

Supporters cheer at a rally for Donald Trump at the J.S. Dorton Arena in Raleigh, N.C., on Nov. 7, 2016. MANDEL NGAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

WSJ

Donald Trump's Presidency: A Look at His Proposed Policy Shifts

By WSJ Staff

Donald Trump's presidency is likely to bring big policy shifts across several key aspects of American life.

Here is a detailed look at Mr. Trump's agenda broken into three main areas: domestic affairs (health care, immigration, the Supreme Court, infrastructure, energy and veterans affairs); economics (taxes, the budget, Social Security); and global relations or national security (China, Iran, trade and defense).

Health Care: Dismantling the Affordable Care Act

Mr. Trump takes office grasping a lightning rod of American domestic policy—health care. His party has already begun on the repeal, and potential replacement, of Barack Obama's signature health-care law, but the task of reworking a sweeping social program six years into its lifespan is proving messy.

Republicans, including Mr. Trump, have put forward various ideas to serve as alternatives to the major provisions of the Affordable Care Act, which extended insurance to millions of Americans but also triggered criticism over rising premiums for some users and insurer withdrawals from the individual market.

The party has yet to unify behind a single plan, and it remains unclear how much influence will be exerted by Mr. Trump and his administration and how much they will leave to four congressional committees and other groups of interested lawmakers to hash out in the House and Senate.

Ultimately, that decision comes down to several threshold questions including how much turbulence Mr. Trump is willing to endure to remake health care along GOP lines, and how closely Republicans can work with Democrats to pass alternative legislation.

Mr. Trump personally favors allowing people who buy insurance on their own to fully deduct premiums on their tax returns, and he also wants people in one state to be able to buy coverage from an insurer in another. His transition team includes members known for their willingness to take bold steps, which could include executive action to force lawmakers to act.

On some health-care matters, however, Mr. Trump differs from conservative orthodoxy. He has repeatedly criticized drug makers, indicating he would like to ease rising pharmaceutical prices by allowing consumers access to medications from overseas or giving the government a greater role in negotiating drug purchases for Medicare.

—Louise Radnofsky

Immigration: Bracing for New Era

Mr. Trump campaigned for the White House promising hard-line immigration policies, and he now has the opportunity to implement them. In some cases, he can act alone; Other changes will require congressional approval.

The most immediate—and politically fraught—question regards a program that gives temporary work permits and safe harbor from deportation to about 750,000 young people brought to the U.S. illegally as children. Mr. Trump has promised to kill the program, but these so-called Dreamers are a sympathetic group. He recently promised to “work something out” but hasn’t said what that might be.

Mr. Trump is also set to overhaul Mr. Obama’s system of immigration enforcement, which targeted illegal immigrants convicted of serious crimes but reassured others that they probably wouldn’t face deportation. Mr. Trump says he, too, would focus on criminals, though he has also said all 11 million undocumented immigrants would be subject to deportation. Stepped-up enforcement under his administration is expected.

To that end, expect the new administration to pressure “sanctuary cities”—dozens of jurisdictions across the country with policies limiting how much local officials assist in U.S. immigration

enforcement efforts—to cooperate with federal authorities. The Justice Department may be able to cut off some grant funding to these cities right away, though withholding other federal support would likely require legislation.

Mr. Trump can act on his own to reduce the number of refugees that the U.S. will admit, as he has promised to do. He also can toughen treatment of people arriving at the southern border from Central America and applying for asylum, perhaps by holding more of them in detention centers while their cases are processed.

Other promises require congressional cooperation. Mr. Trump built his campaign on a pledge to build an “impenetrable physical wall” on the U.S. border with Mexico. He said that he would begin work on “day one” and that Mexico would pay for it.

Republican lawmakers are considering appropriating money needed for increased border security in spending legislation that must pass by April. That could put the project on a fast track, though many say they envision additional fencing rather than a wall. At a recent news conference Mr. Trump insisted, “It’s not a fence. It’s a wall.”

—Laura Meckler

Supreme Court: Pick Expected Soon

Mr. Trump says he plans to restore a conservative majority on the high court.

