



Shocks and Impacts: A Review of Initial Policies of the Second Trump Administration

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On March 4, 2025 (local time), U.S. President Donald J. Trump addressed a joint session of Congress. This policy speech is similar to the State of the Union address. Republicans and Democrats were sharply divided at this session, a vivid reflection of the shocks of Trump's policy moves to U.S. politics and society just six weeks after he was inaugurated. The Center now looks at Trump's policy initiatives at the start of the Trump administration 2.0 from four dimensions, i.e., economic, science and technology, foreign and security policies.

I. America-First Economic Policy: Increasing Revenues while Reducing Burdens

President Trump's economic goals may be simply summed up as "more revenues and less burdens." First, Trump wants U.S. industries to make money again. He took a flurry of initiatives for this purpose: removing constraints on and deregulating U.S. businesses; bringing manufacturing back to the U.S. through tax cuts at home and higher tariffs on imports; and launching plans to create a Strategic Bitcoin Reserve and a Digital Assets Stockpile to support the global status of the U.S. dollar.

Second, Trump slashed federal spending. The day he was inaugurated, Trump announced the creation of the Department of Government Efficiency (DOGE) to streamline staffing, shut down agencies and check accounts for efficiency purposes. On the 50th day of Trump's second presidency, the White House announced that the administration had saved tens of billions of dollars of taxpayer money.

Third, Trump believes that the U.S. has taken on too many burdens abroad. He suspended or cut almost all foreign aid programs and withdrew the U.S. from multilateral mechanisms he deemed "uneconomical," while asking U.S. allies to take on more responsibilities and obligations and to pay for U.S. military presence overseas.

For President Trump, he would do anything to increase America's revenues and reduce its debts. To this end, he might break all domestic and international rules, taking actions in both economic or non-economic

areas, launching campaigns domestically and internationally, and directing against both China and the rest of the world. Such a large-scale, forceful move to overhaul the existing economic order is disruptive to the world economy and the U.S. economy itself.

II. America-First Sci-Tech Policy: Reset Priorities and Focus on China

The Trump administration places great emphasis on strategic high-tech industries. On the second day of his presidency, Trump announced that SoftBank, OpenAI, Oracle and MGX would jointly launch the Stargate Project, which will invest \$500 billion in artificial intelligence (AI) infrastructure. Trump signed an executive order entitled “Removing Barriers to American Leadership in Artificial Intelligence” on January 23, 2025. U.S. Vice President J.D. Vance said at the Artificial Intelligence Action Summit in Paris, France on February 11, “the Trump Administration will ensure that the most powerful AI systems are built in the U.S. with American designed and manufactured chips.”

The second Trump administration will intensify its efforts to contain China in such areas as AI, IT and primary tech industries. Following the launch of a new AI inference model by Chinese firm DeepSeek on January 20 of this year, which has shown a clear edge in technical roadmap, the U.S. further tightened its regulation on the export of chips to China. The U.S. government even ordered a thorough investigation into whether Singapore was reselling AI chips to Chinese companies. The Singaporean Ministry of Trade and Industry (MTI) had to issue a statement, saying that it expects U.S. companies, like Nvidia, to comply with U.S. export controls and their domestic legislation. On February 21, the Office of the United States Trade Representative (USTR) invited public comments on the proposed actions in a Section 301 investigation targeting China’s shipbuilding and relevant sectors. On the TikTok issue, Trump delayed the execution of the previous sale-or-ban order of the Biden administration, but he still wants U.S. companies to secure more equity stakes and management rights, with the view to curbing China’s global influence in this sector.

The U.S. is anticipated to further tighten its control over exports to China in the high-tech sector and force the relocation of high-tech industries from other countries to the U.S. It is impossible, however, for China and other major economies to give up developing this sector. This means that we will see a more intense struggle between monopoly and anti-monopoly in the high-tech sector.

III. America-First Foreign Policy: Change of Course and Greater Ambitions

The Trump administration acted quickly and resolutely to overturn the foreign policy of its predecessor. Trump and his team have expressed their dissatisfaction with the Biden administration’s liberal internationalist foreign policy on several occasions since the presidential race began last year. They said that Biden’s foreign policy not only got the U.S. over-involved in external affairs and assumed unnecessary international responsi-

bilities, but also failed to cement the country's global hegemony, and instead, the U.S. was increasingly less respected. After Trump took office, he froze almost all programs of the United States Agency for International Development (USAID) and withdrew the U.S. from the Paris Agreement on climate change and from the World Health Organization (WHO) through a series of executive orders and DOGE's operations, all as part of his effort to "rectify" his predecessor's policy.

