

Focus on the policies

By Bunn Nagara

Beyond the noisy protests over Trump's presidency, there are important policy issues and implications that need better understanding – but which are still neglected.

NOT too long ago, there was hope, even a belief, that the fuss about Donald Trump's fitness for presidential office would fade away after his inauguration.

But even after more than two months into the presidency, critics are still carping and cynics are still canting. The real issues affecting people's lives, badly neglected by the US media, are still being ignored.

Since US policies have a global reach, its actions affect other countries in various ways. So what can we expect from the Trump White House?

In strategic terms, Trump has inherited some foreign policy challenges from the preceding administration. Then there are issues he has created on his own.

Nearest home is the controversy over the Mexican border "wall". This is a typical issue blown out of proportion by Trump's own grandstanding and his opponents bent on inflating it.

Trump first said he would build a wall, then added it could be a fence in parts. Since there is already a part-wall, part-fence on the border, what is his proposal and the objection to it about?

On Syria, Obama had already shifted from insisting on President Assad's immediate removal to accepting his place as head of government. From being regarded as "part of the problem," an Assad still popular with his people came to be seen grudgingly by Obama as part of the solution – but still one that had to resolve itself.

Trump is not keen on ousting Assad either. Assad has even suggested that Syria may host US troops dispatched by Trump to fight terrorism together.

For both leaders, exterminating such terrorist groups as IS is top priority while welcoming Russian support in the fight. Trump would openly receive what Obama would haltingly accept, with little or no difference on the ground.

Where differences largely comprise rhetoric, they become unbridgeable. In non-official Washington, this concerns "Russia": not as a large Eurasian nation with a rich history, but as the bogeyman Other.

"Russia" is also a way for Trump's enemies to dredge the swamp for issues to hit him with. This would at least deter any attempt at "resetting" relations with Moscow that would alarm the US deep state.

Since the issue of Syria is mostly a function of US-Russia relations, the Trump White House will soon have to decide what to do and how to do it. Beltway ideologues have already put a pugnacious Trump on the defensive over "Russia", so his room for manoeuvre is limited.

Developing a clear and coherent position on Iran is just as delicate, especially after Trump had pledged to tear up the Iran nuclear deal. His primal aversion to Iran derives from a lack of familiarity, images of hardline mullahs, and limited contact with the Syiah sect.

Iran, however, can breathe a sigh of relief now that Lt-Gen Mike Flynn has been replaced as National Security Adviser. Flynn was exceptionally caustic about Teheran and dismissive of it.

Since US-China ties are the world's most important bilateral relationship, China should command most of Washington's attention among all its foreign relations.

The relationship was never pristine as Trump blamed China for currency manipulation and unfair trade terms. It crashed to a low after Beijing criticised Trump for speaking to the Taiwanese President, and Trump responded by questioning China's core strategic interests.

China then moved to salvage the situation. President Xi Jinping spoke personally to Trump on the phone, followed by a visit to Washington by State Councillor Yang Jiechi to arrange a summit.

The White House is now planning to host Xi at Trump's opulent Florida estate over April 6 to 7. Among the issues they will discuss is a lethally recalcitrant North Korea.

As expected, Trump will say China needs to do more to rein in North Korea, and Xi will say China is already doing all it can with this Jong-un of an upstart. On the economic front, matters may be less predictable but just as important.

Trump may reach for a new deal with Xi in an early bid to establish his legacy in world trade. And nothing beats striking a new, productive deal with a rising China.

Elsewhere, Trump will be fettling the terms of new trade deals with various countries. These distinct new bilateral relations will be the "spokes" of a customised world trade wheel, with the US as the hub.

The question for Xi and Trump will be where China would be in the wheel, since it is too big to be just a spoke. The economic reality could be that China is fast becoming the axle for the entire wheel.

On the yawning trade deficit and colossal US debt, Trump will try hard to close the issues. Unlike most previous presidents, he sees their successful conclusion as a vital mission and a measure of his competence.

Given the circumstances, pledging to balance the budget and eliminate national debt in eight years as Trump did would be a fool's errand. It may be no more than an incentive for voters to elect him for a second term.

Independent analysts expect Trump's tax-cutting and public expenditure policies to add US\$6tril (RM26tril) to US national debt over the next decade. At the same time, the Congressional Budget Office said Obama's fiscal trajectory would have added US\$10tril (RM44tril) debt over the same period.

Trump's plan to cut taxes across the board is said to encourage business growth. This is expected to affect SMEs (small and medium-sized enterprises) if no other industry sector to expand their businesses.

This approach to revive US industry is deemed conservative, but also somewhat unconventional. It is still trickle-down economics but in a different way.

Unlike most Republicans' (and Democrats') preference for encouraging corporations to expand abroad, reap economies of scale, multiply profits and then be taxed more on their higher turnover,

Trump would cut taxes and encourage them to return home, hire more American workers and energise the economy that way.

This would mean less outsourcing abroad, fewer foreign relocations for manufacturing, more job creation at home and a healthier economy. Some of this has already begun.

Trump would also cut foreign labour content in the manufacture of US goods. This comes in restricting the entry of foreign migrants and the “export” of US jobs.

In the short to medium terms, this would see a measure of economic recovery as wages rise and consumption picks up. However, since the global economy is an integrated planetary entity, it would also mean higher prices for US goods and a decline in US competitiveness.

Developing sets of bilateral trade deals with various countries will also take time. Meanwhile, this region will see development of the Asean Community, besides the Asean-proposed Regional Comprehensive Economic Partnership (RCEP) agreement and the China-proposed Free Trade Area of the Asia-Pacific (FTAAP).

The US will be without the TPP (Trans-Pacific Partnership) and the TTIP (Transatlantic Trade and Investment Partnership). Other countries averse to this situation for their own interests must now learn to accept it.

Superpowers act in their own perceived interests and not out of a charitable impulse to assist another country. Smaller and less able countries may want to ally with a larger and more powerful one, but not vice-versa.

Bunn Nagara is a Senior Fellow at the Institute of Strategic and International Studies (ISIS) Malaysia.