Mr. Trump says he plans to restore a conservative majority on the high court. PHOTO: CARLOS BARRIA/REUTERS

Mr. Trump says he plans to announce a Supreme Court nomination within two weeks of taking office, a move to restore a conservative majority on the closely divided bench that many Republicans feared was lost when Justice Antonin Scalia died last February.

In making his pick, Mr. Trump has repeatedly said he will follow the guidance of a conservative legal establishment that has directed the GOP approach to judicial appointments since the Reagan administration. Leaders of the Heritage Foundation and the Federalist Society, a conservative lawyers network, helped Mr. Trump identify 21 potential Supreme Court nominees; he in turn won their confidence by promising to appoint one to the vacancy.

The list includes several state supreme court judges. But people close to the process say the front-runners remain names long familiar in Washington: conservative judges who have demonstrated their ideological bona fides through service on a federal appeals court—yet remain young enough to serve on the high court for two or more decades.

Mr. Trump's nomination of a Supreme Court candidate comes after Republicans stymied Mr. Obama's March 2016 nomination of Merrick Garland, chief judge of the U.S. Court of Appeals for the District of Columbia Circuit. The blockade of the center-left jurist, whom the White House saw as a consensus candidate, infuriated Democrats, and new Senate Minority Leader Chuck Schumer (D., N.Y.) has vowed to oppose Trump nominees who are "out of the mainstream."

Mr. Trump's list begins with William Pryor of the Atlanta-based 11th Circuit and Diane Sykes of the Chicago-based Seventh Circuit. At a Republican primary debate hours after Justice Scalia's death, Mr. Trump named both as "fantastic people" who might fill his shoes.

Mr. Trump met with Judge Pryor last Saturday/. Adding to his edge as a potential nominee, the 54-year-old jurist previously served as Alabama's attorney general, following Sen. Jeff Sessions—Mr. Trump's nominee for attorney general.

Democrats have been wary of Judge Pryor nearly as long as Republicans have championed him, citing his skepticism toward causes such as gay rights and abortion access. President George W. Bush used a recess appointment in 2004 to place Judge Pryor on the federal bench temporarily after Senate Democrats blocked his confirmation. He was confirmed for a lifetime appointment the following year.

Judge Sykes, 59, previously sat on the Wisconsin Supreme Court. She has called herself an "originalist-textualist," a reference to a method Justice Scalia championed based on what the reader believes a legal text meant at the time it was adopted. Judge Sykes is considered sympathetic to religious claims for exceptions from laws that apply to others, and skeptical toward firearms regulations.

—Jess Bravin

Infrastructure: Funding Fight Looms

Work continues on the new Tappan Zee Bridge near Tarrytown, N.Y., in December.

Work continues on the new Tappan Zee Bridge near Tarrytown, N.Y., in December. PHOTO: SETH WENIG/ASSOCIATED PRESS

As a candidate, Mr. Trump pledged to boost the U.S. economy with \$1 trillion in spending on roads, bridges and telecommunications infrastructure, funded by new tax credits to encourage private-equity investors.

But Mr. Trump's administration will have to persuade skeptical Republicans that a massive spending initiative just eight years after the Obama administration's \$830 billion stimulus package can lift the economy without adding to the federal budget deficit.

Two Trump advisers, Commerce Secretary-designate Wilbur Ross, a private-equity investor, and Peter Navarro, a business professor at the University of California, Irvine, said that \$167 billion from private-equity investors would leverage enough debt to pay for \$1 trillion worth of infrastructure projects. To encourage private investors to pony up that amount, Messrs. Ross and Navarro proposed an 82% tax credit on the equity invested, to offset financial risk to the private sector if the infrastructure projects didn't generate as much in toll or user-fee revenue as anticipated.

On a Trump transition website, the incoming administration said it "seeks to invest \$550 billion to ensure we can export our goods and move our people faster and safer."

While an overhaul of the tax code that permits repatriation of trillions of dollars in corporate cash could provide a funding stream for infrastructure investment, as some Democratic leaders have suggested, Republicans have signaled they intend to use such new funding to help pay for tax reduction instead.

Mr. Trump told The Wall Street Journal last week he would form a council of builders and engineers to oversee the development of the infrastructure package and monitor its costs.

