



# *TRUST FALL*



***Politics & Policy: 2023 Take-Aways & 2024 Look-Aheads***

# SUMMARY

## Rarely has trust been in greater demand and shorter supply.

A majority of the world goes to the polls in 2024 amidst ongoing trade wars, a growing Cold War and two active shooting wars. **Perceived disorder drives voter discontent.** Nationalists & Populists campaign on skepticism of free trade, embrace of industrial policy, rejection of global elites & vilification of domestic foes.

America is careening towards a Presidential rematch that 2/3rds of voters don't want. A third close election in a row may trigger claims of fraud, but unlike 2016 & 2020, **there are no trusted referees to adjudicate.** Republicans don't trust the FBI or mainstream media, Democrats the Supreme Court or Fox. Emerging technologies could supercharge misinformation campaigns & multiply conspiracy theories.

After a highly-productive 2021-22, the U.S. Congress hit dysfunctional new lows in 2023. Facing a big agenda immediately upon return, **leaders will struggle to go beyond "must do" legislation** to address important issues lacking deadlines: eg foreign aid, the border crisis, AI, taxes, deficits. But 2024's work will set up 2025's battles.

While Parties bicker in Washington, 40 states are now led entirely by one party. Look for competing state approaches to regulating tech, health care, energy, education & civil rights, pressuring Congress. **Partisans & courts will continue provoking culture warriors**, but fewer businesses will take the bait & engage in 2024.

Luck will favor the prepared. Buckle up.





## 2023: Ten Take-Aways

1. Failures Undermined Confidence in Leaders
2. Persistent Problems Worsened
3. Perceived Disorder Drove Discontent
4. Trust in Institutions Fell Further
5. Faith in Professionals' Ethics Fell Further
6. Legislative Productivity Cratered
7. Trump Surged Ahead
8. Economy: Soft Landing, Hard Feelings
9. Hypocrisy Broke "Woke"
10. Courts Had More Impact than Congress

\*\* Don't Trust the Pessimists Either!!



## 2024: Ten Look-Aheads

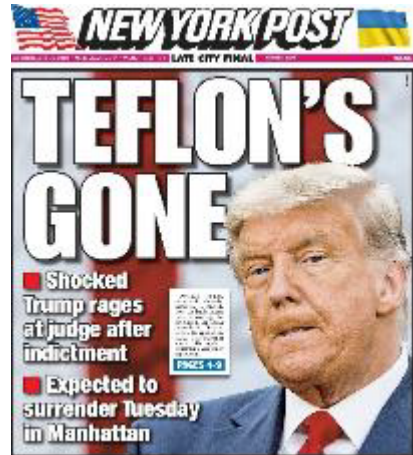
1. Intense Sprint to Start the Year
2. Biggest Election Year in Human History
3. You Can't Spell CampAlign without AI
4. Political Spending Will Crush Records
5. Campaigns Will Play on Anger, Fear & Mistrust
6. Unpopularity Contest Invites 3<sup>rd</sup> Party Spoilers
7. State Policy Patchwork Quilt Will Grow
8. Labor Likely to Remain on the March
9. Global Supply Chain Disruptions Will Persist
10. Expect Plot Twists & Curve Balls

# *Politics & Policy in 2023*

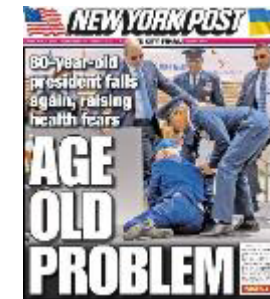
## **Top 10 Take-Aways**

# FAILURES UNDERMINED CONFIDENCE IN LEADERS

Take It From the Headlines...



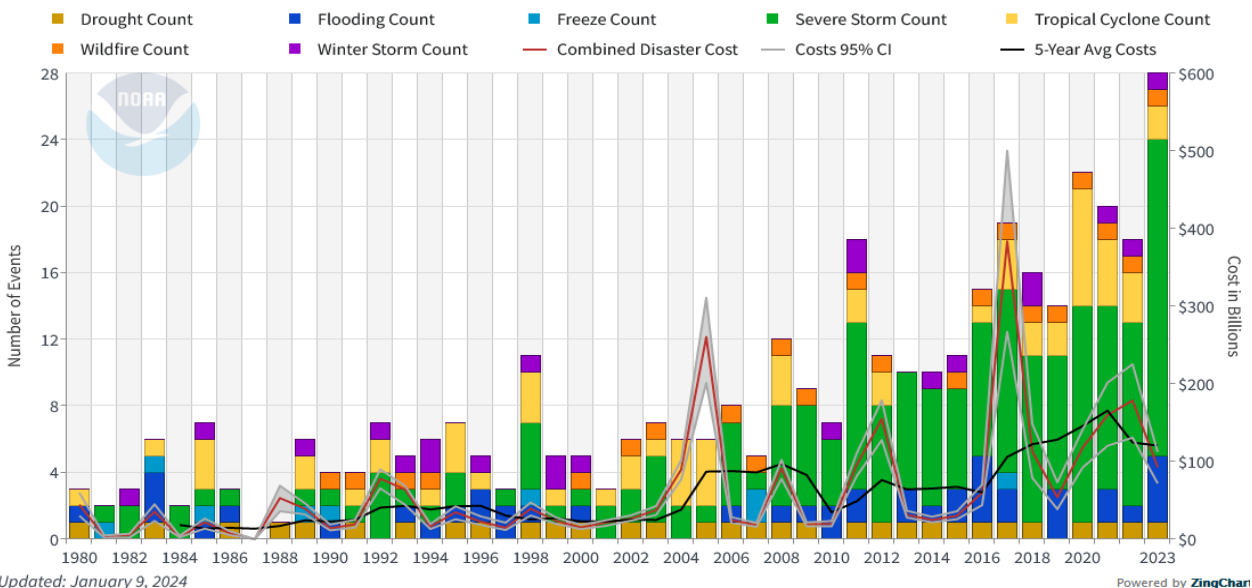
*How Years of Israeli Failures on Hamas Led to a Devastating Attack*  
Israeli officials completely underestimated the magnitude of the Oct. 7 attacks by Hamas, shattering the country's once invincible sense of security.



# PERISTENT PROBLEMS WORSENE

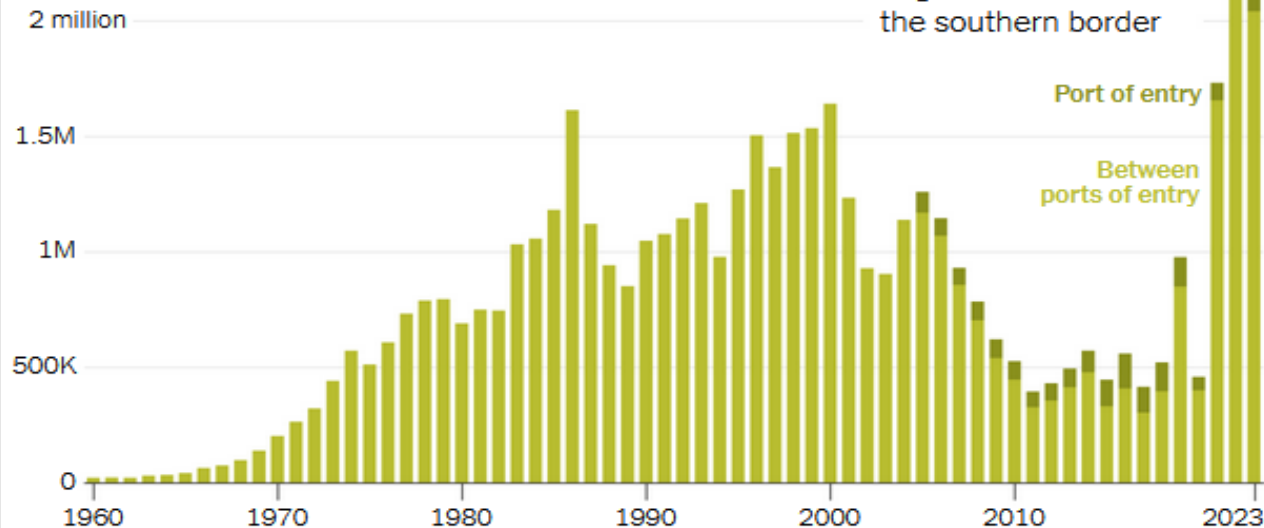
## Natural Disasters

United States Billion-Dollar Disaster Events 1980-2023 (CPI-Adjusted)

