

**Consolidating The New Right:
Trump's Political Power, Election Prospects, and Trade Plans**

**Remarks to the Sasakawa Peace Foundation, Tokyo
By Christian Whiton
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It's a pleasure to be here to talk about President Trump, the state of his power, and the trajectory of his administration regarding trade, elections, and other important issues. Thank you Nabe for that introduction and for inviting me back here to Sasakawa to be in the company of distinguished policy experts and representatives of business.

Gatherings like this are important to exchange ideas in a direct and unfiltered format. I've had several meetings on this trip here in Tokyo, and in Taipei and in Kaohsiung, and it's clear that false information and wishful analysis provided by the U.S. mainstream media has had a negative impact on accurate perceptions. Several people have told me they are skeptical about uniformly negative coverage of Trump received here, which even in local form often originates from partisan and increasingly erroneous U.S. sources.

These individuals expressing concern are right to be skeptical about the mainstream media, which Trump has finally unmasked as the choir of America's progressive elite. They tend to sing in unison, if not in tune.

I'll try today to present a different picture—the accurate picture—in which Donald Trump is gaining power and methodically returning America to its historically prosperous trajectory after a lost decade of stagnation and identity politics. It's a picture that shows Trump redefining modern communications and building toward likely reelection in 2020. In so doing, he is also leaving an indelible mark on American politics and creating a New Right.

Some disclaimers up front: While I strive to provide accurate analysis irrespective of what I want to happen, you should know that I am a Republican, a libertarian, and a capitalist. I was proud to be a media surrogate for the Trump campaign and then to have the honor of serving on the presidential transition and in the Trump administration at the State Department. The views I express are mine and not necessarily those of the organizations with which I'm affiliated, which are either bipartisan or nonpartisan.

Now, let's start with the conventional wisdom, as conveyed by the mainstream media. In a nutshell, the press and many Beltway experts have portrayed Trump as an impetuous fool who doesn't know how to govern, can't get anything done, and who is unlikely to serve out his full term. Those are just the less nutty reports; others fantasize about him being impeached for treason or removed from office by his cabinet for being mentally unstable.

The reality is fundamentally different. In fact, with less than a year in office Trump accomplished more than almost any modern president at a similar point. For example:

First, the economy has improved dramatically. We have finally ended a lost decade of economic stagnation, in which the Obama administration and pseudo economists like Paul Krugman were saying that minute growth was a new normal. Trump has turned around the economic situation and we've now had two quarters with growth in excess of 3%. The latest reading for the third quarter placed growth at 3.3% and the Federal Reserve Bank of New York predicted last week that growth in the 4th quarter will be 4%. The political importance cannot be overstated. Voters almost always see the economy as the most important issue.

This economic turn is the result in part of steps the Trump administration has taken to deregulate industry, which is a pro-growth process that will continue. But a factor that is just as important is who is not in the White House: Donald Trump is not Barack Obama and he is not Hillary Clinton.

It's important to remember that the entire Obama administration was marked by a growing federal burden on business. The most egregious infliction was Obamacare, which saddled companies with ever-increasing healthcare expenses made worse by the difficulty of estimating them precisely.

Obama also sought to increase energy prices in the name of fighting climate change. He famously taunted job-creating entrepreneurs about their accomplishments, declaring in fine professorial manner that, "you didn't build that." His reasoning: the government paved the road in front of their business. Through it all, Obama blamed the economic stagnation he prolonged on his predecessor and the difficulty of "clearing the wreckage" of a financial crisis that was actually stabilized before George W. Bush left office.

The absence of this dynamic, which everyone expected Hillary Clinton to continue, and its replacement by Trump's brand of modern capitalism has unleashed America's economy. It has also caused a spike in the stock market, which is partly the result of expectations for greater future profits, and partly by the slowness of the Federal Reserve in reversing extremely loose monetary policy including abnormally low interest rates that pushed investors into riskier assets like stocks.

