Thoughts on domestic policy implications of a second Trump presidency

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It is an improbable statement to consider: "Donald Trump, defying political wisdom yet again, as well as four separate criminal indictments related to his actions during his first term, was elected President of the United States for a second time on November 5, 2024." Trump's very existence as a politician often seems incredulous, for reasons ranging from the serious – How is it that his polling lead versus his Republican rivals for the presidential nomination has widened after all the indictments? – to the absurd – What politician would think it a good idea to ridicule the US women's national soccer team after its surprise loss in the World Cup?

Yet for a number of reasons – Trump's ability to dominate the news cycle (with the mainstream media as his reluctant accomplice); the fervour he has cultivated among his core supporters, undeterred following scandals that would have felled most other politicians; and dissatisfaction among many Americans about the direction of the country, translating into lukewarm support for incumbent President Joe Biden – a Trump win in 2024 is at the very least a scenario for which investors and corporate executives with US interests should prepare. According to polling averages compiled by RealClearPolitics, Trump is leading his closest rival for the Republican nomination, Florida Governor Ron DeSantis, by 44 points, and leads Biden slightly (+0.5) in a hypothetical rematch of their 2020 race.

So what would be the public-policy implications if Trump were to return to the White House? Even here, the answer is not straightforward. Trump can deliver a 90-minute-plus address at one of his trademark rallies without ever directly addressing his goals for a second term. And even credible interlocutors struggle to engage in policy discussions when interviewing the former president, either through Trump's tendency to change the subject, or because of the temptation to play to the crowd whenever Trump is involved. Case in point, conservative pundit Hugh Hewitt spent time in a lengthy one-on-one discussion with Trump on Hewitt's radio show asking for the former president's views on topics ranging from whether UFOs are real to what pro football teams might make the Super Bowl this season, but did not ask a single question about Trump's agenda for a second term.

So, what would a second Trump presidency look like? To begin to answer this question, we call upon our experience as policy analysts who covered Trump's entire first term as president from 2017-2021, as well as Trump's own campaign website, which combines platitudes similar to those shared by nearly every political candidate ("Trump's vision for American economic revival is lower taxes, bigger paychecks, and more jobs for American workers") to specific policy proposals. **From this work we derive three key domestic policy themes we think would be most relevant to Global Counsel's US-focused investor and corporate clients should Trump win in November 2024:**

1. **Deregulation would return…** Reducing the regulatory burden on businesses was one of the key principles of Trump's first term, and has been a key tenet of GOP orthodoxy for decades, even amidst many changes in the party's consensus views on trade policy, social conventions and other issues. In Trump's first term – particularly in the first two years, when both houses of Congress were controlled by Republicans – Trump and his allies relaxed permitting requirements for oil and natural-gas exploration projects in the US; eased capital and liquidity restrictions on banks; and lowered corporate tax rates through the Tax Cuts and Jobs Act, among similar actions. If elected again, Trump would surely return to this deregulatory playbook. While sure to draw criticism from environmental activists, liberalizing rules around US oil and gas exploration and production would be a key theme of a Trump second-term agenda. The third in a 15-point plan on Trump's campaign website is "Unleash Energy Dominance." Among other proposals detailed here, Trump suggests ending delays on permits to drill for oil and gas on federal

lands, rolling back many of the Biden Administration's major environmental rulemakings, and supporting increased investment in nuclear energy, including small nuclear reactors, or SMRs (which are much smaller, cheaper and more flexible than their large-scale counterparts). In the zero-sum game of politics, increased focus on traditional energy would mean less on renewables, a major area of focus for the Biden Administration. Biden's signature legislative achievement, the Inflation Reduction Act (IRA) – which contains tens of billions of dollars in subsidies and tax breaks for renewable energy – would likely not be repealed, as Republicans will almost surely lack the 60-vote Senate threshold needed to repeal the bill, and many of the incentives are being directed to Republican-leaning states. But Trump and his allies in Congress would likely slow the pace of distribution of IRA monies, and focus more on oversight and aggressive investigation of claims of fraud surrounding the program.

