Prospects

N° 26/218 – 22 October 2026

GEOPOLITICS – What the midterms won't change: the breakdown of political compromise

☑ **The loss of US influence is accelerating**. Is this down to the Trump effect? Yes, particularly among allies, but there's more to it than that. The trend is longstanding and widespread, and points to a fundamental feature of hegemonic cycles: **the decline of a power does not simply come down to a change in the balance of power; it has its roots in a crisis within the political and institutional model that underpins its legitimacy**. In reality, US hegemony is based just as much on military, commercial, technological and financial power as it is on the ability to make rules and give its model universal reach. Mickey and the "American way of life" are just as important as the dollar. The US political crisis and the erosion of America's international influence are thus related: **the interaction between the two is a key variable in the global geopolitical scenario**.

However, **the nature of US internal political polarisation has changed**. Its roots go back a long way, to the political and social realignments of the 1960s. While social media have greatly increased the potential rewards of this polarisation, they did not create it. Above all, the clash of ideologies has mutated into "affective polarisation" – **where the political rival is no longer simply someone who holds different views, but is morally reprehensible**. In 2022, 72% of Republicans and 63% of Democrats said they considered supporters of the opposing party to be more immoral than other Americans, up from 47% and 35% in 2016. **As a result, electoral competition is becoming a battle over who can legitimately govern**, and compromise is seen as betrayal. Therefore, institutional transgressions are an acceptable price to stop an opponent who has become an existential enemy from winning...

This development does not mean all Americans have become extremists. Rather, it is the culmination of a long process whereby political, social and cultural identities have become increasingly aligned. In fact, **income and wealth inequalities and geographical disparities have become intertwined, dividing Americans in terms of not just their standard of living but also their lived experience**. In segregated and endogamous societies like this, there are fewer opportunities to interact with people from other social groups: broader inequality creates social distance, which fuels political hostility. **Polarisation becomes a self-sustaining process**: each camp has fewer and fewer experiences that might challenge its perceptions of the other.

This polarisation limits the scope for compromise. The risk no longer arises from one set of policies giving way to another, but from challenges to the very legitimacy of those seeking to govern. And this perpetuates a fundamental **contradiction in the contemporary political economy**: public spending increases – on defence, meeting the needs of an ageing population, the energy transition, social protection – while debt limits budgetary room for manoeuvre. But fiscal slippage also reflects an inability to choose between competing demands from different sections of society and establish the legitimacy of the political coalitions making those choices. Debt becomes a way of putting off choices society is no longer able to make, and **the debt crisis is also a crisis of political legitimacy**.

Polarisation is where economics, politics and geopolitics converge. It undermines policy continuity, the ability to absorb shocks, and the predictability of the world's foremost power. Beyond the midterms, then, the question is how to rebuild the democratic compromise. Above all, the coming months will show whether the electorate punishes confrontational politics or whether it continues to call on each side to wield its power in increasingly radical ways. In the first scenario, a period of political compromise could emerge, ushering in a phase of depolarisation. In the second, the US would enter uncharted institutional territory: a democracy with competitive elections, but where each change of government calls into question the limits of presidential power, or even the fundamental rules of the political system.

Tania Sollogoub
tania.sollogoub@credit-agricole-sa.fr

From affective polarisation to the end of bipartisan compromise

- **Affective polarisation functions as a social identity: the individual develops hostility based on moral rather than political considerations.**
- **Electoral defeat can then become intolerable, leading people to disregard institutional constraints.**
- **Bipartisan compromise thus ceases to play its intended role within the institutional framework. Worse, it is seen as a betrayal of identity, increasing its "electoral cost", with the result that elected officials are increasingly disinclined to compromise.**

There are various ways a society can become polarised. Parties' policy platforms can diverge; voters can become more radical; but they can also, without changing their opinions, "sort" themselves into more homogeneous coalitions. Lastly, they can stop seeing their opponents as citizens advocating different policies and start seeing them instead as morally suspect.

