

## What Just Happened? A Recap of the 2020 Election

While it will take weeks or months to fully deconstruct and analyze the results of the 2020 US elections, we know enough to say, that the voters have yet again delivered a nuanced verdict.

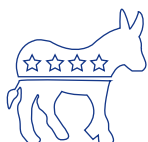
President Donald J. Trump received more votes than any candidate in history... except for Joe Biden, the next president of the United States. Estimates project that more than 150 million Americans will have voted once all the ballots are counted – a 65%+ turnout percentage<sup>1</sup> not seen since 1960. Within this historic turnout, Trump defied conventional wisdom and made double-digit gains with the Hispanic electorate while some 19 million “new voters” entered the fray and broke for Biden by a 2-1 margin.

The harsh judgment of the incumbent, however, did not carry down-ballot in any meaningful way. Hundreds of millions of dollars were spent to flip the GOP Senate and key state legislatures to Democratic hands but the result was a near-total failure. Not a single state legislature flipped control from red to blue, and while there were countless stories in the run-up to the election about the trends in Texas, not a single state seat went from Republican to Democratic either.

How did Biden cut against this state-level tide of GOP support? By recapturing the Midwest “Blue Wall” of Michigan, Wisconsin, and Pennsylvania, and making in-roads in recent GOP sources of strength in Arizona and Georgia. If the 2016 Electoral College victory for Trump (306 votes) was defined by 107,000 votes in those three “Blue Wall” states, the 2020 Electoral College victory for Biden (likely 306 votes) was defined by about 45,000 votes in Arizona, Georgia and Wisconsin.

As evidenced in yet another election, the United States electorate remains evenly divided despite predictions that demographic evolutions would kill the Republican Party. The election highlighted that voters can and will split tickets, that candidates matter and, as is often the case in a presidential election, that this was a referendum contest.

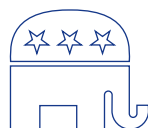
### Projected outcome: Republicans hold senate



White House



House of Representatives



Senate

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In the fight for control of Congress, Republicans surprisingly made significant gains in the House at a time when the media and the Democratic leadership were predicting a pickup of a dozen or more seats. As of November 11, there were 16 races yet to be called, but the Republicans already flipped nine seats and lost three for a net pickup of six. The party achieved this in part with excellent recruiting, with almost all of the GOP flipped seats being won by a minority, veteran or female candidate. Republicans are expected to pick up additional seats when races in California and New York are settled, which will have a cumulative effect of making life very difficult for House Speaker Nancy Pelosi to manage her caucus in the tough legislative battles to come. Incumbent presidents nearly always lose seats in their first midterm election, which puts control of the House very much in play in 2022, given the shockingly large Republican gains in 2020.

<sup>1</sup> NY Times as of November 12, 2020

While the House is worth analyzing, the real action is in the fight for the Senate majority. Here again, Republicans have so far defied expectations and polling, and have protected their most vulnerable incumbents. Maine Republican Susan Collins had not led a poll since April but defeated her challenger by eight points. Political pundits predicted that South Carolina Senator Lindsey Graham was in the fight of his life, but he won by 10 points despite historic fundraising for his challenger. Putting those races aside, it all comes down to January 2021 and Georgia. The prospects for President-elect Biden's ambitious agenda depend on two runoffs, which Democrats will need to sweep to produce a 50-50 Senate with tiebreaker votes cast by Vice President-elect Kamala Harris.

Georgia is currently the center of the political universe due to the state's requirement that a candidate must clear 50% of the vote to win. Incumbent Republican Senator David Perdue nearly pulled that off in his three-person race but fell 0.4% short of the target. In the other Georgia Senate race, incumbent Republican Senator Kelly Loeffler came in second place in a field of about 20 candidates, but none cleared 33%. If you were to total up all the GOP votes from her race, however, you would have a total GOP vote near that of Senator Perdue (roughly 49.7%). With Biden having delivered Georgia during the general election, expectations may be unrealistically high that Democrats can break through again.

Indeed, recent elections in Georgia that have received extraordinary national attention have not turned out well for Democrats. In the 2017 special House election, Democrat Jon Ossoff (currently running for the Senate) lost to Republican Karen Handel by three points; and in the 2018 gubernatorial election, Democrat Stacey Abrams lost to Republican Brian Kemp by less than two points.

Special elections are just that: Special. It requires an expansive and expensive turnout machine to get even a fraction of the general electorate to vote, and that typically benefits the party with the higher voter registration or affiliation totals in a state or district. Georgia may produce a miracle for President-elect Biden come January 5, but given the underlying partisanship of the state and the unique dynamics of a runoff, it would be the political equivalent of an inside straight in poker.

Yet, while Republicans start with the advantage, there are a few factors that give Democrats a chance. First, there is the Stacey Abrams voter registration and turnout machine that contributed to Biden's apparent victory in the state. Second, Raphael Warnock's participation in the race should encourage African American turnout. And last but not least, there is the Trump factor. Will he still be focused on pursuing a second term, or will he have turned his attention to helping the Georgia senators over the top – an open question.

Stay tuned.

# Invesco US Government Affairs



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**Andy Blocker** serves as Head of US Government Affairs for Invesco. In this role, he drives Invesco's legislative and regulatory advocacy initiatives with policymakers, engages with clients and opinion leaders on public policy developments, and seeks to maximize the company's political footprint. Previously, Mr. Blocker served as executive vice president of public policy and advocacy for the Securities Industry & Financial Markets Association, where he led a team engaging lawmakers on international, federal, and state issues impacting the financial services industry. Mr. Blocker spent five years as managing director for the US Office of Public Policy for UBS. He also served as vice president of government relations for the New York Stock Exchange, as managing director of government and international affairs for American Airlines, and for the White House as special assistant to the president for legislative affairs.

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