

# “Taming Trump”, Key Republican Appointments: What a Trump Presidency Might Look Like

By [Dr. Jack Rasmus](#)

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*In the weeks since the November 8 US presidential election, the dim outlines of what a Trump presidency might look like are beginning to appear. Trump continues to retreat on several fronts from his campaign ‘right populist’ positions, while doubling-down on other radical positions he previously proposed during the campaign. How to make sense of his apparent evolving policy divergence?*

On the one hand, Trump appears to be moving closer to traditional Republican party elite positions on big reductions of taxes on corporate-investor elites and on delivering long standing elite demands to deregulate business; at the same time he appears to be moderating his position with regard to that third top priority of the US neoliberal elite—i.e. free trade—as he back-peddles rapidly from his campaign attacks on trade and free trade agreements.

At the same time Trump appears to be doubling down on his campaign’s radical social policy issues like immigration (promising to immediately deport or jail 3 million), taking a harder line position on law and order and civil liberties (declaring those who burn the flag should lose their US citizenship or go to jail), reaffirming his intent to privatize education services (by appointing a hard liner as Education Secretary who strongly favors charter schools and school vouchers), attacking environmental programs and protestors (calling for restoration of the Keystone pipeline), while showing early signs of moving closer toward Congressional Republican elite leaders, like Paul Ryan, and Ryan’s radical proposal to replace current Medicare with a federal ‘voucher’ system that would freeze the amount Medicare would pay doctors and hospitals as health care costs continued to escalate.

## Areas Still Vague: Infrastructure Spending and Foreign Policy

Less clear than Trump’s above policy bifurcation are what policy positions he will take on fiscal and monetary matters.

Trump campaign promises of more government spending on ‘infrastructure’ still remain too vague. Will that mean more oil and gas pipelines and coal mining? More tax cuts to construction companies? More direct subsidies to businesses? And how much ‘spending’ is involved? Early indications are the infrastructure program may be mostly tax credits for businesses—and in addition to his massive corporate-investor tax cuts also planned.

Trump in the past has called for \$1 trillion. (Clinton had called for a \$250 billion program over five years. That \$50 billion was just about the amount the US now provides in subsidies to agribusiness). And so far as infrastructure spending’s impact on the US economy, \$50 billion a year is insignificant. \$1 trillion and \$100 billion a year over ten years, Trump’s

campaign proposal, might have some effect on US GDP. But GDP growth does not necessarily translate into benefits in income to all—as the last eight years has clearly shown as 97% of all GDP-income gains under Obama have gone to the wealthiest 1% households. Nor will infrastructure spending likely translate much into job creation—and could especially result in little positive impact on jobs if infrastructure spending is composed mostly of tax cuts, business subsidies, and high capital-intensive projects that may take years to realize. It is highly unlikely Trump is talking about a 1930s-like ‘public works program’. It’s more likely to be the federal government writing checks to big construction companies, pocketing nice profit margins in the process.

Trump’s influence over monetary policy in general—and interest rates in particular—will be even more minimal. The US elites will strongly oppose any Trump attempts, as promised during the election, to ‘reform’ the US central bank, the Federal Reserve. And the Federal Reserve’s interest rate hike cat is already out of the bag. Long term rates have been already rising rapidly and will continue to do so, as will the US dollar in turn, as the two—rates and the dollar—are highly correlated. And the Federal Reserve is clearly on track to raise short term rates soon.

The question is whether the rise in interest rates—short and long term—will discourage investment, thus hiring and job creation, in those industries not directly affected by infrastructure spending? Will the negative effect of rate rises on investment and job creation be greater than the positive effect of infrastructure spending? Will those negative effects emerge sooner than the positive from infrastructure investment? And will the rising dollar associated with the rate hikes further reduce manufacturing exports and jobs in that sector? The dollar rise has already stagnated manufacturing output and employment. Further increases will almost certainly result in a contraction of manufacturing exports and jobs.

‘Yes’ is probably the answer to all the above, which means Trump job creation net effects during his first two years in office may not materialize. Moderate at best job creation from delayed infrastructure spending could be more than offset by job loss from rising rates and the US dollar.

The other major Trump policy area that still remains vague is foreign policy. It is not clear as yet what Trump’s true positions will be on NATO and China. But the US elite are intent on bringing him around to their positions and will exert extreme pressure on Trump in order to do so. They have already begun to do so. They will not let up on the pressure.

