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US PRESIDENTIAL ELECTIONS

Less than three weeks to go



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US Presidential Elections November 5, 2024

Every four years, Americans elect their president and 2024 is an election year, albeit one that is clearly unusual in its circumstances.

The people will have to choose between former President Donald Trump and current Vice President Kamala Harris. Besides the obvious support of their respective parties, there have been numerous endorsements on both sides. On the one hand, the Democratic nominee has managed to get the endorsement of numerous prominent Republicans, labor leaders, religious and entertainment personalities while on the other hand, the Republican candidate has been endorsed by a wide array of religious, political and business leaders, including the richest man in the world, Elon Musk.

The race is tied, it is impossible to say today who will be president-elect come November 6th.



Kamala D. Harris

Democratic, age 59

Running mate:

Tim Walz, age 60



Donald J. Trump

Republican, age 78

Running mate:

JD Vance, age 40

On the Democratic side, former California Attorney General and United States Senator Kamala Harris' professional background is seemingly flawless. Nevertheless, becoming the party's nominee only after President Biden withdrew from the race and without the challenge of a primary election has led to her being labelled an illegitimate candidate, regardless of her résumé. Her role as vice president is harshly evaluated by her opponents, though the vice presidency is a thankless role for which very few have gone down in history. Her opponents claim that the transition from a Biden to a Harris presidency would be identical in terms of policy.

Her supporters, however, believe that her calm and collected nature would help her maintain key international alliances such as NATO and stand up to autocratic leaders. Nearly 20 years younger than her opponent and a woman, she is seen as a candidate for change, a fierce defender of reproductive-rights and universal healthcare and more in tune with the younger generation. Her positive message is seen as an asset to unite American society.

On the Republican side, omitting the fact that he never admitted to losing the 2020 election, there is hardly a group that former president Donald Trump has not disrespected in his controversial communication style. Over the years, the businessman and showman turned politician has targeted women, people of all ethnicities, faiths and sexual orientations, the poor and even the disabled.

Cavalier rhetoric, impeachments and criminal convictions aside, he remains the candidate of choice for many, especially among white male voters, ultraconservatives and evangelicals, as well as voters without a college degree.

Notwithstanding his family background, his supporters identify with his anti-establishment, anti-elite discourse and trust him to act in their best interests. They like his tough stance on illegal immigration and his 'America First' strongman posture. His uncompromising attitude is seen as a sign of strength. Macro concerns around inflation and sustained higher prices means that many voters are struggling to make ends meet, leading to blame of the Democratic administration for the current situation.

How do US elections work?

- **Who can be president?** Any 35 years of age or older natural born citizen who has been a US resident for at least 14 years.
- **One person, one vote?** Among US voters, only the 538 electors of the electoral college actually vote for president. Voters actually instruct their state which candidate they want their electors to vote for.

How do US elections work? *(continued)*

- **Electoral College** The group of 538 electors is formed every four years. Its sole purpose is to vote for president and vice president. A minimum of 270 votes (electors) is needed for a candidate to win the election.
- **Winner-Take-All elections** Only Maine and Nebraska assign their electors using a proportional system. In all other states, the winner gets all the electoral votes for that state. It is therefore possible for a candidate to get more of the popular vote and still lose the presidential election.
- **Losing the popular vote** As explained, a candidate can lose the popular vote and still win the Electoral College. This happened five times in total, 3 times in the 1800s and twice in recent history, with Al Gore losing to George W. Bush in 2000 and Hillary Clinton losing to Donald Trump in 2016.
- **Flawed electoral system?** The Electoral College process tends to favor one side or the other, depending on the circumstances. This is why the various attempts made in the past, by both Democrats and Republicans, to pass the constitutional amendment needed to replace the Electoral College with a popular vote system have always been unsuccessful..
- **PACs and Super PACs** Both types of structures are political organizations that influence elections on a federal and state level.
Political action committees or PACs can raise contributions from individuals only. The amount of donations per individual is limited.
As opposed to PACs, Super PACs may accept unlimited funds from individuals, labor unions and corporations. Amounts donated to Super PACs can be massive. According to the Federal Election Commission, donations by top 50 individuals to such committees this time around exceed \$1.6 billion and although mail-in voting has already started in several states, a lot more money will be raised until Election Day.
- **Simplified Timeline**
November 5, 2024 - Election Day.
January 6, 2025 - President and VP are officially declared.
If no candidate wins the majority, the House elects the President, and the Senate elects the Vice President.
January 20, 2025, at noon - Inauguration Day.

