

FRANÇOIS BUJON DE L'ESTANG

President, FBE International Consultants, former Chairman of Citigroup France

Thank you Jim. Thank you for this introduction. I am very intimidated with the duty to start on such a distinguished panel. Everybody has heard everything possible about Mr Trump. Before I give you a few impressions from Europe on this election, I would like to come back briefly to Trump's election and to share a few thoughts on what made it possible. The first thing I think we should dwell on is that it was of course Trump's victory but it was also Hillary's defeat. I think there are lessons to be drawn from that.

Firstly, Trump's victory; Trump approached the campaign and the election as a complete political outsider. He led a campaign that was really against political correctness, against Washington, against the establishment, against the political class as we know it. His campaign was built on the anger and frustration in the American electorate, on what was felt mostly by what we call the 'angry white men': people cast aside by globalisation. Sometimes they have lost many things, even sometimes their home in the 2008 – 09 crisis. They are the neglected white electorate.

Contrary to Hillary who tried to cater to the three categories of voters who had elected Obama in 2008 and re-elected him in 2012: the young people, the women and the minorities, Trump ignored these three categories. He really campaigned to a different set of the electorate. These people do not usually vote. However, he was able to channel and mobilise them with methods borrowed from reality TV, of which he was a star, rather than those of a typical political campaigner or orator. That is Trump.

Hillary on the other side, brought with her a feeling of déjà-vu. She suffered from the 'Clinton fatigue' that has affected the American electorate. She was the incarnation of everything that Trump and his voters were rejecting. She led a relatively poor campaign, probably weaker than in 2008. She was not an ideal candidate. She might have been a good president but honestly, she was not a very good candidate. She lost the electoral college. She should not have lost because with the total of delegates from the states that voted consistently for the Democratic Party for the last six elections, normally you should win. She had 242 such candidates, that she could count on. She could have won one or two swing states and been elected. She did not win any of the big swing states. In addition, she lost several of the key, consistently Democratic states, like Pennsylvania for instance, or Michigan. I think the most impressive figure about her defeat is that she commanded 10 million less votes than Obama in 2008. 10 million less !

This election leaves many, many questions unanswered. Many questions about Trump himself, what kind of a president he will be? We know what kind of a candidate he has been. However, a few things have indicated that he might try to be a different president than candidate. We can give him the benefit of the doubt, for a few weeks at least. However, there are many, many concerns.

First, the arch-conservative followers that he has. Some of them already have been appointed to key positions. Secondly, the role that his family will play. Thirdly, his character, which is certainly difficult to deal with. Those are the questions about Trump himself.

Regarding the divided Republican Party, we also have a number of unanswered questions. The Republican Party was sort of hijacked by Donald Trump. A number of its leaders did not really support him. If you think about it, many of the slogans on which he campaigned ran directly contrary to the typical Republican doxa. What kind of real following will he have in Congress, with a Republican Party that is so heavily divided, remains a mystery and might hamper his action?



Many questions also have been posed about a deeply divided America, which was really the background to this election. These are not new but are increasing. The divisions are many and I cannot even list them. The problem of social cohesion is obviously a major problem in America. We have seen this through the Trump campaign. We have a deep division between the conservative right that is really calling the shots and more moderate Republicans, what we would call centrists in Europe.

Hillary got at least one million more voters in the popular vote than Trump. Therefore, he was not at all elected by a landslide. It is a clean victory but a narrow one in terms of voters. It shows a deeply divided American society with Washington against the rest. If you look at the electoral map, you see that the whole of the American continent is red with the exception of the two coasts that remain blue. These are all clear indications of deep divisions. That is regarding the election itself.

Now, we turn to Europe and how Europe feels, how it considers the perspective of a Trump presidential term. I will now switch to French because I think I can speak in English about things American. However, about things European, I prefer to express myself in my own language.

Mr. Trump's election obviously took Europe completely unawares; it was a shock. No wonder: not only did all the polls predict that Hillary Clinton would win — pollsters came in for some heavy criticism afterwards — but Europeans also expected and hoped she would. They saw her as being in line with her husband's presidency. She knows Europe, is thoroughly familiar with international affairs and enjoys much more confidence than Obama did, for example. The Obama administration often made Europeans feel uncomfortable. They thought that with Hillary in the White House, there would be a sort of normalization, that the United States would shift its focus back to Europe.

Trump's election was a shock because it came at a challenging time for Europe, for reasons both strictly European and transatlantic.

All of you know the strictly European reasons: Europe's economy is in bad shape, growth is very low, unemployment is very high and, although the euro zone has recently overcome several crises, it remains vulnerable to weaknesses, especially in banking.

Brexit obviously raises new issues and exposes the European Union's fragility. For the first time, one of its members has decided to leave. Brexit obviously both expresses and fuels the rise of populism.

Those are the strictly European reasons why Europeans were already in an uneasy situation before Trump's election.

