

# U.S. Election 2024: Where Harris And Trump Stand On Technology Regulation

- Neither a Harris win nor a Trump victory will materially change the policy outlook for the technology sector in the next 1-2 years.
- The government's anti-trust cases against Big Tech will continue, irrespective of the election outcome.
- However, efforts to regulate these companies will remain slow-moving given the prospect of lengthy anti-trust court cases, the lack of easy remedies to rein in Big Tech's market power, national security considerations, and ongoing disagreements among policymakers about how to increase oversight of emerging technologies such as A.I. without stifling innovation.
- Both parties support public investments to increase the self-sufficiency of the U.S. in semiconductor manufacturing, while preventing China from acquiring cutting-edge technologies, although Trump's approach to the latter is more aggressive and could potentially be more disruptive for the tech sector.
- If Harris wins, internet service providers and network equipment companies should begin to see tailwinds from the rollout of projects to build out broadband infrastructure in underserved communities, while the timing of these benefits would be more uncertain under a Trump victory.

Technology regulation will present a set of complex and challenging policy issues for the next president. The new administration will need to strike a delicate balance between reining in the market power of Big Tech and putting guardrails around emerging technologies such as A.I., while fostering an environment that continues to support innovation and maintains the economic competitiveness of the U.S. Although Vice President Kamala Harris and former President Donald Trump may differ markedly on some specific tech policies, the two candidates are more closely aligned than either side would readily admit on the bigger issues of policing Big Tech and dealing with China as a technological competitor.

This report takes stock of where the two presidential candidates stand on issues such as technology regulation and strategic competition with China and examines the implications for the IT sector and related companies.

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## Policy Platforms

Below, we highlight the key elements of each candidate's technology policy platform.

### Harris

Harris is expected to closely follow the course set by the Biden Administration on tech policy, albeit with perhaps a friendlier ear and less combative rhetoric towards tech companies, given her ties and those of her advisors to California's tech industry. She is likely to focus her agenda on issues such as A.I. governance and push for legislation that would strengthen data privacy standards, consistent with her long-standing advocacy for consumer protection and human safety. On the issue of China, Harris supports "de-risking", rather than decoupling from Beijing, a policy that reduces the U.S. dependency on China without completely pulling out from the relationship. She is likely to pursue the following objectives:

- Continuing the anti-trust enforcement cases against Big Tech and using the legal authority of agencies such as the Department of Justice (DoJ), the Fair Trade Commission (FTC), and Federal Communications Commission (FCC) to police large technology companies.
- Expanding national broadband access to underserved communities and continuing public investments in semiconductor manufacturing.
- Pushing Congress to enact stricter regulations on data privacy.
- Enforcing Biden's executive order calling for greater oversight of A.I., which places safety obligations on A.I. developers and government agencies deploying the technology.
- Continuing with the Biden Administration's policy towards China, which involves preventing Chinese companies from acquiring cutting-edge technologies in semiconductors and coordinating export control requirements with American allies.

### Trump

Trump is likely to appoint more business-friendly enforcers at agencies charged with overseeing the tech industry, in keeping with his lighter touch on regulation. He wants to accelerate technological "decoupling" from China using an approach that is based on an "America First" doctrine, rather than the multilateral framework favored by the Democrats. To this end, Trump has pledged aggressive new regulations to limit Chinese ownership of U.S. technology. He is likely to pursue the following policies:

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- Continuing existing anti-trust enforcement cases against Big Tech but with a less antagonistic approach and less regulatory oversight of the rest of the sector.
- Repealing Biden's executive order on A.I. in favor of policies that **prioritize the development and promotion of A.I. systems and de-emphasize harm mitigation.**
- Promoting freedom of speech on online platforms.
- **Escalating pressure on China by expanding bans or restrictions on Chinese tech companies operating in the U.S. or accessing critical U.S. technology.**

***Trump will continue existing anti-trust enforcement cases against Big Tech but with a less antagonistic approach***

**Table 1** provides a summary of the main technology policies of Harris and Trump and their potential impacts on the different components of the tech sector, which we analyze in greater detail below.

