

DÉBAT

Virginie Robert, Foreign Desk Editor at Les Échos, Vice President of the European-American Press Club in Paris

Are there any questions in the room? I see that we have 15 minutes left.

Nicolas Piau, Co-founder and CEO of TiLT Capital Partners

Hi. This is addressed to you, Jay. You said excitement and you talked about deregulation to prolong the bull run, and you talked about financial deregulation. I am an investor and I have to be very clear. What I am hearing is a very nicely prepared way to the next major bubble burst in the years to come. Gov-like loans are higher than they have ever been before. They represent 90% of leveraged finance today. The non-banking sector has more importance than it has ever taken. The dry powder of private equity is USD 11 trillion. Therefore, I do hear that, but as a European, or as I think anyone else, I would say, okay, and then when things fall out, there will be a mess. The US will pick up because this is the strength of the US, and it will be again a land of ruins all over the world again, and the people who will pay the price are not the people who will cause the issue.

Virginie Robert

That is a legitimate concern, I could say.

Jay Truesdale, CEO of TD International

I could take it, but we have a banker on our panel so maybe I can defer first to you.

Virginie Robert

You know, the Bitcoin explosion and what we are going to rush into.

Jean-Claude Gruffat, Member of United Way Leadership Council, Board member Atlas Network, Managing Director of Weild and Co LLC New York

I am not sure if I am going to answer your question. I would like to say a couple of things. I see the clock is turning and we want to give an opportunity to people to ask questions. First of all, do not expect all of the nominees to be confirmed, and do not expect Trump to push hard to get some of them confirmed. I am prepared to discuss some of the individual situations. Some of the names who have been put forward for certain positions are controversial. Let us look at the positive side of this equation. The people on the economic side are likely to be confirmed. I do not know him personally, but the incoming Secretary of the Treasury, Scott Bessent, is someone whom several of my close friends know well. He is an experienced person. He is a decent

person. As you know, it took Trump a while to decide who to appoint to the post of Secretary of the Treasury. This is a very reassuring nomination, in my opinion, and he will be confirmed. The other one is the incoming Chairman of the SEC, the Securities and Exchange Commission, Paul Atkins. I have known Paul Atkins for 25 years. He was a commissioner of the SEC. He was in charge of the transition team in financial matters between the Obama administration and the Trump administration in 2016. He is somebody who is effectively much more prepared to adopt and support some of the initiatives that you refer to, like crypto and so on. We had an opportunity to discuss this specific topic yesterday in the workshop chaired by chairman Trichet. Those are things that are, in my opinion, reassuring.

Virginie Robert

Therefore, what you are saying is that those people are good people who can manage, because he is talking about the next financial crisis that you might be walking into.

Jean-Claude Gruffat

Okay. Somebody whom I also know very well – he used to be my congressman for a number of years – is now nominated for the EPA, the Environmental Protection Agency. He is Lee Zeldin. He ran for governor of New York against Governor Hochul in the last election two years ago, and he came very close to winning. As I said, since 2006, all governors in New York have been Democrats. He is, I would say, a moderate Republican. There are two words I would like to say, if I may, about immigration and tariffs, and I may disagree to some extent with what has been said, to some extent only, by other participants in the panel. I do not believe that Trump expects to enforce tariffs. He had some tariffs during his first administration. The Biden administration came in and did not change anything. His team was as protectionist, so to speak, as the Trump administration. I make a difference between the tariffs that he talks about applying from the first day on Europe, on Canada, on Mexico, and so on. I think that is largely a negotiating tactic to bring people in. You remember what happened? The next day, Trudeau came to see Trump in Florida and Christine Lagarde said, 'Instead of fighting, let us talk'.

Virginie Robert

Yes, and that stirred a big debate in Europe.

Jean-Claude Gruffat

However, China is different. I am not saying at some point he is not trying to get a great bargain with China. When the Biden administration came to power, if you remember, there was a meeting in Alaska between the Chinese and the Americans. It was a disaster because the Americans started talking about human rights and a number of issues, Hong Kong, the Uyghurs and so on. That is not going to happen with the Trump administration, but they are going to talk about very serious matters. If you are concerned about the inflationary impact of rates, tariffs and so on, I think there is a big difference that is coming in terms of strategy. Remember, Trump never reads, but he wrote one book – not by himself – called *The Art of the Deal*. It is all about dealing, dealing, dealing, and he may want to make a big bargain at some point with China, but with the other countries it is purely a tactic to get them to work on, for example, fentanyl. We have a number of people, young people, who are killed in America by this drug, which is

imported from other countries. He wants to block fentanyl. This is a national security issue. He will use every possible means to deal with that.

