



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

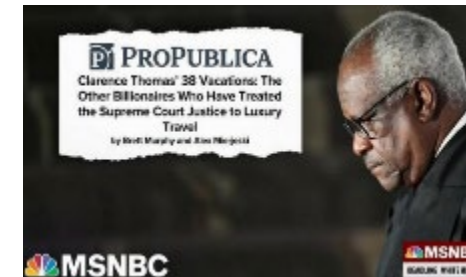
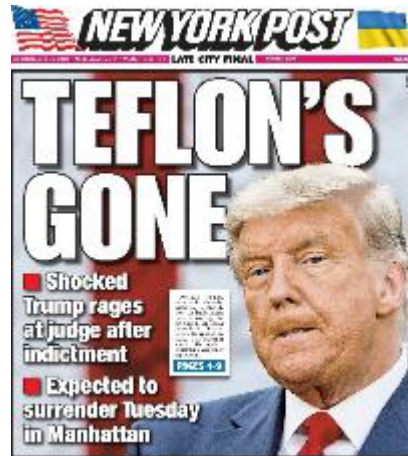
1. Intense Sprint to Start the Year
2. Biggest Election Year in Human History
3. You Can't Spell CampAlign without AI
4. Political Spending Will Crush Records
5. Campaigns Will Play on Anger, Fear & Mistrust
6. Unpopularity Contest Invites 3rd Party Spoilers
7. State Policy Patchwork Quilt Will Grow
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

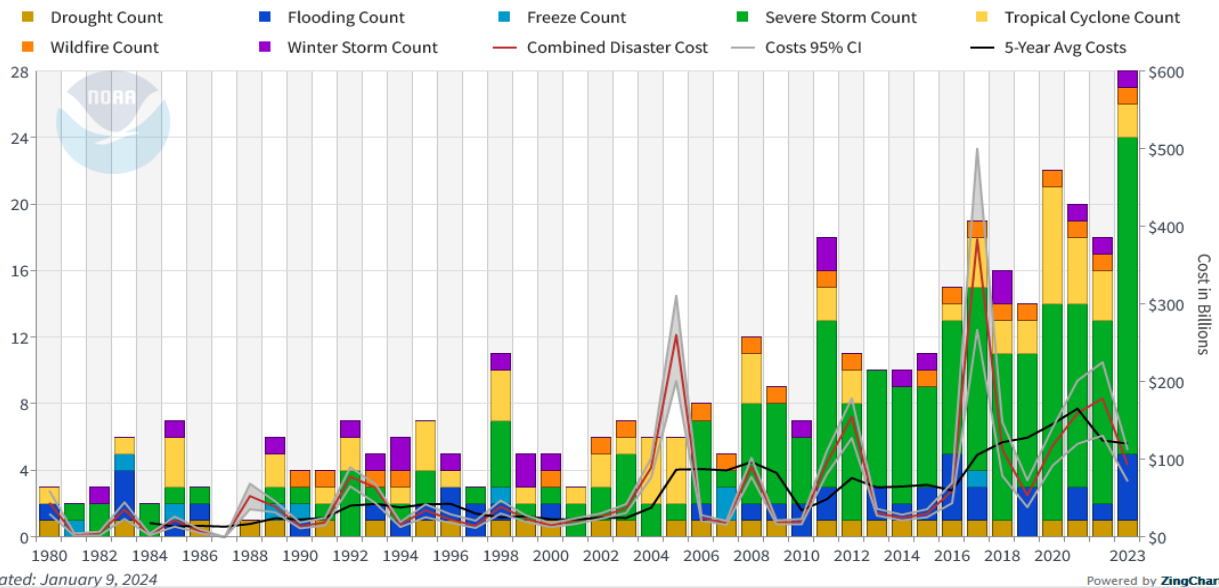
Take It From the Headlines...