President Trump's desire for territorial expansion is beyond external expectations. He also places a high priority on U.S.-China competition for geopolitical influence. Trump's statements, like turning Canada into the "51st State" of the U.S., renaming the Gulf of Mexico as the "Gulf of America" and stressing that the U.S. "needs Greenland," reflect his strong interest in expanding the U.S. territory. Trump's team pressured Panama to halt the renewal of the MOU on the Belt and Road Initiative on the ground of a Chinese company operating ports of the Panama Canal. This shows the high alert and discomfort of the Trump administration with China's growing influence in America's "backyards."

Trump made tariffs a common diplomatic tool. Contrary to previous general expectations, Trump did not initiate a large-scale trade war with major trade partners immediately after he took office. Instead, he imposed higher tariffs on exports from Mexico, Canada and China on the ground of fentanyl, including two rounds of 10% tariffs imposed on China on February 1 and 27, 2025. This move suggests that Trump's team is leveraging tariffs as a universal diplomatic tool to address other domestic issues they prioritize.

The Trump administration pressured its European allies to align with its values. During his first term, Trump asked U.S. allies to take on more obligations and responsibilities of alliance. While following Trump's return to the White House, apart from carrying on the said policy, Trump shifted his focus to pressuring European allies to align values with America's, as marked by Vice President Vance's speech at the 2025 Munich Security Conference. Such a policy shift will have significant impacts on U.S.-Europe cooperation on addressing the Ukraine crisis and other regional hotspot issues.

Developments over the past two months reveal that the top priority of the Trump administration's foreign policy is to "rectify" the "wrong policy" of the previous administration. The focus of this "rectification" is to serve domestic affairs. For example, its crackdown on USAID is supported by MAGA voters and serves to consolidate Trump's base of support. The focus of observing subsequent developments in the Trump administration's foreign policy is the team's four "Ps," i.e., (decisionmaker's) personality, (decisionmaker's) preference, (policy) priorities, and (decision-making) process.

IV. America-First Security Policy: Homeland-First and Might-Makes-Right

Many security actions have initially been taken in the Americas and the rest of the Western Hemisphere. This is because addressing the issues of illegal immigration and internal security is a key promise Trump made

during his campaign. For this purpose, immediately after his inauguration, Trump signed executive orders declaring a national emergency at the U.S.-Mexico border and mobilizing federal agencies to jointly maintain border security. As instructed by Trump, the U.S. Department of Defense (DOD) deployed large numbers of active-duty service members at the southern border, who even partially performed law enforcement activities in place of border patrol personnel. This practice departed from the previous norm of U.S. sending only a small number of active-duty service members and reservists to the border for auxiliary activities.

While the Trump administration is focusing on border security, the U.S. military is undergoing a profound reform. Trump and his team believe that the excessive attention of the military leadership to “diversity, equity, and inclusion” (DEI) undermines the combat effectiveness of the U.S. troops. For this reason, new secretary of defense Pete Hegseth ordered a major reshuffle of the U.S. military senior leadership, including the dismissal of Gen. Charles Q. Brown as chairman of the Joint Chiefs of Staff and Admiral Linda Fagan, commandant of the U.S. Coast Guard and the first woman to lead any U.S. military service, for their “excessive attention” to DEI policies.

In addition, the Trump administration inherited Ronald Reagan’s “strength for peace” principle, which lays emphasis on global strategic balance through military might. Trump’s address to Congress on March 4 mentions two priorities. One is asking Congress to fund a state-of-the-art Golden Dome missile defense shield, a project originating from Reagan’s Strategic Defense Initiative (SDI). Trump believes that the U.S. now has the technology to pursue the project. The other one is to revive the American shipbuilding industry in order to boost the country’s defense industrial base. Trump announced that the government will create a new Office of Shipbuilding in the White House and offer special tax incentives to bring this industry home to America, where it belongs.

The Trump administration continues to view China as the “primary rival.” The Indo-Pacific Command remains a priority of U.S. defense support. Certainly, the U.S. military security strategy is still under review for adjustments. Trump’s attitude toward U.S. allies is in stark contrast with his predecessor’s. How the U.S. military alliance system evolves will be a key variable affecting global and Asia-Pacific strategic security environments in the future.

On the whole, the second Trump administration has, over the first 50-plus days, reversed many policies the previous administration claimed as “liberal” and “internationalist” and is moving the underlying structure of the U.S. government. Time will tell how far Trump administration 2.0 shocks can go and how much resistance it will arouse from the Democratic Party and the U.S. establishment.

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