

US Presidential election – Dr Shane Oliver AMP

POLICY SNAPSHOT

Shane Oliver, Head of Investment Strategy and Chief Economist summarises the key policies of Trump and Clinton are summarised as follows:

Taxation:

- > Trump promises personal tax cuts including a cut in the top marginal tax rate to 33% from 39%, a cut in the corporate tax rate to 15% from as high as 39% and removal of estate tax.
- > Clinton promises higher more progressive marginal tax rates, a cap on deductions, increased estate and gift taxes and a tax on high frequency trading.
- > Infrastructure: Both want to increase infrastructure spending.

Government spending:

- > Trump wants to reduce non-defence discretionary spending by 1% a year (the “penny plan”), but increase spending on defence and veterans.
- > Clinton wants to increase non-defence discretionary spending.

Budget deficit:

The Wall Street Journal reported that the Committee for a Responsible Federal Budget, a non-partisan group, analysed the fiscal proposals of both candidates as at 21 September. Their analysis of the change in the fiscal position over a ten year period showed that while both candidates’ plans will increase debt, the deficit will be larger under Trump than under Clinton. Under Trump policies, the debt-to-GDP ratio would rise to 105. Under Clinton policies, the ratio would rise to 86% (it is currently 75%).

Trade:

- > Trump largely proposes protectionist policies, for example, a 45% tariff on Chinese goods, 35% on Mexican goods.
- > Clinton largely supports free trade as long as the United States isn’t harmed.

Regulation:

- > Trump wants to dismantle Dodd-Frank financial regulations, return to Glass-Steagall policies that limit the activities of large banks, audit the Federal Reserve and limit its independence and reduce industry regulation generally, particularly on US energy.
- > Clinton promises tougher industry regulation, policies that favour clean energy and indicated some support for Glass-Steagall like policies for large banks.

Immigration:

- > Trump wants to build a wall with Mexico, deport illegal immigrants, and ensure that firms hire American workers first
- > Clinton tends to favour expanding immigration.

Healthcare:

- > Trump wants to repeal Obamacare and cut drug prices in Medicare.
- > Clinton has promised to defend Obamacare, expand access to healthcare and limit drug prices.

Foreign policy:

- > Trump wants to reposition alliances to put “America first” and get allies to pay more, would confront China over the South China Sea and would attack oil fields under IS control.
- > Clinton wants to strengthen alliances and would continue the US “pivot” to Asia (being one of its architects).