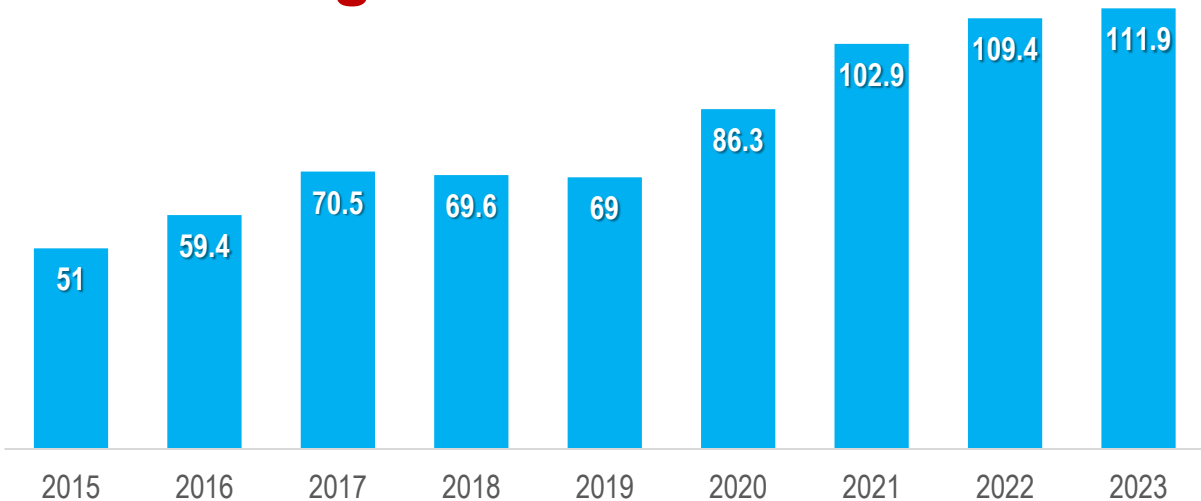


## Illegal Immigration

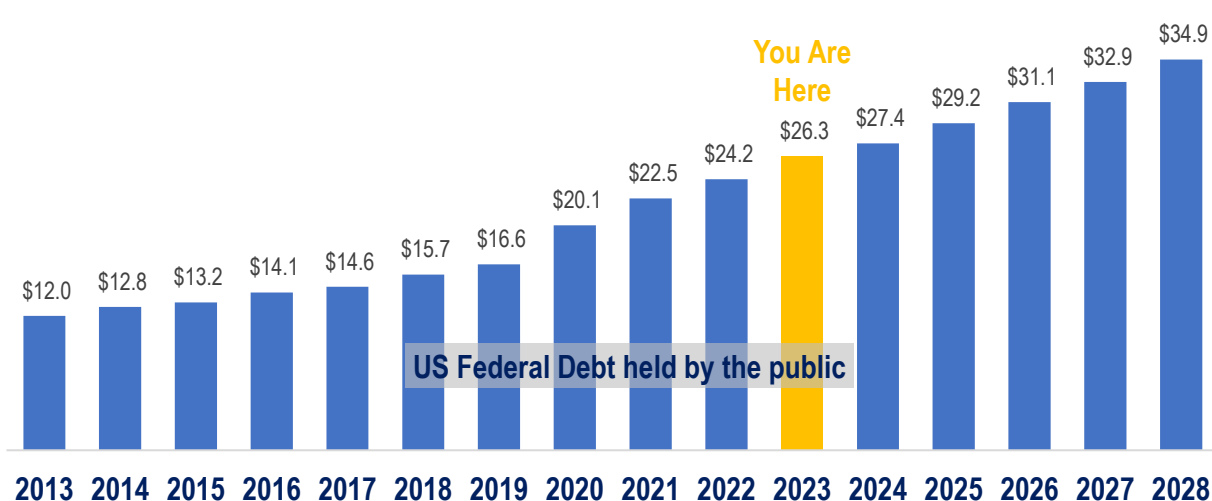
2023 saw 2.5 million migrant encounters at the southern border



## Drug Overdose Deaths (000's)



## Debt (\$T)

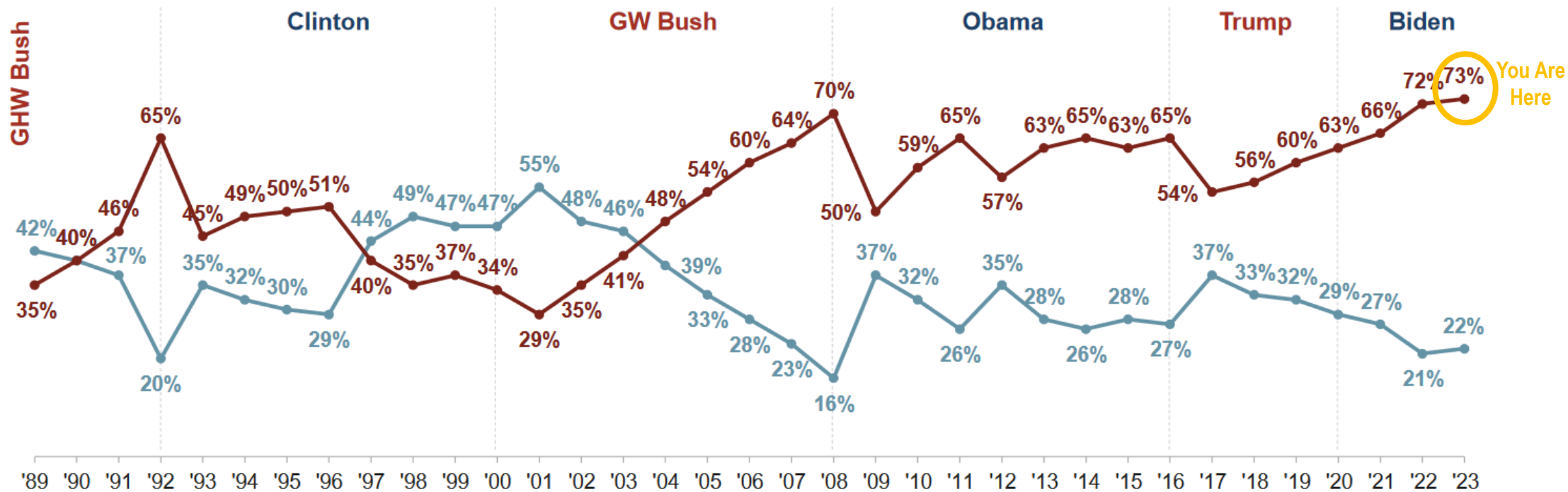


# PERCEIVED DISORDER DROVE DISCONTENT

## American Voters Sense Things Are Out of Control, On Wrong Track



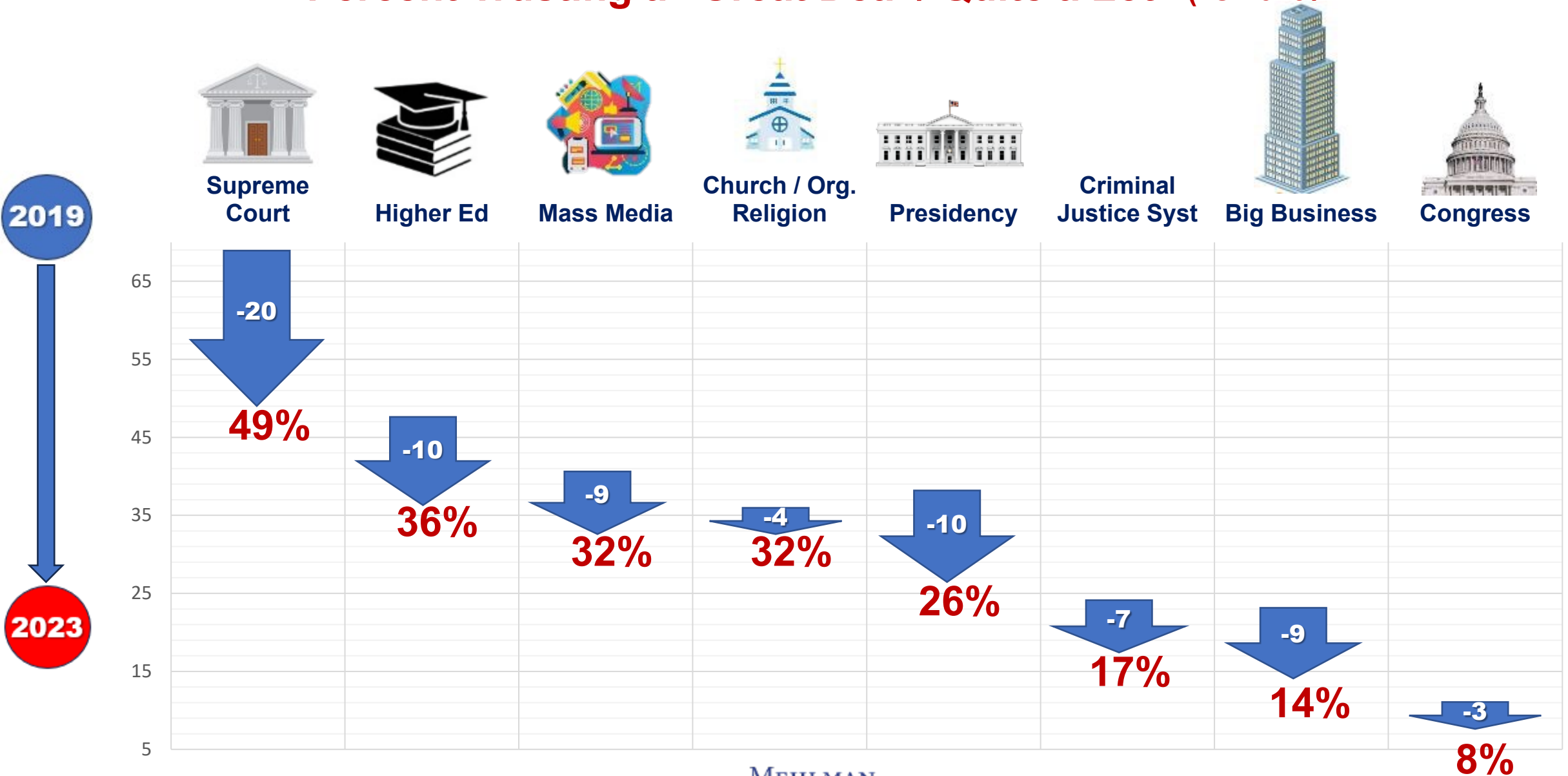
— Nation is headed in the right direction      — Nation is off on the wrong track



