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The End of Reagan Era Diplomacy

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On August 4th, 2025, Russia announced that it would no longer honor the terms of the Intermediate Range Nuclear Forces Treaty (INF). Russia's decision to withdraw from the Treaty marks the end of Reagan era diplomacy. The Treaty was an arms control agreement between the U.S. and the Soviet Union, negotiated by President Reagan and Soviet General Secretary Mikhail Gorbachev. It was approved and ratified by the Senate in 1988, as required by the Constitution. This was no easy task for President Reagan, who had to negotiate a quid pro quo on the Budget to win Senate approval. For several decades the Treaty was one of the foundations for normalized relations between the U.S. and the Soviet Union, and later with the Russian Federation. Agreement on the INF Treaty set the stage for significant reductions in military spending by both the U.S. and Russia.

Ending the Cold War confrontation between the U.S. and Russia also set the stage for integration of Russia into the global economy. Through both bilateral and multilateral negotiations barriers to trade and investment with Russia were reduced and eliminated. The growth of global trade and investment was accompanied by rapid growth in both countries and in the global economy in the 1990s. This era of prosperity culminated in admission of Russia into the World Trade Organization.

Over the past two decades the U.S. has abandoned Reagan era diplomacy. The turning point was President Trump's decision to withdraw from the INF Treaty in 2019, claiming that Russia had violated the terms of the Treaty by developing new intermediate range nuclear missiles. Russia responded by withdrawing from the Treaty the following year. The recent announcement by Russia that it would no longer abide by terms of the Treaty is more a public relations stunt. The fact is that neither the U.S. nor Russia have abided by the terms of that Treaty since 2019.

Both the U.S. and Russia have significantly boosted military spending in recent years, and the war in Ukraine has eliminated any vestiges of detent between the two countries. The U.S. has imposed new sanctions on Russia, and on countries that continue to trade with Russia, including our allies. This strategy to create divisions between Russia and other countries, most importantly China, has had a perverse impact, driving these countries to seek closer ties. The recent meeting between President Putin, Chairman Xi, and leaders from other BRIC nations underscores the new geopolitical divisions that have emerged, largely in response to U.S. trade policies.

This abandonment of Reagan era diplomacy has resulted in deglobalization, declining growth in global trade and investment, and retardation of growth in the global economy. Indeed, this decade is beginning to look a lot like the decade of the 70s, with lower rates of economic growth and higher rates of inflation and unemployment.

This year the Supreme Court will review challenges to President Trump's trade policies. At issue is whether Congress can delegate the power to set tariffs to the executive branch. The Supreme Court will determine whether Congress has failed to fulfill its responsibility to set tariffs, a task specifically assigned to it in the Constitution. Such a ruling would require that Congress review the entire range of tariffs and sanctions imposed by the Trump administration. Over the past two decades Congress has deferred to the Executive branch on this issue under both Democratic and Republic administrations. It is not clear at this point whether Congress is up to the task of restoring its power to set tariffs as specified in the Constitution. We now face a constitutional crisis in which neither Congress nor the Supreme Court seem able to constrain the power of the Executive, and President Trump is testing the limits of that power in his foreign policy decisions.

Citizens have the power to influence foreign policy through the electoral process. But for two decades under both Democratic and Republican administrations the power of the executive branch to impose tariffs and sanction other countries has grown, unchecked by Congress. At this point citizens must ask what if any power they have to influence foreign policy.

A useful and proven approach separate from direct government to government negotiation is for citizens through nonprofit organizations to form informal dialogues. This can be done with Russia and China for example on issues of trade, investment, and national security. This was the approach taken 10 to 15 years ago in the Summer Palace Dialogues and the Sonia initiative with China. These were small groups of people on each side staying directly connected with their governments through nonprofit organizations and meeting every few months on principle issues facing the two countries. The Summer Palace Dialogues worked closely with a prestigious group of US economists in shaping economic policy issues and questions for discussion these dialogues. Economists from the Economist 50 Organization in China participated, along with a select group of advisors from across China. The Summer Palace level 2 Dialogues were organized by the East West institute in New York City in 2005 through 2011. These groups made a number of recommendations, some of which were used by both governments in designing economic and national security policies. They included elements to lead to better understanding of the international economic environment and international organizations such as the WTO. The Dialogues ended between 2011 to 2013, and were viewed as having been very effective by the two countries.

