

Tillerson's Bad Hand in Kremlin Showdown

President Trump's hasty decision to attack Syria may have lightened political pressure at home but Russia's retaliation – suspending a key “deconfliction agreement” – left Secretary of State Tillerson as supplicant at the Kremlin, reports Gilbert Doctorow.

By Gilbert Doctorow

The Russian media offered no complete account of what may have been accomplished during Secretary of State Rex Tillerson's two-day visit to Russia, but there were hints of what the Russian negotiating position would have been behind closed doors and what may have justified Vladimir Putin making two hours available for Tillerson in what was otherwise a very busy day for the Russian President relating to domestic concerns.

Before Tillerson's arrival Russian media reported widely on his failure the day before at the G7 meeting to win support for imposing more sanctions on Russia for backing Syrian President Bashar al-Assad in light of the chemical weapons event in Idlib on April 4. That proposal was raised by U.K. Foreign Minister Boris Johnson and affirmed by Tillerson but rejected by all other G7 members. With that resounding defeat, Tillerson had no sticks from “the international community” to wield as an ultimatum against the Russians, telling them to get behind a U.S.-imposed “regime change” in Syria or suffer the consequences of further economic isolation from the West.

Tillerson also carried little in the way of carrots, given President Trump's retreat on his campaign pledges to improve relations with Russia. Tillerson's empty diplomatic bag was a topic discussed on Russian prime-time television the evening before his arrival. Senior Duma member and United Russia Party leader Vyacheslav Nikonov rhetorically demanded of Tillerson on the *Evening with Vladimir Solovyov* talk show: “So, make us an offer of what it means to go with America, what it brings us, and then we will consider it.”

In effect, Nikonov was calling the Trump administration's bluff. He and the Russian elites understand perfectly that Donald Trump has no political capital to spend to get Congressional approval of normalized relations with Russia.

Just as the Tillerson-Putin meeting was taking place on Wednesday, another widely watched Russian talk show *First Studio* on the Pervy Kanal state channel opened with host Artyom Sheinin posing a baiting question to the American journalist Michael Bohm, a frequent visitor to the program who is often used as a punching bag. Referring to Tillerson's initial meeting with Russian Foreign Minister Sergey Lavrov and the doubt that Putin would grant Tillerson a meeting,

Sheinin said, "I believe there is the practice in big corporations for a new visitor who has come to see the boss to first undergo a 'screening interview.' It looks as if Tillerson passed this screening process and so he was allowed in to speak to the boss. Do you think this was a positive thing?"

In other words, the Russians knew that Tillerson came with empty hands and that he was the suitor, not the one being wooed. Tillerson came to discuss reinstatement of the Memorandum of Understanding on Deconfliction in Syria because on the U.S. side there was great concern over Russia's refusal now to speak at the regional level to U.S. military counterparts and avert clashes on the ground and in the air that could lead to escalation of confrontation and possibly to all-out-war. The Russian withdrawal from the deconfliction arrangement following the U.S. missile strike on a Syrian airfield on April 6 put the continuation of U.S.-led military operations against Islamic State militants inside Syria in danger.

On April 8, senior Pentagon officials were denying that the Russians had severed all military-to-military hot lines, but there was a cold sweat in Washington. The uncertainty over whether Syrian and Russian air defenses might take aim at NATO aircraft had already led the Belgians to publicly announce cessation of all their flights within the U.S.-led anti-terror coalition. Presumably other NATO members had come to the same conclusion.

Meanwhile, my information backchannels indicate that the Russians set down their preconditions for reinstatement of the deconfliction arrangements: no further U.S. air attacks on Syrian government positions. We may be sure that this was the major subject for discussion and possible agreement during Tillerson's talks with Putin.

The result may be something similar to the resolution of the Cuban Missile Crisis in 1962 when the U.S. claimed victory publicly as the Soviets pulled their missiles out of Cuba, but privately the U.S. had granted what Moscow had wanted, the removal of U.S. missiles from Turkey. But Putin is no Nikita Khrushchev, who lost prestige among his Kremlin peers for striking the agreement with the Americans; Putin is likely to gain stature from such an arrangement.

The U.S. Media's Take

Meanwhile, the mainstream U.S. media presented the Putin-Tillerson meeting in relatively neutral terms given the American press corps general hostility to all things Russian. *The Washington Post* did better than other media outlets, with Moscow Bureau Chief David Filipov and his colleague covering the State Department in Washington highlighting the undeniable fact that the parties were "sharply at odds" and noting:

“Russia made it clear it was unwilling to roll back its strategic alliance with Syrian President Bashar al-Assad. The talks appeared unlikely to bring any significant breakthroughs after last week’s missile strike plunged U.S. relations to one of the lowest points since the Cold War. But despite the growing rifts, some general compromises were discussed.”

