



Kamala Harris's Economic Program

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► Key Takeaways

- Though most macroeconomic indicators are positive after four years of the Biden administration, Americans tend to trust Republicans more than Democrats on the economy. This sentiment was compounded by Kamala Harris's lack of concrete economic policy until the release of an 80-page document on September 23rd.
- Harris strives to differentiate herself from Biden's legacy and Trump's economic program. Her plan is both pro-middle class and pro-business, with numerous measures on housing, child tax credit, healthcare, small businesses and grocery prices; and a detailed project for developing critical industry and innovation.
- Following Trump's 2017 tax reform, Harris proposes not to increase taxes on Americans earning up to 400,000 dollars, while ensuring the wealthiest individuals and companies pay more.
- Critics point to a lack of details on clean energy as well as trade and technology policies *vis-à-vis* China. They also express concern over the cost of her program though it would be less costly than Trump's plans, which include levying less taxes on the wealthy and corporations and imposing massive tariffs on imported goods.

Introduction

Since receiving the Democratic nomination in the wake of President Joe Biden's decision to step aside in the 2024 American presidential race, Vice-President Kamala Harris has been striving to define her own policy platform to attract voters in the limited time remaining before the November 5th election. Since the economy is a central issue for American voters, Harris developed several propositions in that area.

Macroeconomic figures in the United States (US) have been improving: in September 2024, businesses reported adding 254,000 jobs, and the unemployment rate decreased to 4.1%. Real gross domestic product (GDP) growth rebounded to 3% in the second quarter of 2024, and estimates of overall economic growth are strong. Inflation, which soared to 9.2% in June of 2022 and has been a source of discontent for Americans, has returned to more acceptable levels (2.5% in August). The Federal Reserve lowered interest rates by a half percentage point in September, with additional cuts predicted in the months to come. However, despite these positive indicators, opinion polls suggest that the economy is an area in which Republican candidate and former president Donald Trump, and the Republican Party more broadly, continue to be perceived as more efficient than Democrats. According to a September 2024 Gallup survey, by a measure of 46% to 41%, Americans declare the Republican Party is better suited than the Democratic Party to handle the economy.¹

Taking into consideration the current political context and public opinion, with less than a month before Election Day, what can we decipher about Harris's economic plans? And just how successful has she been in forging her own path and crafting a competitive platform on economic policy?

What do we know so far?

A document outlining a portion of Kamala Harris's policy plans was released on August 16. It was entitled the "Agenda to Lower Costs for American Families" and focused on supporting middle-class Americans. This coincided with Harris's first major speech on the economy at an August 16 rally in North Carolina. A section on these issues was added to her campaign website on September 8. However, the Harris campaign faced criticism over its thin policy positions, citing vague policies and lack of thematic cohesion.

In response, Harris gave a long speech on the economy at an event hosted on September 25th by the Economic Club of Pittsburgh on the Carnegie Mellon University campus. The same week, the Harris-Walz campaign released a roughly eighty-page, thirteen-chapter overview of her economic policy priorities, entitled "A New Way Forward for the Middle Class: A Plan to Lower Costs and Create an Opportunity Economy."

1. J. Jones, "2024 Election Environment Favorable to GOP", Gallup, September 24, 2024.

The release of more refined economic policy proposals is a deliberate effort to fill in the gaps in policy that have both fueled critique from the Republican Party and caused concern among voters.²

Harris's economic plans have, therefore, emerged with more clarity. The guiding vision is to build an "opportunity economy," defined as an economy where everyone has a chance to compete and succeed, with a particular emphasis on building up the middle class.³ A distinct forward-looking theme underpins much of Harris's rhetoric, encapsulated by her evoking the old adage "the best way to predict the future is to invent it" in her September 25th speech.⁴

Beyond Bidenomics?

President Biden's economic policy, nicknamed "Bidenomics," was a core feature of his four years in office. It championed several landmark pieces of legislation, namely the American Rescue Plan, the Infrastructure and Investment Jobs Act, the CHIPS and Science Act, and the Inflation Reduction Act, as well as a number of executive actions. In short, the three main objectives of Bidenomics were: 1) restoring the prospects of prosperity for the middle class through infrastructure investment and a massive re-shoring of manufacturing jobs; 2) kick-starting the energy transition through clean energy measures and the construction of electric vehicles and battery plants; 3) protecting US technologies from China via export controls and tax incentives for the construction of semiconductor plants in the US.⁵

Despite ushering in myriad successes in terms of climate and clean energy action, as well as job creation, Biden's economic policies also garnered criticism, especially from Republicans who pointed to a soaring federal debt (now sitting around \$35.6 trillion) and high inflation during his presidential term.

