

Economic QuickView



US Election: The differing policies of Kamala Harris and Donald Trump

- The upcoming US election is poised to be pivotal, with key issues like the economy and foreign policy shaping its outcome.
- Trump is generally an advocate of lower tax rates, while Harris generally supports raising taxes on high income earners and corporations.
- Trump pledges to increase tariffs on all US imports and an even higher tariff on imports from China. Harris is anticipated to maintain tariffs in place imposed under Biden's presidency.

As the US election draws nearer, a close examination of the policies of Vice President Kamala Harris and former President Donald Trump is essential. Understanding these differences is crucial to assessing their potential impacts on key areas such as the economy and foreign policy.

Tax Policies

Former President Trump generally advocates for lower tax rates. Notably, Trump proposes extending the Tax Cuts and Jobs Act (TCJA), which he enacted during his term. The TCJA lowered the corporate tax rate from 35% to 21% and provided tax cuts for individuals across various income levels. In one of the campaign speeches, Trump even called for reducing the corporate rate from 21% to 15% for "those who make their products in the US". He also proposes tax cuts for senior citizens, tipped workers and homeowners, as well as eliminating income taxes on social security benefits. Moreover, Trump once again suggests reducing capital gains tax.

Vice President Harris supports a more distributive tax collection. Harris supports raising taxes on businesses and high-income earners, aligning with current Biden administration policies. Her tax proposal includes increasing the corporate tax rate to 28%, raising the top individual income tax rate to 39.6% for single filers earning over USD 400,000 and joint filers over USD 450,000, and

implementing higher capital gains, gift and estate taxes. Meanwhile, she proposes tax credits for families with children and first-time homebuyers and pledges not to raise income taxes on those earning less than USD 400,000.

Tax Policies	
Donald Trump	Kamala Harris
Lower corporate tax rate to 15%	Raise corporate tax rate to 28%
Oppose raising taxes on the wealthy	One-off USD 6,000 tax credit for families have a new child
Extend Tax Cuts and Jobs Act (2017)	Reduce tax burden on lower income individuals
Previously proposed to lower capital gains tax	Propose higher capital gains tax for top earners
Tax cuts for senior citizens, tipped workers, & homeowners	Higher taxes for the wealthiest Americans

Climate and Energy

Trump pledges "unleashing American Energy". Trump strongly supports the US fossil fuel industry, by lifting restrictions to boost domestic production and refill the US strategic petroleum reserve. Meanwhile, he plans to scale back several green policies enacted by the Biden administration, claiming them as wasteful. For instance, he is suggesting ending the tax credits for electric vehicles (EV) and the relevant mandate if elected.

Harris largely supports the continuation of existing green initiatives. Harris said she would ensure "that we never again have to rely on foreign oil" by providing more subsidies for solar panels and EVs on top of the funding under Biden's Inflation Reduction Act, which was approved with only Democratic votes in 2022. It can be anticipated that Harris would support higher investment and utilisation of green energy in the US.

Tariff

A big proponent of Trump's policies is increasing tariffs on foreign-made goods across the board. Trump said he would impose tariffs of up to 20% on all US imports and up to 60% on imports from China. He also threatened to impose a 100% tariff on Mexican-made goods. These tariffs could have negative consequences for the US, with the potential of slowing US economic growth, increasing the prices paid by US customers, disrupting pre-existing trade agreements, and dampening relations between the US and the rest of the world.

Harris figures to maintain tariffs already in place under the Biden-Harris administration. Harris has yet to formulate a detailed plan on her policies on tariffs, but it can be anticipated that she intends to continue the tariffs already in place during the Biden administration. These include 25% tariffs on certain Chinese steel, aluminium, and electronics imports, together with a 100% tariff rate on electric vehicles from China.

Foreign Policy

Trump has vowed to reduce America's dependency on China. A cornerstone of Trump's campaign has been about keeping "America First". Trump stated his policies would reduce dependency

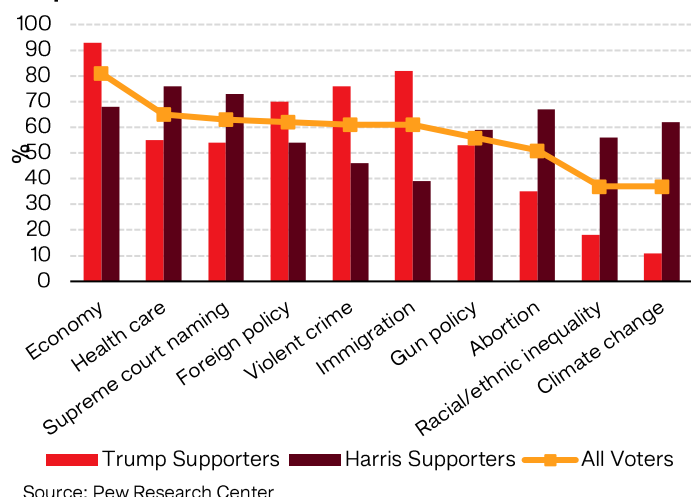
on China in a number of areas, such as electronics, steel, and pharmaceuticals, and adopt a multi-year plan to gradually phase out imports of "essential goods" from China. He believes in shifting manufacturing from China back to the US in a bid to create jobs.

Harris states that the US should "de-risk" and not decouple from China. Harris stated she wants to protect American interests and indicated the US needs to decrease reliance on China. Although Harris's rhetoric is less tense compared to Trump, she wants to make sure "America, not China, wins the competition for the 21st century," suggesting that she would still take a hard line approach to US-China relations. Harris also said she would clamp down on dumping, unfair subsidies, and counterfeits from China.

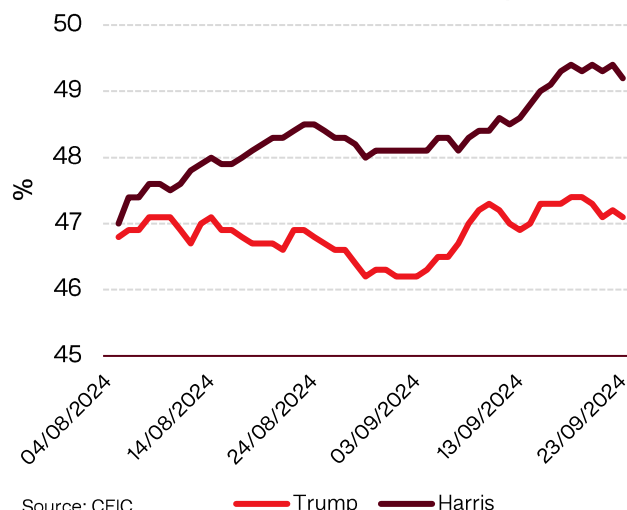
Conclusion

Overall, along with the economy and foreign policy, other contentious topics that will affect the outcome of the elections include health care, immigration, abortion, and gun policy. At present, the elections are still too far away to make a strong guess for who will win. Recent polls suggest that Harris has led Trump at the national level. However, the outcomes of several swing states are more important in determining the final winner. One thing for sure is that no matter which party wins the election; a big task will be the management of US public debts. This is especially the case since both candidates are considering various expansionary fiscal policies, which can have material consequences on the inflation outlook and future monetary policy. Additionally, there are seats up for election in the Senate and the House. The possibility of a divided congress (where one party holds a majority in the Senate and the other in the House) means that certain policy objectives would require bipartisan support to be implemented.

% of registered voters who say each issue is very important to their vote in the 2024 election



Trump - Harris RealClearPolitics Polling



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