You Are Here

# TRUST IN INSTITUTIONS FELL (COMPARING YEAR BEFORE ELECTIONS)

## Percent Trusting a “Great Deal / Quite a Lot” (vs 2019)

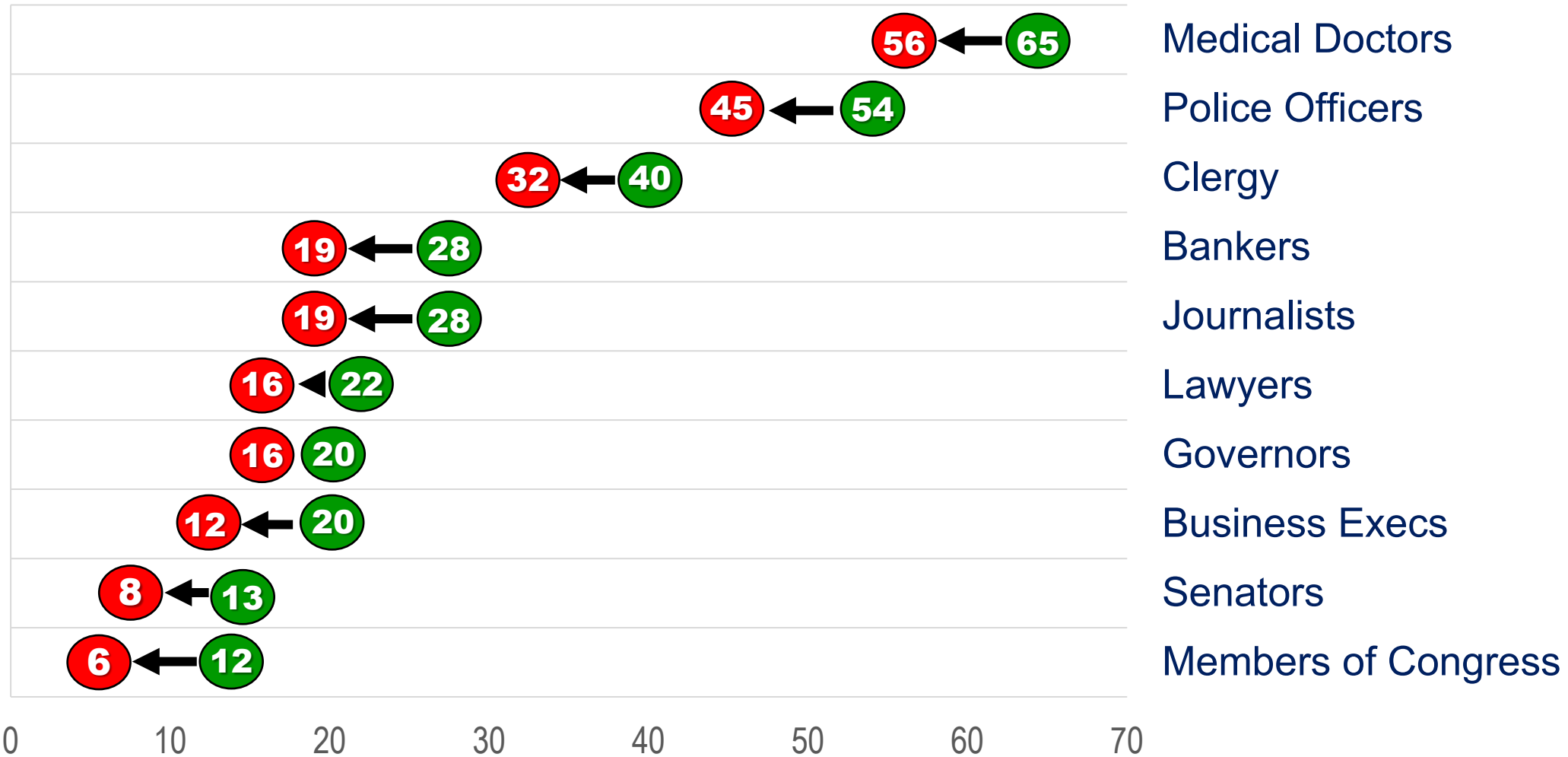




# FAITH IN PROFESSIONALS' ETHICS FELL FURTHER

2023 ← 2019

## % Very High / High "Honesty & Ethical Standards"

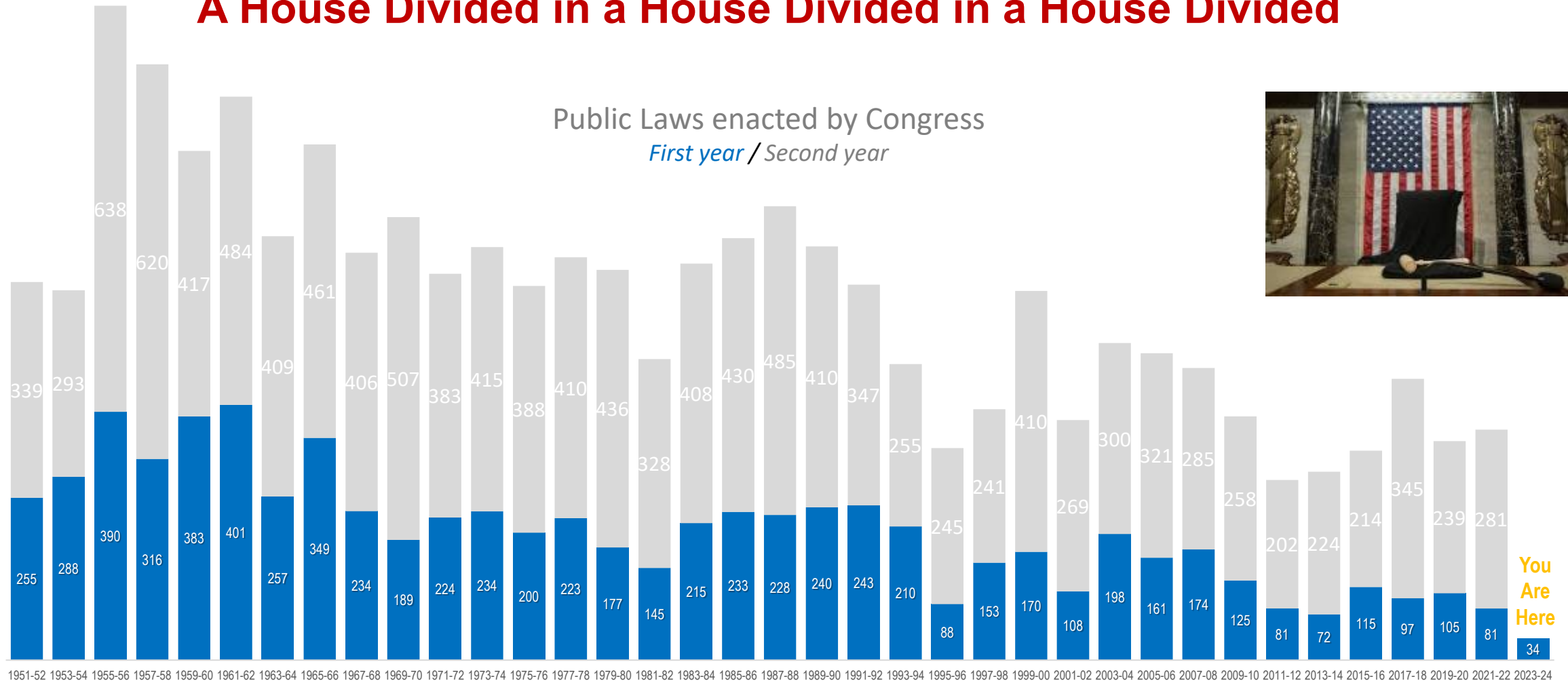


Source: [Gallup](#), Jan. 2024

# LEGISLATIVE PRODUCTIVITY CRATERED

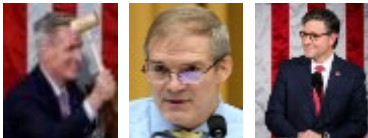
## A House Divided in a House Divided in a House Divided

