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# “India’s Trump card: US investments in India to rise even as those in China fade” by S L Rao

In all his speeches, incoming President Trump has expressed good sentiments for India. He has also developed a relationship with Putin of Russia. China, Iran, Islam, terrorists and their sponsors, Latino immigrants, are on his hit list. His defence policies will see much less American money spent on NATO and protecting other allies. He will aim to create jabs but reduce expenditures on social security. He will renegotiate all international trade agreements to reduce the burden on the USA. He will stimulate business with lower taxes apart from actions to reduce competition from imports.

His immediate actions will be to deport over 3 million illegal immigrants mainly from Latin America. This will help uneducated whites who have suffered job losses and static real wages for over 10 years. From his speeches he does not appear hostile to immigration of skilled labour and especially when it serves superior American technologies. India may not have to fear the return of its labour in information technology in the USA. Nor is there likely to be a freeze on more such skilled immigrants.

Clearly, Trump’s underlying political philosophy is that the Cold War is over and new alliances with former enemies are possible; Economic growth and not Communism is the ideology for all nations; democracy does not need American evangelism as it did in past decades; forms of government and governance can be developed in all countries to suit themselves; Islam has propagated worldwide terror and this must be stopped.

A Trump administration will have no difficulty in working closely with autocrats and dictatorship. It will not go for regime change as his predecessors did in Iraq and Libya. USA is no longer dependent on Saudi oil and was suspicious about the Saudi role in the 9/11 terror attacks in the USA. Trump may well try to rein in Saudi export of fundamentalist Islam. This will benefit India which for long has experienced Saudi fund inflows to preach Wahabi Islam as it has done so successfully in Pakistan/.

Pakistan will experience a tighter squeeze on American military and economic aid. This will reduce its capacity for terrorist attacks on India. Pakistan already has a major donor in China. But China will expect much more in return than did the USA. Also, China will come under considerable economic pressure as its exports get reduced and its foreign reserves decline in value. Experience might make the Pakistan Army develop good relations with USA, and SAARC nations. With the Trump attack on terrorism India can expect some respite.

The Trump demand that Europe, Japan and South Korea, among others the principal countries receiving American protection at American cost, pay for it, will not only save money for the USA but result in new alliances. Europe already dependent on Russia for fuels will get much closer to it. Japan, Korea and other Asian nations will move closer to India to create a bulwark against China. Trade and investment with these countries are bound to grow greatly as a result.

Trump had vowed to cut social security expenditures. However his main voters were white low income Americans and he may therefore not reduce much. His savings on defence and social security may not be enough to balance his promised tax cuts for business, and increases in infrastructure spending. American deficits will increase under a Trump administration. So will inflation, Dollar values will fall. A side effect will be a loss to China since it holds over 3 trillion dollars in American Treasury bonds.

To stimulate business, Trump may not go for the long anticipated rise in American interest rates. This will be good for India. This will especially be so since the recent demonetisation of 500 and 1000 Rupee notes will compel a reduction in Indian interest rates. Competiveness of Indian business will improve.

The renegotiation of all trade agreements by the USA under Trump can benefit India since we have had little in preferences or as dumping by us. American investments in India will rise as American business reduces its commitments to china. This will be in addition to what others like Japan invest in India.

Trump’s thinking appears to be very short term. He does not believe that there is any threat from climate change. India is already experiencing some of its effects. This is one area in which India and many others must actively press President Trump.

We must welcome Russia into the “free” world. Opportunities for Indian investment in Russia will rise as will prospects for trade. We could look for energy imports from Russia. The “cold front” against China can only help us as we join the rest in curbing imports from China. We must expect that American manufacturers will divert some of their assembly line parts for manufacture in India instead of China. Static and low interest rates in the USA will also help our economy where many have feared an increase, with adverse consequences for our businesses. We could be at the centre of a new alliance in Asia with Pacific Ocean countries. Our confrontation with China on the border might diminish because of China wanting to avoid repercussions on Aother Chinese interests elsewhere.

The Trump Presidency will certainly benefit India.

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