Although many of Harris's preliminary economic policy proposals align closely with the Bidenomics objective of helping the middle class, there have been fewer indications by the Harris campaign so far on the two other Bidenomics objectives, namely clean energy and competition with China. Harris appears to want to expand beyond the scope of Bidenomics, define her own campaign's approach, and shed the baggage of high Biden-era inflation and low confidence in his economic policy.

Harris appears to
want to expand
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2. S. Collinson, "Harris Isn't Giving the Specifics Some Undecided Voters Say They Want", CNN, September 18, 2024.

3. "A New Way Forward for the Middle Class: A Plan to Lower Costs and Create an Opportunity Economy", Harris-Walz, September 2024.

4. "Remarks by Vice President Harris a Campaign Event, Pittsburgh, PA", The White House, September 25, 2024.

5. L. Nardon, "Bidenomics: Contours and Critiques of the New American Economic Policy", *Potomac Papers*, No. 48, Ifri, October 2023.

Harris policies in August 2024: Helping the middle class

Harris's preliminary economic policies, outlined in the August 16 campaign event speech and expanded in the “Agenda to Lower Costs for American Families” document, addressed a narrowly defined set of focus areas.⁶

Taxes

Donald Trump's tax reform of 2017, the Tax Cuts and Jobs Act (TCJA), brought several changes to the US tax code, many of which are set to expire in 2025. Neither candidate has unveiled exact plans to define the follow-up to the TCJA, but drawing on existing party platform positions, Donald Trump could likely propose to extend all his sunset tax cut provisions. If elected, he would likely build on prior efforts to prioritize lower taxes for individuals and businesses, with particular benefits for high-income earners and corporations. He supports exempting Social Security and tip income from taxes and lowering the corporate tax rate to 15%.

Kamala Harris has stated that she does not support increasing taxes on people making an annual income of less than \$400,000. Therefore, she would presumably leave the Trump-era tax cuts in place for Americans earning up to \$400,000 per year while letting high-level cuts expire. Broadly speaking, Harris is aiming to lower some of the taxes

for working-class Americans while ensuring the wealthiest pay more.

In line with this, Harris would like to expand the Earned Income Tax Credit for workers in lower-income jobs by cutting taxes up to \$1,500. She also said she would push for an increase in the minimum wage but has not specified how significant an increase would be. Harris aims to eliminate the federal income tax on tips, though tips would remain subject to payroll taxes. This elimination is a subject on which Harris and Donald Trump agree.

As noted above, Harris has also mirrored Biden's stance on Social Security, supporting the reinstatement of the payroll tax on earned income above \$400,000. Harris also supports Biden's Billionaire Minimum Income Tax policy, levying a 25% minimum income tax on households with more than \$100 million in net worth, and supports increasing the corporate tax rate from 21% to 28%. The capital gains tax rate is an important fiscal issue on which Harris embraces a more moderate approach than Biden. She proposes to raise the rate to 28%, an 8% increase from the current rate for those with an annual income of \$1 million or more. This tax hike is not as steep as Biden's earlier

Harris is aiming to lower some of the taxes for working-class Americans while ensuring the wealthiest pay more

6. “Vice President Harris Lays Out an Agenda to Lower Costs for American Families”, Harris-Walz, August 16, 2024.

proposal for a rate of 39.6%, yet still aligns with the traditional Democratic position on taxes. Thus, Harris is engaging in a careful balancing act – adopting a more moderate approach to portray herself as more pro-business without straying too far from expected progressive policy.

Small businesses

Harris's attempt at being more “pro-business” is much more visible as it pertains to supporting small businesses and investing in entrepreneurs – considered by Harris to be the engines of the American economy. She proposes to expand the current \$5,000 tax deduction for small business startup expenses to \$50,000. Importantly, Harris also aims to minimize obstacles for small businesses, making it easier for them to file taxes, acquire licensure, and do business across state lines, with a particular focus on boosting investment in low-income individuals and communities, especially in rural areas. The goal of these measures, among others, is to see at least 25 million new small business applications by the end of her first term in office, an increase from the 19 million new small business applications filed during Biden's presidency.

