

Report | 16 April 2019

UNITED STATES

Consensus Builders Emerge

If a centrist Democrat were to win the White House in 2020, we could expect middle income tax cuts, modest infrastructure spending and an easing in trade tensions. But the risk of recession is higher. This is one of four scenarios we've considered, in conjunction with Oxford Analytica. The full report is [here](#)



Source: Oxford Analytica, Shutterstock

Executive summary

While primary politics naturally favour more radical candidates or those closely aligned with party grassroots members, the desire to regain the White House in 2020 could spur Democratic activists into supporting a more centrist candidate that would have national appeal, even if certain policy positions are unpalatable.

This report looks at the varied factors that could lead to a centrist Democrat winning the White House and the implications for the economy and financial markets.

We assume that Democrats will retain control of the House, and that the presence of Republican Senators in some swing states would allow legislation to pass through Congress.

In this scenario, we could expect a major infrastructure package early in 2021, similar in scale to Hillary Clinton's proposed \$275 billion plan in 2016, along with tax cuts for the middle class.

Fears about fiscal sustainability might ebb, which could be a positive story for Treasury securities, the dollar and equities. But the risk of recession is higher since a weaker economy would probably be a key factor behind a Democratic victory.

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

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