

The International Economy and the Art of the (Trade) Deal

Thursday, July 17, 2025 - 6:10 PM ET/4:10 PM MT

<https://www.youtube.com/watch?v=oTng6EJydXk&list=PL7fuyfNu8jfP8TWSJzPCsyScNGwbW6xbQ&index=27>

Speakers

- Jonathan Black, Deputy National Security Advisor, Cabinet Office, United Kingdom
 - Penny Pritzker, Chairman, PSP Partners; 38th U.S. Secretary of Commerce
 - Robert Zoellick, Chairman, Temasek Americas; Former President, World Bank; Former U.S. Trade Representative
 - **Moderator:** Edward Luce, Financial Times
-

Luce

Nick, thank you very much, Nick, it's a delight to be here to talk about this really important issue and sets of questions with such a distinguished panel to say that some of you might know that the legendary, most boring headline ever written in the history of the New York Times was worthwhile Canadian trade initiative. And it struck me the other day that actually it's a really interesting headline nowadays. It's, you know, soft dumblewood. That's that's kind of sexy. It's geopolitics. Trade is geopolitics, and geopolitics is trade, because Trump sees it that way. I have a colleague who says, in terms of how Trump negotiates and what Trump's next move is going to be, who has a motto, nobody knows anything. And I think there's, you know, there's, it's been a pretty useful rule of thumb in trying to cover this. But before we get into these 90 deals in 90 days, and then the extension of those, let me. Let me turn first to Bob, to just zoom out a little bit, this isn't just about Trump, right? I mean, we have had a turn away in United States politics by both parties in very different ways, to one degree or another, from the pro globalization, free trade stance that have marked characterized America since the Second World War. Is it fair, therefore, to say that, you know, Trump is a lot of detail, a lot of very sort of capricious and unpredictable detail, but actually, the broader trend here is much deeper than Trump.

Zoellick

So Ed, I've had a lot of introductions over the years. Nobody knows anything is a first, but I wasn't me talking about the panel. I'll try to aspire to that level. I mean, it could have been so find out, as you suggest, some people know here, but it's more of a nerdish area. Trade Policy has a deep history in the United States. Jonathan may remember this thing we did with the T in in Boston Harbor. Under the Constitution, the Congress has responsibility for trade. This is not accidental, and for the first 140 years of a years of American history, the trade legislations were major items, along with postal revenues, actually, because in trade, obviously, the closer you are to the constituency members of house Senate, you're probably more focused on the protection of those and so you had bills that had various sort of log rolling aspects for tariffs. But in 1934 there is a different type of regime change. So after the Smoot Hawley 1930 tariffs, it boosted tariffs up to an average of 59.1% FDR manages, with the help of Cordell Hall as Secretary of

State, who at that time did trade negotiations to get authorities shifted from the Congress to the executive branch. And while I leave out the refinements, there are different ways in which these were negotiated. But over the next 80 years, the idea was the President will have the national interest, not just the local, parochial interest. And while there's always a trade politics has always been difficult, there's kind of a momentum to try to liberalize, make the rules of the system, recognizing it's also in us. Self interest us is a cutting edge economy. It's best. Economy. It's best to develop the rules for the cutting edge. Now, as you suggest, it's a big deal that you've now had two presidents of two different parties take a protectionist line. So that is a very big switch in the nature of trade politics. And while Congress will have to face the question of the usurpation of its authority, and some people are arguing about some of the legal authorities that Trump has used on this, it's hard to believe that that alone is going to be a source that reverses it. So let me take you to a slightly related point, because trade politics is so much related to some local concerns more than the Iran nuclear issue. A lot of this depends on the narrative, and I think one of the differences is for many generations, the narrative of the 1930 Smoot Hawley protectionism linked to the Great Depression, which was not seen as a good thing by most people, kind of affected the politics of this. I think you're now in a series of policy generations that have thought about the rust belt from the left. It was the anti globalization movement. You've got the big debate about sort of China shock and so on and so forth. If you want to be an optimist, then I like to be an optimist. I would end with the idea that, however, Trump may realize my dreams, because this is so dramatic, and I believe that the effects are going to be not so good that it could create the possibility for people to think anew on the politics. Costs will go up, inflation. It will affect inflation. You've got high degrees of uncertainty in terms of the investment market. You've got retaliation. Your strategic relationship with your allies is thrown into turmoil. Your North American relationship is now reversal of 40 years, going back to sort of Ronald Reagan.