Put bluntly, the market is overvalued by conventional measures, with the S&P 500 index trading at a price to earnings multiple of 26—well above the historical average of 16. This presumably will lead either to a correction or a prolonged period of flat prices where earnings catch up to valuations. Either scenario will be politically significant. The question is what this would do to Trump's power, especially if there is a sharp correction. I think the answer is not much, as long as underlying economic growth is strong.

For example, in late 1987, the market dropped a staggering 23% after a long period of gain, but economic growth—and then-president Ronald Reagan's power—endured. The economy still grew 3.5% in 1987 and 4.2% in 1988, the election year in which Reagan was able to pass power to his hand-picked successor. But don't expect the media to report a correction with this

nuance: they will say any cessation of market gains means Trump's economic miracle is phony, when in fact the real-world economy and Trump's enduring power will be just fine.

One reason for this endurance is **Trump's second-most-important accomplishment: major tax cuts.** The new tax law includes the biggest tax cuts since Reagan was president. It snaps a trend since George H. W. Bush's 1990 tax hike of steadily increasing burdens that were interrupted only by capital gains tax cuts (and welfare reform) that Newt Gingrich and the 1994 Congress forced Bill Clinton to accept, and modest, temporary cuts enacted by George W. Bush. When Reagan left office, the top individual federal tax rate was 28%. Trump's new law will not get that low, but it will lift some of the burden politicians have placed on productive part of the economy over the last thirty years. This should sustain the economic surge Trump has already ignited. It will also be aided by a provision of the tax law that ends the individual mandate within Obamacare—essentially the mechanism to force young, healthy people to pay for insurance they may not want or need. It's a smart way to take another step in killing Obamacare, which will help the economy and ultimately improve healthcare.

One political footnote: the losers in the tax law will be rich mostly coastal states with high income or property taxes and big mortgages to pay for expensive housing. The Democrats have only themselves to blame for this outcome. From the beginning of the debate over taxes, it was clear that all Democrats—even the ten Democratic senators from Trump-voting states who like to sound moderate when they're back home—would vote en bloc against the final bill. As a result, majority Republicans had no incentive to make any concessions to Democrats. This method of block voting is effective if one wants to please the progressive base of the Democratic Party and indulge the desire of activists to be part of a "resistance" against the duly elected president of the United States. But it's not effective if one's goal is to influence governmental outcomes.

A third major Trump accomplishment in 2017 has been his impact on the federal judiciary.

Trump and his supporters often mention the addition of Neil Gorsuch to the Supreme Court; a night-and-day difference compared to the type of progressive activist Hillary Clinton would have nominated. But just as important has been the large number of other judges Trump has added to lower levels of the federal bench, moving faster than any other modern president. The need for this has been made clear as progressive attorneys general in the small number of states run by Democrats have sought to use courts to stop the Trump agenda. They have managed to do so in some instances, including in temporarily stopping enhanced screening of refugees coming to America amid a global spike in Islamist terrorism. These judges' ability to usurp a president's authority under the Constitution and law will be diminished over time, especially as Clinton-era judges are replaced by Trump's picks.

Fourth, Trump has succeeded in reversing Obama's 2015 decision to regulate the internet under the scheme known as net neutrality.

Last week, the Federal Communications Commission (FCC) reversed that decision. Don't worry: if you want to experience a "neutral" network that repels private investment and is managed by government, you can still go sit on any freeway at rush hour and enjoy the traffic jam. That's what the internet could have

become under net neutrality. But thanks to an FCC now under a Trump majority, the internet won't come to resemble this quagmire. Instead, the capitalist model of internet management that existed from its commercialization in the mid 1990s until 2015 has been restored.

Two footnotes on the FCC's decision this week: First of all, one sees the vastly reduced political power of internet tech giants like Google, Facebook, and Amazon—all of which demanded that net neutrality be continued. Their CEOs in particular, most of whom have though it wise publicly to antagonize Trump, have lost power and influence. They haven't adapted to new political circumstances.