PERISTENT PROBLEMS WORSENE

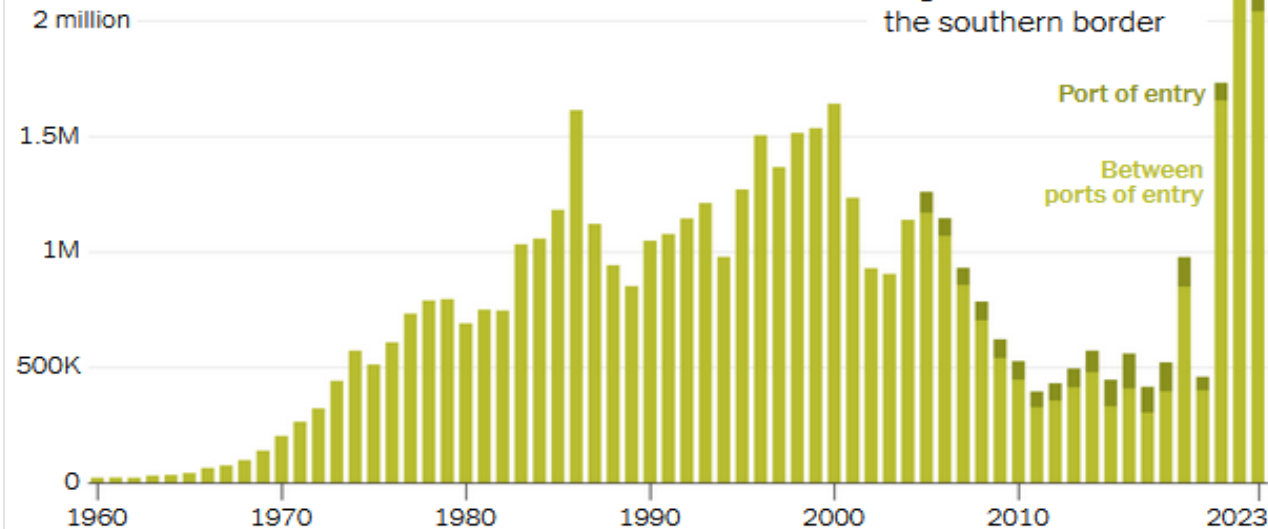
Natural Disasters

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

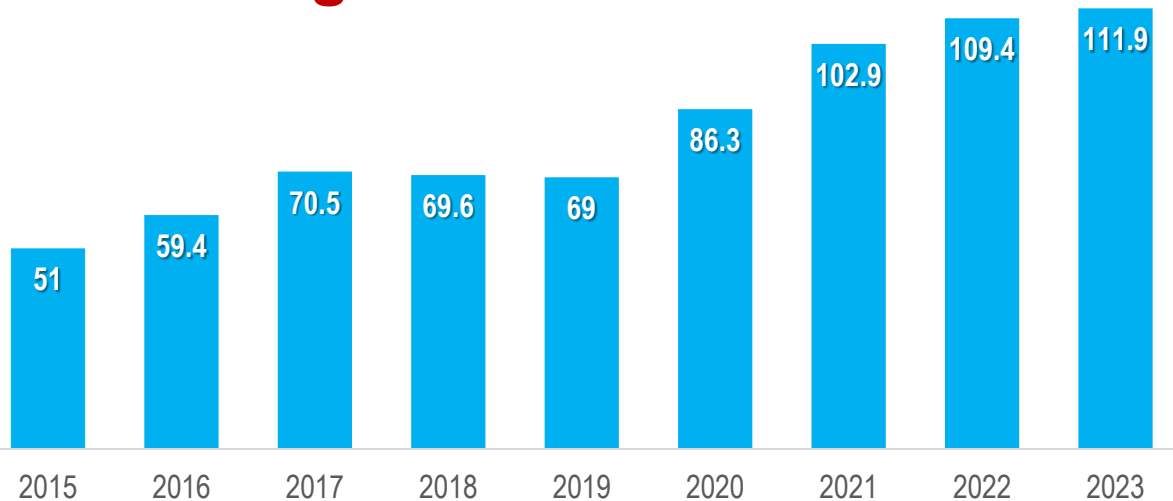


Illegal Immigration

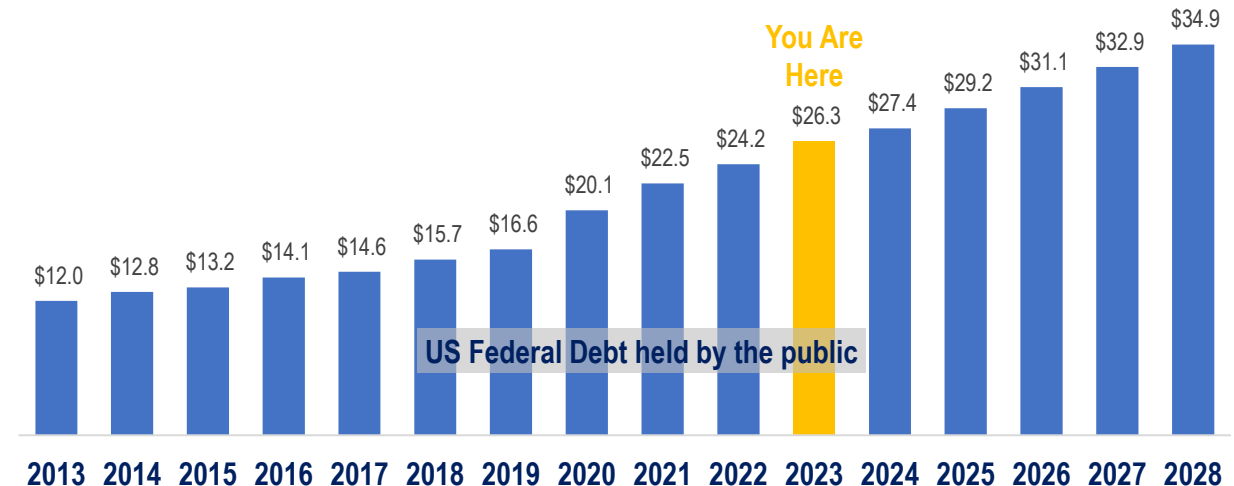
2023 saw 2.5 million migrant encounters at the southern border



Drug Overdose Deaths (000's)



Debt (\$T)

