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That was quite a compelling presentation by Stuart Eizenstat and very insightful. I will deal with some of his observations and 6 points. The discussions I witnessed here were much influenced by the global impact of this unique President Trump of the US, as well as the evolving possible hostile relationship between the US and China. Of the following 6 points I begin with the Trump effect and conclude with the US – China relationship

1. Consequences of Trump. As accomplishments he has already inflicted serious and lasting damage on the global role of the USA, the post war multilateral architecture and on the shape of global geopolitical evolution.
2. Future of international trade without the USA.
3. Escape from the North Korea dilemma without denuclearization.
4. Pessimistic conclusions from the Energy and Climate change break out session.
5. A major educational challenge of the 21st century illustrated by the dearth of necessary intellectual skills in the USA.
6. China and the US, a tense relationship.

On point 1, namely my perception of the consequences of the Trump administration's accomplishments. Thierry de Montbrial spoke recently in Korea of such accomplishments, all of which were negative. That was Stuart Eizenstat's speech too as he described why Trump is a transformational President, for better or worse, a realistic assessment. My own perception of the the consequences of Trump and his accomplishments, are as follows:

He has already inflicted serious and lasting damage on the global role of the US. The post-war multilateral architecture for which so many people labored so hard over so many years to create, led by the US, has been put in jeopardy, as Stuart Eizenstat has already pointed out. It is not evident that Trump understands the direct and collateral consequences of his actions in many areas That is my perception as a non-American observer. For example, the consequences of protectionism and tariffs are multiple and often negative for the country implementing them. American businesses may well suffer and many may decamp and create even more jobs abroad. Perhaps Trump will slowly come to understand the consequences of protectionist policies. For example, Ford Motors has said his steel tariffs it will cost it USD 1 billion, and I do not know how much it will cost Pepsi Cola which has also complained. One would have thought that Trump had learned of the number of jobs lost through the imposition of tariffs by the Bush administration on imported steel as well as the lesser number protected at great cost, but apparently he has not.

Point 2 concerns multilateral free trade under the WTO. Trump's protectionist policies and penchant for bilateral deals suggests that his idea of making America great is to try to make everyone else less great. That is why he does not like multilateralism. It requires the US to negotiate with a many countries which collectively can exert pressure on the US which individually each cannot do. Even the Republicans under Bush saw the US as the 800-pound gorilla in trade negotiations, so they were more often in favor of bilateral rather than multilateral deals. That seems to be continuing and strengthening under Trump.

Even in the NAFTA negotiations, the US took Mexico aside and made a separate deal in order to bludgeon Canada into accepting the positions they had hammered out with Mexico.

Is it possible to counter that US strategy? Europe has a key role to play here. The European customs union, consisting of 28 countries and a market of over 400 million people, even after Brexit, could come together with a

coherent policy and one voice. Europe (EU) would also be an 800-pound gorilla with history's largest developed market. Creation of an international free trade area without the US might convince the US that it would need to be part of it. There is no room for isolationist protectionism in today's globalizing environment. This realization is what converted Senator Arthur Vandenburg of Michigan, an ardent defender of isolationism for the US before WWII to become an equally enthusiastic proponent of internationalism by the end of the war when he supported the Marshall Plan, the UN and the emerging multilateral architecture which Trump wishes to dismantle. Might Trump undergo a similar conversion? If not, the US might become truly isolated and lose the obvious benefits of global free trade and investment.

Point 3 is how to resolve the North Korea dilemma without denuclearisation. There seems to be a broad consensus that Kim Jong-un will not give up his nuclear weapons since that is the only negotiating card he has. What is the alternative? One alternative, many people believe worth pursuing, is not to impose more sanctions. They have not worked so President Moon is probably on the right track in changing that strategy. Imposing sanctions do not really affect the governing class in North Korea. Looking back back to the joint declaration signed by Kim Dae-jung and Kim Jong-il in June 2000, look what happened in the aftermath of that – Kaesong Park industrial investment from the south, more trade, more investment from South Korea and more jobs for North Koreans. There are many people, like the former Minister for Reunification, Lim Dong-won, who thinks that is the way we should go.

