

THE ASPEN INSTITUTE

ASPEN SECURITY FORUM

“Taking Our Fate Into Our Own Hands”

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Speaker 1: You can begin talking.

Anshu Munn: Okay. I'll just start.

Good morning. My name's Anshu Munn. I'm a reporter at Bild Newspaper in Germany, and part of this year's SM Security Forum's Scholar Program.

I'm delighted to introduce our first session today titled, Taking Fate Into Our Own Hands, Angela Merkel's famous first reaction to Donald Trump's America First policy.

At the first anniversary of Merkel's statement, the European-American relationship seems to be even bleaker than a year ago. The US President calls the EU, not only a fall on par with Russia and China, he also questions the Western security alliance.

For me, growing up behind the Iron Curtain and former Eastern Germany where my parents lived half their lives under [authorian 00:00:46] communist rule, longing for the freedom of the West and dreaming of America, the perspective of a world without NATO and the strong Western alliance is a grim and gloomy vision.

But the threat to our alliance is not only one-sided. Anti-American resentments are virulent in large parts of German society and Europe as a whole.

The moderator for this session is Terry Moran, Chief Foreign Correspondent and Anchor at ABC News Network. He's based in London, and has led the program to distinguished coverage of major news stories overseas since 2013.

Before his assignment in London, Moran was a co-anchor of Nightline, Chief White House Correspondent, and Supreme Court Correspondent for ABC News. His work has earned him wide recognition from his peers, including a Peabody Award, several Emmy Awards, and two Merriman Smith Awards from the White House Correspondent Association, among others.

Please help me welcome this panel, and what is sure to be an exciting discussion.

Terry Moran: Thank you. That's very kind.

Good morning. It is a great turnout. I was thinking as I looked out, once upon a time the subject of trans-Atlantic relations might have the session that you skipped at Aspen. But times have changed. We're lucky to be discussing really one of the most interesting topics, and a very interesting presidency, maybe close to the heart of what Donald Trump is doing as president. And we're also lucky to have a great panel.

We gotta lot of ground to cover. So let me introduce ... Michael Murphy is the Deputy Assistant Secretary of State for European and Eurasian Affairs. And I just wanna say, Michael, thank you for your service to our country in the State Department at this moment. And we're glad to have you.

David O'Sullivan is the Ambassador of the European Union to the United States, our new foe. Welcome.

David O.: Thank you.

Terry Moran: You're welcome.

David O.: You've got it all.

Terry Moran: Emily Haber is the Ambassador of Germany to the United States. She's the first woman to hold that post, has taken it up just recently in the past month. So be careful what you wish for, in some ways.

And John McLaughlin, of course, is the former Acting Director and Deputy Director of the Central Intelligence Agency, and a man who has given so many years of his life in service to our country. So thank you again.

So actually, David, as I just said ... that I was joking about it. But I should ask, you know, when you heard the president describe the European Union, which you represent as a foe, how did that hit you? What did you say to yourself?

David O.: Well, as it happens, I kind of read the full transcript. And when you read it, I think in fairness to the president, he was talking more as a competitor than as a foe. And in fact, he had kind of made that adjustment in what he said. And that's how I've taken it. But yes, I mean, I personally don't think of countries as competitors. It's companies that compete. But it's true that in trade and other terms, we have a relationship that is sometimes competitive. So that's how I've taken it.

And what I've taken from this administration is that this president feels unhappy with the set of arrangements that exist, particularly with Europe, whether that's in defense or in trade. He'd like a reset. I think that's a conversation we have to be willing to have. It's not gonna be an easy conversation, but I think we have to understand that's his approach. But we will also have our interests and our position to defend, and we will do that. Yeah, it's a bumpy period, but we've through bumpy periods before. And I think the depth and the strength of this relationship is such that, I said recently, "We're condemned to be each other's best friends even if we don't want to be, because we have such a tissue of relationships that binds us together." And I continue to believe that that is what will carry us through, even very difficult moments.

Terry Moran: Well that was very well ... very diplomatic. And I wanna test it a little bit because that's what we're here to do, and just ask the panel, in general, sort of the big question. It's alarmist but it's out there, I think, in a lot of people's hearts and minds. So I'll ask it. Is President Trump breaking the trans-Atlantic alliance or testing it, or redefining it?

John, I think I'm gonna ask you.

John McLaughlin: I think he is. He may not be doing it willingly or consciously, but what I see in his approach is, as in so many of the things he does, a lack of understanding of what it's really all about.

The Ambassador was very diplomatic, and I understand that. And I read that full transcript, and I agree with what he said. But it's also true that the President said, at one point, that the EU was formed to disadvantage the United States, completely misunderstanding the origins of the European Union. I was a student in Europe about 10 years after its predecessor was formed, and when there were still bullet holes in many European buildings from the war. And it was formed to move Europe to a different place.

