

# ***THE GREAT ACCELERATION***



***How 2020's Crises Are Bringing the Future Faster***

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## THE GREAT ACCELERATION

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# SUMMARY

## *The Great Acceleration*

### TECHNOLOGY

- 4<sup>TH</sup> Industrial Revolution Speeds Up
- Digital Disintermediation Expedited
- New Tech Regulation (aka “Techlash”)

### GLOBALIZATION

- New World Disorder
- Demographics Will Drive Declines
- Nationalism > Globalism

### CULTURE

- New Psychology & Priorities Post-COVID
- Leadership Leaving Washington
- More Diversity & Inclusive America

### POLITICS

- Bigger Government
- Party Civil Wars & Realignment
- New Reform Era

# 2020: A YEAR UNLIKE ANY OTHER

## Four Concurrent “Super-Disruptors”

(Since 1900 only 3 other years had 3)



**2020**

**YES**

**YES**

**YES**

**YES**

**1968**

**NO**

**YES**

**YES**

**YES**

**1957**

**YES**

**YES**

**YES**

**NO**

**1919**

**YES**

**YES**

**YES**

**NO**

# YESTERDAY

*The Age of Disruption & Backlash*

# YESTERDAY'S KEY TRENDS: A WORLD REMADE

## TECHNOLOGY

**TREND**



Digital Age Dawns

**OPPORTUNITY**



Innovation Booms

**CHALLENGE**



Inequality Grows

**BACKLASH**



Regulators Rise

## GLOBALIZATION



Cold War Ends



Hyper-Globalization



Arbitrage & Authoritarianism



Nationalists Rise

## CULTURE



Comfortable Conformity



New Voices Heard



Old Gatekeepers Gone



AFFIRMS



Hyper-Activism

# POLITICS YESTERDAY: LOST CONFIDENCE IN LEADERS

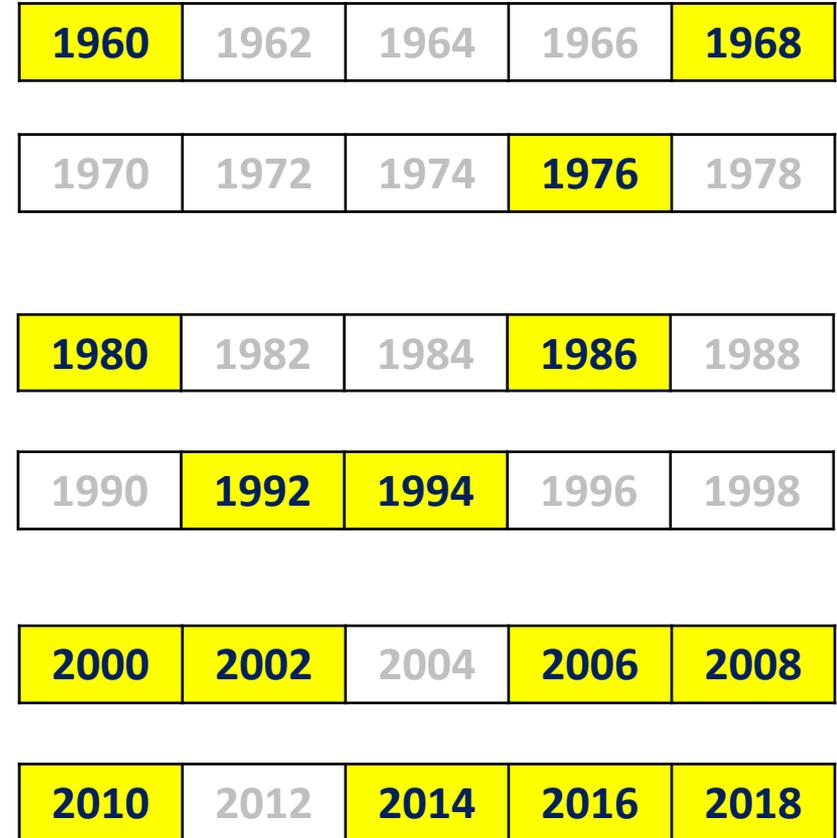
## Loss of Trust

(% Great Deal / Fair Amount of Trust)

1979	Institution	2019
54	The Military	<b>73</b>
72	Mass Media	<b>41</b>
45	Supreme Court	<b>38</b>
52	The Presidency	<b>38</b>
65	The Church	<b>36</b>
N/A	The Medical System	<b>36</b>
60	Banks	<b>30</b>
36	Public Schools	<b>29</b>
N/A	Organized Labor	<b>29</b>
32	Criminal Justice System	<b>24</b>
34	Big Business	<b>23</b>
34	Congress	<b>11</b>

## Voting for Change

House, Senate or WH Changed Parties



# SOWING THE SEEDS OF 2020'S CRISES: FORSEEABLE FAILURES

## PANDEMIC: UNPREPARED



## ECONOMY: UNPROTECTED

**53%** lacked emergency savings



**27.9M** lacked health insurance



**21.3M** lacked adequate broadband



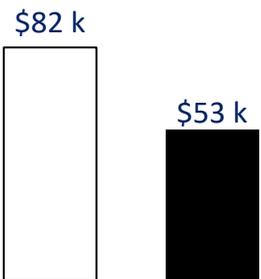
**33.6M** lacked paid sick leave



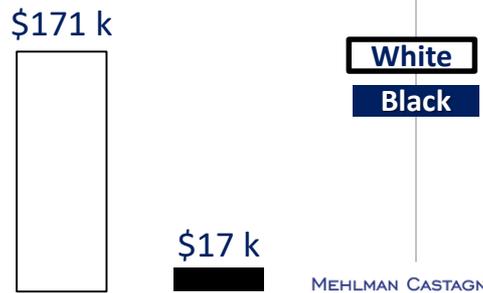
Sources: [Savings](#); [Leave](#); [Insurance](#); [Broadband](#)

