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Trump's first 100 days: a serious cause for concern

By Martin Khor

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This week, Donald Trump will mark his first hundred days as US President. It's time to assess his impact on the world, especially the developing countries.

It's too early to form firm conclusions. But much of what we have seen so far is of serious concern.

Recently there have been many U-turns from Trump. Trump had indicated the US should not be dragged into foreign wars but on 6 April he attacked Syria with missiles, even though there was no clear evidence to back the charge that the Assad regime was responsible for using chemical weapons.

Then his military dropped what is described as the biggest ever non-nuclear bomb in a quite highly-populated district in Afghanistan.

Critics explain that this flexing of military might be aimed at the domestic constituency, as nothing is more guaranteed to boost a President's popularity and prove his muscular credentials than bombing an enemy.

Perhaps the actions were also meant to create fear in the leaders of North Korea. But North Korea threatens to counterattack by conventional or nuclear bombs if it is attacked by the US, and it could mean what it says.

Trump himself threatens to bomb North Korea's nuclear facilities. With two leaders being so unpredictable, we might unbelievably be on a verge of a nuclear war.

As the Financial Times' commentator Gideon Rachman remarked, there is the danger that Trump has concluded that military action is the key to the "winning" image he promised his voters.

"There are members of the president's inner circle who do indeed believe that the Trump administration is seriously contemplating a 'first strike' on North Korea. But if Kim Jong Un has drawn the same conclusion, he may reach for the nuclear trigger first."

The New York Times columnist Nicholas Kristof says the most frightening nightmare is of Trump blundering into a new Korean war. It could happen when Trump destroys a test missile that North Korea is about to launch, and the country might respond by firing artillery at Seoul (population: 25 million).

He cites Gen. Gary Luck, a former commander of American forces in South Korea, as estimating that a new Korean war could cause one million casualties and \$1 trillion in damage.

Let us all hope and pray that this nightmare scenario does not become reality.

This may be the most unfortunate trend of the Trump presidency. Far from the expectation that he would retreat from being the world policeman and turn inward to work for "America First", the new President may find that fighting wars or at least unleashing missiles and bombs in third world countries may "make America great again".

This may be easier than winning domestic battles like replacing former President Obama's health care policy or banning visitors or refugees from seven Muslim-majority countries, an order that has been countered by the courts.

But the message that people from certain groups or countries are not welcome in the US is having effect: recent reports indicate a decline in tourism and foreign student applications

to the US.

Another flip-flop was on NATO. Trump condemned it for being obsolete, but recently hailed it for being “no longer obsolete”, to his Western allies’ great relief.

Another note-worthy but welcome about-turn was when the US President conceded that China is after all not a currency manipulator. On the campaign trail, he had vowed to name China such a manipulator on day 1 of his presidency, to be followed up with imposing a 45% tariff on Chinese products.

Trump continues to be obsessed by the US trade deficit, and to him China is the main culprit, with a \$347 billion trade surplus versus the US.

The US-China summit in Florida on 7-8 April cooled relations between the two big powers. “I believe lots of very potentially bad problems will be going away,” Trump said at the summit’s end.

The two countries agreed to a proposal by Chinese President Xi Jinping to have a 100-day plan to increase US exports to China and reduce the US trade deficit.

For the time being the much anticipated US-China trade war is off the radar. But it is by no means off altogether.

Trump has asked his Commerce Secretary Wilbur Ross to prepare a report within 90 days on the US’ bilateral trade deficits with its trading partners, and whether any of them is caused by dumping, cheating, subsidies, free trade agreements, currency misalignment and even unfair WTO rules.

Once Trump has the analysis, he will be able to take action to correct any anomalies, said Ross.

We can thus expect the Trump administration to have a blueprint on how to deal with each country with a significant trade surplus with the US.

If carried out, this would be an unprecedented exercise by an economic super-power to pressurise and intimidate its trade partners to curb their exports to and expand their imports from the US, or else face action.

During the 100-day period, Trump did not carry out his threats to impose extra tariffs on Mexico and China. He did fulfil his promise to pull the US out of the TPPA but he has yet to show seriousness about revamping NAFTA.

A threat to the trade system could come from a tax reform bill being prepared by Republican Congress leaders. The original paper contains a “trade adjustment” system with the effect of taxing US imports by 20% while exempting US exports from corporate tax.

If such a bill is passed, we can expect a torrent of criticism from the rest of the world, many cases against the US at the WTO and retaliatory action by several countries. Due to opposition from several business sectors in the US, it is possible that this trade-adjustment aspect could eventually be dropped or at least modified considerably.

In any case, as the new US trade policy finds its shape, the first 100 days of Trump has spread a cold protectionist wind around the world.