You know, he also told Macron he should withdraw from the European Union. He said that Germany is controlled by Russia. He advised Theresa May to sue the European Union. This is all silly stuff. One of the most poignant things that I've seen about this, on a human level, was a tweet from a Dane who said, "Does your president understand that more than 2,000 of our citizens have served in Afghanistan, 49 have been killed, and more than 200 have been wounded?" I suspect he doesn't know that. So I think, at minimum, he is testing this relationship. Does he know, for example, when he talks to Putin about Ukraine, that to the degree there has been movement on the Minsk process, or that there even is a Minsk process, that it has been driven mainly by France and Germany, along with Russia and Ukraine.

So I'll stop there, but I think you get the gist of what I'm saying, that he's fact-challenged on this, and therefore, I believe he's starting from a basis of low understanding, and that's a dangerous thing, given that these are the people in the world who, despite our differences, and despite the complexities of the EU, these are the people who are with us in a crunch.

Terry Moran: Emily, I think that tees you up nicely. You and I were speaking earlier about ... There's a difference between the Trump show and the Trump presidency. I'm trying to tell my colleagues, actually, I'm just moved from London back to DC to try and take up some of the slack there. And there is one of the great under-covered stories in America, I think, is the fact that Donald Trump is the 45th President of the United States. We cover Stormy Daniels, we cover Twitter, we cover the backstairs gossip at the White House, who's in, who's out, who's up, who's down, his latest tirade and tantrum, but he's a president that makes

policy, and we were discussing a little bit earlier, but in the Trump show, Germany is the star, and you're the villain.

Emily Haber: Well, so far we're a large state, we're a very prosperous state within Europe. And if you are big and prosperous, you're being targeted. You would know. Any American would know. So on the-

Terry Moran: On the policy, do you think it's that way?

Emily Haber: Exactly. So far we've only focused on how things are being staged, and we focused on rhetoric. But I think it's worthwhile analyzing the metrics and the political policies as well.

Now, I was working in the past four years in the interior ministry. Michael just told me that there had been possibly a terrorist attack this morning in Hamburg. And in the past, I would have been, in the German Government, the person the President of the Federal Crime Office would have called to tell me that. And if you ... this sort of person, you would very much focus on threat levels. And you would frame his use of developments through the lens of threats. And if that's too general for you, as I just mentioned, Islamist terrorism, you'd look, even if it's about foreign policy, towards the role of failing states and how this would fuel Islamist militancy, not only in the region, but also in our respective societies which, as communication, societies of our days are very hyper-connected.

Or look at China. I would have looked at the shopping spree of China and in the German critical infrastructure, or for that matter, in the European critical infrastructure, seeing how they could possibly politicize that for political gains and for whatever other gains, and to counter the West to counter the United States, in a hugely ambitious [inaudible 00:09:52] interest agenda.

Or Russia. We've been targeted by cybercrime, and flyby attacks, meddling into the internal affairs. As well, there's the famous Lisa case, where fake news from Russia, Russia Today actually, had been used to escalate and exacerbate internal political tensions with a right-wing agenda.

So now these are ... We are threats. And do they have a trans-Atlantic angle? What I'd be saying is, no. In all of these threats, and I could go on and on and on, we are aligned. We're aligned because we have the same interest in preserving the way we want to live, we have the same interest in preserving what we value. No way we would look to other countries. Of course, we'd look to US aid, Japan, many other countries but, basically, it's a very static and a very forceful set of parameters which would define trans-Atlantic relationship.

Even if we have issues, where we think very much differently, I think the key question we should address is, does rhetoric or does a sense that the underlying principles or rules, or set of assumptions that have helped us solving issues in the past. Are they affected? That's the key question, I think. It's too early to say.

We see some [inaudible 00:11:23]. We might discuss about that later. But basically, my point of departure is the set of parameters that defines our relationship and our interest is there, and it's possible.

Terry Moran: That's reassuring. And it kind of echoes what David was saying. And David, you had a crack at it, but let me just follow up briefly on the question of rhetoric. As John pointed out, this president has a style, a rhetorical style that is ... It gets your attention. And Europe is often the target of his harshest bars. How much does that matter in your work? Without getting into any specific one.

David O.: I think, in fairness to the president, he's also fairly critical of some other allies, so we're not ... Europe is not alone in that. But we have to accept this is a change of administration. We have a new president, a new style. This is what the American people have chosen. We have to deal with it, and we will engage. President Juncker will be here next week to discuss the trade issues. And certainly my job is, you know, slightly more challenging these days perhaps than it was in the past because many people didn't hear much about the European Union.

But I still come back, and I think Emily's absolutely right. If you look at the substance of the policies, these are the issues that we have to engage on. And, at the end of the day, I think the ties and the connections are so deep and so strong that, in the end, we are going to have to find solutions to our divergences, because ... And I thank John for what he said about the EU. I think a strong and successful and prosperous Europe, and the EU is a very important element in that, is vital to America's security.

So I think if you wanna take America First, or what is America's best self-interest, I think even the most forensic examination of America's self-interest will be that a strong, stable, secure, and successful Europe is vital to the future stakes of this country as well. And vice versa. And I remain convinced that that's the conclusion you cannot escape from when you actually look at the facts.

