Outrageous election impacting business

What will it mean for the world – and New Zealand - if Hillary Clinton or Donald Trump is elected US President next week?

The campaign rhetoric has been so extreme there must be fears about the eventual outcome.

But perhaps the result might not be so ominous. Checks and balances in the US system reduce the levers a President can pull. Congress can dispose of many policies a President might propose. Extreme policies promoted now might not ever see the light of day.

Despite the rhetoric, the candidates' fiscal policies are more or less what you would expect from a Democrat and a Republican.

The Democratic candidate is offering more spending and more taxes – more capital gains tax, financial transactions tax, death tax and taxes on large banks, high earners and others; business to be required to double the minimum wage, pay for maternity leave and so on.

The Republican candidate offers less spending in some areas – "repeal Obamacare" – and more spending in others such as Medicare and Medicaid, and less tax – a cut in the top rate from 39 to 33 percent and in business tax from 35 to 15 percent.

These are fairly standard fiscal positions for the two main parties.

It's in the area of international policies that we see most uncertainty.

Hillary Clinton has departed from her long-time support for international trade and like Donald Trump now opposes TPPA and TTIP.

Donald Trump's most outrageous promises are mostly in the international areas - build a wall with Mexico, stop US companies from outsourcing overseas, put up tariffs walls.

These areas could see a lot of uncertainty arising from a Trump win, with potential impact on New Zealand.

Trump's anti-trade position would mean less US international trade and less US economic growth - so less demand for New Zealand exports.

Imposing large tariffs on key trading partners China and Mexico could well lead to tariff retaliation and a more general increase in protectionism - New Zealand, as a very trade-exposed country, would lose from this.

International markets could be spooked by increased uncertainty and risk, reducing access to credit everywhere, making borrowing more expensive including for New Zealand.

Of course it may be that international policies being promoted now will turn out to be merely rhetoric and the winner of the Presidential race will return to a more orthodox position on international affairs.

This will be the hope of many in business in New Zealand.

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