On another issue, the icy winds have quickly turned into action, and caused international consternation.

Trump has moved to shred Obama’s climate change policy. He proposed to cut the budget of the Environmental Protection Agency (EPA) by 31% and eliminate climate change research and prevention programmes throughout the federal government.

The EPA, now led by a climate change skeptic, was ordered to revise its standards on tailpipe pollution from vehicles and review the Clean Power Plan, which was the centrepiece of Obama’s policy to reduce carbon dioxide emissions.

The plan would have shut down hundreds of coal-fired power plants, stop new coal plants and replace them with wind and solar farms.

“The policy reversals also signal that Mr Trump has no intention of following through on Mr Obama’s formal pledges under the Paris accord,” said Coral Davenport in the New York Times.

Under the Paris agreement, the US pledged to reduce its greenhouse gases by about 26%

from 2005 levels by 2025. “That can be achieved only if the US not only implements the Clean Power Plan and tailpipe pollution rules but also tightens them or adds more policies in future years,” says Davenport.

She quotes Mario Molina, a Nobel prize-winning scientist from Mexico, as saying: “The message clearly is, we won’t do what the United States has promised to do...They don’t believe climate change is serious. It is shocking to see such a degree of ignorance from the US.”

Will the US pull out of the Paris Agreement? An internal debate is reportedly taking place within the administration. If the country cannot meet and has no intention of meeting its Paris pledge, then it may find a convenient excuse to leave.

Even if it stays on, the new US delegation can be expected to discourage or stop other countries from moving ahead with new measures and actions.

There is widespread dismay about Trump’s intention to stop honouring the US pledge to contribute \$3 billion initially to the Green Climate Fund, which assists developing countries take climate actions.

Obama had transferred the first billion, but there will be no more forthcoming from the Trump administration unless Congress over-rides the President (which is very unlikely).

Another adverse development, especially for developing countries, is Trump’s intention to downgrade the importance of international and development cooperation.

In March Trump announced his proposed budget with a big cut of 28% or \$10.9 billion for the UN and other international organisations, the State Department and the US agency for international development, while by contrast the proposed military budget was increased by \$54 billion.

At about the same time, the UN humanitarian chief Stephen O’Brien urgently requested a big injection of donor funds to address the worst global humanitarian crisis since the end of the second world war, with drought affecting 38 million people in 17 African countries.

The US has for long been a leading contributor to humanitarian programmes such as the World Food program. In future, other countries will have to provide a greater share of

disaster assistance, said Secretary of State Rex Tillerson.

“The US is turning inward at a time when we are facing these unprecedented crises that require increasing US assistance,” according to Bernice Romero of Save the Children, as quoted in the Los Angeles Times. “In 2016 the US contributed \$6.4 billion in humanitarian assistance, the largest in the world. Cutting its funding at a time of looming famine and the world’s largest displacement crisis since World War II is really unconscionable and could really have devastating consequences.”

Trump also proposed to cut the US contribution to the UN budget by an as yet unknown amount and pay at most 25% of UN peacekeeping costs. The US has been paying 22% of the UN’s core budget of \$5.4 billion and 28.5% of the UN peacekeeping budget of \$7.9 billion. Trump also proposed a cut of \$650 million over three years to the World Bank and other multilateral development banks.

The foreign affairs community in the US itself is shocked by the short-sightedness of the Trump measures and 121 retired US generals and admirals urged Congress to fully fund diplomacy and foreign aid as these were critical to preventing conflict.

The proposed Trump budget will likely be challenged at the Congress which has many supporters for both diplomacy and humanitarian concerns. We will have to wait to see the final outcome.

Nevertheless the intention of the President and his administration is clear and depressing. And instead of other countries stepping in to make up for the United States’ decrease in aid, some may be tempted to likewise reduce their contributions.

For example, the United Kingdom’s Prime Minister Theresa May in answer to journalists’ questions refused to confirm that the UK would continue its tradition of providing 0.7% of GNP as foreign aid.

This has led the billionaire and philanthropist Bill Gates to warn that a cut in UK aid, which currently is at 12 billion pounds, would mean more lives lost in Africa.

Besides the reduction in funding, the Trump foreign policy approach is also dampening the spirit and substance of international cooperation.

For example, the President's sceptical attitude towards global cooperation on climate change will adversely affect the overall global efforts to reduce greenhouse gas emissions and build resilience to global warming.

With one of the world's largest emitters of greenhouse gases becoming a disbeliever that climate change is man-made and could devastate the Earth, and no longer committing to take action domestically and helping others to do so, other countries may be tempted or encouraged to do likewise.

The world would be deprived of the cooperation it urgently requires to save itself from catastrophic global warming.

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