



JOHN SAWERS

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Jim BITTERMANN

While we have been speaking here, John's Queen has been addressing the parliament in the United Kingdom. I have not been able to watch CNN for the last five minutes, but I can tell you that I am sure that our analysts are going over that speech with a fine tooth comb to see if there is any hint about the future of Brexit. I do not want to bring up Brexit in the middle of this, but Trump plays into Brexit. He encouraged Brexit. He promised or at least he indicated that the United States would be willing to make up the trade deficit that there might be after trade breaks off with Europe. That the United States would make it up. Do you have any confidence that this would happen, John?

John SAWERS

I do not want to talk about Brexit either. I do not think that Trump had any influence on the Brexit referendum at all. The original sin was David Cameron's and the fault was the British electorate's. You may look for scapegoats and you may want to blame Trump and he has been firing up some of the rhetoric, but you cannot blame Trump for that.

Jim BITTERMANN

Do you have any faith that the United States is going to make up any kind of trade shortfall at Britain's [inaudible]?

John SAWERS

Absolutely not. What we are seeing with President Trump is a more nationalist leader and I take seriously his basic slogans about "Make American great again". It is a false slogan at one level, but it shows what his priorities are. He is not prepared to do what President Kennedy set out 60 years ago, which was an America that would bear any burden and pay any price to defend freedom. Those words are absolutely meaningless to President Trump. President Trump wants to create jobs for American workers, make America safe from what he would see as the threat from migration and the rest of the world can look after its own problems. Just to go back to the central question about what Trump's legacy is, I think it is important and Jean-Claude picked-up on this, he has been a President who has really helped American business and he has created confidence in America's economy. I think if Hilary Clinton had been elected, America would be peering down a recession at the moment because of the lack of investment in America. Instead, while growth is falling it will probably bottom at about 2% in the next year or so. I entirely share the personal views that Josef mentioned about Trump, but he has done something about the American economy that has boosted confidence in American growth which means that a recession is at the very least pushed off and delayed and is certainly unlikely to happen next year.

Josef JOFFE

I agree with that point completely but I still ask why engage in trade war when you raise tariffs, then reduce them again and thus end up at a draw. Why raise prices at home by jacking up tariffs, which reduce the real income of workers and consumers. Worst of all, Trump's tariffs have not reduced the trade deficit, which is actually growing? Thank God, Trump has not destroyed NAFTA, but merely refurbished it under the name of USMCA.

John SAWERS

It probably has in China.

Josef JOFFE

No, overall.

John SAWERS

Trump has a very superficial view about trade, and we all know that. When he rewrote NAFTA and called it the US Mexico Canada Agreement, the changes to the terms were about 2% or 3%. It was basically NAFTA with a new name and the substance has not changed very much at all. This is Trump's style. Trump is aiming at domestic American politics rather than actually aiming to change the substance of these agreements. I have other points I want to make.

Josef JOFFE

So, we do not have to take him seriously?

John SAWERS

You do have to take him seriously because he can act in a way that is very unthought through. The sort of areas that Renaud was talking about, his attitudes towards Iran, his relationship with autocrats like President Erdogan, lead to consequences that he simply does not understand when he is having these conversations. Those are consequential. I think actually I would side more with Jean-Claude, saying Trump is a very consequential President, I would say it is the same. The reason he is consequential, my third word was damaging, and I think that the damage is not about individual policies, it is not about relationships with China or what happens in the Persian Gulf. His approach on deregulation has meant that he is unable to do anything to contribute to the international efforts on climate change. He barely believes that climate change exists let alone that it is a problem that America has a responsibility to address. His approach on foreign relations risks conflict and he is largely responsible for what is happening in Syria at the moment, although one has to say that the original sin in Syria was President Obama's, for siding with a group on the ground that was aligned with a proscribed terrorist organization. That sowed the seeds of the current problems with Turkey, so it is not all Turkey's fault. Thirdly, the disdain for alliances means that other countries around the world, whether it is Britain, France and Germany in Europe and our different positions, whether it is Japan and South Korea, or Australia or friends of America around the world, they will simply not rely on America in the same way they did before. They will have to balance those relationships and they will have to be more autonomous for their defence and security. That may not be a bad thing, but it is a consequence of Trump. Lastly, there is the damage to international institutions. Trump does not believe in American institutions; he does not really believe in Congress or the Supreme Court or the freedom of the media as an individual; obviously his party believes in all those things. He certainly does not believe in international institutions like the World Bank, the IMF or the international trading system. I think he is very consequential. I think a one-term Trump Presidency will do a certain amount of damage. I think a two-term Trump Presidency will do five times as much damage and that is the risk we face.