

GREAT DECISIONS

Winter 2019 Update

**U.S and Mexico. Nuclear Negotiations. The Rise of Populism in Europe.
U.S.-China Trade. State of the State Department.**

The United States and Mexico: Partnership Tested

When President Donald Trump announced his partial government shutdown on December 22, 2018, he cited humanitarian crises along the U.S.-Mexico border as the reason. After failing to come to an agreement with Congress, President Trump said he was proud to shut down the government to focus on funding his border wall plan. On the first day of the partial shutdown, President Trump tweeted “The crisis of illegal activity at our Southern Border is real and will not stop until we build a great Steel Barrier or Wall.”

President Trump’s plan for the border has been at the center of relations between the two countries. The current administration of Mexican President Andrés Manuel López Obrador has met with the Trump Administration to discuss the border crisis and the renegotiation of NAFTA. The new trade deal, called the U.S.-Mexico-Canada Agreement or USMCA, has been agreed between the three nations, but still requires Congressional approval in the United States in order to be implemented. The new trade deal is very similar to the previous NAFTA, with new provisions regarding the Canadian dairy industry and the automaking industry in Mexico.

President López Obrador has enacted several of his own policies in order to help ease the number of migrants that are trying to travel over the border. He has issued an executive order, lowering the tax rate in the region along the border, hoping it will spur the local economy and keep locals and migrants from attempting to immigrate to the U.S. López Obrador has refused to comment on President Trump’s wall, saying that it is a “internal U.S. matter,” instead focusing on removing corruption

in the Mexican government and decreasing fiscal inequality.

President Trump has threatened either another government shutdown or declaring a national emergency along the border, if he does not receive the estimated \$5.7 billion for the border wall. This comes after Trump agreed to a temporary spending bill that expires on February 15, 2019. Democrats in Congress have vowed to fight President Trump’s plan and to challenge any attempt to exercise emergency powers in order to begin construction on the border. While President Trump has threatened another shutdown, members of the bipartisan committee responsible for reaching an agreement before the deadline stated that there was a common goal to find a compromise before the deadline. “In this situation, there is no appetite on either side of the aisle and I think in either chamber for another partial government shutdown, Representative Chuck Fleischmann (R-TN) said.

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Geoffrey Gertz, “5 things to know about USMCA, the new NAFTA,” Brookings Institution (October 2, 2018). <https://www.brookings.edu/blog/up-front/2018/10/02/5-things-to-know-about-usmca-the-new-nafta/>

*The UPDATES take into account
events up to February 8, 2019.*

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Nuclear Negotiations: Back to the Future?

President Donald Trump has agreed to meet with North Korean president Kim Jong-un late February 2019 in Vietnam for a second summit on nuclear disarmament. North Korea failed to follow through on disarmament agreements made in the first meeting, in June 2018, continuing to grow their nuclear arsenal and technologies.

Trump and Kim will meet in person again, without staff present. “I like him. I get along with him great. We have a fantastic chemistry. We have had a tremendous correspondence that some people have seen and can’t even believe it. They think it’s historic. And we’ll see what happens. Now that doesn’t mean we’re going to make a deal. But certainly, I think we have a very good chance of making a deal,” President Trump said to *The New York Times*. The United States hopes to formulate and implement a plan for North Korea to disarm itself or halt nuclear production.

Senator Elizabeth Warren (D-MA), along with Representative Adam Smith (D-WA), presented a legislative bill on January 30, 2019, to prevent the United States from using nuclear weapons without first being nuclear-attacked, attempting to convert the “no first use” ideology into policy. The idea of “no first use” contrasts President Trump’s doctrine; he has stated that the United States would launch nuclear weapons in response to other types of attacks, such as in cyberspace. Sen. Warren, who recently announced that she will make a bid for the presidency in the 2020 election, advocates for international arms control and halting nuclear production.

The United States suspended the Intermediate-Range Nuclear Forces Treaty (INF), an arms-control pact with Russia instituted in 1987 that helped end the Cold War. Reasoning for terminating the treaty is that China never became a signatory, and that Russia has violated the terms through building new intermediate-range nuclear technologies.

“We can no longer be restricted by the treaty while Russia shamelessly violates it,” Secretary of State Mike Pompeo said. Russia denies these accusations, saying that the United States refused to hold proper negotiation talks to renew the treaty, and accusing the United States of wanting to end the treaty without Russia’s input. A new agreement could allow new nuclear powers, like China, to be involved in negotiations and the treaty. It could also mean the beginning of a new arms race, involving China and other nuclear powers.

