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## **The US Presidential Election: Foreign Policy Implications**

History shows that, despite the promises made as candidates, United States presidents display remarkable foreign policy consistency from one administration to the next. While often distinguishing themselves in the realm of domestic policy, the imperatives of national security tend to force the hands of presidents into choices that change very little (if at all) with party affiliation. In other words, foreign policy tends to be remarkably consistent.

Nevertheless, foreign policy typically provides at least some room for maneuver, and presidents use this wiggle room to pursue their priorities as circumstances permit. Often these priorities are different from one candidate to the next. With the presidential election looming in November, we need to understand these differences and their investment implications.

This report analyzes how US foreign policy might look in a new term for former President Donald Trump, the Republican candidate, and in an initial term for Vice President Kamala Harris, the Democratic candidate. It begins with a characterization of the two candidates according to the main American foreign policy traditions. It considers the kinds of cabinet members they will probably choose to fill the rosters of their foreign policy teams, and it culminates with a review of their priorities as we know them. As always, we conclude the report

with implications for investors, in this case as they differ between the two candidates.

### **Framework**

Before we assess each candidate, we take a moment to explain our framework of analysis.

**Foreign Policy Archetypes.** In his 2002 book *Special Providence*, Walter Russell Mead introduced a compelling summary of the four archetypes of American foreign policy: the Jeffersonian, the Hamiltonian, the Jacksonian, and the Wilsonian. These are differing schools of thought on what enduring, strategic imperatives American leaders should use to determine their priorities and formulate their policies for dealing with the rest of the world.<sup>1</sup>

- Jeffersonians consider American values to be unique, special, and worthy of being safeguarded. Interaction with often-corrupt foreign governments puts these values at risk. Hence, to protect essential American values of democracy and free enterprise, foreign policy should be as non-invasive and non-interventionist as practically possible. Libertarian isolationism is the extreme version of this approach, but in practice Jeffersonian presidents take a minimalist, arm's-length approach to foreign policy.

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<sup>1</sup> For a more detailed recap of Mead's archetypes of foreign policy, see our WGR, "[The Archetypes of American Foreign Policy: A Reprise](#)" (4/4/2016). For a deeper dive: Mead, W. R. (2002). *Special Providence: American Foreign Policy and How it Changed the World*. New York, NY: Routledge.

- Hamiltonians support a strong alliance between big business and government and want foreign policy designed to further such ends. A strong business sector provides the necessary tax base for essential institutions, a strong military, and national security. In modern times this has included strong support of free and growing global trade as an aid to American business and prosperity; however, it should be noted that before WWII, Hamiltonians supported tariff barriers. Hamiltonians view war as costly, risky, and to be avoided, unless necessary for the protection of American economic interests. As the post-war switch from protectionism to free trade shows, Hamiltonian foreign policy is realist, pragmatic, and adjusts with changing circumstances.
- Jacksonians share core values with Jeffersonians, but they specifically prioritize the needs of the working class. Their foreign policy goals resemble those of the Jeffersonians, but with a focus on the physical security and economic well-being of American working people. They oppose foreign wars for any purpose (e.g., moral) other than to counter a direct threat to the American people and their homeland; however, once attacked, Jacksonians commit to total war and complete victory. For Jacksonians, honor is key; besmirching American honor is a *casus belli*.
- Wilsonians are the idealists of American foreign policy. They hold that the US has a moral obligation to spread American democratic and social values to the world, with the goal to create a peaceful planet based on the rule of law. Wars should be fought to further the aims of democracy and protect the

innocent against violence and oppression. Standing up for American values in foreign policy is the best way to defend American interests — it is a form of “doing well by doing good.”

**Likely Personnel.** There is an old saying in politics that “personnel equals policy.” Although not completely the case, it does matter who is in the important cabinet and advisory posts. For foreign policy, the positions of primary importance are Secretary of State, Secretary of Defense, Secretary of the Treasury, Director of the Central Intelligence Agency, and National Security Advisor. We have no insider information about who will get these roles, and we refrain from attempts to predict specific people for specific roles, but we can identify the foreign policy types who have been regularly associated with each candidate to get a sense of the playbook that each prospective administration might employ.

**Foreign Policy Priorities.** Foreign policy encompasses an entire set of principles, strategies, goals, methods, and tactics to govern a country’s relationships with the rest of the world. In concept and practice, this provides a long list of alternative points of emphasis for policy. In a world where imperatives and events often constrain a president’s major actions, it is these points of emphasis that provide a president with a spectrum of choice and the opportunity to put a personal and philosophical imprint on his or her administration and legacy. We try to gain a sense for what these priorities might be, based on previous actions in office and statements on the campaign trail.

