

June 1, 2020

The Geopolitics of the 2020 Election: Part II

In this five-part series on the geopolitics of the 2020 election, we have broken the reports into nine sections. In [Part I](#), we covered the basics of public finance. This week, we will cover the second and third sections, understanding the electorate and party coalitions.

Understanding the Electorate

Understanding the electorate is about divining the psychological and economic interests of voters. In this section, we describe how we examine the voting public.

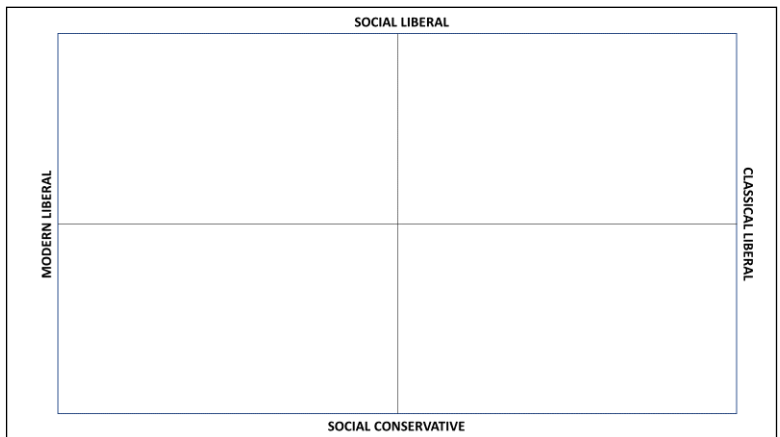
There is a distinction between class and identity. Identity is complicated. All of us belong to various groups based upon our gender, race, religion, age, geographic location, education, etc. The interlacing of these various memberships is known as *intersectionality*. Although the term is often applied to those who face discrimination, in general, this term captures the various “tribal” groups to which we find ourselves belonging. Thus, a white, gay, Catholic with a graduate degree may have something in common with a Hispanic, straight, Catholic with a high school diploma through their religious affiliation. However, it is unlikely the commonality would be very strong. In general, the greater the identity overlap a person has with others the higher the probability they will vote for or favor candidates of a similar persuasion. At the same time, each person tends to “rank order” their identities; some put a much higher rank on race relative to religion, for example. Or,

their geographic location is the most important identity classification.

Class is rather straightforward, determined by the decile in which one’s income and wealth falls. This breakdown isn’t perfect, however, as the class interests between two people with equal income can differ. For example, if two middle managers at different firms make the same income, but one manager’s firm benefits from free trade and the other does not, they may favor different economic policies. But, in general, policies favored by class tend to be uniform. For example, the wealthy tend to have similar positions on taxes, while the less affluent tend to think very highly of Social Security.

We define a group as the cross-section of identity and class. A group is a set of like-minded people who tend to support similar political, economic and social positions.

To describe the interplay between identity and class, we have borrowed this grid from [Peter Zeihan](#).