Recommended Readings

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Mark Landler and David E. Sanger, “Trump and Kim Jong-un to Hold Second Summit Meeting Next Month,” *The New York Times* (January 18, 2019). <https://www.nytimes.com/2019/01/18/us/politics/trump-kim-summit.html>

Ann M. Simmons and James Marson, “As U.S.-Russia Treaty Breaks Down, Risk of Arms Race Rises,” *The Wall Street Journal* (February 3, 2019). <https://www.wsj.com/articles/russia-follows-u-s-in-suspending-involvement-in-nuclear-treaty-11549109035>

The Rise of Populism in Europe

France’s Yellow Vest protests overpowered French politics toward the end of 2018 and into 2019. Initially protesting an increase in gas tax prices, the Yellow Vest movement grew to demand more and more of the French government, such as raising taxes on the wealthy, and increasing the minimum wage, and salaries. Occasionally turning violent, the Yellow Vests captured the attention both of France and the world.

Yellow Vests are not tied to any specific political party, but revolt against the current French administration under President Emmanuel Macron. The movement is commonly classified under the populist umbrella due to its disdain for President Macron’s policy changes regarding taxes, which they believe only benefit the wealthy. Frustrated with the lack of progress on French economic issues such as unemployment, the Yellow Vests blame Macron for France’s stagnant economy. During his run for president, Macron pledged to fight the growing populist movement in Europe. President Macron held a national debate in January to address concerns brought up by the Yellow Vests, traveling to meet with mayors throughout France.

On February 7, France removed its ambassador to Italy after Italian Deputy Prime Minister Luigi Di Maio met with members of the Yellow Vest movement. Di Maio himself is the leader of Italy’s populist Five Star Movement and was advising Yellow Vests on running for positions in the European Parliament. France and Italy have also disagreed on issues of mi-

gration in Europe, and with 14 elections to be held across Europe in 2019, migration and populism are at the forefront of political topics across the European Union this year.

Yellow Vests, while campaigning against elitist policies in France, have come under fire for racist, anti-Semitic, and sexist remarks from their members, reportedly also echoing far-right political leader Marine Le Pen's slogan of "This is our country!" The Yellow Vests are blurring the line between the far-left and the far-right.

On January 16, 2019, British Prime Minister Theresa May survived a vote of no-confidence by only 19 votes, a day after having her latest Brexit proposal shot down by Parliament. The vote of no-confidence was called by Labour leader Jeremy Corbyn, who argued that Prime Minister May had to step down after losing the latest Brexit vote by 230 votes.

With the deadline for a Brexit deal on March 29th, Mrs. May has dedicated her time as Prime Minister toward finding a solution after the Brexit referendum vote in 2016. With her latest deal rejected, Mrs. May must now turn to members of Parliament in an attempt to reach some sort of deal before the deadline. Many in both Britain and Europe, fear what a no-deal Brexit could do to the European and global economy. Labour Leader Corbyn added that "the government must remove, once and for all, the prospect of the catastrophe of a no-deal exit from the EU."

Recommended Readings

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Associated Press, "France Recalls Ambassador to Italy over Italian leader's Support for Yellow Vest Protest," *Time* (February 7, 2019). <http://time.com/5524015/france-italy-ambassador-yellow-vests/>

Rachel Donadio, "The Yellow Vests are Going to Change France. We Just Don't Know How." *The Atlantic* (January 20, 2019). <https://www.theatlantic.com/international/archive/2019/01/macron-grand-debate-yellow-vests/580810/>

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Decoding U.S-China Trade

On December 1, 2018, President Donald Trump and Chinese President Xi Jinping agreed to a 90-day truce on raising tariffs while meeting in Argentina at the G-20 summit. Within the 90 days, the United States and China are expected to negotiate an agreement to the various economic issues between the two, such as intellectual property theft and trade imbalances. If no agreement is reached by March 2, the United States will raise the tariff rate from 10% to 25% on \$200 billion dollars' worth of imports from China.

"We are now making it clear to China that after years of targeting our industries, and stealing our intellectual property, the theft of American jobs and wealth has come to an end. Therefore, we recently imposed tariffs on \$250 billion dollars of Chinese goods—and now our Treasury is receiving billions and billions of dollars," President Trump said in his State of the Union speech on February 5, 2019. President Trump appointed trade representative Robert E. Lighthizer as the main negotiator with China on trade, and several representatives such as Treasury Secretary Steven Mnuchin have been involved in talking with China about the issue.

