

SSG SECURITY STUDIES GROUP

FREEDOM AND FAIR TRADE: AN AMERICAN GRAND STRATEGY



**FREEDOM & FAIR TRADE:
AN AMERICAN GRAND STRATEGY**

EXCERPT--SUMMER 2018

Donald Trump's recent speech to the United Nations lays out an approach to American interests that has not been seen among elite American institutions in some time. While the Security Studies Group claims no credit for the president's speech—which was, as far as we know, written entirely without reflection on our work—the speech does in most respects harmonize with the approach we have been suggesting in our own Grand Strategy. Since the two approaches are so close in form, we thought that it might be helpful to the public discussion to publish our own introduction and moral defense of this approach. The intent of this publication is to show that President Trump's approach, though a significant departure from recent American foreign policy, is defensible both strategically and morally.

INTRODUCTION

This document proposes a grand strategy for the United States. A grand strategy is a whole of government strategy, but it is more than that.

The most famous example of a near-contemporary grand strategy is the Containment strategy originally developed by George Keenan that characterized much of the Cold War. Containment provided a logic that allowed policymakers, strategists, and tacticians to readily apply a consistent approach to Communism in a variety of situations. Presidents could know that everyone from their appointed cabinet members to junior officers of Marines in the field would know what needed to be done because this single principle allowed them to unify their efforts. This elegance kept American actions aligned with its interests in many different parts of the world, though faced by many different challenges.

An elegant logic is thus an ideal feature of grand strategy. Our strategy leverages the empowerment of individuals, allowing them a greater capacity for self-determination through political liberty and through increased personal wealth. Security Studies Group recommends the dual concept of “Freedom and Fair Trade” as the defining theme for a US Grand Strategy. This means that American policy should be that ordinary people around the world better govern their own lives. You can better govern your own life if you have a real say in how your government is run. You can also better govern your own life if you have personal wealth, and the freedom to use it as you see fit. It is crucial to focus on personal wealth, rather than increasing the GDP of states: the “Fair Trade” offer should be marketed through public diplomacy as a way of enriching the ordinary man, not just corrupt governments or corporate entities.

Where ordinary people live in reasonably free states already, the United States will work with their governments to create fair trade agreements that will help us all to improve our quality of life together. Where ordinary people live in unfree states, Freedom and Fair Trade first means striving to reform authoritarian systems of governments. It is no accident that unfree nations are America's chief strategic opponents. Nor is it an accident that nations like Turkey, which are moving toward authoritarianism, are falling out of alliance with the United States in favor of our enemies. Free peoples will more often choose peace and personal wealth over competition or conflict with the United States.

It should not be the policy of the US to regularly engage in actively attempting to change the governments of places that are unfree. It is a practice fraught with the many dangers of unforeseen

circumstances and unwanted entanglements. We should encourage unfree people to work to reform their oppressive governments and on occasion even assist by applying non-military pressures against these governments. There will also on occasion be a government that not only threatens its people but presents an active threat to US national interests. That threat and its relative danger must be evaluated to see what countermeasures are appropriate up to and including the use of military force.

The end result of a successful execution of this grand strategy will be a stronger America, with new alliances that better fit the era. It will mean weaker authoritarian states, and hopefully fewer of them. New, free governments may replace authoritarian states, offering America new allies and trading partners. Such new governments are likely to become allies because America will have supported them during their coming-to-be. Existing international institutions, which are structurally quite weak, will be better able to address challenges because the authoritarian states they need to control will be weaker as well. We will also have redefined US participation in many of the transnational organizations to ensure our sovereignty and natural advantages are not diluted in our participation. We will also consider withdrawal from some entities and agreements and conduct more bilateral agreements rather than multi-lateral.

There are two significant challenges facing the United States in this undertaking. One challenge is that traditional American levers of power are weaker than they have been in recent decades. This first problem is sometimes called the “defense strategy gap.” The causes of this weakening are ongoing, meaning that America’s traditional levers of power are going to continue to weaken for the foreseeable future. Our existing strategies and institutions are thus increasingly inadequate.

