



US Elections: What now for the new president-elect?

Oxford Analytica Client Conference Call summary – November 9, 2016

The electorate

Americans have elected the consistently underestimated billionaire Donald Trump as president-elect. Polls were wrong in critical Electoral College states leaving experts stunned by the result though a White House transition between the two main parties is typical of the American political cycle. An alternative Republican candidate would likely also have been elected. Voter perception of Hillary Clinton as a flawed candidate prevented her from disrupting this pattern.

Clinton fatally overlooked the upper Midwest, failing to visit Wisconsin or Michigan. Trump reconfigured the electoral landscape by successfully garnering support from disaffected long-time Democrat voting workers. Democrats distanced themselves from working class voters with ineffective tactics like celebrity-hosted rallies. Defeated Democratic primary candidate Bernie Sanders alone appeared to connect with these voters.

Demographic patterns demonstrated Republicans were able to rely on the “white vote” alongside poor minority turnout. Changing demographics will likely make this less probable in the long-term. A greater African-American turnout may have led to Democrat victory as in 2008 and 2012 for Barack Obama. White working-class turnout was significant and outstripped that of educated whites.

Electoral College formulas advantage the Republican Party by giving a statistical boost to rural states with lower populations. Clinton secured the national vote but lost the election due to the geographic distribution of Democratic voters in highly populated coastal states. Despite this, Trump secured Florida with a home state advantage and support from rural regions. Elite Republican rejection of Trump possibly also strengthened his grassroots support.

Policy priorities, domestic

Trump has a two-year window of opportunity, until Senate and House midterm elections, to implement his policies. He will likely introduce a significant bill early on tax cuts, infrastructure investment and trade deals. With both chambers of Congress Republican-controlled support for tax cuts and healthcare repeal is probable but less likely on issues like immigration. The future of Speaker of the House Paul Ryan will depend on party and potentially Tea Party backing. Trump’s independence means establishment Republicans will have little sway in Cabinet selections. Probable members are Chris Christie, Newt Gingrich and Rudy Giuliani.

Taxes

Income tax will likely be reduced to 15%, and corporation tax will potentially be abolished in acknowledgement of Trump’s high-income supporters. Trump’s policy-making mandate is strengthened by Republican majorities in both houses of the legislature.

Healthcare

The Affordable Care Act (‘Obamacare’) will likely be repealed, with Congressional support, to satisfy Trump’s core white constituency.

Job creation and infrastructure investment

Trump will attempt to make good on his promise to create 25 million jobs through renegeing on international trade agreements such as the North American Free Trade Agreement. Mid-20th-century isolationist trade policies which led to high economic growth and job creation rates may be seen a model. Trade wars with China and other partners are possible. Trump's acceptance speech indicated probable investment in infrastructure to create low-skilled and manufacturing jobs.

Immigration

Strengthening of the already heavily policed Mexican border and expansion of the deportation programme are probable. While renegeing on his campaign commitment to building a wall along the border is impossible, Trump may modify his promise to rely on measures such as the use of drones and more border guards. Homeland Security may receive additional funds to identify and export illegal immigrants by imposing greater sanctions on employers. Relations with Mexico are likely to be tense.

Climate Policy

Trump may make good on his commitment to substantially reopen the coal mining industry demonstrating his scepticism about global warning. US commitment to the Paris Agreement may be in danger.

Policy priorities, foreign

Typically for a first Presidential term, the president-elect will not prioritise foreign policy. Alarmingly, he currently lacks experience and Secretary of State candidate. Republican foreign policy experts are likely to offer their services, which would provide Administration stability. Democrat Senators will form the front line for their party's foreign policy.

Trump's efforts to withdraw from international treaties, such as the Paris Agreement and the Trans-Pacific Partnership, will take time as legislative support is required. Withdrawing from the Iran Nuclear Deal will be exceptionally difficult.

A honeymoon period with Russia, like that of George W. Bush's presidency, is likely. The resulting effect on policy on Syria may damage relationships with Europe. Trump's animosity towards the North Atlantic Treaty Organisation (NATO) is greater than that towards Asian alliances due to greater lethal threats. He will have to correct his assertions on South Korea and Japan's lack of contribution, however. Congressional pressure will protect these alliances.