Terry Moran: Michael, you're hitting clean up here.

Michael Murphy: Okay.

Terry Moran: Do you think this administration is convinced?

Michael Murphy: Well, let me make a couple observations. You started earlier by saying a lot of times we don't know he's covered some of the policies that are beneath the rhetoric. And I think one thing that I think is really important to look at is what came out of the NATO Summit, and in the context of substance.

And there was a lot there. And this has been under-reported. On burden sharing, which was obviously a priority of the United States, and many other allies as well. And I would add it's a commitment we all made to ourselves, not

once, but several times, at the Head of State level and including in the last administration.

So these are not personal issues. These are trans-Atlantic issues that are of long standing. And we've made quite a bit ... amount of progress there. When you look at the number of allies who are hitting 2% spending on defense, it's gonna go from 8 to 18 by 2024. When you look at the number of allies, we're gonna hit the 20% commitment. You're gonna go from 15 to 27, I believe. And the increase in contribution from allies, many of which announced increased contributions at the summit themselves, they are impressive.

Now we're not done yet. We have a lot of work to do. And I think it is encouraging that the allies all agreed that we A, stand by those commitments; and B, we're gonna attack them with greater urgency. But that's not all the alliance did. On defense and deterrence, we did an awful lot as well, and it's been under-reported. The 30/30/30 initiative, the readiness initiative where the allies agree to endure that we have 30 air squadrons, 30 naval squadrons, 30 maneuver brigades available to the alliance for its defense in 30 days is a big deal. And implementing that is gonna be a big deal.

The military mobility work that we announced. It's going on within NATO, within the EU, and between the NATO and EU, is very, very important. There was a lot done on hybrid in cyber. Two threats that were talked a lot about yesterday, in terms of renewing the cyber defense pledge, offering up capabilities to the alliance in the event of the need to deploy cyber in an incident, or in a crisis.

The hybrid support teams to support allies who are in the need of such support, should they ask for it. And then on the area of terrorism, which is another priority of the United States, we've also accomplished quite a bit. You know, Iraq is going to be a new NATO mission. And kudos to the Canadians for stepping up and leading that mission. You've got renewed commitment to resolute support in Afghanistan. I think we have the highest fill rate for troop contributors among the alliance that we've ever had. And we've also renewed our commitments to the Afghan National Security Forces through 2024.

We've strengthened our Southern partnerships which, as Emily was talking about, failed states or regions where there are troubles that are affecting Europe and the United States security, the South is one of them. And stronger Southern partnerships is one way of dealing with it. We've also, you know, to get really ... We announced the full operational capability of the hub for the South.

And, you know, other things that have gone unnoticed are the tremendous work that's been done in NATO-EU cooperation. When I started in the Foreign Service 25 years ago, that was ... At NATO, EU cooperation was a dirty word. Today it's almost the norm. The challenge now is taking what Miss Mogherini

and Mr. Stoltenberg have laid, in terms of the foundations, and building on it. And there's been real concrete work done there.

And last, but not least, people forget about Macedonia, and the invitation to begin a session talks to Macedonia. That is a major win for the United States, Europe, and the Western Balkans. So, you know, while we're all focused on a lot of the drama surrounding the event, and I understand why that's something that is the focus of attention, particularly in today's 24-hour news cycle. There was a lot of good substance of work done, not just by the United States and the people that I work with, but by the allies in the European Union that I think deserves some recognition.

And I think that answers the question in my mind, where are we headed? We're moving forward. We're strengthening the alliance, and we're strengthening the trans-Atlantic relationship in concrete, specific ways. And what we're focusing on already in the Department of State is how do we take the steps that we've announced, and take them further, and implement them.

So I consider that a very big positive coming out of the summit.

Terry Moran: Thank you for that. I think that was really a refreshing catalog of actual policies that have been put in place.

I'm going to go back to the rhetoric though, if you don't mind. Because it is important. And it's this rhetoric. So the president, as you know, was asked by Tucker Carlson of Fox News, right after his meeting with President Putin, "Why should my son go to Montenegro and defend it from attack?" And the president replied, "I see what you're saying. I've asked the same question. You know, Montenegro's a tiny country with very strong people. They have very aggressive people. They may get aggressive, and congratulations, you're in World War III." And that is, at its heart, essentially is a statement of the theory of why and how NATO worked for 70 years. The doubt around the American security commitment has always shadowed and haunted the trans-Atlantic alliance. And it was the job of presidents and diplomats, and generals, and intelligence officials, to shore up the security guarantee.

And I guess the question I would ask is, given that that is the president's attitude, expressed not just here but elsewhere before, once describing NATO as obsolete, can European leaders trust that security guarantee? Because, for all of the policies and achievements, for all the billions of dollars spent and all the state papers, at the end of the day, an alliance is just a commitment.

Michael Murphy: Well, I mean, a couple of things. First, I mean, I know that summit declarations are rather boring and lengthy documents for many people, but we make very clear in the front end of the declaration, which is endorsed by all Heads of State, that our commitment to Article 5 is ironclad. And we've said it many times. It's the Secretary, Pompeo, I believe, said it again in an interview last night. And,

you know, second, NATO is a [crosstalk 00:20:00] defensive ... NATO is a ... Well, let me get these points out, and-

Terry Moran: All right. Sure.