## SOCIAL JUSTICE: GLARING GAPS

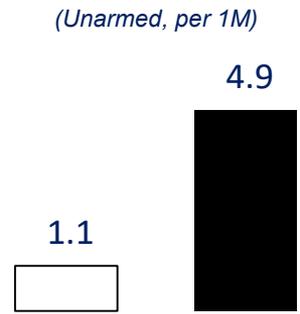
### INCOME



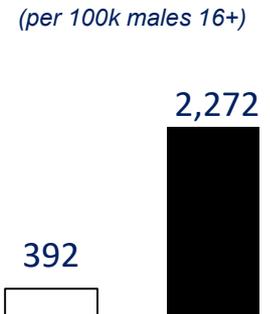
### WEALTH



### KILLED BY POLICE



### IN JAIL



MEHLMAN CASTAGNETTI  
 ROSEN & THOMAS

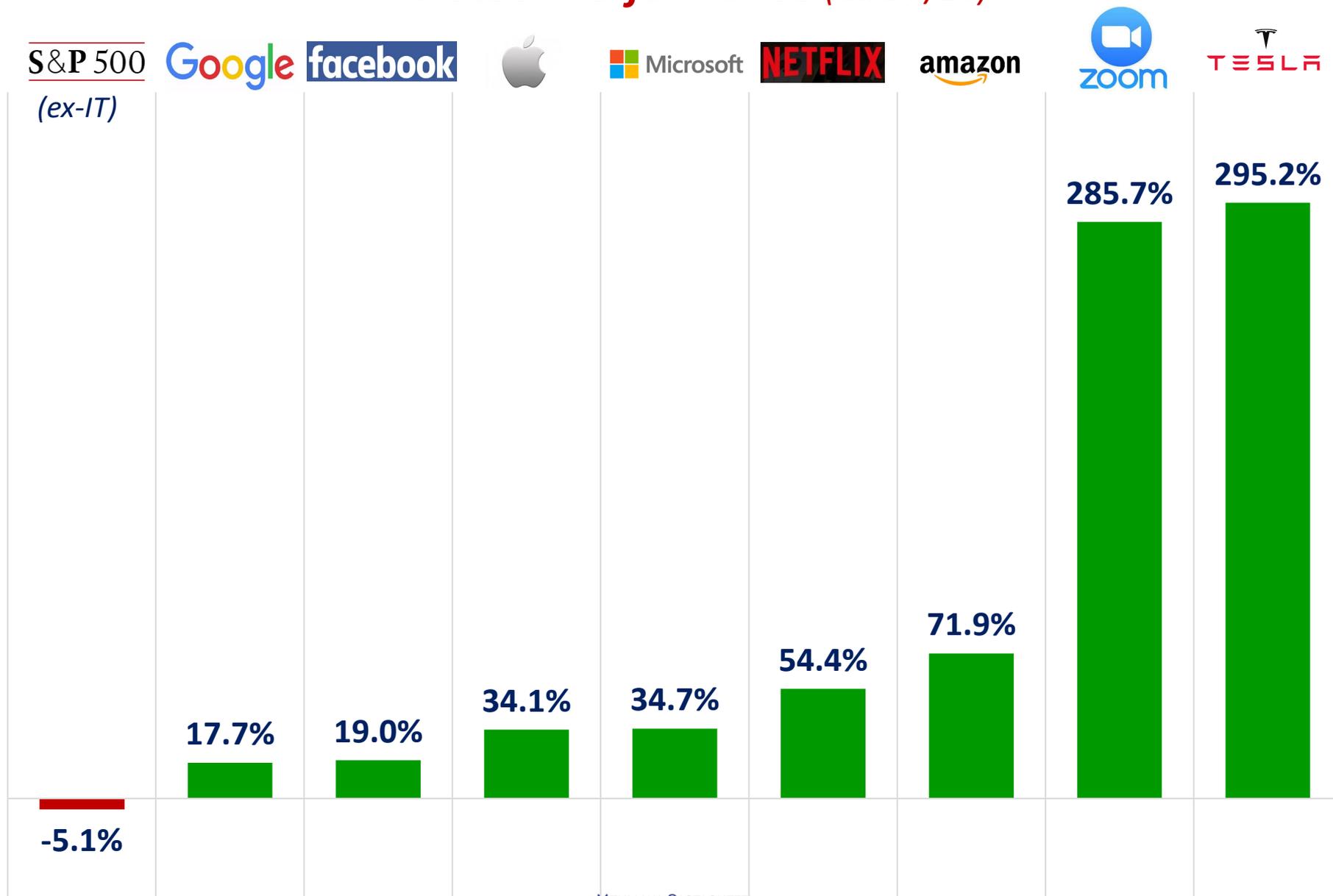
Sources: [Income](#); [Homes](#); [Wealth](#); [Jail](#); [Parents](#); [Police](#)

# TODAY

*Divided We Fall*

# TECH: THE DIGITIZED ARE THRIVING

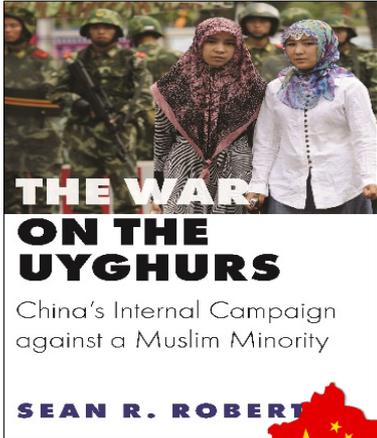
## YTD Stock Performance (thru 7/20)