The areas of potential compromise were possible reinstatement of the information-sharing “deconfliction” Memorandum of Understanding with the United States that the Russians suspended immediately after the April 6 missile attack and creation of a U.S.-Russian working group to find ways to ease tensions between the two nuclear superpowers.

After that, the authors moved on to more trivial pursuits such as Donald Trump’s latest remarks about Assad being “an animal.” However, even amidst this swill there were a few points worthy of note because they gave expression to Russian policy positions at the talks: Russia’s refusal to accept ultimatums, such as Tillerson brought with him over choosing ties with the U.S. or Syria; Russia’s rejection of the allegations that Assad was behind the chemical attack in Idlib; Russia’s call for the Organization for the Prohibition of Chemical Weapons to investigate the use of chemical weapons there; and Putin’s likening the present situation to the one immediately preceding the U.S. invasion of Iraq. All of these important points are presented in the article at face value, alongside U.S., U.K. and other Western accusations directed against Russia

The New York Times coverage gave more attention to American action than to Russian reaction, as the opening of its cover headline for its several related articles indicates: “U.S. Pressures Russia ...” The sub-article dealing with the Tillerson visit devotes more attention to what came before and after Putin’s meeting with Tillerson than to what they may have agreed on. The Times bureau chief David Sanger noted how Tillerson was held in suspense as his anticipated meeting with Putin was left in doubt until the last minute, what was described as a typical maneuver by the Russian president to keep his interlocutors off balance, a characterization which ignores the widely reported urgings of Russia’s talking heads before Tillerson’s arrival that their President *not* receive him because of the objectionable message on Syria that he had laid out on Monday at the meeting of G7 foreign ministers in Italy.

Indeed, the Times article said almost nothing about what may have justified the Putin meeting and what was agreed other than the working group to ease tensions, which Sanger correctly identifies as devoted to small and not the big divisive issues.

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Roots of Trump's 'Economic Nationalism'

President Trump's platform of "economic nationalism" appears to be crumbling as he seeks to survive his early-term thrashing from the Establishment, but there is a more positive history to his ideas, writes Andrew Spannaus.

By Andrew Spannaus

With most of the media and political commentators focused on the Republicans' failed attempt to pass a healthcare bill, some of President Donald Trump's most significant words appear to have gone almost unnoticed. The President was away from the political fight in Washington on March 20, conducting one of his periodic attempts to sustain excitement among his base.

At a rally in Louisville, Kentucky, Trump repeated his standard lines about putting America first, starting with economic policy. When he got to his push to "Buy American and Hire American", something new emerged though, a reference to a key figure in US economic history: Henry Clay – who was a member of Congress in the early 19th century.

Trump spoke of the need for a new economic model, and then recalled how protectionism is far from a bad word in US history; rather, it was seen as a means to promote manufacturing and build industry.

Trump said, "Like Henry Clay, we want to put our own people to work. [...] "Clay was a fierce advocate for American manufacturing. He said that free trade would throw wide open our ports to foreign production without duties while theirs remained closed to us [...] Clay said that trade must be fair, equal and reciprocal."

Trump then went on to use the term "American System", associated with the current of economic nationalism promoted by figures such as Alexander Hamilton, Clay and Henry Carey, champions of investment in industry and infrastructure, and protection against the free market claims of European empires, which sought to undermine American economic independence in order to defend their own pre-eminence.

"In explaining his American System, Clay argued that the sole object of the tariff is to tax the produce of foreign industry with a view of promoting American industry," Trump said. "For too long our government has abandoned the American System."

Historical Reference Point

The President's words have been ignored by much of the commentator class, although not surprisingly they were picked up by some websites that wholeheartedly support his agenda, such as Brietbart. Yet the reference to Clay and the American System make it clear that something new is afoot, an attempt to link Trump's populist rhetoric to some of the most important and effective periods of economic growth in U.S. history.

In the first half of the 19th century, Henry Clay was the most identifiable promoter of the American System of political economy. His vision was to continue the long-term goal set by the founding fathers Benjamin Franklin, George Washington and Alexander Hamilton: create an independent republic that would break not only its formal ties with the British Empire, but also demonstrate the superiority of a society free from the aristocratic structures present in Europe. The precondition for such a project was the development of a productive economy, which would provide a foundation for lasting independence. This meant the promotion of "internal improvements" – what today we would call infrastructure, manufacturing and strong links between agriculture and industry.