Helping working-class families

Child-rearing is another key focus of Harris's proposed economic agenda through the enhancement of the Child Tax Credit, which would restore the American Rescue Plan Act's expansion of the child tax credit to as much as \$3,600 and add a newborn tax credit of up to \$6,000 for middle-class and lower-income families with children in their first year of life. Harris also aims to provide better, more affordable childcare in the US, telling the National Association of Black Journalists in September that no working family should pay more than 7% of their household income for childcare. According to the US Department of Labor, families are currently paying as much as 19.3%.⁷

Housing support

Housing appears to be one of Harris's more developed and innovative policy areas. She aims to provide up to \$25,000 in down-payment assistance for first-time homebuyers to expand the number of homebuyers receiving support. Harris also proposes the creation of three million new housing units within the next four years to remedy the housing shortage and expand the supply of affordable housing. An expansion of existing tax incentives for building affordable housing is also planned, including the provision of a tax incentive for builders constructing starter homes. Perhaps most interestingly, Harris plans to create a \$40 billion fund for innovative housing construction and to support more fair housing prices and housing market; Harris aims to ban algorithm-driven, private equity-backed

7. “Childcare Remains Out of Financial Reach for Many Families”, U.S. Department of Labor, January 24, 2023.

price-setting tools used by corporate landlords to jack up rents in communities.

Affordable healthcare

Healthcare is an area where Harris has presented policy plans with more detail and clarity. While she does not include the Medicare-for-All plan that she had proposed during her 2020 presidential bid in her current plans, she aims to make “affordable healthcare a right, not a privilege” by extending more generous Affordable Care Act premium subsidies.⁸ This includes capping the monthly cost of insulin at \$35 and out-of-pocket costs for prescription drugs at \$2,000 for all Americans, not just those enrolled in Medicare. Harris will also work with states to cancel medical debt for millions of Americans, building on efforts undertaken during her time as vice president. Harris also plans to continue the Biden-Harris administration’s existing efforts to combat maternal mortality. Harris has also committed to protecting and strengthening Social Security and Medicare by “making millionaires and billionaires pay their fair share in taxes.”⁹

Grocery prices

Building on the theme of supporting the middle class, Harris outlined various proposals for lowering food costs and grocery prices. Harris plans to focus on constructing more resilient food supply chains, providing support to small businesses, grocers, and growers, and most notably, calling on Congress to pass the first-ever federal ban on price-gouging.

Harris-Walz’s September plans: A focus on innovation and industry

The Harris-Walz campaign released an approximately 80-page policy document the week of September 23rd. Harris also addressed the Economic Club of Pittsburgh on the Carnegie Mellon University campus on September 25th with a particular focus on industrial policy and manufacturing in the key swing state of Pennsylvania. While much of the content reiterates previously released plans, the book includes some new components.

Innovation and industry

Among the more significant chapters of the policy book is one on investing in American innovation and industrial strength – an area largely absent from the first set of proposals in August. Here, the Harris-Walz proposals are encapsulated in an “America Forward” strategy designed to “jumpstart a new era in American industry.”¹⁰ This is a two-fold

8. “A New Way Forward for the Middle Class”, op. cit.

9. “Protect and Strengthen Social Security and Medicare”, <https://kamalaharris.com>.

10. “A New Way Forward for the Middle Class”, op. cit.

strategy that will focus both on clean iron and steel, modernizing two areas of traditional American strength and developing and refining new and emerging technologies in the domains of biomanufacturing, artificial intelligence, aerospace, data centers, and clean energy. America Forward tax credits will be implemented to provide benefits to investments made in manufacturing, farming, and energy communities. The plans also include efforts to develop America's research base, especially in artificial intelligence, with a proposal to scale up and make the National Artificial Intelligence Research Resource permanent.

Notably, the strategy aims to boost job creation, scale up strategic industries, and make "opportunity economy" jobs available to a greater number of workers without a college degree. To expand such opportunities, Harris proposes the elimination of four-year degree requirements currently needed for roughly half a million federal jobs and encourages the private sector to work with unions, schools, community colleges, and local governments on Registered Apprenticeships, pre-apprenticeships, and innovative training partnerships to create more employment pathways across industries.