That's exactly what has happened in the US – and in many other democracies… Researchers call this "affective polarisation", a process by which political differences become emotion- and identity-based divisions[1]. In 2016, 47% of Republicans said they considered Democrats more immoral than other Americans, while 35% of Democrats said the same about Republicans. By 2019, these percentages had risen to 55% and 47%. By 2022, they had jumped to 72% of Republicans and 63% of Democrats[2].

In reality, losing an election remains tolerable as long as the opposing side is seen as legitimate, political disagreements centre on ideas and a change of government remains possible. But as soon as electoral defeat is seen as an existential threat, there's a growing temptation to accept institutionally questionable behaviour to stop the opposing party winning. This is what Milan Svolik has shown: intense polarisation can lead voters to favour their own side even when their candidates violate democratic norms[3].

Don't Look Up: how emotions shape our capacity for collective action

- **There is a self-reinforcing cycle of polarisation and societal distress, with 54% of Americans showing symptoms of distress associated with loneliness.**
- **A polarised society is less psychologically equipped to cope with shocks and uncertainty.**

Affective polarisation is contributing to a national emotional crisis, highlighted in "Stress in America 2025: A Crisis of Connection", published by the American Psychological Association. According to this report, 54% of Americans say they feel isolated – a situation that greatly amplifies the societal effects of political polarisation. For 62% of Americans, the country's divisions are a major source of stress, and those who feel this way are more likely than others to have difficulty planning for the future.

In fact, there is a self-reinforcing cycle of political polarisation and societal distress: division creates stress and leads to withdrawal; isolation reduces contact with people unlike oneself; and this reduced contact encourages people to view others in stereotypical terms, while stress impairs their ability to plan for the future and reach compromises.

A polarised society thus becomes less psychologically equipped to handle complexity and cope with shocks and uncertainty. Here again, there are powerful self-reinforcing mechanisms at work: polarisation hampers a society's ability to anticipate future developments, while shocks themselves – and even the fear or anticipation of them – deepen political divisions.

This was highlighted by the work of Ulrich Beck[4] as long ago as 2008. It's also exactly what happens in the film "Don't Look Up": the threat posed by a comet triggers such an acute political crisis that the entire debate comes down to whether or not to acknowledge what's right in front of everyone's eyes – the comet hanging directly overhead. In fact, the film depicts the moment when polarisation – taken to extremes and played out on social media – renders the truth irrelevant, even when humanity is faced with the threat of extinction.

How has US voters' relationship with political violence changed since the attack on the Capitol?

- **Most Americans reject political violence. Tolerance for violence has also diminished among Republicans.**

[1] Shanto Iyengar, Gaurav Sood and Yphtach Lelkes, "Affect, Not Ideology: A Social Identity Perspective on Polarization", Public Opinion Quarterly, 2012.
[2] Pew Research Center, "Republicans and Democrats Increasingly Critical of People in the Opposing Party", 2022.
[3] Svolik, Milan W., "Polarization versus Democracy", Journal of Democracy, vol. 30, 2019.
[4] Ulrich Beck, "Risk Society: Towards a New Modernity", Sage Publications, 1992.

Tania Sollogoub
tania.sollogoub@credit-agricole-sa.fr

- **Breaking with the established political order nevertheless remains a theme in political discourse: there is an effort to embed Trumpism in the political system.**
- **There is also a partisan divide over who is responsible for political violence, with 73% of Democrats blaming the far-right for violent incidents and 72% of Republicans blaming the far left.**
- **Disagreements over the National Guard concern not just its deployment but also the constitutional limits of presidential authority: how far can the president go in deploying a federalised force against the wishes of individual states?**
- **Americans own 40% of all civilian-owned firearms worldwide, but ownership varies significantly between Republicans and Democrats.**

Since the attack on the Capitol, the topic of political violence has become a genuine cognitive battleground – especially given that fear of civil war can be a powerful electoral tool in polarised societies. Nevertheless, 77% of Americans disagree with the idea that "things have gone so far that true patriots may have to resort to violence to save the country"[5]. Most voters, then, do not support violence. Moreover, the proportion of people who believe such violence is justified is now the same among Republicans and independents, at 19%, compared with 17% among Democrats. Among Republicans, the figure stood at 35% in August 2021…

At this point, the second Trump presidency appears to have prompted most Republicans to reject violence. This can, of course, be explained by the fact that the Republicans currently hold power, but there's more to it than that. Forty-six percent of Republicans reject the use of violent political language, compared with 26% in 2019. This issue is central to understanding anti-establishment parties, and rejecting the "language of the elite" has been one of Donald Trump's most effective political tactics. In reality, breaking with the established political order remains a theme in political discourse, but this approach is now becoming institutionalised, with figures such as **JD Vance seeking to embody a second generation of Trumpism**.