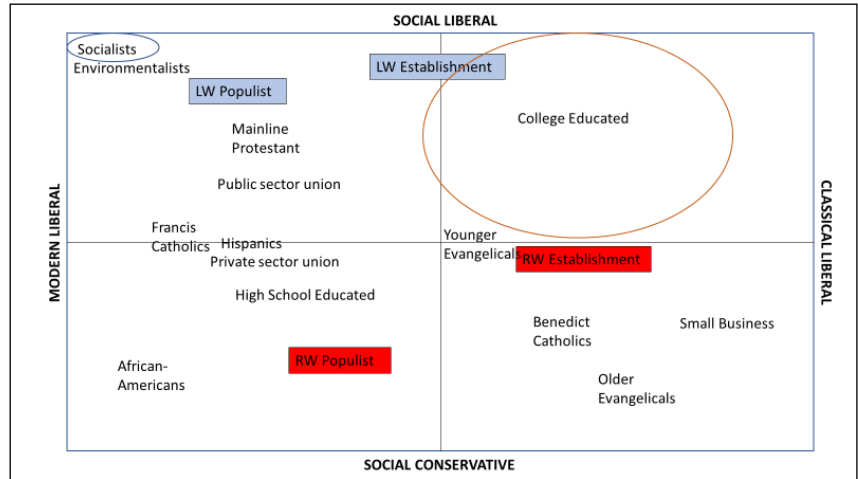


The horizontal line shows class affiliation. In general, high-income voters tend to benefit from a low-regulation/low-tax environment and lean toward the right “classical liberal” position. The classical liberal is consistent with the early classical economists¹ who argued for unfettered markets. Classical liberals tend to favor policies that support the owners of capital. Those with less income tend to benefit from policies that distribute income support and lean toward the “modern liberal” position. A modern liberal believes in government involvement in the economy, including progressive taxation and policies designed to support labor. The other side of the spectrum is the classical liberal who believes in as little government interaction with the economy as possible. The classical liberal believes government should provide internal and external security and courts for the enforcement of contracts and little else.

The vertical line differentiates social positions. The north extreme is the “social liberal,” who supports policies that protect and promote the rights of racial, gender and religious minorities. The south extreme is the “social conservative,” who supports traditional values.

Every voter falls somewhere on this grid. In an attempt to show how groups align, we have placed various groups on the grid. These are our own assessments and are admittedly not going to capture every nuance of intersectionality and class. On the following grid, we have placed circles around the college educated and socialists to show that each group can be wide or narrow depending on the intensity of the identity. If

we used circles for each group, the chart would be difficult to read. Nevertheless, the point is that some groups are large and have lots of members with a broad spectrum of viewpoints, whereas other groups are very narrow with a small membership.



On the grid, we have also placed boxes. We consider these the main political alignments that characterize a set of groups. The following discussion describes the characteristics of these four alignments:

Right-Wing Establishment (RWE): The RWE is one of our four political alignments. Although this alignment has groups that can span all religious, ethnic, age and racial identities, the most likely identifiers would be Caucasian, older and Christian. In terms of class, this coalition tends to be wealthy. RWE members tend to be very open to trade and immigration. In terms of regulation, they tend to favor low levels of economic regulation including restrained social spending.

Left-Wing Establishment (LWE): The second political alignment also includes groups representing a variety of religious, ethnic, age and racial identities and would also be most represented by older Christian Caucasians. In terms of class, this coalition also tends to be wealthy as well as globally

¹ Adam Smith, David Ricardo, Jean-Batiste Say, John Stuart Mill, Thomas Malthus.

open to trade and immigration. In terms of regulation, LWE members tend to favor moderate levels of economic regulation with greater support for social spending compared to the RWE. They also tend to be more socially liberal.

Right-Wing Populist (RWP): The third of our four political alignments can include groups of different religions, ethnicities, ages and racial identities but, in general, this coalition is older Christian Caucasians. In terms of class, this coalition is mostly middle to lower class. Members of the RWP coalition tend to be closed to the world on both continuums, opposing trade and immigration. On regulation, they are skeptical of “bigness.” They are fearful of large government, large business and large media. In terms of policy, they favor universal, as opposed to means-tested, social spending and regulation, fearing that various tests will exclude them from benefits. They tend to support regulation that protects jobs and private sector unions but oppose affirmative action, which they view as a means-tested benefit. This coalition tends to be socially conservative.

Left-Wing Populist (LWP): The LWP is the last of the primary alignments. This coalition includes groups of the broadest identities and does not necessarily have any common racial, religious, age or sexual orientation. It tends to be the youngest of the alignments and is mostly middle to lower class. In terms of world orientation, members are divided, tending to oppose trade but favor immigration. They generally prefer all types of regulation on economic activity and support both universal and means-tested governmental economic support. The LWP tends to be socially liberal.

The Role of Political Parties

Political parties in democracies are the official representatives of groups and alignments. In parliamentary systems, often seen in Europe, groups themselves are sometimes parties. A coalition of various parties form governments which stay in power until (a) elections are due, or (b) members of the coalition defect to the point where the government is no longer a majority. Once a government becomes a minority, it is vulnerable to a no-confidence vote which will bring down the government and force new elections. Often, parliamentary systems use proportional voting, meaning the number of at-large votes partially determines representation. In addition, the leader of the governing coalition is usually the head of the legislature and the executive officer.

