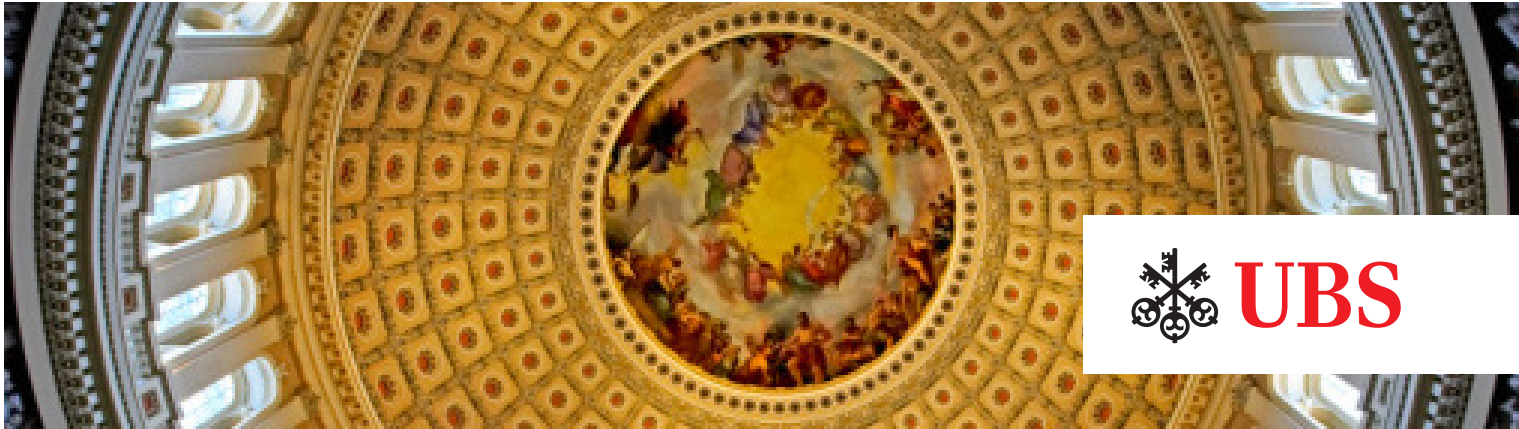


Washington Weekly

Under the Dome: The Week in Review

26 January 2024



This Week: The **Senate** approved various Biden administration judicial nominees (see below). The **House** was out of session.

Next Week: The **Senate** will vote on Biden administration nominees. The **House** will vote on a number of immigration bills and possibly a tax bill that we have previously discussed.

The Lead

Biden and Trump March On. This week was heavy on politics with the primary elections for both major parties in New Hampshire. As expected, President Biden and former President Trump each won the state. Their wins further solidified them as their parties' expected nominees. Absent an unexpected development, they both should secure the official nominations in mid-March after winning enough states and delegates. As the incumbent, Biden's nomination had been assumed. Trump's ability to effectively secure the nomination this early will allow him to avoid having to spend money to fight for the nomination in upcoming primary elections and instead use that money in the general election. He also can raise money with greater ease from a wider range of Republican donors who have moved on from his defeated opponents. *The general election normally doesn't begin until the summer of an election year, but this year it will begin months ahead of schedule.*

Nikki Haley's Path. Her path as the last alternative to Trump among Republican candidates will go through South Carolina, which will stage the Republican primary election on February 24. Although South Carolina is her home state, she is trailing badly there in the polls. The Republican vote in the state is more aligned with Trump than the Republican vote in New Hampshire. Haley spent \$4 million this week on media advertisements in the Palmetto State, which could give her a boost. She has talked publicly about staying in the race through March, but we would

not be surprised if she dropped out in the first two weeks in February if her ads and intense campaigning in South Carolina don't show any gains in the polls. *Losing her own state would be embarrassing and potentially hurt her chances to run again in 2028.*

Other Issues in Play

Ukraine, Israel and the Southwest Border. Senate lawmakers were unable to strike a final agreement on policies to address the situation at the southwest border, which needs to be part of a larger funding bill that would aid Ukraine, Israel and Taiwan. As lawmakers struggle with the border issue, there also are complications with the \$14.3 billion earmarked in the bill for Israel. Some Democratic lawmakers—including Senator Chris Coons (D-DE), who is a close ally of President Biden and a member of the Senate Foreign Relations Committee—are seeking to add conditions to the aid. Senator Coons has not been specific about what conditions he would favor, but he has hinted that he would support a revised version of a proposal by Senator Bernie Sanders (I-VT) that would mandate a US State Department study to assess whether the use of US military aid is consistent with international human rights standards. Other Democratic Senators will try to add a resolution to the bill that states US support for a two-state solution for the Israelis and Palestinians in response to Israeli Prime Minister Netanyahu's recent statement of opposition to this concept. The longer it takes to finalize the broader aid bill, the more time lawmakers have to contest its provisions. Conditioning any aid to Israel will result in further disagreements in the Senate and slow this bill down. *The bill is at least weeks away from a resolution and perhaps months.*

