)