Trump’s intent is to become more militarily aggressive against ISIS in the middle east, and possibly ‘partnering’ with Russia to do so. That latter possibility is currently causing fits with US elites behind the scene. Backing off from NATO military deployment provocations in eastern Europe, the US-NATO current policy, while looking favorably on Europe’s backing off of economic sanctions against Russia, may also become Trump policy.

### Trump’s Big Three Cabinet Appointments

Whether that foreign policy redirection occurs under Trump is now playing out in backroom maneuverings within the Trump administration with regard to key Trump cabinet appointments involving departments of State, Defense, and remaining national security positions. The elite want Romney. Populist right forces in the Trump camp do not. And behind the appointment issue is whether a Secretary of State position under Trump becomes a mere figurehead to Trump foreign policy decided in the White House by Trump

and his close aides like General Flynn and others.

The US elite want Romney and they want their Secretary of State to have independence. Should Romney get the appointment here, it will signal they have prevailed. The result will be a bifurcation on foreign policy directions in the Trump administration which will ultimately break down at some point.

Obama's recent 'tour' of NATO countries should be viewed as an effort by US elites to try to ensure NATO allies that Trump's campaign proposals targeting NATO will not be the final position of the Trump regime. The Obama tour was in part at least to hold NATO allies' hands and ask them to be patient—i.e. the elite will bring Trump around to reality. Be patient. We will eventually 'tame' Trump is no doubt the message. After Europe, Obama scurried back to Asia, attending the APEC economic summit, and providing no doubt similar assurances to US allies there that Trump would 'come to his senses' as cooler elite heads advised him.

Trump appears to have just appointed General (nicknamed 'mad dog') Mattis. Petraeus, a more establishment figure under consideration is out; or maybe Petraeus decided himself that hitching a ride on a Trump administration was not the greatest career restoration move. But the Mattis appointment still leaves the direction of a Trump administration's policies on NATO, Russia, or Asia up in the air.

The third key cabinet appointment is Secretary of the Treasury. Here Trump's transition team initially appeared to favor the CEO of the biggest US bank, Chase's Jaime Dimon. Treasury secretaries in recent decades, under US Neoliberalism since Reagan, have always been heads of some big financial institution. And in recent decades, the Treasury Secretaries have repeatedly been alumni of the big investment bank, Goldman Sachs. And so too is Mnuchin, continuing the trend of the wheeling-dealing 'shadow banking' sector still dominating the Treasury.

Together with Wilbur Ross, appointed to Commerce Secretary, also a 'shadow banker' and former Private Equity Firm owner, the Mnuchin-Ross team will determine banking and economic policy in the Trump administration. Their initial target will no doubt be dismantling what's left of the skeleton of the Dodd-Frank banking regulation bill.

### Trump 'Free Trade' Policy

Trade as a policy has both foreign policy and economic dimensions. The US elite is now facing a major challenge, having temporarily lost the TPP and with the Europe TTIP in trouble, given a year of intense political instability on the horizon in Europe. They will focus on just keeping the prospects alive temporarily. In the meantime, the thrust is to prevent the deterioration of NAFTA, CAFTA, and other bilateral free trade deals signed under Bush and Obama. The objective will be to stop Trump from making any changes in NAFTA in the short term, and ensuring whatever changes after is cosmetic and token in the longer term.

Taming Trump may prove more difficult with regard to Free Trade, however, compared to getting Trump to implement US elite objectives on matters of tax cuts and deregulation. Trump's positions during the election were strongly anti-Trade. It played a key role in his election victory, and clearly in the key states of Pennsylvania, Michigan and Wisconsin. It will be more difficult for him to renege and about-face on the trade issue. Taming Trump will prove more difficult.

But here's how it nonetheless may develop:

Reversing the worst effects of NAFTA cannot be done in the short term. The elites have many ways to slow and block his efforts. Some token renegotiation of NAFTA will eventually take place, resulting in minor adjustments. In the meantime, however, Trump can gain publicity and placate his base on this issue by achieving 'victories' discouraging specific companies to abandon plans to relocate to Mexico or abroad. Recent events involving Ford Autos and the Carrier company are examples of what may be the Trump short term policy direction with regard to trade.

As for other multilateral free trade treaties, Trump has declared he would stop the TPP, Transpacific Partnership Asia-US free trade deal. But that was already dead in Congress. And the US-Europe counterpart to the TPP, the TTIP, is impossible in 2017 with the accelerating upheaval in European politics and coming unraveling of the Eurozone after next week elections in Italy and Austria, and with elections in France, Netherlands and Germany on the agenda in 2017.

