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## Erlen Newsflash

What happens if Kamala Harris wins?



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## EXPECTED IMPACT OF A KAMALA HARRIS PRESIDENCY

As the 2024 U.S. presidential election approaches, analysts are evaluating the potential effects of a Kamala Harris administration. This analysis focuses on seven critical areas: economic growth, inflation, deficit spending, trade barriers and tariffs, taxes, foreign policy (Ukraine, Israel, and Taiwan/China), and immigration.

### 1. Economic growth

Harris's economic agenda emphasizes fair growth through investments in infrastructure, education, and clean energy. Her policies support expanded social benefits for low- and middle-income households, along with subsidies to promote homeownership. These initiatives aim to stimulate demand and drive long-term economic growth. Analysts suggest these investments could enhance productivity and competitiveness, though they warn that their effectiveness will depend heavily on implementation and the private sector's response.

### 2. Inflation

Harris's policies aim to address supply-side bottlenecks to relieve inflationary pressures. By investing in infrastructure and clean energy, she seeks to remove supply constraints that contribute to rising prices. Harris also proposes measures to control food and drug prices, targeting consumer inflation directly. While these strategies could curb inflation, the timing and extent of their impact remain uncertain. Some economists worry that increased government spending could exacerbate inflation if not carefully managed.

### 3. Deficit spending

Harris plans significant public investments funded by increased corporate taxes and a minimum tax on billionaires. The Committee for a Responsible Federal Budget estimates that her plans could increase the national debt by around \$2.5 trillion by 2035, raising concerns about federal financial sustainability. This increase could affect interest rates and future economic growth.

### 4. Trade barriers and tariffs

Harris advocates for fair competition and the enforcement of labor and environmental standards. While she is critical of tariffs, she does not rule out their use against unfair trade practices. Her administration is expected to strengthen multilateral trade relations and reform existing agreements to protect American workers and industries. This approach could reduce trade tensions and promote a more stable global trading environment.

### 5. Taxes for individuals and corporations

Harris plans to raise taxes on Americans with incomes over \$400,000 while introducing tax credits for first-time homebuyers. She supports measures to make housing more affordable and aims to increase corporate taxes to fund public investments. However, critics warn that higher taxes on businesses and high-income individuals could deter investment and slow economic growth.

## 6. Foreign policy: Ukraine, Israel, and Taiwan/China

- **Ukraine:** Harris supports continued assistance to Ukraine in defending against Russian aggression, emphasizing NATO's role and multilateral cooperation.
- **Israel:** Harris advocates a two-state solution to the Israeli-Palestinian conflict and supports efforts for a ceasefire and the release of hostages in the conflict with Hamas.
- **Taiwan/China:** Harris stresses the importance of holding China accountable for human rights abuses and economic distortions while maintaining the one-China policy and strengthening unofficial relations with Taiwan.

## 7. Immigration

Harris supports comprehensive immigration reform, including a pathway to citizenship for undocumented immigrants and initiatives addressing the root causes of migration. She emphasizes humane border enforcement, though this remains contentious across party lines.

## Conclusion

A potential Kamala Harris presidency could bring profound changes in multiple policy areas. Her plans aim to promote fair economic growth, tackle inflation, and strengthen international alliances. At the same time, concerns remain about increased deficit spending and challenges with immigration reform. Actual outcomes will depend on implementation and the responses of both domestic and international stakeholders.

## INDUSTRIES THAT MAY BENEFIT FROM KAMALA HARRIS'S ELECTION AND THOSE THAT COULD SUFFER

A Kamala Harris presidency could favor industries in areas such as clean energy, social infrastructure, healthcare, and technology, while sectors reliant on fossil fuels or facing higher taxes may encounter challenges.

### Industries that could benefit

- **Clean and renewable energy**
  - **Rationale:** Harris's commitment to environmental sustainability could boost renewable energy projects and electric vehicle infrastructure.
  - **Impact:** Companies in the renewable energy sector, battery manufacturers, and electric vehicle producers could benefit from government incentives.
- **Healthcare and biotechnology**
  - **Rationale:** Harris supports expanding access to healthcare and lowering drug prices.
  - **Impact:** Hospitals, pharmaceutical companies, and biotech firms could see benefits from increased patient numbers and research subsidies.
- **Technology and telecommunications**
  - **Rationale:** Harris promotes technological innovation and the expansion of broadband access.
  - **Impact:** Technology and telecommunications companies could benefit from additional funding and regulatory support.
- **Infrastructure and construction**
  - **Rationale:** Harris advocates for significant public investment in infrastructure, including sustainable construction and transportation.
  - **Impact:** Companies in the construction sector and suppliers of sustainable materials may experience higher demand.
- **Education and workforce development**
  - **Rationale:** Harris supports funding for education and workforce development in future-focused fields like clean energy.
  - **Impact:** Education and training companies could benefit from new funding and partnership opportunities.

### Industries likely to face challenges

- **Fossil fuels and traditional energy**
  - **Rationale:** Harris's environmental policies aim to reduce reliance on fossil fuels.
  - **Impact:** Oil and gas companies may face stricter regulations and reduced subsidies.
- **Financial and high-income sectors**
  - **Rationale:** Harris supports tax increases for businesses and high-income individuals.
  - **Impact:** Financial companies could be burdened by higher taxes, affecting investment returns and compliance costs.

- **Pharmaceuticals (certain segments)**
  - **Rationale:** Harris advocates for lower drug prices and broader healthcare access.
  - **Impact:** Companies producing high-margin specialty drugs may be affected by price regulations.
- **Luxury goods and real estate**
  - **Rationale:** Harris's tax plans could reduce disposable income for luxury spending.
  - **Impact:** Luxury goods companies and high-end real estate developers may be adversely affected by higher taxes and reduced demand.
- **Defense (potentially limited)**
  - **Rationale:** Harris prioritizes diplomacy and alliances over increased military spending.
  - **Impact:** Companies reliant on defense contracts could see moderate declines in growth, though cybersecurity and defense technology might still be supported.

## Conclusion

A Kamala Harris presidency is expected to benefit sectors like renewable energy, healthcare, technology, infrastructure, and education, reflecting her focus on inclusivity, sustainability, and innovation. However, fossil fuels, financial services, certain pharmaceutical segments, luxury goods, and, to a limited extent, the defense industry could face challenges due to stricter regulations, higher taxes, and shifts in policy. The scale of these impacts will heavily depend on political, economic, and regulatory conditions.

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