

# What to Expect from the Trump Administration: A Protectionist and Pro-Corporate America Government

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*"Fascism should more appropriately be called Corporatism because it is a merger of state and corporate power."* Benito Mussolini (1883-1945), Italian politician, journalist, and leader of the National Fascist Party. (As quoted in Mats Erik Olshammar's book *Dragon Flame*, 2008, p. 253)

*"The dangerous American fascist is the man who wants to do in the United States in an American way what [Adolf] Hitler did in Germany in a Prussian way. The American fascist would prefer not to use violence. His method is to poison the channels of public information. — With a fascist the problem is never how best to present the truth to the public but how best to use the news to deceive the public into giving the fascist and his group more money or more power."* Henry A. Wallace (1888-1965), American politician, 33rd Vice President of the United States, 1941-1945, (in 'The Danger of American Fascism', *The New York Times*, April 9, 1944, and in 'Democracy Reborn', 1944, p. 259)

*"Demagogue: one who preaches doctrines he knows to be untrue to men he knows to be idiots."* H. L. Mencken (1880-1956) American [journalist](#) and [essayist](#), (in 'Minority Report', 1956, p. 207)

*"With all that Congress has to work on, do they really have to make the weakening of the Independent Ethics Watchdog, as unfair as it may be, their number one act and priority. Focus on tax reform, healthcare and so many other things of far greater importance!"* Donald Trump (1946- ), on January 3, 2017, after House Republicans voted 119-74 to place the independent *Office of Congressional Ethics* under the control of the House of Representatives. (N.B.: They reversed their position after Mr. Trump's criticism)

\* \* \*

Presidential candidate Donald Trump raised the hopes of many Americans when he criticized his political opponents for their close ties to Wall Street and, above all, when he promised to ['drain the swamp'](#) in Washington D.C. He may still fulfill that last promise, but as the quote above indicates, he may have to fight [House Republicans](#) on that central issue. Candidate Trump also raised the hopes of many when he promised to end costly wars abroad and to concentrate rather on preventing jobs from moving offshore, on creating more middle-class jobs at home and on preventing the American middle class from shrinking any further.

No doubt the [cabinet](#) he has assembled is filled with well-intentioned and capable persons.

And, it is only normal that a new president surrounds himself with loyal supporters and people with whom he feels comfortable ideologically and personally. And, let us be fair. Not many progressives or academics supported Donald Trump during the November 2016 election. However, on paper at least, it can be said that Trump's cabinet looks to be more to the right than himself.

Nevertheless, the Trump administration will probably be the most pro-business administration and the [wealthiest](#) in American history. This is somewhat ironical because, during the November 2016 presidential election, Mr. Trump prevailed in [poor](#), economically challenged cities, while Ms. Clinton drew her support in more affluent cities and counties.

The overall image that emerges, indeed, is a U.S. government fit for an inward-looking [industrial-financial-military complex](#), made up, to a large extent, of billionaires and of Wall Street financiers (Ross, Mnuchin, Cohn, Clayton, etc.), of known warmongers (Mattis, Flynn, etc.), and of known Zionists (Bolton, Friedman, Greenblatt, etc.). However, this is a corporate government that is hostile to large American international corporations (GM, Coca-Cola, etc.), hostile to economic regulations and to economic globalization in general.

There is a clear possibility, considering its composition, that the pro-domestic-business Trump administration could herald a new [Robber Baron era](#) of *laissez faire* capitalism within the United States, somewhat similar to the one that led, in reaction, to the passage of the [Sherman Anti-Trust Act](#) in 1890. If so, history could repeat itself. Only time will tell.

A genuine desire for radical change

There is no doubt that the 2016 U.S. presidential election revealed a desire for radical change on the part of a large segment of the U.S. electorate, discontent and dissatisfied with the way things are these days with the political gridlock in Washington D.C. and with the relatively stalled U.S. economy.

The economic policies espoused by the U.S. establishment over the last quarter century have resulted in the rich getting richer and the poor getting poorer, with the result also that [economic and social mobility](#) for average American families has declined and is now much lower than in other advanced economies. This has been an important cause for disillusion and anger among many Americans who feel that the economic system is rigged against them and in favor of the very rich.

Can President Trump succeed in bringing about fundamental, even revolutionary change, especially in reducing political corruption and in bringing more economic and social justice for American workers, or will he be engulfed in the morass of politics as usual in Washington D.C.? Here again, only time will tell.

