

# Policy Note

One week from today, on November 8, a record number of Americans are expected to vote in the 2022 US midterm elections. We have attached our comprehensive publication from this past weekend on our expectations for the election, and have provided below a summary of potential legislative implications for the two most likely post-election scenarios.

Large, complex legislation is very difficult in today's Washington. In addition, the probability of either party gaining a 60 person, filibuster proof, majority in the US Senate is exceptionally low. If Republicans do take control of one or both chambers of Congress, look for less fiscal support and more complexity around regular way legislation (tax extenders, budget, etc.).

Most polling data and forecasting models expect Republicans to take control of the US House while Senate control remains a "toss-up". In either of the two most likely midterm election scenarios, large legislative packages will be challenged by razor thin majorities and "divided" government.

## Policy priorities under each election scenario

	Economic Policy	
	<b>Republican "Sweep"</b> GOP House / GOP Senate	<b>"Split" Congress</b> GOP House / Dem Senate
Gridlock on debt ceiling, gov funding	<b>Likely</b>	<b>Likely</b>
Annual US defense spending authorizations	<b>Very Likely</b>	<b>Very Likely</b>
Large fiscal stimulus (even in recession scenarios)	<b>Very Unlikely</b>	<b>Very Unlikely</b>
More drug price controls / expanded ACA subsidies	<b>Very Unlikely</b>	<b>Unlikely</b>
Additional clean energy subsidies	<b>Unlikely</b>	<b>Unlikely</b>
Pipeline permitting by YE 2022	<b>Unlikely</b>	<b>Possible</b>

	Tax Policy	
	<b>Republican "Sweep"</b> GOP House / GOP Senate	<b>"Split" Congress</b> GOP House / Dem Senate
Increase global minimum tax rate to 15%	<b>Very Unlikely</b>	<b>Very Unlikely</b>
Increase the corporate tax rate	<b>Very Unlikely</b>	<b>Very Unlikely</b>
Raise the SALT deduction cap	<b>Very Unlikely</b>	<b>Very Unlikely</b>
Expand Low-Income Housing Tax Credit	<b>Unlikely</b>	<b>Possible</b>
Increase top marginal tax rate	<b>Very Unlikely</b>	<b>Very Unlikely</b>
Larger & more rapid Tax Extenders	<b>Unlikely</b>	<b>Unlikely</b>
Enhanced child tax credits made permanent	<b>Unlikely</b>	<b>Unlikely</b>

	Domestic Policy	
	<b>Republican "Sweep"</b> GOP House / GOP Senate	<b>"Split" Congress</b> GOP House / Dem Senate
More oversight of Biden administration (and nominees)	<b>Very Likely</b>	<b>Likely</b>
More pushback on Trump investigations	<b>Very Likely</b>	<b>Likely</b>
Expanded student loan forgiveness	<b>Unlikely</b>	<b>Unlikely</b>
More expansive / restrictive abortion legislation	<b>Possible</b>	<b>Unlikely</b>
More expansive / restrictive gun control legislation	<b>Unlikely</b>	<b>Unlikely</b>
Immigration reform	<b>Unlikely</b>	<b>Unlikely</b>

	Foreign Policy	
	<b>Republican "Sweep"</b> GOP House / GOP Senate	<b>"Split" Congress</b> GOP House / Dem Senate
Continued "support" for Ukraine (financial, arms)	<b>Likely</b>	<b>Very Likely</b>
More "scrutiny" on Ukraine spending	<b>Very Likely</b>	<b>Likely</b>
"Tough on China" legislation	<b>Very Likely</b>	<b>Very Likely</b>
Rollback existing China tariffs	<b>Unlikely</b>	<b>Unlikely</b>
Potential "Tough on Saudi / OPEC" legislation (i.e., NOPEC bill)	<b>Possible</b>	<b>Possible</b>
Join new / large global trade agreements	<b>Unlikely</b>	<b>Unlikely</b>

	Financial Market Policy	
	<b>Republican "Sweep"</b> GOP House / GOP Senate	<b>"Split" Congress</b> GOP House / Dem Senate
Digital asset legislation (crypto, stablecoin, CBDC)	<b>Likely</b>	<b>Possible</b>
Stock trading bans for members of Congress	<b>Possible</b>	<b>Possible</b>
Big Tech antitrust legislation	<b>Possible</b>	<b>Possible</b>
Increased Congressional review of Biden ESG / climate agenda for financial services sector	<b>Likely</b>	<b>Possible</b>
Heightened consumer protection regulation	<b>Possible</b>	<b>Possible</b>

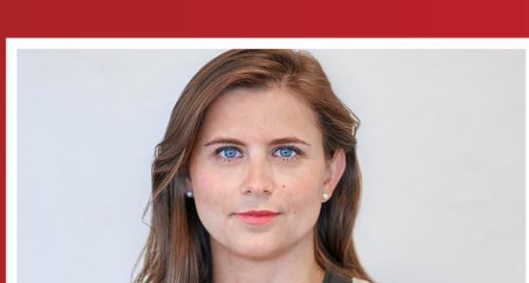
Source: MUFG US Government Affairs Office (Hollinger), Veda Partners (Treyz), PIMCO (Cantrill), Brownstein Hyatt Farber Schreck.

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