

# Political and Policy Briefing 2017



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# Presidential Election Narrow Margins

This election was effectively decided by **107,000 people** in these three states. Trump won the popular vote there by that combined amount. That amounts to 0.09 percent of all votes cast in this election.

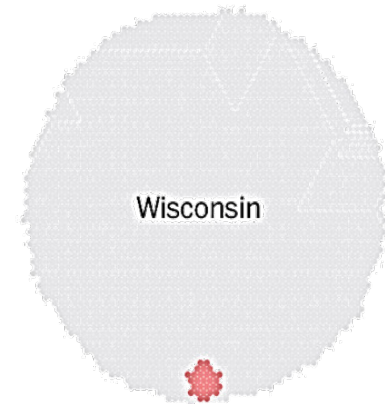
*[In a crucial Democratic stronghold, Trump surged. Clinton didn't.]*



Trump won by → 68,236 votes



11,837 votes



27,257 votes

# Presidential Divide—Trump Land



# Democrat/Clinton Archipelago



# What Makes Trump Tick

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**“The only things that have kept him awake at night historically are money, sex, food, and revenge.”**

—Tim O’Brien, Trump biographer

# What Makes Trump Tick

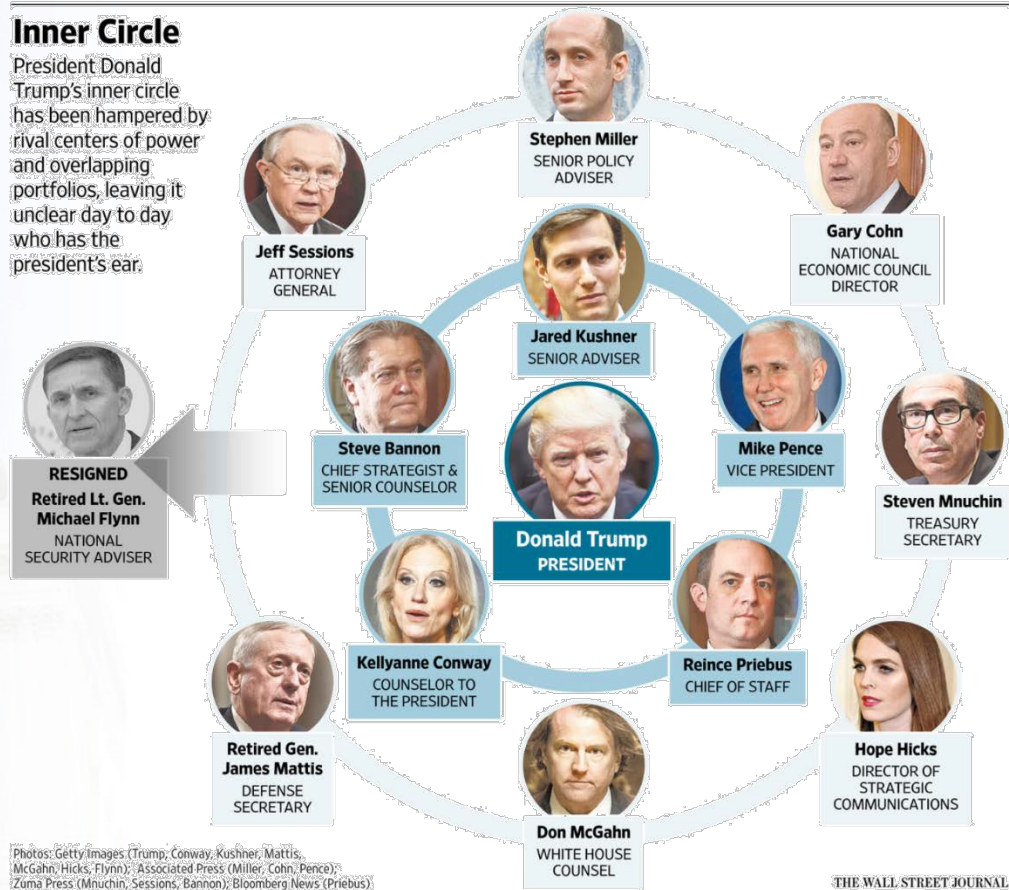
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- **Trump is a populist independent**
- **Lacks ideological core or guiding philosophy**
- **Anti-bipartisan establishment**
- **Operates by gut instinct over reason or facts**
- **More of a promoter and negotiator than a CEO**
- **Uses chaos, intimidation, and conflict as tools**
- **Take him seriously, not literally**

# Trump White House—Apprentice Edition

## Inner Circle

President Donald Trump's inner circle has been hampered by rival centers of power and overlapping portfolios, leaving it unclear day to day who has the president's ear.



THE WALL STREET JOURNAL

# New 2017 Trade Policy Agenda

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White House is required to present an annual trade policy agenda to Congress. New plan requires that all actions be based on four core objectives:

- Increase economic growth
- Promote job creation in the United States
- Promote reciprocity with our trading partners
- Strengthen U.S. manufacturing base and national defense
- Expand our agricultural and services industry exports



# 2017 Trade Policy Agenda



## Four Top Priorities:

- “Defending national sovereignty” – WTO decisions will not be treated as binding domestic law inside the U.S. Instead the government will decide whether and how to enforce WTO decisions
- More aggressive use of trade remedies – antidumping, countervailing duties, safeguard measures, other investigations. Flashpoints include steel, aluminum, auto parts, textiles, electronics
- Using leverage to open foreign markets
- Renegotiating trade agreements

# Debates over Tax and Trade

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- Major announcements on Administration's tax policy due today.
- Decreases in corporate tax rates, including for pass-through entities.
- Shift to a more territorial approach, excluding foreign corporate earnings
- Administration likely silent on "border adjustment"
- Effects on trade are hotly debated. Initially likely to stimulate exports, restrict imports, but in theory the tax benefits for exports and higher taxes on imports would be offset by an increase in the value of the dollar.
- Potential impacts on energy markets and petroleum trade flows

# Emphasis on Deregulation

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- Executives Orders focusing on reducing regulatory burdens on businesses
- Particular focus on energy sector, and reducing environmental regulations
- New proposals this week easing financial services regulations imposed post-2009
- However, contrast the pending proposal currently under consideration to strengthen the Jones Act for offshore oil and gas construction, maintenance and repair vessels.

# Focus on Export Controls and Trade Sanctions

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- The US has an aggressive and complex system of economic sanctions against countries like Iran, Syria and North Korea, disputed regions like Crimea, and terrorist groups, narcotics traffickers and other targets.
- Iran policy currently under a “90-day review”
- Administration largely silent on Cuba policy thus far
- Expected easing on Russia sanctions now far less likely
- Myanmar and Sudan sanctions largely eased at end of last Administration

# Implications of Trump National Defense Spending Increase

- Trump FY 2018 detailed budget not yet released, but will reportedly call for significant increase in U.S. national defense spending over course of DJT Administration.
  - DJT supports increasing U.S. Navy fleet from current 290 ships to 350 ships.
  - Sufficient Congressional support for Navy/Defense spending increase.
  - Expected boost for U.S. shipyards and shipbuilding supplier industrial base.
  - Unclear how Trump “America First” agenda will affect DOD acquisitions and current “Buy America/Build America” laws during DJT Administration defense build-up.

The image features a photograph of the United States Capitol building's dome, viewed from a low angle. The dome is white with a prominent American flag flying from a balcony. The sky is blue with some white clouds. A horizontal blue banner with a white border is superimposed over the middle of the image, containing the word "Questions?" in a large, white, sans-serif font.

Questions?

# Contacts

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