



Trump on U.S. Foreign and Economic Policy

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Leading Republican presidential candidate Donald J. Trump laid out a foreign policy approach that—not surprisingly—“would put America first”. In his carefully scripted (and read) first serious foray into American global issues, Trump called for a major build-up of the military, a rejection of “one-sided” trade pacts, a reconsideration of the strained relationship with Russia, and a turn away from “nation-building” in troubled spots in the world. Unusual for the candidate, Trump stayed largely “on script”, reading carefully from a prepared speech that seemed to reflect more input from his political advisors than national security experts (indeed, if he has any!).

Trump said that, under his administration, “America would be great again” and that it would once again “be a reliable friend”. He promised predictability, criticizing President Obama’s somewhat incoherent approach to global events, especially in the Middle East. But even as Trump laid out these policy approaches, he also advocated “more unpredictability” so that America’s adversaries would be uncertain of his response in a crisis situation. And, while promising he would position America as a more “reliable ally” to our global partners, he strongly suggested he might move dramatically away from our long-standing alliance systems, especially NATO.

On the economic front, Trump lamented the decline of American manufacturing and the exodus of jobs overseas. He vowed that “there would be consequences” for U.S. companies that shift manufacturing operations to countries with lower labor costs. We are not sure how economic liberty, the foundation of economic growth, fits into Trump’s vision.

Additionally, what matters for locating any business are total costs not just labor costs. Germany and Switzerland are high-wage countries, but export powerhouses. Many low wage countries, for example Vietnam, struggle to export because of poor infrastructure. Trade deals that Trump denounces, like Nafta, have made U.S. manufacturers globally competitive by allowing them to integrate production from Northern Mexico up the I-35 Corridor to the Great Lakes and into

Canada. That is notably true for American auto producers. Trashing Nafta would as likely push manufacturing out of the United States as attract it back in.

Trump's speech and his recent remarks have been marked by a most unusual approach to relations with Russia and with President Vladimir Putin personally. "I see that improved relations with Russia, from a position of strength, as possible", he said. At the very least he promised to make it a priority to find out "if the Russians can be reasonable". Some critics saw this as portending a division of the world into "spheres of influence", maybe granting Putin and Russia more freedom of action in Eastern Europe, including in Ukraine, in return for greater cooperation from Moscow in other crisis regions—especially the Middle East.

Trump has spoken most often about China in the context of trade. He has said that China is "killing" us on trade. But our relationship with China is about far more than trade.

China is actually struggling with the inner contradictions of its economic system. Private, globally competitive firms exist alongside bloated state-owned enterprises churning out products that cannot be sold on global markets. The Chinese leadership knows it needs to reform, but is fearful of losing its political grip in the process. Additionally, there are power struggles within the party. The leadership is stroking xenophobia to divert the attention of the population away from internal problems. That makes China a potentially dangerous adversary. What is the Trump doctrine for China and our Transpacific alliances?

The candidate was particularly strong in demanding more from our allies, especially in NATO. Trump correctly pointed out that our allies have failed to meet the mandated 2% of GDP toward defense spending (it used to be 3%!). As Trump observed, "We have spent trillions of dollars...on planes, equipment, ships, missiles...building up our military to provide a defense for Europe and Asia". He demanded that "the countries we are defending must pay for the cost of this defense—and if not, the U.S. must be prepared to let these countries defend themselves".

We believe Trump is serious on this point—it's not just the "art of the negotiation" he is practicing here, but he is espousing a deep-seated suspicion of entangling alliances worldwide. He questions whether our national interest, which must come first, is really a primary consideration in our quest for global alliances around the globe, to contain Russia and China.

Critics have alleged this is a throwback to an "isolationist" America First global approach, and indeed it is. Trump's calls for increased military and financial assistance from our allies is accompanied by the implicit threat to rethink the rationale for our network of global commitments, and if our allies do not share a greater part of the financial burden and commit more military force to the pacts, then maybe it is time to rethink the underlying rationales for these alliances! He is probably right on these points.

Successive U.S. Administrations have not rethought American foreign policy since the end of the Cold War. Regardless of his electability, Trump may have initiated a much-needed foreign policy rethink. That would not be a bad thing.

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