Michael Murphy: ... then I'll ... then you can follow up.

PART 1 OF 3 ENDS [00:20:04]

Terry Moran: Well let me get these points out and then you can follow up. NATO is a defensive alliance so we're not looking to start world war three. The only aggression that has occurred in Europe over the last ten or so years is from Russia, it's not from the alliance. The last point I'll make is it is true that there are differences of views and differences of opinions on issues among allies in the transatlantic relationship, this is not new either, we had them in Suez, we had them over Vietnam, we had them over the dual track policy in the 80s, we had them over Iraq. But I think something that John said that is important is that when you get down to it, the core of this is that the transatlantic relationship is critically important to both sides. At the end of the day, we've been able to insulate those defense relationships and those security relationships from arguments that occur in other fields and I think we will continue to do that.

John McLaughlin: It's the intelligence guy's side to always make sure the dark side is presented, okay. Remember Bob Gates once said that if you show an intelligence officer a bouquet of flowers, he or she will look for the coffin. I don't challenge any of those good things that occurred at the summit. I was prepared myself to say that in the last four years, there's been a steady increase in NATO defense spending, including in president Obama's time. All presidents are pressed for this, of course. But there's something here that goes beyond the ... how would I put it, it's greater than the sum of the parts that we have to worry about.

There are also trends in Europe that are occurring simultaneously. Putin has a very robust diplomacy of trying to exploit divisions within European society. That is supporting those groups that oppose further integration of the EU, that oppose fidelity to NATO and has been, I think, moderately successful in parts of Europe. My colleagues can address that.

Also, I think on the issue of article five, sure. We're all committed to it, but in truth it has never really been tested, the only article five decimation, as many of you know, is right after nine 11, when NATO, without any prodding from us, declared article five in support of the United States. So the question that arises is, is it more difficult in the absence of the cold war. We don't really have a cold war in that sense with Russia. Cold war's the wrong metaphor for what's going on with Russia now. It's too comforting a metaphor for all of us because we kind of understood that and it was a global struggle and it came to an end and our enemy went away, the soviet union. That's not going to happen with Russia,

they're going to be here. So it's more of a competition, not the struggle we had in the Cold War.

Without that clear, common enemy, how would article five work if Putin did something in, let's say, Estonia or Latvia that would involve something as simple as taking over a radio station with little green men that had broadcast anti Russian propaganda or anti Russian sentiment to a population? Would article five kick in automatically? I think it would, but I think that's more of a question than I think it was in the cold war.

Then within Europe itself, is the character of Europe changing? I mean, the European Union was created for reasons I don't have to elaborate on, but represents a shared sense of democratic values, ranging from fair elections to free media, to legitimate transitions and so forth, but those things are under challenge in significant parts of Europe, Poland, Hungary, to a degree in the Czech Republic. One can say well, those are new members still struggling to escape their past, but Italy, a core member, has now joined a group of countries that in some respects challenge the core principles of the EU.

What will Europe look like ten years from now? Will those trends be interrupted? Are they ephemeral? Are they temporary? France had a close call in the election with right wing competitor, not ... I see one of my colleagues shaking his head, who's very knowledgeable of this, it wasn't a close election, but the fact that there was that much sentiment for a party in France that wished to move France in another direction is noteworthy. Will the character of Europe, if Brexit succeeds, that's a major shift in I think the internal dynamic of the EU given what Britain has always brought into that collection of views.

These are big issues and I think we have to be careful not to focus too much on the particulars and to stand back and say, what's greater than the sum of the parts here as we look ahead? I could make it even darker if I said, what happens if Trump only has one term and continues to talk this way? I think Europe waits us out. If he has two terms, and continues to use this rhetoric, is it game over? Does Europe go its own way? Does it make its own deals? I don't know.

If the character of Europe changes over time ... See it's hard to predict these things. I was in Germany a month before the wall came down and in several other parts of Europe. And I asked people, will Germany ever be united? And to a person, senior officials in Germany told me, never in our lifetime. Yet, we in Washington looking at it from afar were saying the forces are unstoppable here, these two parts are going to come together.

I don't know, predicting things in Europe is a little tricky and we have to be careful not to be caught up in conventional wisdom. So I'll stop the darkening there.

Terry Moran: You raise an interesting point about NATO and about the relationship more broadly, it was formed a long time ago in a different world, a different Europe, a different America. And I wonder if what we're seeing is a divergence, and President Trump, with his knack, put it to every sharp point in his press conference with Theresa May in London. David, I'm going to toss this one at you where he said, and you as well Emily, that the character, the culture of Europe is changing because of the change in demographics, he thinks it's a negative thing and that it ... Perhaps we don't share. President Trump I think suggests the values that really undergirded the military and the overall relationship to begin with. What do you think of that? The divergence of culture that the President mentioned.