The second challenge is that an axis of authoritarian powers has arisen, aligned in their goals of carving out regional hegemonies that can defy American-led international norms. Russia and China are the core of this axis, with associate members including Iran, North Korea, Pakistan, and increasingly Turkey. Because of the weakening of America’s traditional levers of power, they have each been individually successful at changing the power balance in their spheres. Because of their recent alignment, they are functionally transforming into a bloc that could directly dominate Asia, and economically bring much of the rest of the world under their sway.

Authoritarian axis goals are communicated under the heading of “sovereignty.” Vladimir Putin and Xi Jinping have both made the issue of sovereignty the center of their expansionist claims. Putin defended the concept before the United Nations in a direct address. Xi has pushed Hong Kong’s leadership to a commitment to defending ‘Chinese sovereignty’ against alleged threats from powers like the United States. Xi is also using sovereign claims to islands and waterways as a means of advancing China’s capacity to dominate his region.

Traditionally America has tried to address these claims from above, by forging international institutions that would increase the leverage against expansion by malign actors, but these have often also assumed some sovereign power from member states. These institutions are among those that are weakening for reasons that will be explored later in this piece. For now it suffices to note that the United Nations is incapable of restraining Russia or China due to their veto power in the Security Council. The North Atlantic Treaty

Organization, long an effective brake on the Soviet Union, is imperiled by Turkey's drift into authoritarianism and member state weakness in military spending and readiness.

Others who have written on this problem of the “defense strategy gap” have proposed strengthening international institutions. This would provide more power to act from above the level of national sovereignty. That is not necessarily wrong, but it is at best only half of a solution. It is “at best” half a solution because in many cases the United States has a stronger hand to play in the absence of international institutions. There is also another half of the solution: to weaken the forces these institutions need to control. That weakening of the opposing force will make it easier for America, or American-led institutions, to exert control.

In order to effect that weakening, the “Freedom and Fair Trade” strategy proposes to challenge sovereignty claims from below in authoritarian states. This can be done in part by fostering freedom movements among those oppressed by these authoritarian states. Encouraging self-determination within these authoritarian powers will create internal problems. Ideally these expansionist authoritarian powers will be forced to undergo internal reform or be replaced because of these pressures. This will leave freer states that are more likely to be friendly in order to obtain access to our Fair Trade agenda. Some states may fragment. Smaller and weaker states will be easier to control with international institutions, and easier to align with American interests. Even if these ideal cases do not occur, however, it will suffice if the internal problems create enough friction for the authoritarian states to disrupt their capacity for further expansion.

A MORAL DEFENSE OF THIS STRATEGY: JUSTICE, FREEDOM, FAIR TRADE

The United States needs to follow a moral policy, both to make it possible to maintain political will among the voting populace in support of the policy, and because America is not an amoral nation. Thus, a case needs to be made showing that this proposed strategy is moral.¹

Justice

There is nothing in principle wrong with a nation pursuing its own interest. The United States intends to pursue its national interest. American interests are as follows:

1. Defending America's right to govern itself, including:
 - i. Rule of America's Constitution and laws rather than international laws, and
 - ii. Control of America's borders and immigration processes;
2. Maintaining preeminence in power;
3. Prosperity; and

¹ Parts of what follows are adapted from Russian Active Measures, which seek to drive wedges in order to weaken nation states. These Active Measures especially target tensions resulting from race, ethnicity, or religious differences. In general, the Russian approach is amoral by intention, as they drive their wedges without regard to whether it is right or wrong to drive them. This amorality might even be argued as a sort of immorality, as it often results in harms associated with war or instability in the service of no good except furthering Russian power.

4. Encouraging friends who can help us maintain an order conducive to American freedom and prosperity.

Our grand strategy will be in America's interests if it attains these things. It will be *effective* if it aligns the interests of other nations with these principles, so that by helping us they are also helping themselves to pursue their own interests. If it achieves this it will also be *fair*, since the pursuit of American interests will not be accompanied by a demand that others should forgo their interests. But will it be *just*? To answer that requires defending a principle of justice.

