



The President in Peril

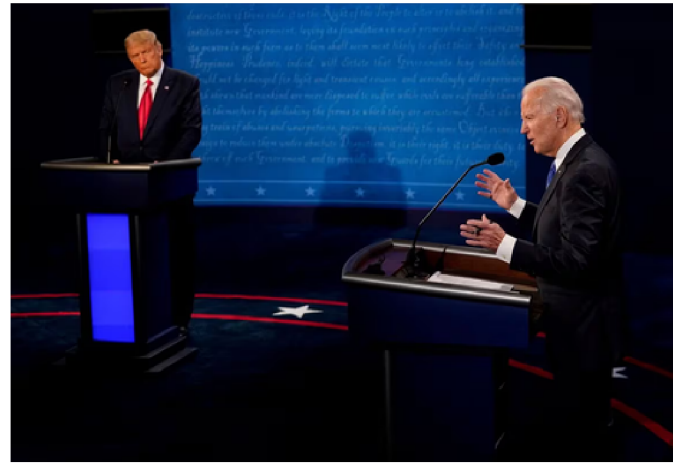
New swing state polls show President Biden trailing Donald Trump in five of six states

by Riya Guha

In new polls released by the New York Times and Siena College, President Joe Biden is trailing former President Donald Trump in five of six key battleground states. Mr. Trump, the likely Republican presidential nominee, leads Mr. Biden in Arizona, Georgia, Michigan, Nevada, and Pennsylvania by margins of four to ten percentage points, well outside the margin of error. The president has a narrow lead of two percentage points in Wisconsin.

Five of these six swing states - all except Nevada - flipped from Mr. Trump in 2016 to Mr. Biden in 2020. The recent shift in favor of Mr. Trump is seemingly less a reflection of Mr. Trump's strengths and more a reflection of Mr. Biden's weaknesses. The president, who is almost 81, is considered to be "too old" to be an effective president by 71% of voters polled. In polls taken three years ago ahead of the 2020 election, only 30% of voters were concerned by Mr. Biden's age. In contrast Mr. Trump, who is 77, is considered "too old" by only 39% of voters. Questions over the president's mental capacities pose a significant challenge to Mr. Biden's campaign as he attempts to convince voters of his effectiveness as a leader.

Voters also express unfavorable views of the president's personality due to a lack of trust, representing a sharp contrast with the previous perception of Mr. Biden as a trustworthy, likable candidate.



Then-candidates Donald Trump and Joe Biden at the final presidential debate in October 2020.
Source: Reuters

Nearly half of respondents now believe that Mr. Biden profited from his son Hunter Biden's dealings abroad, despite the lack of evidence to support this claim. President Biden seems to have lost the advantage of personality that propelled him to victory in the last election.

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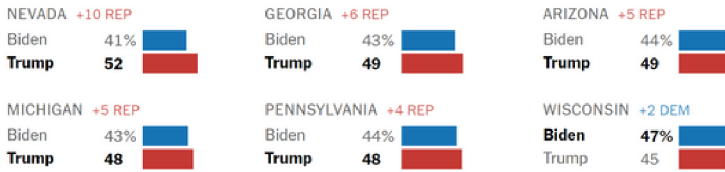
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Trump Is Ahead in Five of Six Swing States

Margins are calculated using unrounded figures.



Former President Trump leads President Biden in five of six battleground states.

Source: New York Times

Voters expressed significant concerns over the economy, with 59% of voters saying they trust Mr. Trump on the economy, compared to 37% for Mr. Biden. This question represents the largest gap of any issue, and every demographic expressed a preference for Mr. Trump on this issue, regardless of gender, age, education level, or income. Voters blame President Biden's policies, with over half saying that they were personally hurt by Mr. Biden's policies and that they personally benefited from Mr. Trump's policies.

This represents a major threat to Mr. Biden's campaign, as 60% of voters claimed that they would be voting based on economic issues, as opposed to 32% voting on social issues. While Mr. Biden campaigned in 2020 on the idea of a return to normalcy, conditions have seemingly only worsened, and voters are pessimistic about the country's economic future under the current administration.

Concerns about the president's age, personality, and the economy are most acutely felt among young voters, black voters, and Latino voters. While President Biden won the young vote by 20 percentage points in 2020, Mr. Biden and Mr. Trump are now virtually tied. Mr. Biden

won over 90% of the black vote in the last election, and this demographic was essential to the president's securing of the Democratic nomination. However, the new poll shows that 20% of black voters have abandoned Mr. Biden and now support Mr. Trump. President Biden won 60% of Latino voters but now only maintains a single digit lead.

These drastic shifts among the longtime foundation of the Democratic Party represent not a threat to the party as a whole, but just how much voters have soured on Joe Biden. In hypothetical matchups against Donald Trump, a generic Democrat and Vice President Kamala Harris both fare better than Mr. Biden, especially among young, black, and Latino voters.

