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America and the World—The Effects of the Trump Presidency

## *Donald Trump and the Return of Relative Gains: Should We Rethink the Neo-Neo Synthesis?*

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“It’s the economy, stupid!” While this phrase was initially coined by Democratic Party nominee Bill Clinton’s campaign to emphasize the importance of a struggling domestic US economy in the presidential race of the early 1990s, today, it appears applicable to the international realm as well.<sup>1</sup> For several decades, IR scholars have drawn a separation between the economic and security realms. Concretely, the established “neo-neo synthesis” in IR literature posits that whereas considerations about relative gains characterize the security relations between states, the prospect for absolute gains informs economic interactions.<sup>2</sup> Recent developments in international politics, however, are putting in question the continued relevance of the neo-neo synthesis in thinking about statecraft. China’s growing economy, for instance, was long viewed through the lens of economic opportunity by American policymakers. Today, in contrast, China’s economic rise is increasingly seen by Washington as a threat to (American) firms, workers, and consumers.<sup>3</sup> In a similar vein, narratives about weaponized interdependence – the practice of “leveraging global networks of informational and financial exchange for strategic advantage” – are becoming increasingly popular.<sup>4</sup> More fundamentally, policymakers and pundits have raised questions about the orthodoxies of “win-win globalization,” and the underlying assumption that increased economic interdependence promotes “peace and cooperation by increasing the cost of conflict between states.”<sup>5</sup>

Much of the above has been discussed under the banner of a return of geo-economics, or the pursuit of political influence through economic deals and interactions.<sup>6</sup> A 2015 report of the World Economic Forum, for instance, spoke of “the rise of geo-economics” as “both the antithesis and the greatest triumph of economic globalization.”<sup>7</sup> In a similar vein, a 2019 report of the European Parliament

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<sup>1</sup> Edward Luce, “US Democrats Should Remember, It’s the Economy, Stupid,” *Financial Times*, 27 March 2019, <https://www.ft.com/content/b8c4f7c8-5070-11e9-9c76-bf4a0cc37d49>.

<sup>2</sup> Michael Mastaduno, “Economics and Security in Statecraft and Scholarship,” *International Organization* 52:4 (Autumn 1998): 825-854; Ole Waever, “The Rise and Fall of the Inter-Paradigm Debate,” in Steve Smith, Ken Booth, and Marysia Zalewski, eds. *International Theory: Positivism and Beyond* (Cambridge: Cambridge University Press, 1996): 163-164.

<sup>3</sup> Joseph Nye, “Power and Interdependence with China,” *The Washington Quarterly* 43:1 (2020): 7-21, DOI: <https://doi.org/10.1080/0163660X.2020.1734303>.

<sup>4</sup> Henry Farrell and Abraham Newman, “Weaponized interdependence: How global economic networks shape state coercion,” *International Security* 44:1 (2019): 42-79.

<sup>5</sup> Anthea Roberts, Henrique Chroer Moraes and Victor Ferguson, “Goeconomics: The Variable Relationship between Economics and Security,” *Lawfare* (blog), 27 November 2018, <https://www.lawfareblog.com/geoeconomics-variable-relationship-between-economics-and-security>.

<sup>6</sup> Mikael Wigell, Sören Scholvin and Mika Aaltola, *Geo-Economics and Power Politics in the 21<sup>st</sup> Century: The Revival of Economic Statecraft* (Abington: Routledge, 2018).

<sup>7</sup> World Economic Forum, *Geo-economics: Seven Challenges to Globalization* (Geneva: World Economic Forum, 2015).

argued that growing tensions between Washington and Beijing contributed to the “rise of geo-economics as a principle and a practice.”<sup>8</sup> Yet, geo-economics has never really left us. In fact, inspired by a liberal focus on absolute gains, geo-economics and globalization can go together, as is clear from the long-term U.S. policy of promoting free markets and open trade to achieve the United States’ geopolitical objectives.<sup>9</sup> What is new, instead, is that between 2016 and 2020, the world’s most powerful geo-economic actor – the United States – adopted a series of very *different* geo-economic instruments in the pursuit of its national interests. Considerations about relative gains were central to this new approach, and, in fact, may well be the key distinguishing feature of the Trump administration’s foreign policy approach.<sup>10</sup>