- **Branches of government**

Congress

Legislative branch

Makes the laws



Senate

Upper chamber

100 Senators



House of Representatives

Lower chamber

435 Representatives

The White House

Executive branch

Enforces the laws



The President

The Vice President

The Cabinet

The Supreme Court

Judicial branch

Interprets the laws



9 Justices



Kamala Harris

Where the candidates stand on key issues



Donald Trump

Economy – This is one of the issues that most worries Americans. US economic growth is slowing down, with unemployment remaining low, albeit higher than at the beginning of the year. The US central bank, the Federal Reserve Bank (Fed), has plenty of room to cut rates if necessary and has deemed inflation to be under control. Nonetheless, 60% of Americans believe the US to be in a recession (Gallup, 2024).

With many of the changes included in the Tax Cuts and Jobs Act (TCJA) passed by Congress in 2017 under the Trump administration set to expire at the end of 2025, both candidates will be tempted to put their most popular policy proposals ahead of fiscal responsibility.

Although both candidates intend to extend these provisions, their specific plans differ considerably. Analysis by renowned organizations such as Moody's, the Committee for a Responsible Federal Budget or The Budget Lab At Yale, have all found that the Republican's agenda would lead to a much greater increase in the federal debt than that of the Democrats.

Overall, given that Congress must approve any tax and spending legislation, it will be difficult for either candidate to deliver on their various promises without their respective parties holding majorities in both the Senate and the House of Representatives.

Kamala Harris has promised to extend the TCJA's provisions, albeit selectively. As an example, only those taxpayers making less than \$400k a year would see their tax cut extended.

She has tried to appeal to younger voters and families by pledging to expend the Child Tax Credit, provide a substantial \$6k tax credit for newborns and a \$25k tax credit for first-time homebuyers. She has pledged to address illegal immigration as well as gun violence.

Among her most controversial measures are her plans to raise the corporate tax rate to 28% and to require households with more than \$100 million in wealth to pay 25% income and capital gains tax including on unrealized gains. This last proposal has gone viral on social media as being incompatible with innovation, although the likelihood of it ever being voted into law is minute as the Democratic candidate would need both the Senate and the House to be overwhelmingly blue for it to pass.

Donald Trump plans to extend all expiring provisions in the TCJA.

In his program to promote manufacturing and innovation, he has vowed to cut burdensome regulations for corporations, strengthen and modernize the country's military and make the US the world's largest energy producer. In what he called the centerpiece of his manufacturing renaissance plan and what is a continuation of his first term's protectionist stance, Donald Trump pledged to cut corporate tax to 15% for companies manufacturing in the US and to impose 10% tariffs on imports across the board and 60% tariffs on Chinese imports. While applauded by his base, these additional tariffs have been widely criticized by politicians on both sides of the aisle as imposing a de facto tax on households.

His plans to carry out large deportation operations of illegal migrants have also had a wide resonance.

Budget and fiscal impact – The only period in the last fifty years during which the US ran a surplus was the Clinton era, from 1998 to 2002. As the US faces a mushrooming budget deficit, the candidates' respective tax and spending plans are under intense scrutiny and as both plan to boost spending, it is rather safe to assume that neither will help reverse this long-term trend. In a [detailed analysis](#) dated October 7, the nonpartisan Committee for a Responsible Federal Budget estimated that Trump's proposed measures would add \$7.5 trillion to debt over the next decade and those of Harris \$3.5 trillion.

Market impact – The many studies carried out on this subject have shown no compelling evidence that presidents of either party have had a significant impact on stock market performance (see page 5).

Several factors make predicting market moves following presidential elections a difficult exercise.

- The newly elected president's ability to act will depend largely on whether he or she also holds the House and Senate, a situation the winner will have to make do with for at least two years, until the midterm elections.



Where the candidates stand on key issues



Kamala Harris

Donald Trump

Market impact (Continued)

- The agendas of the two candidates are not so extreme that one would expect markets to surge or to plummet once the new president takes office.

Under a Kamala Harris presidency:

Equities: Generally negative, selectively positive

Additional costs to businesses from increased regulatory pressure and higher corporate taxes should be negative. Her climate stance should be supportive of electric vehicles, renewable energy producers, and climate change mitigation technologies. Her plans to expand healthcare coverage could help this sector.

Rates: Flat to down

The Fed is expected to continue its easing cycle to support the economy and the labor market.

USD: Slightly negative

Lower inflationary pressure and a narrowing interest rate differential should make the USD less attractive.

Under a Donald Trump presidency:

Equities: Generally positive

Lesser regulatory pressure and lower corporate taxes are generally positive for corporate earnings and thus equities. Companies will boost dividend payments and share buybacks. The oil & gas sector should fare better than anything green.