Lastly, over and above the question of the extent to which violence itself is accepted, there is also a partisan divide over who is responsible for political violence: 73% of Democrats blame far right-movements for violence, while 72% of Republicans blame the far left. Each violent event thus fuels affective polarisation, not by directly radicalising the population but through a second-round effect whereby **each camp uses it as evidence that the other poses a moral threat**.

What about the National Guard?

The National Guard is not a conventional federal army: its units are controlled by individual states but can be placed under federal command by the president. Under Donald Trump, its domestic deployment has taken on a new dimension. In Los Angeles, the administration placed 4,000 National Guard members and 700 US Marines under federal command amid protests over immigration enforcement activities, despite opposition from Governor Gavin Newsom[6]. In Washington, the mission is set to continue until the end of the president's term of office. National Guard forces have also been deployed in Memphis and New Orleans, but with the backing of those states' governors. Planned deployments in Chicago and Portland, against local authorities' wishes, have led to major legal battles.

The political divide is therefore as much over the deployment of the National Guard as over the constitutional limits on the President's authority to deploy it against the wishes of individual states. This question is even more sensitive given that it has arisen in a society with exceptionally high levels of gun ownership. There is no national register of civilian-owned firearms, but the Small Arms Survey estimates 120 firearms per 100 inhabitants – nearly 40% of all civilian-owned firearms worldwide[7]. Thirty-two percent of adults say they own a firearm and 42% live in a household with one or more firearms. Here again, there is a marked difference along political lines, with 45% of Republicans saying they personally own a firearm, compared with 20% of Democrats[8].

From "Great Alignment" to "political sorting": a long-term phenomenon

- **Several factors have combined to "sort" voters into coalitions where party affiliation, religion, race, education and geography coincide.**
- **America is not a society in which every single person has espoused more extreme views; rather, it's one in which the various dimensions of political identity have become increasingly aligned.**
- **Social media did not create a polarised America, but they have greatly increased the potential political rewards of polarisation.**

The history of polarisation began long before Trump and will continue long after him. In the 1950s, Republicans and Democrats were still

[5] PRRI, Findings from the 2025 American Values Survey.
[6] U.S. Northern Command, Update to DoD Federal Protection Mission – June 2025.
[7] Small Arms Survey, Aaron Karp, "Estimating Global Civilian-Held Firearms Numbers", briefing paper, 2018.
[8] Pew Research Center, "Key Facts About Americans and Guns", 2024.

Tania Sollogoub
tania.sollogoub@credit-agricole-sa.fr

ideologically heterogeneous coalitions. The Democrats brought together workers from major northern cities, progressive voters and new urban minorities, as well as a major conservative component in the South. Conversely, the Republican Party had a progressive wing that has now almost entirely disappeared. **Indeed, starting in the 1960s, racial issues drove a realignment of the white South with the Republican Party, while African-Americans became one of the pillars of the Democratic Party**.

The emergence of partisan media ecosystems was a major new development, but blaming social media for polarisation would be akin to confusing a car's accelerator pedal with its engine. **What social media have mainly done is alter the structure of incentives**, giving confrontational content a platform, with the result that animosity towards the out-group becomes a driver of online attention[9]. **Social media did not create a polarised America, but they have greatly increased the potential political rewards of affective polarisation**.

Ultimately, we're left with what Alan Abramowitz called the "Great Alignment"[10]: **not an America in which every single person has espoused more extreme views, but a society in which the various dimensions of political identity have become increasingly aligned**. Lilliana Mason has also highlighted this "social sorting", where party affiliation, religion, race, education and geography coincide[11].