The prospect of infrastructure spending has proved enticing to some Democrats and labor officials, but they have expressed doubts about the incoming administration's focus on private financing.

—Ted Mann

Energy: Rolling Back Regulations

This Sept. 29, 2016 file photo, shows A section of the Dakota Access Pipeline under construction near the town of St. Anthony in Morton County, N.D.

This Sept. 29, 2016 file photo, shows A section of the Dakota Access Pipeline under construction near the town of St. Anthony in Morton County, N.D. PHOTO: TOM STROMME/ASSOCIATED PRESS

At the top of Mr. Trump's energy and environmental agenda will be unraveling Obama administration policies that touch on everything from carbon emissions to water.

Much of the action out of the gate will focus on rolling back regulations. Mr. Trump has said he would withdraw Mr. Obama's signature policy to address climate change, a rule that cuts power-plant carbon emissions. The rule already has faced legal challenges and has been temporarily blocked by the Supreme Court.

The Trump administration, with the help of the Republican-controlled Congress, also will work toward repealing an Environmental Protection Agency rule bringing more bodies of water under federal jurisdiction. Also targeted for repeal: Interior Department rules that require tougher standards for coal mining near streams and that set new standards for emissions of methane, a potent greenhouse gas, from oil and natural-gas wells on federal lands.

While the Trump administration can't unilaterally repeal most rules right away, it has several options. The EPA and other agencies can immediately start the process to withdraw regulations, and they can relax compliance requirements over time. Meanwhile, Congress can pass measures nullifying rules that have been completed most recently.

Immediately confronting Mr. Trump is a decision regarding the Dakota Access oil pipeline, which extends from North Dakota to Illinois and is nearly built except for a crossing of a Missouri River reservoir.

Mr. Trump may also have a decision to make on the Keystone XL oil pipeline if its developer, TransCanada Corp. , reapplies for a State Department cross-border permit the Obama Administration denied in 2015.

On the campaign trail, Mr. Trump said he would withdraw the U.S. from the global climate agreement signed in Paris in late 2015. He couldn't immediately pull out of the agreement, but he could begin the process of withdrawing.

—Amy Harder

Veteran Affairs: A Public-Private Model

In this March 11, 2015 photo, a patient walks down a hallway at the Fayetteville Veterans Affairs Medical Center in Fayetteville, N.C. The VA hospital is one of the most backed-up facilities in the country.

In this March 11, 2015 photo, a patient walks down a hallway at the Fayetteville Veterans Affairs Medical Center in Fayetteville, N.C. The VA hospital is one of the most backed-up facilities in the country. PHOTO: PATRICK SEMANSKY/ASSOCIATED PRESS

Mr. Trump pledged throughout his campaign to change the way veterans access health care, and his nominee to become the secretary of the Department of Veterans Affairs has indicated a commitment to move the department toward a public-private model.

During the campaign, Mr. Trump repeatedly railed against the department for failing to provide timely, effective health care for veterans and vowed to give veterans the ability to bypass the VA's hospital system and get care from private hospitals, a plan that some opponents called a move to privatize the department.

Under the current system, the VA closely controls when and how veterans can seek care in the private sector. After the election, Mr. Trump met with multiple people who have publicly backed a plan to allow veterans to use the VA as, in essence, an insurance provider and put VA hospitals in competition with private-sector counterparts.

Mr. Trump's nominee for VA secretary, David Shulkin, runs the VA's massive health-care sector and has overseen changes that have pushed the department toward a public-private model in which currently 32% of appointments are obtained in the private sector.

Dr. Shulkin, an Obama administration appointee, has indicated he envisions the department moving further down this path, and he has said it would likely face closures of some underused facilities.

While health care makes up a large part of the VA, the department has other sectors that manage pensions and disability compensation as well as the department's cemetery system. They received little attention during the campaign and aren't mentioned in Mr. Trump's 10-point reform plan for the department he lists on his website.

—Ben Kesling

Taxes: Proposals Face Political Fight

House Speaker Paul Ryan, left, and Senate Majority Leader Mitch McConnell on Capitol Hill.

