



COVID-19

UK Political Analysis

By Tim Hames, Senior Adviser | 14th August 2020



Political Pivot. The UK PM needs to court Biden and the Democrats.

If it had not been for the coronavirus crisis then last Sunday would have seen the closing ceremony of a doubtless thrilling Summer Olympic Games in Tokyo, and the eyes of the political world would have been turning to the US elections thereafter. The Democratic National Convention would have taken place next week at the Fiserv Forum, Milwaukee, Wisconsin and the Republican National Convention the week afterwards at the Spectrum Centre, Charlotte, North Carolina. These would have been massive events with several thousand party activists and supporters of presidential candidates, an utterly excessive media presence, a small army of diplomats from embassies or who had flown in, and would have concluded, as is traditional in American politics for some reason, with an unbelievably large number of balloons being released at the close from the ceiling.

It will not happen like that this year. The Democratic convention will be almost entirely virtual and its only serious order of business will be the nomination of ex-Vice President Joe Biden and his newly selected running mate, Senator Kamala Harris of California. The Republicans, mostly at the insistence of the White House, will hold some closed-door party meetings on the opening day of their convention, but, otherwise, it too will be a remote affair, with not much of consequence to occur beyond President Trump making his acceptance speech from an as yet not finally determined location and Vice President Mike Pence making his oration a day earlier. It will still be of interest to the media but it

will not be the massive outing which it is customarily (and that is bad news for those who own bars and restaurants in Milwaukee and Charlotte). There will be huge interest in the proceedings from foreign representatives but at a distance. The balloon industry, which must have had a dire 2020, will not benefit from its spike in presidential election years. It will be even more surreal than the two conventions conducted in 1944, with World War II still raging, which, despite the conflict, went ahead with a semblance of normality. At least it will not have the madness of the notorious Democratic Convention of 1924 which took 103 ballots and ten days to select their candidate (who lost heavily in November).

Yet the two weeks to come in the United States and the final stretch of the campaign matter hugely to UK politics and to the Prime Minister and Government especially. This is because of the unique security relationship between the UK and the US dating back for more than 75 years, which has been placed under gigantic strain under the unpredictable Trump presidency, but also because of Brexit and the future mutual trade relationship.

EXECUTIVE SUMMARY

- The outcome of the US elections for President and Congress are probably of more importance to the UK than almost any other country beyond the US.
- Expectations about the probable outcome of the presidential contest have altered significantly in the past three months with the handling of the virus crisis having undermined the basis for Donald Trump to secure a second term in office.
- Perceptions for the likely result in the US Senate have also moved significantly. It had been assumed that even if Joe Biden defeated Donald Trump that it would be the Republicans who retained the Senate. This looks more uncertain now.
- The Democrats could therefore hold the White House and both chambers of Congress for the first time since 2011 and be the people and the party with whom the UK Government would need to secure a free trade agreement.
- This is a potential problem for the Prime Minister in that he has allowed himself to be more closely associated with Donald Trump than the international norm.
- It can be expected that he will be strongly advised to undertake a political pivot over the next few months and engage in social distancing from this Oval Office.
- If he can do this, then a US-UK FTA may be easier (but slower) under a Biden Administration and Democratic Congress than might have been the case if the

present President were to be re-elected by a comparatively narrow margin. It will still require some political skill by the UK to make this a priority for the US.

Presidential Perceptions

At the outset of this year, most of the so-called “smart money” (including, full disclosure, my own) was that Donald Trump would probably obtain a second term in office and may do so by a more substantial margin, including winning a majority of the popular vote as well as a majority of the Electoral College, than the extreme statistical fluke by which in 2016 he managed to lose the popular vote by 2.1% yet cruise home in the forum that counts, the Electoral College, winning almost every single closely contested state there. This was an outcome that, mathematically, was in once in every thousand years terrain.