In the early years of the republic, adherence to this vision was certainly not unanimous; there were factions that preferred to live off trade with Europe and strongly opposed decisive actions by the federal government. The mantle of free trade was used then – as it is now – to oppose policies such as tariffs, national banking and other forms of state intervention that granted preference to domestic production as opposed to unrestricted competition.

Henry Clay was one of the great champions of the American System view, a giant in his time who is too often overlooked. A lawyer and state legislator in Kentucky, Clay first came to Washington in 1806 when he was named to fill a temporary vacancy in the Senate. After two brief stints as a replacement Senator, Clay returned to the Capitol in 1811 as a member of the House of Representatives, where he was immediately elected Speaker. Years later Clay would help found the Whig party, in opposition to Andrew Jackson and his so-called "populist" vision opposing big government. One of the great ironies of today's political upheaval is that those who identify as populists now call for a return to protectionism, a view quite different from the States' Rights concept promoted in the past, and also by much of the modern Republican Party.

A Manufacturing Base

Already from the time he was a replacement Senator, Clay began promoting his vision for the nation. In 1807, in line with the efforts of John Quincy Adams, he worked to obtain passage of a resolution binding the Secretary of the

Treasury to prepare a plan for the construction of a national network of canals and roads, subsequently drawn up by Secretary Albert Gallatin.

It was not immediately implemented due to opposition from President Thomas Jefferson, among others, but this approach to internal improvements, accompanied by measures such as the founding of the Second Bank of the United States, and tariffs to protect manufacturing, formed the basis for the American System policy that would last for decades, making the Kentucky statesmen one of the idols of Abraham Lincoln.

It is important to note that the goal of protectionist policies was not to block international trade. Rather, trade conducted on the terms dictated by the British (and the French) was seen as stifling the growth of the United States, and perpetuating the pre-revolutionary condition of colonies whose main vocation was the export of raw materials.

In the first 20 years after the birth of the new nation there had been an initial period of strong growth. However, the benefits were felt principally by the states of New England and a few others that profited from the carry trade of products from the Indies that were then re-exported to Europe. [See Douglass C. North, *The Economic Growth of the United States*, W.W. Norton & Company Inc., New York, 1966, p. 53.]

Many in the merchant class were content to continue in this mold, despite the restrictions on trade and vexations imposed by Great Britain, but the nationalists bristled at the limits on the growth of domestic industry, seen as thwarting the national mission set by the American Revolution. The result was that Clay and his allies in Congress, known as the "War Hawks", agitated in favor of again going to war with Great Britain, with the goal of finally obtaining full independence, allowing not only for unrestricted commerce, but also for the expansion of industry and domestic trade towards the Western areas of the country. Clay has been called "the man whose influence and power more than that of any other produced the war of 1812 between the United States and Great Britain." [Quote from Josiah Quincy in: Quentin Scott King, *Henry Clay and the War of 1812*, Jefferson, North Carolina, McFarland & Company, Inc., Publishers, 2014, p. 148.]

The American System as defined by Clay has represented a crucial reference point for various periods of economic growth in U.S. history. The approach can be defined as economic nationalism, but it is essential to understand that the enemy of this view is not the expansion of international trade or economic initiative, but rather the attempt by colonial interests to prevent the development of industry and thus the growth of a strong, educated working class able to sustain an independent democratic republic.

Indeed American System economists such as Henry Carey, whose ideas would form the basis for the birth of the Republican Party in the 1850s, demonstrated that protection for American industry actually benefited trade, as “every man is a consumer to the whole extent of his production.”

Modern economic theory does not look kindly on the notion that a nation should promote its own industries at the expense of the efficiency of international markets. The events of recent decades have shown, however, that the basic concepts that emerged in the 1800s still apply today: the search for low costs leads to a race to the bottom, and weakens the economic and social fabric of countries that aim to grow the middle class.

As the Trump administration seeks to develop a coherent policy on global trade and the promotion of American manufacturing, looking to the current of Hamilton, Clay, Carey and Lincoln could, in the best case scenario, lead to an important shift in modern politics; at the least, it should allow for a deeper discussion of what protectionism actually means in U.S. history, beyond the caricature that has dominated the public discussion to date.

The President is clearly picking and choosing his references, not without some confusion; indeed he speaks glowingly of Andrew Jackson, whose economic approach was diametrically opposed to that of Clay and other representatives of the economic nationalist current.

Nevertheless, a serious discussion on how to implement a modern version of the American System’s emphasis on investment and fair trade, would bring an important new element to the debate over how to address the failures of globalization in the past 25 years.

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