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# What are the key policy implications in the 2024 presidential race?

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Trade policy is one of the few areas of significant bipartisan agreement. However, the two sides differ in their approaches.

In the long run, it is policy, not politics, which matters most for the economy and markets.

In this piece, we compare the proposals of Vice-President Harris and former President Trump across taxes, trade and immigration, and the potential market implications of different election outcomes.

## Taxes

Without the urgency of a recession or a pandemic to address, there is little need for fiscal stimulus. However, expiring provisions from the 2017 TCJA Act at the end of 2025 require legislative action, giving the next president a chance to reset tax policy.

So far, Trump has proposed a permanent extension of major components of the tax act, a further lowering of the corporate tax rate, a renewal of the business tax provisions from the initial years of the TCJA and an elimination of taxes on tips and social security benefits. Trump has also suggested tariff increases as budgetary offsets to these tax cuts.

- **Market impact:** Stock markets may react favorably to the prospects of lower taxes (or at least, diminished prospects of higher taxes), but concerns over debt sustainability could resurface in credit markets and pressure long-term interest rates higher. According to the CBO, a full extension of the TCJA would cost \$4.6 trillion over the next decade. Granted, new tariff revenue could partially offset this while Trump has proposed federal spending cuts elsewhere (albeit with few specifics).

Meanwhile, Harris has supported extending the expiring personal income tax cuts for single filers making below \$400K (\$450K for joint), although reverting the top marginal tax rate to 39.6%. Harris has also proposed an expanded child tax credit, new housing incentives, an extension of the health insurance premium tax credit and an increased tax deduction for startup expenses by small businesses. To finance these plans, she has proposed raising the corporate tax rate to 28% from 21% and an increase in the all-in top capital gains rate to 33%, which reflects the capital rate rising to 28% from 20% and the tax on investment income rising to 5% from 3.8%.

- **Market impact:** Higher taxes for wealthier individuals could dent consumer spending, but this could be offset by the stimulative effect of expanded child tax credits and other tax incentives. Fiscal deficits would still expand but by less and higher corporate and capital gains taxes could roll back a sizable chunk of the revenue reduction from the TCJA.

## Trade, tariffs and industrial policy

Trade policy is one of the few areas of significant bipartisan agreement. However, the two sides differ in their approaches. Harris would likely maintain the “tough on China” status quo of Biden’s administration with an emphasis on targeted tariffs, such as on steel and aluminum from China. Trump might take a harder line on foreign policy, particularly with China, and might use executive orders to increase control on outbound investment and data. Trump has also proposed a universal baseline tariff on all U.S. imports of 10%, along with a 60% tariff on imports from China.

On industrial policy, we anticipate a Harris administration would continue to incentivize investments in semiconductor and clean tech manufacturing facilities via the IRA and CHIPS Act. A Trump administration might slow the release of some IRA funds and reduce some subsidies but given their benefits for traditionally red and swing states, we think these funds are likely protected from major upheaval.

- **Market impact:** Regardless of the election, the next few years are expected to see heightened U.S.-China tensions, with greater use of industrial policy on both sides. FDI has continued to leave China and future U.S. trade measures could close loopholes by which Chinese-owned companies export to the U.S. via Mexico or other East-Asian countries. Markets will focus on the potential for aggressive tariff hikes, as this is one area where the President has unilateral authority. Higher tariffs could both boost inflation and slow economic growth via diminished trade.

# Immigration

After a migrant surge in recent years, immigration is set to moderate. The question is how quickly. Presidents of both parties have used executive orders to address the issue, but these have faced legal challenges in the absence of official legislative action. Harris would likely support some stricter deterrence measures on border crossings while continuing to build pathways for migrants to achieve legal status. Meanwhile, the Trump campaign promises a crackdown on migration with much stricter immigration measures and an effort to deport asylum seekers to other countries.

- **Market impact:** A reduction in immigration overall would slow population growth, leading to knock-on effects on various sectors (i.e. lower school enrollment, lower housing demand and continued labor shortages in certain sectors). However, these effects could take a while to manifest themselves as, even with a sharp decline in future migration, the economy would continue to be impacted by the integration into the economy of recent arrivals.

Overall, it's worth emphasizing that each candidate's policy positions are subject to change, it is uncertain which policies would be prioritized, and it is not clear that Congress would cooperate in implementing them. Moreover, it is even more difficult to ascribe market implications to policies when enacted. While federal government policies can drive some investment outcomes, they are just one part of a broader basket of market drivers and, historically, factors such as interest rates and economic growth have tended to have much greater impact (see for instance, [traditional oil and gas vs. renewables under Trump and Biden](#)). As such, while various policy proposals in this election cycle would seem to suggest different market outcomes, more broadly we continue to expect politics to be an unreliable driver of market performance.

## An overview of policy stances in the 2024 presidential race



### Potential Harris stance

### Potential Trump stance

<b>Taxes</b>	Extension of the TCJA outside of households making \$400K+. Potential tax hikes for corporations, restore child tax credit and new tax incentives.	Make the expiring provisions permanent. Further reduce corporate tax rate. Consider replacing personal income taxes with increased tariffs.
<b>Trade</b>	Maintain status quo of "tough on China" with an emphasis on targeted tariffs, such as steel and aluminum from China.	Impose a universal baseline tariff of 10% on all U.S. imports. Impose a 60% tariff on U.S. imports from China.
<b>Immigration</b>	Continue to pair legal pathways for migrants with some stricter deterrence measures.	Much stricter immigration measures, including an effort to deport asylum seekers to other countries.
<b>Energy</b>	Continue to invest in clean energy manufacturing, reduce emissions and increase energy efficiency. Consider raising taxes on fossil fuel industry.	Bolster U.S. energy independence with greater domestic production of oil and gas. Roll back some environmental regulations and incentives.
<b>Defense</b>	Steady emphasis on alliances and multilateralism.	Push for more self-reliance from NATO. Increase pressure on allies to bolster defense spending.
<b>Healthcare</b>	Protect and build on the Affordable Care Act (ACA). Continued focus on lowering drug prices with Medicare enabled to negotiate more.	Sought to repeal and replace ACA during tenure, could curtail subsidies expiring at year-end 2025. Continue efforts on price transparency.
<b>Regulation</b>	Continue Biden's antitrust enforcement efforts and focus on reducing monopolies, with continued support for traditional energy and bank regulation.	Less focus on energy and banks, and potentially more accommodative to tech M&A, but continued support for regulating Big Tech.
<b>Monetary Policy</b>	Hands off approach to the Federal Reserve.	More interventionist approach to the Federal Reserve.

Source: Campaign websites, press reports, WSJ, J.P. Morgan Asset Management. Commentary is for illustrative purposes only and is not intended as a comprehensive guide to each candidate's policy positions. Policy guidance is subject to change.

Data are as of August 31, 2024.

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