On the other hand, President Trump can hardly pretend to have received an overwhelming political mandate for change from the electorate, considering that he got [2,865,000 fewer votes](#) than Democratic presidential candidate Hillary Clinton. The last time that this happened was in 2000 when Republican presidential candidate George W. Bush received about [540,000](#) fewer votes than his adversary Al Gore, but he was nevertheless elected president by the U.S. [Electoral College](#).

Moreover, by professing to want to cumulate his responsibilities as U.S. President and those as a *de facto* head of his own international real-estate company, and by refusing to park his

private business interests in a blind trust, thus creating a permanent conflict of interests, President Donald Trump is sending the wrong signal. And transferring the daily executive responsibilities to his sons does not pass the smell test.

During the 2016 campaign, candidate Trump clearly said that *"[I]f I become president, I couldn't care less about my company. It's peanuts... I wouldn't ever be involved because I wouldn't care about anything but our country, anything."* Public interest, indeed, is not the same as private personal interests, and it is difficult to believe that Mr. Trump has had a change of mind on such an important issue. People should expect their politicians not to use their positions, directly or indirectly, to enrich themselves. Period.

Let us consider how a strong pro-business Trump administration could have some beneficial results in the short run, but could also be very disruptive in the long run, both for the United States and for the world.

## 1. Donald Trump's authoritarian approach may endanger American democracy

[American democracy](#) may be seriously tested in the coming months and years, as a President Donald Trump administration begins implementing a fundamental shift in American domestic and foreign policies. This could be either for better or for worse.

That is because the new U.S. president, Donald J. Trump (1946- ), is a businessman, in fact, an international real-estate mogul who owns hotels, golf courses and casinos in many countries, who has no government experience of his own and who has run his family business with total control. Moreover, businessman Donald Trump has tended to trust his business instincts more than his head in making important decisions, and he is also inclined to act in a self-serving manner. He is a person who, temperamentally and on occasion, does not hesitate to denigrate, humiliate and bully people around to get his way. Indeed, his [modus operandi](#) in his dealings with people seems to rely on intimidation and on bluffing in order to exact concessions on their part and to obtain some benefits for himself.

Some fifteen years ago, another businessman was elected to the American presidency, i.e. Texan oilman [George W. Bush](#) (1946- ), who also boasted that he made decisions with his guts. That did not turn out too well for the United States, as Bush II ended up being one of the worse presidents the U.S. ever had. Presidential candidate Trump even said publicly that George W. Bush was *"the worst President in history"*, and said he should have been impeached because he lied about the presence of weapons of mass destruction (WMDs) in Iraq with the clear intention of tricking the American public into supporting a war against that country.

It's true that George W. Bush did not hide his intentions of governing in an authoritarian way when he declared, *"I'm the commander in chief, see, I don't need to explain, I do not need to explain why I say things. That's the interesting part about being president. Maybe somebody needs to explain to me why they say something, but I don't feel like I owe anybody an explanation"*, as this was documented in Bob Woodward's book *'Bush at War'*, 2002. Will President Trump take such a statement as a precedent, or will he be more open to outside ideas to improve things?

## 2. Fears of trade wars and disruptive protectionism looming ahead

President Donald Trump has made no qualms about being a [trade protectionist](#). His

spokespersons have repeatedly said that the new administration is a protectionist one. It is one thing to adopt *ad hoc* protectionist measures; it is another matter to adopt an overall protectionist policy that could lead to widespread economic disintegration, and trigger costly economic dislocations, uncertainty and, possibly, risk a worldwide [economic depression](#).

This could also mean bringing forward destructive laws, similar to the protectionist [1930 Smoot-Hawley Tariff](#), which imposed high tariffs and other barriers to the importation of foreign-produced goods.

There are, however, [international trade laws](#) that prevent one country from singling out another country for punitive tariffs or trade impediments without cause. If the Trump administration were to violate those laws, other national governments could be expected to retaliate, and this could wreak havoc with international trade and world prosperity. In the 1930s, protectionist [“beggar-thy-neighbor policies”](#) raised unemployment and intensified the Great Depression. Nobody can be absolutely sure that this would not be repeated if similar policies were pursued today.

