

Trump's Grand Strategy to Reshape the World: Would it Succeed?

Andrew K P Leung

International and Independent China Strategist Andrew Leung International Consultants & Investments Limited, Hong Kong

***Corresponding author**

Andrew K P Leung, International and Independent China Strategist Andrew Leung International Consultants & Investments Limited, Hong Kong.

Received: April 07, 2025; **Accepted:** April 14, 2025; **Published:** April 21, 2025

Much ink has been split on President Donald Trump's apparently irrational and incoherent "mad" tariff war on the world, targeting friends and foes alike, including a pseudo-scientific formula for fixing different tariff rates, even applying to some "penguin islands" in Antarctica.

Some put the apparent farce as a last gasp of a rapidly declining global hegemony. Others highlight his megalomaniac streak, intoxicated by his "imperial" victory winning back the White House as well as control over other power levers including the House, the Senate and the Supreme Court.

All these "takes" are not totally wrong, but they fail to put jigsaw-puzzle pieces together to see a credible grand strategy behind them all. This is nothing less than a bold and ambitious strategy to re-make the existing "liberal rule-based world order" to create an American "Golden Age".

How so?

Well, after the Second War World, the United States became the sole global hegemon, boosted by its unrivalled economy, massive natural resources, rapidly accelerating productivity, and a global manufacturing powerhouse. Its middle class swelled, as did GDP and productivity, driven by movement of low-income farm workers into better-paying jobs in towns and cities—a process largely completed by 1960. America accounted for 50 percent of global GDP and held 80 percent of the world's hard currency reserves, boosted by the ubiquitous greenback and global military dominance.

All these dynamics translated into creating the so-called US-led "liberal world order". This is supported by America-inspired international institutions like the United Nations, and a global free trade system bound by internationally-accepted rules, such as the General Agreement on Tariffs and Trade (GATT), later to

become the World Trade Organization (WTO). This locked the world into an America-dominated trading system, later boosted by the "petrodollar" linked with the power of Middle East oil.

As a Cold War strategy against the former USSR, President Nixon thought fit to woo Chairman Mao over to the side of the United States by integrating "communist China" to the America-dominated international free trade system. China was helped to join the WTO, hoping that the "Middle Kingdom" would eventually become liberalized both economically and politically, fitting into the US-led Western system.

In a free trade world underwritten by the United States, a tsunami of American production processes and jobs migrated to more labour-cost competitive developing countries, most of all China. However, decades of relentless profit-maximization reliant on capital markets and outsourcing of myriad non-competitive production processes have resulted in hollowing out America's manufacturing industries.

According to some estimates, trade deficit with China, also known as the "China Shock", has cost the U.S. 3.4 million manufacturing jobs since 2001 [1]. Wages of what remains of America's dwindling factory jobs have remained relatively stagnant. Decades of blue-collar country blues have fed into a rising tide of frustration, despondency and anger. This is in part captured by J.D. Vance's popular bestseller *Hillbilly Elegy* (2016). That's why he was picked by Trump as his campaign running-mate and later Vice President.

However, thanks to innovative technologies, America has been enjoying huge SURPLUSES in global trade in services including high-tech patents, technologies, financial and other professional services, thanks to Adam Smith's Theory of Comparative Advantage. However, this is totally ignored by Trump's focus

only on America's trade deficits in goods. He thinks this means America has been shortchanged. To him, tariffs appear to be a "beautiful" weapon to reduce perennial trade deficits, bring in massive revenue, and even possibly obviate the need for income tax [2].

So, what is Trump's grand design by mounting a global tariffs onslaught?

Even at his Presidential Inaugural, Trump began to tout his ambitions for Greenland, Canada, the Panama Canal and Mexico. These territorial ambitions cover the entire Western Hemisphere.

Greenland is replete with natural resources including critical rare earths essential for a huge variety of civilian and military parts and components. China controls 85% of the world's rare-earth processing. Additionally, Greenland and Canada provide a vast buffer zone for America's air-defences. The Western Hemisphere guarded by two vast oceans on both sides constitutes an impregnable continental fortress for Trump to "Make America Great Again".

Trump wants to go down in history as a peace President. He wants to avoid wars in order to concentrate on confronting China, perceived by strong bipartisan consensus as American hegemony's greatest existential threat. He is eager to wind down America's proxy war with Russia over Ukraine. He also appears anxious to stabilize the Middle East by ending the Gaza war consistent with Israel's strategic interests, supported by the powerful "Jewish Lobby" in American politics. He has also started negotiations with Iran to resolve its outstanding nuclear armament issue, a key source of Middle East instability, re-visiting the earlier Iran nuclear deal which he tore up at the start of his first Presidency.