The strategy is built around a concept of justice that is originally described in Plato's *Republic* (Plato, *Republic* I, 332d). This definition, which the Greek thinker Simonides is said to have drawn from a consideration of 'the poets,' is that justice entails "doing good to your friends and harm to your foes." That the poets of ancient Greece considered it the standard view suggests that it had a great deal of utility in the era.

It might seem odd to adopt this definition of justice for practical purposes, as Plato himself aggressively rejected this definition and spent the rest of *The Republic* trying to construct an alternative. There are nevertheless pragmatic reasons to adopt it. First of all, Plato's alternative aims at a totalitarian control of ordinary people by elites that is fundamentally at odds with the founding principles of the United States. These people are to be dominated by a state that rules every aspect of their lives allegedly for their own good. However wise this theory may have sounded in ancient Athens, practical experience with several such attempts in the modern era shows that totalitarian statist structures do not work well at all. While they occasionally find success as defined by control for an extended period, this is at the expense of the freedom and prosperity of the people. Communist China is an example, and even they had to adopt some quasi-capitalism to stay afloat. In addition to being miserable places to live, they are inefficient because they concentrate decision-making away from those who have the localized information needed to make better choices. The Trump administration was arguably elected out of a popular rejection of elite domination of ordinary people's lives. It is authentic to their mandate to strive to free and enrich the ordinary individual, rather than to seek to build structures to dominate the lives of the ordinary person.

In addition, the ancient Greeks adopted this view because it was effective in a highly competitive and dangerous world. The Greeks lived in a time when the failure of foreign policy could lead to the outright destruction of your state, or its enslavement by aggressive neighbors. The poets popular in ancient Athens were celebrating a tradition that allowed freedom to exist, even to flourish, in the midst of such dangers. In spite of the philosopher's revulsion at the idea that *justice* might sometimes entail doing harm, the poet's fondness for leaders who had been *just* in this way shows that they were seen as effective leaders in that dangerous era. The principle is likely a reliable one for international affairs.

In testing this principle, it is worth noticing that Simonides' formulation seems to be endorsed by current studies in game theory.² Lessons from the study of the Iterated Prisoner's Dilemma suggest a

² The following is a highly simplified discussion following studies around the 'forgiving strategy' proposed by Colm O' Riordan, "A Forgiving Strategy for the Iterated Prisoners Dilemma," *Journal of Artificial Societies and Social Simulation* vol. 3 no. 4. His strategy was further developed in academic discussion and testing. The strategy that evolved from this discussion is sometimes called 'tit for tat with forgiveness.'

strategy of punishing defections but rewarding cooperation, which reliably leads to better outcomes than most other strategies. Note that this is done on a transactional basis, rather than on the basis of a long history. That is, even if the other player has cooperated a hundred times in a row, the first time after they betray you, you are to retaliate.³ This teaches the other player that they can never successfully betray you. Someone who acts like an enemy is punished, not out of viciousness, but to return them to the path of acting always like friends.

Of course, if both players adopt this strategy then the first betrayal leads to a cycle of vengeance. The optimal strategy thus also offers a road to forgiveness for those who have defected in the past, so that former enemies can aspire to enjoy the mutual benefits of cooperation in the future.⁴ But a purely cooperative strategy does not work well: if defectors are not punished, the result is that the always-cooperative player is exploited by those who are willing to defect. The United States has joined a certain number of economic and trade deals that exploit American interests out of a desire among our earlier negotiating teams to find a way to cooperate even if that did not produce the best outcomes.

The Ancient Greek sense of justice thus provides a pragmatic principle that creates better outcomes in a dangerous world. American philosophers have made much of such pragmatism, seeking truth as well as justice not in disconnected ideals but in what actually creates better outcomes in the world. Just as capitalism produces inequality but nevertheless creates a rising tide that lifts all boats, America's pursuit of this principle of justice will empower individuals and healthier governments and bring prosperity to those most likely to use their wealth and liberty to further the cause of human freedom.

