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# *Trump 2.0: Built for Speed*

Preparation and tempo could make a major difference for the new presidential administration.

In a historic political comeback, Donald J. Trump became the first former president to win reelection in over 130 years. With Republican control of Congress, he now could have the opportunity to make meaningful changes in policy direction across a range of areas. The extent of his success may depend on holding together a narrow majority and making progress prior to uncertain midterm elections in two years. We connected with political analyst Frank Kelly to explore the potential dynamics of the new Trump term.

**What could be Trump's emphasis out of the gate?**

To me, this year will be about tempo. My premise has been that this isn't Trump 2.0, it's Trump 4.0 or 5.0. Look at the historical context: We've never had a former president who was able to sit on the sidelines for four years to contemplate what worked and what failed—and then get a chance to try again.

Also, never in our lifetimes has the president been an immediate lame duck, which implies a need for speed. Trump has been telling people that Republicans have two years—not four—to accomplish everything, because they may lose control of one or both of chambers in Congress. And even if they don't, the public's attention is likely to shift toward the future—like when George H.W. Bush ran post-Ronald Reagan as a “kinder, gentler” Republican.

This sense of urgency is reflected in the statistics. Through December, Trump's nomination process was moving four times faster than Obama's and five times faster than Biden's.<sup>1</sup> He pressed Republican leadership to focus on the tax bill right away, before the start of the new term. It's like cooking dinners to take on vacation—when you get there you pop them in the microwave, and you are done.

These next few months are going to be all business, believe me. Normally it takes months and months for major legislation to fall into place. We could see two reconciliation bills in the Senate within 100 days. Let's call it the hypersonic Trump, with not a day or an hour to waste.

**Given that the GOP doesn't have 60 votes in the Senate to overcome the filibuster, much of the legislation needs to take place in the reconciliation process—does that limit what Trump can do?**

There is something called the Byrd rule, named after the late Senate Majority Leader Robert Byrd of West Virginia, which says that you can't put non-germane, non-budgetary fiscal provisions in a reconciliation package. But it's up to the Senate parliamentarian to make those calls, like an umpire. So, there's scope for a lot to be approved through this process.

<sup>1</sup> Source: Center for Presidential Transition, as of December 12, 2024.

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**Trump is expected to seek the extension of his 2017 tax cuts and reduce corporate taxes for domestic producers. But he has some other personal tax proposals as well—of those, what will he push for?**

It's always a guessing game with Trump—and he wants it that way as a negotiating tool. In addition to extending earlier cuts, he'll likely seek to end the \$10,000 cap on state and local tax deductions—even though he put it in there in the first place! A big question is regarding his more populist ideas, including ending taxation of tips. A lot of people laughed at the idea at first, but he proposed it in Nevada, a purple state where there are many service workers. He wants to flip the state to Republicans more permanently, and this could help. He also mentioned making car loan interest tax-deductible, which could benefit the automobile industry. Rank-and-file autoworkers helped him win in Michigan and he wants to reward them; it would be part of an effort to broaden and solidify his working-class coalition.

**Are tariffs a negotiating tactic or something he really wants to build into the commercial landscape?**

I think they are an opening bid in a version of "Let's Make a Deal." Trump hates multinational agreements, but he's not exactly anti-free trade. In addition to the agreement with Mexico and Canada, he updated a pact with South Korea and launched trade negotiations with the U.K.—which Biden ended but Trump will likely renew. Tariffs would not be just about commerce, though; he will likely use them as a lever across multiple issues.

What's also important is who is in Trump's ear, which currently is Elon Musk. Everybody is worried that we are going to have a trade war with China, but a quarter of Teslas are made there. And Trump is not going to hurt Musk, because that would be hurting an American industry. I think he wants to make a grand bargain with China that could include foreign policy as well as trade.

Importantly, Trump may also listen to advisors who tell him that "making America great again" will involve cutting-edge, higher-wage industries like semiconductors, pharma and biotech, rather than reshoring a shoe factory. So, he may try for deals with natural resource-rich countries that can send us lithium, cobalt and other key materials. Negotiations will take place country by country, and some nations may be better positioned for trade agreements than others.