The reasons for this perception were not his personal popularity or his own approval ratings. These were stable but underwhelming at about 45%. In ordinary conditions, this would be considered a weak base for a re-election bid, but it has to be remembered that Mr Trump had triumphed in 2016 despite an approval rating of 38% on election day, so on this metric, like so many others, the standard rules did not seem to apply to him. His chances were thought sound because of his highly effective if controversial campaigning style featuring the adept use of political polarisation, the strength of the US economy and stock market on his watch, where even those who did not care for him overall did afford him some credit, and what appeared to be until early March the likely outcome of the contest within the Democrats to choose a contender to stand against him. It looked as if the candidate most likely to be nominated, Bernie Sanders, was among the least likely to beat the incumbent President, while the candidate who looked most likely to prevail against Mr Trump, Joe Biden, seemed marooned in his bid for the nomination. Beside which, most elected American Presidents since 1932 have had a second term.

Matters appear to be somewhat different today. The coronavirus crisis is not seen as having been handled very well at all by the President or his administration. There was a period of initial denial about the potential severity of the situation and then a manifest reluctance to impose a stiff single national lockdown for a several week duration. In the absence of this, different states went in different directions, but as travel restrictions between states were not introduced (merely a tough international travel ban for those

without US passports who wanted to enter the country), they could not fully isolate themselves from each other. The first wave was never really snuffed out and so it simply continued (while being branded as a second wave in some places) as lockdown eased. There have been more cases and more deaths in the US than anywhere else, despite demographics which should have confined the virus more tightly to the major cities.

There have obviously been secondary consequences of this. The most profound has been to the economy. Without the extensive state support that the British Conservative Party was willing to adopt without ideological upheaval (the US Republicans are different), the by-product of lockdown could only be an unprecedented leap in unemployment. While some of this will doubtless be restored by November, it looks like a long stretch to claim that the economy will be the asset for the President that he thought that it would be. To make matters worse, Mr Trump will not be facing his dream opponent, Senator Bernie Sanders, whom he regularly branded “crazy Bernie” with many far more moderate voters not seriously disputing that description. Instead, he is facing Joe Biden, for whom the best insult that he has devised is “sleepy”. Mr Biden is at 77 years old perhaps not the most ideal candidate (and will surely only serve one term if he is elected in November), but there are plenty of Americans who would back him even if he slept for every minute of his four-year tenure rather than have Mr Trump re-elected, awake for hours on end. He ended up winning the prize with remarkable ease, a single landslide win in the South Carolina Primary on February 29th, based off the black vote, had turned the tide for him.

The whole context and contour of the election has thus been contorted. Mr Biden has an average lead in the polls as of now of around nine percentage points. This is an advantage that was denied to Hillary Clinton four years ago, who was rarely more than five percentage points ahead. It is not so strong a lead that his victory is certain but he must be regarded as the favourite. There is not much that Donald Trump could (or would) do to reinvent himself as a very changed type of personality who would be a more consensual figure if allowed another four years in the White House. In order for him to prevail now there either has to be a seismic occurrence that overshadows even the virus crisis as an issue, a recovery in the economy of an astonishing form in the matter of a couple of months, or, either due to his efforts or their own immense

mistakes, the Democratic ticket has to be discredited. These are not unimaginable turns of events but time is running out for them with each passing day.

None of this will have passed unnoticed in the UK Embassy in Washington, D.C., at the Foreign Office in Whitehall or in Downing Street itself. The UK has to be prepared for a switch at the top and for a familiar figure to be restored to authority. While Mr Biden is well-respected, he has also been the source of some unease to the UK historically. As a Senator in the 1970s and 1980s, he tilted towards the Irish lobby when it came to how to view the Troubles in Northern Ireland. Relations with him then were often quite cool. That matter is not what it was, but he is not regarded as a Premier League Anglophile.

Senate Situation

The mood music about the presidential election has a companion piece when it comes to sentiment about the US Senate. Although this should be, in theory, an awkward year for the Republicans in that chamber as they are defending some two-thirds of the one-third plus seats that are up for election this time (there are two special elections, the US take on a UK by-election, in Arizona and Georgia as well as the 33 standard contests), most of them were located in states where Donald Trump had come first in 2016. They were also as close to sure of taking back a Senate seat in Alabama, a staunchly Republican citadel which narrowly elected Doug Jones, a centrist Democrat, in a special election in 2017 after charges of sexual abuse, including on minors, were made of his Republican rival.