Trump has not formally detailed a similar plan to relax rules surrounding the US financial services sector. But this industry would surely be subject to a deregulatory push given its importance to the economy. Trump and his appointees would likely draw upon the ideas of Republican financial services policymakers, starting with Rep. Patrick McHenry (R-NC), ranking member of the House Financial Services Committee, whose star has risen in the party through leadership of his caucus within the committee as well as helping to broker Rep. Kevin McCarthy's vote to be Speaker of the House early this year after a lengthy intra-party stalemate. Rep. McHenry has proposed rolling back rules to increase environmental, social and governance (ESG) mandates across the economy; widening the definition of an accredited investor and otherwise opening individuals' access to the US capital markets; and encouraging innovation within the controversial cryptocurrency and digital assets industry – all themes that would likely be taken up by Trump's financial services appointees.

Technology policy is trickier. Trump and many other leading Republicans have argued for years that Big Tech systematically suppresses conservative voices across search and social-media platforms, and like many worry about the impact of these pervasive technologies on children. But given the choice, most technology executives would still likely prefer a Republican-led administration to a Democrat-led one in terms of the oversight of their industry. At a minimum, the antitrust officials appointed at the Department of Justice (DOJ) and Federal Trade Commission (FTC) would be less likely to pursue the novel anti-competitive arguments the Biden Administration is currently crafting against the likes of Google and Amazon. Importantly, Trump would also begin his second presidency as a lame duck, since no US president can serve more than two terms under the 22nd Amendment to the US Constitution. So even if another Republican were to win the presidency in 2028, there would likely be turnover at the top of a number of federal agencies, which can lead to philosophical changes or slow progress of large-scale cases.

2. **… but Corporate America would not rest easy.** Early in his first term as president, Trump became enamoured of US corporate leaders as part of his push to be friendlier to business than the outgoing Obama Administration. Trump named two committees of US private-sector executives to advise him, and frequently hosted CEOs at the White House. But Trump's relationship with the corporate sector soured after he refused to condemn Nazi sympathizers who demonstrated in Charlottesville, VA, in August 2017. CEOs of companies including 3M and Campbell's Soup resigned from the advisory councils in the wake of the Charlottesville riots, and Trump disbanded the committees shortly afterward. Trump's relationship with the corporate sector became more fraught as his first term progressed. As president Trump called out Amazon for its low federal tax payments and its alleged role in leading to losses at the US Postal Service (as well as former CEO Jeff Bezos for his ownership of the Washington Post, a persistent Trump nemesis); media companies for their negative coverage of Trump and his administration; and Merck (whose CEO was among those who resigned from Trump's advisory councils after Charlottesville) for what he characterized as unfairly high prices for its drugs, among many others.

This dynamic would likely be exacerbated in a second Trump presidential term. To return to the White House, Trump will have to overcome the many legal cases arrayed against him from the four indictments. Should he win, Trump will be emboldened to even more vociferously attack his perceived opponents, a key strategy of his political career and previously. Just think of how the Bud Light debacle – in which the beer label faced criticism and boycotts from consumers earlier this year following a marketing campaign featuring a transgender social-media activist – would have expanded still further by Trump once again wielding the bully pulpit of the presidency.

For US corporates, this will mean developing game plans now to anticipate controversies that could emerge from a company's business practices or brand positioning in a second Trump term (or a presidency of nearly every Republican candidate for that matter, as many have embraced the culture wars just as Trump has). This does not mean necessarily changing the practices: the spotlight of a Trump controversy can be short-lived, or diffused among the several fires he is often stoking at any given time. But it does mean being prepared to defend a company's actions or policies in the face of withering public criticism. How far is a company prepared to go, for instance, to defend a policy in which it reimburses employees who must travel across state lines to receive an abortion given restrictions in their home state? How important is a company's support of

LBGQT rights for its employees or its customers? These are questions that firms have been asked to consider over time, and usually out of the spotlight. Companies must be prepared for a Trump 2.0 freed of even the modest guiderails that surrounded him in his first term as president, and his supporters, to train its attention on them at a moment's notice.

