

Top Trumps: thirteen takes on a Trump presidency

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We asked thirteen of our policy specialists for a first take on a Trump administration and its implications for policy and politics.

Gregor Irwin: Trump meets Yellen

“Trump’s election win is going to complicate US monetary policy as the Fed gears up for another critical meeting in December. The Fed signalled at its most recent meeting that another rate rise could be on the cards. Now, either a sustained fall in the financial markets or even post-election uncertainty might just tip the balance in favour of leaving monetary policy on hold. But that would be to assume that the Fed’s open markets committee is operating in a political vacuum, which it is not. In the first presidential debate, Donald Trump broke with convention by attacking the Fed Chair Janet Yellen, accusing her of holding interest rates down for political reasons. According to Trump, the Fed is fuelling asset bubbles and storing up problems for the future. The question now is whether President-Elect Trump intends to continue offering the Fed advice, or instead resorts to a more conventional presidential silence on monetary policy. For Yellen and other Fed Governors, what they do in December and how they explain it, will be an important test of their independence.”

Guillaume Ferlet: an easy deal for a tough dealmaker?

“At first sight, Trump’s election seems to signal the end of the road for TTIP, but in fact the President-elect has yet to specifically take a view on a deal with the EU. It is true that his generally radical tone on deals like NAFTA, TPP and even WTO membership doesn’t bode well for any trade deal, but some of this is likely to be scaled back in office. Assuming he doesn’t take the nuclear option of pulling the US out of the WTO, he will come around to considering TTIP at some point next year. He may actually see TTIP as a chance to display his self-proclaimed deal-making skills. He is unlikely to see in the EU a threat to US jobs comparable to that of Mexico or Asian countries, which have so far provided the core of his opposition to trade agreements. Of course all of this assumes the EU itself actually wants to come back to the table!”

Tom White: taxing multinationals

“Technology companies will see alarming parallels between Trump’s rhetoric on competition policy and current enforcement actions in the EU, but his policy on taxing multinationals may actually benefit their shareholders. One of the few specific economic policies under the ‘Make America Great Again’ label is encouraging multinationals to repatriate profits made overseas that are currently held offshore. Had Trump been faced with a Democratic Congress, companies such as Apple might have anticipated this pledge to be implemented via legislation comparable to Carl Levine’s Foreign Account Tax Compliance Act of 2010. However, a Republican legislature is far more likely to focus on incentives, such as reduced rates of corporation tax or even amnesties, than on sanctions. This may be a favourable outcome for individual businesses and provide a counterweight

to some of Trump's more aggressive threats of anti-trust action towards companies such as Amazon and AT+T. However, there is also a broader risk that unilateral action on tax undermines the fragile international consensus for implementing the OECD's Base Erosion and Profit Shifting principles.”

Conan D’Arcy: the EU-US Privacy Shield

“Trump’s election will heap further uncertainty onto the already highly uncertain future of the EU-US Privacy Shield. Trump has publicly supported the need for the National Security Agency to conduct bulk collection of personal data and called for a boycott of Apple for using encrypted services. This is likely to mobilise the influential EU digital rights lobby, confident that a Trump Presidency will help them make the case that the Privacy Shield isn’t worth the paper it’s written on. The Privacy Shield, which allows for personal data transfers from the EU to the US, is already being challenged at the EU General Court in Luxembourg by Digital Rights Ireland due to concerns over the legal protections for EU citizens against US bulk surveillance. If the Irish complaint is upheld, Trump’s tough security agenda on data collection will make the prospect of agreeing a new transatlantic data transfer regime less likely, maybe impossible.”

Leo Ringer: Wall Street worries

“Trump’s blend of banker bashing and promises to unwind regulation will leave Wall Street nervous about where his campaign rhetoric stops and genuine public policy positions begin. Trump has called for Dodd-Frank to be ripped up, has promised to cut regulations massively to get banks lending and has shied away from the idea of breaking up banks. Republican bills introduced to Congress this year by Paul Ryan and Jeb Hensarling would provide much of the legislative flesh to these rhetorical bones. Yet Trump has also put the financial services community on notice, promising not to ‘let Wall Street get away with murder’ and talking tough on enforcement. He’s also talked about changing the way carried interest is taxed. The question is now which of these commitments he will discard as having been necessary only to get elected, and which he will retain once in office.”

Kirsty Allan: market nerves

“Trump’s win has, unsurprisingly, seen global stock markets panic but, with the polls so wrong and unwise early factoring in of a Clinton victory, a large-scale slump doesn’t come as a total surprise. Markets are starting to stabilise after large initial losses and it remains to be seen whether speculation of sustained volatility will be borne out. The American economy is essentially in good shape, unemployment is low and the promise of a break in the congressional deadlock might even be enough to encourage optimism. Equally, though Trump has repeatedly presented investors with real uncertainty, it remains to be seen whether he will follow through on some of his wilder campaign promises. The implications for the market are likely to be determined by the new administration’s policy platform and the pace and effectiveness of its implementation.”