From inequality to social distance: the infrastructure of polarisation

- **Inequalities (income, wealth, social geography) have compounded, leading not only to increasingly divergent life experiences but also to differing perceptions of the country's trajectory.**
- **Perceived inequality is politically more important than measured inequality.**
- **Efforts to reduce polarisation face a fundamental obstacle: the two sides no longer engage in shared experiences that might challenge their perceptions of each other.**

Of course, affective polarisation cannot be understood as an exclusively cultural or psychological phenomenon. Numerous studies have examined the role of financialised globalisation, technological progress, deindustrialisation, private debt and growing geographical disparities in fostering a sense of declining social status and political dispossession[12]. Moreover, **an analysis of financial crises over a 140-year period shows that, following major crises of this type, radical right parties tend to make more progress, governments become difficult to form and political conflict intensifies**[13].

Overlapping inequalities

As regards **income**, available Census Bureau data for 2024 show a stabilisation in the Gini coefficient after several decades of widening income disparity. But this stability masks a divergence at the upper end: between 2023 and 2024, real income at the 90th percentile increased, while there was no meaningful increase at either the median or the 10th percentile. As regards **wealth**, the Federal Reserve's Distributional Financial Accounts show that, in the first quarter of 2026, the vast majority of wealth was concentrated in the upper deciles, and that this **asymmetry is heightened by the structure of that wealth**, with the wealthiest households owning a disproportionate share of equities and other financial assets, while less wealthy households hold a larger share of their wealth in the form of property and are more heavily indebted. Lastly, there is also a **geographical dimension to inequality**. Following a prolonged period of regional economic convergence after the war, the US saw **skilled jobs, graduates, innovation and income become increasingly concentrated** in certain major metropolitan areas and economically dynamic regions. This process, known as "**spatial sorting**", was driven by the mutually reinforcing tendency of the most productive companies and the most highly skilled workers to cluster in the same areas. Today, the picture is becoming more nuanced: some regions have partially closed the gap. But the accumulated gaps in productivity, skills, wealth, property values and access to high-paying jobs remain substantial.

In this environment, inequality manifests itself not only in different standards of living but in different economic and social experiences. This is particularly important for understanding polarisation: different populations live in different places, do not benefit from the same economic developments, and ultimately end up with very different perceptions of the country's trajectory.

National aggregates thus mask very different "economic experiences". In the Federal Reserve's 2025 survey, 73% of adults said they were "doing well", but that proportion is declining among young people and low-income households. At the same time, the proportion of people worried about finding or keeping a job rose from 37% in

[9] S. Rathje, J. Van Bavel and Sander van der Linden, "Out-group animosity drives engagement on social media", Proceedings of the National Academy of Sciences, 2021.
[10] Abramowitz A., "The Great Alignment: Race, Party Transformation, and the Rise of Donald Trump", Yale University Press, 2018.
[11] Mason L., "A Cross-Cutting Calm: How Social Sorting Drives Affective Polarization", Public Opinion Quarterly, Vol. 80, 2016.
[12] Sollogoub T., "What creates anger", Perspectives Crédit Agricole, 2016.
[13] Funke M., Schularick M. and Trebesch C., "Going to Extremes: Politics after Financial Crises, 1870−2014", European Economic Review, 2016.

2024 to 42% in 2025. **It is precisely the gap between statistical measures and people's more subjective sense of economic security that helps turn inequality into a political driving force. In other words, perceived inequality is politically far more powerful than measured inequality.**

Vladimir Gimpelson and Daniel Treisman have shown that **citizens are not familiar with the actual distribution of income and where they sit within it**[14]. Political attitudes are mainly shaped by how each person perceives the social structure. Jonathan Mijs goes further, getting to the heart of affective polarisation: the more socially segregated societies become, the fewer opportunities their members have to directly observe the lives of other social groups[15]. **Inequality literally makes people invisibile to one another.** Indeed, as early as 2000 Robert Putnam described the decline of American social capital and the erosion of opportunities for social interaction among different groups[16]. Today, Americans gather in politically homogeneous neighbourhoods, friendship groups and work circles and choose their partners based on political criteria: among recently formed couples, fewer than one in five consist of a Democrat and a Republican.