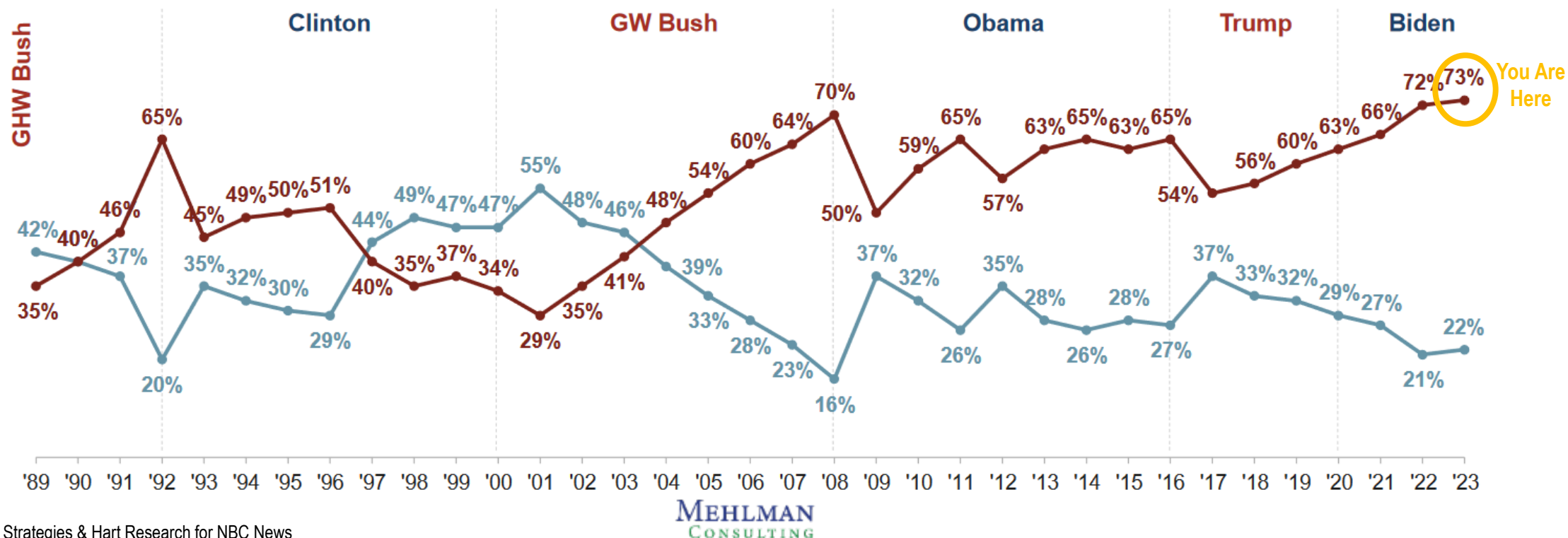


PERCEIVED DISORDER DROVE DISCONTENT

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

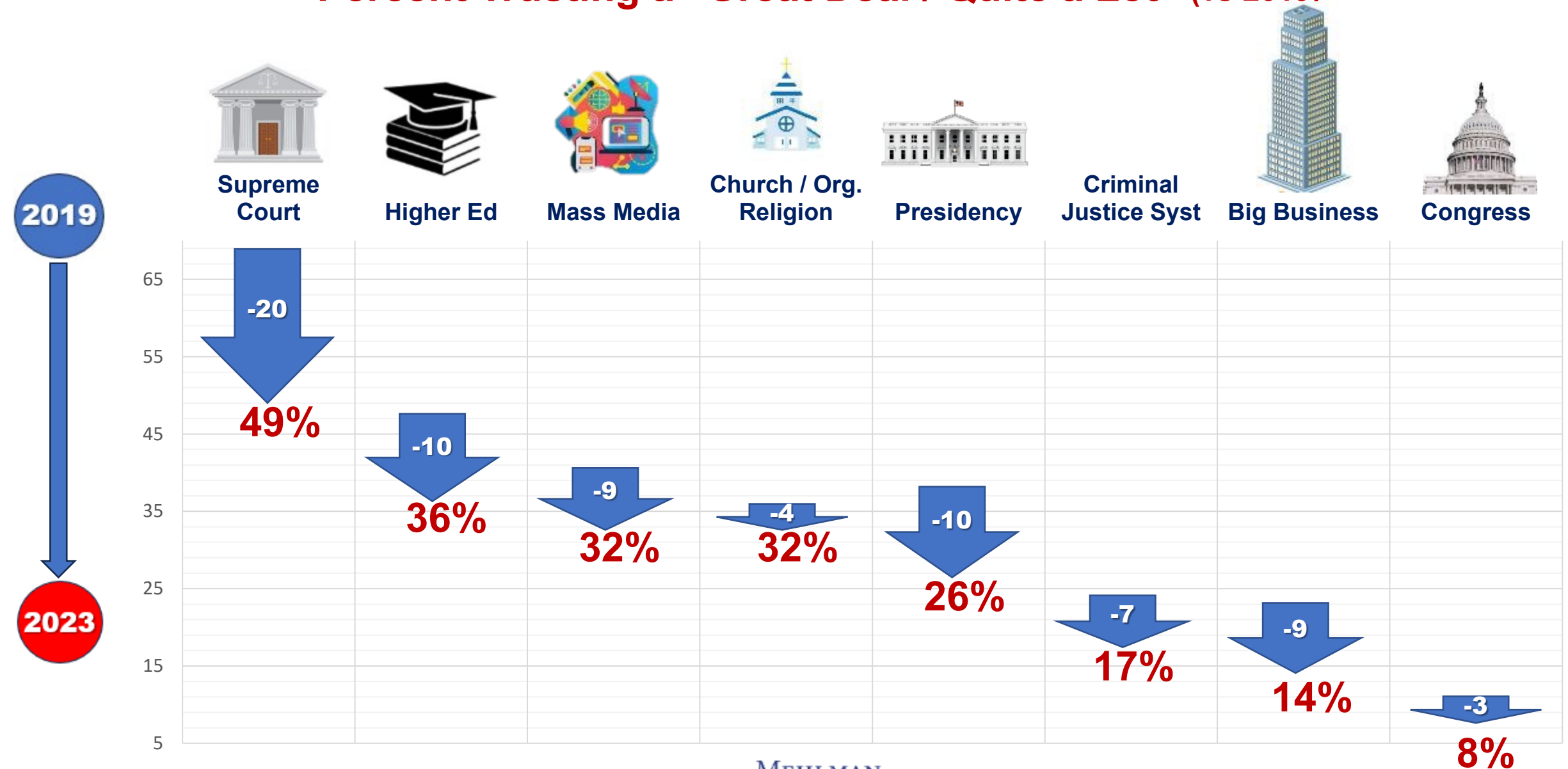


