Policies are important. Candidates often make many promises. Once elected, change is often forestalled by Congress. Still, campaign promises offer insight into the direction the new president will likely pursue.

What policies might the candidates pursue?

Mrs. Clinton: She looks upon taxes as a way of leveling income inequality between workers and management. Thus it is no surprise that she finds favor in raising tax rates and in limiting deductions, especially on estates. She also favors increased regulations. Potentially, these policies could slow economic growth. Slow growth means fewer jobs and perhaps greater income inequality.

Mrs. Clinton plans to increase personal taxes, especially on top earners. For example, she will limit the value of certain tax deductions to 28% and institute the “Buffet Rule”; a minimum 30% tax rate on income over one million dollars. She will also lower the threshold for imposing an estate tax down to $3.5 million and raise the top tax rate to 65% for large estates. Capital gains would also be affected with eligibility for favored long-term gain status rising from one year to six years.

Mr. Trump: Brings the perspective of a business owner. He advocates lower taxes and fewer regulations; believing this will lead to higher growth. He advocates lowering the corporate tax rate. Potentially, his foreign policies might lead to trade stagnation and international isolation.

Trump calls for a flat tax rate of 15% on corporations and lower personal income taxes; repealing estate and gift taxes; and introducing higher standard deductions. He plans to finance his governmental spending (e.g. infrastructure projects and defense) through issuing more U.S. Treasury debt, which would worsen the fiscal deficit. However, lower taxes could encourage corporations to invest more, increase employment and improve economic growth.

What are the investment implications?

Clinton’s policies could benefit companies deriving significant revenues from overseas. Her policies might be beneficial for alternative energy, managed care, hospitals, defense and infrastructure companies. They likely will be negative for fossil fuel, financial and biopharma companies.

Trump’s policies may benefit domestically focused industries such as utilities, telecommunications, real estate and health care. His policies may also benefit infrastructure, defense, oil and gas and biotechnology. Lower taxes should help consumer discretionary sales. His policies could be negative for the hospitality and agriculture industries which employ a sizeable number of undocumented immigrants. Technology and emerging markets, which rely heavily on exports, may also suffer.

While both candidates offer stark differences one area will be similar: higher deficits. It would not be unexpected for both candidates’ spending to outpace their revenue intake. As President Ronald Reagan once quipped, “We don’t have a trillion-dollar debt because we haven’t taxed enough; we have a trillion-dollar debt because we spend too much.”

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