**Table 1 Summary Of Tech Policies And Their Impact On The Tech Sector And Other Related Companies**

Proposal/Policy Stance	Candidate	Impact On Technology Sector And Other Related Companies	Comments
Continue anti-trust enforcement cases against Big Tech	Harris/Trump	Negative overhang for companies such as Alphabet, Apple, Amazon, Meta	Reining in the market power of Big Tech has bipartisan and public support
Expand broadband access to underserved communities under the US\$43 bn BEAD program of the 2021 infrastructure bill	Harris	Positive for ISPs (telcos and cablecos) and network equipment vendors	Disagreements over the BEAD program's requirements have delayed its rollout, but groundbreakings for broadband buildouts should begin in 2025
Support the self-sufficiency of the U.S. in critical technologies such as semiconductor manufacturing	Harris/Trump	Positive for semiconductor and chip equipment companies	Has bipartisan support; most of the grants under the 2022 CHIPS Act have been allocated and any additional funding will require Congressional approval
Implement Biden's executive order on A.I., which calls for the safe and responsible development of the technology	Harris	Could slow the pace of A.I. adoption at the margin; potentially negative for A.I. start-ups	Impact of the executive order is likely to be limited without Congressional actions to develop a comprehensive set of enforceable regulations
Restrict the flow of cutting-edge technologies to China	Harris/Trump	Negative for companies with revenue exposures to China (i.e. semiconductor and select tech hardware companies).	Harris favors "de-risking" from China versus Trump's more aggressive decoupling agenda, which could have more adverse consequences for U.S. tech companies
Revoke the Biden executive order on A.I.	Trump	Positive for Little Tech (i.e. A.I. start-ups)	A full repeal may be difficult given the rulemaking process and bipartisan support for developing responsible standards around the use of A.I.

## Outcomes And Implications

(It is not clear that one candidate would be decisively better for the overall tech sector. Trump offers a more lenient regulatory stance. However, his unpredictability and willingness to employ more aggressive measures to restrict China could potentially be more disruptive to tech companies with relatively large exposures to the Chinese market, such as Apple. While Harris would be more predictable in dealing with China, her policies would potentially place greater controls on the IT sector, although she will find it difficult to push Congress to regulate it more strictly, especially if the government is divided.)

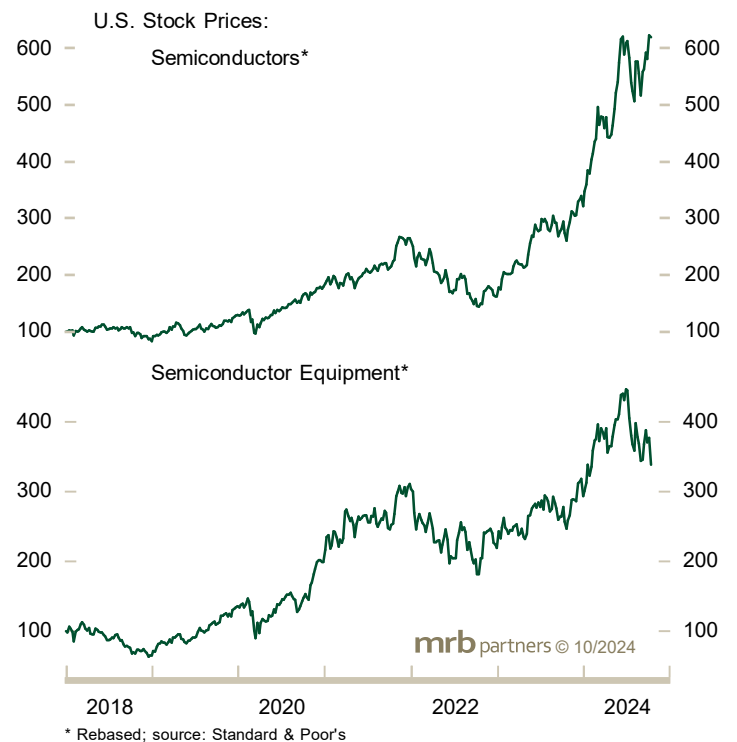
Outside of these differences, there is not a large gulf between the two candidates and their respective parties on the big policy issues for the tech sector. Both political parties (and the American public) see a need to restrain the power of large technology platforms. As a result, the anti-trust cases against Big Tech are likely to proceed, irrespective of the outcome of the election.

There is also bipartisan support for public investments in domestic semiconductor manufacturing to improve the self-sufficiency of the U.S. in critical technologies. As such, semiconductor and chip equipment manufacturers should continue to benefit from government programs such as the CHIPS Act, regardless of who wins the White House (chart 1). Most of the grants under the CHIPS Act have been allocated to projects and companies, but the funds will be dispersed over time as the recipients hit certain construction and manufacturing milestones.

It is also important to recognize that breaking up tech behemoths may be very difficult in the current geopolitical climate. Any anti-trust enforcement must address national security concerns. Neither party wants to significantly hobble large tech companies given the contributions they make to the technological competitiveness of the U.S. and its military operations.

The government's case against Google will provide a good test for how these competing objectives are ultimately resolved. The DoJ is considering several sanctions against the company after a judge ruled in August that it had illegally maintained a

Chart 1 The CHIPS Act Will Benefit Semiconductor And Semi Equipment Companies



**Neither party wants to significantly hobble large tech companies given the contribution they make to the technological competitiveness of the U.S.**

monopoly in the online search business by paying Apple and Samsung to ensure that its search engine was given a prime position on consumer devices.

A break-up of the company is among the potential remedies being considered by the government. However, there are no easy or straightforward ways to do this given that the dominance of Google's search business mostly stems from network effects, which are a common source of sustained competitive advantage in the tech industry and among platform companies. Moreover, forced divestitures of the Chrome browser and Android operating system could punish other tech companies who have benefited from their free availability. In addition, it is far from certain that the court will be persuaded that a break-up of the company is appropriate.