Public Laws enacted by Congress  
*First year / Second year*



You Are Here

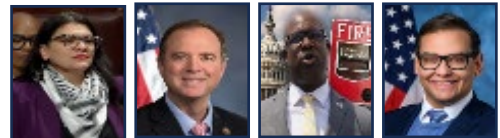
Source: [Congress.gov](https://www.congress.gov)



Most rounds of voting for Speaker since **1860**

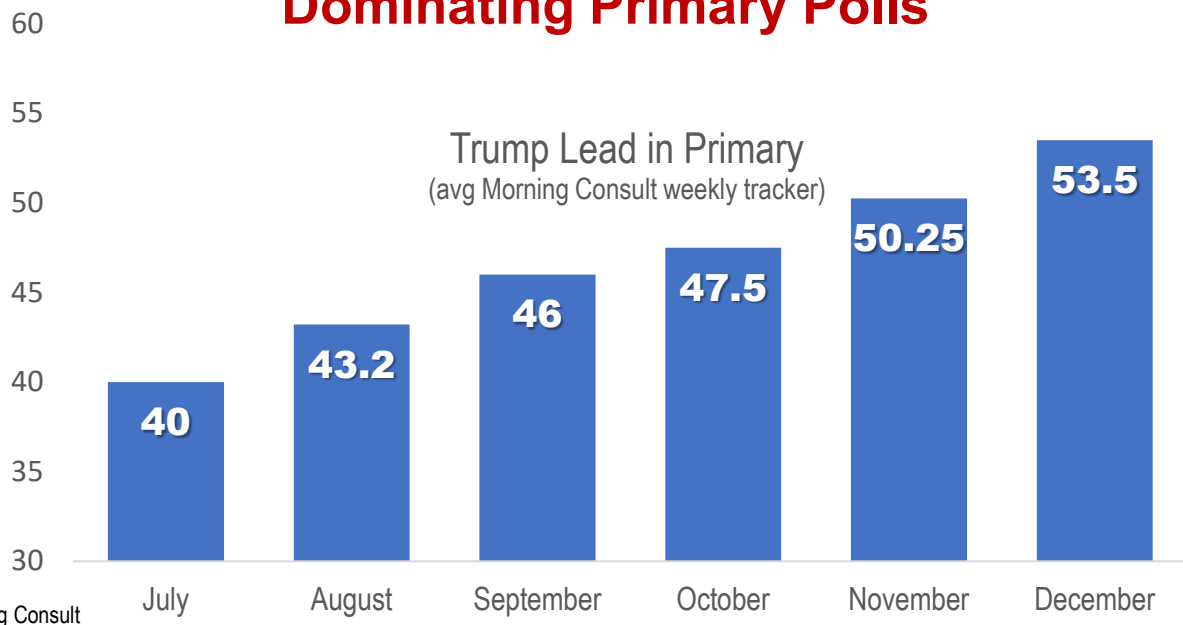


Most censures since **1870**,  
1<sup>st</sup> expulsion since **2002**

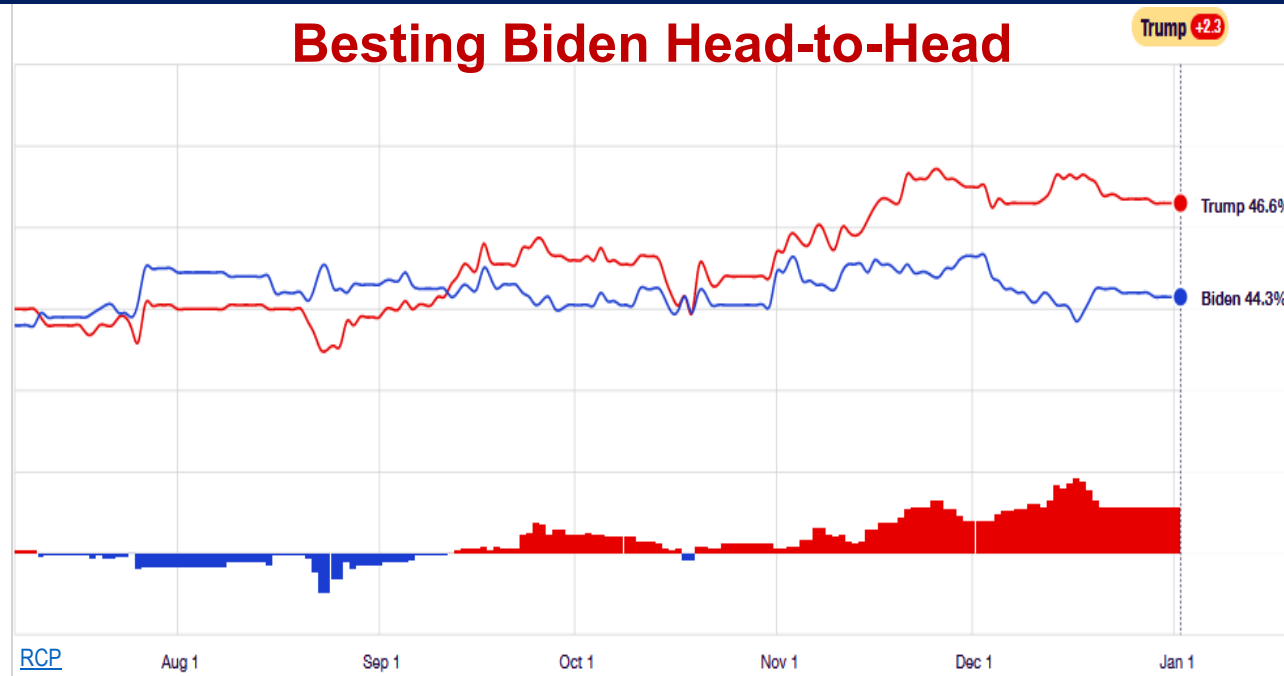


# TRUMP SURGED AHEAD

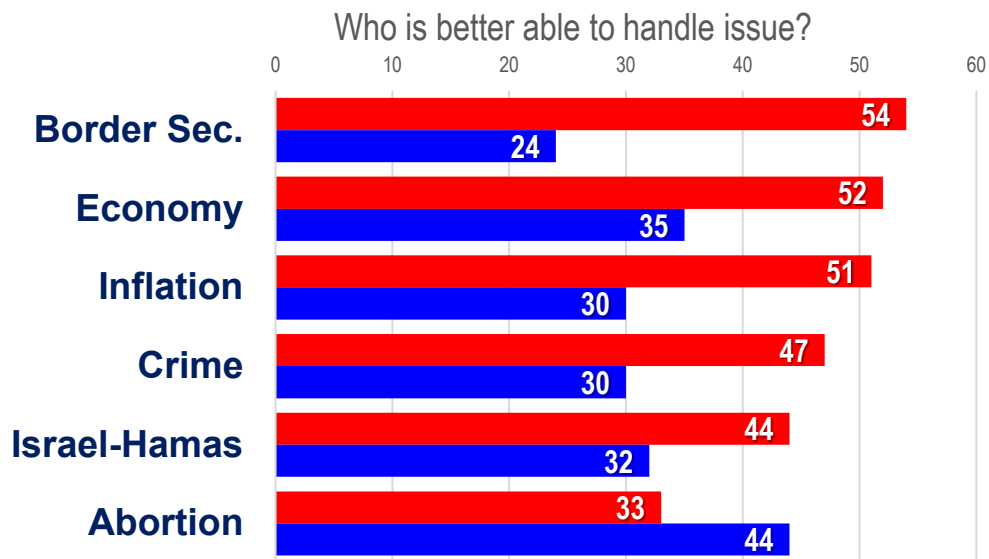
## Dominating Primary Polls



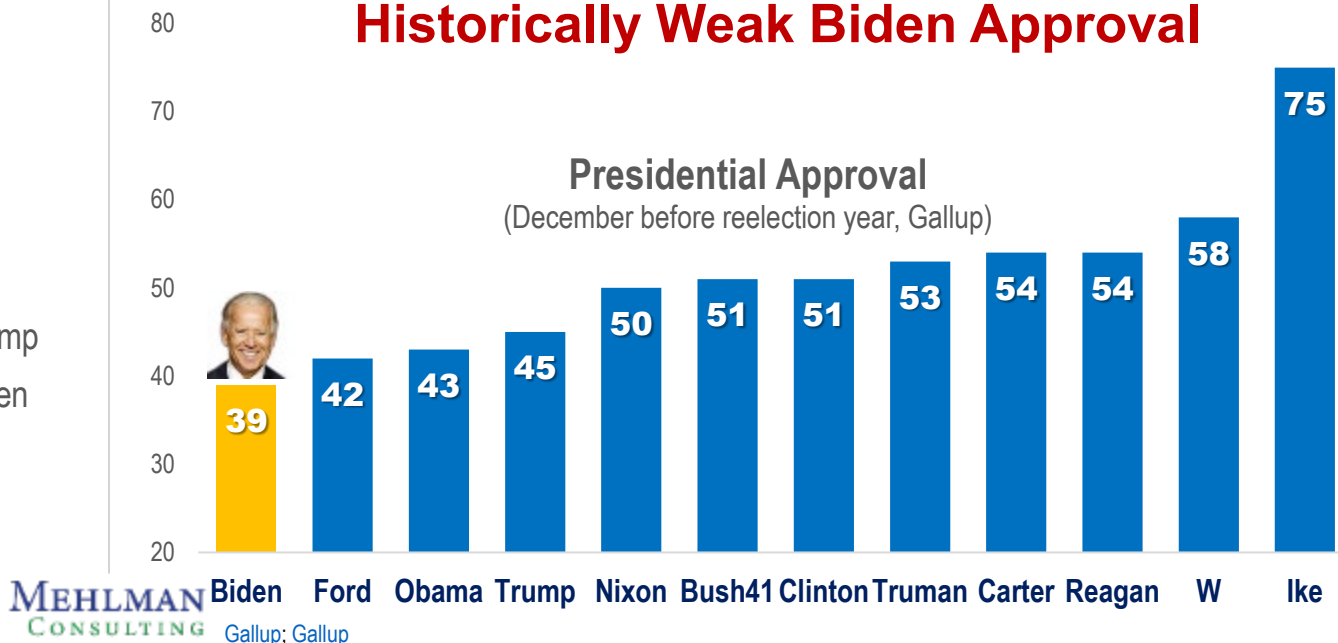
## Besting Biden Head-to-Head



## Leading on Most Issues



## Historically Weak Biden Approval



# ECONOMY: SOFT LANDING, HARD FEELINGS

**While 2023's Economy Is Nearly as Strong as 2019's,  
People Feel Worse**

**2019**

**2023**

<b>28.9%</b>	S&P 500 Return	<b>24.6%</b>
<b>3.6%</b> <i>(Dec)</i>	Unemployment Rate	<b>3.7%</b> <i>(Nov)</i>
<b>\$63,257</b> <i>(Q4)</i>	Real (after inflation) GDP per capita	<b>\$67,036</b> <i>(Q3)</i>
<b>\$327,100</b>	Median Home Value	<b>\$431,000</b>
<b>\$15.68T</b> <i>(Dec)</i>	Disposable personal income, after inflation	<b>\$16.85T</b> <i>(Oct)</i>

<b>99.3</b>	Consumer Confidence (U. Mich)	<b>69.4</b>
<b>+26</b>	Gallup Economic Confidence Index	<b>-40</b>
<b>+16%</b>	Small Businesses "Expect Economy to Improve"	<b>-42%</b>
<b>3.74%</b>	30 Year Fixed Home Mortgage rate	<b>6.61%</b>

# HYPOCRISY BROKE “WOKE”

Even More than Disney, Bud Light & Blackrock controversies,  
“Free Speech” Hypocrisy Accelerated the “Wokelash”

## SPEECH = VIOLENCE

*...if offending favored group*

Harvard University

Harvard students could  
be punished for not  
using preferred  
pronouns: Report

By Jeremiah Poff, Education Reporter

September 14, 2022 12:46 PM



Source: [Washington Examiner](#)

## VIOLENCE = SPEECH

*...if targeting disfavored group*

**Congresswoman Stefanik:**

“At Harvard, is calling for the genocide of Jews a violation of Harvard’s rules of bullying and harassment?”

**Harvard President:** “It can be, depending on the context.”



HARVARD  
Office of the President

Source: Congressional hearing per [Harvard Crimson](#)

# COURTS HAD MORE IMPACT THAN CONGRESS

## Legislate for Show, Litigate for Dough



No constitutional right to abortion, states can restrict



Business can discriminate vs same sex couple on religious grounds