— Nation is headed in the right direction — Nation is off on the wrong track

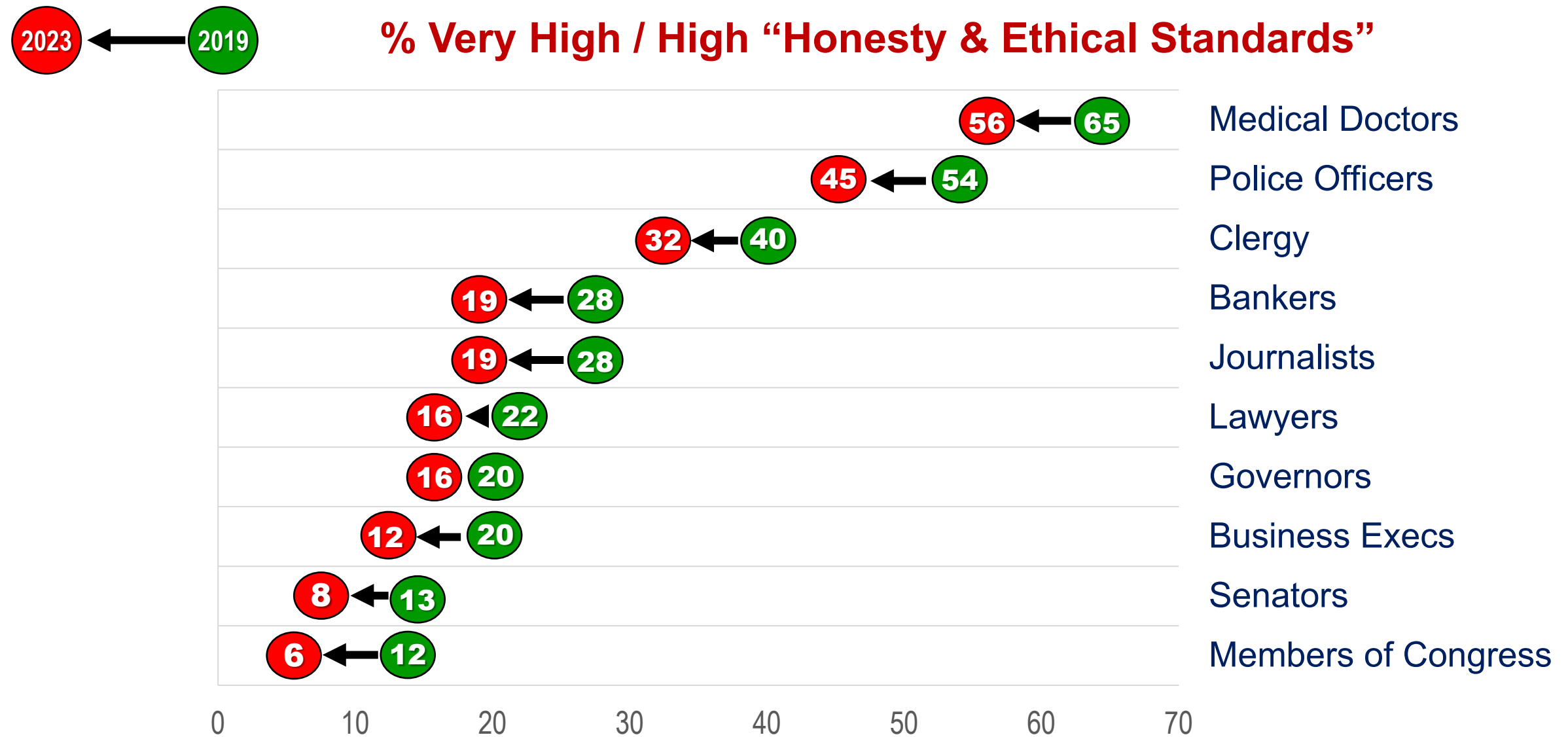


TRUST IN INSTITUTIONS FELL (COMPARING YEAR BEFORE ELECTIONS)