In fact, it is far from certain that increasing duties on imports would be beneficial to the U.S. economy. Such impediments to trade would push up the prices of goods in the United States, thus making it harder for workers on low salaries to buy them. American exports could also suffer when other countries retaliate and raise tariffs on goods produced in the U.S. and shipped from the U.S., creating unemployment in many American exporting industries, notably in the agricultural sector.

With American protectionist policies raising prices, the Fed could then be expected to raise interest rates faster, thus slowing down interest-rate sensitive industries such as the construction industry, while higher U.S. interest rates could appreciate the U.S. dollar vis-à-vis other currencies, resulting in a further decline of U.S. exports abroad and negating the expected objective of protectionism.

Indeed, President Trump and his advisers could learn some lessons in economics in 2017-2018, when they see an extraordinary strong U.S. dollar, boosted by their expected protectionist policies, destroying American exports and possibly also tanking the stock market. Large [American international companies](#) could be expected to suffer the most, and those who work for them or own stocks in them would also suffer, both from the artificially strong dollar and from retaliations from other countries.

Therefore, it is far from a sure thing that the jobs created in American import-substituting industries would not be counterbalanced by the loss of jobs in American export industries. The result could be net negative for the U.S. economy as a whole. Protectionist policies could also lower American overall productivity, in the long run, because of a reduction in [economies of scale](#) caused by a contraction of U.S. export industries and in their investments.

3. The North American economy could be disturbed and political relations could possibly turn sour

The United States needs allies and friends in the world, and there is no better friend of the United States than neighboring Canada. In 1988, the Reagan administration reached a [free trade agreement \(FTA\)](#) with Canada, a country with a similar free market economy and standard of living, which has benefited both countries. In 1994, the Clinton administration

enlarged the Canada-US free trade Agreement to include Mexico, the latter country having a standard of living that is less than one third the American standard of living. That was [NAFTA](#).

✖ The Trump administration intends not only to cancel the already signed trade agreement (TPP) with Asiatic countries and to end negotiations for establishing a transatlantic trade and investment partnership (TTIP), but President Trump would also like to reopen and renegotiate the North American Free Trade Agreement (NAFTA). Such isolationist moves are bound to create unnecessary economic and political frictions besides creating a lot of uncertainty. For neighboring Canada and Mexico, this has the potential of disrupting their economies. Let us hope that cooler heads will prevail and that the baby of economic cooperation won't be thrown out with the bathwater of trade irritants.

Mr. Trump and his advisers should know that trade is a two-way street and that a country pays for its imports with its exports. They must know, therefore, that Canada is the U.S.'s number one trading partner and that there are 35 U.S. states (New York, Pennsylvania, Michigan, Minnesota, Illinois, Indiana, Iowa, Kansas, New Hampshire, Wisconsin, Alaska, etc.) for whom the number one export country for their goods and services is Canada.

In 2015, for the record, the United States *exported* goods and services to Canada for a total value of \$337.3 billion, and *imported* from Canada goods and services valued at \$325.4 billion, for a net U.S. surplus equal to \$11.9 billion. In 2015, Canada was the United States' number-one goods export market. Moreover, American companies had direct investments worth \$386.1 billion in Canada, in 2014, while Canadian companies had direct investments in the United States worth \$261.2 billion in the same year.

The Trump administration should know that, in 2015, nearly [9 million](#) American jobs depended on U.S. trade and investment with Canada. Therefore, Canada is not a country posing a trade problem to the United States and Mr. Trump and other U.S. politicians should know it. The Canadian and American economies are well integrated and are complementary to each other.

The motto should be: If it's not broken, don't fix it.

4. Drastic U.S. domestic policy changes may hurt the poor and enrich the already super rich, thus exasperating inequality, if they are not replaced by better policies

Presidential candidate Trump promised to lower U.S. corporate tax on corporate profits from 35% to 15%. Even though the [real corporate tax rate](#) paid by most American corporations is much lower than the posted rate, being closer to 12%, such a drastic drop in the official corporate taxation rate is bound to make the rich richer. In fact, the post-November-8 stock market rally is largely a reflection of that promise to lower the corporate tax rate.

Similarly, candidate Donald Trump has promised to deregulate U.S. mega banks, which were at the center of the [2008 subprime loan financial crisis](#), and especially end the [Dodd-Frank rules](#), which require banks to hold more capital as an insurance against catastrophic failures. Here we go again: politicians pandering to those who can give them money, while risking the stability of the entire financial system and the jobs of millions of Americans. If this comes to pass, the next financial crisis may be called the 'Trump financial crisis'.