Harris also pledges to support union workers and plans to sign pro-union legislation, including the Protecting the Right to Organize Act and the Public Service Freedom to Negotiate Act, if elected to office.

Clean energy

The text also presents measures dedicated to investing in the clean energy economy and the climate. They include continuing to lower household energy costs, investing in clean energy projects, and creating millions of new jobs in the clean energy sector. Proposals also include the construction of a lower-cost, more resilient electrical grid to accelerate the use of critical technologies to produce and distribute more energy, provide protection in the face of climate disasters, and bring down energy costs for Americans. The energy chapter is brief, however, largely echoing efforts established under Biden's Inflation Reduction Act.

Additional measures for middle-class families

Additional areas addressed in the policy book include consumer protections against scammers, junk fees, and fraud, as well as the expansion of the Low-Income Housing Tax Credit to expand the affordable rental supply and the creation of a new Neighborhood Homes Tax Credit to support the construction of new homes or the rehabilitation of more than 400,000 owner-occupied homes in lower-income communities. The policy book also includes some general outlines for building a better care economy, calling for more affordable childcare, home care for the disabled and elderly, and higher education.

What critics are saying

Cost

The Committee for a Responsible Federal Budget is a Washington-based non-profit organization that is, by design, highly skeptical of most federal spending. An August 2024 analysis estimates that Harris's "Agenda to Lower Costs for American Families" policy proposals alone could increase the national deficit by \$1.7 trillion over the next ten years, with a significant portion of this figure coming from Harris's proposal to expand the child tax credit.¹¹ The Committee also warns that this total figure could climb if some of the temporary housing measures proposed by Harris take permanent effect should she be elected. The Harris campaign said the proposals would be paid for via taxes on corporations and the wealthy, but details on specific offsets had not been outlined at the time of the Committee's analysis.

Summary of the Fiscal Effects of the Harris Agenda to Lower Costs for American Families	
Policy	Ten-Year Deficit Impact
Expand CTC to \$3,000 or \$3,600 for young children	\$1.1 trillion*
Further expand CTC to \$6,000 for newborns	\$100 billion
Extend the ACA premium tax credit expansion	\$400 billion
Expand the EITC for workers without child dependents	\$150 billion
Provide a \$25,000 first-time homebuyer credit for four years	\$100 billion [^]
Enact additional affordable housing policies for four years	\$100 billion [^]
Lower prescription drug costs	-\$250 billion ⁺
Total Impact of the Harris Agenda to Lower Costs for American Families	\$1.7 trillion
<i>Memo: Impact of Agenda if housing policies are made permanent</i>	<i>\$2.0 trillion</i>
<small>*This estimate is relative to extension of the CTC and related reforms in the Tax Cuts & Jobs Act; relative to current law, the policy would cost \$1.8 trillion. [^]Based on the Harris campaign's estimate of 4 million eligible homebuyers; we believe that number could be higher and lead to additional costs. ⁺Actual costs may differ based on not-yet-specified details. ⁺Assumes prescription drug policies from President Biden's FY 2025 budget. Sources: CRFB estimates based in part on Joint Committee on Taxation, Congressional Budget Office, and Office of Management and Budget projections.</small>	

The cost of Harris's proposals, however, remains far below the estimated cost of Donald Trump's proposed policies. The Penn Wharton Budget Model, published in August 2024, estimates that the Trump campaign tax and spending proposals would increase primary deficits by \$5.8 trillion over the next ten years on a conventional basis.¹²

11. "The Kamala Harris Agenda to Lower Costs for American Families", Committee for a Responsible Federal Budget, US Budget Watch 2024, August 16, 2024.

12. "The 2024 Trump Campaign Policy Proposals: Budgetary, Economic, and Distributional Effects", Penn Wharton Budget Model, University of Pennsylvania, August 26, 2024.

Price gouging

Since Harris's proposal to ban price gouging was first announced, economists have been skeptical of such a measure, citing failed price control measures during Richard Nixon's administration in the 1970s. Moreover, economists also note that very little of the Biden-era inflation – which Harris's price gouging proposal is likely seeking to remedy – can be attributed to price gouging. In all likelihood, one can expect this particular proposal to be dropped by a Harris administration.