### **Donald Trump**

If Trump wins in November, he will be [only the second president to win a second term after having lost the election at the end of](#)

[his first term](#). The first, Grover Cleveland, was president in 1885-89 and again in 1893-97. This makes Trump simultaneously a challenger and an incumbent, presumably having the possibility to serve only one additional term. We expect this to weigh upon his choices in office, should he win.

Figure 1



Donald Trump (Source: [whitehouse.gov](https://www.whitehouse.gov))

**Archetype.** We characterize Donald Trump as a Jacksonian president. His statements, actions, and policies as both president and candidate reflect a top priority of physical security, economic well-being, and national honor for the American people. His populist positions, showing favor for the working class versus elites, further show his Jacksonian guiding principles. This clearly manifests itself in the “America First” theme of Trump’s foreign policy, which took the form of several initiatives in his first term.

- He advocated a strong anti-immigration policy, typified by the initiative to build a border wall with Mexico, with the justification that this would [protect American workers and families from losses of their jobs and harm from criminal elements](#).
- He demanded the [renegotiation of the North American Free Trade Agreement \(NAFTA\)](#) with Canada and Mexico,

claiming that the agreement gave too much away at the expense of American livelihoods.

- He took a harsh tone against traditional security alliances, most notably the North Atlantic Treaty Organization (NATO) and the defense of South Korea, saying that these allies were not paying their fair share of the defense burden. This included [threats to exit](#) these alliances or drastically reduce troop levels.
- He took hardline positions against perceived American enemies such as China and Iran, claiming that these countries were engaging in unfair or threatening policies against the United States. He introduced a rigorous [tariff regime against China](#) and withdrew the US from the nuclear deal with Iran.

Taken together, we view these as key examples of the kind of combative approach to foreign policy that we would expect from a Jacksonian president.

**Personnel.** The prevailing opinion concerning Trump’s experience with personnel in his first term is that he “made the mistake” of choosing people for his cabinet that were inadequately loyal to his priorities and approach. According to this interpretation, he considers himself to have been undermined by his own team. Hence, the expectation for a second term would be for Trump to fill these posts with [staunch loyalists](#) who do not have strong, independent public personae or personal power base but rather depend on their relationship with Trump for their own significance. Such people would share his vision and faithfully execute his directives. We should note that presidents commonly switch personnel in their second terms, going from expertise to loyalty, as they

consider themselves to have “gotten the hang of the job.” We think that Trump would do this in a more pronounced way. Here is a sample of candidates who might fit this profile.

- Stephen Miller — Throughout Trump’s term, Miller made a name for himself as the [radical architect of the president’s hardline immigration policies](#). If Trump triumphs in November, he is widely expected to lean heavily on Miller again, who has already outlined sweeping new proposals to overhaul US policy on immigration.
- Robert O’Brien — As Trump’s third and final national security advisor, O’Brien was broadly considered to have been the “right fit” for Trump as he was low-key and particularly loyal. He has remained close to the former president throughout the last four years. In a recent *Foreign Affairs* article, “[The Return of Peace Through Strength](#),” he sketched a foreign policy view that included a muscular approach to China and a high priority on restoration of the nuclear deterrent to include a resumption of nuclear testing.
- Scott Bessent — Trump is known to favor Wall Street veterans for Treasury, and Bessent fits this mold. As [founder of investment firm Key Square Group](#), he was heavily involved in the 2016 campaign and has recently praised Trump in television interviews. Compared to better-known Wall Street figures such as John Paulson and Jamie Dimon, who have also been rumored to be in consideration, Bessent’s lower profile would be less likely to take attention away from Trump. Controversially, Bessent worked for George Soros, which given Soros’s unpopularity with conservatives means Bessent will likely not have an

independent power base, unlike Paulson or Dimon.