**How do you see the Ukraine situation playing out?**

I'd point out recent shifts by Trump. First, his tone regarding Volodymyr Zelensky is now more positive, and he seems to want the Ukrainian leader to be in a strong negotiating position should the war draw to a close. At the same time, Trump appears more skeptical of Vladimir Putin, whom he feels used Trump to disrupt the U.S. political scene. I think Trump would love the chance to foster peace and rebuild Ukraine, but he'll likely drive a hard bargain.

**Has the world gotten used to Trump's bluster such that it will be a less effective negotiating tactic?**

They've gotten used to it, but that doesn't mean it is less effective. Think of it as a variation on Teddy Roosevelt's "speak softly and carry a big stick." In this case, Trump speaks loudly and carries an even bigger stick, which is the U.S. dollar. It's why Justin Trudeau abruptly took a jet to Mar-a-Lago after Trump's tariff threats, and why so many world leaders wanted to shake Trump's hand at Notre-Dame in Paris.

**Eight years ago, Democrats were all about "the resistance." Do you think that happens again?**

I think any resistance will be more muted because they have to figure out where and how to oppose him. A number of former Democrats, like RFK, Jr., worked to get out the vote for Trump, who has stolen parts of the left's platform, including reforming health care and protecting workers. Until the Democrats sort out their leadership picture, it's going to be hard for them to find direction. Eventually, new elections will force the issue.

**How about the budget deficit? Can we make progress?**

That effort is already underway. It's called DOGE (Department of Government Efficiency), which is of course not a government department and is probably going to be self-funded. If, as Musk has said, it can identify (and detail) meaningful savings, then this is going to be very interesting. We saw a similar effort by the Grace Commission under Reagan, which achieved some cuts and privatizations.

What DOGE has going for it is a platform. Musk can use X to pound away at policymakers and keep these issues in the spotlight. I suspect DOGE may also start talking about the entitlement crisis; although Trump has said he won't touch Medicare or Social Security, that could change, while other entitlements aren't immune from cost reductions.

### What do you anticipate on climate policy?

Trump sees the American oil and gas as powerful economic and geopolitical weapon and wonders why we aren't using it. In my view, energy could be part of the grand bargain with China that I mentioned: "Buy our oil instead of Iran's, help us pressure them to give up nuclear weapons, and we'll reduce the tariffs and build our trade relationship." This is speculation, but who knows. For Chinese President Xi Jinping, it could be music to his ears.

More broadly, Trump is likely to consider climate from a free-market perspective. Even with the withdrawal from the Paris Agreement, he could pursue deals with China and India—the world's biggest polluters—to incentivize their emission reductions.

### As you mentioned, Trump is already a lame duck. Who among the Republicans do you anticipate inheriting his mantle?

As vice president, JD Vance appears to be the heir apparent. But I don't expect Trump to anoint anyone, because he wants to remain relevant through his final two years in office. At that point, we could see a political version of "The Apprentice" as he narrows the field.

### Trump has broadened Republican support more than anyone expected. Can it last?

I think the new coalition could last a long time. Whether due to brilliance or accident, Trump has made the GOP the party of the common man and woman, of entrepreneurs, of legal immigration (where "we love having you, but you have to be here legally"). This crosses ethnic, racial and religious lines.

### The president is clearly relishing the moment. Has he changed personally from last time around?

Among all the reasons for Trump's latest victory, including inflation, the border, war and "lawfare," I think you have to consider the assassination attempts. Voters saw something different in Trump, and I've heard from his aides that he has changed—that he's a calmer guy. As they tell it, those near-death events have made him more serious about how he sees his mission and the challenges ahead. Whether that turns out to be true should become evident with time.

## Americans' Predictions for 2025

Which is more likely to be true for the year?

- positive prediction for U.S. interests
- negative prediction for U.S. interests

Full/increasing employment or rising unemployment



Prices rise at a reasonable rate or high rate



America sees an increase or decrease in its global power



Taxes fall or rise



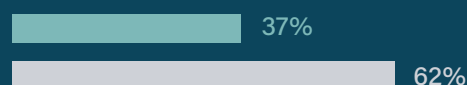
Crime rates fall or rise



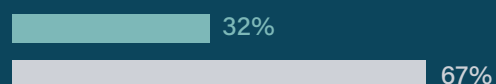
Economic prosperity or difficulty



Federal budget deficit declines or increases



A largely peaceful or troubled year internationally



Political cooperation or conflict



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