I fear that many actually lack even the ability to do so, given the insular worlds they inhabit. They all talk at great length about diversity, but tolerate little ideological diversity in their organizations. Sooner or later, ignorance and insularity have a cost. Their boards of directors ought to be worried about their rapidly diminishing ranks of friends outside of the Davos Archipelago, which no longer includes the White House.

The second footnote deals with personnel: It's worth taking note of the new chairman of the FCC, Ajit Pai, an Indian-American who withstood withering criticism, including deeply racist personal attacks from progressives, and stuck to his guns. Pai is an example of a new set of talent—a future establishment if you will—that is coming into its own under Trump. The 2016 election wasn't just the substitution of the Republican establishment for the Democratic one. Trump's nomination and election also marked the end of the line for major portions of the Republican establishment. That will be succeeded by those who accomplish big things in Trump's era and Pai is one of them.

Another such person is responsible for **the fifth major Trump accomplishment: reviving and reforming antitrust enforcement** to check the growing power of a small number of giant corporations. In September, the Senate finally confirmed Makan Delrahim after six months of delay. Delrahim arrived the United States as refugee at age ten speaking little English. He now runs the antitrust division of the Justice Department, and was instrumental in administration's decision to bring suit to stop the proposed merger of AT&T and Time Warner.

The proposed merger isn't capitalism, but an attempt to concentrate power in both media distribution (AT&T owns Direct TV) and content (Time Warner owns HBO, CNN, and other media properties). If the American press were not distracted by its anti-Trump rage, more people might know about this inflection point for law and business—something that will literally affect Americans' everyday lives, especially if it is replicated by halting similar attempts to concentrate corporate power.

Most anti-trust actions involve the government stopping an attempt to create a horizontal monopoly (e.g., one large airline buying another to stifle competition by other airlines). What Delrahim's action does is revive the Justice Department's watchfulness for vertical monopolies, through which unfair competition arises when a company dominates all of the steps from production to distribution of a product or service. What this means in a practical sense is that

we may be nearing peak Google or peak Amazon—the point at which these companies are stopped from dominating more of the economy.

It will be interesting to see if this means the government will merely stop other mergers similar to AT&T-Time Warner or if it will sue to reorganize some existing companies, such as the government did in breaking up the old AT&T phone monopoly in 1974-1982. There is growing political support for such action. Indeed, some of the same trends that gave rise to some of America's earliest anti-monopoly regulations, including for example the Sherman Antitrust Act in 1890, are back. These trends include the concentration of massive economic (and therefore political) power in a small number of companies that have erected barriers to entry too high for any competition.

Just like Ajit Pai at the FCC, Makan Delrahim represents the slowly emerging working level of the Trump administration, which when multiplied across the many agencies of government will be a big part of the brain trust of a New Right. (Digression: I got to know Makan just a little on the transition as a group of us reviewed the 1,175 questions for the record submitted by senators after Rex Tillerson's confirmation hearing. My favorite fishing expedition question from one senator was how many cattle Tillerson had on his ranch in Texas—surely a key criteria for sizing up a Secretary of State.) The selection of Delrahim and people like him, and the confidence the President has put in them to do big things, is just one more way Trump is being quietly effective even as the media crows about his supposed incompetence. Trump continues to alter fundamentally the right side of American politics into something more capitalist, confident, politically appealing (if controversial), and geared toward the little guy.

Foreign policy is a sixth major area of accomplishment. Most important is what Trump has not done: he has not gotten America bogged down in additional sideshow ground wars in the Middle East and he has not gone out of his way to antagonize Russia more than is warranted. Instead, he has focused on Asia, which is important since China poses the only systemic threat to the United States and the economic importance of Asia, especially in what has lately come to be called the Indo-Pacific.

While both steps drew foreign criticism, Trump's decisions to recognize Jerusalem as Israel's capital and to withdraw from the Paris climate deal both added significantly to his power.

