



Better to praise Trump than attack him

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Donald Trump is keeping the world on its toes. At least in his eyes, he has regularly come up trumps with “fantastic” ideas – not only since he won the presidency in November 2016. Unpredictability is presumably the word that is most often mentioned in connection with him. Is he really so unpredictable or is he just doing what he already said he would do during the election campaign?

He has already turned some of his plans into policy. Immediately after taking office, he announced the United States' withdrawal from the Trans Pacific Partnership (TPP). He began negotiations on the North American Free Trade Agreement (NAFTA), especially with respect to Mexico. In the meantime, a tax reform has been passed that massively reduced tax rates and created incentives to repatriate foreign profits. Banking regulation is also expected to be curtailed. In the middle of March, he inspected prototypes for a wall along the U.S.-Mexico border.

His latest “deal” is the introduction of protective trade tariffs on steel and aluminium. Representatives from the EU managed to negotiate exemptions from any new tariffs on their exports, at least temporarily. However, Europe, and by definition Germany, are not out of the US President's line of fire just yet. On the one hand, the suspension of tariffs for Europe is not set in stone and, on the other hand, Donald Trump constantly issues highly emotional statements in relation to the large volume of European car exports (“How many Chevrolets do you see in Germany? Not very many, maybe none at all...”).

So, the sword of Damocles of higher tariffs is still hanging over us and if it falls, it could damage Germany's export industry – especially considering the fact that the United States, with a volume of EUR 111.5 billion (2017), is our single most important export market. This is true to an even greater extent for the State of Hesse, in which the 12 % share of exports destined for the United States is higher than the German average (8.7 %). Despite Germany having among the highest regional diversification of exports, vehicle production, in particular, represents a large concentration risk. After all, almost half of Germany's trade surplus over the United States can be attributed to vehicles and vehicle parts.

How, then, should Germany or the EU react to the Trumpian trade policy? It is probably a waste of time trying to convince Trump that his approach will only end up in a lose-lose situation for everyone. As René Descartes once observed hundreds of years ago: “Common sense is the most fairly distributed thing in the world because everyone believes he has enough of it.”

Trump constantly stresses that he is interested in fairness, which will “make America great again”. For him, trade deficits are proof that other countries are ripping off the United States. But if massive restrictions on imports really do reduce them, US consumers will also be among the victims. He thus seems to be willing to accept absolute losses if it improves his relative position.

It is a question of increasing his self-esteem, which is not a particularly unusual phenomenon in people, as demonstrated by social psychology - and by looking at other heads of states and governments in the world. In a situation like this, public threats of revenge would be the worst possible approach to take. It would only strengthen Donald Trump in his siege mentality and would lead to an escalation. On the contrary, a sensible course of action would be to praise instead of attacking him. One approach for us Europeans would be to highlight Trump's ability to create fair conditions for transatlantic trade by paving the way to a free trade agreement between the EU and the United States. After all, the Europeans were the ones who allowed the agreement to go dormant in the first place. ■

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