What will Trump's longer term free trade policy look like? It is important to understand that Trump is not against free trade. He opposed multilateral programs, which were at the center of US neoliberal elite objectives.

Trump's free trade policy will be to negotiate country-by-country free trade deals. Renegotiating free trade will make it appear as if he's dismantling it. But the process will take a longer time, certainly not in the first year or two. The US elite can probably live with that. Their task in 'taming Trump' is to ensure he does not take precipitative action against current free trade deals, that he puts off such action, and settles into a longer term bilateral renegotiating policy. In the meantime, it will be more highly visible personal actions like the Ford and Carrier deals, to make it appear he is doing something on the matter.

What that all means is that except for token company examples like Ford and Carrier, free trade deals will continue. The US elite will get to continue their Neoliberal policy priority of free trade, just in another form that emphasizes slow, token changes to existing agreements and bilateral new free trade agreements. But free trade bilaterally is still free trade. And job losses and wage compression, the two major consequences of free trade deals, will continue. It's just free trade in another form.

Trump is betting that the lack of job creation, from a retreat from is promises to 'bring back jobs' lost to trade, will be offset by job creation from infrastructure spending. Meanwhile, he can and will claim he is saving jobs by talking down Ford, Carrier, and other companies. Alongside this, bilateral free trade deals will go forward.

### Massive Tax Cuts and Business Deregulation

The other two major priorities of the US elite are big corporate-investor tax cuts and deregulation. Here Trump has signaled he is in full agreement with the elite. No need to 'tame' Trump here. These policies will be forthcoming almost immediately in the new Trump regime.

Trump has proposed to cut corporate taxes even more than the Ryan-Republican Party faction in Congress. From the current 35% corporate rate, Trump proposed reducing it to 15% while Ryan and friends to 20%. Both are in agreement to reduce the top income tax rate for their wealthy friends, from current 39.6% to 33%. The Capital gains tax, now 23.8%,

is scheduled for a cut to 20% by Trump and 16.5% by Congress. Both Trump and Ryan plan to abolish the Estate Tax, reducing taxation on estates worth \$7 million (now the threshold) altogether. Both are strong proponents of allowing big US multinational corporations in Tech, Pharma, Banking and others to 'repatriate' \$2.5 trillion in taxes they have been hoarding in profits offshore to avoid paying the US 35% rate to a low of 10%. The 4.8% surtax on the wealthiest to help fund Obamacare will also certainly disappear. Also notable is that net taxes on the middle class will rise under both plans, and the countless loopholes for investors will continue.

It should be noted that this massive tax cut package amounts to \$4.3 trillion, according to Trump. But according to the Tax Policy Center research group, it will reduce federal revenues by \$6.2 trillion. The wealthiest 1% would realize a 13.5% cut in their taxes, while the rest of all households would have a 4.1 % rise in their taxes.

This \$4.3 or \$6.2 trillion follows a \$5 trillion tax cut agreed to by Obama, Democrats and Republicans in Congress that took place in early 2013 as part of the then phony 'fiscal cliff' crisis. That followed a \$800 billion tax cut pushed by Obama at the end of 2010, in which Obama continued the previous Bush tax cuts for another two years and then some. That followed a preceding \$300 billion tax cut in Obama's 2009 initial recovery program. And all that came after George W. Bush's estimated \$3.4 trillion in tax cuts in 2001-04, 80% of which accrued the wealthiest households and businesses. So under Bush-Obama, taxes for the rich and their corporations totaled approximately \$9.5 trillion, and now Trump-Ryan propose another \$4.3-\$6.2 trillion minimum, running the total up to more than \$15 trillion.

And corporations and their lobbyists won't wait for the tax cut legislation. They are already pressing for a Trump reversal of Obama administration measures over the past year to slow the rampant 'tax inversion' scams by big multinational tech, pharma and banks, that have been avoiding taxes by shifting their company headquarters offshore on paper. Corporations have avoided paying hundreds of billions of dollars in US taxes in just the past three years by means of 'inversion' scams. Trump doesn't have to wait for Congress, for him to open the floodgates allowing massive corporate tax avoidance through unlimited 'inversions' once again. Big business lobbying arms, like the Business Roundtable, American Bankers Association, and National Association of Manufacturers are reportedly already demanding Trump lift all restrictions on 'inversions'.