Recognizing Jerusalem nearly 100 years to the day after it was liberated by British General Edmund Allenby wasn't just a rare nod to reality in statecraft, it was also a tacit declaration that the jig is up with the conventional wisdom on the Israeli-Palestinian dispute. For decades, that wisdom held that the dispute was solvable with some undiscovered combination of concessions and payoffs, and that finding such a solution would cause other problems in the Middle East to go away.

In reality, other problems in the Middle East—especially Iran's support for Hamas, Hezbollah, and other destabilizing political-military networks—prevent resolution of the Israeli-Palestinian dispute. Trump's willingness to recognize this, even if it remains unspoken, is a watershed. His

decision to act, despite predictable pearl clutching at the UN and in Brussels, was a demonstration of strength, resolve, and ultimately power.

So too was President Trump's decision to walk away from the Paris climate deal. We're all concerned about the 4% of the carbon cycle that is attributed to human activity, and it makes sense to cheer on reductions in carbon emissions even if models linking them to climate change have repeatedly been wrong unless doctored. But the problem with Paris, like its 1997 Kyoto Protocol predecessor, was that the United States would have incurred an unfair burden. It was an example of America last, not America first. Climate change has also become something of a civic religion for the cosmopolitan elite in America and elsewhere. The backlash to this overkill is well underway. A poll in 2015 found that only 47% of the public thinks the government should do more about climate change; down from 70 percent eight years ago. The same poll showed that while 63 percent of Americans think climate change is a serious problem, that figure had declined 6 points from the previous year. Trump is right on the science, right on the economics, and right on the politics. Walking away from Paris was a power move and the right thing to do.

Last but not least when it comes to accomplishments in foreign affairs, Trump secured a modest increase in funds for the military—which is now authorized to spend \$700 billion, up from \$619 billion last year. There is still more to do on this front: the military is too small and antiquated for the missions it is assigned. This is especially worrisome with an increasingly belligerent China, and a lack of clarity of how China's leadership will respond to eventually inevitable economic disruption. But at least Trump has broken the trend of an atrophying military.

Finally, there is the issue of trade, where the Trump administration has laid the groundwork for major change. But before I get into that, let me round out the discussion of Trump's accomplishments with a look at the political situation going into 2018 elections and looking ahead to 2020.

2018 Midterm Elections

It won't surprise you to know that the same purveyors of news who have refused to report Trump's accomplishments and political strength are already assuming big electoral gains in 2018—perhaps Democratic pickups of either or both houses of Congress. They point to the norm of the new party in power losing seats in its first midterm elections (which happened in 2010 and 1994, but not 2002). They also were cheered by the defeat of Republican Roy Moore in the Senate race in conservative Alabama. After the Democratic victory, Hillary Clinton tweeted, "if Democrats can win in Alabama, we can... compete everywhere."

The real prospects for next November are less clear. Republicans' expected passage of major tax reform later this week will give them a powerful talking point to link their tenure to the improving and now-robust economy. However, the benefit of this may not be clear until summer or fall, especially since the media has provided overwhelmingly negative coverage of

the legislation. This should change as supporters of the new law engage directly with voters just as they observe their tax bills decline and related signs of economic growth.

In the Senate, the Democrats actually face an uphill battle in 2018 even though Republicans only have a narrow 51-49 majority. Senate Democrats must defend 25 seats in this election. Republicans only have to defend 8 seats. Furthermore, 10 of the Democrat seats are in states won by President Trump. Only one Senate Republican, Dean Heller of Nevada, represents a state Hillary Clinton won, and her margin there was only 2.4%.

Also, Donald Trump has a unique ability to nationalize elections, which can diminish the role of local popularity. For example, in Alabama, Trump nearly got elected a fundamentally flawed Republican he opposed in the primary, and who faced serious allegations of misconduct. Trump made the case that the moderate-sounding Democrat opposing Moore would in fact be a sure vote for Nancy Pelosi and Chuck Schumer in Washington—effectively a bait and switch by the Democrats. Trump’s effort almost worked, with Moore losing by just 1.5%. Analysts should not underestimate the ability of Trump to damage Democrats in states he won. He also has his trademark ability to go around the media and communicate directly with voters.