This growing tendency for people to associate with others like themselves also has implications for polarisation: more and more people see differences in life outcomes as reflecting individual merit rather than structural inequalities. Conversely, those at the bottom of the income ladder (or who see themselves as being at the bottom) feel that society is stuck. A study covering 3 decades and 39 advanced democracies shows that **rising inequality tends to polarise beliefs about meritocracy**[17], a major driver of intensifying social conflict.

Support for authoritarian leaders: what does political science tell us?

Are some people predisposed to support authoritarian leaders? This question has a long history, dating back at least to The Authoritarian Personality[18]. **The authors, writing in the immediate aftermath of European fascism and anti-Semitism, hypothesised that certain psychological dispositions made individuals more receptive to authoritarian ideologies**: conformity to established norms, submission to authority, an aggressive attitude towards non-conformists, rigid thinking, an emphasis on strength and the projection of frustrations onto out-groups. They attempted to measure this predisposition using the "F-Scale" (where "F" stands for fascism). **While this approach was subsequently criticised for its psychoanalytical assumptions and methodological weaknesses, the underlying intuition endured**. From the 1980s onwards, Bob Altemeyer placed the concept on a firmer footing with his theory of right-wing authoritarianism, built around three dimensions: submission to an authority seen as legitimate, aggression towards groups whose punishment is sanctioned by that authority, and adherence to conventional norms[19].

Karen Stenner then proposed a crucial distinction: an authoritarian predisposition becomes politically active when **an individual perceives a threat to group unity and homogeneity**. It can thus be activated by cultural change, immigration, disorder or loss of status. Here we find Trumpism's well-worn themes of the divide[20] between "them" and "us", the promise to restore order, the reaffirmation of social hierarchies and the portrayal of a lost golden age. **This is where domestic political crises and geopolitics become intertwined, and where groups both at home and abroad are cast as enemies.**

It would thus be an oversimplification to speak of purely anti-China polarisation. What we are seeing is more like a bipartisan consensus on strategic competition, with the two camps differing over its intensity, rhetoric and tools. This convergence will outlast Trump: it is now embedded in America's industrial, technological and security strategies.

China: the last point of consensus in a polarised America?

America's relationship with China clearly illustrates how fear, affective polarisation and geopolitics intersect. Since the late 2010s, rivalry with Beijing has been one of the few areas of continuity between Republican and Democratic administrations, reflected in their approaches to technology restrictions, investment controls, supply chain security, semiconductors, industrial policy and the strengthening of Indo-Pacific alliances. **This consensus exists alongside polarisation in public opinion.** In 2025, 77% of Americans had an unfavourable opinion of

[14] Gimpelson, Vladimir and Daniel Treisman, "Misperceiving Inequality", Economics & Politics, Vol. 30, 2018.
[15] Mijs, Jonathan J.B., "The Paradox of Inequality: Income Inequality and Belief in Meritocracy Go Hand in Hand", Socio-Economic Review, Vol. 19, 2021; and "How Segregation Ruins Inference", Social Forces, Vol. 103, 2024.
[16] Putnam, Robert D., Bowling Alone: The Collapse and Revival of American Community, Simon & Schuster, 2000.
[17] Ehmes, Sebastian et al, Socio-Economic Review, 2026.
[18] Adorno T. W., Frenkel-Brunswik E., Levinson D. and Nevitt Sanford R., The Authoritarian Personality, Harper, 1950.
[19] Altemeyer, Bob, The Authoritarian Specter, Harvard University Press, 1996.
[20] Stenner, Karen, The Authoritarian Dynamic, Cambridge University Press, 2005.

China, down from 81% in 2024; one third considered China an "enemy" and 56% a competitor[21].

However, **more recent data also show a slight shift – an improvement in China's image** and a reduction in the proportion of Americans who see it as an enemy, particularly among young people and Democrats[22].

One question remains, however: will US-China rivalry continue to reflect America's domestic political divisions, or will it offer an opportunity to set them aside?

What comes after Trump?