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



FAITH IN PROFESSIONALS' ETHICS FELL FURTHER



LEGISLATIVE PRODUCTIVITY CRATERED

Public Laws enacted by Congress

First year / Second year

2009 Pay: \$174,000

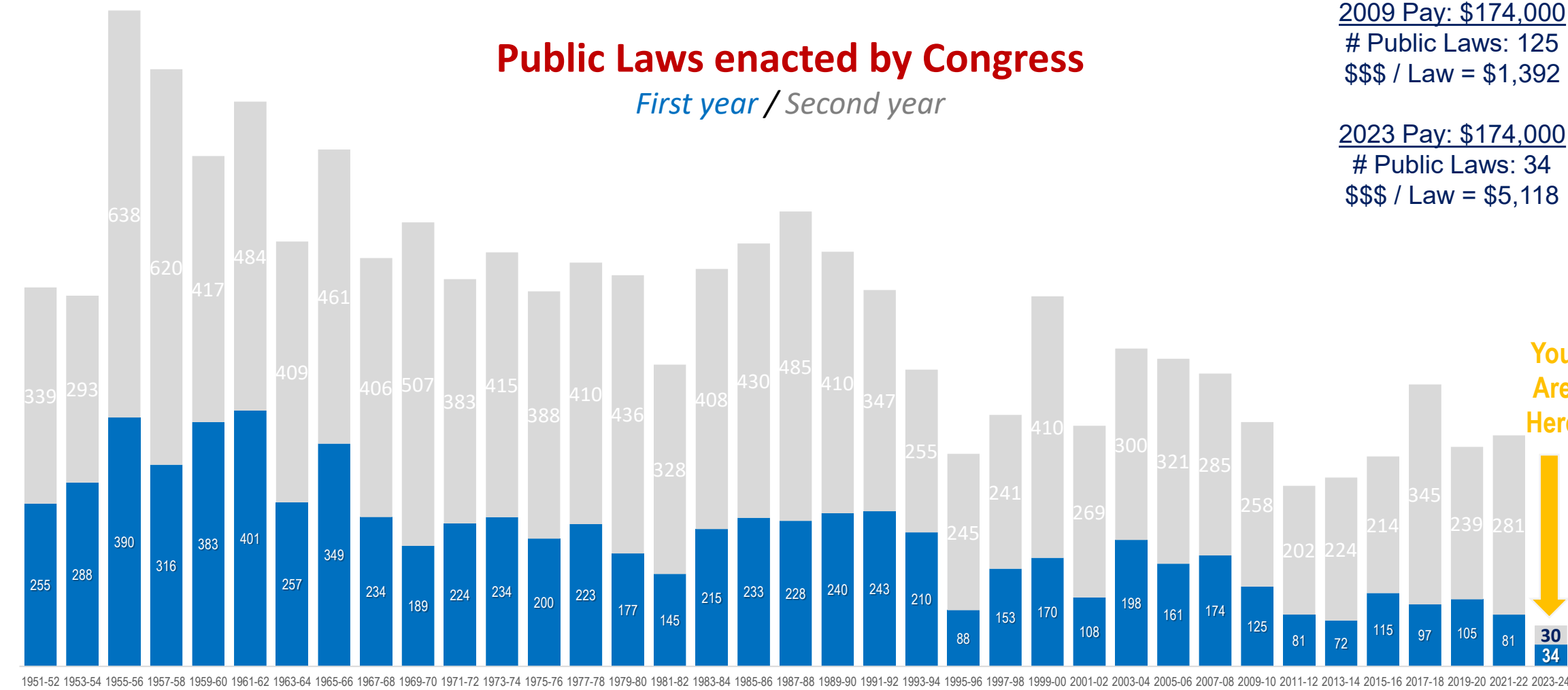
Public Laws: 125

\$\$\$ / Law = \$1,392

2023 Pay: \$174,000

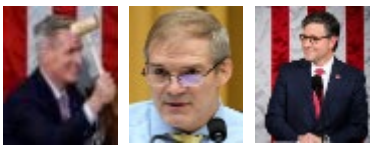
Public Laws: 34

\$\$\$ / Law = \$5,118



You
Are
Here

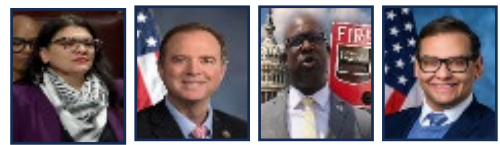
Source: [Congress.gov](https://www.congress.gov); Updated June 15, 2024