**Priorities.** If Trump wins the presidency again, we expect a full resumption of the “[America First](#)” [foreign policy](#) of his first term as well as a personality-driven, transactional approach to specific issues. This would likely include bilateral trade deals, a hardline stance on immigration, reluctance to engage in military interventions abroad, and a shift of emphasis from Europe, NATO, and Russia to the Indo-Pacific region and China. On these issues we expect certain points of emphasis:

- China — Trump would likely resume his previous [confrontational approach](#) to China. Although this spans the range of issues, including a rejection of nearly all of China’s claims in the South China Sea, we would expect his top priority to be economic issues related to the protection of American workers, intellectual property theft, and the bilateral trade deficit. This would almost certainly include a heavy emphasis on tariffs; however, we also think that Trump would look for opportunities to “strike a deal” with the Chinese, establishing a legacy as “the one person” capable of fixing the relationship. This means that Trump’s China policy could change mid-term, with little notice.
- Middle East — We expect Trump to prioritize a resumption of normalization initiatives such as the Abraham accords between Israel and several countries in the region, focusing on Saudi Arabia. As for relations with Iran, [Trump will adopt a more hostile policy](#), but he is unlikely to resort to military action, relying instead on sanctions and economic pressure. He has hinted at the possibility of a deal with Tehran but only on his terms. Trump has shown no interest in

the pursuit of a two-state solution to the Palestinian issue. We would expect quickly chosen courses of action with little regard for feasibility or fall-out.

- Europe/NATO/Russia — Trump has said that [it is in the US's interest to quickly end the war in Ukraine](#), and he has also opposed additional US aid to Ukraine, asserting that Europe needs to shoulder this burden. As to the broader US relationship with NATO, those close to him have indicated that although Trump would not fulfill his threat to leave the alliance outright, he would direct a [complete reassessment of the level and types of US commitment and presence in Europe](#). For instance, we expect Trump to uphold commitments to the nuclear umbrella, while reducing conventional force levels.

### Kamala Harris

Harris took over the Democratic ticket from a sitting president for the first time since Hubert Humphrey replaced Lyndon B. Johnson in 1968. At the time, Humphrey was viewed as a continuation of Johnson's administration, especially its unpopular Vietnam War policies. While Harris would not be inheriting a war, her candidacy is also being seen as a continuation of President Biden's leadership — for better or worse.

Figure 2



Kamala Harris (Source: whitehouse.gov)

**Archetype.** It's hard to pinpoint to which archetype Harris belongs. For one thing, she hasn't staked out an independent role in foreign policy as vice president. In addition, the fractured Democratic Party makes it treacherous for her to establish strong policy stands, so she's adopted a campaign strategy to reveal only limited glimpses into her policy goals. As a result, different commentators consider her Hamiltonian, Jeffersonian, or even Wilsonian (we haven't seen anyone assess her as a Trump-like Jacksonian). Still, regardless of how she presents herself in her campaign, we think her close connections with the California technology industry could lead her to eventually adopt a Hamiltonian approach to governance, maintaining strong ties with US allies despite a shift away from free trade.

Her foreign policy would likely focus on enhanced cooperation, including joint missions and intelligence sharing with partner nations. Instead of direct military engagement, Harris would probably favor isolating adversaries through security alliances and sanctions for hostile actions. Flexibility would be a hallmark of her decision-making, with a situational approach to addressing global challenges.

- Harris has expressed her intent to advance US interests and values through diplomatic engagement, strengthening military alliances, and ensuring that the US maintains "[the strongest, most lethal fighting force in the world](#)."
- In 2019, she stated that she would [not have supported NAFTA](#) and opposed its successor in 2020, the United States-Mexico-Canada Agreement (USMCA), citing concerns about its failure to address climate change and to adequately support workers.
- Notably, Harris has walked back or remained relatively silent on some of her

more progressive positions, such as creating a pathway for Dreamers and banning fracking. This suggests she may be open to adjusting her stance in certain situations.

**Personnel.** We would expect Harris to assemble a team comprising members from her own staff as well as figures from the Biden and Obama administrations. Her appointees would likely be establishment-oriented and focused on maintaining the status quo. Due to her relative inexperience, some staff turnover would be expected, though the administration's overall worldview would not likely shift significantly. Below is a sample of potential Harris foreign policy aides.

- Rebecca Lissner — In her co-authored book *An Open World*, she described Trump's isolationist stance as dangerous and advocated for the US to collaborate with its allies to address global challenges. If Harris were to win the presidency, Lissner would likely be a key advisor on national security with a mind toward the maintenance and further cultivation of alliances.
- Philip Gordon — A former diplomat and currently Harris's national security advisor, Gordon is known for his desire to maintain strong relations with Europe, while advocating for the region to contribute more to its own security. In the Middle East, he has supported a close relationship with Saudi Arabia. Some observers consider him relatively soft on China. In a Harris administration, he might emerge as a force to maintain the primacy of trans-Atlanticism versus an East-Asian pivot. However, [due to his rumored ties with Iran](#), he may not have a top role in the Harris administration.
- Ike Irby — He would likely serve as Harris's key climate advisor. With a

PhD in Marine Science and a significant role in passing the Infrastructure and Inflation Reduction Act, Irby's focus on climate policy would make him a good fit for the administration, given Harris's commitment to this issue.