2020 Presidential Election

Looking ahead to 2020, the picture is even better for Trump. Only once in modern history has a president been fired after only one term when his initial election resulted in the change in the party controlling the White House—and that was Jimmy Carter. (One-termers Hoover, Johnson, Ford, and Bush 41 were continuations of their parties’ rule.) Furthermore, voters react first and foremost to economic conditions, which clearly are improving. If there are more jobs in Wisconsin, Pennsylvania, and Michigan in 2020 than there were when Trump moved them to the Republican column in 2016, they will vote for him again.

Furthermore, the early Democratic field for 2020 is profoundly weak. Bernie Sanders will be 79 in 2020 and is a self-described socialist. Hillary Clinton still inexplicably looms. The person who took her Senate seat, Kristin Gillibrand, has seemingly accomplished little or otherwise distinguished herself.

Then there is Pocahontas, as Trump calls the junior senator from Massachusetts, Elizabeth Warren. Her tribe says that if you listen closely the wind whispers her name. But unfortunately for her, that tribe is the Harvard faculty. Warren’s career and identity are based on the false claim that she is partly Native American. (She even plagiarized a French chef, whose work she contributed as a phony Cherokee recipe to the book “Pow Wow Chow”—you can’t make this stuff up.) Putting aside Warren’s misrepresentations, she comes across as a humorless fanatic, something the American people never value in a presidential candidate.

No part of this field looks particularly threatening to Trump. In fact, it has some similarity with Britain, where the center-left has again become the far-left, and is not viable as a governing force.

Trade

Finally, let me turn to trade, where Trump's accomplishments have been in starting various government processes that could literally change the world beginning in 2018.

The main countries involved are China, South Korea, and Japan—and Canada and Mexico through NAFTA.

NAFTA

The three North American governments will continue staff-level talks about the fate of NAFTA in January. One should not mistake the lack of news or noise about NAFTA in recent months for resolution of the issue or a decrease in the Trump administration's desire to change trade factors in North America. It is possible and even probable that the United States will withdraw from NAFTA in the next six months. We can always un-withdraw if Canada and Mexico subsequently make concessions. It's worth nothing that both countries have left-leaning governments that aren't particularly endearing to the Trump administration.

China

China is the trading partner that the administration views as the most egregious of all (with Mexico a distant second). There are numerous trade-related concerns about China, including intellectual property theft, dumping, unfair subsidies, non-tariff barriers to trade, and currency manipulation. Unluckily for Beijing, there is also a sense in the Trump administration that our trade should not empower America's chief adversary in the world. A new national security strategy due out soon from the White House will label China as a "strategic competitor"—about as close as the U.S. comes in peacetime to calling a country an enemy. I'll talk more in a minute about the various government processes underway to change trade with Beijing.

South Korea

As with NAFTA, one should not misinterpret the lack of news about trade with South Korea as a sign the matter has been resolved. The administration was within an inch of announcing withdrawal from the Korea-U.S. Free Trade Agreement (KORUS) when North Korea tested a reported hydrogen bomb in September. Will national security officials always succeed in delaying a tougher negotiating approach to South Korea because of the threat from the North? Maybe.

South Korea has two additional handicaps: its leftwing president is on relatively poor terms with Trump, and its chief trade negotiator, Kim Hyun-chong, has a style that has irritated U.S. negotiators. In August, he responded to a serious request to revise KORUS with a flippant suggestion to conduct a "joint study." He has since become more serious, but there is still at least a 50-50 chance that the U.S. announces its withdrawal from KORUS in 2018.

Japan

Japan has played the game much smarter than South Korea. Instead of dismissing the Trump administration's concerns about America's trade deficit with Japan, the Abe government has accepted negotiations, but is slow-rolling progress in an effort to maintain the status quo. This strategy appears to be working for now.