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

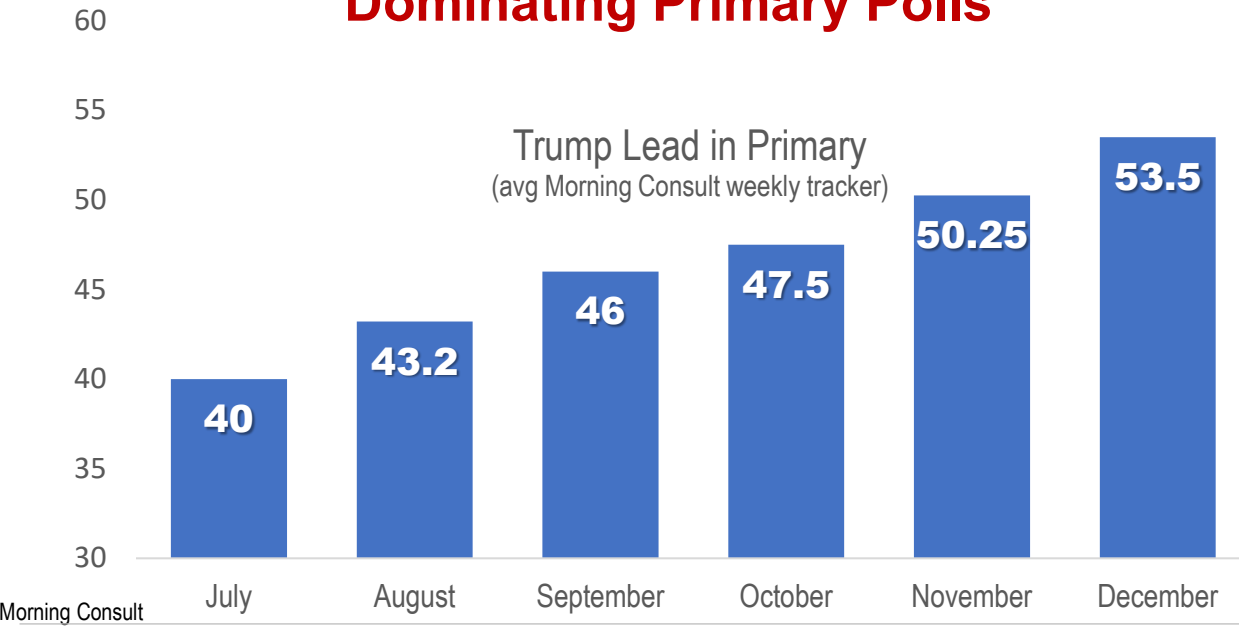


Most censures since **1870**,
1st expulsion since **2002**

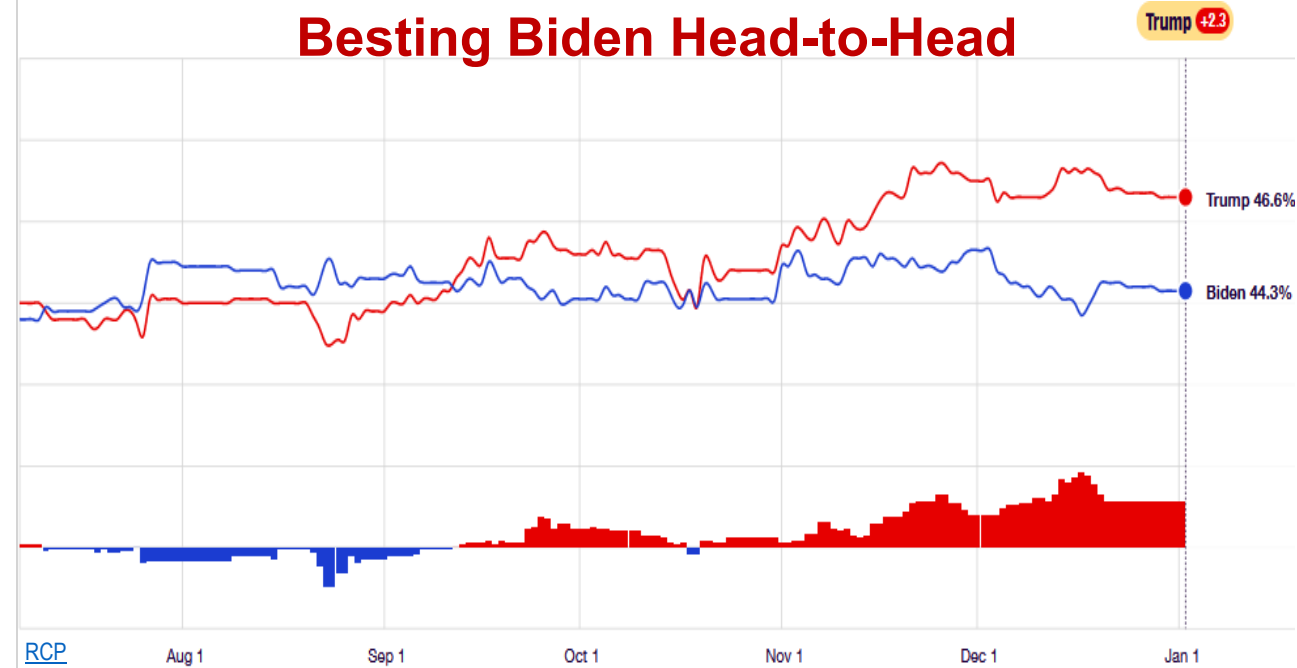


TRUMP SURGED AHEAD

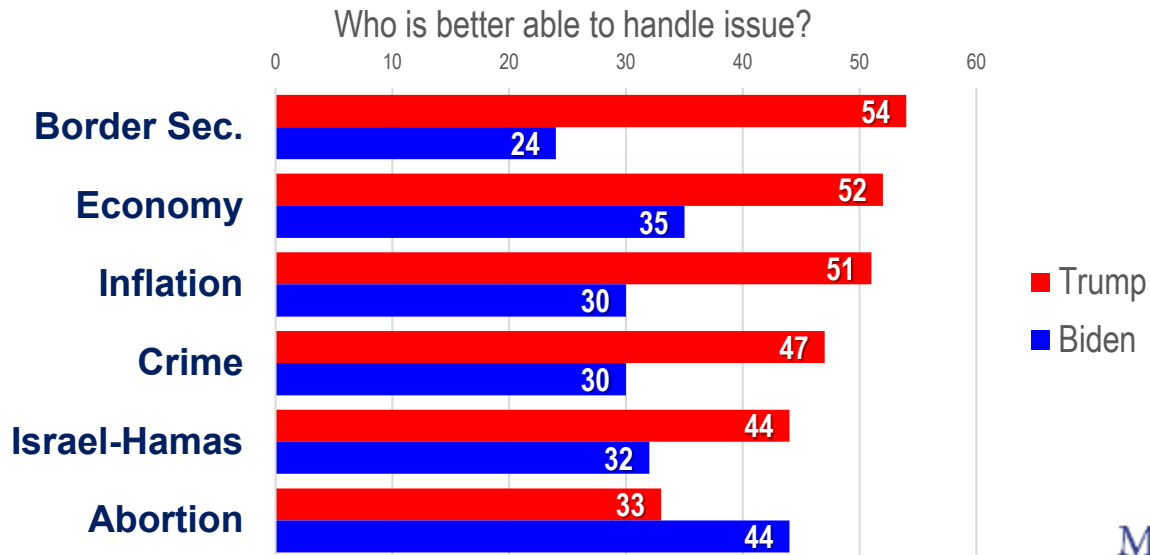
Dominating Primary Polls



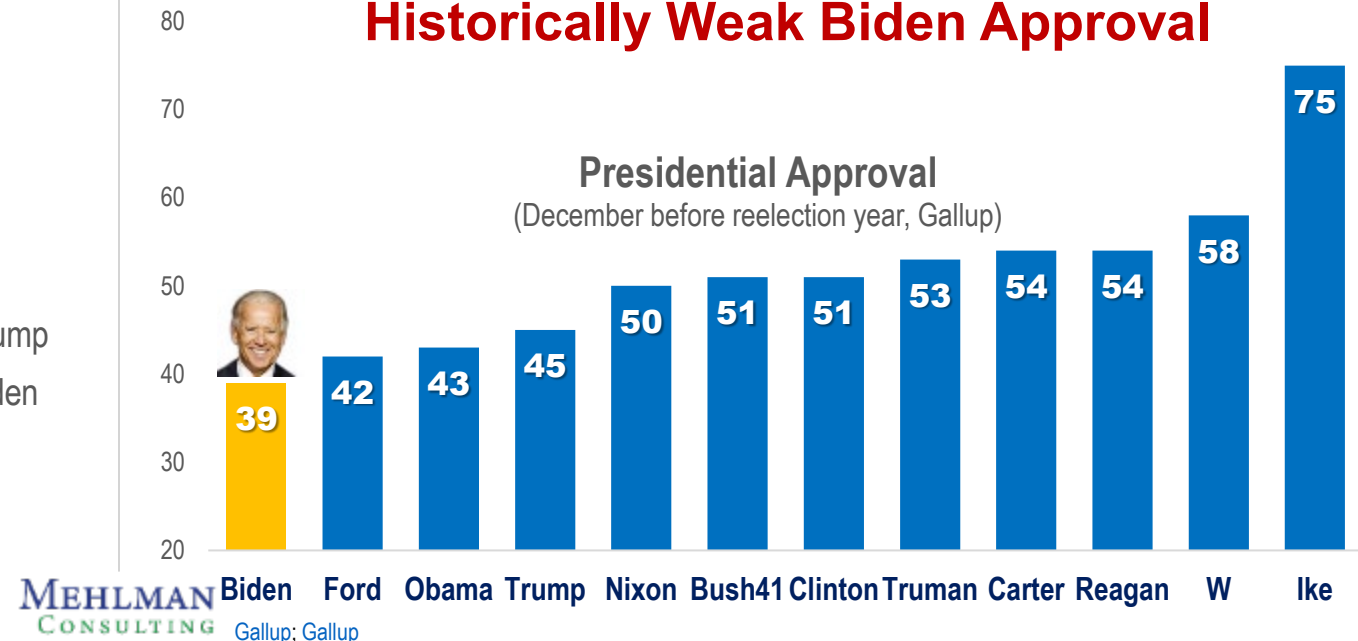
Besting Biden Head-to-Head



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

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

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

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

MUST DO (Deadlines)