Luce

These are big changes and Penny. I mean, do you want me to repost the question?

Pritzker

Can I just jump in and react a little bit, which is, I just think it's helpful. Let me just try to scope this a little bit for me. That's how I started. And what I always love about being on a panel with Bob is he really gives you a great sort of playing field with which to understand the historical context. But like, right this minute, the average tariff rate has gone from two and a half percent to 16.6% since Donald Trump came to office. That's the highest since 1910 putting it into your historical context, the uncertainty that that's created because we don't actually know this week, next week, what the policy is going to be. So if you're sitting in a business, it's chaotic. I know that from my own personal experience in my day job, which is you're trying to figure out how to price things. You're trying to figure out your supply chain, etc, etc, and it is very unnerving at best and potentially devastating at worst. Then you've got the US economy that has shown pretty decent resilience so far, but we did have just an inflation print of 2.7% so stay tuned. It's unclear, and we have basically estimates that this will affect households somewhere between \$2,400 a month a year and \$4,900 a year. And the other thing to keep in mind is the rest of the world is not sitting still. They are around making deals around us,

not the least of which is China.

Luce

But let me just quick follow up. I mean, either you or Bob can answer it, and Jonathan are going to get in a moment into the US UK situation, but imposing these tariffs and linking them to really untrade related stuff, like Bolsonaro trial, but maybe the courts are going to overturn it, maybe, maybe the assumptions that we're taking for conversation like this are going to prove like this are going to prove to be wrong. If the Supreme Court did surprise us and uphold what the CIT court has ruled, what would Trump do?

Zoellick

I mean, how different would this conversation be? Either what you're referring to is President Trump used IEEPA, the emergency international economic powers Act. The best logic is that that was an overreach, okay? And that's what the lower level court found. I suspect that's what higher level courts will find. The problem is going under this history that I gave, when Congress delegated the authority to negotiate the Congress, they also said, we want the Congress to be very well armed, so they created a whole set of other statutory authorities that a president can use now they they're not as broad based as this. They're supposed to be some sort of logic of unfair trade practices or safeguards, or all the aspects that get used in the international trading system. But to answer your question, he won't stop. He'll keep using it. And by the way, you know, have you seen him feel that when a court rules against him that necessarily that he needs to pull back. He'll just keep trying. He'll push the envelope.

Luce

Okay, so Jonathan, these 90 deals in 90 days, will deal the first deal, and the only one that's actually really been published, is the UK US trade deal. So maybe two questions for you talk us through what that experience was like, because I know you negotiated it and you dealt with James and Greer and Howard lucknick et cetera. And second, what other things are you doing as a result of this new, very different trade climate?

Black

Well, first of all, thank you for inviting me to be here and beyond. As you say, such a distinguished such a distinguished panel, I would like to come back in the conversation, if we can to the first question you asked Bob about the broader context and the historical context, because I do actually think it matters. And I'll answer your this question now. But clearly this administration has come in with very, you know, a very distinct new set of policies. But I think the trend, both here, but also around the world, is very relevant in terms of, in terms of how we as the UK are approaching this, and also, I think, into how we think where things go. So I think it's, it's with us coming, coming back to that, on, on, on our on what we've done. As you say, we may agree this economic prosperity deal between the US. The US and the UK, product of many, many weeks of hard work with the, with the administration led by our by our business, our business and trade secretary. I mean, what would I could sort of say a lot about it. We, we decided early on in the year that we wanted to look to make an agreement and a deal with the with the administration. I mean, I think there were probably two reasons for that. One is, I think

we felt there was advantage in having a sort of something to work from, a base, to go with and and secondly, that it would create a dynamic that we could continue to do, to do things with. And I am, you would expect me to say this, wouldn't I wouldn't you as a representative the British government. But I think that has, that has, has played out. You know, if you, if you, if you were going to buy a Jaguar Land Rover today, that's not subject to a tariff, which it otherwise would have been, and that that sort of matters if you're, if you're a, you know, an important and significant manufacturer, but not one with a huge, enormous level footprint that, for example, some of the other Japanese companies did. So it was a constant decision that we, that we went into, and as you say, that was a, it's an, it's a conversation we've been having with both the Commerce Department and and the US Treasury and the the agreement that gives the framework for it. There's a written text that provides the face of that. And we're now going through and implementing the bits, including the various bits of legislation, some of which have already gone through.