Now, immigration, and then I will stop. With immigration we have seen open doors for the last four years. One of the reasons why Kamala Harris lost the election is the fact that the Democrats did not deal properly with the immigration problem. There are many dimensions to the immigration problem. I do not believe for one second that he is going to deport 11 million people. This is not going to happen. It is infeasible. It would cost a fortune. Practically, they do not have the logistics to do it. This is nonsense. It is not going to happen, but keep some numbers in mind. There are 40,000 people in America who have committed serious crime and who are illegal immigrants. These people are still in jail in America. They are going to be sent back to where they came from. There are 600,000 people who have committed some sort of offense, other than breaking the immigration law. These people are also potentially in the process of being sent back home.

The Obama administration expelled a lot of people. Several hundred thousand people were expelled by the Obama administration. Now, at the same time, Trump has said that he will regularize the problem of the Dreamers. The Dreamers are the people who were brought in by their illegal parents in America, but they have lived in America all their life. They have never lived anywhere else. He said clearly during the campaign that he will deal with the problem of the Dreamers. He also said that he is prepared to give Green Cards to graduates from good universities. This is somebody who is prepared, on the one hand, to take some measures with the criminals, and at the same time also wants to stabilize things. I think there is a possibility. Marco Rubio, many years ago when he was a young senator, was part of a commission of eight people – four Republicans, four Democrats – who put together a plan for reforming the immigration system. I think the immigration system, beyond the effect of, if you will, the rhetoric in campaign meetings and so on, is something that they want to deal with, and there is a chance. I am not saying it is necessarily going to happen, but I would not be too concerned that we will see millions of people being deported.

Fareed Yasseen, Secretary General of the Iraq Pugwash Association, former Ambassador of the Republic of Iraq to the United States

I have just one point on this, if I may, very quickly. Please remember that one of the first measures taken by the Trump administration in 2017 was the travel ban, and precisely to Iraq was included on it. We managed to get off only because we agreed to take in people who were being deported because they had committed crimes. Therefore, that is a serious issue, and I think what you said will happen.

Virginie Robert

There is a question in the back here. Thank you.

Guillaume Callonico, Geopolitical Risk Manager, Senior Director at CDPQ

Thank you very much for this conversation. I am Guillaume Callonico from CDPQ. It seems to me that Trump has a trilemma, an impossible trinity, because he wants tariffs, he wants a weaker dollar and he wants tax cuts. Therefore, it seems to me that it is impossible to have the

three together. What can he do, really, with these three things that he wants to do in America in his second mandate?

Virginie Robert

Yes, that is complicated, indeed. Does anybody want to take it? Well, maybe Peter, because you are a big exporter, and go ahead, Jay, afterwards.

Peter Beyer, Member of the Deutscher Bundestag, former Coordinator of Transatlantic Cooperation of the Federal Government

Thanks for the question. Of course, this is of deep concern. As I said earlier, I think, take him at his very own words. I expect this is something that we need to take into consideration, that this will all happen. For us, especially with regard to tariffs, as a big exporting nation, I think I saw the numbers just for my country, like annually USD 15 billion or EUR 15 billion that would hit our exporting businesses. Therefore, it is quite something. It might be even more. There might be some truth in it that everything that you hear now that is put in the window is just negotiation techniques. I hope so. Maybe to some extent, but certainly not completely. I really think we should take it very, very seriously. He will not really impose all these things and not follow his own concepts. I think this will happen. That is why I said what I said earlier. You were talking about mitigating the risk and I was talking about putting measures in place now while you still can to have something in place, something as a possible response, if you come into the situation and you sit down at this negotiation table across the Atlantic now, from my place in the world, and you have something that you can put in the window as well. You may call it a negotiation technique.