FEBRUARY



MARCH



APRIL



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

MIGHT DO



CAMPAIGN '24



ID, MI, MO, ND



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

AZ, FL, IL, KS, OH

72%

of GOP delegates selected by end of March

WILD CARDS

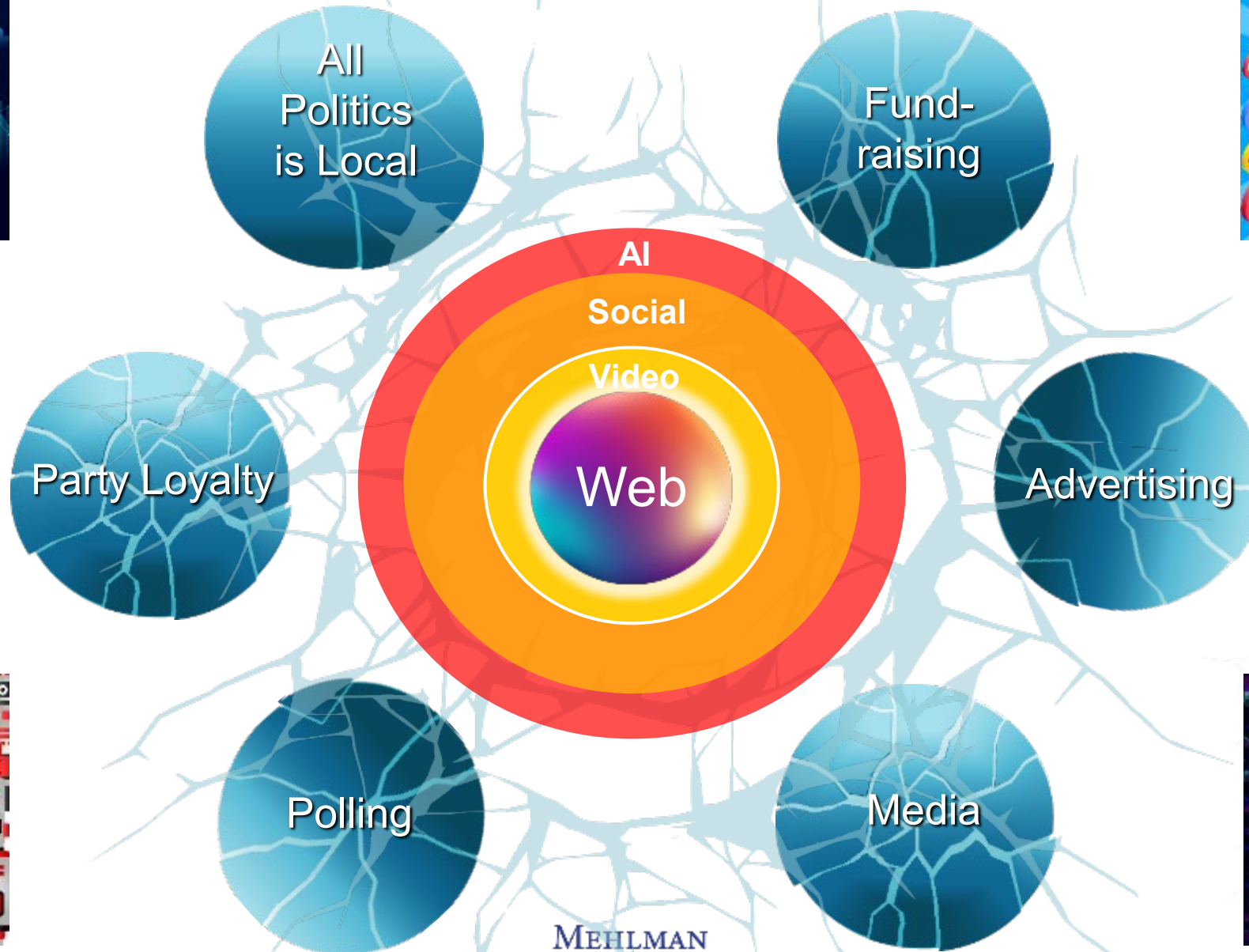


Driving Nationalism, Populism, Disinformation & Interference



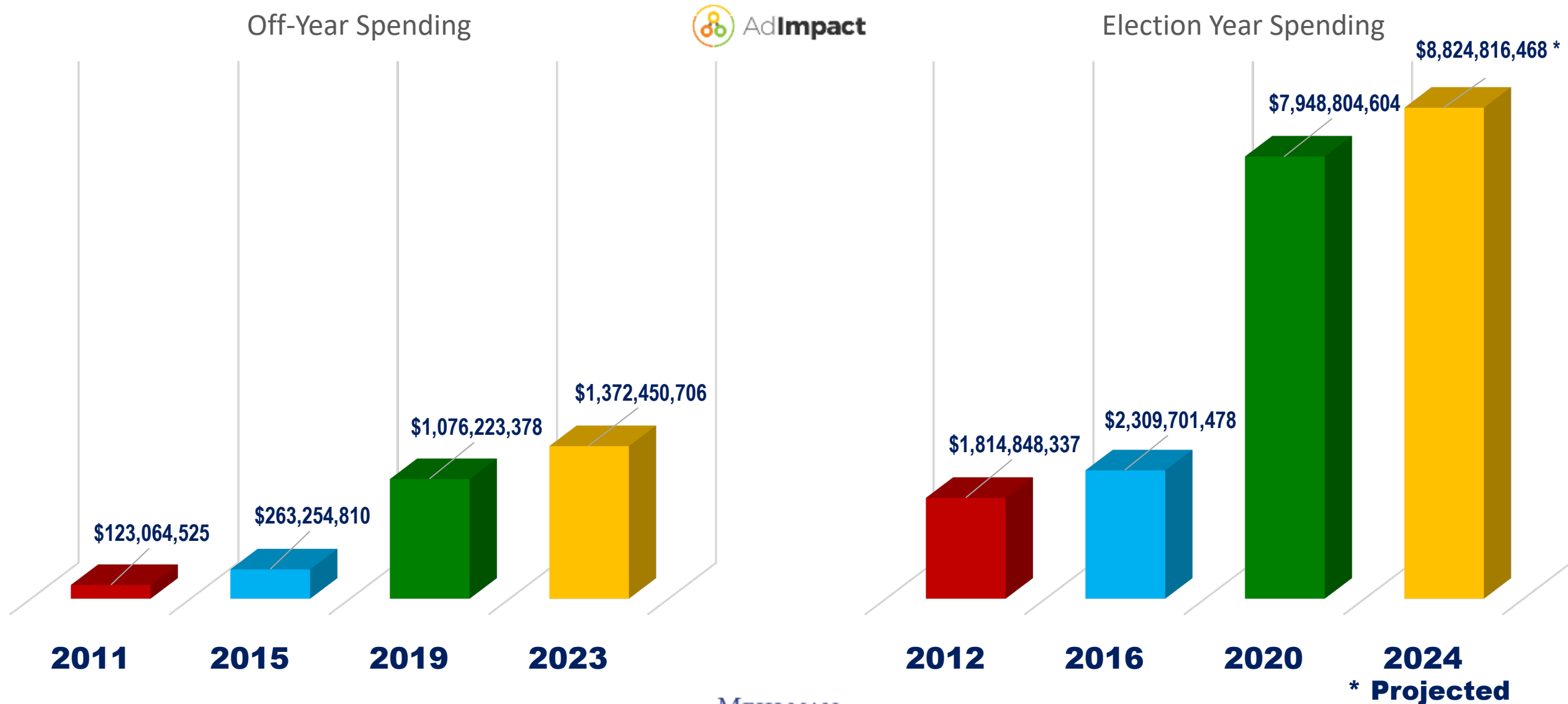
YOU CAN'T SPELL CAMP^{AI}IGN WITHOUT "AI"

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”



CAMPAIGNS WILL PLAY ON ANGER, FEAR & MISTRUST

AREN'T YOU ANGRY?



AREN'T YOU AFRAID?



UNPOPULARITY CONTEST INVITES 3RD 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

Helped

49%

23%

Hurt

37%

53%

Biden Leading on Tone, Entitlements

Who will be better able to:

Improve the tone of politics in US

31%

37%

Protect Social Security & Medicare

38%

44%

3rd Parties Poised to Impact Close States

IF they can get on the ballot



49%

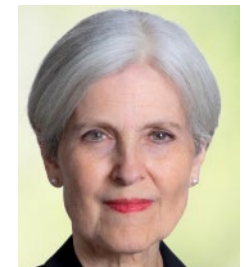
“somewhat or very likely” consider 3P if rematch



13%



2%

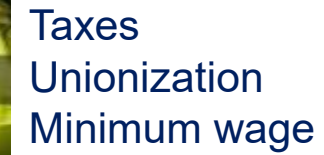


2.2%

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

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

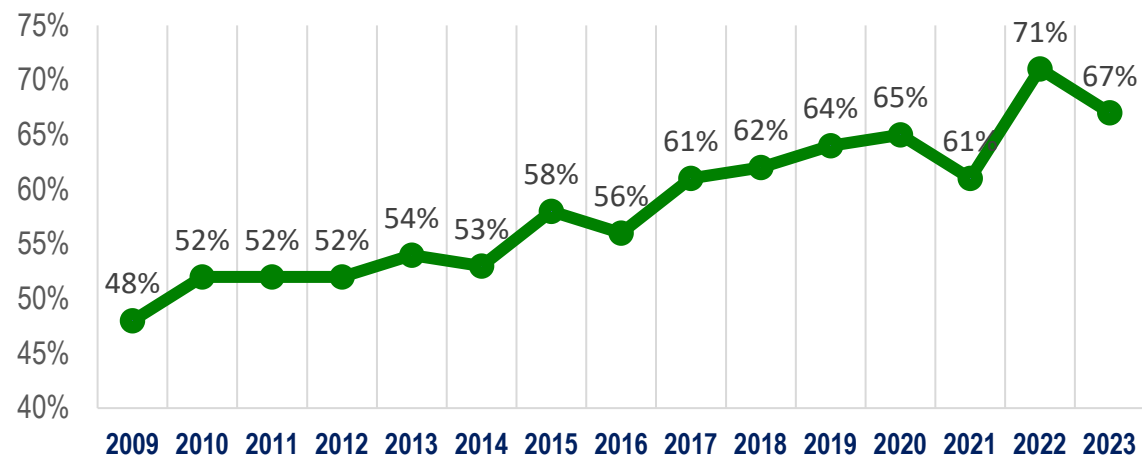
(One Party Control, Most in 42 Years)