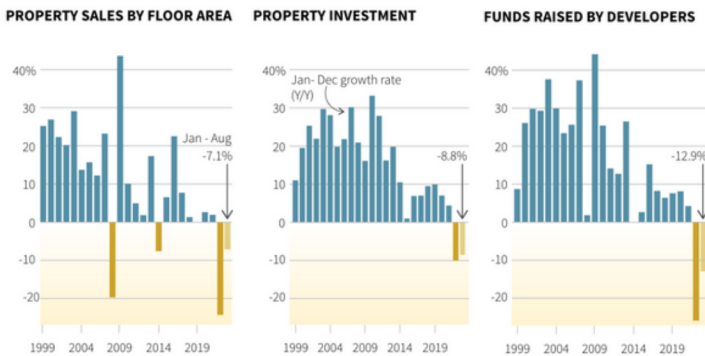
Joe Biden's weaknesses with these key demographics explain why he suffered the worst losses in the most diverse states, such as Nevada and Georgia. While Mr. Biden fared slightly better in less diverse Pennsylvania and Michigan, his campaign still heavily depends on turnout in cities like Philadelphia and Detroit that have high black populations. The only state where the president won a majority of the vote was the whitest state, Wisconsin.

The presidential election is still one year out, but if President Biden stands a chance of succeeding in next year's general election, he needs to assuage voters' concerns over his age and personality, and most importantly he must take decisive action to improve voters' perceptions of the economy. And the president must devote special attention to the demographics that comprise the core Democratic constituency if he hopes to serve a second term.

Turning the Tables on China

In an attempt to curb borrowing in real estate, policymakers are investing heavily in factories

by Riya Khosla



China property sales, investment, and funds slid in January - August 2023 after a sharp fall in 2022.

Source: LSEG Datastream; National Bureau of Statistics of China

Recently, in the past week, in an attempt to revive China's economy, banks controlled by the state have begun to invest in manufacturers rather than real estate developers.

In the past, China has relied on real estate, specifically construction and housing, which contributes about 25% of China's GDP. However, China has faced an issue in the past few years. The financial structure involved local governments taking on significant amounts of debt to help support real estate developers. This system no longer proved profitable when developers were no longer able to pay back this debt. Eventually, this resulted in China facing a drop in exports, for other nations were buying less in the face of a global downturn.

Now, Chinese policymakers have begun to take a different approach to help the economy prosper once again. Rather than continuing to invest in real estate, investors have turned

toward manufacturing. These investments have been in fast-growing sectors such as semiconductors and electric cars.

This strategy can benefit China's economy in the short term. For one, the market for certain manufactured goods like electric cars is expansive, with many relying on these products for access to more efficient technology. With many domestic households in China curtailing spending, there is a more significant amount available to export to other nations.

An issue that has arisen in this plan is that many developed countries, such as the US or those in the EU, are beginning to limit the trade deficit with China. This decision could further strain these relationships, causing issues in the future. To combat this, China has started to turn towards developing countries. Although this could work, it is a risky investment, for many developing nations may not have the market to satisfy the amount of exports that China must meet to strengthen the economy.



China switching to focus on manufacturing.
Source: Brookings Institution

From Booming Startup to Fallen Giant

Office sharing company WeWork declares bankruptcy

by Varun Krishnan



A factory producing heavy machinery in Suzhou, China.

Source: New York Times

However, in the long term, this may not be enough. Looking at China's economic structure, three long-term factors support China's growth: local government investment, export, and real estate. Turning local government investment towards manufacturing can help debt repayment, but it will not solve the ~\$390 billion debt—as of August 2023—that remains from the real estate developers.

As one glimpse of hope, this move could increase exports. However, there is not sufficient evidence that it will generate enough capital to resuscitate their market. The debt from real estate will continue accumulating, and the real estate sector will continue to suffer from a lack of sales, prices, and investment.



An abandoned construction site in Weifang, China.

Source: New York Times

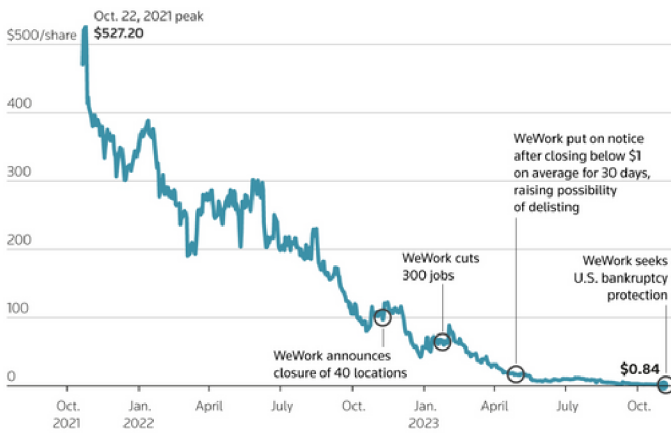


WeWork building in New York City

Source: Fox Business

On Nov 6, 2023, WeWork filed for bankruptcy, ending the meteoric rise of one of the most prominent startups ever. They have offloaded three billion in debt, declaring 15 billion in assets and 18 billion in liabilities. Softbank, the majority shareholder in WeWork, holds 60% of its shares and plans to restructure the company to keep it operational. By negotiating leasing agreements, WeWork hopes to continue operations by cutting costs significantly.