In the current economic environment, a new informal dialogue with Russia could be of enormous value to both countries. There is great concern about the meaningful continuance of the Word Trade Organization, opening free trade around the world, and attempting to understand the weaponization of currencies. Both the U.S. and Russia need to step back and reconsider random political policies which are poorly formed and built around particular political issues, but not in the best long-term interests of the countries.
The absence of meaningful formal negotiations with Russia means that private informal dialogue may be the only way to address these issues. The alternative is continued geoeconomic fragmentation, retardation in world trade, and stagnation in global economic growth. We are currently in a negative-sum game that diminishes the welfare of citizens in all countries. By focusing on issues where there is room for de-escalation and compromise, as President Reagan did, an informal dialogue with Russia could lead to another “Great Moderation” in economic policy comparable to Reagan era diplomacy.

At the end of the day citizens must ask if the checks and balances establishing our constitutional democracy are working as the Founders intended. Neither Congress nor the courts have been successful in constraining executive powers, such as the power to impose tariffs and sanctions on foreign countries. Nor is a solution to this constitutional crisis in sight. The Founders anticipated such a constitutional crisis, and their expectation was that citizens would make any changes to the Constitution necessary to resolve such a crisis.

There is a change in the Constitution that would give citizens a voice in foreign policy that they are lacking under current law, the initiative and referendum process. The precedent for such a constitutional change was set at the turn of the 20th century when citizens amended their state and local constitutions and charters to incorporate the initiative and referendum. During the Progressive era citizens responded to what they perceived to be abuse of power by special interests, especially the concentration of wealth and power in trusts and corporations that was used to influence public policy. There is every reason to believe that citizens would have extended the initiative and referendum process to the federal level as well; however, the Progressive movement lost steam with the onset of two world wars and the Great Depression.

The precedent for citizens to use the initiative and referendum process to directly influence foreign policy was set by Switzerland. Direct democracy was introduced by an amendment to the Swiss federal Constitution in 1891 giving citizens the right of initiative, including the power to propose amendments. The Constitution also gives Swiss citizens the right to call for a popular referendum on federal laws.

Through the initiative and referendum process Swiss citizens have been voting on constitutional changes for more than a century. The Swiss Constitution requires constitutional changes, including treaties with foreign countries, to be approved by a majority of Swiss citizens and a majority of Swiss cantons. This double majority vote requirement places the control of foreign treaties directly in the hands of its citizens.

The outcome of using direct democracy to approve treaties with foreign governments is clear. The Swiss have quietly assumed leadership in restoring free trade in the global economy. They recently eliminated tariffs on all manufactured imports, reciprocity in trade with Switzerland means free trade. The Swiss have negotiated free trade agreements with 43 partners, including China. Through bilateral and plurilateral trade negotiations the Swiss have been successful in reducing barriers to trade at a time when other approaches have failed.

Switzerland has taken a leadership role in restoring free trade in the post-World War Two era. Switzerland was a founding member of the General Agreement on Trade and Tariffs (GATT). Member countries aimed to reverse the disastrous trade wars launched by the U.S.'s Smoot Hawley Tariffs in the 1930s. They agreed to, "substantial reduction of tariffs and other trade barriers and elimination of preferences, on a reciprocal and mutually advantageous basis". The Most Favored Nation (MFN) clause established reciprocity in trade between member countries. The eight rounds of GATT negotiations significantly reduced tariffs and other barriers to trade. In 1995 GATT was replaced by the World Trade Organization (WTO). The trade reforms enacted through these multilateral organizations were accompanied by rapid growth in the global economy.

In 1850 Switzerland and the U.S. signed a Treaty of Friendship, Commerce, and extradition. The Treaty was ratified by the Senate and incorporates the Most Favored Nation (MFN) provision that mandates the U.S. treat Swiss goods no worse than any other nation. That Treaty does not incorporate a national security escape clause. This commitment to MFN was extended to taxation in treaties signed in 1996 and 2011. These treaties between Switzerland and the U.S. were ratified by the U.S. Senate, and remain in effect, no termination notice has been issued.

The U.S. is in clear violation of the 1850 Treaty with Switzerland. The Supremacy Clause states that, "All treaties made or which shall be made, under the authority of the United States, shall be the 'Supreme Law of the Land". The executive order by President Trump imposing 39% tariffs on goods imported from Switzerland violates the U.S. Constitution as well as treaty obligations. A ruling by the WTO supports this claim and denies that tariffs imposed by the U.S. on Switzerland qualify for national security exemption under GATT. A decade ago, the Swiss established a Commission to negotiate a new free trade agreement with the U.S., but those negotiations have failed.

President Trump's tariffs have upended world Trade Organization (WTO) rules for reciprocity in trade policies between nations. Trade negotiations with the U.S. are now dictated by an administration that views trade as a zero-sum game in which one nation's gains from trade are at the expense of other nations. The outcome of this prisoner's dilemma is trade agreements that disrupt free trade and reduce the total volume of global trade.

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