- **American politics no longer falls into two unified camps: there are now multiple ideological divisions within parties that are themselves undergoing internal realignments.**
- **There are three scenarios for what comes after Trump. The first is the institutionalisation of Trumpism. Under this scenario, Trump would have achieved what Reagan did for the Republican Party: not just an electoral victory but a new ideological framework. The second is ideological fragmentation. The third would involve a realignment around socio-economic issues. Cultural polarisation would persist, but concerns over the cost of living, housing, healthcare, wages and economic security would become politically potent enough to reshape coalitions.**

In reality, America under the second Trump administration is far more complex than the picture of two unified political camps might suggest. A political typology published by Pew Research in June 2026 divides Americans into nine groups and highlights internal divisions within both parties[23]. Among Republicans, **the war against Iran has exposed a deep divide between the MAGA faction critical of "forever wars" and the Republican party's interventionist tradition**. Immigration remains a defining issue for conservatives, but **ICE's methods are attracting more criticism than the underlying goal of controlling immigration**. According to a Reuters/Ipsos survey, 58% of Americans think ICE's enforcement activities go too far, 12% think they don't go far enough and 26% think they are about right. **Meanwhile, among Democrats, Zohran Mamdani's victory in New York has shown that a progressive political agenda can be reframed in terms of affordability,** with an emphasis on housing, transport, childcare, public services and the cost of living.

Above all, Democrats have overtaken Republicans in terms of political engagement since 2022: 70% of Democrats and Democratic-leaning independents now say it is "very important" which party controls Congress, compared with 60% of Republicans. **In fact, opposition to Trump is a stronger motivation for voting than support for him:** 42% of voters say the president gives them a reason to vote against his party, compared with 22% who see their vote as an expression of support for him. Lastly, **Republicans' traditional advantage on economic matters has evaporated**: 37% of Americans say they agree more with the Democrats on economic issues, compared with 36% who agree more with the Republicans.

In reality, as long as Trump remains the movement's leader, the various factions he has brought together can remain united by their personal loyalty to him, despite their conflicting positions. Once Trump is gone, however, those conflicting positions will have to be reconciled into a coherent political doctrine. **The first scenario would be the institutionalisation of Trumpism**. Under this scenario, a successor to Trump would successfully combine economic nationalism, secure borders, cultural conservatism and a strong presidency. **The second scenario would be fragmentation.** Protectionists, non-interventionists, evangelicals, pro-deregulation business interests and conservatives would discover that they do not share a common political agenda. The Pew Research typology makes this hypothesis more credible than a simple MAGA/anti-MAGA divide. **The third scenario would involve a new socio-economic realignment**. [24]

[21] Pew Research Center, "Negative Views of China Have Softened Slightly Among Americans", 2025.
[22] Pew Research Center, "Americans' Views of China Have Grown Somewhat More Positive in Recent Years", 2026.
[23] Pew Research Center, "Beyond Red vs. Blue: The 2026 Political Typology", 2026.
[24] To find out more about the midterm elections, see our article "États-Unis – Élections de mi-mandat et implications possibles" [United States – Midterm elections and possible implications], Crédit Agricole S.A., October 2026.

Tania Sollogoub
tania.sollogoub@credit-agricole-sa.fr

From affective polarisation to institutional weakening

- **The main source of division in the post-Trump era could be differing conceptions of the nature of power and the rules governing democracy.**
- **The V-Dem Institute attributes the US's fall in its ranking to the weakening of checks and balances, the politicisation of the administration and oversight bodies, the expansion of executive power at the expense of the institutions intended to constrain it, and pressures on the judiciary, the press, academia and certain civil liberties.**
- **However, what we are seeing is an asymmetrical weakening of institutions, not a collapse: America's checks and balances are still working, but the executive is testing their limits.**
- **Surveys conducted by Pew Research show that Americans remain strongly committed to individual liberty and the Constitution.**

Since 2017, Bright Line Watch has been monitoring the state of American democracy by surveying members of the public and political science specialists. In its February–March 2026 survey, political science experts gave American democracy a score of 57 out of 100. V-Dem paints a bleaker picture. According to the institute's Democracy Report 2026, the US score on the Liberal Democracy Index had fallen by 24% in one year, causing the country to slide from 20th to 51st out of 179 countries.

