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Trump's Brave New World

特朗普的勇敢新世界

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After more than a year in office US president Trump's antics are keeping everybody – from politicians over journalists to scientists – on edge. It is undeniable that he is indeed creating a new world order. Rules that everybody had come to accept as God-given are suddenly challenged.

However, while enjoying his presumed success Trump is actually and unwittingly building a world where the US are not at all “great again” but simply obsolete. Trump is subject to a mistake that sounds like semantic hairsplitting but could not be of greater relevance. Trump seems to believe that the influence of the US is built on its (military and economic) prowess. Yet, what the US role is truly founded on is the trust in this prowess and how the US is going to use it. Exploiting the US power to gain the upper hand in negotiations with both competitors and the US' closest allies is undermining that trust.

This becomes obvious when looking at the two main demands that Trump is asking from his allies, a reduction of the trade deficit and an increase in military spending.

在就任美国总统这一年多时间里，特朗普古怪的行为模式一直困扰着政治家、记者甚至科学家。他正在运用这种方式建立一个新的世界秩序，那些曾经被习以为常的世界准则正面临突如其来地挑战。

但是，特朗普目前多方位的胜利并没有让美国再次繁荣，而是更加颓废衰弱。他犯下了一个严重的错误，认为美国的影响力是建立在其军事和经济的强大优势上的。然而，美国的地位其实源自世界对其力量和使用力量的信任。利用美国的优势在与敌人和盟友的谈判中攫取利益正在损害这种信任关系。

这在特朗普对其主要盟友的两项主要要求上表现得淋漓尽致：降低贸易赤字与增加北约军费开支。



Makram El-Shagi



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There are two major theories why the US has a large trade deficit, and neither of them is in line with Trump's interpretation of the US as "loser" in previous trade deals. The probably most prominent one is that the trade deficit is merely the counterweight to the role of the US as the world's primary reserve currency. While the quickly growing emerging markets increase their money supply and therefore their foreign reserves they keep lending money to the United States which the United States can use to purchase goods in those countries. What makes this relationship so unique to other consumption (or investment for that matter) that is financed with foreign credit is that a) reserves are usually held in almost risk free and thus low interest rate assets, and b) that they are not meant to be reduced. In other words, the US trade deficit is partly financed through an extremely cheap loan that (if things go well) will not have to be repaid. While getting "free stuff" from emerging markets does indeed create competition of some selected sectors in the US economy, it is hardly reason to whine. In particular, since the US economy has adjusted to this environment over the years, the current problems in the rust belt cannot be attributed to that issue. The other, slightly less well-known explanation has most prominently been put forward by the ingenious Helene Rey from LBS. She argues that the US current account deficit is partly an accounting error driven by the fact that the US function as "bank" for the world. While receiving highly liquid capital inflows (such as portfolio investment in T-bills) the US account for a huge share of global foreign investment (which is clearly less liquid). When not repatriated, the capital gains from this investment is often not properly accounted for, thus creating the illusion of a massive deficit. In other words, the seeming deficit is mostly the outcome of the huge global influence of the US.

While both of those issues probably only explain parts of the US trade deficit, it makes clear that Trump's aggressive attempts to reduce the current account deficit are indeed fighting against America's interest. Ironically, his largest contribution might – in the long run – not come from his trade policy but from his very nature, i.e. his erratic and unreliable policy style. The reason that the US are the main reserve currency is that

美国庞大的贸易赤字主要有两个原因，但是其中任何一个不可能使美国成为国际贸易的输家。最著名的原因可能是美元的国际储备货币地位。新兴经济体的快速增长需要增加货币供应量，这就形成了他们对美元这种储备货币的需求，并通过对美国放贷保持美国对新兴经济体的巨大需求。这种经济关系具有两个重要特点：一方面，美元外汇储备通常以无风险或者低利率的资产形式存在；第二，外汇储备一般不该被降低。换句话说，美国的贸易赤字是被低廉的外国债务支持的。当新兴市场的廉价信贷没有对美国的优势行业构成威胁的时候，美国只是乐见其成。美国其实已经过渡到这种经济模式很多年了，与美国锈带地区的经济衰退关系不大。另一方面，伦敦商学院的 Helene Rey 指出，美国现在的贸易逆差只不过是一种统计核算的误差表现。美国看成世界的银行，接受来自全球的低利息高流动资产，美国的外国投资占了世界的大部分。从这些低廉的投资资本获取的收益是没有被合理核算的，因此造成了大量赤字的错觉。换句话说，大量的贸易赤字是美国全球影响力的结果。

上述两个解释虽然不能完美地解释美国的贸易赤字问题，但是他们至少可以说明特朗普降低贸易赤字的措施是有悖于美国自身利益的。非常具有讽刺意味的是，特朗普在长期中的最大贡献可能不是贸易政策，而是他行为方式本身，即离奇的不可靠的政策方式。美元的国际储备货币地位是建立在国际社会对其认可的前提下的，世界认为美元资产很安全。从短期的经济形势来看，美元确实是不可替代的，但是在长期中很多货币已经开始进入人们的视野，包括欧元和人民币，虽然我们是在谈论一个可能要花费几十

investors all over the US trust in the US as a hoard of stability, which makes US dollars a prime asset to hold for central banks. Of course, given the economic relevance of the US it is unconceivable that this will change in the short run. But many currencies are being brought into position against the dollar hegemony (including the Euro and the RMB). While we are talking about a process that might take decades here, Trump's policy has definitely been a blow for trust in the USD.

