

## Election promises with a strong liberal leaning stand out in the race for Democratic presidential candidate

JIROU SUGIE  
ECONOMIC RESEARCH OFFICE

MUFG Bank, Ltd.  
A member of MUFG, a global financial group

8 NOVEMBER 2019

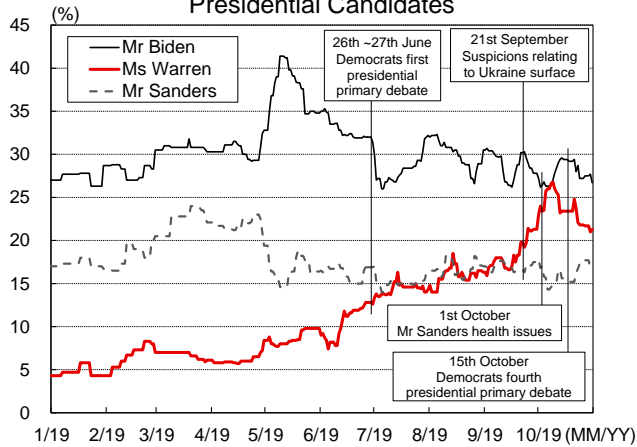
(ORIGINAL JAPANESE VERSION RELEASED ON 1 NOVEMBER 2019)

Campaigning for the next US presidential election in just over a year's time is starting to heat up and Senator Elizabeth Warren has made rapid progress in the race for the Democratic Party nomination. Ms Warren's support rate at the start of the year in January was just over 5%, far lower than former Vice President Joe Biden, the most prominent candidate. However, support for Ms Warren has risen since May and she led the polls for the first time for a short while on 8th October, above Mr Biden (Chart 1). In past presidential elections, the incumbent president has had an advantage, but given that there is a possibility that Ms Warren will be the Democratic Party's presidential candidate, it is important to keep a close eye on her policies with which she aims to win.

On the whole, Ms Warren's campaign policies are liberal leaning and focus on reducing inequality through the redistribution of wealth (Table 1). Her policies include imposing a tax on the net assets of the wealthiest class, abolishing student loans for the working class, eliminating tuition fees for public universities and imposing additional corporate taxes on large companies. If such policies were to be enacted, the working class' spending is expected to rise; however, there is the possibility of a rise in uncertainty about the future of spending by the wealthy, capital expenditure by businesses and regional competitiveness due to the increased tax burden and tightened regulations.

While there is no specific mention of policies regarding China within Ms Warren's campaign promises, she has mentioned setting minimum standards with which all trading partners should comply ahead of the finalisation of any trade agreements. This would include protection of labour rights and human rights, such as those of indigenous people and immigrants, as well as protection of religious freedoms and the environment. This suggests that Ms Warren's policies related to China are stricter than President Trump's, which mainly focus on resolving trade problems. The process for nominating the Democratic Party candidate will officially start in February next year with primaries and caucuses, and the candidate will be chosen at the national convention in July. However, it will be necessary to keep an eye on any changes to support rates after the fifth Democratic primary debate in November as well as the public standing of Senator Bernie Sanders, whose political platform is similar to Ms Warren's.

Chart 1: Support for the Democratic Party's Presidential Candidates



Source: Real Clear Politics, MUFG Bank Economic Research Office

Table 1: Elizabeth Warren's Main Campaign Promises

Reduce inequality	Abolish student loans, free public college	<ul style="list-style-type: none"> <li>Cancel up to USD50,000 of student loan debt for those with annual salaries of less than USD250,000</li> <li>Eliminate tuition fees at all two-year and four-year public universities</li> </ul>
	Increase taxes for wealthiest	<ul style="list-style-type: none"> <li>Impose tax in accordance with households' net worth for those with net assets of USD 50 million and over</li> </ul>
	Strengthen corporate taxes	<ul style="list-style-type: none"> <li>Levy tax in accordance with profits separately from current corporate tax for businesses who earn more than USD100 million</li> </ul>
Strengthen regulations	Tighten regulations for financial industry	<ul style="list-style-type: none"> <li>Restore the Glass-Steagall Act</li> <li>Tighten once again the regulations for capital, liquidity and leveraging for big banks and reform the private equity industry</li> </ul>
	Tighten regulations for large tech companies	<ul style="list-style-type: none"> <li>Regulate illegal, non-competitive tech mergers</li> </ul>
	Expand workers' rights	<ul style="list-style-type: none"> <li>Allow employees of large companies to elect at least 40% of the members of their company's board of directors</li> </ul>
Social security reforms	Introduce social security system for all citizens	<ul style="list-style-type: none"> <li>Raise social security benefits by USD200 per month</li> <li>Raise benefits for the most vulnerable in society, such as women and those on a low income</li> </ul>
	Tax on lobbying	<ul style="list-style-type: none"> <li>Tax on lobbying for corporations that spend over USD500,00 per year</li> </ul>

Source: Elizabeth Warren's official webpage, MUFG Bank Economic Research Office

Translation by Elizabeth Foster

For further details, please contact the Economic Research Office, MUFG Bank

Managing Director, Rei Tsuruta Tel: +81-(0)3-3240-3204

Written by Jirou Sugie <jirou\_sugie@mufg.jp>

This report is intended for information purposes only and shall not be construed as solicitation to take any action such as purchasing/selling/investing financial market products. In taking any action, each reader is requested to act on the basis of his or her own judgment. This report is based on information believed to be reliable, but we do not guarantee its accuracy. The contents of the report may be revised without advance notice. Also, this report is a literary work protected by the copyright act. No part of this report may be reproduced in any form without express statement of its source. This report is also available for viewing online.