Then take into consideration as well deregulation and also weakening the dollar. I mean, he wants to make the United States not only great but greater. Every nation, every leader of any given nation, be it Germany, France, the UAE, or be it Washington or the United States of America, if he or she wants to be a good and true leader serving in the interests of its own folks, needs to try to make his or her own country competitive. Geopolitics play a role. It is because of wars. In the example of Germany, for example, we messed it up. We naively increased our energy dependency with Nord Stream 2 and all these things. Donald Trump was right, and many shared this view, except for Angela Merkel, for example, by that time. I think it was wrong, and I told her when I was her transatlantic coordinator not to do anything about it. Taking this all together, put this all together in a box, make wise decisions, but be prepared and do not step forward alone. Try to build new alliances. This is how this world works.

Virginie Robert

Thank you. Jay, do you want to answer back?

Jay Truesdale

Sure, I will answer the question, and also maybe make a point to Nicolas in response to his question. Just a little inside baseball, as we say in America. Scott Bessent and Howard Lutnick both come from the asset management sector. They are in segments of asset management that are high risk-taking and have made their fortunes with high-risk, high-reward bets. They are under the assumption that allowing for that segment of the capital markets to continue to

function is in the best interest of not only firms like theirs, but of the entire economy. They were facing almost the exact opposite scenario had Harris won, and so they are going to ensure that that gets locked in and that private capital continues to be able to function relatively freely.

Now, the inside baseball is that Lutnick, as the Secretary of Commerce if he is confirmed, will have oversight of tariff policy, which traditionally has been the purview of the Trade Representative. However, the Trade Representative is actually going to be folded in, at least according to what has been announced publicly, under Commerce. Right now, it looks like the play on tariffs is going to be much more around Commerce-related topics than tariffs simply for trade protection reasons. Why? Well, it is going to be centered around industrial espionage, preventing the theft of intellectual property, ensuring that CFIUS (the Committee for Foreign Investment in the United States) gets strengthened from a national security perspective, and that critical technologies such as chips continue to be controlled as much as is possible. Therefore, I think about tariffs, especially with Mexico and Canada, as negotiating tactic, but specifically to advance Commerce Department objectives that Lutnick will have on his agenda. The president will also care about these ideas, but when it gets technical he will allow Commerce to take the lead.

Virginie Robert

Okay. I think we have time for one last question. Thank you.

Philippe Chalmin, Founder of Cercle Cyclope, Professor Emeritus at Paris-Dauphine University

Yes, last week at Notre-Dame reopening ceremony in Paris, the most looked at American was not Donald Trump. It was Elon Musk. What do you think Elon Musk will be doing in the months or years to come? Will he be the real *éminence grise*, as we say in French, or *Rigoletto*? You know how it ended for *Rigoletto*.

Virginie Robert

Thank you so much for this last question. It is perfect. Jean-Claude, do you want to answer?

Jean-Claude Gruffat

Elon Musk was probably the largest financial contributor to the presidential campaign of Donald Trump. He spent like USD 100 million to a PAC (Political Action Committee), and he was particularly instrumental. Somebody whom I know very well works for him and works in particular in Pennsylvania. As you know, Pennsylvania was a very critical state in this election. Elon Musk is a Democrat. Until a year ago, he was a Democrat. By the way, some people are making jokes. Some of my friends in the US are making jokes. I said, 'Why are you complaining about Trump being elected? He is surrounded by a Kennedy, he is surrounded by Elon Musk, he is surrounded by Tulsi Gabbard and so on and so forth. He is surrounded by Democrats'.

More seriously, Elon Musk will be there for a period of time. He has to manage huge conflicts of interest between his own personal interests and what he is being expected to do is the DOGE that you were making reference to. Over time, I would not bet it will be for very long, but he will be there for a period of time with Vivek Ramaswamy. Are they going to be able to achieve

something? There is a need to do something about government efficiency. Everybody agrees on that. It goes well beyond the Republican Party, by the way. Independents and Democrats feel the same way. Therefore, he is there for a period of time. He has made a major contribution. How long is he going to be there for? Ultimately, he will take care of his own interests.

Virginie Robert

Okay, so I guess we still have a lot of question marks, but thank you all very much for your attention, and we are going to break it here because our time is up. Thank you all for being here today.