David O.: Respectfully on this point I can't agree with the president. I mean the implication I think was because of muslim immigration that Europe was changing. I mean the percentages are very small, Europe is not going to become a muslim continent anytime soon. This is not an issue in Europe. We have an issue of integration, we have an issue of how we accommodate, not just new arrivals, but even people who came 20, 30 years ago or longer. This is a challenge. I recognize this, we've seen this. We haven't always managed this in the best way, but frankly to suggest this is somehow a threat to European culture and civilization, in my view, is a gross exaggeration.

I think ... Having said that, I take your point Terry, and I think it is something worries me. Is simply that the contacts are perhaps less intense between the United States and Europe than they were. All kinds of reasons, some of them here. Some of the Visa restrictions, it's become more difficult. I think there's fewer student exchanges, people have fewer travel opportunities surprisingly. I think that's something we need to think about. I still believe we share the same values fundamentally. Not exactly the same values, but we have in a sense, we interpret those values slightly differently sometimes, but I think the commitment to democracy, the rule of law, human rights is deeply rooted on both sides of the Atlantic. That's why I say we are condemned to be each other's best friends because we are unique in the world. I think that the true continents that actually still hold very strongly to those values in a world where they're openly challenged, whether that's by China or by Russia or by other models.

I do worry that if we don not work more actively on continuing the connections, the demographics here are changing. The nature of, I'm Irish, there's so many people of Irish American origin, but that's starting to change. There are many many people of German origin even more than Irish origin. That's evolving with immigration, with people coming from Asia, coming from Hispanics. I think yeah. I think the relationship ... I've always said I think we need to reinvent this relationship for every successive generation. I worry that perhaps we're not paying enough attention to that and I'm thinking more in terms of people to people movement and making sure that we don't, in an imperceptibly sort of diverge in the way that you're suggesting. I don't think it's happening now.

To John's point about Europe, Yeah. I mean we have some challenging issues, but I'm very optimistic about our ability to deal with those and to work our way through them. We've had these challenges before. The whole European Union project is a work in progress, there is no end point. I know that sometimes it's frustrating for Americans because you say make your minds up, either become like us or go back to being individual countries, we're not going to do either. We're going to continue to have this hybrid of wanting very much the identity, the culture, the nationality of our individual countries. Maximum sovereignty to those countries, while at the same time recognizing that there are certain things we can only deliver for our citizens by doing it collectively and by working together and by doing that in a way that has common institutions and a common legal structure which is absolutely at the core of the European Union. We will, in my view, this process will continue and we will work our way through some of the challenges. John, it's absolutely not wrong with some of the issues he raises, I would have some of the same concerns, but I believe that we will find a way through that.

Terry Moran: If we can put up and, even Trevor pointed out, Emily on trade. So here's the president of the United States threatening massive tariffs on automobiles made in the European Union, a lot in Germany obviously. There's a question around that, first, can Europe win a trade war with the United States? Second, the question that people are raising is it really a pretext to try to drive a wedge into the EU. Is his project in part to discredit, if not dismantle if he can form the presidency of the United States the European Union by driving a wedge between Germany and France on this issue.

Emily Haber: When I arrived here, four weeks ago, I noted that many people said to me when we discussed the German American divisive issues, they said, well it's not ... there's so many European countries supporting you. Take [inaudible 00:32:56] and just as a case in point or others. That's not entirely untrue, but on trade, really I failed to see why a trade war would have a divisive effect of Europe.

Now, on trade, I think the difficult issue is for us to understand, is it only about cars? Is it about the relationship with Europe? Is it about the set of rules and regulations that the WTO stands for? We hear very mixed signals with regard to the WTO. Some say to us, yes, it's an old system, it has been exploited and doesn't work for our time anymore and needs to be smashed. On the other hand, we see that a number of proceedings have been opened against China by the US in the WTO, so we see it being used. And then we hear proposals such as, why don't we have a bilateral trade agreements with member of the European Union. Well, the subtext of which can only be, it's beside the WTO, whenever you want to create something outside of the WTO where the unexpressed intent can only be to dismantle it. So that makes things so difficult because it ... We are not quite sure anymore whether all the assumptions, and all the parameters in which we have solved issues in the past are still valid here. That's important for trade, but it's even more important for security I should say. I would like to react to some of the things you've said.

Now, on security, I have read and heard when being here people saying to me that Germany in the past has been very cavalier on accepting its responsibility in terms of budgets within NATO. Fair enough, but the observations in place that this has been reversed, certainly after 2011 and recognizing that the international arena has fundamentally changed and in our geography too. In our environment too, in our neighborhood. That has led Germany to reassess security, I'm saying that because when you talked, I remembered ... it's a story that affects China's security, but it's as relevant for external security. 2014 Brazilian football player who had lived in Germany, was in Brazil and he was asked, what do you miss most in Germany now that you're here in Brazil? He was thinking for a while and I thought he was going to say breakfast or Oktoberfest or something. But he didn't. What he said is, he said security. He meant in terms security. But I'm just quoting this to underline that security is always existential, if you've got it, you don't much value it because it's there, but if you sense the lack of it, it's existential.