# GLOBALIZATION: A SOFT POWER VACUUM

## Managing Global Challenges Without Trusted Global Leaders

RUTHLESS



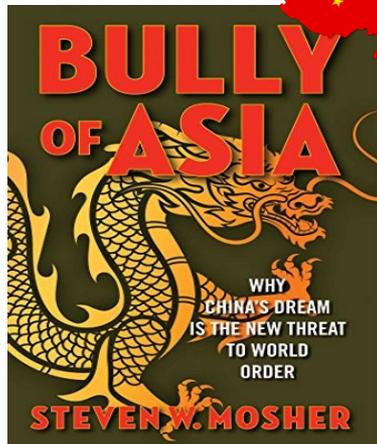
UNTRUSTWORTHY



RECKLESS



UNRELIABLE



BULLY



UNFREE



BULLY



UNEQUAL

# CULTURE WARS HAVE BECOME BUSINESS BATTLES

## WHY ENGAGE? STAKEHOLDERS DEMANDING

### "Wokeforce"



### Consumers



## HOW TO ENGAGE? ACTIONS > WORDS

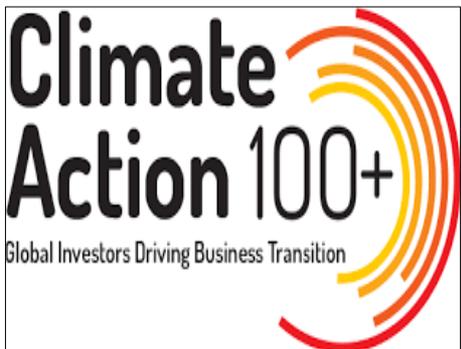
### Ad Spending



### Advocacy



### Investors



### Activists



### Partnership



### Operations



# POLITICS: THE CENTER IS UP FOR GRABS

*Who Will Occupy the Center? Both Parties Have Been Moving Away*

**LEFT LOSING**

*(Too Politically-Correct)*

**ABOLISH  
I.C.E.**

SAVE THE PLANET 20 MILLION JOBS  
**GREEN  
NEW DEAL**  
ELECT BERNIE SANDERS

**DEFUND  
THE  
POLICE!**

**MEDICARE  
FOR ★ ALL!**

**WEALTH  
TAX**

**ISSUE**

*(Politically Exhausted)*

**IMMIGRATION**

**ENERGY &  
ENVIRONMENT**

**RACIAL  
JUSTICE**

**HEALTH  
CARE**

**TAXES &  
SPENDING**

MEHLMAN CASTAGNETTI  
— ROSEN & THOMAS —

**RIGHT LOSING**

*(Too Politically-Incorrect)*



**CLIMATE CHANGE  
DOES NOT EXIST**



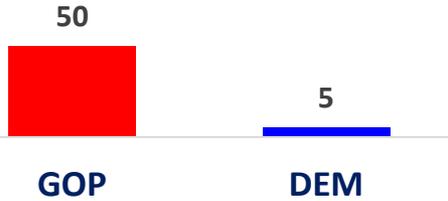
**REPEAL  
OBAMA CARE**



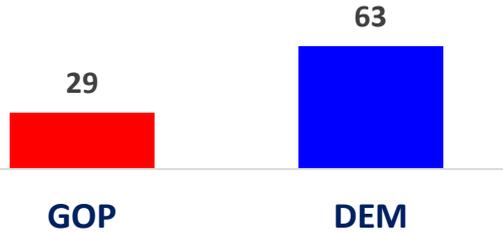
# 2020 CRISES: IT'S THE PANDEMIC, STUPID

## PANDEMIC: OUR POLITICS ARE KILLING US

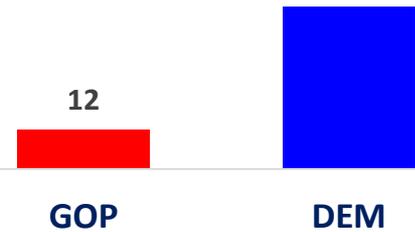
Official Death #: % Believe Overcounted



Masks: % Always



% Trust Dr. Fauci "A Lot"



Sources:  
Gallup (Apr);  
Pew (June);  
YouGov (July)

## ECONOMY: INABILITY TO CONTROL SPREAD PREVENTS RECOVERY

No Child Care?



**-10% GDP**  
*(U. Chicago)*

No Masks?



**-\$1T GDP**  
*(Goldman Sachs)*

No State Govt Help?



**-5.3M Jobs**  
*(EPI)*

## SOCIAL JUSTICE: FIGHTING OVER STATUES WHILE...

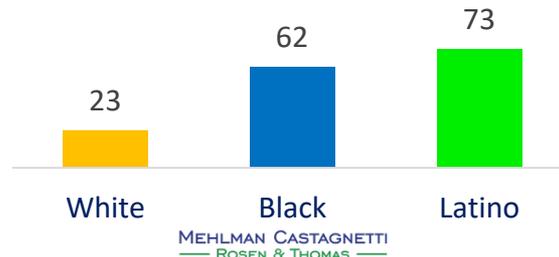
UNEMPLOYMENT RATE

*(June 2020 %)*



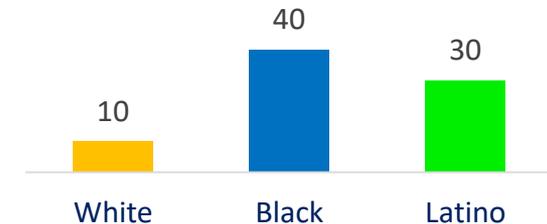
COVID-19 CASES

*(per 10,000 people)*



NO REMOTE INSTRUCTION

*(% K-12 students)*



Sources: Unemployment (PLS); COVID (NYT); K-12 (McKinsey)

# TOMORROW

*The Great Acceleration*

# TECH: DIGITAL DISINTERMEDIATION EXPEDITED

## Internet Cutting Out More Middlemen: EDs, MEDs & FEDs



### EDUCATION

- Hybrid online-offline degrees, more access
- Lower cost, higher enrollment, fewer schools
- Employers are becoming the new schools



### HEALTH CARE

- More telemedicine, greater access
- A.I. transforms diagnostics & discovery
- Real-time revolution: wearables + tracker apps + cloud



### PHYSICAL BUSINESS MODELS

- “Retail-pocalypse” → “Office-pocalypse”
- Cash & credit cards → ePayments
- Travel & Broadcast → Zoom & Streaming



### GOVERNMENT

- More virtual hearings & voting
- A.I. Oversight (fraud, waste, abuse)
- Smarter policing & national security



# TECH: NEW TECHNOLOGY REGULATION

## Government is Coming

In progress	Very Likely	Possible	Unlikely	N/A
-------------	-------------	----------	----------	-----

