

The US Presidential Race

It is conceivable that the next US president will be neither Biden nor Trump. Not probable but conceivable. The more the major parties ignore this, the more likely it becomes.

The following is an abbreviated version of a presentation at the Mauldin Economics Strategic Investment conference. Dr Malmgren was being interviewed by Ed D'Agostino. I have removed everything but the references to the American presidential race. We might be about to see something that will shake American society far more than we've seen in recent years. **Yellow highlights are my emphasis.**

Pippa Malmgren: Part of the reason I've just moved back to Washington is because I think we're about to have a truly historic presidential race, and much more so than people realize. I'm not talking about a race between Biden and Trump. I am talking about a third-party disrupter, Robert Kennedy. I am talking about a youth movement that is something like what we saw under Obama, except much bigger. Much bigger.

And I was recently talking with one of Obama's advisors, who said, "Yeah, this is giving everyone in politics indigestion because they never imagined it possible for an outsider to be so disruptive." And something has changed, which is... it depends on the polls you look at, but by some measures, substantially more than half of Americans no longer identify as Republican or Democrat. By others, it's as little as 10%. What's important is, the independents are more vocal and participating more—to the point that traditional observers and politics are saying, "We can't track this. We only know how to track the people who participate in politics. The people who've never participated and are suddenly showing up, we don't know their phone numbers or their emails. We don't know how many of them are there. But we see something profound is happening."

And that's why I keep saying **Robert Kennedy is the one to watch.**

And I do think there's an ever-rising risk that he deprives Biden and Trump of the 270 electoral college votes that are required by the Constitution to win. And if he can do that, which, by the way, it doesn't take very many votes, it's like 37, he pulls for Biden, and Biden cannot get to the 270. And I think it's a smaller number for Trump. And then we're going to a contingent election, which is... the Constitution provides that then, if nobody gets 270, we go to the House, not the old House, but the new House, which means we'll have to wait until they're sworn in. And then the new House decides on the basis of whoever gets 26 states first. That means it's a negotiation, and neither Biden or Trump are likely to swing a red state to a blue or a blue state to the red.

But Kennedy, who's down the middle, says, "I talked to both sides, and I cut deals with both sides." And suddenly, we could have a contingent election that produces a president by a very different means than we're accustomed to. The last time we saw this was in the early 1800s. It's not unprecedented, but it's so far out of the public imagination that then there are going to be other questions, like... You can imagine a bunch of Trump supporters are going to say, "This is rigged. This is unfair. This is not right." So **the chances that we have a contested outcome have also skyrocketed.**

Ed D'Agostino: Peter Turchin touched on that yesterday, basically saying, "We're already in a crisis and that I think it's pretty much baked in the cake that one side is not going to accept the outcome if the other wins." So that's pretty scary stuff. I want to explore the RFK candidacy a little bit with you because No Labels pushed really hard to get a third-party candidate, and the pushback, particularly from the Democratic Party, was so ferocious. They made it so intimidating for a potential candidate that No Labels couldn't fill the candidate. No one wanted it because of the discomfort that they and their family were going to have to go through from both parties.

You're more of a DC insider than I am. You've made it very clear to me in the past that DC, it's a blood sport, and there's so much at stake. Is that truly what happened with No Labels? Were they just scared away? And what is RFK really up against here?

Pippa Malmgren: Yeah. It's interesting, I look at the No Labels situation almost from the opposite angle. Which is the desire for a third-party candidate or a third person to choose from is so great that they were able to generate massive support, even without a candidate. Think of it that way, no person, and still there was this huge effort to proceed. And yes, I do think it was very hard for any Democrat to step into that space.

Why has RFK been able to proceed and generate such extraordinary numbers? It's partly because he originally said, "I'll run as a Democrat." The Democrats saw that he would win the primaries, and they didn't want that to happen. So they changed the rules and said, "To be a candidate, you'll have to win 80% of the vote in the first four states." And they set such a high bar, it was impossible to reach.

So he said, "Fine, I get it. I'll run as an independent." And then, originally, the Democrats were like, "Yeah, okay, that means you're toast. You're going nowhere." Then it turns out, no, there's this huge independence movement in the country that they totally underestimated. Since coming back to Washington in December, I've tried to spend a little time around the traditional players, and I'm like, "Why are you guys not getting this?"