If the credibility of article five, which has been invoked, as you said only once in history and in full and ... recognition of the league of solidarity, to standby the United States, if that is being questioned, I can't think of anything that would be more conducive to European cohesiveness, even in issues beyond security than this because it's existential. It's existential, not only for countries that are not yet in NATO, but it's existential for those countries in NATO which feel directly and permanently and incredibly threatened.

Terry Moran: Michael, talking about the vision of the president, a mission statement. I wonder what it means in your work? For many decades we have enriched foreign industry at the expense of American industry, subsidize the armies of other countries while allowing for the very sad depletion of our military. We've defended other nations borders while we're refusing to defend our own. Spent trillions of dollars overseas while America's infrastructure has fallen into disrepair and decay. We've made other countries rich, while the wealth, strength, and confidence of our country has disappeared over the horizon. The wealth of our middle class has been ripped from their homes and redistributed across the world. That is the past, and we are now looking only to the future. We issue a new decree to be heard in every city, every foreign capital, every hall of power, from this day forward a new vision will govern our land. From this moment on it's going to be America first.

Michael Murphy: Well let me, before I tackle that easy question, let me first mention, reiterate or emphasize a point John made about people to people and the importance of transatlantic routes. I grew up in the 80s, cold war kid. I had a very different understanding of the world and how it worked. We were steeped in the understanding of the relationship with Europe. I went to France as a high school student on an exchange trip. I think we assumed at the end of the cold war and with the advent of globalization that these bonds would be take care of by CNN, MTV, and now Facebook. It doesn't work that way. In fact, one of the things

we've learned is it's often the ephemera that those things are focused on rather than the permanent connections and ties that are important to us.

I was up in Albany, New York recently doing some family related matters and had to go to the city hall. There was an exhibit there about the relationship between Albany and Nijmegen during world war two. I thought to myself about how Nijmegen reached out to Albany and Albany supported Nijmegen with some assistance at the end of the war and it was, first of all, wonderful and there's a Dutch connection if you know your history of New York, which is why the Dutch consulate was doing what it was doing. We need more of that because we take it for granted. We don't think about those kinds of things. I think it's the kind of project that the United States, the European Union, NATO, and individual EU states should all be focusing on because I think our values are enduring and I think we need to remind ourselves of that in this day and age.

To get to your question, in my mission statement every day when I come to work is the national security strategy of the United States of America. It's quite clear in that strategy that alliances matter and are important and are critical to US security, not just in Europe, but across the world. That's why we've been doing what we've been doing within ...

PART 2 OF 3 ENDS [00:40:04]

Michael Murphy:

And that's why we've been doing what we've been doing with NATO over the last year to build the summit, and it's what we're focused on, going forward. I think to get a point the other John made, there's a lot of change going on in Europe and the United States in politics. Both sides of the Atlantic. And we all assumed I think, that as a result of globalization everything would be really easy. And maybe that's Tom Friedman's fault. He told us it was all going to be really easy, right? I remember that book. Those books were very influential inside the government and outside the government. It turns out it's a lot harder than that. And there were winners and losers.

And people will need to remember when you talk about American politics there was a challenge on the Democratic side from the left. It wasn't all that favorable. Trade wasn't all that favorable ... the Transatlantic Relationship and Trade Agreements. And those politics are real in the United States. And I think the visit next week of Mr. Juncker gives us an opportunity to roll up our sleeves and get down to resolving some of these issues which are real. They're not imagined on both sides of the Atlantic.

But overall, I'm sorry to be the optimist here, but I think our fundamental values are we share those and that if we continue to plug away the way that we've been plugging away we will come out in the places we want to come out in the end.

Terry Moran:

There is no end to history as it turns out.

- Michael Murphy: That's right.
- Terry Moran: It just keeps rolling along. As Henry Ford says, "Just one damn thing after another." But I think it's a good time to take your questions here, so we'll begin right here if we can. Yes sir.
- Speaker 2: I'm waiting for the microphone.
- Terry Moran: Oh mic? There we go.
- Speaker 2: Thanks Terry, good morning. I'm Mart Davison with German TV. I'd like to follow up on something that John said. John I'd like to paint the picture even a little darker than you did, if it's possible. For example, in Denmark, the government is about to declare areas in big cities to be ghetto's, and to treat the people who live there differently under the law in Denmark
- In Italy, the Foreign Minister is asking for registering and categorizing Sinti and Roma, the Gypsies, in Italy.
- In other places, we have the President in the Czech Republic for example, who just was re-elected who actually said, in an interview, that people from North Africa have a genetic inability to integrate. It's not possible to integrate. In Austria, the government is considering a proposal that Jew's have to register to be able to get Kosher food. To show that they have to have Kosher food on a regular basis because of their religious beliefs. That is a proposal within the Austrian government.
- I was wondering Michael, is the State Department aware what's at stake in Europe if those Right Wing populous movements next year might build the biggest faction in the EU Parliament and that Russia is actively supporting that with its influence operation, probably the biggest influence operation ever, on European soil.
- What you're to do to convince the President that so much is at stake in Europe right now, given the fact that some of his convictions might be similar to what I just referred to in my examples.
- Michael Murphy: Yes, the United States is aware of what's happening. I get up every morning and I worry about Trans-Atlantic security and whatnot. We are very much aware, as the Secretary of State said yesterday about what Russia is attempting to do not just in the United States, but also in Europe. As the Secretary said, we expect that to continue.
- Which is why we're doing some of the things we're trying to do to help countries build resilience against influencing operations. We're working to support Centers of Excellence to counter hybrid threats, cyber threats in Helsinki and the Baltic States. We're working to support efforts by the Baltic