Although the U.S. has a plethora of small parties, in reality, the political system is dominated by two parties, Democrats and Republicans. Our two-party system forces the creation of governing coalitions. In addition, the U.S. has separate branches of government, meaning the executive is separate from the legislature. In a parliamentary system, a prime minister who loses his majority usually steps down from his office; in the U.S. system, it is not uncommon for the president to be of a different party than the legislative majority.

In the U.S., then, the two major parties tend to try to enlist at least two of the alignments and as many groups as possible. As we will show below, building these broad arrangements is difficult; some groups or coalitions can feel underrepresented. When this occurs, one of two outcomes tend to occur. First, the disaffected may simply not vote in an election; second, they may vote for one of the various minor parties that better coincides with their class and identity. The party leadership tries to create a

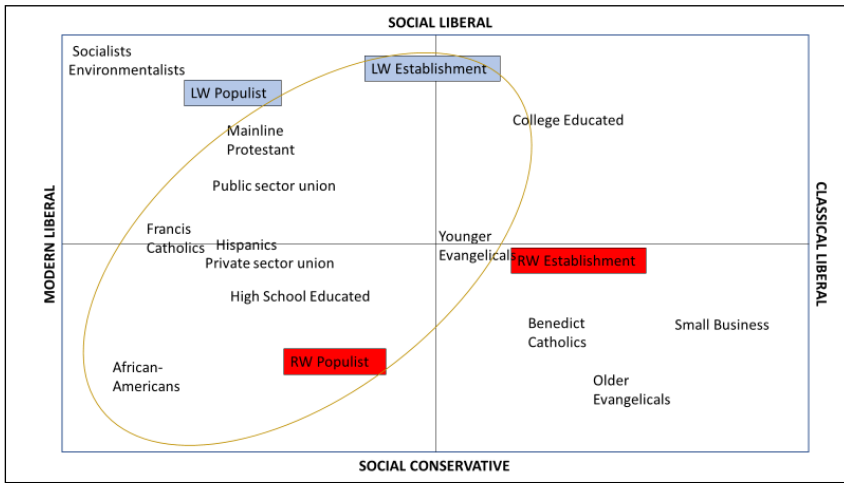
working coalition and enlist groups, but the greater the disparity of identity and class, the harder this process becomes.

Party Coalitions

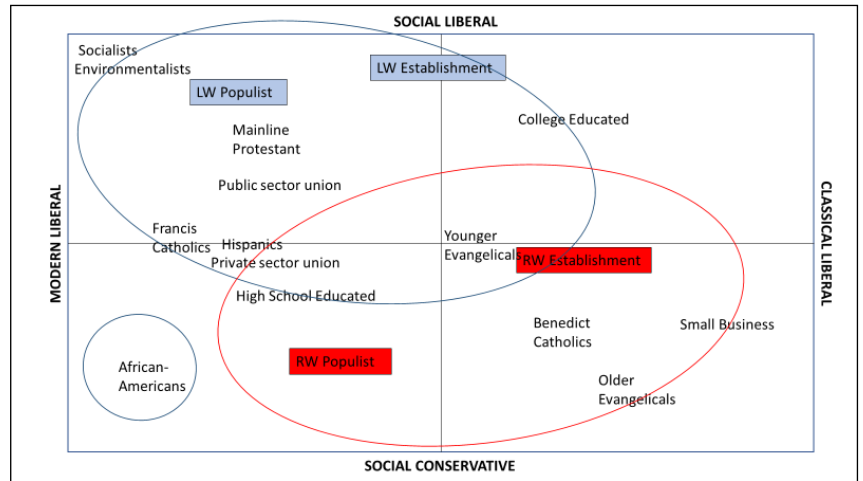
To see how the two parties operate, we will show some examples. The first is one of the most durable arrangements in U.S. history, the Roosevelt Coalition.

This coalition held from the 1930s into the 1960s. Over time, the oval drifted toward the left upper corner, slowly excluding more right-wing populists until the coalition ruptured in the 1970s. This rupture led to increased coalition instability.