Voting Rights Act still forbids certain gerrymandering



Public universities cannot discriminate based on race



Liability shield may protect social media companies (issue returning in 2024)



\$400B student loan forgiveness needs Congressional action



Tech companies cannot unfairly leverage monopolies (district court)



State legislatures can't oversee elections without any oversight from courts or governors

# DON'T TRUST THE PESSIMISTS EITHER

## Good News Stories with Policy Implications

1. **Soft landing.** Despite [85%](#) of economists predicting a U.S. recession in 2023, we instead enjoyed accelerating growth, cooling inflation, more than 2.5M new jobs.
2. **Science delivered.** While 42% of Americans are now obese, the new class of FDA-approved appetite suppression drugs could potentially improve public health and [reduce costs](#).
3. **Carbon emissions fell.** Even as the U.S. set new records for energy production, total [carbon emissions are on track to fall](#) nearly 3% in 2023.
4. **Global poverty fell.** Share of humans living in extreme poverty dropped to a [record low](#).
5. **Progress on pay gap.** Gender pay gap, though persistent, hit an [all-time low](#).
6. **New drugs available.** FDA approved [effective new treatments](#) for Alzheimer's, RSV, post-partum depression & Sickle Cell Anemia.
7. **New materials discovered.** Google DeepMind's new AI tool helped create more than [700 new materials](#) that might be used to make better solar cells, batteries, computer chips, and more.
8. **Global child mortality fell** to a [record low](#).
9. **Brazilian deforestation plummeted** [by 48% in only eight months](#).
10. **Fusion energy breakthrough.** Two groundbreaking fusion power experiments saw [net energy gains for a potential zero-carbon energy source](#) of the future.

***Politics & Policy in 2024***  
**Top 10 Look-Aheads**



# INTENSE SPRINT TO START THE YEAR

## JANUARY

## FEBRUARY

## MARCH

## APRIL

### MUST DO *(Deadlines)*



1% across-the-board cuts to discretionary spending if no deals

### MIGHT DO



### CAMPAIGN '24



ID, MI, MO, ND



AZ, FL, IL, KS, OH

AL, AK, AR, CA, CO, MA, ME, MN, NC, OK, TN, TX, UT, VA, VT

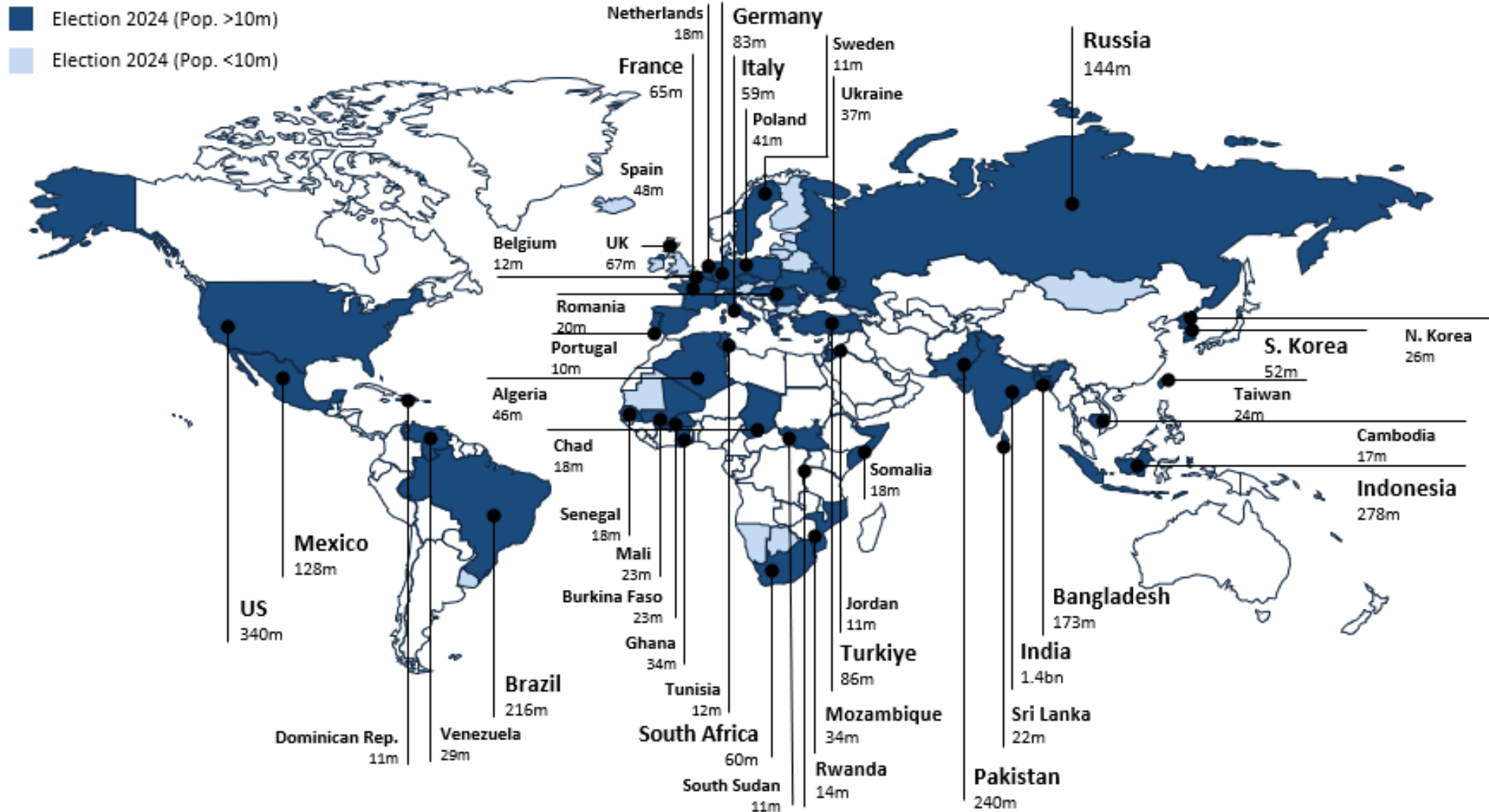
**72%**  
of GOP delegates selected by end of March