				
<b>Antitrust / Competition</b>	Very Likely	Unlikely	Very Likely	Very Likely
<b>Privacy Enforcement</b>	In progress	In progress	In progress	Possible
<b>Platform Liability / Content Ctrls</b>	N/A	Very Likely	Possible	Very Likely
<b>New Digital Taxation</b>	N/A	Very Likely	Possible	Possible
<b>Emerging Tech Regulations</b> <i>(A.I., Facial Recog., Blockchain)</i>	Very Likely	Very Likely	Possible	Possible
<b>Encryption Access</b>	In progress	Possible	Possible	Possible
<b>Export / Import Controls</b>	In progress	Possible	N/A	In progress
<b>Anti-Gig Work Rules</b>	N/A	Possible	In progress	Possible
<b>Supply Chain Security</b>	In progress	Possible	N/A	Very Likely

# GLOBALIZATION: NEW WORLD DISORDER

## *Post-Deglobalization Paradigms*

### Great Power Rivalry Returns

**FRENEMIES → ENEMIES**

Competing Alliances

Competing Technology

Market Access as a Weapon

Growing Military Frictions

### Multilateralism Remade

**NEW MISSIONS, MANDATES, MODELS**



### Cross-Border Flows Slow

**REDUCED RATE OF GROWTH IN:**

DATA  
GOODS  
PEOPLE  
CAPITAL  
KNOWLEDGE

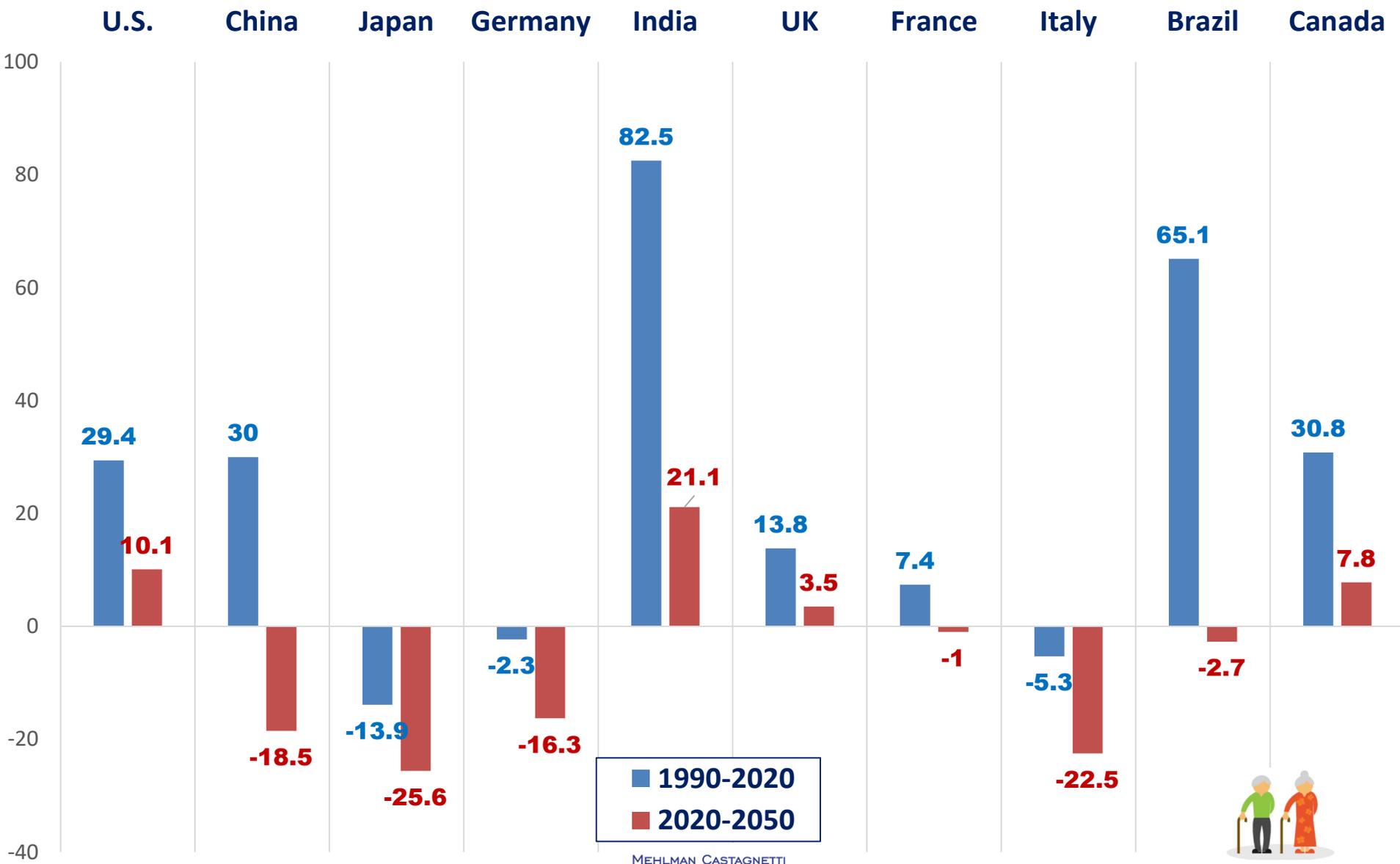
### Trade Economics Disrupted

**TECHNOLOGY:**  
Automation, 3D  
printing reduce the  
need

**NATIONALISM:**  
Industrial policies  
changing the  
math

# GLOBALIZATION: DEMOGRAPHICS WILL DRIVE DECLINES

*% Change in Working Age Population, Past & Future 3 Decades*



# CULTURE: NEW PSYCHOLOGY, NEW PRIORITIES

## BEFORE COVID

EFFICIENCY

INTERDEPENDENCE

LEVERAGE / RISK

ABUNDANCE

## AFTER COVID

RESILIENCE

SELF-SUFFICIENCY

MARGIN / SAFETY

AUSTERITY

**G: Fund Stockpiles & Excess Capacity**  
**B: Supply Chain Optionality, Process Redesign**  
**I: Car > Metro; Suburb > City; Prepper-Nation**

