Trump and World Order

The Return of Self-Help

By Stewart M. Patrick, FOREIGN AFFAIRS, March/April, 2017

Since the administration of Franklin Roosevelt, 13 successive U.S. presidents have agreed that the United States must assume the mantle of global leadership. Although foreign policy varied from president to president, all sent the clear message that the country stood for more than just its own well-being and that the world economy was not a zero-sum game.

That is about to change. U.S. President Donald Trump has promised a foreign policy that is nationalist and transactional, focused on securing narrow material gains for the United States. He has enunciated no broader vision of the United States’ traditional role as defender of the free world, much less outlined how the country might play that part. In foreign policy and economics, he has made clear that the pursuit of narrow national advantage will guide his policies—apparently regardless of the impact on the liberal world order that the United States has championed since 1945.

That order was fraying well before November 8. It had been battered from without by challenges from China and Russia and weakened from within by economic malaise in Japan and crises in Europe, including the epochal Brexit vote last year. No one knows what Trump will do as president. But as a candidate, he vowed to shake up world politics by reassessing long-standing U.S. alliances, ripping up existing U.S. trade deals, raising trade barriers against China, disavowing the Paris climate agreement, and repudiating the nuclear accord with Iran. Should he follow through on these provocative plans, Trump will unleash forces beyond his control, sharpening the crisis of the Western-centered order.

Some countries will resist this new course, joining alliances intended to oppose U.S. influence or thwarting U.S. aims within international institutions. Others will simply acquiesce, trying to maintain ties with Washington because they feel they have no other options, wish to retain certain security and economic benefits, or share a sense of ideological kinship. Still others will react to a suddenly unpredictable United States by starting to hedge their bets.

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Like investors, states can manage their risk by diversifying their portfolios. Just as financiers cope with market volatility by making side bets, so countries reduce their vulnerability to unpredictable great powers by sending mixed signals about their alignment. Confronting two great powers, the hedger declines to side with either one, trying to get along with both, placing parallel bets in the hopes of avoiding both domination and abandonment. Hedging is most
common when great powers are unpredictable and the global distribution of power is shifting fast—in other words, during times like today.

In recent years, hedging has been confined to Asia, where several of China’s neighbors have responded to its rise by welcoming a U.S. security presence in the region but have stopped short of signing treaties to become full-fledged U.S. allies. Indonesia, Myanmar, Singapore, and Vietnam have all adopted a variant of this strategy. But given the uncertainty about U.S. leadership in the age of Trump, hedging could now spread far beyond Asia.

If this scenario plays out, what would be signs that traditional U.S. partners have begun to hedge their bets? Put differently, what are the canaries in the coal mines around the world that would signal an eroding world order? The warning signs look different in three categories of international relations: geopolitics, economics, and climate change. But in all, they would signal a dwindling faith in the post-1945 liberal order and its longtime champion.

INSECURITY SYSTEM

Hedging would prove most dramatic in geopolitics. Since 1945, the United States has acted as the ultimate guarantor of world order and of regional power balances. Its forward-leaning military presence, nuclear umbrella, and defense guarantees have provided security for many countries that would otherwise have to fend for themselves in an anarchic global system. Trump may abandon all that. Before and after his election, he made provocative statements that caused foreigners to mistrust their long-standing assumptions about U.S. intentions. He called into question the reliability of U.S. alliance commitments and toyed with the prospect of encouraging U.S. allies, such as Japan, to get their own nuclear arsenals.

Think of the United States as an insurance agency. What would happen if Trump canceled its insurance policies, dramatically increased individual premiums, or cast doubt on payouts? In all likelihood, some policyholders would begin hedging their bets between the United States and the most relevant regional power—China in Asia, Russia in Europe, and Iran in the Middle East. Such hedging would partly take place internally, as countries built up their individual capabilities for self-defense and bolstered regional bodies. But it would also occur externally, as traditional U.S. partners accommodated U.S. rivals and made their own ultimate intentions unclear.

Hedging would serve as an important signaling device. By increasing the ambiguity of their alignment, states could demonstrate to Washington that it is not the only party capable of pursuing strategic flexibility and imposing costs on former partners. Hedging would also suggest to the aspiring regional hegemon that new opportunities for cooperation were available, provided that certain limits were observed. Current U.S. partners would in effect be trading alignment with Washington—a diminishing asset given Trump’s unpredictability—for greater autonomy.