House Speaker Paul Ryan, left, and Senate Majority Leader Mitch McConnell on Capitol Hill. PHOTO: ANDREW HARNIK/ASSOCIATED PRESS

Mr. Trump has a chance to guide the biggest tax-policy changes since 1986 into law, but that is likely to require a complex, drawn-out, politically challenging fight.

Despite near-unanimous Republican agreement on cutting marginal tax rates, the party is conflicted over offsetting the revenue loss to the government. Mr. Trump is already clashing with members of his own party in Congress on a crucial piece of their plan, and other divisions loom when lawmakers wade further into details.

Tax policy is poised to occupy much of the 2017 agenda in Congress: House Republicans are writing their plan, and they see Mr. Trump's election as a once-in-a-generation opportunity. Mr. Trump, meanwhile, will be looking to deliver on his promises of huge tax cuts.

The breadth of his ambitions could cause fractures. Mr. Trump campaigned on a multitrillion-dollar tax-cut plan. Even with aggressive economic growth assumptions, his campaign didn't assume the tax plan could pay for itself. Congressional Republicans, mindful of Senate budget rules that could let them avert a Democratic filibuster, say they are trying to make their plan roughly revenue-neutral by broadening the tax base and counting on economic growth to avoid expanding long-run deficits.

For individuals, the state and local tax deduction would be abolished, which would have the biggest effect in high-tax states such as New York. Businesses wouldn't be able to deduct net interest costs, though they could write off capital expenses immediately. Most controversially, the U.S. would

impose a border adjustment, taxing imports and exempting exports as part of a broader plan to encourage domestic investments.

Mr. Trump criticized border adjustment as too complicated and suggested exporters didn't need the combination of domestic deductions, lower rates and exempt foreign sales. He later back-pedaled some of that criticism.

Mr. Trump and Republicans shouldn't expect much help from Democrats. Mr. Trump's plan delivers about half the total value of its proposed tax breaks to the top 1% of households, and the House GOP plan gives them even more, according to the Tax Policy Center, a project of the Brookings Institution and Urban Institute.

—Richard Rubin

Budget: Hurdles in GOP Congress

Rep. Mick Mulvaney (R., S.C.), nominee for director of the Office of Management and Budget, on Capitol Hill in Washington on Jan. 5.

Rep. Mick Mulvaney (R., S.C.), nominee for director of the Office of Management and Budget, on Capitol Hill in Washington on Jan. 5. PHOTO: ANDREW HARRER/BLOOMBERG NEWS

Mr. Trump's promises to slash taxes and spend hundreds of billions of dollars on infrastructure, border security, veterans' health care and the military are about to run into Republicans in Congress who resisted higher budget deficits under Mr. Obama.

Deficits, which fell from 2010 until 2015, are already on track to climb over the next decade due to rising costs of Social Security and Medicare.

His selection of Rep. Mick Mulvaney (R., S.C.) as budget director raises questions over how aggressively the Trump administration will move to eliminate red ink. Mr. Mulvaney, a deficit hawk, has been critical of Republicans who have sought higher spending levels in recent years and spoke skeptically of Mr. Trump's infrastructure-spending push just weeks after the November election.

One question is whether Mr. Mulvaney will prevail on the Trump administration to narrow its spending aims or if Mr. Trump might instead task the congressman with selling a short-term boost in outlays to skeptical GOP lawmakers. Mr. Trump has been particularly critical of Republicans' plans to slow the growth in spending of Social Security and Medicare, a longtime aim of House Speaker Paul Ryan (R., Wis.).

Meantime, Republicans could face charges of maintaining a double standard if they green-light a big increase in spending without proposing ways to offset it.

"There was great reluctance in Congress to give Obama a stimulus, so to give Trump something even greater would look hypocritical," said Greg Valliere, chief global strategist at Horizon Investments.

Another issue centers on how Republicans will estimate the cost in forgone revenue of any tax cuts, which they say can be partially offset by stronger economic growth.

Under current policy, the Congressional Budget Office sees a budget deficit around 3.2% of gross domestic product for the next four years. But it would rise to 5.3% of GDP under the House Republicans' tax plan, and to 6.8% of GDP under Mr. Trump's proposal, according to an analysis by Cornerstone Macro, a research firm.