America has long been enjoying fiscal profligacy, spending much more than it earns, financing its budget and trade deficits through the dollar's "exorbitant privilege" of printing money in the form of US Treasuries, or US government debt. According to a Fortune report of 22 March 2025, total US debt is \$36 trillion [3]. Debt held by the public is about \$29 trillion. The cost to service US debt payments tops \$1 trillion a year, even more than the defence budget, adding further to the debt. With Trump's tax cuts, US debt could explode above 200% of GDP in two decades.

Trump is using the wrecking ball of Elon Musk's Department of Government Efficiency (DOGE) to dismantle the Federal Government's bureaucracies, targeting perceived "government waste", including many institutions such as USAID and Voice of America in the rival Democratic camp.

Trump's exorbitant tariffs are designed to eliminate America's persistent trade deficits, bring in massive revenue, and erode China's economic supply-chain advantage, including its access to cutting-edge technologies. More importantly, they are meant to force relocation of manufacturing jobs back to America's homeland.

However, apart from military production, most blue-collar jobs are unlikely to return to the United States due to massive wage

differentials. Nevertheless, automation, robotics, and AI are all set to change the calculus.

Bringing manufacturing back home is also related to shipping and ship-building. Years of infrastructural and skill-set neglects have resulted in America's incapacity for building more than one out of every thousand ships around the world. The lion's share of orders has gone to China. Among other things, this is affecting the power of the US Navy.

Apart from ship-building, global shipping remains an essential pillar of China's Belt and Road Initiative. China's global shipbuilding market share has grown from less than 5 percent in 1999 to more than 50 percent in 2023. China controls 95 percent of shipping container production and 86 percent of the world's supply of intermodal chassis. This dominance by China's shipping is seen by the US as part of its "existential threat".

Stringent rules and regulations are being drawn up by the United States Trade Representative (USTR) to impose prohibitive levies and fees singling out China-made or registered ships calling on "American ports", which could be expanded to cover ports owned by American investments. These strictures include up to \$1 million per port entrance, or up to \$1,000 per net ton of the vessel's capacity, ranging from \$500,000 to \$1.5 million per vessel entrance. Additional fees are proposed for vessels ordered from Chinese shipyards, ranging from \$500,000 to \$1 million per vessel entrance. Refunds are proposed of up to \$1 million per entry for operators using US-built vessels instead [4].

This explains White House's interest in the recent sale by the Hutchison Group of Hong Kong magnate Li Ka Shing to a BlackRock-led consortium involving a global portfolio of 43 ports in 23 countries including those at the Panama Canal. The sale provides a window of 145 days until July 27 for an exclusive deal to be concluded between the two parties. However, the whole deal is now pending Beijing's official investigation.

As of April 9, 2025, President Trump had signed 123 executive orders, 33 proclamations, and 31 memoranda in his second presidential term. These and coming executive actions form part and parcel of a grand "Make America Great Again" strategy comprising three broad waves of measures.

The first wave consists of global tariffs calculated to bring jobs back home for America's high-tech re-industrialization. As explained, a second wave of Executive Orders is poised to arrive thick and fast, a tsunami of mind-boggling levies targeting China's shipping and its shipping industry in the hope of starving them of financial oxygen, hoping to bring shipping and ship-building back to the United States,

Perhaps even more momentous is a third wave, which goes into the heart of long-term viability of the dollar's "exorbitant privilege" of issuing US Treasuries, a form of money-printing sustained by global faith in the greenback. This third wave is set to come in the name of a "Mar-a-Lago Accord", harking back to the Plaza Accord of 1985 which forced sustained appreciation of the Japanese yen to reduce America's trade deficits, resulting in Japan's "Lost Decade" of economic stagnation from 1991-2005 [5].

As stated by Secretary of the Treasury Scott Bessent during a Senate Finance Committee hearing in January, President Trump has a “generational opportunity to unleash a new economic golden age that will create more jobs, wealth and prosperity for all Americans”. (6) The Mar-a-Lago Accord fits the bill as part of a grand strategy to reshape global trade, boost US manufacturing, reduce the US budget deficit and make America’s allies pay for the US security umbrella.

Apart from likely devaluation of the dollar, the Accord is said to include the replacement of all US Treasuries with a 100-year Treasury Bill. Existing US treasuries, or treasury bonds, pay interest over their term. Century bonds don’t and are only returned with an increased value once they mature after 50 or 100 years. The resultant dramatically-lowered interest burden will enormously improve America’s fiscal position, calculated to usher in a new American “Golden Age”.

In light of America’s massive tariff threat and the lack of credible alternatives to the dollar as the world’s reserve currency and currency of choice for global trade and investments, Trump and his team believe that sufficient number of nations can be cajoled or strong-armed into signing up for the Mar-a-Lago Accord.

Nevertheless, hubris and wishful thinking aside, Trump’s Make America Great Again wrecking ball of bullying tactics is likely to backfire spectacularly.

