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Federal Policy Survey: Politics & Governance in Trump II Administration

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TRUMP II DOMESTIC LANDSCAPE

– Economy

- Strength, uncertainties
- Inflation

– Fiscal Crisis

- Federal spending (24% GDP)
- National Debt (98% GDP)
- Annual Deficit \$1.8T (6.4% GDP)

– Republican Governance

– Three-Legged (Shaky) Stool

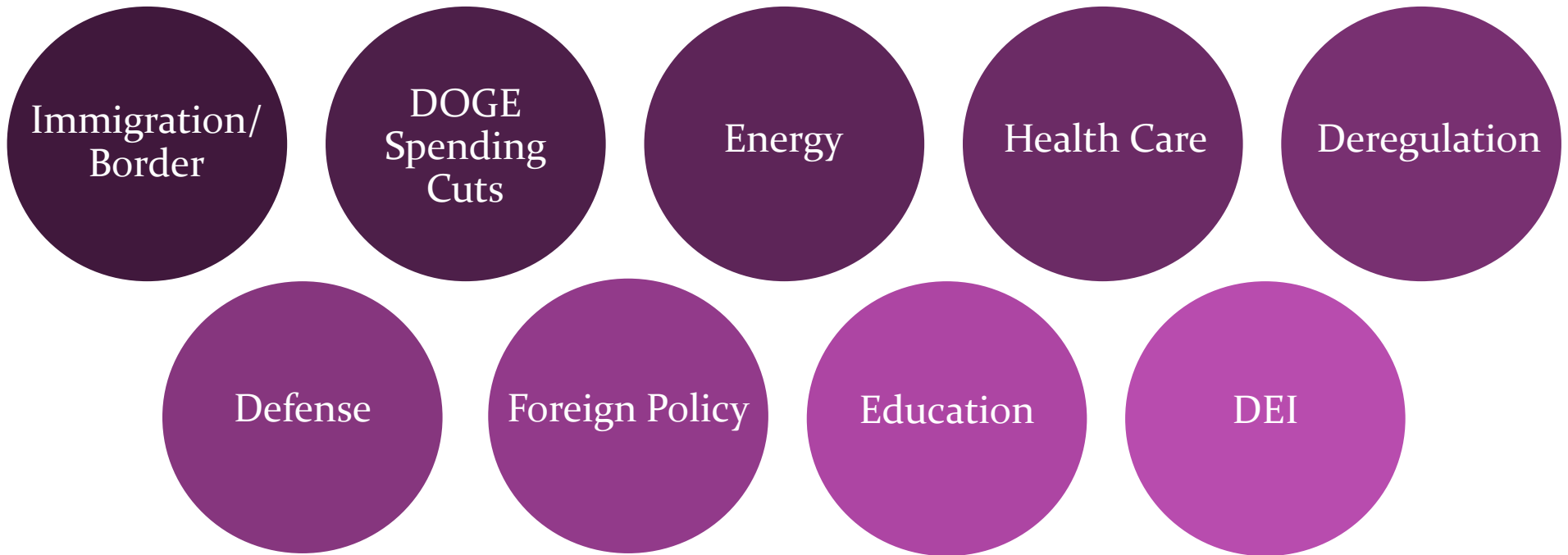
- Executive Branch
- Senate Majority (53-47)
- House (nominal) Majority

Limited legislative capacity in a polarized political environment.

Trump Administration relies on Budget Reconciliation, Executive Orders.

Imminent debt ceiling!

TRUMP II AGENDA





TRADE AND TARIFFS

Unprecedented use of trade laws.

- China
- Canada-Mexico (USMCA)
- Europe
- India/Korea/Japan
- Reciprocal Tariffs
- Universal Tariff
- Steel/Aluminum
- Autos
- Semiconductors

Hundreds of negotiations.

Objective: reshoring domestic manufacturing.

BUDGET

- “Skinny” Budget
- Congressional Budget Resolution

\$5.3T tax reduction
\$3.8T added to deficit

Expected spending
reduction: \$1.5-2T

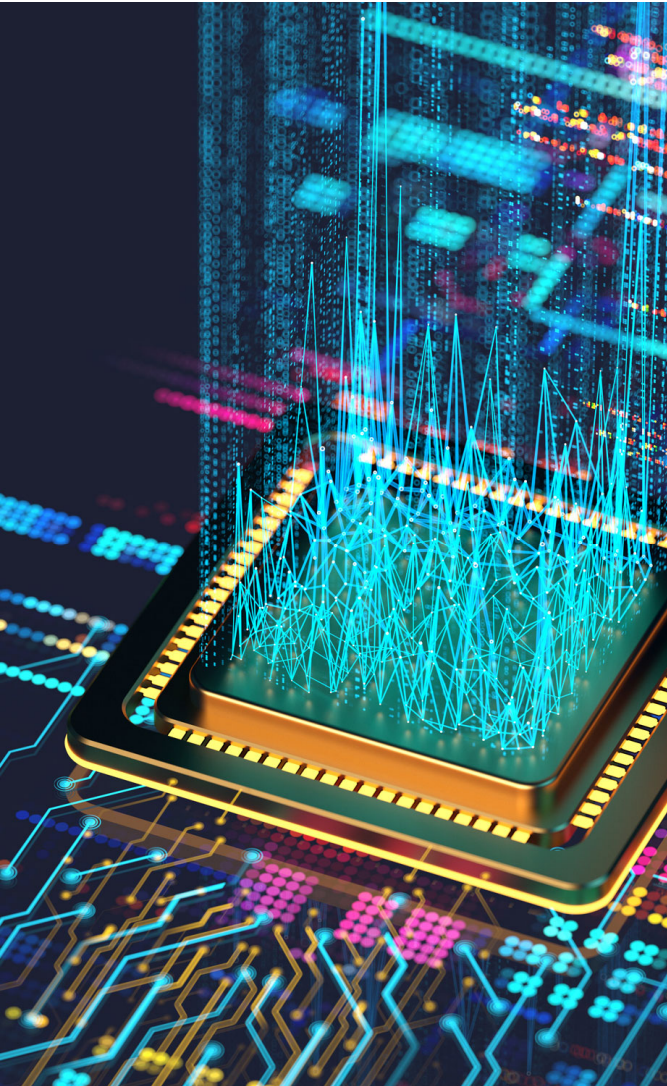


TAX REFORM AND RETRENCHMENT

Smoke, mirrors, and a looming tax increase.

- Tax Cuts and Jobs Act (TCJA) Reauthorization (forestall massive tax increase) [\$4.5T]
- Business Tax Relief: Expensing, DPAD Restoration, R&D, NCR for Buildings
- Populist: Tips, Overtime, Social Security Tax, Auto Loan Interest, SALT
- Payfors: CSALT, Nonprofits, IRA Green Energy credits, Endowment Tax

Priority: Solvency, tax relief, equity or growth?



TECHNOLOGY REGULATION

- Artificial Intelligence
- Privacy
- Antitrust

An area for potential bipartisanship.



Questions?