LABOR LIKELY TO REMAIN ON THE MARCH

Decades-High Public Approval

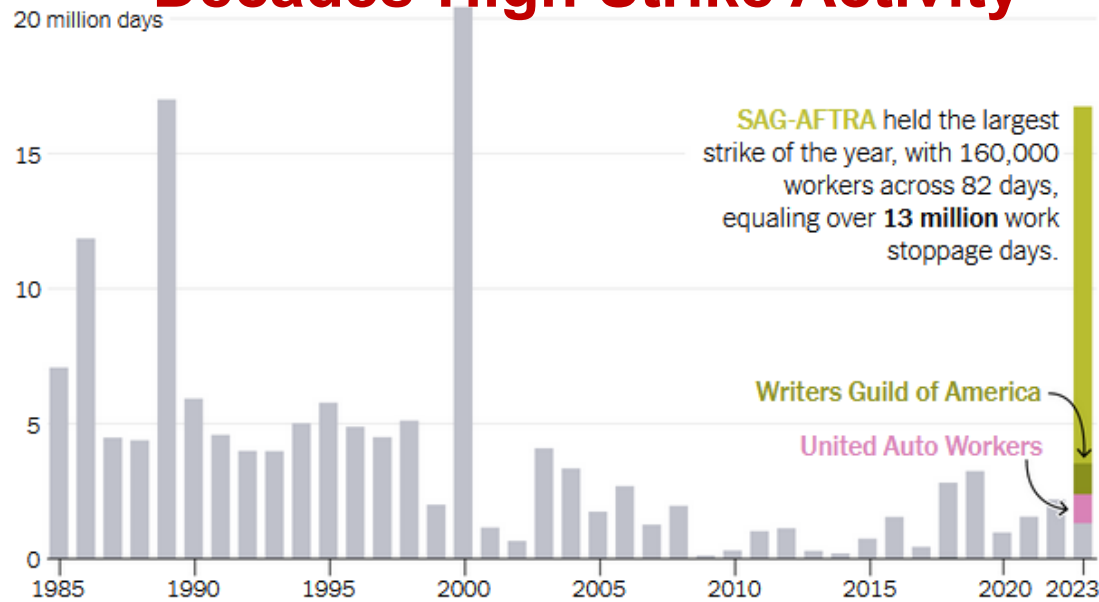
Do you approve of labor unions?



Political Tailwinds



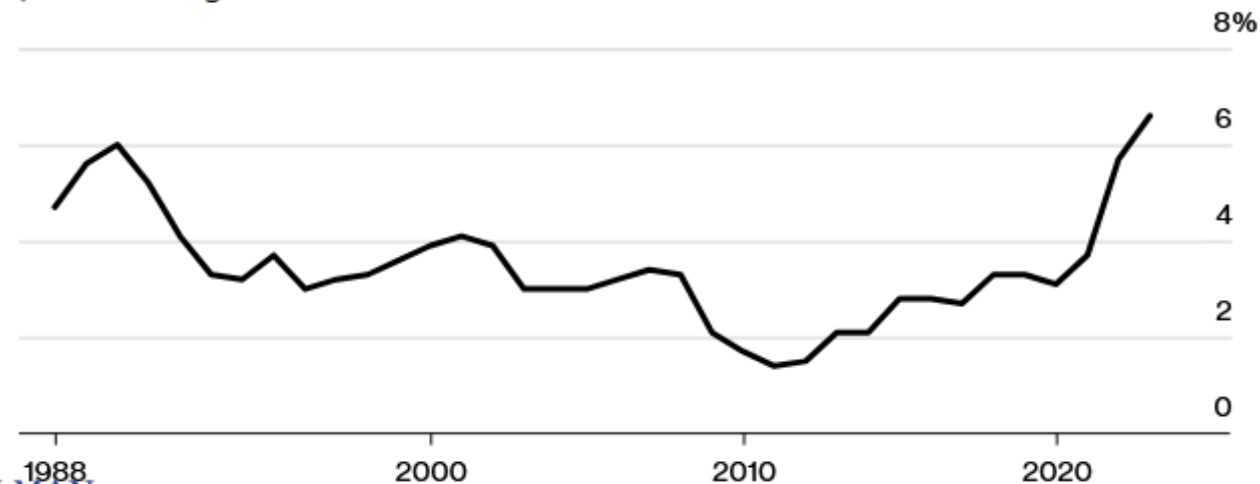
Decades-High Strike Activity



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

21st Century Actors Won't Trust 20th 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

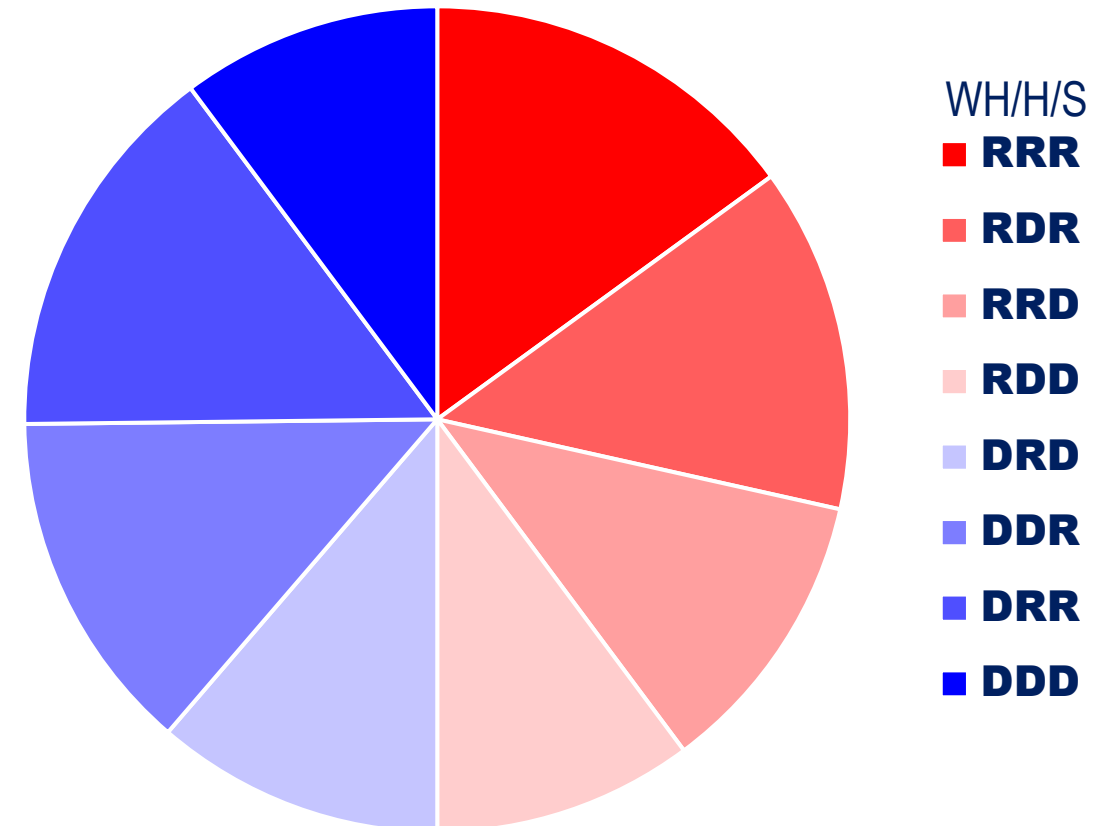
Issues in Play in 2025



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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