Donald Trump has often been described as a person who defied conventional wisdom on nearly every level. Observers have taken note of his uncommon approach to White House human resource management, his two impeachments, his uncountable off the cuff remarks and tweet storms, and his numerous (alleged) scandals.<sup>11</sup> This essay focuses on the former President’s unconventional views on the relationship between security and economics in U.S. foreign policy, and his preoccupation with relative gains more specifically. The 2017 National Security Strategy and the 2018 National Defense Strategy are infused with references to the relevance of relative gains, as are Trump’s own long-standing complaints that other countries took advantage of the United States. The Trump administration’s depiction of great-power competition as the overarching theme of U.S. grand strategy also highlights the importance of the relative position of the U.S. vis-à-vis others.<sup>12</sup> Against this background, this essay makes the case for scholars to reassess the neo-neo synthesis. Surely, Trump may turn out to be an aberration on many fronts. Nonetheless, his preoccupation with relative gains in both security and economics does raise the need for IR scholars to start thinking more thoroughly about the link between economic policy and national security.

When entering office, the Trump administration’s starting point was relatively straightforward: By 2016, the United States was no longer the winner of the process of globalization and order-building that it had pushed forward for many years.<sup>13</sup> Instead, the U.S. approach to international affairs – on everything from trade and development, military deployments and readiness, and all the way to relations with allies – had to be reassessed based on the assumption that the world is a dangerous and competitive place.<sup>14</sup> Indeed, whether Trump was discussing trade, military affairs, immigration or real estate, he spoke of life as a “succession of deals” where there can only be one clear

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<sup>8</sup> European Parliament, *Free Trade or Geo-Economics? Trends in World Trade* (Brussels: European Parliament, 2019).

<sup>9</sup> Liviu Horovitz and Elias Götz, “The Overlooked Importance of Economics: Why the Bush Administration wanted NATO Enlargement,” *Journal of Strategic Studies* 43:6-7 (2020): 847-868, DOI: <https://doi.org/10.1080/01402390.2020.1819799>; John Ikenberry, *After Victory: Institutions, Strategic Restraint and the Rebuilding of Order after Major Wars* (Princeton: Princeton University Press, 2019).

<sup>10</sup> This essay does not make any claims about the potential role of relative gains considerations in the statecraft of states beyond the United States.

<sup>11</sup> Colin Kahl and Hal Brands, “Trump’s Grand Strategic Train Wreck,” *Foreign Policy* 30 (January 2017), <https://foreignpolicy.com/2017/01/31/trumps-grand-strategic-train-wreck/>.

<sup>12</sup> The White House, *National Security Strategy of the United States of America* (Washington, D.C.: Office of the United States President, 2017); Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America* (Washington, D.C.: United States Department of Defense, 2018).

<sup>13</sup> Nicolas Gnesotto, “Etats-Unis/Europe: L’heure de la rupture,” *Revue Defense Nationale* 6 (2020): 45-50.

<sup>14</sup> Michael Anton, “The Flight 93 Election,” *The Claremont Review of Books*, 5 September 2016, <https://claremontreviewofbooks.com/digital/the-flight-93-election/>.

winner.<sup>15</sup> “You hear lots of people say that a great deal is where both sides win,” Trump wrote in 2007, “That is a bunch of crap. In a great deal you win – not the other side. You crush the opponent and come away with something better for yourself.”<sup>16</sup>

Trump’s relative gains thinking is important not so much because it put America first, but rather because it impacted the way the United States sought to do so. Indeed, U.S. leaders have always put the U.S. national interest first, just as the leaders of other countries have put their countries’ interests first. U.S. presidents have always mobilized a combination of military, diplomatic, and economic means to achieve the national interest. The Marshall Plan, for instance, “promoted economic as well as political recovery in Western Europe and strengthened military alliances against the Soviet Union.”<sup>17</sup> In combining such different elements of statecraft, however, U.S. foreign policy has long reflected the neo-neo synthesis, even if different presidents have done so in their own style and with different emphases (and with some occasional exceptions to this synthesis).<sup>18</sup> Building upon the logic of neorealism, U.S. policymakers have approached security relations through a *relative* gains lens. The United States’ long-standing suspicion of a European Union-centric exclusive approach toward defense policy is a good illustration of this dynamic, for that would constrain U.S. leverage over its European allies’ strategic direction.<sup>19</sup> When it comes to economic relations, in contrast, they adopted a more traditional “economic mindset” in which the key goal was to maximize *absolute* economic gains by increasing the efficiency of one’s economy.<sup>20</sup> Thus, following Robert Keohane’s 1984 observation, U.S. leaders generally considered it “justifiable to focus principally on the political economy of the advanced industrial states without continually taking into account the politics of international security.”<sup>21</sup> Once again, U.S. foreign policy in Europe offers a useful example. After all, American policymakers have long encouraged European economic integration since they considered a large and open European market important for the preservation of the economic prosperity of the United States.<sup>22</sup>

