

## **Trump's trade doctrine: strategic, not protectionist**

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Since returning to the White House on January 20th, Donald Trump has shown no intention of reverting to the free-trade orthodoxy of the 1990s. Instead, his trade doctrine marks a continuation—and likely an escalation—of the structural challenge he launched during his first term against the liberal trade order the United States helped establish after 1945.

Far from advocating isolationism, Trump's approach reframes trade policy as an instrument of geopolitical leverage. This is not a matter of tariffs for tariffs' sake, but a broader recalibration of international obligations. The underlying premise is simple: America should not sustain global stability, military deterrence and open markets while others benefit asymmetrically—both economically and strategically.

At the heart of the doctrine is the dollar. For decades, the greenback's status as the world's reserve currency allowed the U.S. to run persistent current-account deficits without sparking panic. This was considered a small price to pay for global liquidity and American financial leadership. But Trump's advisers—Stephen Miran among them—see it differently. They view the “exorbitant privilege” of the dollar as a structural liability that distorts trade balances, suppresses domestic manufacturing and creates unsustainable debt dynamics. The result: the Triffin dilemma, in which global demand for safe assets compels the U.S. to run deficits that ultimately undermine its own stability.

Trump does not seek to abandon the dollar's central role. But he does want to alter the incentives that underpin the system. The new trade approach would link bilateral deficits to policy response, using differentiated tariffs not merely to protect industries, but to signal strategic dissatisfaction. Countries that maintain closed markets, subsidies exports or manipulate currencies would face targeted pressure.

Critics argue this will lead to higher consumer prices. Yet the 2018-2019 experience tells a more nuanced story: countries like China, heavily reliant on U.S. demand, absorbed much of the cost through currency depreciation. In practice, this gave the U.S. room to pursue import substitution and reconfigure supply chains without triggering runaway inflation.

Central to the plan is the reindustrialization of America—not as nostalgia, but as necessity. Strategic sectors like semiconductors, green technologies and pharmaceuticals are now understood to be as vital as energy was in the 20th century. COVID-19's disruption of supply

chains, particularly those dependent on China, only reinforced this lesson. Manufacturing is not just about jobs; it is about national resilience.

The trade doctrine thus intersects with broader themes of sovereignty and middle-class revival. For decades, globalisation promised cheaper goods. But the social cost was high: wage stagnation, job displacement and growing political discontent. Trump's camp sees trade not as a technical field but as a vehicle for national revival. Their goal is not to retreat from global markets, but to reset the terms of engagement—making reciprocity, not multilateralism, the operative principle.

Such a strategy raises uncomfortable questions. It challenges the assumptions that underpinned postwar economic diplomacy. It blurs the line between economics and security. And it puts allies on notice: partnership comes with a price tag. But in a world of rising multipolarity, the Trump doctrine is unlikely to be dismissed as mere populism. It may prove to be an early draft of the new normal.