### WILD CARDS



# 2024 = BIGGEST ELECTION YEAR IN HUMAN HISTORY

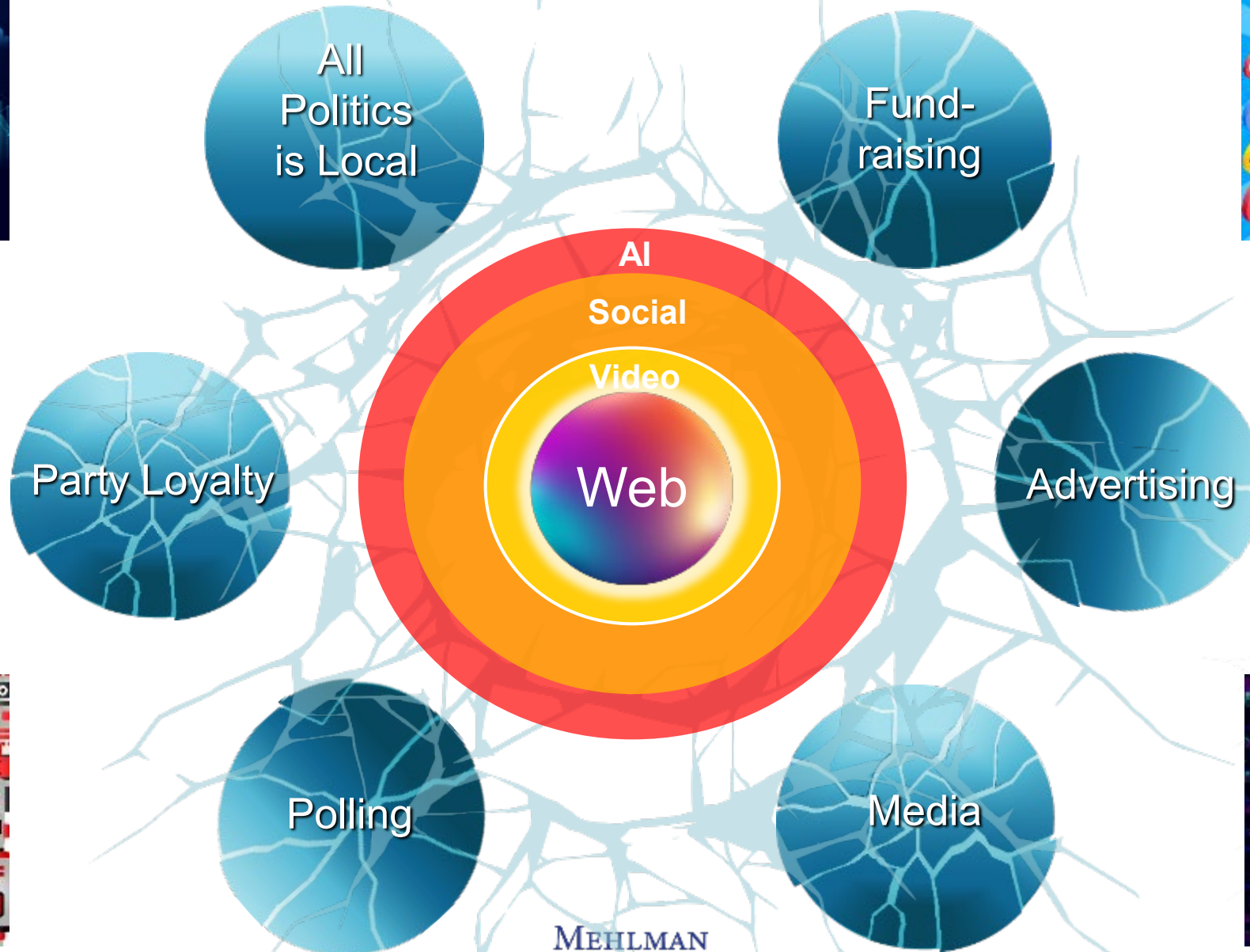
## Driving Nationalism, Populism, Disinformation & Interference



Source: (1) Economist Intelligence Unit. United Nations. V-Dem 4. European countries included because of EU Parliamentary elections. UK general election could take place as late as January 2025, though 5-year Parliamentary term will end in 2024.

# YOU CAN'T SPELL CAMPAIN WITHOUT "AI"

## If the Internet Broke Politics, AI May Shatter It



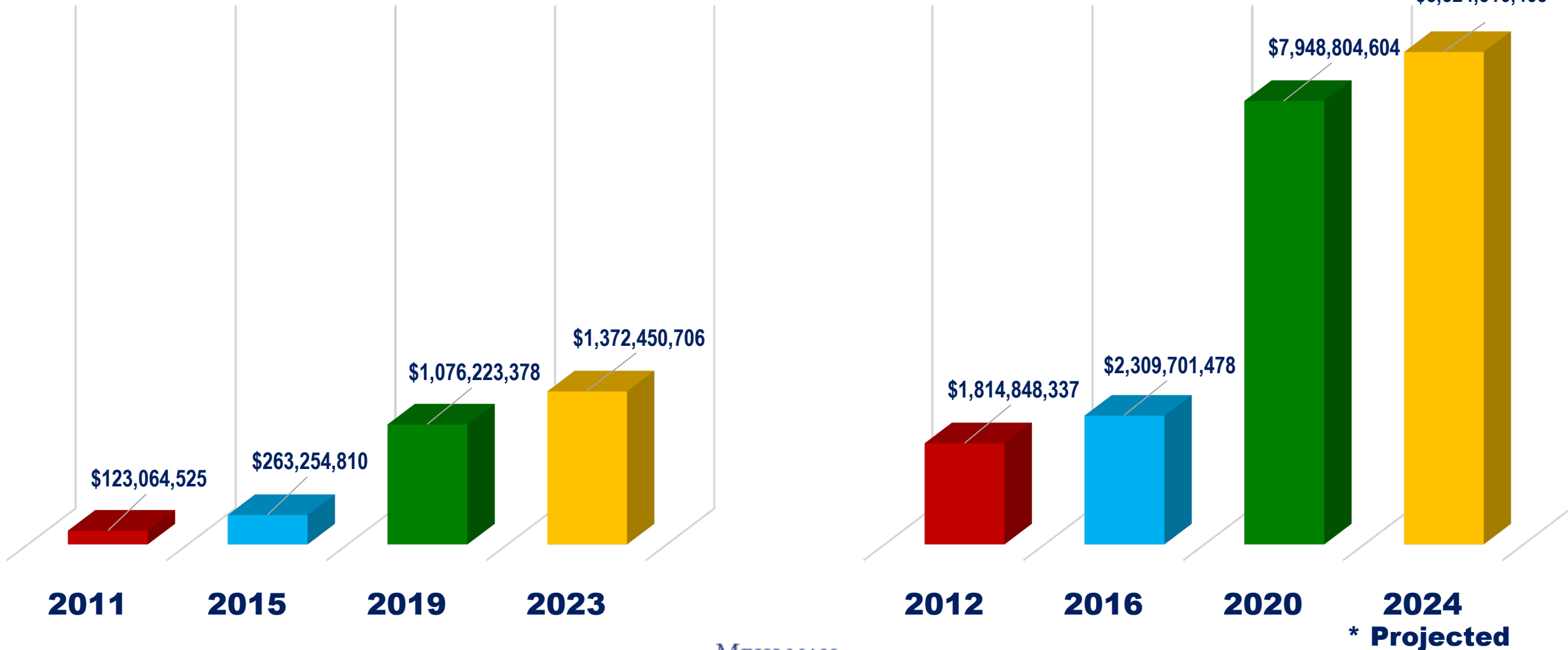
# 2024 POLITICAL SPENDING WILL CRUSH RECORDS

