

2024 US elections: The prelude

With the US election only four months away – a lifetime in politics! – Ryan Walker brings us this special report with Shumaker advisors Jason Ouimet and Chris Salemme



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At a macro-level, economic performance has historically played a crucial role in US elections. The 2024 elections will be significantly influenced by the state of the economy, particularly as it relates to ongoing inflationary pressure on key voting blocs.

Additionally, the US electorate is becoming increasingly diverse, with significant growth among Hispanic, Asian, and young voters. These demographic changes are reshaping the political landscape, as both parties strive to appeal to these voters. Issues such as immigration, abortion, and foreign affairs are expected to be highly salient in the 2024 elections—especially with suburban and minority voters.

We will explore the key dynamics at play and which races could prove pivotal for control of the House and Senate and the states that could determine who—Donald Trump or Joe Biden—will sit in the Oval Office. By examining these elements, we aim to provide an overview of the potential outcomes and implications of the 2024 US elections.

US Senate

Every election cycle, one-third of the US Senate stands for re-election and this year the map favours the Republicans with the party having to defend only 11 seats compared to the Democrats having to defend 23 seats. The simple maths gives Republican incumbents and candidates an inherent advantage, especially given the Democrats only have a



one seat majority in the senate, 51-49. Yet, as it is often in politics, it never is that cut and dry and the devil is always in the details.

Given Senator Joe Manchin’s (D-WV) announcement that he will not seek re-election, it is likely that his seat will flip to current candidate and Governor Jim Justice (R-WV) who recently won a contested primary. This would bring the chamber back to an even 50-50 split. However, two key races—Ohio and Montana—will also play a significant role in determining which political party wins the majority.

In Ohio, three-term Democratic incumbent Senator Sherrod Brown will face off against businessman and political neophyte Bernie Moreno (R-OH). Ohio is no longer considered a “battleground state” and has steadily been trending toward the Republicans for the past decade. Yet, Senator Brown can never be counted out even in a state like Ohio. He is a battle-tested veteran of grassroots politics and an astute

fundraiser who has held elected office since 1975. But, his popularity in Ohio will be challenged by Moreno who has secured the endorsement of former President Trump—who won Ohio in both 2016 and 2020 by nearly 500,000 votes—and is pouring in a significant amount of personal money on top of the millions he has raised. Additionally, both sides anticipate over \$200 million will be spent on this race by outside groups. Nevertheless, this contest will boil down to which candidate can turn out the most voters, and neither can rely on their party’s presidential candidate to carry them across the finish line, as many expect the trend of citizens splitting their votes between candidates of different parties to at least stay the same as past election cycles, if not increase this year.

Across the country in Montana, incumbent Senator Jon Tester (D-MT) is being challenged by GOP businessman and retired



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Navy SEAL Tim Sheehy. Despite the advantages of incumbency, the three-term Democratic faces an uphill battle. Montana, like Ohio before it, is fast becoming a Republican stronghold. When Tester was first elected to the US Senate in 2007, Democrats held nearly every state-wide office in Montana. Now, Montana's Governor, Attorney-General, Secretary of State and three of its four congressional members are Republican. However, Montanans, often known for their strong independent streak, could defy the political odds and re-elect Senator Tester—proving that often-times voters dislike the institution of Congress, but support their hometown incumbents.

While other states such as Pennsylvania, Michigan, Maryland, Wisconsin, Arizona, and Nevada could provide Election Day surprises, conventional wisdom and historical trends suggest that these seats will remain in Democratic control, it is clear that both Montana and Ohio will garner the bulk of the political world's attention for the next several months.

US House

House Republicans presently have a one-seat majority and although that will grow by 1-2 seats prior to the election due to several outstanding special elections, control for the House of Representatives will again come down to just a small number of hotly contested races.

According to the leading political prognosticator, The Cook Political Report, there are 22 House races that they classify as a “toss up”—evenly divided between Republicans and Democrats. Of those 22 races, it is likely that less than half of those will play a role in determining which party has control of the House heading into next year, making it highly likely that whichever party controls the House will so with a single-digit majority.

President

In a rematch of the 2020 election, former 45th President, Donald J. Trump, will attempt to make his political comeback complete by winning a second term and becoming the 47th President of the United States. Similar to the battle for the House and Senate, the Biden v. Trump rematch will again be a horse race with just a handful of states determining the Electoral College outcome. As with 2020, the states of Arizona, Georgia, Nevada, Pennsylvania, Michigan, and Wisconsin will provide the keys to the White House. However, many of the Biden administration's economic policies, including infrastructure investments and social spending programs, and a vast amount of time between now and Election Day, not least of which are Trump's ongoing judicial battles across multiple states, will determine who wins the White House.

Potential outcomes and implications

With the White House, the House and the Senate all in play, the 2024 elections have the potential to significantly alter the US political landscape. A Democratic victory could lead to continued progressive policies and reforms, while a Republican win might result in a shift towards more conservative and deregulatory policies. Additionally, the composition of Congress will play a crucial role in shaping legislative agendas and the balance of power. As the nation approaches this critical juncture, understanding these dynamics is essential for comprehending the potential impacts on governance and public policy.

Transatlantic impact

The outcome of the upcoming elections on numerous transatlantic relationships cannot be understated. Both former President Trump and President Biden have diverging opinions and policy priorities that will impact many of the US's most

longstanding transnational relationships.

For instance, the Ukraine – Russia conflict provides a readily available example of their diverging perspectives on foreign policy. Biden continues to want to lead the world effort to assist Ukraine in countering the Russian invasion by supplying billions of dollars in military and humanitarian aid—with the hope of an eventual negotiated peace. Trump, on the other hand, does not view this conflict as fitting into the “America First” agenda he offers to voters on the campaign trail. He believes he can end this conflict swiftly—once elected—by bringing both Presidents Putin and Zelensky to the negotiating table and brokering a deal that could likely see a combination of Ukraine ceding territory to the Russians, limiting the size of its peacetime military, or renouncing its ambitions of joining NATO. In return, Ukraine would gain certain security guarantees from countries such as the US, Canada, and Turkey. However, most international experts dismiss the notion that Trump could broker a deal that both sides could accept.

Additionally, policy items important to the business community on both sides of the Atlantic are more top-of-mind. Specifically, regulation of artificial intelligence (AI), data privacy, methane reduction, critical mineral policies that support the growing demand for electrification, increased NATO funding for European member nations, trade and tariff negotiations for steel and other manufacturing materials, and how the US and EU can work together to combat the growing threat of Iran and China to global peace and prosperity.

To many, the outcome of the 2024 US elections could present the biggest challenge to transatlantic relations since World War II. Yet, no matter the outcome, each scenario presents inherent risks and opportunities for interested parties to address. ■



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