What makes Trump unconventional, therefore, is not his use of economic leverage to advance U.S. interests. Rather, it is his rejection of an open-world economy and the promotion of free trade as the most appropriate means to safeguard U.S. security and prosperity. Put differently, the Trump administration broke with the one-on-one relationship between IR scholarship and actual U.S. statecraft. Instead, Trump spoke of himself as a “tariff man” and he repeatedly argued that trade wars are beneficial and easy to win.<sup>23</sup> In economics, Trump’s policies have often been linked to different forms of mercantilism, an economic system in which one country benefits at the expense of another by running a trade surplus.<sup>24</sup> In 2011, for example, Trump stated that “roughly every seven years, the Chinese economy doubles in

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<sup>15</sup> Dylan Matthews, “Zero-Sum Trump: What You Learn from Reading 12 of Donald Trump’s Books,” 19 January 2017, <https://www.vox.com/a/donald-trump-books>; Donald Trump, *The America We Deserve* (Los Angeles: Renaissance Books, 2000); Donald Trump and Charles Leerhsen, *Trump: Surviving at the Top* (New York: Random House, 1990); Donald Trump and Tony Schwartz, *Trump: The Art of the Deal* (New York: Ballantine Books, 1987).

<sup>16</sup> Donald Trump and Bill Zanker, *Think Big and Kick Ass in Business and Life* (New York: Harper Collins, 2007).

<sup>17</sup> Elisabeth Winter, “Transatlantic Trade – The Emergence of an EU Geoeconomic Strategy?,” *German Marshall Fund Transatlantic Take*, 29 July 2019, <https://www.gmfus.org/blog/2019/07/29/transatlantic-trade-emergence-eu-geoeconomic-strategy>; Melvyn Leffler, *A Preponderance of Power: National Security, the Truman Administration, and the Cold War* (Stanford: Stanford University Press, 1992).

<sup>18</sup> Waever, “The Rise and Fall of the Inter-Paradigm Debate.”

<sup>19</sup> Luis Simon, Linde Desmaele, and Jordan Becker, “Europe as a Secondary Theater? Competition with China and the Future of America’s European Strategy,” *Strategic Studies Quarterly* 15:1 (2021): 90-115.

<sup>20</sup> Roberts et al., “Geoeconomics: The Variable Relationship between Economics and Security.”

<sup>21</sup> Robert Keohane, *After Hegemony* (Princeton: Princeton University Press, 1984): 137.

<sup>22</sup> Horowitz and Götz, “The Overlooked Importance of Economics.”

<sup>23</sup> Jean-Christophe Bouche and Cameron G. Thies, “I Am a Tariff Man: The Power of Populist Foreign Policy Rhetoric under President Trump,” *The Journal of Politics* 81:2 (2019): 712-722.

<sup>24</sup> Marcus Noland, “US Trade Policy in the Trump Administration,” *Asian Economic Policy Review* 13:2 (2018): 262-278; Joel Hillison, “The Potential and Pitfalls of a Zero-Sum Grand Strategy,” *Orbis* 63:2 (2019): 240-257.

size. That's a tremendous economic achievement, and it's also why they clean our clocks year in and year out on trade."<sup>25</sup> More strikingly, he was very concerned about the EU's trade surplus vis-à-vis the United States, and especially Germany's role therein. He also signaled to South Korea that the U.S. might withdraw its forces from the Peninsula if Seoul did not give way on trade. He further picked fights with Japan, Mexico, Canada, Vietnam, and India on the basis of what he called their "unfair" trade practices. He withdrew the United States from the negotiations about the Trans-Pacific Partnership (TPP) since that agreement would allegedly enable other countries to take advantage of the United States and harm US workers.<sup>26</sup> When it comes to the Transatlantic Trade and Investment Partnership (TTIP), the Trump administration did claim that it was open to continue negotiation but only wanted to work toward "a solution which generally increases trade, and reduces our trade deficit."<sup>27</sup> Against this background, Keith Johnson argues that Trump fundamentally viewed trade deficits sort of as a balance sheet of a business, where "more outflows than inflows must be the road to bankruptcy."<sup>28</sup> Such logic dovetails well with neorealism's emphasis on relative gains, and with a worldview that is more concerned with getting a large part of a finite pie than with the potential of enlarging the pie overall.