On the social side, Trump's promise to dismantle the Obamacare program, without



advancing a credible replacement, may end up hurting the poorest Americans. Indeed, what would happen to the some [20 million](#) Americans who previously had been left out of secured access to health services through employer-sponsored insurance? In politics, it is usually easier to dismantle something than to build something of value.

#### 5. U.S. economic and political clashes with China may be very disruptive to world peace



The Chinese government is a communist and authoritarian government, even though it has moved, since 1978, under the leadership of [Deng Xiaoping](#) (1904-1997), to a more decentralized market-oriented socialist economy. The biggest economic step for China came on December 11, 2001, when it officially abandoned protectionism as a policy and joined the [World Trade Organization](#) (WTO), thus integrating the world economy.

It is true that the U.S. has a trade deficit with China. In 2015, for example, American exports to China amounted to \$116.1 billion while the U.S. imported goods from China valued at \$483.2 billion, leaving a trade deficit equal to \$367.1 billion. That is partly due to the fact that many U.S. companies have invested in China, and they imported goods from China. This is partly due to the fact that the U.S. government has a large fiscal deficit, and some of it translates into an external trade deficit. Of course, it is true that China is also a large low-wage country, and its products are very price-competitive.

An important point of contention between the U.S. and China has been the value of the latter country's currency, the Yuan. Critics have argued that the Chinese currency has been kept [artificially undervalued](#), thus reducing the price of Chinese goods on international markets and stimulating its exports. The Chinese government has argued that the Yuan exchange rate reflects its own economic conditions, i.e. low labor costs, and that the value of the Yuan, in fact, has been appreciating over the last twenty years and that the country runs trade deficits with other countries.

Such an issue should be settled by a panel of international monetary experts, and should not be a pretext for a trade war.

#### 6. The Trump administration, by siding even more openly with Israel than previous American administrations, may make matters worse in the Middle East

During the electoral campaign, candidate Trump said, on many occasions, that he wanted to reduce congressional term limits, fight political corruption and stop the influence of the tens of thousands of lobbies in Washington D.C.

Ironically, on Monday evening, March 21, 2016, Mr. Trump appeared in front of the most powerful foreign policy lobby in the U.S., the pro-Israel American Israel Public Affairs Committee ([AIPAC](#)), an umbrella lobbying organization that boasts of having access to a vast pool of political donors. He then delivered the most demagogic and the most pandering [speech](#) that a politician can make to get votes and money from a lobbying organization. So

much so that, the next day, AIPAC president Lillian Pinkus had to [apologize](#) for some of Mr. Trump's remarks.

During his speech, Mr. Trump went on to please his listeners by declaring that he was prepared to turn a blind eye to the issue of illegal Israeli settlements that the Israeli government has allowed on the occupied lands Palestinians want for their future state. He went even further and said that he would veto "100 percent", as U.S. President, any attempt by the United Nations to impose a Palestinian state on Israel, provoking cheers and applause. Mr. Trump went on promising to "*move the American embassy to the eternal capital of the Jewish people, Jerusalem*", a shift of policy that would be denounced by most other countries, even if this was met with cheers and applause by the AIPAC delegates.

Soon after his AIPAC speech, not surprisingly, prominent American billionaires, such as casino magnate Sheldon Adelson, casino owner Phil Ruffin, activist investor Carl Icahn, etc. became prominent [donors](#) to the Trump campaign. So much for draining the swamp!

## 7. President Trump has made incendiary and false statements about Iran

Candidate Trump, in his pandering speech to AIPAC, promised to "*dismantle the disastrous deal with Iran*". He even repeated the lie that the U.S. government "gave" \$150 billion to Iran. In fact, that sum was Iran's own funds that had been frozen in American financial institutions because of unilateral sanctions. This was not a "gift". It was restitution.

It was said of the George W. Bush administration that it made "[its own reality](#)". Would the Donald Trump administration be on the same track in creating "[its own facts](#)"?

Let us remind ourselves what the [Iran Deal](#) was.

It was an agreement reached by six countries (France, Germany, the U.K., Russia, China, and the United States), which removed the possibility that Iran develop nuclear weapons in the foreseeable future. Would President Trump insult all these countries and opt to go to war with Iran to please his rich donors? I hope not. That would be crazy. I doubt very much that this is the type of "change" that American voters want, i.e. more neocon-inspired wars of aggression abroad.