However, foreign investment in North Korea will not happen unless we know much more about the economy, and that is why the OECD, World Bank, IMF or independent experts should develop solid economic analysis to bring transparency on what the North Korean economy could do and how it could develop. That will need cooperation from the DPRK.

Point 4 only offers pessimistic conclusions from the energy and climate change breakout session. Nothing seems to be progressing satisfactorily in the wake of the Paris accord. There is far from universal political courage to act, with the President of the US always in denial about the obvious global negative consequences of global warming and its disastrous impacts across the globe. It will take a technological breakthrough and enormous adaptation efforts to avert a global disaster. In just looking at the events this year around the globe, forest fires, drought, flooding, tornadoes and hurricanes one can see that adaptation is critical to long term survival. Furthermore, we are now faced with challenges of methane which are very serious and have not been much discussed nor analyzed. Methane is something like 30 times or more powerful than CO<sub>2</sub> as a greenhouse gas. We have been watching this nightmare unfold decade after decade, and surely the answer has to be not just more advocacy, but technology and adaptation. I have been in this game a long time as has Stuart Eizenstat who was at Kyoto negotiating binding agreements which have not been as effective as intended. The Paris Accord is wonderful in being aspirational, except that it is not binding, and not only that, even if the national objectives countries have filed were met the overall result would not meet the targets set by the scientific community and the IPCC. In other words, we would still not be able to get under 2 degrees and 450 PPM of CO<sub>2</sub> in the atmosphere which is declared to be an irreversible tipping point.

Point 5 relates to a serious education deficit which was underscored by Kemal Dervis in a panel discussion. He pointed out that technology was moving so quickly that, five years from now, the world will look much different because so many changes, especially technological, will have taken place. So how do we educate students? How will they be trained for jobs which do not yet exist? This requires a lot of thought, much study and analysis, something I would like to see the World Policy Conference take on, because it is one of the most important issues in the 21<sup>st</sup> century for all countries, even the US. Apparently at the moment the US has a dearth of engineers. There are companies which cannot get the necessary qualified engineers within the US, so they need migration and the New York Times reports that they are having difficulty bringing them into the US.

Point 6 is a short reflection on the rise of China and the likely cooperation between the wealth of China and the science and engineering expertise of Russia. The two together may outrun the rest of the world in dealing with the education deficit just referred to and probably lead the world in the exciting but challenging area of AI (artificial intelligence).

President Trump has expressed concern about the hundreds of thousands of Chinese university students studying in the US and carrying all that intellectual wealth back for China's benefit. Trump was apparently convinced that he should forbid visas to Chinese students coming to America. We have not heard a lot about that recently, maybe



because it was pointed out to him that those Chinese students are contributing at least USD 19 billion a year at to the US educational system and the communities in which they are living. Again he does not seem to understand the range of consequences of his actions. We heard a very interesting comment from both the Chinese and the Russian representatives here, Mr. Wang and Mr. Yurgens. They believe there will be positive advantages for their countries because of Trump, despite his threatening trade wars. They see the US as essentially withdrawing from its leadership on the world stage, which means there is a real opportunity to fill that vacuum, and that is what China, perhaps in collaboration with Russia, intends to do. It may happen and this would be yet another unintended consequence of Trump's isolationism and protectionism.

Bear in mind that China was the largest economy in the world in 1820, and predictions have suggested that it will again be the largest economy in 2020. That may be extended a bit given global economic slowdowns. In 2017 the GDP of China was 12 trillion US dollars and the US was some 18-19 trillion, but as China's will continue to grow more rapidly it will soon overtake and pass the USA as it has done with Germany, and latterly Japan in 2010. What are the consequences of China becoming the world's largest economy? There are many, but one foreseeable would be its role in setting rules and standards. As the US leaves the global stage, China may become the international rule setter and global leader in commerce and finance as the US has been for most of the 20<sup>th</sup> century.