In Asia, hedging against U.S. unreliability could upend the regional security order. Although China now stands at the center of the Asian economy, the United States has, since World War II, guaranteed security through a network of alliances and partnerships. But this could change if the Trump administration increases uncertainty about Washington’s staying power in the region by
reversing the Obama administration’s “pivot” to Asia, withholding U.S. security guarantees unless allies pay more for their own defense, or advocating nuclear proliferation in the region.

If U.S. partners in Asia decided to hedge, the signs would be obvious. Some of them might invest more in independent military capabilities, with Japan and South Korea, in particular, perhaps seriously considering starting nuclear weapons programs. States might seek to create some sort of regional security organization in which both the United States and China would be members but in which neither would dominate. They might make accommodating statements regarding Chinese maritime claims in the East China and South China Seas and publicly criticize U.S. military deployments. They might attempt to bolster the Association of Southeast Asian Nations’ limited security role, and Japan, South Korea, India, and Australia might enhance their security cooperation without involving the United States. Vietnam could undertake a gradual rapprochement with China. Erstwhile U.S. partners, such as Singapore, might even start buying weapons from China and training with its forces. Japan and South Korea might enhance their trilateral strategic dialogue with China on North Korea and other issues. Meanwhile, the momentum behind U.S partnerships with India, Indonesia, and Vietnam might slow, and Asian states could increasingly resort to ad hoc coalitions of their own to deal with specific regional security problems.

What are the canaries in the coal mines around the world that would signal an eroding world order?

In Europe, U.S. allies would hedge in response to weaker transatlantic ties, eroding U.S. commitments to NATO, or the prospect of a Washington-Moscow condominium that would transform European states into pawns. The continent’s big four—France, Germany, Italy, and the United Kingdom—would likely increase their defense spending and security cooperation, perhaps including Belgium, Luxembourg, and the Netherlands, too. Some European leaders would start employing Gaullist language, depicting the continent (and perhaps the EU as a body) as a natural balancer between the United States and Russia. Eastern European states could respond to growing vulnerability—and the declining credibility of NATO—by accommodating Russia, rearming their militaries, and reinvigorating the EU’s Common Security and Defense Policy. The suddenly vulnerable Baltic states could turn away from the United States and submit to “Finlandization,” a more neutral stance that would allow Moscow greater control over their policies. Ukraine, meanwhile, would likely adopt a more conciliatory policy toward Russia, perhaps flirting with membership in the Eurasian Economic Union or with acceptance of its own de facto partition. Turkey, an increasingly tenuous NATO member, would likely try to curry favor with both Russia and the United States, playing off each against the other.

Security hedging in the Middle East would accentuate trends visible during the Obama administration, including waning U.S. influence, an increased Russian presence, and growing rivalry between Iran and Sunni powers (notably Saudi Arabia). Even Israel, whose right-wing government Trump has embraced, would tighten links with Russia as a hedge against U.S. retrenchment. Out of a fear that the United States would prove less willing to check Iran, the members of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) would ramp up their defense spending, enhance their cooperation, and undertake discrete negotiations with Tehran aimed at limiting its worst behavior.
Hedging is less likely in the Americas, given the scale of U.S. dominance. That said, the region’s countries could begin to elevate the Community of Latin American and Caribbean States, which excludes the United States and Canada, above the Organization of American States, which includes them. In sub-Saharan Africa, lastly, little geopolitical hedging should take place, since the region remains a marginal setting for great-power competition, relatively speaking.

THE RETURN OF MERCANTILISM

Economic hedging is inherently different from its geopolitical counterpart. After all, global trade and investment hold the promise of absolute gains for all, and national survival is not immediately at stake. Still, given Trump’s campaign pledges to upend the open, liberal system of trade that the United States has promoted since 1945, traditional U.S. trading partners will surely hedge their bets.

Trump has pledged to tear up “horrible” trade deals, including the North American Free Trade Agreement and the Trans-Pacific Partnership; declare China a currency manipulator; and slap a 45 percent tariff on Chinese imports. If his administration pursues such a mercantilist course, U.S. trading partners will rightly conclude that the United States is abandoning its global economic leadership and support for open markets. Beyond retaliating against U.S. protectionism and seeking remedies within the dispute-settlement mechanism of the World Trade Organization, they could respond to perceived U.S. exploitation in several ways.

