

July 16, 2024

## WASHINGTON POLICY STRATEGY

# Potomac Perspective

**Brian Gardner**  
Chief Washington Policy Strategist  
[bgardner@stifel.com](mailto:bgardner@stifel.com)



**The selection of Senator J.D. Vance (R-Ohio) to be Donald Trump's running mate is yet another sign that this isn't your father's Republican Party. Senator Vance's nomination probably says more about the long-term direction of the GOP than it does about this election, and it's a move away from capital and towards labor.**

Senator J.D. Vance is among the most interesting people in American politics. He has a compelling life story, and we recommend reading his memoir "Hillbilly Elegy," which gives an account of growing up in an America that many people, especially those of us living in the "Acela corridor," never see. Senator Vance's upbringing in rural America shaped him and, even though he has risen into the ranks of the elites, he epitomizes the Trump voter and the transformation of the Republican Party into a populist party that places a higher priority on labor than it does capital. This is a significant shift for a party that has been seen as the party of Big Business.

### **ELECTION IMPACT**

Vice presidential candidates rarely effect an election's outcome, and we expect Senator Vance's selection will be no different. To the extent he could impact the race, there might be two ways he helps the Trump campaign. He could boost efforts to attract more working class workers, especially in industrial areas like in Michigan, Pennsylvania, and Wisconsin. Teamsters President Sean O'Brien will speak at the Republican convention and was effusive in his praise of Senator Vance during an appearance yesterday on Fox News. Vance could help peel away critical union workers who might be ready to leave the Democratic Party. His military background (Vance served in the United States Marine Corps) could also help among veterans in some key states like Arizona and Nevada.

### **LONGER TERM IMPACT**

Senator Vance could represent a long-term shift in the Republican Party that would last beyond Donald Trump. Reagan Republicans are a dying breed with waning influence going forward, and Vance's rise is part of that shift. Vance's selection is notable because while he was not a Reagan Republican, in 2016, Vance was a "never Trumper." It shows how far the GOP has moved in the past eight years.

Senator Vance sits on the Senate Banking Committee and his work there has been instructive. He has worked with Senator Elizabeth Warren (D-MA) on bank executive compensation clawback legislation and co-sponsored the Credit Card Competition Act (Durbin 2.0). His nomination does not mean these bills will become law if there is a second Trump administration, but they are important markers for the shift among Republicans. He fits in well with Republicans who are increasingly critical of Big Tech and social media platforms. On antitrust, Vance represents a growing group of Republicans that calls into question traditional Republican views on antitrust policy and has praised current Federal Trade Commission Chair Lina Kahn. We would not be surprised if he supported higher corporate tax rates to pay for the extension of lower tax rates on middle class taxpayers. It would be ironic if in the wake of Vance's nomination, Trump's economic policy looks more like traditional Republicanism than the populism he has helped usher into the party.

Vance has repeatedly questioned America's strong dollar policy, which he views as at least partially responsible for hurting the U.S. industrial base by making exports more expensive and allowing for cheap imports that hurt American workers. We believe Vance would work closely with former U.S. Trade Representative Robert Lighthizer if he is appointed to a position in a second Trump administration, which we think is likely.

On foreign policy, Vance is in line with Trump's tough on China policy and might want to be even tougher on China than Trump. He has been highly critical of funding for Ukraine, and his nomination will make it difficult for Congress to approve any additional funding for the country this year.

## SUBSCRIBE TO OUR PODCAST!



Season 3 of the Potomac Perspective podcast is underway. To access a broader discussion of these and other topics, please download and listen to the latest episode of our [Potomac Perspective podcast](#).

## DISCLAIMER

This material is prepared by the Washington Policy Strategy Group of Stifel, Nicolaus & Company, Incorporated ("Stifel"). This material is for informational purposes only and is not an offer or solicitation to purchase or sell any security or instrument or to participate in any trading strategy discussed herein. The information contained is taken from sources believed to be reliable but is not guaranteed by Stifel as to accuracy or completeness. The opinions expressed are those of the Washington Policy Strategy Group and may differ from those of other departments that produce similar material and are current as of the date of this publication and are subject to change without notice. Past performance is not necessarily a guide to future performance. Stifel does not provide accounting, tax or legal advice and clients are advised to consult with their accounting, tax or legal advisors prior to making any investment decision. Additional Information Available Upon Request. Stifel Nicolaus & Company, Incorporated is a broker-dealer registered with the United States Securities and Exchange Commission and is a member FINRA, NYSE & SIPC. © 2024

0724.6796589.1