Historically Expensive Off-Year + Latest “Most Important Election of Our Lives”

Off-Year Spending



Election Year Spending



\* Projected

# CAMPAIGNS WILL PLAY ON ANGER, FEAR & MISTRUST

## AREN'T YOU ANGRY?



## AREN'T YOU AFRAID?



# UNPOPULARITY CONTEST INVITES 3<sup>RD</sup> PARTY SPOILERS

## Both "Under Water"

Net Favorability



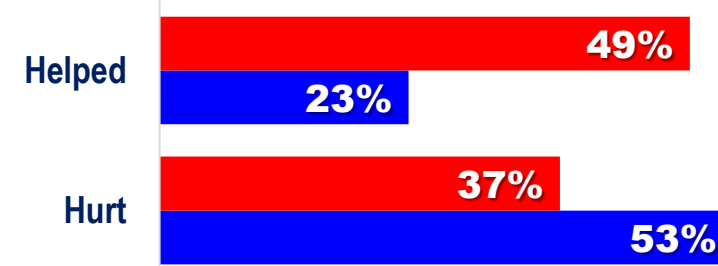
**-15.3%**

**-10.6%**

## Trump Winning on Economy

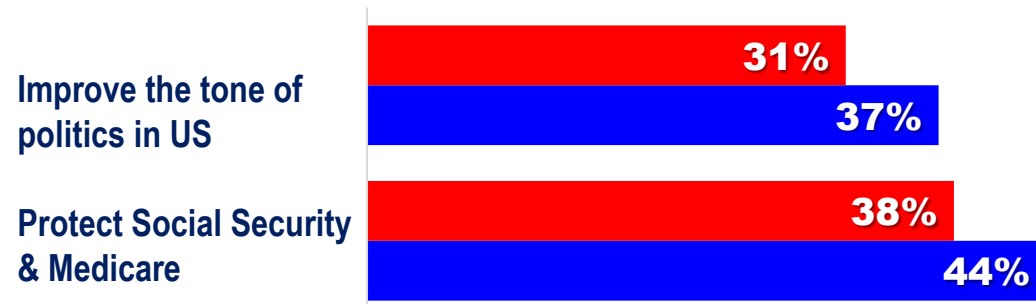
Have Trump's/Biden's policies helped or hurt you personally?

■ Trump ■ Biden



## Biden Leading on Tone, Entitlements

Who will be better able to:



## 3<sup>rd</sup> Parties Poised to Impact Close States

*IF they can get on the ballot*



**49%**

**13%**

**2%**

**2.2%**

"somewhat or very likely" consider 3P if rematch

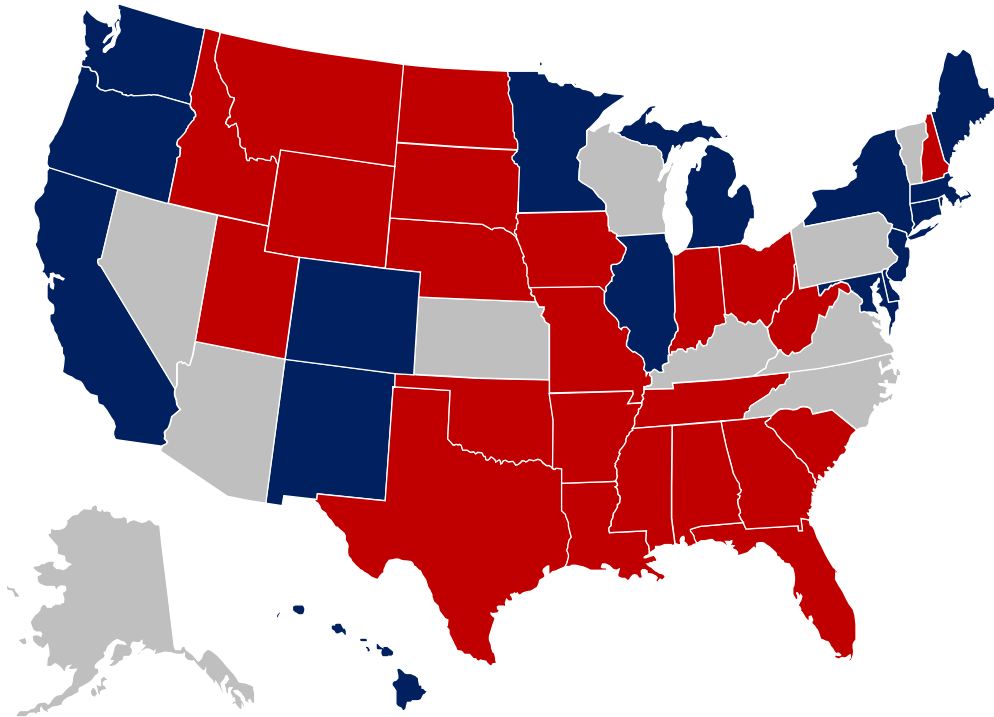
in a 5-way race (RCP, Jan 2024)

# STATE POLICY PATCHWORK QUILT WILL GROW

## States With One-Party Control Aim to Set National Policies, Often Contradictory

### 40 State Govt Trifectas

*(One Party Control, Most in 42 Years)*



AI Regulation  
Privacy  
Censorship/Bias  
Gig worker status



Taxes  
Unionization  
Minimum wage



Guns  
LGBTQ  
Elections  
Education



Permitting  
EVs & Gas cars  
ESG investing

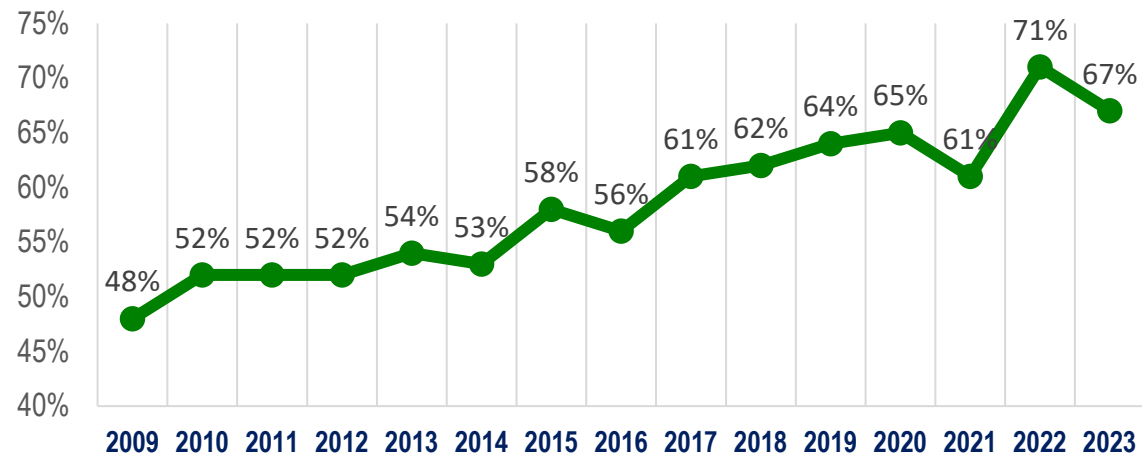


Abortion  
Paid Sick Leave  
Medicare Exchanges

# LABOR LIKELY TO REMAIN ON THE MARCH

## Decades-High Public Approval

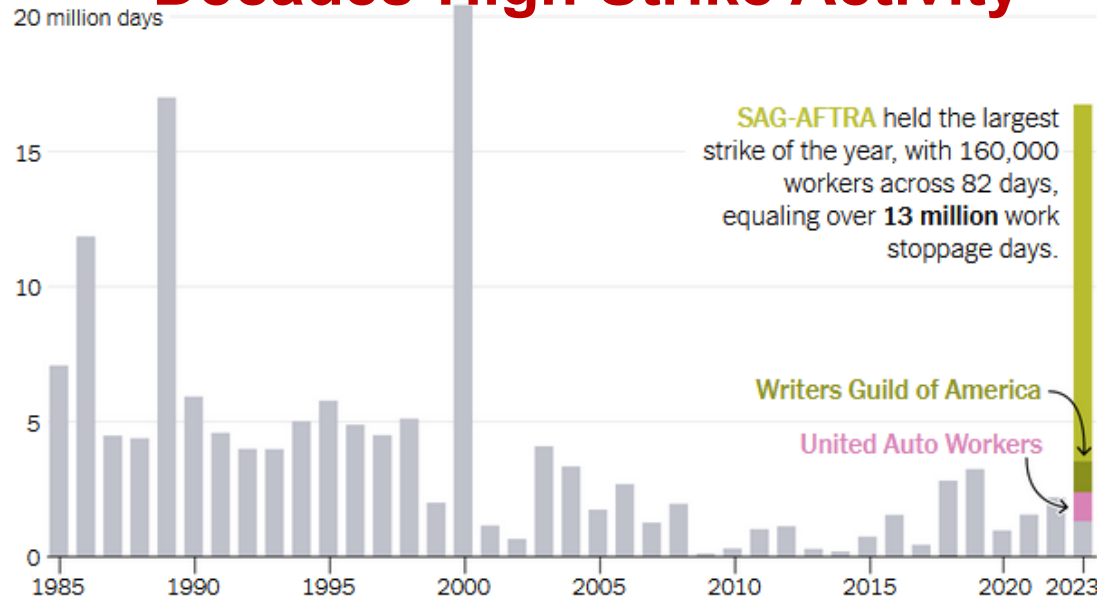
Do you approve of labor unions?