This meant that even if a Democrat were to knock the President out of the White House, the Republicans, who started with 53 seats (and a 54th virtually in the bag) compared with 45 seats for the Democrats and two left-leaning independents (in Maine and in Vermont), looked firmly in the driving seat when it came to control of the Senate. The Democrats would need a net advance of four seats for a 50:50 tie where, under the US Constitution, the Vice President would have the casting vote to break the deadlock.

Until very recently, that seemed at least one seat too far (assuming a Democratic Vice President, if not then five states became the goal). There would be competitive races in Arizona, Colorado and North Carolina, which conceivably the Democrats could sweep, but after that they would need to dispose of Senator Susan Collins in Maine and she was

a long-established leading Republican moderate who was re-elected with more than 60 per cent of the vote in 2008 and 2014, who looked well-entrenched this time as well.

Once more, the curse of coronavirus seems to have struck Republican prospects. The three clearly competitive Senate states – Arizona, Colorado and North Carolina – are on current polling tilting strongly to the Democrats. Senator Collins is now behind in Maine. Other states have unexpectedly entered the equation. The Republican Senator in Iowa is in considerable electoral trouble. At least one of the two races in Georgia could be taken by the Democrats. There is a chance that Mitch McConnell, the Senate Majority Leader, might be upended in Kentucky (although he is a great survivor). There is even a credible possibility of upsets in such naturally Republican territory as Montana, South Carolina and Texas. The balance of probabilities as of August 14th is that if the Democrats take the presidency (even by a tight margin), then they will also seize back the Senate and be well placed to add ten to fifteen seats to their existing edge in the House of Representatives. They would be at their strongest since the first Barack Obama victory way back in 2008.

As the Senate exercises disproportionate influence over defence, in foreign affairs and international trade, a change in party control there matters far more for the outside world than a swap in the House of Representatives (a more domestic institution). There will be serious thinking among UK policy makers as to the implications of this switch.

This will also be affected by historical memory. In 1992, the UK Government (then led by John Major) was regarded as having bent over backwards to aid the re-election effort of George H.W. Bush (whom Mr Major thought of as a friend, a philosophical soulmate and an immensely skilled operator on the global stage). This assistance went as far as HMG apparently allowing for records to be searched to substantiate or not a rumour that Bill Clinton, Mr Bush's opponent that year, had applied for British citizenship while a Rhodes Scholar at Oxford University as an insurance policy in case he was drafted to serve in the Vietnam War. The whisper had no truth to it at all but the apparent involvement of some in the Conservative Party with chasing it did become public and the cold fury of the new President and administration was considerable. It tainted UK-US dealings on the peace process in Northern Ireland and what to do about Bosnia and the Balkans. Standard

service would not be restored until Mr Major had departed from Downing Street and the distinctly Clintonesque figure of Tony Blair had been installed there as his replacement.

The politics of a pivot is an absolute necessity. The UK Government has to stay and be seen to stay a million miles away from these American elections. It has a huge stake in them, in that a bespoke free trade agreement with the United States is essential in the political presentation of Brexit as a success and of rebooting sections of the UK economy. The US is the largest single country market for the UK, taking 16% of all its exports. Bar a free trade agreement with the EU itself (even a loose one), it is the most vital accord for the UK. London cannot afford a period of permafrost with Washington after the ballots have been counted. It needs to ensure that this is a priority for the US side next year too.

The paradox of this position is that a comprehensive free trade agreement with the United States is probably a more plausible proposition under a President Biden allied with a Democratic Congress than if Mr Trump won narrowly and his party clung on in the Senate but still without command of the House of Representatives (there is all but zero chance of the Democrats losing their majority there). The present President might be occasionally willing to talk the talk on an FTA but he is not an instinctive free trader and would doubtless insist on conditions (such as the infamous chlorinated chicken and an element of access to the NHS, that could be very uncomfortable in Westminster). His attention span does not suggest that he would work night and day to deliver a deal.