**G: Industrial Base, Migration Limits**  
**B: Less Global, More Vertical Integration**  
**I: Home Cooking, Working, Schooling; DIY**

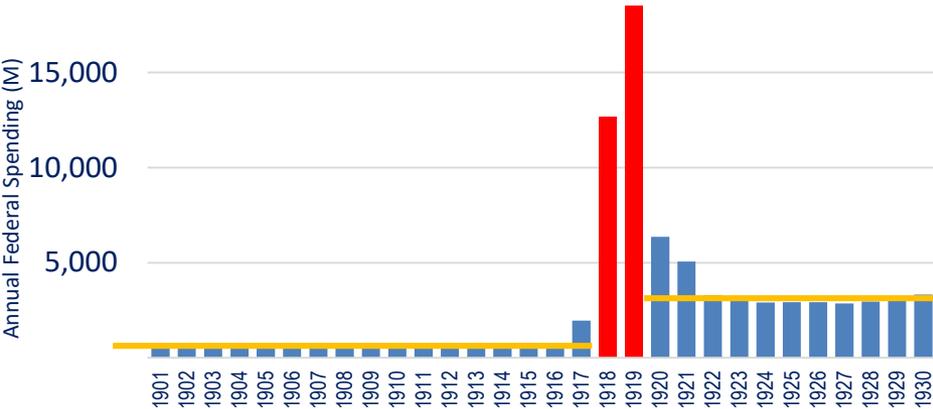
**G: More Regulation, Bigger Safety Nets**  
**B: New Liability Risks, Safety Procedures; More Liquidity**  
**I: Rent > Own; Big Employer > Startup**

**G: Incur Less Debt, Find More Revenue**  
**B: Deeper Reserves, Fewer Dividends/Buybacks**  
**I: Save More, Spend Less, Borrow Less**

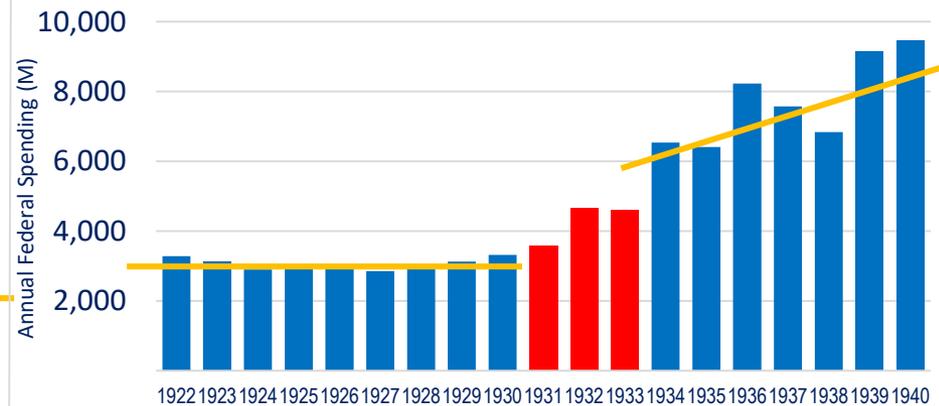
**G: Government**  
**B: Business**  
**I: Individuals**