Other

Two other countries that deserve mention are Taiwan and Britain. The Trump administration is not proactively seeking new free trade agreements, but those two countries might be exceptions.

Washington would be partial to helping Britain as it exits the European Union, especially since Trump favored the decision of British voters to leave. However, I am skeptical of a near term U.S.-U.K. agreement, especially since the Brits haven't formally requested one, and given that these agreements have fallen from favor. Commerce Secretary Wilbur Ross supports such an agreement, but weighing against that could be Trump's lack of enthusiasm for the talentless Tories of Theresa May's government and her ill-advised decision to criticize Trump publicly.

Taiwan is also interested in a formal trade agreement with the United States. Such an agreement would make a lot of sense if it were crafted not to increase America's trade deficit. Unlike China, Taiwan is free and has the rule of law—it respects the intellectual property of U.S. firms. Taiwan's per capita income—its “economic speed” if you will—is just behind Australia's and much closer to the U.S. level than those of China or Vietnam. That implies an agreement with Taiwan wouldn't lead to the loss of U.S. manufacturing jobs the way it has through our unfair trade arrangement with China.

The free world also has a strategic interest in supporting Taiwan as part of an effort to offset China's malign influence in East Asia. We should promote Taiwan aggressively to the Chinese people as a model of what China could become if the Chinese government respected the rights of its citizens the way that Taiwan's government does.

Nonetheless, despite these factors, an agreement with Taiwan is unlikely. As I noted previously, voices in favor of new trade agreements in Washington are weak. Some of this weakness is well deserved: trade advocates like the Chamber of Commerce have mislabeled as “free trade” what are actually managed trade agreements that harm the United States. Furthermore, past trade negotiators have prioritized agreements with poor countries that take our jobs and can't or won't buy our goods and services. It will take hard work and time to craft and promote a would-be agreement with Taiwan that is differentiated from past agreements that are now being renegotiated or cancelled.

Players

Former Senator Jim Talent, now a partner with Banner Public Affairs, cites the Five Ps of Washington: People, Process, Policy, Protocol, and Politics.

In closing, I'll focus on the first two, people and process, that show Trump is serious about changing trade and likely to succeed in 2018.

The key players on trade are:

- Wilbur Ross, Secretary of Commerce
- Peter Navarro, National Trade Council director
- Robert Lighthizer, U.S. Trade Representative
- Steven Mnuchin, Secretary of Treasury
- Gary Cohn, National Economic Council director

Ross is unusually relevant on trade issues for a Commerce secretary, who often aren't particularly influential on foreign-related issues. Ross and Navarro are more critical of existing trade agreements than the other actors. However, Lighthizer and Mnuchin are fully on board with Trump's desire to change trade dramatically. To the extent there is an odd man out, it's Gary Cohn, the former president of Goldman Sachs. For example, according to numerous reports, Navarro and Cohn clashed in a senior-level meeting about alleged foreign aluminum and steel dumping in the United States.

Occasionally Defense Secretary Jim Mattis and Secretary of State Rex Tillerson become involved in trade discussions, but usually only throw their weight when a broader strategic issue is involved. For example, the two reportedly intervened to stop plans to withdraw from KORUS when North Korea was poised to test a nuclear weapon last summer.

Process

Finally, there are three major processes going on within the executive branch that will be the means to changing trade, especially with Asia. They are known by the section numbers of the trade law under which they are being conducted: Sections 201, 232, and 301.

Section 301: I'll start with the most significant, which is Section 301. This is an investigation of China for infringing U.S. intellectual property. It is being led by the U.S. Trade Representative. Despite its enactment into law in 1974, this provision has seldom been used, except during the 1980s. It strikes at the very heart of China's unfair trade practices, which are fundamentally based on stealing technology from more advanced countries. This practice is nothing new: since at least the 19th century, China has used the dream of capturing part of its massive market as a lure to tempt foreign companies and governments. Of course, the cost of access to this market is never free. Some companies are forced into joint ventures or other schemes in which their intellectual property is transferred. Others find that they are always held at a disadvantage to domestic competitors.

