

A Man of His Word? What Trump Has Done so Far

Feb 2, 2017

- It's been barely two weeks since Trump took office. Amid the flurry of this executive order or that tweet, things can get confusing. Hence, we thought it useful to compare his actions thus far against his campaign promises.
- For anyone hoping that the reality of political office would force him to backtrack from the more controversial pledges, the fact that Trump has actually enacted measures such as immigration bans would be discomfiting.
- The concern now is that he would be too bogged down by the latest controversies to accomplish his economic agenda. From infrastructure build-up to tax cuts, these are areas in which the market would wish that Trump is more of a man of his word.

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Tallying up Trump

"The press takes Trump literally, but not seriously, while his supporters take him seriously, but not literally," wrote the Atlantic magazine in September last year.

The couplet neatly encapsulated just how the press dismissed Trump as someone who had said things that were deemed to be so out-of-whack that he could not have a serious shot at winning; first, the Republican primary race and, ultimately, the presidential election. On the flip side of it, those who support Trump's race to the top took his candidacy seriously, in part because they believe that his bombast would turn out to be more style than substance once he is in office.

As it turns out, the first two weeks or so of Trump presidency show that we might all have to take the man both seriously *and* literally.

Starting from the issue that is most emotionally charged – immigration – the president has indeed moved quickly to start realizing some of the more pointed policy proposals that he had before election.

Area	Campaign Promises	Status	Details
IMMIGRATION	Suspend immigration from terror-prone regions where vetting cannot safely occur	Promise Kept	Signed an order to ban entry from 7 Mideast countries on Jan 27
	Fund the construction of a wall on the southern border with Mexico	Started	Signed an order to begin planning and designing the wall.
	Make Mexico reimburse the US for the full cost of the wall	Started?	Trump and his aides have been insisting that Mexico will pay. In turn, Mexico effectively says, <i>"No Way, Jose."</i>
	Reform visa rules to ensure open jobs are offered to American workers first	Started?	While it hasn't been officially announced yet, press reports suggest that Trump will be signing an order to sharply curtail the H-1B visa program, including by doubling the minimum salary requirements.

Source: Washington Post, OCBC.

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One of the most controversial moves that he has pursued in office thus far is his order to ban nationals from seven Middle Eastern countries from entering the US. While it came as a shock to most, perhaps one cannot exactly say that we have not been forewarned, given that Trump did state that he would “Suspend immigration from terror-prone regions where vetting cannot safely occur” in the “Contract with the American Voter” that he issued in late October last year.¹

Hence, for better or worse, Trump was merely carrying out *seriously* in office what he had *literally* said before he was elected. Indeed, looking across the 2-page document listing a total of 60 pledges, and comparing it to what he has zoomed in on thus far could serve as a useful checklist for his policy prioritization.²

Area	Campaign Promises	Status	Details
TRADE	Withdraw from the TPP	Promise Kept	Signed an order to withdraw from the 12-country trade pact on Jan 23
	Renegotiate NAFTA or withdraw from the pact	Started	Said that he will begin renegotiating when he meets with leaders of Mexico and Canada
	Direct the Treasury Secretary to label China a currency manipulator	No Action Yet	Nonetheless, Trump has repeatedly zoomed in on USD strength as a result of China's devaluation
	Establish tariffs to discourage companies from laying off workers to relocate in other countries and ship products back to US tax-free	No Action Yet	Still, Trump has used his tweets to ‘persuade’ companies to abort plans to expand production in Mexico. In the automotive industry alone, Ford, GM, Chrysler, Toyota and BMW have been targeted.

Source: Washington Post, OCBC.

On that front, outside of immigration – an area which he seems to be most passionate about so far – Trump has also focused his attention on trade. Specifically, he has signed an order to withdraw from the TPP, the 12-nation trade pact that US itself had initiated under President Obama. While this is largely expected, it had nonetheless driven home the point that the new administration is not going to be only paying lip service to protectionist policies. (See our previous *Weekly Wander*, [Bothered by Borders](#), for details).