- Grace Landrieu — A holdover from the Biden administration, Landrieu helped develop the American Rescue Plan, which was put forward to stimulate the economy following the pandemic. She also contributed to crafting executive orders. Her focus would likely be on domestic issues as Harris aims to implement policies advertised to benefit middle-class families.

**Priorities.** If Harris wins the presidency, she is likely to maintain most of the current administration's policies. Her primary goal would be to use industrial policy to encourage the redevelopment of the US manufacturing base, which would help constrain China on the world stage. Green policy would likely play a significant role in her foreign policy as she would see it as a way to maintain good relations with key allies who highly prioritize this issue. This would further influence which sectors of industry receive funding. Expect her to continue efforts to isolate China, though probably with a less adversarial tone.

- Ukraine — While she has publicly supported Ukraine in its war against Russia, her relationship with Ukrainian President Volodymyr Zelensky has been strained. During their initial meeting before Russia's invasion, she dismissed Zelensky's requests for preemptive sanctions and military aid. Subsequent meetings with Ukrainian officials [revealed a more formal attitude, rather than personal sympathy for the struggling country](#).

- China — She has advocated for a "derisking" rather than a "decoupling" approach to the US-China relationship. This distinction suggests an openness to trade, provided the US does not become overly reliant on China for critical resources. While she may not roll back existing tariffs, she would be less likely to impose new ones. Instead, she would focus on denying China access to key resources that could enable it to make breakthroughs in areas that threaten US interests.
- Military Alliances — She would prioritize expanding the US military and strengthening ties with allies to counter threats from Russia and China. This would likely lead to increased policy coordination, intelligence sharing, and joint military exercises. She also appears to support requiring countries that rely on US security guarantees to contribute more to their own defense costs.

### Investment Implications

Although we expect certain enduring trends in US foreign policy to continue regardless of who wins in November, the differences in priorities between Trump and Harris will drive meaningful differences in the investment landscape.

**Donald Trump.** All indications seem to point toward a potentially dramatic acceleration of global fracturing and the formation of competing US-led and China-led blocs under a second Trump presidency. In such a world, we think investors should prepare themselves for certain key developments.

- The investable world will shrink along the lines of the emerging blocs. For US investors, access to the Chinese and China-aligned markets will not be the same as it was in the post-Cold War

world. As we've written before, the US bloc will likely remain attractive as the "home market" for US investors, but investing in the China bloc and the China-leaning bloc may become a more opportunistic endeavor.

- Supply chains and manufacturing bases will become less globally integrated as companies adjust the locations of their operations and sources of supply to maximize assured availability instead of lowest cost; we often hear this called "re-shoring" or "friend-shoring." Think of this as a switch from "just in time" to "just in case" (i.e., just in case a military conflict or trade barrier arises).
- Inflation is likely to be higher and more volatile than in the past, which will likely weigh on stock valuations and hurt bond values.
- Although higher inflation would usually lead to higher interest rates, we would expect a Trump administration to attempt to dampen this effect by undermining the independence of the Federal Reserve. The Executive Branch has limited powers over the Federal Reserve, but with Powell's term ending in 2026, a more compliant monetary policy might become possible.
- The US bloc will continue to re-industrialize, providing opportunities in related sectors, such as manufacturing, energy, defense, and artificial intelligence.

To be clear, we consider this trend to already be underway, and we think it will continue regardless of who wins in November; however, we think a Trump presidency would accelerate the trend and emphasize its effects from an investment point of view.

**Kamala Harris.** Although a Harris presidency would be expected to follow a similar approach to that of her predecessor, investors should remain mindful of how these policies could affect financial markets.

- The push for industrial policy would probably help promote domestic re-industrialization and could stimulate economic activity but would potentially come at the cost of promoting bad investment or displacing private investment. If pursuit of industrial policy widens the federal budget deficit, it would probably lead to higher interest rates.
- The focus on climate change would likely result in more stringent regulations, potentially increasing

energy costs and weighing on corporate earnings; however, it could also foster the development of new industries.

- Harris's preference for keeping markets open would benefit companies with significant foreign revenue exposure, such as technology firms.

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