There is really no way the U.S. Trade Representative can reach any other conclusion than that China is in gross violation of the law. The only question is how severe the penalty will be.

Notably the investigation is proceeding as a formal legal process that is due to reach a finding by August, although it may come sooner. This is noteworthy because as a legal process, there are fewer opportunities for pro-China voices in Washington and elsewhere among the elite to try to disrupt the process and its inevitable outcome. The Henry Kissingers and Bob Zoellicks of the world will undoubtedly rally to Beijing's defense once a finding is reached, but by then it may be too late. We are on the brink of a major change in world trade.

Section 201: Next in degree of importance is the Section 201 investigation of China and other countries for “dumping” solar equipment in the United States, which of course means selling them below market value to undermine our domestic industry. This investigation is being led by the U.S. International Trade Commission and should result in a finding by January 26. That in turn would lead to a 30-day period in which penalties, including tariffs on solar cells, would be decided. This process will probably lead to a negative finding and tariffs, although Beijing is spending lots of money (often indirectly) to get a different outcome. While any tariff will technically apply at all solar exporters to the United States, the overwhelming impact will be on China.

Section 232: Finally, there is the Section 232 investigation of steel and aluminum dumping in the United States. This investigation is being conducted by the Commerce Department. Discussion of the underlying topic was reportedly the reason for an acrimonious debate between Navarro and Cohn in a Principals Committee meeting at the White House. This investigation seems to be stalled, and there is a sense that it should remain so in part because it would impact U.S. allies like Canada more than adversaries like China.

I should also give an honorable mention to CFIUS—the Committee on Foreign Investment in the United States. This is the interagency vehicle by which attempted acquisitions of U.S. companies with sensitive technologies are halted. It's the reason, for example, that Huawei can no longer acquire anything in America. I would look to see this committee become more aggressive in coming years in halting Chinese investment in anything other than low-tech U.S. targets like real estate.

Conclusion

What the media portrayed as a year of chaos and confusion in Washington was actually on the whole a methodical and effective start to an era of major change in the United States. On trade, the Trump administration spent much of the year laying groundwork and taking initial steps that will change trade fundamentally in 2018—especially with China, Mexico, and possibly South Korea. Specifically with China, there is the chance of altering a key feature of global economics—the idea that even lopsided trade with China is good and smart—that has prevailed since the early 1990s. The bloom may be coming off the rose right when Beijing is curbing the

few real free market forces that exist in China and as it faces serious problems with its flawed economic model.

In Washington, President Trump is capping a successful year and will turn to issues like immigration, welfare reform, and defense spending in 2018. Yes, there will be more turbulence. There will also be more of the white-hot rage at Trump, either because of his policies, or more often because some passionately dislike the aesthetic of Donald Trump. Just as an elite hated Franklin Roosevelt for being a traitor to his class, its contemporary members disapprove of the Manhattan-based Wharton graduate who should have known better than to stand apart from them. (They also can't stand his mastery of social media the same way Roosevelt's opponents were caught flat footed by his mastery of then-new radio and John F. Kennedy's opponents were bested by his skill on TV.) But despite the turbulence and media wailing, it's important to remember that Trump is successfully reaching past the mainstream media and connecting with his audience on an emotional level—easily the most effective method of communicating if one can pull it off.

In his wake, Trump will leave behind a new establishment, new experts and power-brokers, new communicators, new leaders, and a New Right. We've only begun to see the early outlines of this new Washington. Certainly the mainstream media and many incumbent Washington experts won't help to understand and navigate this new world—just one several reasons it's a great time to be there.

Thank you for the opportunity to speak here this afternoon and I look forward to our discussion.

Views expressed are those of the speaker and not necessarily the host organization or organizations with which Mr. Whiton is affiliated. Mr. Whiton delivered this speech from an outline and the text above differs slightly from his remarks as delivered.