Despite WeWork's meteoric rise, it would be untrue if we called their bankruptcy unexpected. Since 2019, WeWork has faced many challenges, starting with a failed IPO 2019. In their initial IPO, their evaluation dropped from 47 billion to 10 billion. Next, during the COVID pandemic, the inability for people to congregate indoors caused a significant drop in demand for



The price of WeWork stock has declined drastically.
Source: LSEG Eikon, Reuters

collaborative working spaces. Most recently, the post-COVID increases in property prices hit WeWork very hard, increasing their operating costs and cutting into their bottom line.

Shortly before WeWork filed for bankruptcy, former CEO Adam Neumann said in a statement, "I believe that, with the right strategy and team, a reorganization will enable WeWork to emerge successfully."

However, despite Neumann's optimism, the plummeting stock prices and economic climate raise the question of whether WeWork should continue operations. Currently, only 43 percent of shared office spaces are profitable, as the industry is in a rapid growth phase.

This is a mixed signal for the future of WeWork because, on the one hand, there is a lot of value to be gained in this market. WeWork can leverage its brand name and market share to capitalize on the industry growth. In the past, WeWork was notorious for skipping out on profit to expand faster. If, at total capacity, shared office spaces can make a profit margin of 10% to 20%, WeWork should pivot from its growth-focused mindset to a more sustainable profit-centered plan.



Adam Neumann, former CEO of WeWork.
Source: Reuters

However, on the other hand, it will be difficult for WeWork to make significant profits to make up for their deficits in the short run. By rapidly expanding without a proper plan for their collaborative working spaces, they take up more expenses. The initial success of their workspaces doesn't necessarily carry over to new locations. Their one office-fits-all model doesn't work, as shown by their stock prices.

Suppose WeWork can effectively cut its expenses and scale down while changing its operations model to a more profit-centered strategy. In that case, they could make a rebound and reach the highs they were once at. They are in a growth industry, so there is a lot to be gained if the company makes it through bankruptcy.



WeWork office entrance in Manhattan.
Source: Bloomberg

Trump Takes the Stand

Donald Trump testifies in court in a \$250 Million New York trial over his finances

by Tim Panagoplos



Courtroom sketch of former President Trump at the witness stand.

Source: Associated Press

On Monday, Donald Trump took the witness stand at the New York Supreme Court during the ongoing trial into his company's alleged fraud. The trial stems from a lawsuit filed in September 2022 by New York Attorney General Letitia James. The lawsuit, filed at the conclusion of a 3-year investigation into the alleged fraud, claims that Trump inflated the value of his company's assets and personal financial documents with the intent to defraud banks into offering him better terms on loans. James is seeking \$250 Million in damages and a restriction on Trump's ability to do business in New York's real estate market.

The judge overseeing the trial is Arthur F. Engoron. A Democrat and NYU Law graduate, Engoron was elected to the New York State Supreme Court in 2015. The trial is structured so that Justice Engoron will alone decide whether Trump will have to pay the damages sought by the state. Thus, Trump's disposition in the courtroom is crucial.

Courtroom accounts of Trump's 4-hour long testimony illustrate Trump's unwavering defiance, doubling down of claims that the trial is "unfair." Most of Trump's attacks from the stand were directed at Engoron and James. In a lament expressed to Engoron directly, Trump told Engoron that he "believed that political hack, [Letitia James], back there." An increasingly agitated Engoron appealed to Trump's lawyer, Christopher Kise: "Mr. Kise, can you control your client? This is not a political rally." Nonetheless, Trump maintained that "the fraud is on the court, not me."

In dispute of the charges brought against him, Trump distanced himself from the oversight and review of his company's financial statements: "I would look at them, I would see them, and I would maybe on occasion have some suggestions." Trump went on to suggest that bankers would testify on his behalf later in the trial.

Regardless of the outcome, the timing and politically charged nature of this trial have benefitted Donald Trump. Since April, Trump has consistently held a lead in national popular vote polling. Perhaps the American people are skeptical of a New York AG that campaigned for office on the sole premise of prosecuting Donald Trump. As far back as her 2018 campaign for AG, James made statements referring to Trump as an "illegitimate president," and made a pledge to "focus on Donald Trump."

The past five years of back-and-forth attacks have now culminated in this ultimate showdown between AG James and Trump. While Justice Engoron has the final say in whether Trump must pay the \$250 million, Trump's current popularity, indicates that the American people are skeptical of the legitimacy of this trial.