



Coronavirus Pandemic Could Shift Health, Economic Agenda



Democratic reforms likely delayed until crisis recedes.

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The novel coronavirus and the COVID-19 disease it causes will result in severe public health and economic consequences—both of which likely will shape U.S. Democratic priorities if Joe Biden, the presumptive party nominee, is elected president in 2020.



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A Delay in Health Care Regulation

Though health care consistently polls as the top issue for Americans, the coronavirus has heightened voters' awareness of access to affordable treatment—for testing, hospital care, and medical costs. Democrats' advocacy for expanded Medicare and a national public option could become even more popular among voters, providing a Biden administration the opportunity to capitalize on an opportunity for health care legislation.

Given that drug and biopharmaceutical manufacturers, medical device companies, and hospitals have been leveraged by the government as partners in mitigating and treating the effects of COVID-19 disease, efforts to tighten regulatory policies affecting these industries could be delayed until the crisis has subsided. For example, we could see a pause on Congress' current efforts to curtail surprise medical billing and contain drug pricing—including an international pricing index.

More Restraint in Tax Policy

In a recovering economy, it will be more politically difficult for a Democratic administration to pass more stringent tax increases, such as a return to a corporate tax rate of 35%. However, as the health crisis recedes, incremental tax increases—raising the highest income tax brackets for individuals, instituting an incremental rise in the corporate tax rate, and increasing capital gains taxes to align with individual income tax rates—could serve as revenue sources to fund stimulus efforts like an infrastructure program.

More Support for Possible Labor Reforms

The coronavirus crisis has also highlighted the effects of income inequality in the United States. According to Martha Ross and Nicole Bateman of the Brookings Institution, about 44% of U.S. workers—53 million people—earn a median hourly wage of

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USD 10.22, and have limited access to sick and family leave benefits.

The economic damage caused by the coronavirus pandemic could spur stronger political support for Biden’s proposal to raise the minimum wage to USD 15 per hour and expanded sick leave options for low-wage workers.

Potential Impact on the Election

We expect the coronavirus outbreak to affect voter sentiment in the November election. In modern history, recessions have inhibited every president’s ability to win reelection. President Donald Trump’s efforts to shape his campaign around the slogan “promises made, promises kept” may be overwhelmed by his performance navigating the dual public health and economic crises.

In presidential reelection cycles, we assess the health of an incumbent’s campaign through two factors: voter turnout and approval ratings. The coronavirus pandemic will complicate turnout in 2020. Republicans generally have a smaller, but more reliable, voting base than Democrats and tend to benefit from lower overall turnout rates.

If states implement measures to maintain and expand access to voting during this

crisis—by opening more and smaller polling sites, encouraging early voting, and widening the availability of mail-in and absentee ballots—voter turnout could be at normal or elevated levels, most likely benefiting Democrats. But this outcome isn’t the likeliest scenario. Voting rules will be inconsistent across states, and uncertainty will surround the availability of mail-in options and polling places. Fewer polling places and unclear mail-in options may lower turnout, which would provide Republicans an advantage.

Voter turnout, too, could wane if the virus is not adequately contained. The fear of congregating in crowded, public places may suppress overall turnout, especially among older voters, voters with underlying health conditions, and voters living in states without the option to cast mail-in ballots.

If Biden wins, he will need majorities in both the House and the Senate or compromise votes from Republicans to accomplish his legislative priorities. Even if a “blue wave” were to occur, Democrats likely would have a narrow margin over Republicans in the Senate. That slim majority would moderate more progressive policy proposals, as well as Biden’s perception of what policy proposals could actually become law.

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