



Outlook For The Democratic Party's Policy Agenda – Lessons From The Past Four Years

Executive Summary

The Democratic Party has unveiled its 2020 platform, the beliefs and ideas that will underpin policymaking if they are victorious in the November elections. Highlights, from an economic standpoint, include increased support for American manufacturing, a ‘clean energy revolution’, and a workers-first trade policy.

The question is how much of this pitch to the electorate – assuming the Democrats keep the House, take back the Senate, and win the White House – will make it into law?

Using the 2016 Republican Platform as a case study, focusing on economic policy proposals, shows the streak of conservative legislative wins (tax reform, slimming down Dodd-Frank) ended once Democrats took back the House in 2018. Now, except for COVID-19 legislation, the Trump Administration relies on executive orders or federal agency rulemakings to advance its policy agenda.

UNIFIED CONTROL MIGHT NOT BE ENOUGH TO ADVANCE DEMOCRATS' PROPOSALS

SW4 INSIGHTS TAKEAWAY:

- Democrats will need unified control to implement the progressive parts of their agenda, otherwise they will have to rely on executive orders and liberal appointees at federal agencies (should Joe Biden become president).
- Another potential obstacle is the Senate filibuster's 60-vote threshold for advancing legislation – meaning simply taking back the chamber might not be enough, Democrats will need to win big. OR make the leap, as has been increasingly mentioned, of eliminating the filibuster rule entirely.
- The massive spike in the U.S.' debt burden, from battling the coronavirus-induced recession, will become a much bigger constraint on spending initiatives and tax incentives of any sort.
- Without spectacular – and unlikely – economic growth, the next administration and lawmakers might be forced to prioritize productivity-enhancing policy, spurring capital investment, structural tax reform and encouraging applied technology across sectors.

WHAT WILL IT TAKE TO GO FROM DEMOCRAT WISHLIST TO REALITY

POLICY PRIORITIES	UNIFIED CONTROL	SPLIT CONGRESS	EXECUTIVE ACTION
AFFORDABLE HOUSING	✓	✗	✓
ANTI-TRUST	✓	✓	✓
CHINA	✓	✓	✓
DATA PRIVACY	✓	✓	✓
DOMESTIC MANUFACTURING	✓	✓	✓
ENERGY	✓	✗	✓
FINANCIAL REGULATION	✓	✗	✓
INFRASTRUCTURE	✓	✓	✗
MINIMUM WAGE	✓	✗	✗
TAX REFORM	✓	✗	✗
TRADE POLICY	✓	✓	✓

WHEN THE RUBBER MEETS THE ROAD – THE 2016 GOP PLATFORM VS REALITY

TAX REFORM – BOON FOR CORPORATIONS, LESS SO FOR INDIVIDUAL TAXPAYERS

“The current tax code is rightly the object of both anger and mockery. Its length is exceeded only by its complexity. We must start anew.”

“We will eliminate as many special interest provisions and loopholes as possible and curb corporate welfare.”

What They Did

- 2017 Tax Cuts and Jobs Act – lowered the corporate income tax rate, expanded small business expensing.
- Temporarily lowered the pass-through tax rate, increased the child tax credit, and included a one-time repatriation tax break.

What They Didn't Do

- Border Adjustment Tax
- Permanent changes to the individual income tax brackets.
- Eliminate the ‘Carried Interest’ tax deduction

TRADE POLICY – HEAVY ON TARIFFS, LIGHT ON DEALS

“We envision a worldwide multilateral agreement among nations committed to the principles of open markets.”

“A Republican president will insist on parity in trade and stand ready to implement countervailing duties if other countries refuse to cooperate.”

What They Did

- Withdrew from Trans-Pacific Partnership talks.
- Trade war with China and the European Union.
- Updated NAFTA: U.S.-Mexico-Canada Trade Agreement.*
- Tariffs on aluminum and steel imports.
- Mini-trade agreement with Japan.

What They Didn't Do

- Multilateral trade agreements with increased market access for U.S. companies.

FINANCIAL REGULATION – NOT MUCH LEGISLATION, LOTS OF RULEMAKING

“We support removing roadblocks and regulations that prevent access to capital.”

“The worst of Dodd-Frank is the Consumer Financial Protection Bureau, deliberately designed to be a rogue agency.”

What They Did

- Partial easing of the Dodd Frank Act’s requirements for small and mid-sized banks.
- Confirm a new Fed Chair, and pro-laissez faire leadership at other regulatory agencies.
- Roll back Obama-era consumer financial protection regulations and reduced enforcement actions.
- Revise regulations implementing the Community Reinvestment Act.

What They Didn’t Do

- Abolish the Consumer Finance Protection Bureau or change its single-Director structure.
- Eliminate stringent capital and liquidity requirements for the largest banks.
- Impose caps on high interest rate loans.

TECHNOLOGY – LOTS OF HEARINGS, VERY LITTLE ACTION

“Public policies should encourage the innovation and competition that are essential for an Internet of Things to thrive.”

“We intend to advance policies that protect data privacy while fostering innovation and growth and ensuring the free flow of data across borders.”

What They Did

- End ‘Net Neutrality’.
- 2017 MOBILE NOW Act – allocated more spectrum to the private sector for 5G usage, streamlined approval process for building broadband networks.
- Tech War with China – Huawei, TikTok, WeChat, and ZTE bans.
- ‘Big Tech’ anti-trust review by Justice Department.

What They Didn’t Do

- A U.S. equivalent of the EU’s General Data Protection Regulation (GDPR).
- Comprehensive infrastructure legislation.
- Address the rural digital divide.



Having the right plan is an essential first step.

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