All the same, Plato's specific objections deserve attention. One of Plato's criticisms of Simonides' principle is that we are not always good judges of who our friends are or are not. As a result, one can sometimes end up doing good to flatterers, and harm to those who do not objectively deserve harm. This grand strategy answers that objection by proposing an objective test for friendship that can be publicly applied. Friendship is characterized by supporting America and its friends in cases of war, by allowing one's population to be free and self-governing ("Freedom"), and by not imposing tariffs or other unfair practices on American trade ("Fair Trade"). All three of these tests consider public information that should override any friendly diplomatic language that might flatter American officials. For example, there is a long history of friendly language between the United States and Canada; but Canada's tariff on US dairy products constitutes a public and demonstrable violation of the friendship terms which needs to be addressed by action, and not merely by friendly language. This should avoid the problem of being fooled about friendly versus unfriendly actions.

³ C.f. with the administration's pushback against Canada on trade issues. Canadian defenders pointed out that Canada had a long history of friendship and support for the United States, citing things like the mutual operations during the Second World War. This is a normal and natural thing to do. However, note that the optimal game theory strategy punishes the defection even in a long-established friend.

⁴ C.f. with the administration's move to offer North Korea what it billed as a "once in a lifetime" chance to change its game.

Freedom

By including these specific tests for friendship, the strategy of “Freedom and Fair Trade” follows the logic of the Declaration of Independence. The Declaration claims that people have a right to free themselves from oppressive governments. A government that is violating the “Freedom” test is hostile to a basic American principle, and thus not acting as friendly to the United States. Practically this means that the United States may encourage and support separatist and revolutionary movements if a government is found to be “destructive to the ends” of the human rights identified by the Declaration of Independence, and only if there is a ‘long train of abuses’ of the sort described by the Declaration. In cases where the offenses are less severe or less numerous or longstanding, America’s encouraging of reform movements rather than revolutionary efforts can be both strategically effective and morally proper.

A whole of government effort to develop, encourage, support and sustain these freedom movements within oppressive states will align all our global efforts behind a single principle. The Declaration of Independence vision is a reasonable candidate for ‘the good.’ Of the several philosophical candidates for the human ‘good,’ the Declaration’s is the most authentic to the American project. This approach will be strategically powerful in communications and appealing to groups in oppressive states looking for a unifying principle. Quite apart from that, pursuit of this principle is morally valid and genuinely authentic for American leaders.

The strategy also does not necessarily require the full-scale disruption or overthrow of governments. It can also encourage incremental change and reform. These reforms can be stabilizing. For example, our policy in Iran seeks to empower ordinary people to reform their government in a way that is intended to eliminate the threat of Iran developing and using nuclear weapons. The reformed Iran may also be a friendly trading partner, instead of a regional enemy. But we must also contemplate that if reform is unsuccessful then our efforts may need to shift to more aggressive means including supporting removal of the regime, or even military force.

In other cases “Freedom and Fair Trade” will mean helping nations to increase in strength and wealth. Pacific Rim nations need reinforcement in order to maintain their capacity for self-determination against a risen China. In cases such as India, the logic of assisting ordinary people with their self-determination will outright suggest building up the power and stability of a nation. Increasing the relative strength and stability of India is a good way to ensure that Central Asia becomes freer and more decent over time, as compared to a Central Asia dominated by either Russia or China.

Fair Trade

“Fair Trade” ideally means the view that President Trump outlined at the end of the G7 talks of June 2018: no tariffs between friends. “No tariffs” cannot be the standard except “between friends,” as otherwise it would enable nations that are not friendly a method for disabling economic sanctions. But among friendly nations, the goal should be to strive for the complete elimination of tariffs. Other structures are possible, but there are tremendous advantages to taking as the ultimate goal a simple elimination of trade barriers

between friends. For one thing, it offers a clear standard of fairness. Nothing could be fairer than simply letting people trade with each other without the government getting involved.

