



Trump and Europe: The sun sets on the West

by Ian Bond

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Donald Trump's election will strain the transatlantic partnership. Populism in Europe and the US will threaten post-Cold War security and prosperity. Europe will need to work with Trump and to hedge against risks.

Donald Trump has achieved a stunning victory in America's presidential election in the teeth of pollsters, the Democratic Party and much of the Republican establishment. He may put America first, but the 'leader of the free world' (if he aspires to live up to the title) will have a potentially enormous impact on Europe (and the rest of the world) as well.

Trump's foreign policy statements have often been incoherent, but there are a number of recurrent themes. They are not reassuring for America's allies. The international liberal economic order has relied on partnership between America, the EU and Asia-Pacific countries like Japan and Australia. Even if President Obama wanted other countries and international organisations to take on more responsibility for global problems, America has long seen its engagement with the world as win-win. Trump, like Russian President Vladimir Putin, sees relationships with foreign countries as zero sum. Trump's statements during the campaign have implied that if America's allies – or economic rivals like China – benefit from their relationship with the US, then America must be losing out. That is a bad basis for future partnership.

On the security front, Trump has repeatedly suggested that America's defence of its allies in Europe and Asia is for their benefit, not America's, and that they should therefore pay for the protection the US offers. He has suggested that he would look at getting rid of NATO (though on other occasions he has said that the US should not pull out). NATO countries should certainly invest more in their own defence; but the essence of the alliance is that the threats members face are shared and that they need a joint response. Trump caused shudders in Europe (especially Central Europe and the Baltic States) when he implied that he would decide whether NATO allies were contributing enough to their own defence before responding if one of them was attacked; one of his campaign surrogates, former Speaker of the House of Representatives Newt Gingrich, described Estonia, a NATO ally, as "in the suburbs of St Petersburg", and questioned whether the US should risk nuclear war to defend it. Russia's Duma (lower house of parliament) burst into applause at the news of Trump's victory: they think it is also a victory for Russia.

Beyond Europe, Trump has suggested that the US should no longer defend Japan and South Korea against North Korea, and that he would be relaxed if Tokyo and Seoul developed their own nuclear weapons. Were he to act on these campaign comments, the security of the Asia-Pacific region would be deeply destabilised; the last thing Asia needs is the emergence of a raft of new nuclear-armed and mutually hostile states, with no stabilising influence from the US.

In the economic sphere, Trump has been consistently anti-free trade. Any hope that the Trans-Pacific Partnership negotiated by President Obama would be ratified before Trump takes office now seems dead; and Trump would either kill it, or at least seek to renegotiate it fundamentally. Trump is also hostile to the North American Free Trade Agreement (NAFTA) with Canada and Mexico. NAFTA has helped to integrate the US, Canadian and Mexican economies, and has contributed to their economic growth, but Trump blames it for also causing job losses in US manufacturing.

For Europeans, one important trade issue is what Trump will do with the Transatlantic Trade and Investment Partnership (TTIP), under negotiation since 2013. Trump has not explicitly targeted it, but he seems to believe that free trade agreements are generally to the disadvantage of the US. There is already serious opposition to TTIP in Europe from civil society groups and others. It will be very difficult, if not impossible, to negotiate TTIP with a Trump administration. Trump may either seek additional benefits for the US – a no-go for the EU – or simply adopt a more protectionist approach towards trade in general. Either way TTIP will be dead, striking a serious blow to Western hopes of shaping global trade rules for the 21st century.

Moreover, Trump has repeatedly threatened to deal harshly with what he sees as unfair competition from China. One of the great economic and political shifts of the last four decades has been China's growing economic integration with the rest of the world. Certainly the rise of China has not been without its problems, and there are many in America who worry about the implications of Chinese assertiveness. But there can be few strategies more dangerous to global economic and political stability than a US trade war directed at China, threatening China's own prosperity and internal stability. And in a world of integrated global value chains the EU could easily find itself facing a choice between its traditional partnership with the US and China, one of the most promising sources of global growth and investment for Europe.

What should European leaders do now? First, however much Trump's campaign has worried them, they need to build bridges to him. In his victory speech, Trump promised that while he would put America first, he would deal fairly with all, seeking common ground and partnership. For all the differences between European countries, they need to agree on a united approach, to stress to Trump and those he nominates to positions like Secretary of State and Secretary of Defence that America's partnerships are of mutual benefit. It would be disastrous for Europeans to start a beauty contest, with individual leaders vying to show that they are on Trump's side while others are not to be trusted. The risks are there: populist and nationalist leaders, including Nigel Farage in the UK, Marine Le Pen in France and Prime Minister Viktor Orbán in Hungary, have been open in their backing for Trump. EU leaders, especially Angela Merkel but in due course the next French president (unless it is Le Pen) will have to provide stability and focus in European policy making.