A bargain with Mr Biden would have a very different flavour to it. It would include much stronger labour and environmental standards than the Republicans would want, but that might have some real advantages for Boris Johnson in selling it to the UK public. It would also render it less of a red flag to a bull as far as the EU-27, which would not have such an accord with the United States, was concerned, it might even be framed as the prototype for an eventual EU-US understanding. A Biden White House would be more sensitive to the explosive nature of food hygiene and a free-at-the-point-of-use health service, as many who worked there would privately sympathise with both more stringent food standards and the importance of universal health coverage. There would be more hope of striking an accord that went beyond goods (less than a fifth of the UK economy until recently) to include some services, especially financial services (Mr Biden spent some 36 years in the US Senate representing the state of Delaware, which has form in this space).

The odds on a deal of this nature being concluded by 2021 would be slim (the wider the agreement, the longer it will take to negotiate) but 2022 would not be an insane target.

We should expect to witness over the next two months or so some unilateral social distancing between the UK Prime Minister and US President. It can be anticipated that at every chance he has, Boris will emphasise his close personal ties to the United States as a whole (he was born in New York City and had an American passport until 2016), and will talk up those domestic measures that his Government took during the coronavirus of which Democrats would approve (a proper lockdown, a furlough scheme that prevented mass unemployment emerging overnight, special measures for the most vulnerable). He will muse on the importance of more intense international co-operation not just on health but across a range of issues as the world comes out of the crisis cocoon. He will use his (virtual?) speech at the UN General Assembly next month to appeal to the Biden camp.

He will stress the special relationship between the UK and the US for all it is worth. He will bang on endlessly about Churchill. And being Boris, he will probably get away with it. Donald Trump, being Donald Trump, might not even notice that he is being jettisoned.

In all of "Project Pivot", the Prime Minister will be praying that he has the chance to play what would be, to borrow a paradoxical phrase, the mother of all Trump cards. It would be if Oxford University and AstraZeneca romp home in the race for a vaccine. It might not have adverse medical side-effects, but a UK-based first reliable vaccine would have many potential positive political side-effects on an extremely powerful scale. It would not only transform the domestic political debate about how well his administration had done during the earlier stages of the virus crisis (an antidote is rather more important in that narrative than the short-term frustrations about PPE provision or testing levels) but an incredibly large number of countries and political leaders would owe the UK a big one.

It is not unreasonable to assume that it would smooth the path to an acceptable deal with the European Union by the end of the year. It is completely rational to believe that as the introduction of a vaccine would make the early months of a Biden Administration a more smoother occasion, then it would be an extraordinary aid in shoring up UK-US

relations. It cannot be counted on, but if it were to come to pass then it would be the equivalent of a lottery win (and with euromillions, not Lotto, sums) for the Government.

A select series of eyes in London (and in an Embassy in Washington, D.C.) will be glued to everything that Joe Biden says and does in the eleven weeks or so before the elections. Some specialists, as well as really sad types (yours truly), will be obsessed with Apps such as PocketPolls (download it for free, it is a fantastic resource) which reveal what the state of sentiment seems to be across what now look to be up to ten crucial Senate races. In the era of the coronavirus it might seem hard to imagine that there could be a matter which is more important than it, but in the end these US political contests could well be. London has to manage its interaction with Washington, D.C. next year with real care and hope for a sizeable slice of fortune in terms of the timing of a vaccine discovery. A pity, nonetheless, about the drastic shortage of balloons next Thursday night in Milwaukee.

Tim Hames

Senior Adviser

Strategic Communications

Tim.Hames@FTIConsulting.com



About FTI

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

For more information, visit www.fticonsulting.com and connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.

The views expressed in this article are those of the author(s) and not necessarily the views of FTI Consulting, its management, its subsidiaries, its affiliates, or its other professionals.

©2020 FTI Consulting, Inc. All rights reserved. www.fticonsulting.com