Luce

And just very quickly, the other part of the question, other stuff you've done, I mean, you did a deal with India in this window, which is something usually doing a trade deal with India is like Waiting for Godot, but there seems to have been real alacrity.

Black

So on both sides, you've got to deal them. And I think that partly goes to what I say about the bigger context. I think it's sort of mattered in terms of what it's created. The backdrop for pence have talked about that others are doing pretty active things around on trade, trade policy as well. For us, we, I think, have made a conscious decision. You know, we're a significant economy outside one of the major blocks, so we have some economic heft, but also some agility, and we've tried to use that both in the bilateral deals that we've done. So we've done this with the US. We've just done a new framework with the EU. We've done we're doing this one with the Indians bilaterally. We've got the Gulf one. But we're also trying to do, to do bits in the multilateral and plurilateral space as well. And we've joined this work on the sort of the temporary arrangements, or the extra arrangements on dispute within the WTO, for example. So I'm trying to do this on a number of fronts. And I actually think you'll see quite a lot of countries do that actually.

Luce

So Penny. But I think it's fair to say that as Commerce Secretary in the Obama administration, which negotiated TPP, I mean, we know what happened since, but that you are you remember the last sort of, broadly speaking, pro Free Trade Administration America has had, and you did negotiate, you and Mike from whenever, I think is here the Trans Pacific Partnership. But now we see Europe negotiating a strategic dialog with the Pacific Britain has actually joined that grouping. But whilst everybody's doing these deals with the United States, I think it's fair to say a lot of them, because of Trump's approach to negotiating and impatience and unpredictability, are not trusting that the deals they ink are going to necessarily last very long. So there's action going on elsewhere. Is the rest of the world picking up the slack? Or is are we in a net global protectionist era, or is it a lot more complicated than that.

Pritzker

I think there's a lot going on. There's absolute trade diversion and trade realignment going on, and it's not just the UK, even though Jonathan is a terrific negotiator and able to move quickly, but you see India taking advantage of the situation. Basically, they've got a low tariff with the Asia Pacific, and they're also now in trade talks, I believe, with you, as well as the EU. And I think there's a sense of urgency, given what's going on with the US, you've got Mexico, which is also, you know, it's a, there's a lot of opportunity. Mexico, Vietnam, Thailand, I think are going to be big beneficiaries of the situation with the United States. And then I think the EU is also, you know, obviously we don't know where that's going to land, but if they can wrangle the 27 countries together, that would be a very important deal to be made. I think the word, you know, the word is out, go make regional deals also. And so you see, whether it's Mercosur or other regional, you know, you see China really trying to beef up RCEP, and it's natural that's that's a logical response to what's going on. And so you see these regional trade alliances happening, and then you see American companies looking around the world, studying what you know, how can I maximize my supply chain to my benefit? Now nobody wants to be doing that, but they have no choice. And I think it's particularly noteworthy that Canada, for the first time, exported gas to Asia. I think 99.9% of Canada's gas came to the United States. And I think sometime in the last several weeks, first time they've done that. That's a big statement of realignment.

Luce

Interesting.

Zoellick

Can I be part of this? So we keep using the word deal, okay, and we have to be a little careful for a general audience here, trade agreements used to generally follow certain patterns for removing tariffs or the overall range of arrangements. Here's one way to follow up on your thought. The USMCA, the Mexico Canada renegotiation, was done in the first Trump administration. What paper is that worth? So? So, number one, there's a sense that Trump just basically decides what he wants to do, regardless of the deal, even his own deals. Second, the idea that you're going to negotiate a large number of these deals in a short period of time is popping up. It's just not going to happen. And if you talk to James McGregor, he basically has like a five part framework that he sends to different countries, and it's kind of like, send us your letter of intent on where you can make a difference on these things. And then you start to ask the larger question, well, what's the purpose? Is it to raise tariffs to gain added revenue? Is it to open other markets? Is it to close our market? And one very important part of this, you'll notice that Trump's focus has always been on the goods deficit, okay? He doesn't talk about the services, which happens to be, where the United States is in surplus, where most of our industry is on the cutting edge, and where, whether it's digital accords or others, frankly, the future of trade negotiations will be and we're not in the game. And we used to actually push those issues, because that was the advantage of our companies, but it was sort of advantage in the national system. So what you're going to see is a mishmash, okay? You're going to see an odd combination of all sorts of things thrown together, and the part of the problem of that is you'll get