Trump and Ryan-Congress are no less in synch on the third policy priority of US elites—deregulation. Like corporate-investor tax cutting, Trump and the US elite are on the same page when it comes to deregulation. High on this agenda will be slicing the Affordable Care Act (Obamacare). Trump will not need to repeal it and won't. It will be given a 'death by a thousand cuts' and allowed to collapse. Already in big trouble as a program unable to control health insurance costs or prescription drug price gouging, ACA provisions like mandatory insurance purchases and the 4.8% surtax on the wealth to help pay for the subsidies are likely to go quickly. A similar major deregulation will be the Dodd-Frank banking regulation act, which has already had much of its provisions defanged since its passage in 2010. A main target will be the Consumer Financial Protection Agency.

To gain public awareness of his pledges to deregulate, Trump will immediately in 2017 repeal, however, as many Obama Executive Orders as possible. Receiving the brunt of this will be immigration provisions, like the Dream Act, and numerous Environmental regulations. Trump's EPA head will no doubt immediately reverse the regulations involving the industrial plant pollution proposals not yet or just recently proposed. In Labor matters,

overtime pay rules and private pension rules are targets as well. Trump will immediately in 2017 reverse all the regulations he possibly can by Executive Order. That includes the Dream Act for youth of immigrants in the first 100 days, and new Executive Orders giving new powers of detention and arrest to border and police officials. Efforts by cities and universities to provide sanctuary to undocumented immigrants will result in immediate harsh financial and other actions against those same. Recent minimal rulings by the National Labor Relations Board favoring union workers and institutions will be quickly reversed as well.

The US elite, in Congress and beyond, will tolerate much of this deregulation, as well as a significant assault on immigration, law and order, policy repression of ethnic communities, deportations, limits on civil liberties, cuts in social programs, and privatization proposals across the board involving education, Medicare, and healthcare. Their priority is passage of policy in the areas of tax cuts, deregulation, and delaying any potential actions that might endanger existing free trade agreements.

Getting Trump to back off his campaign promises—i.e. his right wing populism—in areas of foreign policy and trade redirection are also elite priority issues. Trump has never needed ‘taming’ on tax and deregulation issues. And he will be allowed to proceed with elements of his right wing populism that involve attacks on environment, law and order, civil liberties, and immigration—so long as the latter involves low paid undocumented immigration from Latin America and does not interfere with the 500,000 high paid tech jobs legally given to Chinese and Indian immigrants on H1-B and L-1/2 visas. And so long as he doesn’t proceed so fast that it precipitates excessive social unrest. Go slow, he will be told. Nothing too extreme. And ensure that taxes, deregulation, trade and foreign policy are priority and are concluded first.

The US elite will abandon Trump if he doesn’t play ball on taxes, deregulation, going slow on Trade, and if he upsets long-standing foreign policy directions too radically. They will let him run amuck on issues of immigration, civil liberties, law and order, environment, and privatizing of social programs. So how might that elite ‘tame trump’ if and when necessary? The preparations just in case are already underway. They include the following:

## How To Tame Trump

There are at least six ways by which they can, and are now preparing, to control him.

### 1. Trump Business Conflicts

Trump has 111 businesses in 18 countries. It is not possible to even put these in a blind trust, as previous presidents have done with their business interests. The elite will gather all the incriminating evidence they can to reveal his conflicts of interests, if necessary, at some point. They will threaten Trump quietly first to reveal and proceed against him and, if he doesn’t respond in their favor on some issue or policy, start the process of undermining his reputation and credibility in the media and with public opinion. Keeping the heat on will be mainstream media like the New York Times, Washington Post, and major broadcast TV sources. It won’t be difficult to dig up the dirt.

### 2. Trump Foundation

Like the Clinton Foundation, as with foundations of many of the super wealthy, the Trump

Foundation is a source of potential major scandal. Incriminating or even insinuating investigations will be undertaken quietly, and then publicly if necessary.

### 3. Nepotism Charges

Trump has already shown a preference for family member involvement in his administration. That opens him to criticism of nepotism. That becomes the nexus for alleging Trump using the presidency to enrich himself indirectly through his family connections.

### 4. Trump's Tax Returns

Trump may not have released his returns during the campaign, and probably for good reason. Few in the wheeling-dealing commercial real estate sector are squeaky clean when it comes to tax avoidance and even fraud. The worse of his tax matters will be quietly passed on to the New York Times and other media. They can be revealed at the appropriate juncture, if Trump doesn't 'play ball' with the elite on matter of policy the latter consider strategic.

