

Greg Valliere – Two Possible Election Outcomes

October 25, 2016

by Robert Huebscher

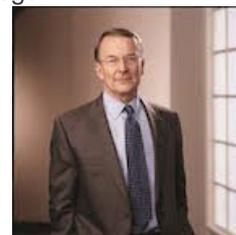
This article is part of our Schwab IMPACT 2016 Special Coverage this week. More articles are listed below. Only two election scenarios are possible, according to Greg Valliere. Either Clinton will win by a modest 4-5% margin, or she will win by a blowout margin of 12-13%. It would be really tough for Trump to get to 270 Electoral votes, according to Valliere.

Valliere is the chief strategist for North Carolina-based Horizon Investments and is a frequent speaker on politics. He was one of the opening night keynote speakers at this year's Schwab IMPACT Conference, held in San Diego.

Approximately 2,000 advisors were registered to attend the conference, the largest in the industry

The big story will be the margin of victory and the control of the House, he said. If Clinton wins in a blowout, the House could “flip,” along with the Senate, he said.

Valliere asked the audience to ponder the leadership “troika” of Clinton, Nancy Pelosi and Chuck Schumer. That would create a “real concern” about tax policy and an unfriendly environment for business, he said.



If the House stays Republican, there is no chance of a tax increase (except perhaps for the end of the favorable treatment of carried interest), according to Valliere. That is a key point, he said.

“All of your clients who are worried about tax increases should breathe easier,” he said.

Election handicapping

Clinton has three key advantages, according to Valliere. Her ground game is very good and well-funded in the key states, such as Ohio. Trump, he said, is poorly funded and run by amateurs. “A good ground game can be worth 1% in a key state,” he said. Second, the electoral map tilts towards Democrats, and it will be tough for Trump to get to 270 Electoral votes. Lastly, he said there has been a “tidal wave change” in demographics – “there aren’t enough old white men to elect Trump.”

Valliere pondered the possibility that he and the pollsters could be wrong. After all, those pollsters got the Brexit vote and the outcome of a recent referendum in Columbia wrong. He acknowledged that there are big disputes over weighting segments of the population, such as race and ethnicity, in overall poll results. The biggest source of error could be that those who hold controversial views may not want to admit them to a complete stranger on the phone. Thus, there could be a hidden segment of un-pollled Trump supporters. “It’s possible that could happen,” he said.

The bigger wildcard is turnout, he said, which pollsters have a hard time predicting. Valliere explained that Trump voters may be more likely to turn out in bad weather than some Clinton voters. Turnout will also be more uncertain if Clinton’s lead grows.

Valliere said that Trump has squandered opportunities to easily defeat Clinton. She was vulnerable on issues such as the weak economy, Obamacare and the WikiLeaks. Instead, he said, Trump did things like spending “two and a half days going after Miss Universe.” It was an “utter lack of discipline,” according to Valliere. Indeed, Clinton got really lucky and faced the one candidate she could beat. She would be trailing a ticket of John Kasich and Marco Rubio, Valliere predicted.

A Clinton presidency

Clinton probably won’t get a lot done, Valliere said. She was respected as a cabinet member and as a Senator, as is her running mate Tim Kaine. But on the “really big stuff,” like deficits and immigration, Valliere said Clinton won’t make much progress.

She could achieve some tax reform on issues like repatriation, he said, because she will get support from Paul Ryan. Also,

according to Valliere, we will see a significant increase in infrastructure spending with a Clinton presidency.

Clinton will continue the “incredible trend” of executive orders, he said, on issues like the fiduciary standard, tax inversion and climate change. She will curb increases in the prices of prescription drugs, he said, possibly through federal regulation. But, he said, businesses are demoralized by regulation.

Valliere said Clinton has “more testosterone than many Democrats,” and will “hit hard” if tested by an international crisis or geopolitical threat early next year. She will increase defense spending, he said.

The most important consequence of a Clinton presidency will be in shaping the Supreme Court. Valliere said that Clinton could replace the 63-year old Justice Garland with a to-be-named 43-year old, much to the dismay of Republicans. He said there are three justices over age 78, and Clinton could appoint two or three more justices in her first term.

“The parties are going to have more fissures, making it difficult to get sweeping things done,” he said.

There is a possibility the country could devolve into four parties, Valliere said. The Republicans could break up, because the Trump crowd will try to oust Speaker Ryan. Trump will still be a big political force, Valliere said, and there could be two wings of the Republican Party – the Trump/Tea Party wing and the more moderate wing led by Ryan (who Valliere predicted will run for president in 2020).

A growing risk threatens the solidarity of the Democratic Party, he said. “By spring there will be sniping between Elizabeth Warren and Clinton,” Valliere said. Warren wants single-payer healthcare, disengagement from the Middle East and big tax hikes. A left wing of the Democratic Party could emerge, led by Bernie Sanders, Elizabeth Warren and holdouts from the Green Party. It would threaten traditional Democrats.

Plus, he said there is the likelihood of a serious third-party challenge. If that were to happen, we could see a result in 2020 where no party could win 270 Electoral; that happened in 1800 and 1876. Under those conditions, the House would pick the president, with one vote per state. The Senate picks the vice president.

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