Embittered and insulted countries, including many US allies, have woken up to the reality of a capricious, transactional and less trustful United States. They are seeking ways to better guard against their long-term security, sovereignty, and prosperity, pivoting towards other promising markets and comparatively more consistently trading partners including China.

While some 75 other nations have proposed to negotiate, many are beginning to hedge their bets by recalibrating relationships with China as the world’s second largest economy with comparatively more stable relationships. Hence a recent beeline to Beijing of visiting country leaders including those from Western countries.

Cognizant of its hard-won capacity as the world’s largest manufacturer and trader closely embedded in the global supply and value chain, China has stood its ground, reciprocating with calibrated retaliatory tariffs but not indefinitely as these high tariff numbers are losing meaning, while leaving the door open for negotiations on an equal footing.

This points to a momentum for new trade relationships at a bilateral or regional level bypassing the United States.

The existing Regional Comprehensive Economic Partnership (RCEP) consisting of all ASEAN Members and their main Asia-Pacific trading partners including China represents one third of world population and a third of global GDP.

A revived EU-China trade and investment deal including Electric Vehicles (EVs) with pricing safeguards is on the cards. Similarly, the possibility of negotiations for China’s admission into the Comprehensive and Progressive Agreement for Trans-Pacific

Partnership (CPTPP), with combined economies representing 14.4 percent of global GDP, at approximately US\$15.8 trillion as of 2024.

As reported in Xinhua News on April 6, China’s exports to the US have declined from 19.2 percent of total exports in 2018 to 14.7 percent in 2024, while the US remains highly reliant on China’s consumer products and intermediate goods or parts, some exceeding 50 percent [6]. China has since been doubling down on expanding trade and diplomatic relationships with other countries including those in Europe and the Global South.

These developments are likely to gain more traction as the United States weaponizes its economic and dollar hegemony, throwing commonly accepted rules and its value-based global leadership to the wind. When push comes to shove, the United States may be less indispensable as Trump’s hubris would have people think.

As for the Mar-a-Lago Accord’s idea of a 100-year Treasury Bill, why should people and nations park their hard-earned wealth with no interests for decades in a country prone to unilateral bullying and exorbitance, mindful of gold and other more stable stored-value instruments?

Whether President Trump’s 3-wave grand strategy to Make America Great Again would succeed remains to be seen. In any case, he keeps on repeating his wish for negotiations.

Perhaps with more countries hedging their bets, honing their national resilience and preparing for the worst, Trump’s art of the deal unpredictability may well work out a reasonable win-win compromise for each trading partner, addressing both sides’ legitimate concerns and core interests.

All told, Trump’s Grand Strategy at least flags up the growing contradictions of the existing world order, including how trade and investments could benefit both sides, how international trade could be better regulated, and how global peace and stability could be anchored.

Trump’s willingness for bilateral negotiations on equal footing is a start, as are other bilateral or regional trading agreements. Yet, at the end of the day, for the longer term, the world needs to be anchored by globally-accepted and honoured institutions.

This calls for much needed reforms of the World Trade Organization to address new issues not foreseen at its formation, including e-commerce, blockchain, AI and other developments of the Fourth and Fifth Industrial Revolutions. Likewise, the power levers of the United Nations Security Council also call for urgent reform, to provide for new global powers, to diffuse emerging global conflicts and to promote dialogue and negotiations. See my 1st December 2023 World Geostrategic Insight research essay How the Fractured Global Order could be better Managed through Reform of the UN Security Council [7].

Trump’s ambitious Grand Strategy to bend the world to America’s will may well turn out differently from his maximalist demands. Instead, through genuine negotiations and other bilateral, regional or international interventions, the final outcome could

well be a more balanced, peaceful, win-win and prosperous world order. The whole process could avoid wars and areas of conflict, and may result in better cooperations on Climate Change and opportunities of the Fourth and Fifth Industrial Revolutions for the benefit of all. This, of course, may be a tall order. But Trump never lacks surprise.

References

1. Job Loss by Metro Area Shows Devastation from China Shock, Andrew Heritage, Coalition for a Prosperous America. 2023.
2. Trump wants to 'abolish' the IRS and replace it with tariffs. Can it work? CNN. 2025.
3. US debt could explode above 200% of GDP in two decades if Trump's tax cuts become permanent, CBO says - putting it at unsustainable levels, Jason Ma, Fortune. 2025.
4. Hutchison's port deal is much more than a pure business decision, Andrew K P Leung, China Daily. 2025.
5. What is the Mar-a-Lago Accord and could it explain Donald Trump's tariff chaos? Patrick Martin and Will Jackson, ABC News. 2025.
6. People's Daily commentator: Focus on doing your own work and strengthen your confidence in effectively responding to the impact of US tariffs. Xinhuanet. 2025.
7. How the Fractured Global Order could be better Managed through Reform of the UN Security Council, Andrew K P Leung, World Geostrategic Insights. 2023.