### 5. Attacks on Trump Appointees and Family

Trump can be damaged and undermined by attacking his appointments and family members. Favorite targets will be radicals like Steve Bannon of Breitbart who has been brought into the Trump White House as advisor. Trump's son-in-law may prove another favorite target. So might even be his appointed national security adviser, General Flynn. Already major feature pieces on Bannon have appeared in the Times and media. The media continues to keep alive Flynn's alleged pro-Russia views and contacts. Meanwhile, talking heads experts continue to appear on the mainstream press TV shows like CNN, MSNBC, CBS and others continuing the press the election themes of Trump's character limits and dangerous personal traits. The elite will keep these issues of Trump judgment and volatility before the public, until Trump comes around and adopts US elite policies, especially on foreign policy, trade, and other matters.

### 6. Violations of Law

Trump's proclivity to engage in tweets may yet get him in serious legal trouble. So too may any precipitous incitement of radical elements and actions that result from his public statements. Or any premature over-reaching Executive Orders.

### From 'Faux Left' to 'Faux Right' Populism

In 2008 Barack Obama ran for president based on a program that in some ways was clearly populism. Entering the president primary race late, in early 2008, Obama's advisers vaulted him to the nomination six months later by employing a strategy that consistently was to the left of the other Democrat candidates, Hillary Clinton and John Edwards. Obama appeared the popular left candidate. Many voters were sufficiently misled. Immediately after elected, however, Obama proceeded to appoint advisers and cabinet members who were clearly representatives of the banking industry and business interests in general. Neoliberal policies were given a 'left cover', as Obama then ruled from the 'center-right' on key matters of economic policy of primary interest to the elite—i.e. bailing out the banks, rescuing big businesses from bankruptcy, ensuring the stock and bond markets boomed, pressing for free trade deals, going slow and minimalizing banking regulation, ensuring healthcare

reform did not include the 'public option' or even consider Medicare expansion, and turning over US jobs and trade policy to figures like Jeff Immelt, CEO of General Electric. Mortgage companies were given preference over bailing out homeowners facing foreclosure and 'negative equity'. Latinos were deported in record numbers, students allowed to accumulate more than \$1 trillion in debt, job creation involved mostly low paid, contingent service work, pensions were allowed to collapse, senior citizens' savings evaporate while investors enjoyed eight years of near zero interest rates, and progressive labor legislation was quickly shelved.

What started as a hope of a resurrected left populism quickly and progressively decayed into a comprehensive program that delivered 97% of all income gains to the wealthiest 1% households.

Voters chose a black president in 2008 because they wanted change. They didn't care about his race. They didn't get it. In 2016 they now voted again—for change. Those voters did not become racist in the past eight years, even though the candidate they just voted for indicated in many ways he himself was racist and misogynist, to name but a few of his apparent character faults. Those voters who in 2008 chose a 'left populism' that turned out to be false, chose in 2016 a 'right populism'. But what they will get is not populism but another disappointment.

Like the Obama regime, the Trump regime will retreat to a neoliberal US elite regime. It will be a 'Neoliberalism 2.0'. An evolved new form of Neoliberalism based on the continuation of pro-investor, pro-corporate, pro-wealthy elite economic policies—with an overlay of even more repressive social policies involving immigration, law and order, privatizations, cuts in social programs, more police repressions of ethnic communities, environmental retreat, limits on civil liberties, more insecurity and more fear. This is the new form of Neoliberalism, necessary to continue its economic dimensions by intensifying its forms of social repression and control.

We predict Trump will concede to elite neoliberal policies on Trade and Foreign Policy eventually, as he already is about to do with regard to elite policy preferences on taxation and deregulation. If he does not, elite interests are waiting in the wings, gathering the evidence and ammunition to attack Trump more directly if necessary, should he not comply. So long as he plays ball with them, they'll just hold their ammunition at the ready. They will lock and load, and cock the hammer, taking aim and give a warning.

Trump will respond. He will come around to their demands. After all, he has more personally to even lose than did Obama. Faux left is replaced by faux right in American politics.

*Jack Rasmus is the author of Systemic Fragility in the Global Economy, by Clarity Press, 2016, 'Looting Greece: An Emerging New Financial Imperialism', by Clarity Press, October 2016, and the forthcoming 'Central Bankers at the End of Their Ropes', Clarity Press, March 2017. He blogs at jackrasmus.com. His website is jackrasmusproductions.com. His twitter handle is @drjackrasmus.*

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