

Report | 16 April 2019

UNITED STATES

A New New Deal

The election of a populist Democrat is predicated on the electorate's desire for change and is the most economically uncertain outcomes in the race for the White House in 2020. This is one of four scenarios we've considered, in conjunction with Oxford Analytica. The full report is [here](#)



Executive summary

If the status quo is popular with most Americans, a populist candidate would struggle to make the case for a major shift in direction.

Poor economic performance, or exceedingly low approval ratings for Trump (below 30%) would be signs that the electorate could be amenable to a populist Democrat.

In this report, we look at some of the key events that could lead to this outcome and the impact it could have on the economy and financial markets.

This scenario assumes the Senate remains controlled by Republicans, suggesting a risk

of gridlock. However, with the economy likely in recession, the party could acquiesce and allow some infrastructure spending to go through, though major tax rises for corporates would likely be blocked. Republicans would also oppose a wealth tax or at least try to minimise it.

Markets and the dollar could initially rally on the fiscal stimulus to combat economic weakness, but there could well be a sense of nervousness about the longer-term implications of a 'tax and spend' and generally more interventionist President.

You can read the full report [here](#).

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