# POLITICS: CRISES GROW GOVERNMENT

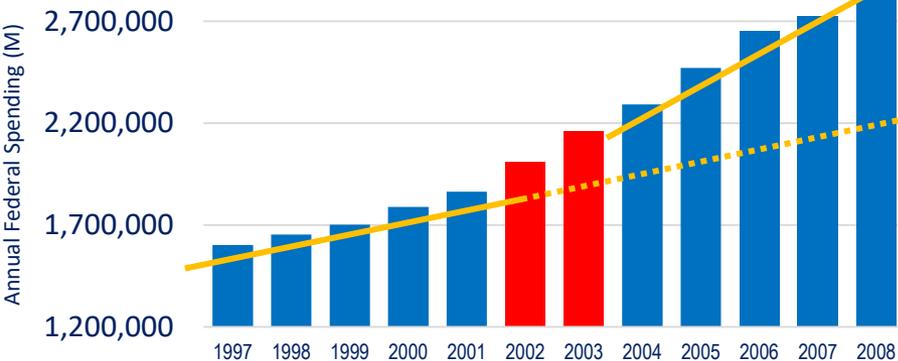
## WWI & Spanish Flu



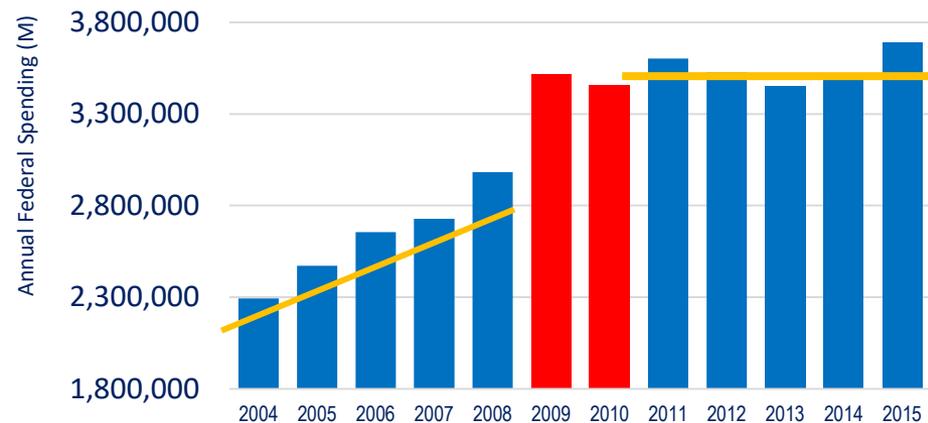
## Great Depression



## 9/11



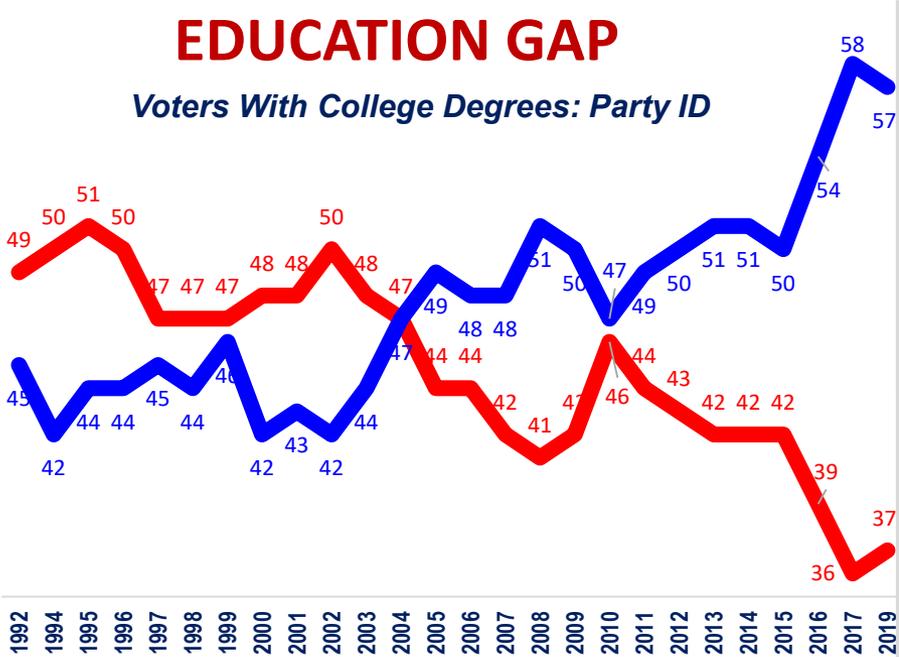
## Global Financial Crisis



# POLITICS: THE PARTIES ARE REALIGNING

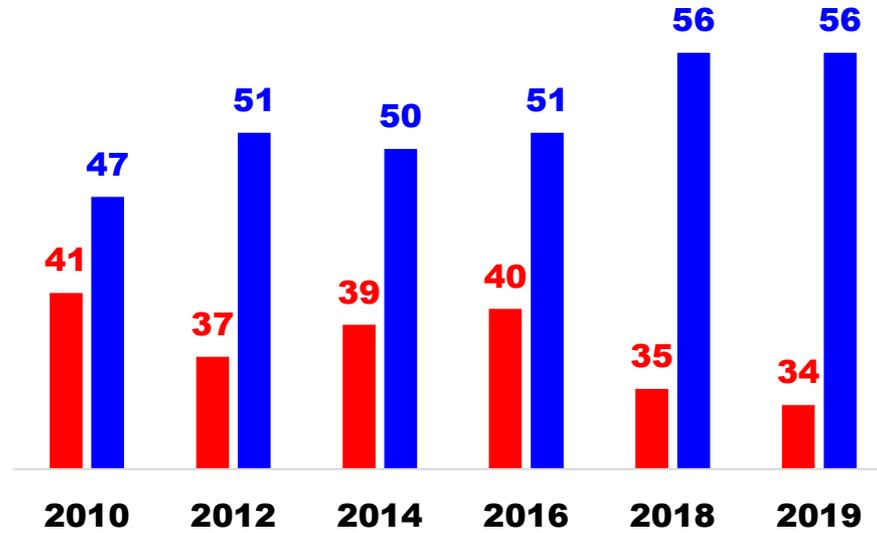
## EDUCATION GAP

Voters With College Degrees: Party ID



## GENDER GAP

Women: Congressional Control Preference

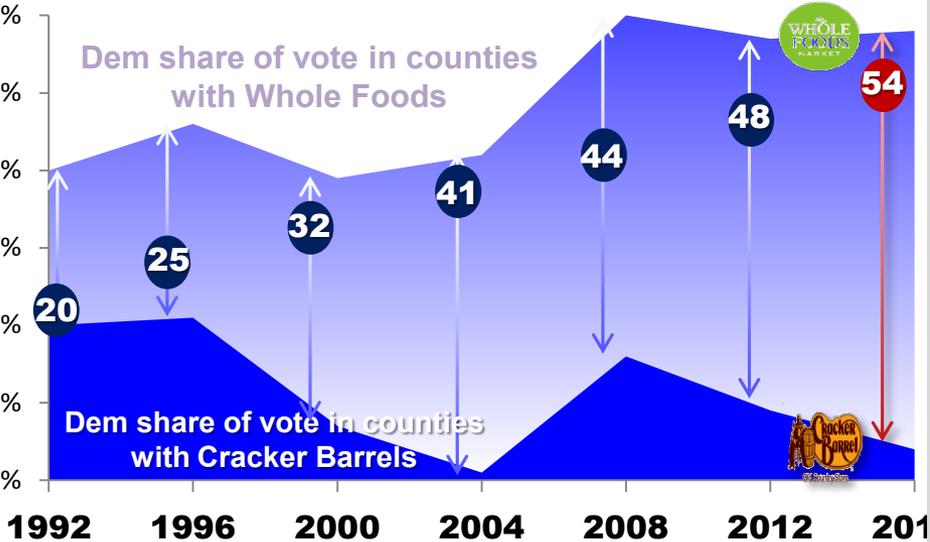


## GEOGRAPHY GAP

Dem share of vote in counties with Whole Foods

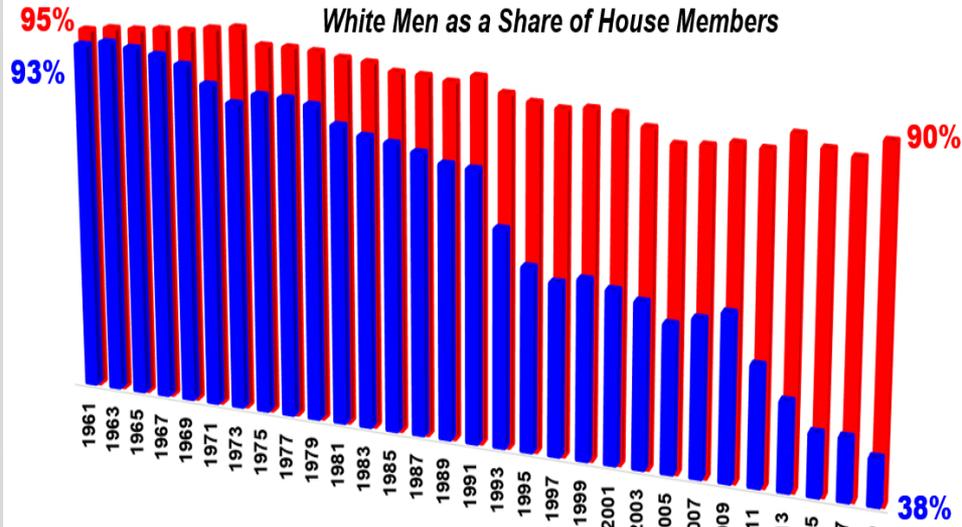


Dem share of vote in counties with Cracker Barrels



## RACE GAP

White Men as a Share of House Members



# THE 2020 ELECTIONS

## *Pandemic Politics*



# CORE ELECTION DYNAMICS

## PANDEMIC

*Looks Like: "Wartime President"*



*Feels Like: We're Losing the War*



Net Trump Approval  
(Handling Pandemic):

**-17**

## ECONOMY

*The Re-Opener-in-Chief*



*Lockdown Joe*



Better for the Economy  
(Trump vs Biden):

**Trump +6**

## TOLERABILITY

*Too Old, Too PC, Too Washington?*



*Too Divisive, Dangerous & Corrupt?*



Dislike both candidates:

2016: **Trump +17**

2020: **Biden +34**

# BATTLE OF THE BRANDS



vs.



## ***BIDEN'S BRAND RISKS***

**1. Uncle Joe → Grampa Joe**  
*(seen as too old)*

**2. Regular Joe → Radical Joe**  
*(seen as too PC for moderates)*

**3. Obama Era Joe → Clinton Era Joe**  
*(seen as too moderate for liberals)*

**4. Patriotic Joe → Partisan Joe**  
*(seen as rooting against recovery)*

**5. No Show for Joe**  
*(Fear of Disease + Lack of Enthusiasm +  
Voting Restrictions depress turnout)*

## ***TRUMP'S BRAND RISKS***

**1. Disruptor-in-Chief**  
*(seen as unstable in a time of crisis)*

**2. Divider-in-Chief**  
*(seen inflaming divisions, race-baiting)*

**3. The Pandemic President**  
*(seen as failing to manage COVID)*

**4. Lock Her Up → Throw Him Out**  
*(unable to shift focus off himself onto Biden)*

**5. The Vision Thing**  
*(seen as lacking a plan for the future)*

# TURNOUT & TRUST

*People Are Very Eager to Vote in 2020*

**2018**

*Highest U.S. Midterm Voter Turnout Since 1914*

**2019**

*Highest "Extremely Enthusiastic" to Vote Ever Recorded (CNN)*

*Both Sides See Turnout Opportunities & Risks*

*Eligible Citizens Who Didn't Vote in 2016*

2016	White No College	College White	Non-White