Either way, remedies are a long way off. Google has indicated that it will appeal the ruling, which will prolong the case for years (i.e. all appeals must be resolved before the company is forced to change its behavior). Politics could also undercut the efforts of regulators to force a radical restructuring of the company. Both presidential candidates are under pressure to replace Biden's anti-trust enforcers, and while Harris has not indicated whether she favors a break-up of Google, Trump has called it "very dangerous" because he sees it hurting America's interests in the competition with China over dominance in A.I.

Outside of the anti-trust cases, passing legislation regulating internet platforms has proven very difficult even with a unified government. Despite having a Democratic Congress in the first two years of his administration, Biden was unable to pass much of his technology policy agenda, including laws governing data privacy and child online safety.

Section 230 of the Communications Decency Act is a good example of the challenges and complexities involved in regulating digital technologies. The statute shields online platforms from liability for content that their users post, with a few exceptions. Both political parties have wanted to reform the law, but efforts to modify it have failed in recent years amid widespread disagreements about why and how the statute should be updated. Republicans have attacked it for allegedly enabling the removal of conservative content from online platforms, while Democrats have said that the law inappropriately protects internet platforms despite their failures to remove harmful information and hate content. Meanwhile, those intent on keeping the law intact assert that it is essential for safeguarding free speech and the free flow of information on the internet.

As president, Trump tried to roll back Section 230, but he has avoided the issue since launching his own online social platform, Truth Social. With political ally, Elon Musk

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owning X, there is less reason for Trump to accuse social media platforms of an anti-conservative bias, and hence he may be less interested in pursuing a repeal of Section 230 should he win the election. Harris has also not discussed the law, implying that she too is less likely to prioritize reforming it as president.

Due to the lack of legislative action at the federal level, individual states have tried to step in and pass their own laws regulating the tech sector. However, these have been often overturned or stayed by the courts, thus limiting progress.

California Governor Gavin Newsom's recent veto of an A.I. safety bill showed that regulating technology can be just as contentious at the state level. The bill, which would have required safety testing of large A.I. models and gave California's attorney general the right to sue companies over serious harm caused by their technologies, was killed at the last minute by Newsom after strong pressure from tech lobbyists who argued that it would stifle innovation and penalized smaller developers. **Newsom's veto underscores the political difficulty of policing tech and offers a glimpse of how challenging it would be for Harris to enforce the provisions of Biden's executive order on A.I.**

If Harris wins, she is expected to advance the Biden Administration's US\$42.5 bn Broadband Equity, Access, and Deployment (BEAD) program, **which provides subsidies to build out broadband infrastructure in underserved communities.** The BEAD program was part of the 2021 bipartisan infrastructure package, but its implementation has been delayed by squabbles with states over the grants' various requirements, including broadband affordability provisions, and other requirements around climate resiliency and the use of union labor. The Biden Administration has signed off on spending plans for most states such that groundbreakings for broadband buildouts should begin in 2025.

The BEAD rollouts will benefit internet service providers (ISPs) such as telcos and cablecos, who will secure subsidized funds to further expand their networks (**chart 2**). The projects will also provide a needed boost to network equipment companies (i.e. the communications equipment sub-group), which have been

**Chart 2 Broadband Buildouts Should Boost Telcos And Comm. Equipment Companies**



**Groundbreakings  
for broadband  
buildouts should  
begin in 2025**



grappling with an equipment spending slowdown by telecom carriers following an earlier surge in 5G investments.

If elected, it is unclear how Trump would handle the BEAD program. Many Republicans dislike it and have blasted its various provisions. As a result, some expect Trump to pause the program to do a full-scale review, with the aim of easing its pricing requirements and other mandates. Others have suggested that doing so is not practical as it would mean further delays in BEAD funds for Republican states. A pause in the program would be negative for ISPs and network equipment vendors.



**Final Word:** *Neither a Harris win nor a Trump victory will materially change the policy outlook for the technology sector in the next 1-2 years. The anti-trust cases against Big Tech will continue, irrespective of the election outcome. However, efforts to regulate these companies will remain slow-moving given the prospect of lengthy anti-trust court cases, the lack of easy remedies to curb Big Tech's market power, and ongoing disagreements among policymakers about how to increase oversight of new technologies such as A.I. without stifling innovation.*

*Both parties support public investments to improve the self-sufficiency of the U.S. in semiconductor manufacturing, while preventing China from acquiring cutting-edge technologies, although Trump's approach to the latter is more aggressive, and thus could potentially be more disruptive for the tech industry. If Harris wins, internet service providers and network equipment companies should start to see benefits from the rollout of projects to build out broadband infrastructure in underserved communities, while the timing of such tailwinds would be more uncertain under a Trump victory.*

*We remain positioned with an underweight stance in the technology sector given the exuberant earnings growth expectations for these stocks, as well as their rich valuations, which leave little margin for error. In the end, we doubt the election will have much impact on the sector's prospects.*

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