Relations with Filipino President Rodrigo Duterte are to be determined. There is little incentive for changing relations with Thailand. Anti-Muslim rhetoric, possibly worsened by a potential Islamist terrorist attack, will seriously damage dealings with the Muslim world.

Implementation of the Trans-Pacific Partnership remains possible but is unlikely until the 2018 midterm elections. Presidents tend to reverse their opposition to trade agreements.

Trump has given mixed messages by talking both of a potential deal with China and of imposing a 40% tariff on Chinese imports. US Presidents necessarily soften their approach towards Beijing over time. An initial tough position on the South China Sea is likely, and China may act to test Trump – something that Japan is alert for.

Q & A

Russian relations

Contrasting with Chinese tactics, Russia is likely to test relations diplomatically by attempting to bring Trump onside over Syria.

Executive Action

Presidential unilateral powers are limited constitutionally. Cooperation with Congress will be necessary for Trump to accomplish his goals. Executive Orders or Presidential Memoranda can be used to overturn marginal public policy by previous administrations. Entirely new programmes cannot be created. Authority is limited and Executive Orders can be challenged before the Supreme Court. Trump will likely use the measure to overturn support for international aid organisations that provide abortion support and push through Homeland Security immigration measures. Objections may arise as many Republicans believe Executive Orders subvert the legislative process.

Supreme Court

Trump will determine the long-term future of the Supreme Court with possible multiple appointments assisted by a Senate Republican majority. His list of potential candidates includes several respected jurists. A 5:4 conservative majority of justices will be cemented and possibly extended affecting social policy. Legislation is required to change abortion rights. Constitutional amendments or a new Supreme Court ruling are needed to reverse same-sex marriage legalisation. Whilst social issues do not appear to be Trump's personal priority, he owes his election to evangelical right-wing Republicans for whom some are.

Middle East

Evangelical Christian pressure may also increase support for Israel. Support for a two-state solution to the Israeli-Palestine issue will not be on Trump's agenda. Moving the US embassy to Jerusalem is.

Trump is unprepared for Middle Eastern politics and will likely be cautious. His approach to Syria is not yet clear though United States sympathy with Russia's position may increase.

Sudden movement with regards to Iran is unlikely. Trump's previously militant rhetoric towards the country will probably be scaled back. Republican opposition in Congress to the Iran nuclear deal has been largely a personal objection to it being a legacy issue of President Obama's.

Goals for American self-sufficiency will decrease dependency on Saudi Arabian oil.

European Relations

Chances of Transatlantic Trade and Investment Partnership success are probably below 50%. Trump sees international trade as harming domestic employment, though agreements on financial services and healthcare may still be viable.

Trump's victory may increase candidate Marine Le Pen's chances in France's upcoming Presidential elections. Both are populist politicians with strong anti-immigration and anti-trade sentiments. Le Pen's opponents should learn from Democrat mistakes.

North American and Pacific Trade Deals

Congress may prevent Trump's plans to withdraw from the North American Free Trade Agreement (NAFTA); cross-party consensus has long been in favour of trade deals. However, Congress will find planned trade deals hard to finalise. Ratification of the Trans-Pacific Partnership (TPP) is due to start soon in some countries. While TPP's fate is uncertain, Congress will be reluctant for the United States to be excluded from the creation of regional economic rules. Rhetorical focus on the 'Asia pivot' will likely decrease and the role of TPP in counter-balancing United States regional military forces may weaken

Domestic political alignments

Trump's victory has highlighted Democrat internal disarray. Progressive politics, led by politicians such as Senator Elizabeth Warren, has been notably unsuccessful. Lack of serious primary opposition to Clinton and Bernie Sanders shows weakness predating the election. Political elites caught up in groupthink missed key electorate changes, unlike Donald Trump. Left-wing parties are struggling in most industrial democracies without programmes that appeal to electorates. To recover, Democrats must focus on their lost core voters, especially since Republicans will now have control of the White House, both houses of the federal legislature, and many state houses, and will also influence the courts.

Republican anti-establishment sentiment has diverted from recent historical left-wing origins. Disenfranchised supporters may well become disappointed with Trump if he fails to deliver the promised economic turnaround. This is likely given his lack of substantial policy solutions. Innovative policies are required to prevent this.