And the honest answer I get back is exactly the same answer I got when I chatted with the Hillary Clinton campaign when they were up against Trump, and it is that they're so in their inner circle, this bubble of allies, they don't talk to anybody outside who says... And when they do, like when somebody said to the Hillary team, "Look, Trump is serious. He's a real and a formidable opponent, you're going to have to beat him." They went, "Don't be ridiculous. He's not going anywhere." Boom, he wins. It's exactly the same attitude. "Oh, don't be ridiculous. No one's going to vote for RFK. He's an anti-vaxxer." Boom, it turns out, so is a whole lot of the country. Or, "Oh, he's a conspiracy theorist." Yeah, but most of America is too right now.

And I'll finish with this: I think also there's some practical elements to this, controversial as this may sound. But look, most of the major news media, particularly CNN and CNBC, totally depend on pharma advertising revenues for their business model. And Kennedy said, "I'm going to make pharma advertising on the public airwaves illegal, as it is in every nation other than New Zealand and the United States." And so their reaction is to say either, "He has to be a zero. Let's just not report him and pretend it goes away," which they tried for a long time. Or, "He's crazy. And so label him, he's an anti-vaxxer."

Okay. He actually isn't an anti-vaxxer. What he said is inelegant, but his position seems to be, he says, "When it comes to *novel* vaccines, we shouldn't mandate a novel vaccine that hasn't been through clinical trials, even if it's an emergency." In other words, you can still make it available, but you can't force people to take something that's not yet tested, especially now that a lot of the vaccine injury data is coming back. Many Americans are going, "Yeah, wait a minute. What? How did this happen?" That is enough for that label that he's a crazy anti-vaxxer to not be so influential, and therefore, they're realizing, "We got to report it."

So I think about two weeks ago, CNN did the first interview with RFK, and I've watched it carefully, and they were not hostile. It was very measured. And that, to me, indicates they've clocked. This is not something they can either pretend will go away or suppress. And I think the more geopolitical events we have, the more his "What are we doing overseas? We should not be leading with bullets. We should be leading with ideas" notion will resonate more and more.

So again, if nothing else, his voice is influencing the nature of what's being discussed. But I think a lot of Americans were like, "If I'm faced with Trump, Biden, and Mickey Mouse... Mickey Mouse, at this point."

Ed D'Agostino: So how realistic is it, the whole "We're going to lead with ideas and not bullets"? Because it seems like every president, they go in with ideas, and then they get sat down and they have the initial briefing, and it's terrifying, like, "Here's everyone who hates us, and here are all the threats we face pretty much every day." And they seem to change pretty quickly. Is that a reality that can be fought against? It doesn't matter.

Pippa Malmgren: No, I do think it is. And as you and many of the viewers will know, my dad was an advisor to Kennedy, Johnson, Nixon, and Ford and played a very material role in bringing the hostilities with the Soviet Union, either taking them off the boiling point and getting them back to a more normalized situation or bringing them to an end altogether. And that was considered impossible in those days, but it was John F. Kennedy, Robert Kennedy's uncle, who said, "Wait, why are we provoking all these wars around the world? Let's take a different road." And it wasn't popular with the US establishment at the time. But ultimately, that is the direction the US chose to travel in. That changed with later presidents and later decisions. But I think overall, what we know is the public in the US are never very comfortable with being at war and being overseas, spending money and assets that they don't understand, "Why are we not spending these at home?"

And let me just say this as well, because people keep saying, "Yeah, but it's such an outside chance." And I'm like, "Let's be clear. The American public love electing the long-shot outsider that you never heard of three years before they won." That's how Bill Clinton won. Everybody forgets now that he was the equivalent of the water boy on a baseball team. And all the other Democrats said, "I'm not going to run against George Bush Sr. because he's unbeatable." And the kid went, "Let me try. Let me try." And then, next thing you know, George Bush Sr. stumbles and the kid wins.

He was the long-shot outsider no one ever heard of. George W. Bush, everyone said, "Don't be ridiculous. He's the dark horse of the family. He can't possibly win. It's going to be his brother Jeb." Not so much. Then Obama, total long-shot outsider. Then Trump, a really big, long-shot outsider. The only exception is Biden, who was a Never-Trumper vote, and now we are where we are.

What are the chances we revert to this pattern and they go, "Just give me a total outsider"? I think the chances are much higher than we realize.