For another, elimination of tariffs as the standard removes the need for any transnational governing body. This means that there is no loss of national sovereignty to transnational arbiters such as was proposed by the Trans-Pacific Partnership (TPP) or the Transatlantic Trade & Investment Pact (T-TIP). American laws and American courts can govern American governmental and business interactions, without input from extraterritorial bodies or multi-national organizations. This upholds President Trump's vision of protecting America's sovereign rights among nations.

A further advantage is that the lack of a transnational body preserves America's advantages in trade negotiations. America is economically stronger than the other six of the G7 nations, but it is even stronger when it negotiates with each of them individually as opposed to all of them together. This holds *a fortiori* for other nations. Bilateral agreements to eliminate trade barriers are much more likely to produce fair outcomes for America than negotiations with transnational trade organizations.

Finally, the reduction or elimination of transnational bureaucracies is an international version of the "Drain the Swamp" strategy. A pure elimination of tariffs and other trade barriers would destroy a whole field of action for grifters and rent-seekers at the international level. Just as reducing regulations and barriers to market entry here at home has produced a boisterous American economy, draining the swamp internationally helps reduce bureaucratic drag on free economies. It also lessens the ability of these groups to pressure the US toward globalist political objectives and cultural changes.

In public diplomacy, American diplomats should always emphasize the main thrust of "Fair Trade" is to improve the quality of the lives of individuals, not governments, not multinational corporations, and definitely not international rent-seekers. Just as the "Freedom" principle is about empowering individuals to govern themselves more effectively, the "Fair Trade" principle seeks to enrich the individual rather than the state. Its success should be judged by falling poverty rates in nations that trade with us, rather than by increases or decreases in the GDP of nations. It should be judged by the growing wealth, and thus practical independence, of the citizens of friendly nations. It should be judged by the number of regulations eliminated, not the number enacted.

Scalability and Forgiveness

The United States has a lot of tools at its disposal, and the purpose of a grand strategy should be to align them all. One of the key questions to ask in facing different challenges has to do with the scale of the response. Similarly, if a previously hostile nation begins to show signs that it wants to reposition itself to gain American friendship, a scaled response to its concessions needs to be developed to help it move in the right direction. The capacity to use less aggressive or less forceful options improves the moral picture of this strategy, as it allows the United States to engage in restrained approaches in most cases.

Instead of supporting an independence movement that is kinetic, there will be cases in which a nonkinetic protest movement in support of the rights of an oppressed group is created or supported instead. Legal and diplomatic challenges in support of oppressed peoples may be fielded in other cases. These are

moral ends in themselves, often pursued by the United States government. This strategy simply proposes to ensure that these ends are pursued in a way that aligns with the greater pursuit of America's ultimate interests. Where it is best for America, they can be pursued hard: where it is better for America, the pursuit can be scaled back. Nevertheless, as these are moral ends worth pursuing for their own sake, pursuing them in our interest is neither amoral nor immoral.

Only in particularly severe cases does the United States need to look to the most aggressive features of its power. Soviet Active Measures was disruptive without a sense of scale, and with the ultimate goal of Communist revolution rather than forgiveness and friendship. This American approach can scale its actions even against hostile powers to fit the particulars of the case. Its ultimate goal is a community of free nations made up of empowered individuals who grow more prosperous in friendship.

FURTHER READING

The larger, complete version of this paper has been shared with officials inside the Trump administration. The document continues to explain America's current strategic situation viz. several enemy states. Then, it explores why traditional levers of power are weakening and must be expected to continue to weaken. Subsequent sections sketch this Grand Strategy's application to Syria; Iraq; Saudi and Iranian competition; Iran's nuclear program; as well as to two different sets of conflicts in Asia. The final section explores how to mitigate enemy countermeasures attempting to leverage the "Freedom and Fair Trade" logic against the United States and its interests.