

Trump the contrarian heads for White House

Tests ahead for dollar, economy, Fed, Europe

by David Marsh

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A campaign unparalleled in divisiveness and vehemence has finished with Donald Trump, the ultimate contrarian, defeating the odds and winning the race for the White House. The new battle now starting – over immigration, trade, interest rates and globalisation – could be still tougher than the unedifying struggle with Hillary Clinton that has just juddered to a bruising end.

Financial markets have plunged, after earlier hoping for relief that America and the world would avoid an untested confrontational maverick as head of state. The dollar, as the world's paramount currency, is likely to fluctuate widely – reflecting both post-election geopolitical uncertainties as well as doubts over the president-elect's relationship with the Federal Reserve, and his unconventional policies on the national debt. Gold, the ultimate barometer of risk, has soared.

Just four and a half months after the surprise UK referendum vote to leave the European Union, America has delivered a parallel verdict confirming a surge of populism running through advanced and emerging market economies. Just as with the British result, opinion polls, the markets and the establishment had favoured a conventional outcome. And yet the weight of factors arrayed against lacklustre Clinton – a figure dogged by suspicions of intrigue and malfeasance – proved too much for the former secretary of state and First Lady to bear.

Trump's larger-than-life outsider status – despite misogyny, dubious financial deals and worse – proved to be his greatest benefit. And in a country that has grown mistrustful of the trappings of mainstream success, Clinton's long history close to the heart of the political elite became her biggest handicap.

After a bone-jangling campaign between two rivals widely viewed as substandard, America's place in the world, and its relationship with key allies, is suffering a process of dislocation. Europe, meanwhile, is buffeted by conflicting forces. Trump's leanings towards protectionism and his isolationist tendencies within Nato might, in more normal times, re-energise policies of European integration – and even persuade the British to rethink the 23 June decision.

Yet parties fighting European policies are resurgent in many countries, often for reasons mirroring the anti-elitist Trumpian tide. Key electoral contests are due in the next 12 months in Italy, the Netherlands, France and Germany, with plenty of potential for upsets. No one can be sure whether new Trump-like figures will gain power in European capitals with equal potential to divide and disrupt. After the invective heaped upon Clinton, further political and judicial controversies are in store. At a time of deep worry about world economic recovery, the Fed's projected interest rate increase in December – urged by Trump as a sign of normalising monetary policies – must now be on hold after the tremors afflicting financial markets.

Trump, at 70, the oldest figure to win the White House for the first time, is the first president since Dwight Eisenhower in 1953 – a man with an ironclad military leadership record – not to have held elected political office. Many believe Trump's rhetoric on race, gender and immigration represents a rejection of core American values. The candidate himself, blending linguistic overdrive with battering-ram calumny, would claim he represents America's opportunity to drive out a corrupt political cadre that has betrayed hard-working Americans.

Paradoxically, Trump the torpedo has brought people together more than Clinton the would-be conciliator. A wealthy right-wing tycoon with outlandish views cannot be said to fall completely outside the spectrum of 227 years of US presidential history. Trump's stance on many issues has incited suspicions and intrigue from around the globe, stretching from China, to the Middle East, Russia and Europe. Yet undoubtedly Trump would not be out of place in a roster of red-meat political supremos that includes the leaders of Russia, China, and Turkey.

As Meghnad Desai, chairman of OMFIF's advisory board, wrote in [a report on Trump's economic policies in July](#), 'Trump has been careful not to articulate a complete and consistent economic philosophy. Tactically this is shrewd – he is a moving target and difficult for his critics to shoot at. He is not a fool as

many say he is. Nor is he confused or self-contradictory. His is a studied stance intended to sow confusion in the minds of his opponents.' Desai raised the prospect that Trump's promises to restore infrastructure in an Eisenhower-like programme of renewal, as well as to create jobs, restrict immigration, build a wall along the US-Mexico border, and reverse the 'drain' caused by trade, might actually be enacted. We will now see a giant real-life laboratory experiment – on a scale that could shake the world.

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