Caution is required, however: V-Dem uses a demanding definition of democracy, and **its ranking does not mean the United States has ceased to be an electoral democracy**. Surveys conducted by Pew Research also show that Americans place great importance on individual liberty, the Constitution and the Declaration of Independence.

There is, however, one question that cannot easily be dismissed, and which could have numerous practical implications for investors over the coming years: **could the conflict associated with political polarisation move beyond party politics and become a more enduring institutional conflict?**

Institutions are being weakened on four fronts

The first front is the federal administration. Headcount reductions, changes to civil service employment protections and expanded powers to dismiss employees are aimed at increasing presidential control over the machinery of government; the federal workforce has fallen by around 12% since 2024, and new Office of Personnel Management rules on dismissals and appraisals are being challenged by trade unions.

The second front involves independent agencies and Congress. The unitary executive theory is driving efforts to increase presidential control over independent agencies. The Brennan Center argues that the long-term weakening of Congress's political legitimacy has created a vacuum that has gradually been filled by the presidency and the Supreme Court.

The third front involves institutions that can challenge prevailing narratives – universities, media organisations, law firms and industry bodies. A Reuters analysis identified 75 federal court rulings finding that the Trump administration had violated the First Amendment in cases involving free speech, universities, the media and political opponents.

The fourth front concerns electoral rules. A coalition of 23 states has challenged provisions of the executive order on mail-in voting and voter rolls, arguing that the executive is encroaching on powers belonging to states and Congress.

However, it would also be wrong to suggest that institutions have simply stopped pushing back. Federal courts have blocked or struck down numerous decisions by the administration, with some of those rulings issued by judges appointed by Republican presidents; states are using their powers under the federal system and pursuing legal action to challenge Washington; and trade unions, non-profits and universities have mounted legal challenges of their own.

The Supreme Court's position is more ambiguous: while it has left in place some constraints on executive power, it has also given the executive more room for manoeuvre. For example, in its June 2025 ruling on Trump v. CASA, Inc., it limited the scope for lower courts to issue nationwide injunctions.

Tania Sollogoub
tania.sollogoub@credit-agricole-sa.fr

Consult our latest open-access publications online:



World – Scenario 2026-2027 – October 2026

Layers of risk are piling up

Date	Title	Theme
09/10/2026	United Kingdom – 2026-2027 Scenario: Resilience so far, but risks persist	United Kingdom
08/10/2026	Germany – Insight – From revival to rebuilding	Germany
08/10/2026	Germany – A change of strategy for a new geopolitical power	Germany
08/10/2026	Residential real estate – Will demographic aging alleviate the housing shortage in Germany?	Germany
08/10/2026	German industry – Facing China: a model under pressure	Germany
02/10/2026	World – Scenario 2026-2027: layers of risk are piling up	World

Crédit Agricole S.A. — Group Economic Research
12 Place des États-Unis, 92127 Montrouge Cedex, France

Publishing director: Isabelle Job-Bazille
Editor in Chief: Armelle Sarda
Documentation: Elisabeth Serreau; **Statistics:** ECO Datalab
Editing: Sophie Gaubert

Contact: *publication.eco@credit-agricole-sa.fr*

Consult our Economic Research website and subscribe to our publications:
Website: https://etudes-economiques.credit-agricole.com/en

This publication reflects the opinion of Crédit Agricole S.A. on the date of publication, unless otherwise specified (in the case of outside contributors). Such opinion is subject to change without notice. This publication is provided for informational purposes only. The information and analyses contained herein are not to be construed as an offer to sell or as a solicitation whatsoever. Crédit Agricole S.A. and its affiliates shall not be responsible in any manner for direct, indirect, special or consequential damages, however caused, arising therefrom. Crédit Agricole does not warrant the accuracy or completeness of such opinions, nor of the sources of information upon which they are based, although such sources of information are considered reliable. Crédit Agricole S.A. or its affiliates therefore shall not be responsible in any manner for direct, indirect, special or consequential damages, however caused, arising from the disclosure or use of the information contained in this publication.