MI	1,564k	412k	643k
MN	786k	211k	259k
NH	220k	69k	25k
PA	2,290k	603k	695k
WI	819k	161k	306k
AZ	684k	228k	904k
FL	2,565k	719k	2,565k
GA	1,172k	327k	1,303k
NC	1,105k	321k	834k
TX	2,665k	813k	4,274k

*People Are Very Afraid of COVID, Fraud & Voter Suppression*

**25%**

*would be uncomfortable voting in person right now (40%D, 6% R)*

**59%**

*of Americans are not confident in the honesty of U.S. elections*

# HOW ELECTIONS MIGHT IMPACT POLICY

ISSUE	BIDEN ADMINISTRATION	TRUMP ADMINISTRATION
<b>Immigration</b>	More; give health care; DACA	Less; no gov't benefits
<b>Climate / Energy</b>	Regulate & enforce; Paris Accord	Deregulate
<b>Gun Control</b>	Gun safety laws & enforcement	No new laws
<b>Labor</b>	PRO Act + \$15/hr	Deregulate; Fewer NLRB rules
<b>Policing Reform</b>	Black Lives Matter; Have Feds lead	Blue Lives Matter; Let States lead
<b>Health Care</b>	ACA+ public option; Lower age for Medicare; Lower Rx costs	Kill ACA but says he'll cover pre-existing conditions; Lower Rx cost
<b>Tax</b>	Repeal Trump cuts for wealthy, corps	Maintain / more cuts
<b>Finance</b>	Homeowner protection; undo regulatory rollback; enforcement	Relax Dodd-Frank
<b>Foreign Policy</b>	Lead multilateral groups	End old multilateralism
<b>Trade</b>	Cut "Fair" deals, TPP; re-shore U.S. supply chains; fewer tariffs	Cut "America First" deals; re-shore U.S. supply chains
<b>Deficits</b>	<a href="#">+\$8.6T</a> from '09-'16	<a href="#">+\$8.3T</a> from '17-'20
<b>China</b>	Confront with allies	Confront
<b>Infrastructure</b>	\$\$\$\$\$ + green incentives	\$\$\$\$\$
<b>Antitrust/Big Tech</b>	Restrain "Big Tech" (Antitrust, \$230)	Restrain "Big Tech" (Antitrust, \$230)

MORE

DIFFERENCE

LESS

# GOP SENATE AT RISK IN 2020... IF BIDEN RUNS THE TABLE

*Since 1992, Incumbent Senators Win...*

**97%**

126/130

...of races when the  
Presidential candidate of  
their party **wins** their state



**70%**

37/53

...of races when the  
Presidential candidate of  
their party **loses** their state

## *Closest 2020 Senate Races by*

*How State Is Leaning in the Presidential Race (per Cook Report)*

Likely+ Dem	Lean Dem	Toss Ups	Lean GOP	Likely+ GOP
<b>ME (Collins)</b>	<b>CO (Gardner)</b> <b>MI (Peters)</b>	<b>AZ (McSally)</b> <b>GA (Perdue)</b> <b>GA (Loeffler)</b> <b>NC (Tillis)</b>	<b>IA (Ernst)</b>	<b>AL (Jones)</b> <b>MT (Daines)</b>



