

# US policy update: Biden's economic nationalism and the Democratic party's "unity" agenda

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This US election cycle, GC team members in the Washington, DC and London offices are holding a series of conversations on the elections and wider US policy issues, and how each might impact investors and companies on both sides of the Atlantic. Below is a brief extract from the ninth conversation in the series, which unpacked two key policy developments - Joe Biden's economic revitalisation plan and the new Democratic unity agenda. The speakers are [Joe Palombo](#) (Practice Lead, Global Investor Services) and [Erin Caddell](#) (Director, GC US). To access the full recording, email [m.milne@global-counsel.co.uk](mailto:m.milne@global-counsel.co.uk)

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## Economic recovery plan

**JP:** These two potential policies are important for understanding both what economic policy might look like under Biden and the ongoing debate between moderates and progressives within the Democratic party. What stands out from the economic revitalisation plan?

**EC:** The plan is designed to appeal to Pennsylvania, where Biden announced it, and other battleground states. Biden is attempting to do so by borrowing - Trump called it plagiarising - a page from Trump's own playbook. Not only is he promising lots of investment in domestic manufacturing, he aims to wrest back the "Buy American" mantle that Trump took from the Democrats in 2016, by encouraging companies to "reshore" operations from overseas and bring jobs back to the US.

It would not be a Democratic campaign proposal without a lot of money behind it. Biden proposes a \$400 bn increase in government contracts purchased from domestic manufacturers during his term. He also suggests a tax credit to incentivise manufacturers to retool and modernise existing or recently closed factories. And he sprinkles the plan with a number of provisions to appeal to labour unions, a traditional Democratic constituency where Biden has a stronger history than Obama or Hillary Clinton did. The plan would also set aside an additional \$300 bn over four years in increased research and development in a range of "clean" industries, from electric vehicles, to 5G, to AI, and so on.

There's a lot to delve into in terms of the potential winners and losers of all this. One thing has been largely overlooked so far. Biden argues that four industries have "overcapacity" due to unfair practices driven by China's government: steel, aluminium, fibre optics and shipbuilding. These are industries to keep in mind for 2021, as well as another reminder

that the animosity toward China is by no means limited to the Trump administration but extends to Biden as well as both parties in Congress.

**JP: What can we learn from the Democrats' unity agenda and what it means for Biden's campaign strategy?**

**EC:** The unity agenda released last week is a joint effort between Biden and Sanders to build consensus among the moderate and progressive wings of the party, to avoid the type of schism that some see as responsible for Clinton's loss to Trump in 2016. The agenda is neither the official platform of the Democratic party, which will be released in conjunction with its convention next month, nor a policy document - surely intentionally, there is barely a mention of how all the ambitious programs detailed in the plan would be paid for.

But it does give some fascinating insights. It highlights that while Biden stops short of "headline" initiatives such as Medicare for All, his platform is pretty darn progressive, and has become more so as he has embraced the Sanders-Warren wing of the party. He is turning on its head the old saw that as a candidate you go to the extreme to capture your party's nomination, and then tack to the centre to win the general election. The unity agenda adopts a wide range of long-held progressive causes, from providing free public college tuition for families making less than \$125,000, to requiring all new buildings to meet net-zero carbon emission requirements by 2030. The green economy is a consistent thread running through both Biden's economic plan and the "unity" agenda. Racial equality also runs through the agenda, including an "Equity Screen" to direct energy and infrastructure funding to disadvantaged communities.

Taken together, the economic plan and the unity agenda can be seen as Biden attempting to have his cake and eat it too. The "Made in America" economic plan sounds a lot like "Make America Great Again" and is designed to appeal to Republican and independent Trump voters. The unity agenda, meanwhile, is red meat for the progressive wing of the Democratic party. We said on our last call that balancing the interests of the progressive and moderate Democrat wings would be the key challenge of a Biden presidency. Clearly that is his challenge in the campaign as well. With the unity agenda, it feels like Biden is more focused on making sure he has solid Democratic support and turnout come November than on actively courting Trump voters through policy proposals. Given Biden's strong polling, some analysts think that he should expand the election map. But if Biden can flip Pennsylvania, Michigan and Wisconsin, which Trump collectively won by less than 80,000 votes, he wins. It seems he has chosen to try to reach that goal by taking care of his own party first.



*If you would like to be added to our invite list for the bi-weekly call, please email Matilda at [m.milne@global-counsel.co.uk](mailto:m.milne@global-counsel.co.uk)*