

## US Politics and BRICS

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<https://SabinoIM.com>

We have a national election on November 5. RealClearPolitics.com has a subsite called RealClearPolling.com where they track different polls and betting websites for the election. During the last three weeks, they list 16 different polls which have an average outcome of 48.4% for Donald Trump and 48.3% for Kamala Harris, with some polls in favor of Harris while others favor Trump. RealClearPolling.com also tracks seven different betting websites. The betting websites favor Trump with an average probability of victory of 53.9% for Trump to 44.9% for Harris.

Both presidential candidates intend to make their mark on the economy. While Congress is responsible for proposing legislation, the president can have a great deal of influence, especially if their party controls Congress. Below are some of the economic policies that the presidential candidates advocate:

- Trump has said that he will reduce the current corporate income tax rate from 21% to 15%, while Harris would like to raise it back to 35%.
- Trump would raise tariffs, going so far as to say that he would like to replace the individual income tax with tariffs. Trump also threatened to raise tariffs to 100% for countries that are not willing to use the US dollar as their reserve currency. Harris has not said much about tariffs.
- Harris intends to raise taxes for those households making \$400,000 or more by raising the top tax bracket to 39.6%, the net investment income surtax to 5%. Capital gains tax rates would also be raised.
- Similar to Biden, Harris may want to tax unrealized gains upon death.

Trump's position on tariffs is surprising. The Smoot-Hawley Act of 1930 raised tariffs on imports, and naturally, other countries raised tariffs on American products in return. The Smoot-Hawley Act is considered to be a major contributor to the global depression of the 1930s as international trade declined.

Regardless of who wins the presidential election, neither party seems inclined to reduce government spending in any meaningful way. Large budget deficits are expected to

continue. During the federal government's fiscal year ending 9/30/2024, the US budget deficit was \$1.83 trillion, larger than the \$1.69 trillion deficit of fiscal year 2023.

Consistent with excessive government spending, the Bureau of Labor Statistics published their nonfarm payroll report for October which showed job growth of 12 thousand. However, private payrolls declined by 28K while government jobs increased by 40K. That type of imbalance is not a sign of a healthy economy.

On the other side of the world, the BRICS summit took place in Kazan, Russia during October 22-24. While it received little media attention in the United States, it is clear that the alliance is growing stronger and will exert more influence in the future.

Some of the recent headlines that are related to the BRICS summit conference:

- BRICS grows, adding 13 new 'partner countries' at historic summit in Russia.
- Why Turkey seeks to become first NATO member in BRICS.
- Serbia says joining BRICS is far better than joining the EU.
- Russia calls on BRICS partners to create alternative to IMF.
- BRICS is loading up on gold and silver – is this the new financial order?
- Russia will create new BRICS Precious Metals Exchange to become key regulator of prices.
- Russia plans to add silver and boost its gold, platinum, and palladium holding in its state fund next year.
- What led to Modi (India's Prime Minister) and Xi (President of China) meeting and thaw in ties?
- BRICS leader's declaration confirms support for granting Palestine full membership.

At a recent new conference, a reporter asked US Treasury Secretary Janet Yellen, "How concerned are you about the potential impact of the dollar's status as the world reserve currency?" Before she could answer, the US Treasury emblem on the front of the podium crashed to the floor. The symbolism was obvious and people in the room laughed, including Secretary Yellen. Here is a link to the video:

<https://x.com/i/status/1850774496086478970>

If you have any questions or comments, please contact me.

Sincerely,  
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