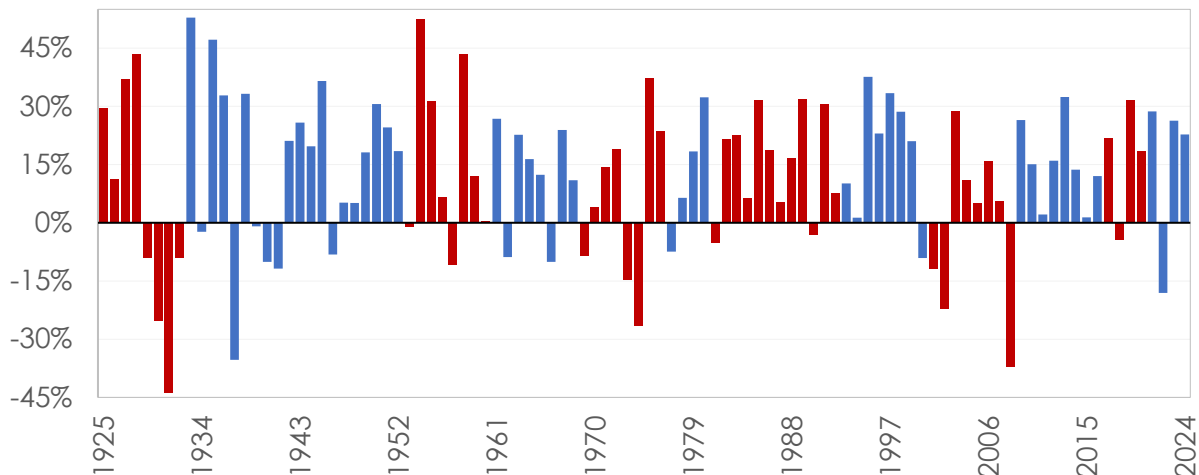
Rates: Up

Matching tax cuts and spending cuts could prove difficult, increased deficit and inflationary pressure could result in higher borrowing costs.

USD: Slightly positive

Carry trades would likely make a return as interest rate differentials in favor of the greenback would increase.

Equity Markets Returns 1925-2024 under
Republican and **Democratic** presidencies (as of Oct 9, 2024)



Geopolitics – The war between Russia and Ukraine, the spreading of the conflict in the Middle East, and membership of intergovernmental alliances such as NATO are the three major points of concern.

Kamala Harris' position on Ukraine has been one of continued and unwavering support and she has reaffirmed her commitment to NATO. Under a Harris administration, relations with Russia would therefore most likely deteriorate further.

Although she acknowledged the suffering of the Palestinian people, she also recognized Israel's right to defend itself but stopped short of supporting the Israeli Prime Minister Benjamin Netanyahu.

Under **Donald Trump**, US military aid could become more conditional. He has shown his disdain for NATO and his ambiguous relationship with Russian leader Vladimir Putin raises questions about the future of financial support for Ukraine.

He has been somewhat critical of Israel following the terrorist attack by Hamas a year ago but has been vague regarding his support for a two-state solution to the Israeli-Palestinian conflict.



Where the candidates stand on key issues



Kamala Harris

Donald Trump

Immigration – Although both Republicans and Democrats have attempted to pass bills to limit illegal immigration over the years, the last meaningful immigration reform was passed in 1986. In 2022, unauthorized immigrants accounted for 3.3% of the US population or 11 million people.

Kamala Harris is perceived as laxist on border policy regardless of her support of the bipartisan bill which Congress was unable to pass earlier this year. She has said that ‘unauthorized border crossings are illegal,’ and that she intends to pass a tougher border bill.

Donald Trump has always had a strong position on immigration. The building of a wall with Mexico, abolishing birthright citizenship, and implementing mass deportation of undocumented immigrants are measures that are popular well beyond his electoral base.

Climate – Controversies around the reality of climate change will likely last for the foreseeable future as administrations around the world try to limit the financial impact of preventive measures. Still, it is worth noting that a growing number of insurance companies in the US are declining to offer coverage for homes in states such as Florida and California because of extreme weather events.

Kamala Harris supports the transition away from fossil fuels and toward cleaner energy sources. As Vice President, she helped pass the Inflation Reduction Act which contains some provisions targeting GHG emissions.

Donald Trump is a strong proponent of fossil fuels using catch phrases such as ‘Drill, baby, drill!’. During his tenure, he rolled back a large number of policies aimed at protecting the environment and lower GHG emissions.

Abortion – Since the Supreme Court overturned Roe v. Wade, a 50-year-old landmark decision protecting abortion rights, several states have adopted such vague and/or restrictive laws against the medical procedure, that in many cases it has simply become impossible for a woman to get an abortion before her life is effectively at risk even though most American oppose a total ban.

Kamala Harris is unmistakably ‘pro-choice’ or more clearly put, a vocal supporter of abortion access which she intends to codify into law. This is a centerpiece of her campaign.

Donald Trump has been vague on the subject and changed position several times. He has both opposed a national ban and said ‘some kind of punishment for the woman’ should exist.

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