## 8. The Trump administration is expected to show little respect for the environment

Scott Pruitt, the new Head of the Environmental Protection Agency (EPA) is openly a denier of climate science and of clean air legislation. As Attorney General of the state of Oklahoma, he opposed the Environmental Protection Agency (EPA) over its Clean Power Plan. He can be expected to encourage highly polluting coal burning.

Indeed, it is one thing to be a climate change skeptic, and another to be pro- air pollution. There are economic activities that generate pollution costs to the entire population and cause diseases. Such social external costs are not included in the market prices of private goods. They [should](#) be.

People have only to look at some Chinese cities, like Beijing, to see how destructive air pollution can be, when people have to wear masks when going outside their homes. In particular, burning coal on a large scale creates [smog](#) and is a recipe to generate deadly air pollution. That is what China is learning the hard way, as this results in thousands of premature deaths.

Numerous [members](#) of the Trump administration are climate change deniers and are opposed to climate scientists' recommendations. For one, Rick Perry, the former Republican Governor of Texas and President Trump's choice for Energy Secretary, denies that climate change is happening or that it is caused by greenhouse gas emissions. It is undeniable, for example, that the year 2016 was the warmest ever and that the trend toward a warming climate will continue as CO<sub>2</sub> emissions keep increasing.

On the environment, therefore, the Trump administration can be expected to be anti-intellectualism and anti-science.

9. After statements made to that effect, the Trump administration is expected to pack the U.S. Supreme Court with far-right judges

Presidential candidate Donald Trump is on record as willing to pack the U.S. Supreme Court with far right pro-life judges. Mr. Trump is known to have been, for most of his life, [pro-choice](#), although he has expressed a personal dislike for abortion, except for three exceptions, i.e. when the health of a woman is in danger, in case of rape, and in case of incest. In 1999, for example, he told NBC 'Meet The Press, "I'm very [pro-choice](#)."

However, during the last presidential campaign, on August 1, 2016, Mr. Trump went further and said that "*I will pick great Supreme Court Justices*", ...similar in philosophy to the late Justice [Antonin Scalia](#) (1936-2016), one of the most far right judges ever to have sat on the U.S. Supreme Court.

The most contentious proposals of the Trump administration will undoubtedly be the type of judges it nominates for confirmation by the U.S. Senate.

10. On the positive side, the Trump administration is bound to end the Washington Neocons' New Cold War with Russia



In international affairs, the main positive contribution that the Trump administration could bring to the world would be to put an end to the artificially created [New Cold War with Russia](#) that Washington Neocons have initiated from scratch in recent years, within the Obama administration. Indeed, President Donald Trump has been most clear in expressing his desire to adopt a more [peaceful approach](#) to Russia and President Vladimir Putin. In many areas, he even considers Russia to be an ally of the U.S., not the dangerous adversary that the Neocon establishment in Washington D.C. has tried to portray it to be in recent years. If this New Détente with Russia can be achieved, it would be a major accomplishment for world peace and for American prosperity.

Conclusion



One of the weak characteristics of democracy is that, in practice, it pushes politicians to pander to special interests for votes and money, at the expense of public interest and the common good.

From what we know so far, the Trump administration is geared to be the most pro-domestic-business, the most economically isolationist and protectionist, and the most pro-special interests American administration, ever. This could spell trouble for the United States and for the world if it truly acts in that direction.

As an economist, indeed, I fear that an inexperienced Trump administration would go too far, too fast in dislocating American international corporations and in raising domestic tariffs on imports. The end-result could be some disastrous trade wars that would create [stagflation](#) and that would hurt both the American and foreign national economies.

This is an administration that should heed a few words of caution, and it should refrain from being an extremist administration.

Stay tuned.

*Economist Dr. Rodrigue Tremblay is the author of the book [“The Code for Global Ethics, Ten Humanist Principles”](#), and of [“The New American Empire”](#).*

*Please visit the book site at:*

<http://www.thecodeforglobalethics.com/>

*and his international blog at:*

<http://www.thenewamericanempire.com/blog.htm>

*To watch a video and see Dr. Tremblay talking about humanism, click here:*

<https://www.youtube.com/watch?v=z4hwhVM9I5g&t=30s>

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