

**Overview of the United States Presidential Election and Future
Prospects
<Report Summary>**

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Current State of the 2024 U.S. Presidential Election

1. The Republican National Convention was held from July 15. Donald Trump was officially nominated as the presidential candidate, and he selected Senator J.D. Vance of Ohio as the vice-presidential candidate. On July 13, prior to the convention, Mr. Trump was shot while giving a speech in Pennsylvania. Fortunately, he sustained only minor injuries, and photos of him raising his fist while bleeding were reported nationwide, leaving the impression of a strong leader.
2. In the first presidential debate held on June 27, President Biden's poor performance generated significant criticism, and for a time, Mr. Trump's lead in polling widened to 3.4 points. However, by July 10, the difference in polling had once again narrowed to the 2% range. Voting outcomes are predicted for many states, and it is believed that the six battleground states—Arizona, Georgia, Pennsylvania, Wisconsin, Michigan, and Nevada—will determine the election result.
3. The economy is the voters' top concern, and various indicators suggest that the U.S. economic and employment situation is not bad, with inflation having cooled compared to earlier periods. However, public opinion polls show that voters remain pessimistic about the economy, with a majority indicating that they trust Mr. Trump more than Mr. Biden on economic management. Other key issues for voters include immigration, democracy, housing, and public safety.
4. Although Mr. Trump was convicted in a trial in New York on May 30, the impact on his polling has been minimal. On the other hand, following the aforementioned debate, there has been growing unrest within the Democratic Party, with some calling for Mr. Biden to withdraw.
5. As for the congressional elections that are held on the same day as the presidential election, the prevailing outlook is that the Senate will be evenly split between Democrats and Republicans or decided by a one-seat margin, while the House of Representatives is expected to remain under a narrow Republican majority.

Developments in the Event that Mr. Biden is Reelected:

6. The Inflation Reduction Act (IRA) has been one of the major achievements of the Biden administration, and, under the leadership of the Treasury Department, regulations concerning tax credits for clean energy investments are being developed. Numerous clean energy-related business plans have already been announced, and it is expected that during a second term, the adoption of eligible projects and the application of tax credits will progress further.
7. Toward a decarbonized economy, the government is advancing regulations on vehicle emissions and power plant emissions, and it is expected that these regulations would come into effect during a second term, thereby further promoting efforts to reduce greenhouse gas (GHG) emissions.
8. Factors that could hinder the progress of the energy transition include:
 - (1) Delays in implementing IRA-adopted projects due to local opposition,
 - (2) Delays in establishing domestic raw material supply chains,
 - (3) Delays in implementing regulations due to lawsuits,
 - (4) Market selection of technologies that are not sufficiently low-carbon, and
 - (5) The administration's continued lukewarm support for expanding domestic oil and gas supply.
9. One noteworthy point is the U.S. Supreme Court decision on June 28, which limited the authority of administrative agencies to interpret laws. This ruling is expected to further heighten the aforementioned litigation risks.
10. The Biden administration has announced reforms to the permitting process for energy infrastructure, but advancing the energy transition will require congressional action on these reforms. Managing Congress under the expected distribution of power, along with addressing the above issues, will be key challenges in a second term for the administration.

Developments in the Event that Mr. Trump is Reelected:

11. During the first Trump administration, environmental regulations were rolled back, but many of these moves were reversed by the Biden administration or the judiciary. Taking this into consideration, if Mr. Trump were to return to power, then it is expected that he would aim to implement policies in a more "effective" manner.
12. Mr. Trump's objectives include reversing climate change measures and rebuilding U.S. manufacturing. Early in the campaign, he proposed the repeal of the IRA's climate change policies, particularly subsidies for clean energy investments and the mandate for EV purchases. However, clean energy investment support has strong backing from Republican lawmakers as well, with the methane fee and the GHG Reduction Fund

- being included in the points that congressional Republicans are focusing on for review.
13. It is anticipated that regulations related to vehicle emissions and power plants would be rewritten once again. Proposals include promoting energy development on federal lands and disregarding climate science as a basis for policymaking.
 14. Additionally, there is concern over administrative agencies arbitrarily interpreting laws to impose excessive regulations, as well as the practice of tightening regulations through settlements with public interest groups in litigation – a form of "de facto legislation." It is also expected that measures would be taken to counter the frequent lawsuits filed by environmental organizations.

A Retreat from "Woke"?

15. During the first Trump administration, the rollback of federal climate change measures inadvertently spurred progress in climate initiatives by states, municipalities, and companies. Financial institutions also increased their focus on climate action, leading to a surge in ESG investment. This trend is believed to have been influenced by the values of younger voters and consumers.
16. Under the current Biden administration, while federal climate change policies have made strides, there has been a wave of anti-ESG legislation at the state level, and it has also been noted that corporate communication on ESG and DEI (Diversity, Equity, Inclusion) initiatives has declined. Recently, at higher education institutions there has also been a visible retreat from DEI initiatives.
17. If the next presidency is also a Democratic administration, then it is anticipated that progressives will secure a certain number of seats in Congress, independent of broader public opinion trends. Thus, whether the administration continues to take the interests of the progressive faction into account will become a crucial factor influencing policy direction.
18. In the event that Mr. Trump returns to the presidency, attention will focus on whether he can promptly solidify his team, including political appointees and advisors, to ensure the smooth operation of the government, and what the composition of this team will be.

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