# CONGRESS: DON'T WRITE-OFF 2020

## Significant Legislative Tasks Remain

### MUST DO / VERY LIKELY IN 2020

#### COVID Recovery Package #5

*IN: liability limits, \$\$\$ for families, states+ health system  
TBD: UI levels, election help, OSHA, airlines, broadband*

#### FY 2021 Spending Bills/CR

*(or shutdown 9/30)*

#### FY21 Nat'l Defense Authorization Act

#### Expiring Authorizations:

- FISA (expired 3/15)
- Surface Transportation (expires 9/30)
- National Flood Insurance (9/30)
- TANF & CCES programs (11/30)
- Water Resources Development Act
- Medicare, Medicaid, Community Health Ctrs & Other Public Health (11/30)

#### Sanctions *(China, Russia, Venezuela)*

#### Great American Outdoors Act

*(LWCF permanent reauthorization)*

#### Oversight of Recovery Spending



### MAY DO IN 2020 / LIKELY BY 2021\*

#### \$1T+ Infrastructure Overhaul

**Policing Reform** → by '21 new civil rights agenda (jobs, health, housing, education)

**Tech:** Limiting CDA §230; Promoting U.S. semiconductor manufacturing; Supporting 5G broadband deployment; Cyber Solarium recommendations

**HC:** Drug Pricing; Surprise Billing; Telehealth expansion; Moving Rx/PPE supply chains to U.S.; Health disparities/social determinants

**Fin:** Anti-Money Laundering bill

**Trade:** Carrots/sticks to re-shore supply chains

Post-COVID safety net fixes

Oversight of Recovery Spending

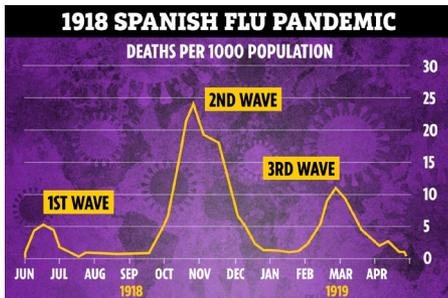
*\* If Biden wins WH, new agenda & new team = more issues*

# RECOMMENDATIONS

*“Those Who Fail to Learn from History...”*

# MORE CRISES ARE LIKELY

## *We Have Been Warned... Will We Be Prepared?*



### Second Pandemic Wave

- 8 of last 8 major pandemics had 2<sup>nd</sup> waves including Spanish Flu
- Coinciding with seasonal influenza could overwhelm public health in the Fall disrupting economy, elections, education

### Disrupted & Disputed Elections

- Long lines, closed polling locations, fearful voters
- Winner may be unknown for week(s)
- High chance close results are disputed → largest protests in U.S. history



### Cyber “Pearl Harbor”

- Cyber crime costs the world \$6T per year, is occurring with greater frequency with growing hacking by nations
- Critical U.S. infrastructure remains vulnerable

### Catastrophic Infrastructure Failure

- Michigan suffered collapsed dam in 2019 & lead in groundwater in 2014-2016
- Trillions are needed to promote safety

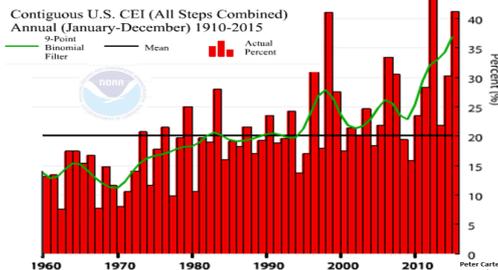


Flint Water Crisis “Ground Zero”

### Climate Cataclysm

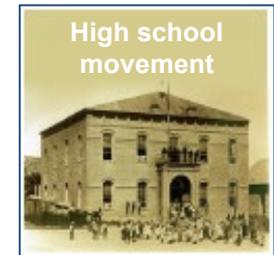
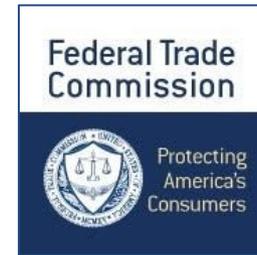
- Extreme weather events have occurred with increasing frequency, driven by changing climate

Increasing extreme weather events in the USA to 2015 (NOAA)

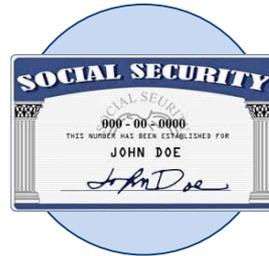


# CRISES CATALYZE REFORMS

## GILDED AGE



## GREAT DEPRESSION



## MERS OUTBREAK (S. KOREA, 2015)



OUTH KOREA'S 'DRIVE-THRU  
VID-10 TESTING CENTRES

Fast, early,  
widespread testing



Universal  
mask wearing



Health care system  
prepared for surges



S. KOREA'S  
QUARANTINE MEASURES

Compliance  
with quarantines

# HOW LEADERS CAN PREPARE FOR COMING CRISES

## 1. TRUST: the Most Important Brand Attribute This Decade

- You will be judged on what you do to help in 2020... Expect aggressive government oversight, heightened media scrutiny & increasing activist engagement.

## 2. TECHNOLOGY: Disruptive Innovation Will Accelerate

- Leverage new opportunities to become more competitive... Build a smarter, more resilient business.

## 3. GEOPOLITICS: Plan for Ongoing Deglobalization

- Diversify supply chain optionality and engage local governments... but also lead by example in supporting multilateral institutions aimed at shared challenges.

## 4. CULTURE: Traditional Washington Gatekeepers Are Losing Power

- Expand stakeholder outreach, doing more than just writing checks... who will partner on your priorities later because you supported theirs now?

## 5. POLITICS: Reforms Are Necessary & Inexorable

- Engage in the messy process of political & policy reforms... populism will continue rising at home & abroad until more people feel “dealt-in”.

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