trade diversion, but people won't be able to rely on things that'll lower the overall productivity in the system. On the one hand, trade is like water, okay? You put barriers, it'll find a way around. So the trade system will continue, but it'll continue in a less effective form, and we won't really be shaping without rules.

Luce

I mean, somebody characterized America as belligerent. China is mercantilist. It's not going to cease to be mercantilist. And the WTO is just not functioning. Who? And, I mean, Jonathan, you should answer this. I mean, UK is kind of a model free trading nation. It's a really eccentric thing to be nowadays. Who's going to uphold the rules? Will there be rules?

Black

Well, I think this goes to what we were talking about at the beginning, that that obviously lots happening this year, but a lot of this goes goes back further. I mean, I've said around the G-20 table for quite a long time. Previous American administrations are have had a lot of say up at WTO and the arrangements for that over that period of time. And anybody would be able to talk better about the bomb on the night than I can but it's not you don't sit there and hear every other country say that is just, that's just not you, that's not you here. So I think we are, I think in five years, whatever time, things are going to look very different. There is an interesting question about what that looks like. And there's also an interesting question about how we go from here to there and and how you work on it in between. I think the other thing though, that I would say we're talking here about trade in quite a, quite a sort of narrow ish way, particularly around, around Paris. I mean, the other thing that is that is relevant to this is because we live in a much more globally integrated economy. It's actually not just traditional trade leaders, like tariffs or what have you, that are relevant to this, to this debate. Actually, even if you look at a lot of what the last American administration was doing, they were sort of missing all of their things to industrial policy. So the levers and the different types of policy that I think are relevant to what the future of the global trading system looks like, you're much broader than just around what you see in a traditional trade deal. Now, that means those things will evolve. Think what you've just said about the mishmash of this, and you'll think that is right. You will see this sort of mixed economy. We actually have put some digital things into what we've what we've done with this administration, but others will do their own thing. So I think it's going to be quite complex as well.

Luce

That's a fair point. But I mean, so industrial policy is back in fashion, and it's not just Biden in different, very different ways. It's also Trump. But I mean, today, just today, the Trump administration, Commerce Department, imposes a 93.5%, weirdly specific, 93.5% tariff on Chinese graphite imports, which are absolutely critical, not just to Tesla, but to all American autos for the batteries in EVs. So, I mean, is that an industrial policy? But how do we make sense of what's going on, Penny?

Pritzker

Well it's hard to add it all up and say, "Oh, that's good for American industry," right? I mean, we're, I can't explain it. I mean, I mean, I mean, I'm back at the beginning. I don't have the answer to what is the logic behind that? It doesn't make sense to me. What are we trying to prevent? Do we have a surplus of graphite here in this country? I don't think so. And so, it doesn't make sense to me. And the problem if you're trying, you know, you're a person, or you're a company trying to do business, either domestically or if you're a domestic manufacturer, I mean, 10% of our economy is manufacturing, but only half of that is free from dependency on components that come in from somewhere else in the world. So if that's a big, important part of our economy that our president keeps saying he wants to grow, but we're dependent to actually grow that part of the economy. And then, to Bob's point, our digital and technology flows are absolutely critical. They're essential for the economic vitality of our country, and we're not spending enough time on that. So it's it. I my challenge with the whole topic is, I don't, I can't figure out the logic and how it's going to work, and then to all of a sudden, say when then we're going we're going to use, you know, tariffs for maybe non trade purposes, also, which is also very competent complex to use your word.

Luce

So Bob, in principle, everybody on this panel knows lots of things, I would like you to pick up on that.