After the breakdown of the Roosevelt Coalition, the party coalition membership realigned. The right-wing populists joined the GOP, while the Democratic Party took the left-wing populists directly into the new coalition. African Americans remained in the Democratic Party coalition, although their positions on social identity often diverge from the main coalition. We purposely showed some overlap in the ovals. Private sector unions tend to drift between the two arrangements. In many cases, there is a divergence between union leadership and the rank-and-file. The former tend to officially support Democrats, whereas the latter often support the GOP.



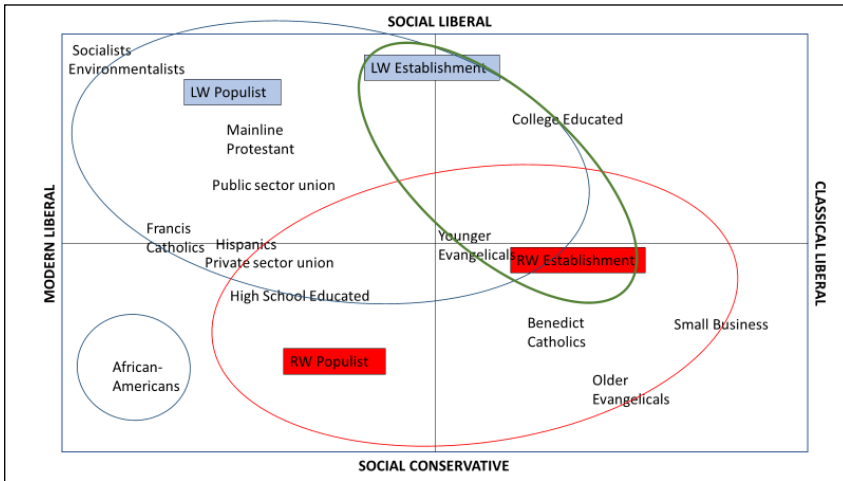
The arrangement is seen in the above oval. Roosevelt’s primary arrangement was to bring the left-wing establishment and right-wing populists into the Democratic Party. Although some would argue we have drawn this too narrowly, we would disagree. This arrangement was remarkably durable because it isolated the left-wing populists and the more extreme right lower quadrant. It included some members of the RWE. In general, the left-wing populists either voted in concert with the Roosevelt arrangement or didn’t vote, but there was little chance they would vote with the right-wing establishment. African Americans were also part of this coalition, but their political goals were slow to be realized. However, much like the left-wing populists, there was little to be gained by joining the right-wing establishment.



A further complication has developed in which these coalitions mostly reflect identity but have a clear divergence in terms of class. The Roosevelt Coalition was durable because it generally avoided the economic extremes; socialists and libertarians were excluded. The LWE, in our estimation, was

less market-dogmatic and could more easily tolerate populist economic policies.

Current coalitions have tended to be less capable of maintaining power due to the differences over identity and class. The following diagram shows this divergence.



In practice, the class interests of the establishment created a narrow coalition, shown by the green oval. The establishment on both sides wanted similar policies—globalization and deregulation. These policies were opposed by both wings of the populists. But, due to the influence of money on elections, politicians were forced to cooperate with party leadership to acquire funding. The parties protected the class interests of the establishment by restricting the choice of candidates. In other words, due to the influence of the political parties,

the electorate was given a narrow choice of candidates who represented the class interests of the establishment. Populist groups were wooed by candidates with promises of supporting various social goals but had their economic interests ignored. This is where the adage came from of [running to the extremes in the primary and to the center in the general election.](#)

This development led to remarkable consistency on economic and foreign policy. Both parties increasingly supported globalization and deregulation in terms of economic policy and American hegemony in foreign policy. There was wide divergence on social policy but only modest changes were made on the social front; for example, restrictions on military service for homosexuals remained in place (“[Don’t Ask, Don’t Tell](#)”) and abortion was still allowed. In the practice of governing, lip service was paid to social concerns, while the actual focus was on economic policy.

Part III

Next week, we will cover the fourth and fifth sections, the incidence of the establishment coalition and the impact of social media.

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