"I have great respect for President Xi, and we are now working on a new trade deal with China. But it must include real, structural change to end unfair trade practices, reduce our chronic trade deficit, and protect American jobs," the president said. Representatives from China and the United States have met to discuss trade throughout the 90 days, but no formal agreements have been reached.

Chinese tariffs have affected American farmers, especially as the tariffs have stopped Chinese purchases of U.S. agricultural products. While the tariffs block farmers from important Chinese markets, President Trump aims to protect farmers from future intellectual property theft of seeds and other goods. A \$12 billion-dollar program to bolster farmers during trade difficulties was suspended throughout the 35-day government shutdown.

Stocks have been falling as the March 2 deadline looms and no new deal has been negotiated. Both the U.S. and global economy brace for the effects of escalated tariffs between the two countries. The unsure future of trading with China, as well as the adjacent issue of intellectual property theft, have investors and companies preparing for the possibility of no trade deal and a trade war between China and the United States.

Recommended Readings

Paul R. La Monica, “Stocks plunge on worries about U.S.-China trade talks,” CNN (February 7, 2019). <https://www.cnn.com/2019/02/07/investing/stock-market-today-china-larry-kudlow/index.html>

Kenneth Rapoza, “For China, Trade War Truce Ends March 2,” *Forbes* (February 3, 2019). <https://www.forbes.com/sites/kenrapoza/2019/02/03/for-china-trade-war-truce-ends-march-2/#79f2ccfa43b7>

Sara Salinas, “The FBI reportedly raided a Huawei lab and set up a sting at CES as part of a previously unrevealed investigation,” CNBC (February 4, 2019). <https://www.cnbc.com/2019/02/04/third-fbi-huawei-investigation-includes-a-lab-raid-ces-sting-report.html>

State of the State Department and Diplomacy

On December 22, 2018, President Trump announced a partial government shutdown in response to the failed negotiations with Congress to fund a wall along the U.S.-Mexico border. A promise made on the campaign trail, the proposed 215-mile wall would build 150 miles of new wall as well as replace existing barriers. The president requested over \$5 billion, and when Congress failed to approve the whole amount, the president initiated the shutdown in an attempt to force a compromise between the Senate and the Trump administration.

The shutdown affected several government agencies, including the departments of State, Homeland Security, Justice and the Treasury, the Food and Drug Administration, the Transportation Security Administration, the Federal Bureau of Investigation and the Internal Revenue Service. The shutdown not only affected government workers, many of whom were forced to work without pay, but also the day-to-day lives of Americans. National museums and parks were closed, delays proliferated at airports due to TSA workers calling in sick, and routine inspections of food and medical drugs were halted due to the FDA’s lack of funding. President Trump served the national college football championship team a buffet of fast food due to his own staff’s mandated absence.

Speaker of the House Nancy Pelosi (D-CA) and Senator Chuck Schumer (D-NY), the leaders responsible for negotiating with the president, have stated that they will not back down on refusing to fund the entirety of the wall. Throughout the shutdown, Demo-

crats in Congress offered alternative funding for border security. Ms. Pelosi also postponed Trump’s State of the Union address, which was scheduled for January 29, until the shutdown ended. The address was rescheduled for February 5.

President Trump ended the shutdown on January 25, 2019, marking 35 full days of no pay for around 800,000 federal workers. Costing the U.S. economy \$11 billion, the shutdown was the longest in American history, and another shutdown is possible. The bill signed on January 25 included no money for the wall and reopened the government only through February 15, the deadline for a House-Senate committee of both Democrats and Republicans to reach a compromise on funding for the border wall that Trump will agree to. If an agreement is not reached, President Trump could again shut down the government.

In his 2019 State of the Union address in February, President Trump reiterated his desire to build the border wall, and to have an agreement between the Democrats and Republicans to fund it. He said, “So let’s work together, compromise, and reach a deal that will truly make America safe.”

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Matthew Haag and Niraj Chokshi, “Government Shutdown Updates: Where Things Stand,” *The New York Times* (January 21, 2019). <https://www.nytimes.com/2019/01/21/us/politics/government-shutdown-update.html>

Alex Ward, “The government shutdown is hurting America’s diplomats—and diplomacy,” *Vox* (January 12, 2019). <https://www.vox.com/2019/1/10/18175694/government-shutdown-trump-state-department-pompeo>

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Researched as of February 8, 2019.

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