Current U.S. trading partners would look to other major economies, particularly China, and blocs, such as the European Union, to become the new motor for the liberalization of global trade. They would likely shift their energies toward alternative arrangements that do not involve the United States—such as the Regional Comprehensive Economic Partnership, the Belt and Road Initiative, and the Asian Infrastructure Investment Bank, all led by China—to secure more promising markets for goods and fields for investment. U.S. trading partners might well diversify their foreign currency reserves away from dollar holdings and conduct more trade in euros, pounds, yen, and yuan. Emerging economies would redouble their efforts to reduce U.S. influence in the International Monetary Fund and the World Bank (and openly resist the informal U.S. prerogative to choose the head of the latter body). And developing countries seeking financing would increasingly look to nontraditional donors, such as Brazil, China, India, and the United Arab Emirates.

If the United States abdicates its global economic leadership, it will leave the world economy adrift at a precarious moment. Without a firm hand at the helm, the G-7 group of advanced market democracies could risk fading into irrelevance. The more inclusive G-20 would look increasingly to Beijing for leadership. The BRICS coalition of Brazil, Russia, India, China, and South Africa could find new purpose, particularly if its three emerging-market democracies perceived China as a better economic partner than the United States.

PLANETARY PERIL

Finally, some countries will hedge against uncertain U.S. leadership when it comes to preserving a sustainable planet. Global warming poses the biggest long-term threat to the survival of the
human species. As a candidate, Trump described climate change, which scientists overwhelming accept as real and largely man-made, as a “hoax” perpetrated by the Chinese, and he pledged to shred the 2015 Paris agreement, an ambitious emissions-reduction pact.

If the Trump administration does abrogate that agreement, some parties to it will push back, whereas others will simply consider it dead. Many, however, will hedge. Rather than repudiate the accord outright, they will make their own commitments to it more ambiguous. They might extend the deadlines for their own cuts, shift their focus from mitigating climate change to adapting to it, or simply move it down their list of global priorities.

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Countries that decided to keep climate change a priority might attempt to force Washington to address the issue regardless by inserting emissions targets and other climate commitments into unrelated pacts, such as ones concerning trade or agriculture. To get the United States to assume some of the cost of the environmental externalities created by its defection from the climate change regime, they could levy tariffs on U.S. goods based on how much carbon was emitted during their production. They might also engage directly with environmentally minded U.S. states (such as California) or even municipalities (such as New York City) to reach agreements on emissions reductions.
Officials at the final plenary session of the negotiations for the Paris climate agreement, near Paris, France, December 2015.

Unlike in the geopolitical and economic realms, hedging on climate change would prove deeply unsatisfactory for the countries that did it, since although they would be avoiding short-term sacrifices, their actions would increase the risk of planetary catastrophe. And because greenhouse gases have a global effect, countries disappointed or alienated by U.S. behavior would have no alternative system with which to align themselves—no climate equivalent to a Chinese-led security order, for instance.

TRUMP’S CHOICE

A future in which other countries hedge as the United States abandons its decades-long leadership is not preordained. Whether it comes to pass will depend on the choices Trump makes as president. If he pivots away from his campaign pledges—in response to the advice of senior
advisers, pressure from Congress, or pleas from foreign leaders—his administration could revert to a more standard U.S. grand strategy. But if he makes life riskier for longtime partners—by weakening U.S. alliance commitments, adopting protectionist economic policies, and shirking obligations to combat global warming—U.S. allies and partners will seek to advance their national security, prosperity, and well-being through increased autonomy. In that case, the Trump administration will find that its attempts to expand the United States' freedom of action and keep others guessing will be met in kind, to the benefit of U.S. rivals and to the detriment of U.S. economic interests and the health of the planet.

That would be an ironic outcome. A leitmotif of Trump’s presidential campaign was the need to reduce Americans’ vulnerability to international threats and unfair economic competition. And yet the steps Trump has endorsed risk driving away U.S. allies and partners, exposing Americans to global instability and economic retaliation, and accelerating the demise of the world the United States made.