—Nick Timiraos

Social Security: At Odds With Republicans

Mr. Trump meets with House Speaker Paul Ryan at the U.S. Capitol on Nov. 10.

Mr. Trump meets with House Speaker Paul Ryan at the U.S. Capitol on Nov. 10. PHOTO: ZACH GIBSON/GETTY IMAGES

Of the many ways Mr. Trump has demonstrated he is no ordinary Republican, few stand out like his antipathy toward addressing the solvency of Social Security and other earned-benefit programs.

Republicans traditionally have been more open to an overhaul of Social Security because, as the retirement-security program spends more than it collects in tax revenue, it will become more difficult to preserve benefits without raising taxes or increasing government borrowing.

Mr. Trump has repeatedly promised to keep benefits at their current levels, and he has been critical of other proposals, including one from Mr. Ryan to curb the rate of spending increases for Social Security and Medicare. If the U.S. population and spending grow the way the program's actuaries project and no changes are made to benefit programs, retirees will face an across-the-board cut in benefits after 2034.

Solvency issues can't be solved entirely by economic growth, as Mr. Trump's advisers said during the campaign, because America is aging. There were 2.8 covered workers for each beneficiary in 2015, down from 3.2 in 2008, and that ratio is set to slide even lower, to 2.2 over the next two decades.

Analysts at the Committee for a Responsible Federal Budget, which advocates for deficit reduction, said it is fanciful to suggest the actuarial imbalance of the program can be addressed by simply getting rid of waste, fraud and abuse, as Mr. Trump has suggested. The Social Security Administration estimates that improper payments total \$5 billion a year, or around 3% of the \$150 billion needed every year to make the program solvent.

Democrats have also moved farther to the left by supporting more generous benefits for retirees and joining Mr. Trump in swearing off any cuts.

—Nick Timiraos

China: High Tensions Mark New Term

The honor guards attend the flag-raising ceremony at the Tiananmen Square on January 1, 2017 in Beijing, China. About 26,000 people come to watch the flag-raising ceremony at Tiananmen Square on the first Day of 2017 in Beijing.

The honor guards attend the flag-raising ceremony at the Tiananmen Square on January 1, 2017 in Beijing, China. About 26,000 people come to watch the flag-raising ceremony at Tiananmen Square on the first Day of 2017 in Beijing. PHOTO: VCG/GETTY IMAGES

Mr. Trump has threatened to upend U.S.-China relations with an agenda that has global political, economic and even military implications.

Mr. Trump's stance toward China in the weeks leading up to his inauguration already exacerbated tensions between the two superpowers. In an interview with The Wall Street Journal just one week before moving into the White House, Mr. Trump doubled down on a threat to abandon the bedrock of the two countries' relationship: a decadeslong political arrangement under which the U.S. agrees not to recognize Taiwan diplomatically.

Mr. Trump said he wouldn't commit to the policy, known as One China, unless Beijing budged on economic issues such as trade and currency.

Just weeks prior, Mr. Trump had shocked Beijing by speaking on the phone with Taiwan President Tsai Ing-wen, the first contact of its kind since the U.S. cut off diplomatic ties with the island at China's behest.

Chinese officials have said the One China policy, which was a precondition for the re-establishment of diplomatic relations between Washington and Beijing in 1979, isn't negotiable.

China experts say they don't expect it will ever allow the all-important policy, under which it seeks eventual reunification with Taiwan, to become a bargaining chip. If Mr. Trump doesn't assure China he will continue to honor the agreement, "he's not going to have an ambassador in Beijing, and he also won't be able to engage in trade discussions with the Chinese," said J. Stapleton Roy, who served as the U.S.'s ambassador to China under former Presidents George Bush and Bill Clinton.

Mr. Trump has also pledged to confront Beijing on territorial issues, including the Chinese-built island outposts in the South China Sea that he has described as a "massive fortress."

Mr. Trump's secretary of state nominee, Mr. Tillerson escalated the incoming administration's rhetoric earlier this month when he proposed a U.S. blockade of those islands, a move Beijing could see as an act of war.