Trump also deviated from past U.S. practices by explicitly breaking down the barriers between economic gains and security threats in the United States' relationships with allies, where it is generally assumed that military threats are not an issue.<sup>29</sup> While previous U.S. presidents have also used protectionist measures to help specific industries, the Trump administration adopted a much more pro-active and aggressive approach in this respect.<sup>30</sup> When imposing a 15% import tariff on all steel imports and a 10% tariff on all aluminum imports in June 2018, for example, Trump did not invoke the traditional safeguard provisions of the General Agreements on Tariffs and Trade (GATT) as President George W. Bush had done. Instead, Washington based its decisions on article XXI or the "national security clause," thereby suggesting that the countries targeted were threats to U.S. national security. Besides being provocative, reference to article XXI also arguably puts Washington's decision beyond review of any WTO dispute settlement bodies.<sup>31</sup> All of the above (and much more) led observers to warn that Trump was eroding the existing international trade regime.<sup>32</sup> Yet, from Trump's viewpoint, this was precisely the point, for he no longer considered the existing international trade regime to be advantageous for the United States. In other words, Trump was not unique in seeking to use economic leverage to extract concessions in the international realm. Instead, he differed from his predecessors in departing from a policy of trade liberalization to a much more mercantilist zero-sum vision of trade policy.<sup>33</sup> Thus, in line

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<sup>25</sup> Donald Trump, *Time to Get Tough: Make America Great Again* (New York: Simon & Schuster, 2011), 31.

<sup>26</sup> Joseph Stiglitz, "Trump and Globalization," *Journal of Policy Modeling* 40 (2018): 515-528; Adam Taylor, "A Timeline of Trump's Complicated Relationship with the TPP," *Washington Post*, 13 April 2018, <https://www.washingtonpost.com/news/worldviews/wp/2018/04/13/a-timeline-of-trumps-complicated-relationship-with-the-tpp/>; Keith Johnson, "What Trump Really Doesn't Get about Trade," *Foreign Policy*, 24 February 2020, <https://foreignpolicy.com/2020/02/24/trump-trade-war-china-europe-deficit/>.

<sup>27</sup> The Brussels Times, "TTIP: US Open to Resuming Discussions with EU," *Brussels Times*, 31 May 2017, <https://www.brusselstimes.com/news/eu-affairs/42678/ttip-us-open-to-resuming-discussions-with-eu/>.

<sup>28</sup> Johnson, "What Trump Really Doesn't Get about Trade."

<sup>29</sup> Luis Simon, "Neorealism, Security Cooperation, and Europe's Relative Gains Dilemma," *Security Studies* 26:2 (2017): 185-212.

<sup>30</sup> Chad Bown and Douglas Irwin, "Trump's Assault on the Global Trading System and Why Decoupling from China Will Change Everything," *Foreign Affairs* 98:5 (2019): 125-137.

<sup>31</sup> Arvind Panagariya, "By Invoking National Security Clause, Donald Trump Goes for Nuclear Option in Trade War," *The Economic Times*, 22 August 2018, <https://economictimes.indiatimes.com/news/economy/foreign-trade/by-invoking-national-security-clause-donald-trump-goes-for-nuclear-option-in-trade-war/articleshow/65497966.cms>; Elizabeth Becker, "W.T.O. Rules Against U.S. On Steel Tariff," *New York Times*, 27 March 2003, <https://www.nytimes.com/2003/03/27/business/wto-rules-against-us-on-steel-tariff.html>.

<sup>32</sup> Marianne Schneider-Petsinger, "US-EU Trade Relations in the Trump Era: Which Way Forward?" *Chatham House*, 8 March 2019, <https://www.chathamhouse.org/2019/03/us-eu-trade-relations-trump-era>.

<sup>33</sup> Douglas Nelson, "Facing up to Trump Administration Mercantilism: The 2018 WTO Trade Policy Review of the United States," *The World Economy* 42:12 (2019): 3430-3437.

with its claim that “economic security is national security,” the Trump White House approached both domains through a singular relative-gains lens.

Strikingly, Trump also approached issues that are often considered “global interests,” such as climate change, nuclear proliferation, pandemic diseases, and the like from the viewpoint of relative gains.<sup>34</sup> Rather than viewing the solution to such problems as being in the world’s common interest, Trump was more concerned with how they impacted the relative power position of the U.S. vis-à-vis other states. According to Trump, for instance, “the concept of global warming was created by and for the Chinese in order to make US manufacturing non-competitive.”<sup>35</sup> Relatedly, the Trump administration emphasized the importance of U.S. energy dominance as a “doctrine through which US-produced fossil fuels will prevail over all other global energy sources.”<sup>36</sup> He also referred to COVID-19 as the “Chinese virus” and more often than not rejected the possibility of international cooperation to manage the spread of the pandemic as a global community.<sup>37</sup> When discussing nuclear proliferation, Trump similarly argued that the U.S. had “fallen behind on nuclear weapon capacity,” and that “if countries are going to have nukes, we’re going to be at the top of the pack.”<sup>38</sup> This is not to say that previous U.S. administrations adopted radically different stances on the issues outlined above. Nonetheless, Trump distinguished himself by a seeming rejection of any type of positive-sum issue area whatsoever.

