



THE US ELECTIONS AND WHY THEY MATTER

Next week, on the 3rd of November, United States (US) citizens will elect their president. Many observers believe that the event will be monumental, and we agree. If polls are anything to go by, Democratic-nominee, Joe Biden, will be victorious. Fortunately, the accuracy of polls has proven futile in many instances, and we are hoping it does so again. There is also something to be said about Democratically-owned news stations and how statistics are subjectively chosen, rather than objectively collected. Nevertheless, as we have explained previously, Donald Trump, as unpresidential as many make him out to be, has done wonders for the US and other global economies. In a recent article in *The Economist*, a newspaper not too friendly towards Trump and his tricks, the authors go so far as to explain that Trump outperformed his counterparts in other countries since his election in 2016. In their comparison, the authors used a plethora of economic and other variables to compare leaders around the world, such as business investment, wages, gross domestic product (GDP) growth (albeit until the COVID-19 pandemic broke out) and expectations. But, in the end, Trump reigned supreme. The authors did, however, hasten to explain that, in the short-term, external factors, demographics, monetary policy and others most likely played a larger role.

One of the reasons why this year's US election might be similar to the chaotic 1877 election is because of the mail-in ballots that urbanised voters will use to avoid contracting COVID-19. It is believed that many Republican votes will be cast on voting day, when the winner would usually be announced around midnight. However, many Democratic votes will only be finalised after midnight when mail-ins are counted. If, however, counting the votes takes longer, because of the large numbers of mail-in votes and the processes put in place to curb the spread of the coronavirus, certain swing states may 'make a decision' without finalising their count. Then, on the 6th of January 2021, when Congress opens the states' electoral certificates and officially tallies the votes, usually only a ceremonial function, finding conflicting certificates would cause chaos to ensue.

So, if Biden does not win decisively on voting day, or if mail-in ballots cause him to win by a narrow margin some weeks after voting day, a state already on the brink of chaos might tip over, albeit only momentarily. In 233 years of constitutional governance, the US has managed to avoid such a catastrophic presidential election, although luck, compromise and the character of those seeking office helped to ease things over.

Why is this important for us, all the way down here in South Africa? Because of the prominent role and influence of the US in all aspects of life, ranging from economics, social sciences, politics, business and regulations, to name but a few. Because Biden and his Democratic trajectory of tax increases, misplaced regulations and costly state support will do much to worsen US influence, leaving the role open to others. Not least to say how a return to the US' old belly-up way of dealing with China will deteriorate the global economic trajectory in the long-term; think sweatshops, state control, uncompetitive practices, child labour and pollution. Trump's Republicans need at least another term to solidify some of the changes that are being made. We also believe that the Republicans have a better chance of finding a favourable solution to the storm that is brewing towards large US technological firms and how capitalism is failing the average citizen. Simple answers such as regulating more, dismantling large corporates or distributing more via taxes on the rich are insufficient.