Elsewhere, even as he has gotten the ball rolling with regard to NAFTA renegotiation, Trump has – so far – thankfully refrained from “Directing the Treasury Secretary to label China a currency manipulator” just yet. The fact that his Treasury Secretary appointee, Steven Mnuchin, has yet to win the congressional approval to take office might be one reason.

From the market perspective, that would be one promise that he would hopefully forget to keep. While the ramification of such a classification is, technically speaking, relatively minor – since it just compels the Treasury Department to either start a negotiation with China on the exchange rate issue or lodge a largely ceremonial complaint to the IMF – it risks further exacerbating what is already a complicated bilateral relationship between the two countries.

¹ <https://www.donaldjtrump.com/press-releases/donald-j.-trump-delivers-groundbreaking-contract-for-the-american-vote/>

² Washington Post runs a comprehensive “Trump Promise Tracker” which can be accessed here: <https://www.washingtonpost.com/graphics/politics/trump-promise-tracker/>

Area	Campaign Promises	Status	Details
DOMESTIC ECONOMY	Lower business tax rate from 35% to 15%	No Action Yet	<i>No direct action has been taken in the form of executive order or directive of other sorts yet.</i>
	Allow trillions of American corporate money overseas to be brought back at a 10% tax rate	No Action Yet	<i>Trump will need Congressional approval for actions on this front, given that the legislature holds the ultimate say on government purse.</i>
	Leverage PPPs through tax incentives to spur \$1 trillion in infrastructure investment over 10 years	No Action Yet	<i>However, scant details thus far on the progress of the discussion between the White House and even the Republican leadership.</i>
	Make sure the infrastructure plan will be revenue neutral	No Action Yet	<i>The only exchange appears to be Trump labelling the proposal by House Speaker, Paul Ryan, for a border-adjustment tax as "Too Complicated."</i>
	Reduce the number of tax brackets from 7 to 3, and likewise greatly simplify tax forms	No Action Yet	

Source: Washington Post, OCBC.

Meanwhile, compared to the focus on immigration and actions on the trade front, one area in which Trump’s direct actions have been conspicuously absent is on the domestic economic policy platform.

One of the key supporting factors behind the largely positive market reaction to Trump’s election has been the idea that he would be goose up US economic growth through a number of stimulatory measures including deep tax cuts, overseas profits repatriation and large-scale infrastructure build-up. Given that scant further details have come out of the White House on these proposals, however, market enthusiasm on the so-called Trump Reflation trade has noticeably gone down.

Indeed, there is a sense that Trump’s focus on stormy issues such as immigration might end up relegating his economic agenda to the backseat, especially if he ends up using the bulk of his political capital to fight not just the Democrats but also elements of his own Republican party. This is especially so because Congress ultimately holds the purse strings and Trump will need to work closely with the legislative body to gain approvals on infrastructure spending as well as any fiscal reform measures including tax cuts.

To be sure, Trump is still extremely early in his term in office – which will last another 1,448 days – and he may yet shift gears and focus on his economic agenda, especially once his key appointees for economic portfolios take office. After all, he once admitted that *“You can’t con people, at least not for long. You can create excitement, you can do wonderful promotion and get all kinds of press, and you can throw in a little hyperbole. But if you don’t deliver the goods, people will eventually catch on.”*³

If he indeed fails to show that he can keep his word on domestic economic policies, he might well then have to double down on either the immigration agenda to distract attention or to be even more aggressive in pursuing protectionist trade policies.

From the perspective of Asian markets, the latter would obviously be trickier. As we detailed in our January 17th report, [Let’s Wish Him Well](#), Asia would want Trump to appear successful in bringing about economic growth, because the alternative is to be ready scapegoats, given that Asia remains the largest contributor of America’s trade deficit.

³ *“Trump: The Art of the Deal,” Donald J. Trump.*

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