States and Poland to step off the grids in Russia so that they're integrated in Europe, they're less susceptible to hybrid campaigns in the energy sector. We are spending literally, hundreds of millions of dollars to try combat influencing operations here in the United States. We've taken steps with the expulsions of Russian diplomats to deal with intelligence operations here, designed to accomplish some of what you've highlighted. We did that in partnership with our allies and partners in Europe. We're supporting Ukraine and Georgia, providing access to defensive weapons for the first time.

We've tripled our commitment to the Europe Defense Initiative. WE're spending about 11.6 billion dollars there that we hadn't spent before. Of course, we're also vigorously using our sanctions tools to go after the Russian actors that are trying to do the kind of things you describe. So, we're aware of it, and we've taken a lot of steps to try to address it. But, I think, as the Speaker said yesterday, "This isn't going to be a one event, or one action and your done. It's a continuing challenge and we're going to have to continue to try and aggress it."

Speaker 2: And convince the President as well.

Michael Murphy: Well I don't speak directly with the President every day, but I'm confident in reading the National Security Strategy, which is my marching orders, that we're aware of the challenges in Europe and the security work that we need to do to protect the United States and to partner with Europe.

Terry Moran: But it is true that a lot of those parties and forces look to Donald Trump as their defacto leader. The most successful person, who is challenging a globalist order and advancing a Populist Nationalist agenda.

I think he's probably important that way. Right over here, sir.

John Scarlett: John Scarlett, former head of British Intelligence. So, a deep pessimist, join my close colleague, John McLaughlin. That last point, can I just pick it up? Because there were two strands to what's being said. On the one hand, we've had highlighted what the President himself personally has said and done, including in Helsinki. Other comments about NATO being obsolete, and the comment about Montenegro for example. Also, of course the various comments about the EU, so you have that.

Then there's all the other detail that you've, very usefully just given Michael, about what is actually happening day by day on the ground. The battlement is because we don't know what the relationship between the two actually is. When we look at the Presidents comments, people like me and John, in this country and in Europe are thinking, "Well what does this represent? Do these comments represent his real beliefs? So what does that mean for the period ahead?" And to what extent does it represent, not as his personally belief, which could be idiosyncratic, that matters obviously for the President of the

United States. Does it represent a deeper body of opinion across the country? Can we possibly try to address that fundamental point?

Terry Moran: Who wants a crack at that?

John McLaughlin: Well I'll take a crack at it. That's really the \$64,000 question isn't it. I'd start by saying, in politics, words matter. They particularly matter when they come from the President of the United States, who is a model for many typically in the world. So what a President says really matters.

Second point, the way I observe the US government now, we almost have two governments. We have the Presidents brain and thumb, with his tweets. Then we have the professionals in the government who understand their missions as my colleague, my American colleague here does very clearly, are carrying out their work professionally and implementing the official documents like the National Strategy and the Defense Policy review and so forth. Secretary Mattis certainly. Certainly the intelligence community is going about its work as you saw with Director Coats yesterday.

I think John, we are struggling with this same issue. We see this two levels of signals in the United States. The President likes to call what I just referred to as, "the Deep State," which I think is one of the most sophomoric ideas I've ever heard. The Deep State means to me, professionals who are doing their duty every day to uphold their oath to the constitution.

I've sensed a shift in the tide a little bit, in the last two weeks. In which the President handling of the Helsinki summit, rhetorically, and of course his interaction with Putin has, I think, cause more people in the American government to speak out, stand up, assert themselves a bit, even in his own party. There is that.

Given the opportunity to say something, I'll just go on to say about the European Union. That with all of its complexities and all of its flaws, it's certainly easy to do a riff on why the European Union is a pain in the butt sometimes.

David O.: Thank you.

John McLaughlin: My early professors when I was a kid were people like, Altiero Spinelli, Alfred Grosser, these may be names known to some people here. These were the fathers of the European Union who had survived the Holocaust and World War II. I think the European Union with all of its flaws is one of the most successful and innovative experiments in government in all of history. We tinker with it, we criticize it in a constructive way because that's essentially what the European Union does for itself as the Ambassador pointed out. That it is an ongoing, evolving project that is constantly trying to make itself better. It's a project.