3. **The federal bureaucracy would be meaningfully impaired**. For all of candidate Trump's promises to "drain the swamp", the first two years of his presidency in many ways were fairly conventional for a modern Republican US head of state. The signature legislative achievement of Trump's first full year in office while he enjoyed Republican majorities in Congress was a tax-cut bill that had been on establishment Republican Washington's wish list for years. Into his Cabinet and senior staff, Trump hired a number of experienced Washington hands, seemingly responding to observers who said that as a neophyte to national governance he needed people around him who had been through it before. For instance, Elaine Chao, Trump's Secretary of Commerce throughout his first term, had served as Secretary of Labor under President George W. Bush and is the spouse of current Senate Majority Leader Mitch McConnell (R-KY), an ally of Trump's early in his presidency.

A second Trump term would be very different than the first from a personnel perspective. He will have had the benefit of serving as president before. And Trump's many personal vendettas against officials who served his first administration will limit the number of seasoned former government staff able or willing to join a second. Chao, for example, resigned the day after the January 6, 2021, insurrection, citing Trump's role in inciting the riot. In response, Trump has lashed out at Chao as well as McConnell on numerous occasions. Chao is one of many such "inside the beltway" figures who might otherwise be logical choices for a Republican Administration but would not serve or would not be asked to serve by Trump. Staffing the many mid-level roles that comprise the federal government would be more challenging, as well. In 2020 Trump signed an executive order that would allow the president to fire almost any federal employee, not just the political appointees who sit atop most federal agencies. Trump has also pledged to require all federal employees "demonstrating an understanding our constitutional limited government," to quote from his campaign website. Such an initiative would surely end up in court should Trump move forward with it, but nonetheless would cause consternation among a federal workforce that would be on edge with the prospect of a second Trump term.

Conservatives who support aggressive efforts to rein in the federal bureaucracy (including several of Trump's rivals for the Republican nomination) would argue that this is at it should be – that Washington's influence in US affairs has grown too great due to "insiders" and "career bureaucrats" who benefit from it, and that the only way to change the system for the better is from without. The notion of "draining the swamp" will always draw applause at a political rally. However, the nuts-and-bolts processes of writing effective rules, incorporating feedback from stakeholders and navigating the many challenges of public messaging, legal challenges and public education benefit from experience – and real-life things can go wrong if these tasks are not handled well. Just ask Liz Truss, the shortest-serving prime minister in UK history at less than three months. One of Truss' first moves when named PM in fall 2022, as detailed by Global Counsel's excellent London policy team, was to fire the most senior civil servant at HM Treasury, who had served six finance ministers, one of a number of personnel changes Truss made initially to fulfill her promise to shake up the UK government. A Truss-led proposal to cut taxes shortly afterward was received poorly by the markets, to leading a selloff in UK equities and a sharp decline in the British pound to multi-decade lows. Truss was forced to reverse course shortly afterward, a humiliating defeat that ended her tenure. Would one experienced Treasury staffer weighing in on a draft proposal have made a difference? Perhaps, perhaps not. But it is one example of where "deconstructing the administrative state" can have negative consequences. What are the implications of this dynamic? Policy decisions will become more ad hoc, more dependent on the personalities involved. Companies and their investors must be prepared for a wider range of policy outcomes, and willing to consider scenarios that seemed impossible even in a first Trump term.

What does all this mean for corporates and investors? We are sidestepping in this analysis the many social, foreign-policy and other thorny issues that a second Trump term would bring, which would likely overshadow the implications of such an event on corporates and investors with US interests. The future of US support for Ukraine, hot-button issues like public education and abortion access, and filling one or more vacancies on the US Supreme Court would all draw significant public attention should Trump return to the White House. Indeed, a critic of the analysis outlined above might argue that loosening regulations around cryptocurrencies will not matter much if the world falls apart with a chaos-loving US president as the inciter-in-chief. **But whatever attention other issues will draw, a second Trump term would bring significant opportunities to US-focused companies and investors across a wide range of industries, as well as a brave new world in which the culture wars engulfing American society can be trained on a company with a single tweet (it is now an X)?** As the saying goes, fortune favours the prepared mind, and US companies and their owners have an opportunity to consider now should Trump, against the odds yet again, take the oath of office as president in January 2025.

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