J. David Washburn Quoted in *Law360* on Implications of the New Administration on Private Equity

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In a Q&A article by *Law360*, Partner and Co-Chair of Private Equity and Mergers and Acquisitions (M&A) J. David Washburn shared his perspective on how the new administration may impact the private equity (PE) industry.

David pointed out that while the President-elect ran on a pro-business platform, other aspects of his campaign should also be considered regarding the near future of PE.

"The incoming administration is clearly focused on lowering the corporate tax rates and there is this belief that there will be some kind of sweeping change in the way that the mergers will be reviewed by the Federal Trade Commission and US Department of Justice," David said.

"I'm not sure that it will be quite that easy; I think it's a lot more nuanced. The new administration has a stated goal of US protectionism. There has been much discussion on implementing significant tariffs on everyday goods. If that's the case, some predict that inflation could result. When inflation occurs, interest rates go up and M&A activity goes down."

With the change in administration and priorities going forward, it is also expected to have a clear impact on certain sectors within PE.

"First and foremost, there are going to be a lot of sectors impacted, a pretty broad variety," David said. "I think that the aerospace and defense industry will be impacted. The new administration is expected to increase defense spending as it did in the first term. There will be increased focus on expanded technology such as drones, so there will probably be an influx of money there. The incoming president has promised to revive and rebuild domestically manufactured goods, and with large tariffs on companies that manufacture goods overseas, I think domestic manufacturing will show an uptick.

"Certainly energy. The new administration said it wants to make it easier to build on public land and build pipelines. There has been a robust focus on the United States fostering its own fossil fuels, I think that's going to cause a focus on energy broadly."

"Chaotic But PE-Friendly Enviro Expected As Trump Returns," *Law360*, November 27, 2024

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