Mr. Trump's selection of a handful of anti-China trade hawks for key positions in his administration suggests the U.S. will also begin taking a harder line on economic policies involving China, stoking concerns about a potential trade war.

Nonetheless, Mr. Trump did recently back off one of his earlier China-related campaign promises: to label the country a currency manipulator on his first day in the White House. “I would talk to them first,” he said in the Journal interview.

—Kate O’Keefe

Iran: Mixed Signals on Nuclear Deal

Secretary of State John Kerry talks with Iranian Foreign Minister Mohammad Javad Zarif in Vienna. Mr. Trump has called the accord “one of the worst deals ever made.”

Secretary of State John Kerry talks with Iranian Foreign Minister Mohammad Javad Zarif in Vienna. Mr. Trump has called the accord “one of the worst deals ever made.” PHOTO: KEVIN LAMARQUE/ASSOCIATED PRESS

Mr. Trump has been deeply critical of a deal the U.S. and five other world powers reached with Iran to curtail the country’s nuclear program in exchange for sanctions relief.

In a recent interview with the Times of London and Germany’s Bild, Mr. Trump said that the accord was “one of the worst deals ever made” and that he was unhappy with it—though he declined to say whether he would scrap the deal, as he had on the campaign trail. Mr. Trump’s national security appointments signaled in confirmation hearings that the new president wouldn’t tear up the accord right away, if at all.

Retired Gen. James Mattis, Mr. Trump’s nominee for defense secretary, said last week that the U.S. should closely monitor Iran’s compliance with the accord rather than get rid of it altogether. Mr. Tillerson, Mr. Trump’s choice for secretary of state, said he would recommend that Mr. Trump do a full review of the nuclear deal. He said he wanted to ensure that the U.S. is enforcing all of the mechanisms available to keep Iran’s nuclear program in check.

The nuclear deal took effect in January 2016, after the world powers announced its completion in July 2015 and following staunch Republican opposition as well as concerns from Gulf Arab allies and Israel.

As part of the deal, the U.S. and Iran swapped prisoners and the U.S. paid Iran \$1.7 billion to settle a decades-old dispute over a failed arms deal.

Mr. Obama, departing Secretary of State John Kerry and other U.S. officials had voiced some optimism that the deal might usher in an era of cooperation with Iran, but Iran has continued destabilizing behavior across the Middle East since the deal's implementation. Iran and Russia are the main backers of Syrian President Bashar al-Assad, and Iran also backs the Houthis in a civil war in Yemen and the Lebanese militia Hezbollah.

—Felicia Schwartz

Trade: Separating Bark From Bite

Workers make sandals for export at an OEM shoemaking factory in Putian, southeast China's Fujian Province, earlier this month.

Workers make sandals for export at an OEM shoemaking factory in Putian, southeast China's Fujian Province, earlier this month. PHOTO: XINHUA/ZUMA PRESS

Mr. Trump led a revolutionary campaign against the trade principles the U.S. has espoused for decades. In coming months he will show how serious he was about deviating from Washington's free-trade orthodoxy and using the threat of tariffs to address what he calls the unfair trade practices of China, Mexico and other countries.

Mr. Trump and his key advisers have criticized the global trading system as unfair because the U.S. market is more open to freely traded goods and investment than some other economies.

"Free trade doesn't mean anything," Mr. Trump said in an interview with The Wall Street Journal Jan. 13. "It's not free if China sends its products here and we can't send our products there."

Mr. Trump has said that as soon as Day One of his administration he would pull the U.S. out of the unratified Trans-Pacific Partnership, the trade agreement that the Obama administration signed with 11 other nations around the Pacific, not including China. The U.S. should remind other countries that it can restrict \$2.2 trillion in imports to right alleged wrongs coming from trading partners, he says.

But beyond that, Mr. Trump's exact blueprint isn't clear.

Since his election victory, Mr. Trump has played down earlier threats of imposing across-the-board tariffs of 35% or more on goods made in China, Mexico or other countries and shipped to the U.S.

His advisers have suggested those threats of big tariffs were meant to show trading partners and voters he's serious about opening wide-ranging negotiations to achieve better terms of trade. In recent weeks Mr. Trump has focused on persuading U.S. companies to hire domestically instead of abroad.