So, for us not to support it rhetorically and otherwise, in a constructive way is a deep, deep mistake I believe. And Presidents words matter here, particularly if they can be reinterpreted, or interpreted incorrectly. The Ambassador's right, if you read the Presidents statement on the EU's [inaudible 00:52:16], and you weigh the words, he's talking mainly as an economic competitor. But I don't know how it's read or how it's heard by these people that you just referred to, who have rather malign...who are not friends of the European Union's essential principles.

Terry Moran: Emily, you want to take it...[crosstalk 00:52:36]

John McLaughlin: I'll stop there, because I'll have a tendency to go on.

Emily Haber: Just two sentences to follow up on that point. If we talk about the trans-atlantic relationship that is the EU-US relationship, of course it's important that we focus on what we value, or on democratic rule of law. On all of the issues where we think alike, but may I just propose once again, to use the threat present. Because, it's important for yet another reason. It's about leveraging power that the EU needs with the US on so many issues where it feels threatened or where EU member states feel threatened.

By the same token, leveraging power for the United States on these many, many threats where the United States feels also threatened, and basically they're the same. It's a matter of strategic interest, not only a matter of being aligned.

John McLaughlin: Could I just add a small point. Wouldn't it make sense, given that we do have serious trade issues with China, for us to address those in concert with a tightly constructed mutual approach with the European Union. Wouldn't that make sense, rather than having a trade war with European Union too? Because, the European Union has extensive, I don't know the figures, but I think trade with China is almost as impressive as ours. The two of us together dealing with China would be an unstoppable, muscular, art of the deal.

Terry Moran: The President believes that trade wars are easy to win, you want to get in on that.

David O.: No I just wanted to come back to John's point. We don't have time now but I think something is happening in the body politic on both sides of the Atlantic, and we need to understand that. I think you can get distracted with, sort of, individual politicians. I think we need to understand that the point that was made by our German journalist colleague. That something is changing in the consensus in our society, and frankly our values are being challenged and there are movements emerging, which I say from my personal point of view, scare me as to where this could ultimately lead, particularly given Europe's history.

I think we should be concerned about this. It is for the politicians in the end to find the way of bringing back those voters who are tempted to go in this

direction. Because clearly, something has failed in the system. We see this particularly in Europe, the collapse of established parties in many parts. Then the emergence of these insurgent parties, frequently with very simplistic and frequently utterly inaccurate descriptions of what's going on. Some of the greatest anti-immigrant rhetoric is in countries where there aren't actually any immigrants. We should be worried, frankly. It's a Trans-Atlantic problem that we politicians need to think about how we stop this drift. I think it is ultimately, potentially threatens the very nature of our democracy.

Terry Moran: Okay, we have time for one more, one more question. Sir, yeah, right behind you there.

Speaker 3: [inaudible 00:56:08] Morgan, madame ambassador. A couple of questions. I was reading this morning that there are polls going back to Pew Research Center poll in 2015. They show only a minority of Europeans are willing to fight for another country. You were talking about how Germany considers threats to be of existential importance. But we've been reading in just the last few months that even the German Parliament admits that the German Armed Forces are not ready to fulfill its commitments. And most recently they only had four fighter planes that are able to fly. How does that match in...can you understand why some Americans may doubt the European commitment to Article 5? Thank you very much, and thank the entire panel.

Emily Haber: Of course I can understand that, and, as I pointed out for quite a long time. After German re-unification, Germany has failed security very intensely because, it has, for the first time in its history lived in borders which were completely secured. The most secured in the world, which I contrast, before re-unification the German border was probably the most insecure in the world, which also reflected itself in the defense budgets.

Now the annexation of Crimea has really produced a change of paradigm. We will increase our defense budget between 2014 and 2024, by 80%. That's considerable, we have increased our equipment expenditure considerably. Actually, we're going to reach the wave's targets. What I'm trying to say, while I see where you're coming from, I would also expect you to see that we have changed course considerably.

Speaker 3: But would the German people fight for another country. Because, in these calls Germany is the second to the lowest.

Terry Moran: They're in Afghanistan.

Emily Haber: I don't think that you can point to any event, declaration in German history, where Germany has challenged Article 5. That's my answer.

Terry Moran: And they are in Afghanistan, we're going to have to wrap that up. I'm just going to close by saying a couple of things, just drawing a couple of the strands

together. To state the obvious, President Trump is a very talented Politian. I think he's crystallized in the American public some of the strands of opinion that David was mentioning. If you looked at polls before the rise of Donald Trump, asked America about US alliances in the world. The general result of those polls, depending on how they were phrased, was, Americans like alliances. They complained about them, but they liked the notion of alliances. I think that that might be changing right now. And as far as the response of the other part of the government that's not Donald Trumps brain and rhetoric, we see in the Congress how much difficulty Congress is having in challenging what happened in Helsinki. The Constitution gives the President just, sweeping, primary power over the direction and execution of foreign policy, and I'll get the darkest. If this President wants to break the Trans-Atlantic alliance, he's gonna do it. Have a nice day.

No, what I wanted to say is, thank you very much to our panelists. It was very very good.

PART 3 OF 3 ENDS [00:59:38]