One – although admittedly slightly speculative – indicator of this change is that the US dollar did not respond strongly to the US leaving the Iran deal. Traditionally, increasing unrest in the world – in particular in the Middle East – has been a surefire predictor of a USD appreciation due to the investors' flight into safety, even if the US were involved. This time, however, the US announcement was followed by a slight depreciation (that was only ended when the new Italian government put some pressure on the Euro).

The second big concern of Trump is that "his" NATO partners increase military spending. His motivation seems to be based on a whole range of misconceptions, mostly that the low military spending of the US allies is costly to the US and that therefore those countries "owe the US money". This is not only false in a legal sense (the obligation to meet certain requirements in military spending does not constitute a debt towards the US), but indeed the US benefit from the low spending.

The capability of the US to make decisions more or less unilaterally ultimately hinges on exactly this imbalance in spending. With his focus on increasing military spending, Trump is obviously not eyeing for the possibility to reduce the size of the US military. If there is any savings potential, it would be reduced spending on global operations where the allies pitch in more strongly than before. However, this seems unlikely. The lack of contributions to recent US military activity was not the lack of resources but the lacking conviction that those were worthy endeavors that are well savored by domestic voters. With a track record of failure (unless destabilizing the Middle East is considered a war goal), contributing to US missions abroad is not exactly appealing. There

年时间的过程，但是将来回首历史，特朗普的政策不确定性绝对是对美元地位的一次重大打击。

一个重要的表现是美国退出伊核协议并没有引起美元的剧烈升值，因为当时世界遭遇不确定因素时，避险因素会使美元升值，这次美元居然在美国正式宣布之后经历了一个小小的贬值过程。

另一个关于特朗普的顾虑就是他要求北约盟国增加军费开支。他的动机是建立在一系列的错误概念上，最重要的一条就是盟国低军费开支对美国是有害的，因此这些国家都欠美国的钱。这不仅在法律上是个错误，没有满足条约的要求并不能直接形成债务，而且美国实际上是从既成事实上获得实际收益了的。

美国在北约内部的决策地位是建立在其份额的开支上的。当美国还在聚焦增加军费的同时，特朗普行为的目标显然不是为了降低美国军队的规模。如果军费有任何的节省的潜力，那一定在美国盟友能够帮助他更多的地方。美国军事行动的匮乏不是因为缺少资金，而是因为缺少说服国内选民的正当理由。根据美国过去的记录，海外军事行动对选民越来越没有吸引力了。欧洲也不太支持美国近几次的海外军事行动。目前，支持特朗普的海外军事行动在欧洲简直就是一场政治自杀行为。

因此，欧洲支持增加军费的声音主要来自于特朗普的批评者也就不稀奇了。他们想要得到的不是对美国军事力量的支持，而是从美国的庇护下恢复自由。特朗普将军事保护加上表现好的条件损害了美国的利益的。欧洲可能会增加军费，但是相应地欧洲会失

was no majority in most European countries to support previous US presidents in their military endeavors and going to war at the side of Trump would literally be political suicide for most European leaders in all but exceptional circumstances.

So it comes at no surprise that those voices who support increased military spending in Europe, are those who belong to the staunchest critics of Trump. The idea is not to build a stronger military to provide more support for the US but to gain independence from the US. Trump's threat to condition military support on "good behavior" might well backfire. Yes, Europe might increase military spending, but in consequence it will also lose the incentive to provide at least token support to the US military to demonstrate gratitude and "buy" continued protection.

Phyrus of Epirus is famously remembered for the quote "*one other such victory would utterly undo me*" after defeating the Roman army in the battle of Asculum while suffering massive casualties. Trump might well be achieving Phyrrean victories as well. But contrary to the historic king, he is not even aware of the costs he pays for his victories.

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去动力去支持美国的军事力量，继续慷慨花钱购买美国的保护。

摩洛哥希亚国王皮洛士在阿斯库鲁姆战役经历大规模伤亡击败罗马军团后说过，再来一个这样的胜利会将我毁掉。特朗普现在的胜利看上去与皮洛士一样，但是和这位声名显赫的国王不同，特朗普似乎没有意识到他为眼前胜利所付出的代价。

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