## Political Tailwinds



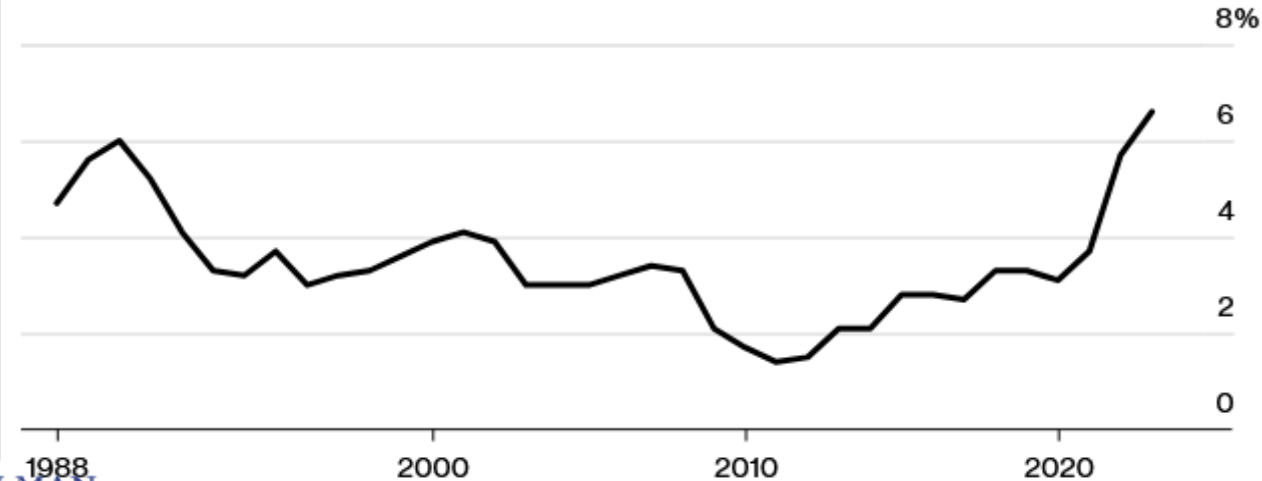
## Decades-High Strike Activity



## Significant Success

Average first-year raises across hundreds of union contracts

Percent wage increase





# GLOBAL SUPPLY CHAIN DISRUPTIONS WILL PERSIST

## Globalization Keeps Getting Mugged by Reality... More Risks Coming



### Global Elections

- Nationalism & Populism
- Domestic subsidies
- Procurement preferences



### Shooting Wars

- Trade disruptions (eg Red Sea)
- Sanctions
- Boycotts / Violence vs brands

### New Cold War



- Export controls
- Investment restrictions
- Drive for self-sufficiency



### Tech/Climate Disruption

- AI & content regulation
- Data flow / software controls
- Movement disrupted (eg Panama Canal, Migration)

# EXPECT PLOT TWISTS & CURVE BALLS

## Foreseeable Risks Demand Strategic Preparation. Survival Demands... Trust

### Geopolitical Events



### Economic / Technological Events



### US Political Events





## ***3 Recommendations***

**Navigating High Political Risk in Year of  
Low Trust**

# #1: REIMAGINE YOUR ARGUMENTS & AGENDA

## 21<sup>st</sup> Century Actors Won't Trust 20<sup>th</sup> Century Arguments



### NEW ECONOMICS:

New rules emerging for a new era, **less free market**, more government-led



### NEW GEOPOLITICS:

New alliances, **new priorities** & new 'commanding heights' in a newly-multipolar world



### NEW POPULISM:

**Political risks historically-high** & Big Business is politically-homeless

# #2: BUILD TRUST PURPOSEFULLY, SPEND IT CAUTIOUSLY

## Winning Stakeholder Engagement: Selective, Preemptive & Substantive



### TEAM

*"There's safety in numbers & wisdom in crowds"*

✓ **Diverse Decisionmakers**

✓ **Move with the Herd**



### PROCESS

*"Only fools rush in"*

✓ **Practice & Prepare**

✓ **Validate & Verify**



### WORDS

*"Less virtue-signaling, more authenticity"*

✓ **Speak TO employees not FOR them**

✓ **Value, not Values**



### DEEDS

*"Well-done is better than well-said."*

✓ **Actions > Tweets**

✓ **Seek preemptive Partnerships**

Internally

Externally

# #3: THE TIME TO PLAN FOR 2025 IS NOW

## 2025 Brings Maximum Policy Exposure & Minimal Predictability

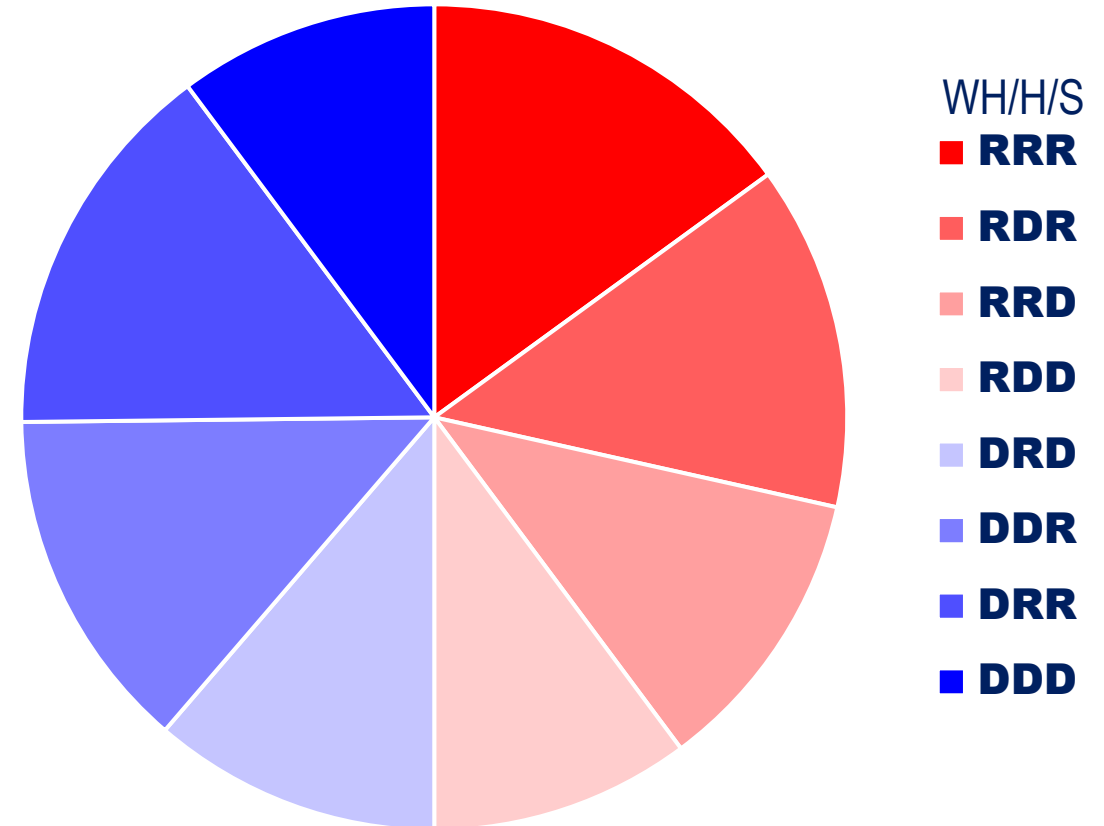
### Issues in Play in 2025



### Who Will Be in Charge?

#### Odds of Potential Partisan Alignments

(Assuming\*\* WH 50/50; Sen 57R/43; H52.6R/47.4)



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