Some business leaders, former officials and defenders of free trade say the potential for international retaliation and penalties for any unilateral tariffs are so high that Mr. Trump will be constrained and avoid major tariffs that could kick off a trade war.

Still, Mr. Trump's choice of advisers shows he is serious about putting pressure on imports, and he has signaled to Mexico and Canada that he wants to renegotiate the North American Free Trade Agreement, or Nafta.

Robert Lighthizer, a trade lawyer who has argued for three decades for punitive tariffs on the overseas rivals of American companies, was chosen this month for U.S. trade representative.

Some congressional Republicans, who provided the biggest support for the Obama administration's efforts at trade liberalization, are signaling they will resist Mr. Trump's efforts to impose big tariffs, which can hurt international businesses and raise prices for consumers.

—William Mauldin

Defense: Focus on Islamic State, Other Challenges

Mr. Trump has railed against cost overruns and delays to the new F-35 fighter jet.

Mr. Trump has railed against cost overruns and delays to the new F-35 fighter jet. PHOTO: U.S. AIR FORCE/AGENCE FRANCE-PRESSE/GETTY IMAGES

Mr. Trump has vowed to accelerate the fight against Islamic State in Iraq and Syria, where U.S. troops since mid-2014 have backed an offensive by local forces to oust the extremist group from its self-declared caliphate. Mr. Trump has said the campaign against Islamic State is his No. 1 priority.

Already, a U.S.-led coalition has conducted more than 16,000 airstrikes on Islamic State targets and retaken well over half the group's territory in Iraq, as well as a swath of the land it captured in Syria. The focus of Mr. Trump's Pentagon will be to take the remainder of the group's territory by finishing off an offensive in Mosul and moving into its second stronghold in Raqqa.

Beyond Islamic State, Mr. Trump comes into office as the Pentagon is preparing its defenses to counter Iran, North Korea, Russia and China. The enemy gets a vote in which national security dilemma may rise to the top of Mr. Trump's priority list in his first year. George W. Bush saw his entire eight-year national security agenda co-opted by the Sept. 11, 2001, attacks.

Mr. Trump has already drawn a red line on North Korea. In a Jan. 2 tweet, he vowed to stop North Korea from developing a nuclear weapon capable of reaching parts of the U.S. The U.S. has nearly 30,000 troops stationed in South Korea who routinely train to go to war with Pyongyang.

The future of U.S. defense policy toward Europe may depend on whether Mr. Trump's nominee for secretary of defense, retired Marine Corps Gen. James Mattis, can persuade Mr. Trump of the North Atlantic Treaty Organization's value. Gen. Mattis has signaled his commitment to continue shoring up the defenses of European allies against a threat from Russia.

Mr. Trump has criticized NATO as being obsolete and beset by free-riding nations relying on the U.S. to pay for their defenses. Gen. Mattis, meanwhile, has called NATO "the most successful military alliance in modern world history, maybe ever."

Closer to home, Mr. Trump has trained his sights on defense contracting waste. He has railed against cost overruns and delays to the new F-35 fighter jet, inserting himself directly into negotiations with the chief executive of Lockheed Martin Corp., the lead contractor on the project. His crusade to drive down the prices of contracts could affect future projects, such as a roughly \$1 trillion modernization of the U.S. nuclear arsenal just getting underway.

While Mr. Trump has focused on driving down the cost of defense contracts, he also has vowed to increase spending more broadly on the military, including increases to the number of uniformed personnel.

—Paul Sonne

[TOP](#)

Donald Trump's Presidency: A Look at His Proposed Policy Shifts

By WSJ STAFF

Updated Jan. 20, 2017 7:24 a.m. ET

0

[EMAIL](#)

[PRINT](#)

[SHOW COMMENTS](#)

(33)

[EDITORS' PICKS](#)

[What to Watch on Inauguration Day](#) [PLAY](#)

[POLITICS](#)

[What to Watch on Inauguration Day](#)

[COPYRIGHT ©2017 DOW JONES & COMPANY. INC. ALL RIGHTS RESERVED. \[PRIVACY POLICY\]\(#\) | \[USER AGREEMENT\]\(#\)](#)