Climate and clean energy

Harris's positioning on fracking is another area that has caused some stir. Back in 2019, while serving as a California senator, Harris said she would ban fracking natural gas. Harris now pledges not to ban fracking and assures that she has held this position since joining Biden's ticket in 2020. She explains that thanks to the Inflation Reduction Act, the US will, in time, produce enough clean energy that fracking will cease to be pursued. The Trump campaign has zeroed in on this to highlight her shifting positions over the years.

The China threat

Most of Harris's economic agenda and rhetoric relate to the same small number of topics, with few references made to other critical areas such as trade and tariffs, technology, the economic implications of foreign policy decisions, or the role of the US in global competition. The campaign made only brief references to foreign competitors when discussing innovation and industry in the expanded policy book, noting aims to level the playing field with China and other global competitors – a stance repeated by Harris during her speech at the Economic Club. At the end of the day, Harris will likely fall in line with Biden-era positions regarding trade and technology policies *vis-à-vis* China. Meanwhile, Trump assumes much more aggressive positions on these issues, claiming that, should he be elected, huge tariffs will be imposed on Chinese goods, to the possible detriment of US consumers.

The substance of “Kamalanomics”

Although lacking in detail in some areas, the phased policy announcements by the Harris campaign demonstrate a tangible commitment to building a cohesive vision for the American electorate to evaluate ahead of Election Day – and is bolstered by tens of millions of dollars being poured into campaign advertising. The September 25th speech echoed her policy book's core themes and underscored her desire to appear friendly to business and corporate interests as she characterized herself as a capitalist and pledged to be “pragmatic” in her approach. Harris also declared she is “not constrained by ideology,” suggesting an openness, flexibility, and independence from Biden's policy agenda so as to

avoid being labeled as too liberal.¹³ Moreover, when speaking about infrastructure investments, Harris evoked the legacy of various previous presidents who fought for infrastructure improvements without mentioning Biden in this list.

Meanwhile, Harris also repeatedly underlines contrasts between her policy proposals and those of Trump and Project 2025. Throughout her policy book, excerpts of red text conclude each chapter, explicitly explaining how her policies diverge from Republican's plans. For example, when discussing her plans to lower costs for families, a

Kamala Harris is making a sustained effort to distinguish her economic vision from that of both Donald Trump and President Biden

concluding paragraph states that Trump does not have similar plans. Rather, prices could skyrocket by \$4,000 per year for families under a Trump agenda, especially due to the tariffs his administration would apply to imported goods. Ending each chapter of the policy book in this way is a deliberate strategy to present to voters the stark differences between the two candidates' economic programs.

Kamala Harris is making a sustained effort to distinguish her economic vision from that of both Donald Trump and President Biden. The result is a stance that appears somewhat more moderate and business-friendly than Biden's and emphasizes looking forward and not backward when considering economic policy – an intentional rhetorical choice directed at Trump.

It is uncertain if Harris's various efforts to detail her policies, particularly in the domain of the economy, will pay off. The race remains locked, with individual polls failing to agree with one another and gauging only small movements in support. There are some indications that Harris has started to successfully erode the Republican lead on the economy, though many battleground state voters remain anxious on economic issues and continue to trust Trump more. With less than a month remaining before Election Day, it remains to be seen if Harris's plans will truly be the "New Way Forward" for the US.

13. N. Nehamas and R. J. Epstein, "Harris Casts Herself as a Pro-Business Pragmatist in a Broad Economic Pitch", *The New York Times*, September 25, 2024.

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How to quote this publication:

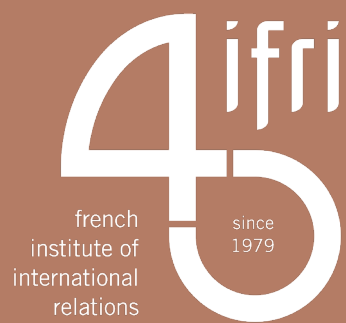
Laurence Nardon and Abigail LaBreck, “Kamala Harris’s Economic Program”, *Ifri Memos*,
Ifri, October 7, 2024.

ISBN: 979-10-373-0919-8

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