Fiscal Commission. There are growing prospects for the formation of a new fiscal commission to address the annual budget deficit and national debt. The House Budget Committee

(HBC) last week advanced a proposal with bipartisan support that would create a 16-member commission. Twelve members of the commission would come from Congress, with even splits between the House and Senate and between Republicans and Democrats. The other four would be outside experts appointed by Congressional leadership and would act in a purely advisory (non-voting) capacity. The commission would write a report and draft legislation that would have provisions to reduce the deficit and debt and to address the future solvency of Social Security and Medicare. A majority vote on the commission would be needed to approve the report and to force Congress to vote on the legislation. Republicans, led by HBC Chairman Jodey Arrington (R-TX), aim to attach this legislation to a government funding bill in the coming weeks. If they are successful and the proposal becomes law, the new commission would need to complete its report in December 2024 (though this deadline could be extended to May 2025 under the legislation). *The fiscal commission could be the most meaningful effort to address the budget deficit and national debt for a few years.*

Abortion Politics. This week marked the 51st anniversary of the Supreme Court's *Roe v Wade* decision, which was overturned by the court in 2022. President Biden and Vice President Harris used the occasion to hold public events and run campaign ads in support of a national standard for reproductive rights. At the same time, House Republicans passed legislation to extend more resources to pregnant women and block a Biden executive order that restricts certain pro-life pregnancy centers from federal funding. All of this action underscores the importance of this issue in this year's presidential election, which will be the first since the overturning of *Roe*. Several states, including the swing state of Arizona, are expected to put abortion on their ballots by either protecting abortion rights or resisting efforts to restrict them. *While abortion is not listed consistently in national polls as a top-five issue on voters' minds, we believe the issue will escalate in importance as the year goes on and will be a factor in this year's elections (as it was in 2020 and 2022).*

Buy, Borrow, Die. Senate Finance Committee Chairman Ron Wyden (D-OR) has been a leading advocate for a "wealth tax" that would tax individuals' assets rather than just their income. His latest proposal is to target individuals who engage in what he calls "Buy, Borrow, Die." In his view, this practice allows wealthier individuals to avoid taxes by buying assets, borrowing against those assets and then leaving the assets tax-free to their heirs at the time of their death. His concern is that many wealthy people make a lifetime of accumulating wealth and avoiding

taxes rather than selling assets and realizing gains (and therefore paying taxes on those gains). As we have previously noted, they introduced legislation late last year to advance a wealth tax to combat this practice. There is some momentum for this idea among Democratic lawmakers, especially since additional revenue will be needed in the coming years for federal spending or deficit reduction. *This issue won't be acted on at the federal level this year but will be front-and-center next year if Chairman Wyden still represents the majority party in the Senate and President Biden is re-elected.*

Judicial Tracker. We frequently mention the Senate's approval of Biden administration judicial nominees in these reports. This sounds like a stuffy, bureaucratic activity, but it is very important in shaping the makeup of the federal judiciary. The Senate has confirmed 171 federal judges so far during Biden's presidency. Over 100 are women and/or people of color. During Trump's presidency, then Senate Majority Leader Mitch McConnell (R-KY) worked closely with the Trump administration to confirm 234 judges (including three Supreme Court justices). Currently, Biden is behind Trump, who had 187 judges confirmed at this same point in his presidency. *Senate Majority Leader Chuck Schumer (D-NY) is prioritizing judicial nominations, and the Senate will continue to confirm Biden nominees this year, but it remains to be seen if it will be able to surpass Trump's record.*

The Final Word

Expanding Options. With a rematch between President Biden and former President Trump looking all but certain, it's safe to say the American electorate is unimpressed. In recent polling, 67% of respondents were unhappy with this rematch, and 18% said they would not vote at all if Biden and Trump were their only options. With enthusiasm levels like that, it's no wonder that numerous third-party options have begun to resonate with voters. For the past few months, Democrat-turned-Independent Robert F. Kennedy, Jr. has been polling in the 10 – 15% range nationally, and even cracked 20% in a poll released earlier this week. The more centrist party, No Labels, is also organizing and gaining ballot entry in the states. The party has said it will make a decision in March on whether it will field a candidate. These newcomers will garner the most headlines, but they'll also be joined by candidates for the Green and Libertarian parties. The largest vote share for a non-major party candidate in modern presidential election history is Ross Perot, who garnered 18.9% in 1992. *We believe there is a good chance that the combined third-party effort will be higher than that mark if a No Labels candidate enters the race.*

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