But there are also transatlantic reasons. Obama's presidency troubled Europe. That is not said often enough. At first, Obama enjoyed tremendous popularity in Europe because he was the first black President of the United States, a distinguished man and a silver-tongued orator. But at the same time, Obama was the first President of the United States who had nothing European in his DNA. Born in Hawaii and brought up in Indonesia, he portrayed himself as a man of the Pacific, turned away from Europe during his first term and, during his second, only started focusing on Europe when Russia's actions forced him to.

Obama's pivot towards the Pacific demonstrated his deep-seated conviction, which he himself voiced, that America's future lies much more in the West, in the Pacific, than in the East, in Europe. Europeans feel uneasy about that.

Furthermore, the transatlantic climate, strictly speaking, isn't very good. The TTIP talks are stalled. They're at least in intensive care, if not in an extended coma. Moreover, many transatlantic disputes stem from the desire of a certain number of American bodies, often Congress, to exercise extraterritorial jurisdiction, which obviously rubs Europeans the wrong way.



That's the background, if you will. But Mr. Trump's election has thrown Europe into a higher state of anxiety. What will his style be? What will his foreign policy be? Nobody knows, but everybody's worried. The first concerns involve specific questions. First, there's a macroeconomic issue that's barely been touched upon in Europe. If Mr. Trump follows through on his campaign pledge to invest billions in public infrastructure, further increasing America's debt, he risks fueling higher inflation, which in turn would lead to higher interest rates. But highly indebted countries, such as mine, view the prospect of higher interest rates with great trepidation. That's the first reason for being worried.

There are others. There are preoccupations about trade, for example, about trade talks. Mr. Trump openly campaigned against free trade and announced his intention to reject the TPP and dismantle NAFTA. These questions come up: will he really attack free trade and embrace protectionism? And if he does, isn't there a risk it will spread?

There are also environmental concerns. He has announced his intention to pull out of the COP 21 Paris agreement on climate change, a landmark achievement of the Obama administration and French foreign policy. That is clearly ringing alarm bells.

There is anxiety about security. Perhaps he made his comments about NATO and NATO's security guarantee lightly, but they're considered very alarming. Of course, Eastern Europeans are very worried that Mr. Trump might pull out of article 5 and prove much more indulgent towards Russia than he should be. Will he cut a deal? "I'm a deal-maker," he says. "I can make a deal with this guy," referring to Putin. Will he try and make a deal with Russia over Europe's head?

How far will he go in dismantling Obama's legacy? These are Europeans' specific, sector-based concerns. In addition, there is a much more diffuse anxiety about the overall political climate.

Mr. Trump is the latest embodiment of what is commonly called populism, a word I dislike because in the end it doesn't mean much, but characterizes anti-immigration and anti-free-trade movements while playing on voters' fears. His election might put wind in the sails of the various populist movements that have already picked up steam in Europe. There will be a so-called Trump effect that's absolutely impossible to quantify, but we'll be able to assess it as the 2017 electoral calendar unfolds. In any case, it's very alarming. Already in 2016, on 4 December Italian voters rejected the constitutional referendum and a far-right candidate could have won Austria's presidential election.

Geert Wilders conspicuously attended several Trump campaign rallies, and his populists are the front-runners in the Netherlands' legislative elections in March.

France will hold presidential and legislative elections in May and June. Germany's parliamentary elections will take place in October. Populism was already on the march with Brexit. This year will allow us to measure how far it has come.

In conclusion, Europeans face many unknowns and challenges. They must stick together. They tried to in September when they met without the United Kingdom for the first time, in Bratislava. Last week, the Presidents or Prime Ministers of the European Union's five main countries put on a show of unity around Ms. Merkel and Mr. Obama in Berlin. They especially seek unity on the democratic values they intend to defend. They must also stand firm on Brexit and be intransigent in upholding the European Union's founding principles when the talks begin after March.

The second thing is that they must strengthen their unity on key issues. Obviously, they must strive for greater solidarity in building the Euro zone and, especially, in developing migration policy, strengthening Schengen and tightening border controls.

Then, they must take control of their security. Mr. Trump has repeatedly said that he wants the allies to contribute more to their defense and security, to end their reliance on the United States, to stop "enjoying a free ride". They have a long



way to go before meeting the target of earmarking 2% of GDP for defense spending, even though the North Atlantic Council has already set that figure, and they must keep working with the United Kingdom while negotiating Brexit.

All that will be very challenging. Europeans, who didn't need the extra headache, are worried because Trump's election has not only given rise to many anxieties and risks, but also made numerous issues needing to be addressed more complicated.

Jim HOAGLAND

You nicely anticipated a question that I was going to ask. What have these elections done to the image of America? You have answered it very well. Like the other panellists, I will try to address that question as we go forward. What have these elections done to the image of the United States and what are the consequences?