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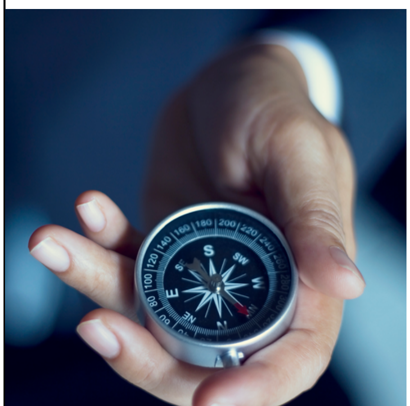

A Guide for Canadian Business: 5 Keys to Navigating President Trump's Agenda

1. Kick starting higher growth

Buoyant economic growth seems to be a thing of the past for Western industrialized economies. Without a swiftly rising tide, President Trump's ambitions to get jobs back to those communities and workers left behind by technology and trade cannot be realized. Although never publicly articulated, those closest to the President argue that they have an ambitious suite of policies aimed at getting to a 3 to 4% GDP growth target (as compared to the recent 1 to 2% trend). The fact that the growth might cannibalize the global market (or even the US's closest neighbours) is not their concern. To get this done means government investments in the economy (massive public infrastructure investments with public and private money, and an uptick in military spending), a "re-patriation" of jobs and capital ("tweaking" NAFTA and Hire America/Buy America) and a significant stoking of the fires of business investment (red tape and regulatory process reduction, and corporate tax cuts). In other words, the agenda is not one of pure nativism but also reflects a cohesive objective focused on generating robust GDP growth.

This creates numerous risks for Canadian business. First, an invitation to "tweak" has U.S. business interests lining up to revive every complaint they have ever had about how Canada operates and asking the Trump administration to advance their cause. The U.S. wine industry is assembling its case to dismantle government-run sales outlets that grant preferential access to domestic Canadian wine. U.S. dairy farmers and others are looking to take a run at marketing boards and various protections in place for the Canadian cheese industry. Telecom ownership restrictions and cultural protections may not be far behind. Being ready for the negotiations and understanding the pressure points will be a key element of success for Canadian businesses.

Secondly, that "vast sucking sound" may be the rush of capital to the U.S. as it looks at a series of business-friendly measures ranging from a reduction in regulatory processes that will allow a project to go from concept to approval in a massively shortened time period, to a newly advantageous corporate tax environment, and to the existence of many ‘no union’ states. This may provide an opportunity for Canadian business who have the talent, expertise and to take advantage in areas such as oil and gas and infrastructure but navigating the shoals of US policy requires expert guidance.

2. Getting jobs to the right counties:

The Trump campaign succeeded in winning key northern and mid-western states like Pennsylvania, Wisconsin, Michigan and Ohio by highlighting the need to spur employment in places where the new economy left hollowed out towns and anxious voters. Victory rested on a campaign that spoke to that anxiety and seemed to offer a ray of hope. But the political objective doesn’t stop with the 2016 campaign. Trump and his core campaign officials are looking at supplanting the historic stranglehold that Democrats seemed to have on those states by creating 25 million new jobs. In two years these vote-rich states will again be up for grabs and Team Trump will need to deliver in these historically blue states if Republicans want to be re-elected. A winning strategy for dealing with the Trump Administration will be one that finds a way to help deliver this jobs agenda. The challenge for Canada is that in many of these states, the auto industry used to be king, and while the public narrative has Mexico (and other lower cost jurisdictions) as the culprit, there is a risk for Canada as those auto companies decide where to invest. Guidance on where to invest and how to get appropriate kudos from the administration can be invaluable.

3. A Public Opinion Army:

In a sense, President Trump is an independent candidate who won the presidency through the vehicle of the Republican party. His “independent” base starts with his 25 million Twitter followers. This is a massive audience and a very effective vehicle for political mobilization and message dissemination. More to the point, in a thoroughly divided America, it is an extremely powerful tool for mobilizing against any Congressperson, Senator or Governor (especially Republican) who opposes the President’s agenda.

From the perspective of Canadian business, getting noticed by President Trump is a decidedly high-risk strategy. We have seen share prices fall dramatically in the face of a Twitter storm generated by the President then, after a course correction, become the subject of Twitter praise and a concomitant rise in the share price. This volatility can be daunting. Where policy certainty is valued, advancing business objectives outside the public view is preferred; it is a decidedly less volatile way to do business.

4. The CEO as President:

Donald Trump has been a career entrepreneur and business executive. He is used to making decisions and having them implemented through a business structure attuned to implementing his commands. Governments do not run this way, as the President has been learning in his administration’s early days. Governments have processes. Not all of the levers of power rest in the hands of the President. Quite deliberately, the framers of the U.S. Constitution distributed power throughout the system and this battle between executive fiat and proper process will continue to be fought. That said, the Cabinet and White House staff have been set up to accommodate the CEO model. Populating his Cabinet with prosperous, successful businessmen suggests that this administration will be run by a hierarchy with a determined, if somewhat unpredictable, CEO overseeing the lot. Subordinates will carry the word forward from the C-suite.

As CEO, President Trump does not have patience for process and the churning of legislative wheels. In this White House, Vice-President Mike Pence will be the main point person assigned to get things done on Capitol Hill. This creates some hope that cross-border policy issues can be resolved favourably with Cabinet Secretaries and the Vice-President, outside the glare of the White House Twitter account, especially in areas that do not intersect with the core agenda items outlined above.

5. Getting to yes:

If your goal is to persuade the Administration that your "ask" is worthy or that you prefer not to be collateral damage by getting in the way of a Trump priority, the path to success lies in providing the President with a tick in his policy box. Candidate Trump excoriated American car manufacturers for building cars in, and exporting jobs to, Mexico. Minutes into his first formal press conference, the President hailed a decision by Ford to cancel a new factory in Mexico. He then pointed the finger at General Motors which promptly announced an investment of $1billion in new U.S. plants. That this amount may have already been slated to be invested in the United States is beside the point. The investment fits the President's narrative and there should have been no reason not to let it fit within the narrative. Lockheed Martin, looking to save its embattled F-35 procurement, moved a relatively small number of jobs to Texas and agreed to a cut in price for the overall project. On a relative scale, the amounts were small but permitted the President to claim victory, allowing the company to keep the procurement on track. In other words, letting the President have the PR win is part of a winning strategy. Good advice can help companies achieve get a substantive win while keeping the administration onside.