Roberto Robles: inspiring Europe’s populists

“Trump’s victory will embolden insurgent populists in Europe, leaders like Marine Le Pen in France - who was one of the first foreign politicians to congratulate Trump on his victory - or Geert Wilders in the Netherlands, will see Trump’s victory as yet another sign of the potential for their brand of politics. Trump’s victory has demonstrated that elections are no longer won in the centre of politics, and Le Pen and Wilders will seek to emulate the Trump playbook of doubling down on an anti-immigration platform and running an anti-elitist campaign. If you want to be optimistic you might hope that the US election could still - combined with the other electoral upset of the year,

the UK EU referendum - deliver the necessary shock to galvanise the European political mainstream.”

Stephen Adams: a premium on a smoother Brexit?

“It is interesting to ask how reaction to a Trump administration might play out in the EU’s internal management of its own challenges in 2017. On one hand, it is going to heighten anxiety about the EU’s own political insurgents, especially in France where the Le Pen challenge will now look even more threatening. On the other, it may just put a new premium on managing the Brexit process in a way that minimises disruption and which puts the least strain on market nerves. At present, there has been a lot of resistance on the EU side to choreographing the UK’s triggering of Article 50 and the first phase of the negotiations. Policymakers may just judge that a more managed process is called for if the first quarter of 2017 has been rough”.

Alexander Smotrov: relations with Russia

“Trump has been portrayed as an agent of change for the US-Russian relations unlike Clinton who was seen in Moscow as a mere extension of the establishment. This could prove to be a serious miscalculation of the role of the US foreign policy establishment in the Trump administration which will not have an appetite to concede, at least not in the short-term, on sanctions or policies towards Ukraine and Syria, and which may push back on the White House. Trump’s Secretary of State pick will be an interesting and important signal.”

Elizabeth Beal: the view from Marrakech

“Here at COP22 in Marrakech, the talk is about how far in reverse Trump will aim to take the U.S. - and subsequently the world - on climate change. Trump campaigned on the promise to roll back all of Obama’s executive orders, including those committing the US to action on climate change. While Article 28 of the Paris Agreement, may prevent a complete withdrawal by the U.S. for at least four years, one thing that seems clear is that Trump won’t be prioritising climate action. Given the electorate that just voted him into office - many from the rust belt - Trump will likely be more focused on trying to expand investment in coal and other sectors that will actually increase U.S. emissions. Coupled with his pledge to put climate deniers and coal proponents at the helm of energy and environment posts - a Trump presidency is poised to ensure that the US blows its Paris commitments. Will the world be able to isolate a climate-denying US and rally together on climate action in spite of a Trump win, or will commitments under the Paris Agreement stall or crumble entirely?”

Thomas Gratoski: a big test for the Iran deal

“Trump’s election marks the biggest test for the Iran nuclear deal so far. Although he has spoken out against the agreement before its implementation, he has been ambivalent about his position since. He pledged to “dismantle the disastrous deal” on one occasion and said at others that he is a deal maker and would strictly police it. He has also indicated during the campaign he might seek to renegotiate some parts to get a ‘better deal’, but whether this means he wants more concessions from Tehran or more access for US businesses is not entirely clear. Trump’s focus on economic nationalism in foreign policy could mean trouble with Iran and major western allies for the sake of alleged greater security in the Gulf, which is not on top of his agenda.”

Ying Staton: ending the pivot?

“The Trump victory has probably put a final nail in the coffin not just of the TPP but of the entire ‘pivot to Asia’ under Obama. Clinton was one of the architects of the pivot and would have

reinforced the policy under her presidency; by contrast, Trump is widely expected to pursue a laissez-faire approach to security in Asia, de-emphasising the US alliance with Japan and withdrawing troops from Japan and South Korea. The level of anxiety felt by traditional US-facing nations in ASEAN, such as Singapore, who oppose Chinese expansion in the South China Sea, is palpable. China is casting an ever-larger shadow on the region, particularly with the recent defection of the Philippines under Duterte and cooling relations with the US in Malaysia and Thailand. A US withdrawal from the region would tip the political and military scales heavily in China's direction, whilst the death of the TPP will have serious implications for multinational companies who have expanded their presence in the region in anticipation of greater trading opportunities with the US."

Benjamin Wegg-Prosser: the pollsters and the strategists

"Pollsters and Democrat campaign strategists are going to have to take a hard look at themselves. Hillary Clinton's campaign was built on a playbook that was first crafted for her husband in the 1990s as he broadened the Democrats' coalition. It was refined by Obama's tech-literate team in the 2000s. And in the 2010s it was deployed in the expectation it would defeat a badly organised Republican campaign with an uncontrollable and unattractive candidate. It failed, miserably. In doing so it confounded the research of every major polling organisation in the run-up to the vote. The data analytics, targeted advertising and personalised campaigning of Clinton were no match for Trump's 140 character outbursts and the echo-chamber of friendly traditional media outlets. Where Roosevelt mastered radio, Kennedy got TV and Obama understood the internet: Trump turned Twitter into a national megaphone. Trump's campaign and associated supporters spent a fraction of the DNC and Clinton-backing PACs on the campaign. The DNC is wounded but remains well-funded and organised. Their thoughts will already be turning to the midterms in 24 months' time to try to reclaim ground. Whether they learn the right lessons from this campaign will determine if the Democrats can regroup. They face a choice by either giving a voice to non-college educated Whites who turned their backs on Clinton or doubling down with minority communities that underpinned the Obama coalition. If they fail to draw the right conclusions they will collapse, having lost a general election they probably should have won and confound the social scientists who said demographics would ultimately put the GOP out of business."