

Watching the Donald show is fun, but...

Niall Ferguson | Harvard University | 29 January 2017

America is living through a kind of Trumpian Genesis – seven days of high-speed political creation. In the beginning Trump created heaven (for his supporters) and hell (for the mainstream media). And Washington was without form, and void; and darkness was upon the face of CNN.

And Trump said, let Obamacare be repealed.

And Trump saw the reports of his inauguration, that they were bad: and Trump divided the press from the administration.

And Trump called the first day a National Day of Patriotic Devotion.

Day two was dominated by the women's marches against Trump. On day three, Trump withdrew the US from the Trans-Pacific Partnership and froze new hiring by the federal government.

Day four saw five new executive orders, two of which reversed the Obama administration's halt to the Keystone XL and Dakota Access oil pipelines. Trump also added a line requiring that the pipelines use American steel.

On the fifth day Trump ordered the Department of Homeland Security to begin building a wall on the Mexican border.

And on the sixth, his press secretary said the wall would be paid for by a 20% tax on imports from Mexico.

Technically, Trump was entitled to a day of rest on Friday. He didn't take it.

On it goes. Each day brings news of fresh executive orders, interviews, tweets. Each day, the media shoot back at Trump. *The New York Times* openly accuses the president of lying. One of its columnists asserts that he is mentally ill. This is the same writer who predicted in the wee small hours of 9 November that the stock market would "never" recover from Trump's victory. By 11am that same day, it had recovered. Last week, the Dow Jones industrial average passed the 20,000 mark.

To read the coverage of Trump's first week, you would think the apocalypse was imminent. Indeed, last week the Bulletin of the Atomic Scientists moved its famous Doomsday Clock forward to 2½ minutes to midnight. Interesting. Stocks don't usually rally on the eve of destruction, do they?

And no, please don't tell me that the Berlin market boomed under Hitler. For the umpteenth time, Trump is not a dictator. Unlike Hitler or Stalin, Trump is the president of a constitutional republic, a democracy and a federal state that has survived more than two centuries, with supposedly "imperial presidents" coming and going with predictable regularity. In issuing executive orders, he is merely following the precedent set by the previous occupant of the White House.

Where Trump is unusual is in not being a regular politician but a businessman and – more importantly – a self-publicist of prodigious talent.

Trump became the president essentially by doing to the Republican Party what Uber did to the taxi companies – he disintermediated it. In essence, he exploited his appeal as a television "ratings machine" to communicate his message to the electorate. Then his campaign strategists used social media to craft targeted online campaigns that moved voters away from Hillary Clinton in the key swing states.

Trump is not wrong to refer to the people who elected him as a movement. But I would prefer to call it a network. This was not a top-down command-and-control operation like the Clinton campaign. It was self-organising, spontaneous, horizontal. Trump didn't campaign in the traditional sense. He went viral.

The key question about this administration is how far Trump is going to be able to disintermediate the federal government, too.

Right now, there is a striking bifurcation between his performance in the role of president, which – as when he played the part of Republican nominee – is still directed at his network, and the actual process of government, which is carried out by legislators, bureaucrats and public employees.

The challenge is not to be distracted from the latter – which is pretty dull – by the former, which is endlessly entertaining.

I enjoy the entertainment for no other reason than that it drives the most tedious people in America to distraction. It reminds me of my time as an undergraduate in the early 1980s, when everything Margaret Thatcher said drove the most tedious people in England (public school-educated lefties) to distraction.

But the real point is not what Trump says. It is what his administration does. And that is not going to be the result of executive orders, much less tweets. It is going to be the result of what legislation the Republicans can pass in Congress, what actions each and every executive agency takes, and how many of the lawsuits filed against the administration are successful.

In short, Trump's signals to his network should not be confused with actual governing. Most of what the media are covering is just reality TV. It's how folks in small-town Pennsylvania

would like the presidency to be. Reality TV should never be confused with reality, which is much more boring.

No one yet knows how all this will pan out. My hunch is that the liberal media are helping Trump greatly by setting expectations at rock bottom. Any sign that this isn't, after all, the end of days is going to look like success.

It may be that the net result of Republican corporate tax reform will be economically disruptive, increasing the deficit and inflation. On the other hand, it may be that the repatriation of corporate capital will generate more revenue than anyone expects.

It may be that the regulations introduced since the 1980s are all that stands between us and environmental and financial disaster. Or it may be that most of this regulation was merely a bureaucratic scam and a leaden weight on small and medium-sized businesses.

It may be that a trade war will break out between America and China, one that will hurt us almost as much as them. On the other hand, it may be that the Chinese will end up rolling over in the face of Trump's aggressive negotiating tactics because their economic and political position is much weaker than most people appreciate.

And it may be that challenging the globalised economic order is a fool's errand that will end up hurting everybody, including ordinary Americans, by raising consumer prices. On the other hand, it may be that globalisation had overshot, and it was high time we dialled back the volume of migration, offshoring of jobs and cross-border investment.

The question we need to ask is not "Can Trump keep enraging the media, thereby signalling to his network that he is delivering change?" He can do that all day long. That's not rule by decree; it's rule by reality TV.

The real question is: can his administration – using the usual cumbersome channels – enact and implement reforms that will fundamentally improve the lives of ordinary Americans?

The answer to that question will not be found in Trump's Book of Genesis. But I doubt very much it is in the liberals' Book of Revelation, either.



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Professor Niall Ferguson is a special guest keynote at [PortfolioConstruction Forum Markets Summit](#) (14 February 2017).
