

# US policy update: Democratic primaries

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This US election cycle, GC team members in the Washington, DC and London offices are holding a series of conversations on the elections and wider US policy issues, and how each might impact investors and companies on both sides of the Atlantic. Below is a brief edited extract from the first conversation in the series, which begins by looking at the battle for the soul of the Democratic Party, before covering other topics including the role of money in the primaries and Trump's re-election campaign. The speakers are [Erin Caddell](#) (Director, GC US) and [Joe Palombo](#) (Practice Lead, Global Investor Services). To access the full recording, email [m.milne@global-counsel.co.uk](mailto:m.milne@global-counsel.co.uk)

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## US Democratic primaries

**JP: The role money plays in the US primaries and general elections is astounding. Candidates on both sides have already raised \$1.2 bn for the campaign. What role could Mike Bloomberg's \$300m spending to date - half of what Hillary Clinton spent in 2016 - have on his March 3rd Super Tuesday performance, national polling, and name brand?**

**EC:** It will have a huge impact, including through the staff and adverts he uses. We've heard that he's paying state directors on the order of \$30,000-\$40,000 per month. He's outspending Trump on Facebook at this moment, taking the playbook of a campaign that uses Facebook really well and maxing it out. There's also the psychological impact of the Democrats looking for a candidate that can beat Trump, that can inspire loyalty on one side and animosity towards Trump. Bloomberg is using negative ads in a rapid-response operation. And he is able to spend \$10m on a Super Bowl ad, which is the biggest televised audience in the US each year.

So, he's gone to 14-15% in the polls in just a couple of months. There is a Hail Mary kind of element to this, with a lot of Democrats being unsatisfied with the current field - Buttigieg, Sanders, Klobuchar, Biden - and asking if Biden can save them. Now, we're at the point of having a much more intense examination of Bloomberg's record. Just this morning, there was discussion of his support for the stop-and-frisk programme, which was thought to be biased against minorities, when he was mayor of New York. This scrutiny will start to kick in now as he's achieved that level of success in the early polls and as we're heading into Nevada, South Carolina and Super Tuesday.

He will be a big participant in Super Tuesday, which is 15 states including California and Texas. He can be competitive there as it shifts from the retail politicking of Iowa and New Hampshire to big states where you have to have an advertising presence.

## Trump's re-election campaign

**JP:** What should we be looking at with regards to Trump's re-election? A lot of pundits have been saying he's nearly untouchable now. What can we read into his strategy and is this his race to lose?

**EC:** Those pundits are going a little far, as we still have nine months to go. His has been the most unusual of American presidencies, and there's no reason to think this will change. Resting on his laurels and riding into a re-election on a strong economy and a rising stock market is probably not something that Trump is going to do.

Interestingly, his campaign website has no plans for a second term, and even his many campaign speeches do not say what he'd do in the next four years. If we look beneath the details, there are three themes that he's been very consistent on and are clearly important to him personally: deregulation, trade and immigration. We think those would remain centre stage should he be re-elected.

That could mean re-opening talks with China on the trade dispute, a potential new front of talks with the EU as well as the UK, and further restrictions on immigration - not just US-Mexico, for which the wall is a big focus, but also foreign workers coming into the US.

An interesting question for investors and companies with operations or prospective operations in the US is: what does everybody want for the \$200m campaign funding he's raised? This is different to first time round, where Trump had nominal fundraising and lots of free publicity. Within each industry, be it healthcare, manufacturing, or financial services, what is on that wish list for corporate America for 2021 is an important question to start to consider and we will be following in the coming months.

*If you would like to be added to our invite list for the bi-weekly call, please email Matilda at [m.milne@global-counsel.co.uk](mailto:m.milne@global-counsel.co.uk)*