While it remains to be seen what consequences the Trump presidency will entail over the long term, his preoccupation with relative gains does raise a couple of critical questions for scholars going forward. For one thing, it is clear that the neo-neo synthesis fails to help explain U.S. economic and security policy under the Trump administration. This creates a need for new theoretical tools to think about Trump’s foreign policy. It also raises the question of whether Trump was the cause or the consequence of this new type of American geo-economics. According to Michael Mastaduno, for example, the U.S. tendency to distinguish economic gains from security gains occurred in part because for many decades it did not view itself as having a “simultaneous economic and strategic competitor.” When thinking of U.S. strategy in the Cold War, Mastaduno notes that “the principal challenger was not an economic challenger, and the principal economic challengers were security allies.” As a consequence, “international economic and security relations seemed to be different games involving different major players.”<sup>39</sup> Following this logic, some observers have linked the increased salience of relative gains considerations in U.S. foreign policy not to Trump but to the erosion of unipolarity and the re-emergence of a more contested international environment.<sup>40</sup>

Does the rise of China as both a strategic and economic (peer) competitor make the neo-neo synthesis obsolete? Perhaps increased trade and investment are not a cause of stability, but a precondition.<sup>41</sup> And what does all of this imply for the U.S. relationships – both in the security and economic realm - with its allies and partners? For now, many observers of U.S. strategy and foreign policy seem to expect a “return-to-normal” under the Biden administration and a “restoration” of the U.S. role in the world pre-Trump.<sup>42</sup> But will such a

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<sup>34</sup> Patrick Steward, *The Sovereignty Wars: Reconciling America with the World* (Washington, D.C.: Brookings Institution Press, 2017).

<sup>35</sup> Edward Wong, “Trump Has Called Climate Change a Chinese Hoax. Beijing Says It Is Anything But,” *New York Times*, 18 November 2016, <https://www.nytimes.com/2016/11/19/world/asia/china-trump-climate-change.html>.

<sup>36</sup> Melissa Powers, “Zero-Sum Climate and Energy Politics under the Trump Administration,” *Environmental Law Reporter* 49:9 (2019): 10870.

<sup>37</sup> Katie Rogets and Apoorva Mandavilli, “Trump Administration Signals Formal Withdrawal from W.H.O.,” *New York Times*, 22 October 2020, <https://www.nytimes.com/2020/07/07/us/politics/coronavirus-trump-who.html>.

<sup>38</sup> Reuters Staff, “Highlights of Reuters Interview with Trump,” *Reuters*, 13 July 2017, <https://www.reuters.com/article/us-usa-trump-interview-highlights-idUSKBN19X34X>.

<sup>39</sup> Mastaduno, “Economics and Security in Statecraft and Scholarship.”

<sup>40</sup> Roberts et al., “Geoeconomics: The variable relationship between economics and security.”

<sup>41</sup> Roberts et al., “Geoeconomics.”

<sup>42</sup> Thomas Wright, “Between restoration and change,” *Brookings Institution*, 1 October 2020, <https://www.brookings.edu/blog/order-from-chaos/2020/10/01/between-restoration-and-change/>.

restoration also imply a renewed embrace of positive sum globalization and free-trade deals between the U.S. and its traditional allies? Of course, it would be unfair to limit any debate about future U.S. foreign policy relative gains considerations alone. Nonetheless, it is true that, so far, many Trump-era tariffs against US allies remain in place, and President Joe Biden's Buy American Act seems to come straight out of the Trump playbook. The jury is still out on what the future will bring, and Biden has been clear on his determination to correct many of Trump's purported mistakes. Yet if the neo-neo synthesis was indeed, even only partly, the product of the U.S. Cold War geopolitical predicament, is it wise to assume its continued validity in a vastly different strategic context? Perhaps it is time to reopen old debates and rethink some established consensuses. After all, IR scholarship does not occur in a vacuum, and whether scholars like to admit it or not, "the international system has a strong impact on the way that IR scholars conduct their business."<sup>43</sup>

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<sup>43</sup> Mastaduno, "Economics and Security in Statecraft and Scholarship."