Second, however, Europe needs mitigation strategies, in case Trump meant what he said during the campaign. Regardless of who won the election, Europeans would have been under pressure from the

incoming US administration to step up their defence spending and contribute more to international security. It is now essential to do this. The UK, which has consistently opposed EU defence co-operation and sought to channel everything defence-related into NATO, needs to shift, at least to a position of benign neutrality, and ideally to support for efforts to make Europe able to defend itself even if the US chooses not to turn up. Putin has been one of the main winners from Trump's election, having worked assiduously to damage Hillary Clinton. Trump's unhealthy admiration for Putin as a leader has worrying implications for the political health of the US, but also for vulnerable US allies in Europe.

The EU needs to build on the Global Strategy adopted in June, to define clearly what its interests are and how it can defend them. Where it can, it should continue to work with the US. But if a Trump administration decides (for example) that nuclear non-proliferation is no longer a US goal, then the EU will need both to part company with Washington and to ensure that it has the diplomatic, economic, security and intelligence tools to constrain and ideally prevent proliferation. If Trump denounces the agreement on Iran's nuclear programme, as he has said he would, then the EU will still need to work with Russia and China to try to prevent Iran rushing to develop a bomb.

Economically, if the EU can no longer rely on the US and global trade as growth engines, it will have to find other, domestic sources of growth. Fiscal orthodoxy will have to be replaced by investment in infrastructure and innovation, as well as in skills and training for those left behind by change. Ideally, the EU should pursue ambitious programmes to deepen the European single market in services and capital to drive faster productivity growth. Monetary policy needs to cushion any weakening of demand brought on by the increased political uncertainty, if necessary with more aggressive tools than considered so far.

Other important areas of EU policy will also be threatened. Trump believes that climate change is a hoax, and the majority of Congressional Republicans seem to agree with him. That makes combating global warming a serious problem. The EU needs to talk urgently to other major emitters of greenhouse gases, particularly China, to see how something can be salvaged, even if the US goes back on the progress made under Obama.

For the UK, the implications of Trump's victory are unclear. He supports Brexit, and has had Nigel Farage as an adviser. Trump's advisers have suggested that he would favour a trade agreement with the UK (though presumably he would want it to be tilted in favour of the US – naturally enough, given the relative sizes of the two markets). But it is hard to see how the UK's interest in European security and countering the Russian threat, or its need to counter both domestic and foreign terrorism, would be served by Trump's policies. If America concluded that Eastern Europe was a legitimate sphere of influence for Russia, and that the best way to fight terrorism was a combination of anti-Muslim discrimination, torture and extreme violence in the Middle East, those policies would damage UK interests. The UK would have to adopt policies clearly distinct from those of the US.

In terms of Brexit, the UK should focus on leaving the EU with the minimum damage to its relations with its European partners. That argues for minimising its demands and trying to achieve a quick agreement. Any illusion that some combination of the US and the Commonwealth would be a workable alternative to partnerships within the EU should have been dispelled by May's visit to India and Trump's victory (though some on the right wing of the Conservative Party may urge the UK to adopt anti-immigration and counter-terrorism policies more like Trump's).

If the UK is not to take a big economic hit, it needs to stay inside the single market. It should therefore look for the best fig leaf it can find for conceding to the EU on free movement; it should not make cutting EU migration its top priority, and then try to salvage what it can of its market access. And it needs to step up its reassurance to allies and partners that it sees British security and European security as indivisible. The UK has already increased its planned contributions to NATO forces in Central Europe as a way of showing that it is not turning its back on allies and partners; it needs to redouble its efforts, and to encourage others to do likewise.

Trump's election is a watershed moment for 'The West' as it has existed since the end of the Second World War. The American population has voted for a man who has shown no attachment to the ideals of democracy, free trade or the rule of law that (to varying degrees) motivated his predecessors from Franklin Roosevelt to Barack Obama. It may in the end be possible to work with him and to protect the essence of the post-war international order. But 2016 has been a year when Western voters decided that they wanted to try something different; all the signs are that it will be something worse.

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