Zoellick

Well, as an expert interpreter of President Trump, I think you're trying to intellectualize this too much from an ft point of view. So let's bring it down to basics. President Trump recognizes the United States is a very powerful country economically. He doesn't care about the rules. He wants to use that power punish Bolsonaro someday, maybe do a deal with the Chinese attack, the Chinese smack. The Europeans maybe do a partial deal with Britain, because we kind of like Britain, but it's all reversible in the world of transactions. He knows the United States is a very powerful country militarily. He doesn't want to get worse. Wars are very unpopular. But now and then, he'll also throw that weight into the bounce and third, he has, in my view, a somewhat sort of traditional view of how he would describe as American patriotism, which is often wrapped around him, but it's also connected to issues of security order and the "woke" agenda. And so, that's what you got and you got it day by day with intervening events so to try to come up with a schema, I honestly think that..

Luce

No, now I'm asking about the rest of the world. To the rest of the world?

Zoellick

I'll come to that, in the spirit of the FT. As Jonathan said, you can't disconnect trade from all the other stuff, including value of the dollar, currency, flows, investment and so on and so forth. And one of the ironies about, kind of, the where this is going is at a truly strategic level, when I don't know if you guys discuss this in the China panel, China does have imbalances in terms of consumption and savings and investment. We have imbalances in terms of spending and

savings investment that are kind of the mirror. Okay, so if, if one really wanted to get at some of the trade, current account deficit issues, that is one of the President's objectives, there is some basis there. This is where I don't think this is going to happen, but when people hear Treasury Secretary Besant talk about Mar a Lago accord and so on and so forth, underneath it, given his experience with hedge funds, he sees the imbalances in the marketplace. So the larger story here, beyond the trade fight and what happens with investment and capital flows, is, where does this lead, the insecurity in the international system, in financial markets, particularly when a crisis occurs, at some point which it will.

Luce

I mean, equity markets keep going up. I mean, so are we amazing just having a problem? This is the growth. I mean, does the equity markets know something we don't, or are they going to have a Wiley Coyote moment and they will look down and suddenly realize there's no ground for me?

Pritzker

So in the US, let me focus on the US. I mean, look, we've had very strong corporate earnings, right? And second is our indices are dominated by asset light, high tech companies that are driving those indices. We also there's an anticipation, I believe, in the market, the markets, that rates are going to come down. And so I think that, hence the conversations that went on the last 48 hours about whether Jerome Powell still has a job or not, and, you know, and the other thing is, with us building upon what Bob said, you know, companies are agile. They're figuring this out. They're using, you know, tools, and now we have very powerful AI tools that can help you manage your supply chain. So, so far, so good. But you also saw on Liberation Day, a reaction in the marketplace that was pretty terrifying, not so much the stock market. It was much more the bond market that was more terrifying. And to me, I think it remains to be seen how stable things are.

Zoellick

want to add on this, because look, Penny lives in the worlds of markets. Sometimes I do as well. Markets often move more momentum. And look at what happened this year, early in January, the sky's the limit. Everything's going to be great liberation day. Oh my god, things are falling. We now sort of seen a climb back, instead of equity markets for now. But remember, it follows momentum. As she mentioned, bond markets are telling a different story. Dollars sort of telling a different story. So one of the things to watch will be, if you start to get a slowdown, if you start to get deeper uncertainties in the system, the types of costs that we talked about, how will that affect corporate earnings, behavior, overall set of risks? My own view is you're likely to have a slowdown. It doesn't necessarily mean a recession, but it depends partly on how the rest of the world reacts to the overall system. And then I want to take this to a macro point. The other big thing that's happening here is that the US since the 70s and the end of the fixed rate exchange rate system. So plays a stabilizing role in the international economy. People not, I might not like always how we did it. They may sort of think we partly cause the mistakes. But you saw this in the mid 80s with Baker g7 coordination, when the dollar got high in protection. So you saw it in the 90s in the Clinton 2001 President Bush, to his credit, after after the attack on World Trade

Center, by the way, so tries to keep markets open. 2007 2008 even though the US is the original source of the crisis, we become the dollar gets stronger because we're still the safe asset. And by the way, we have a monetary and fiscal program, along with China, that helps bring the system back. Same in the pandemic. Think issues like role of the Federal Reserve swaps, which become are little known, and the Fed likes it that way, but are critical when people want to go to the dollar. Want to go to the dollar. The question that I pose to people is, the next time there's such a crisis, will the US play such a stabilizing role? And Jonathan is already but courteously in the British fashion, so to suggest that the people aren't expecting the US to play the role that's a very different world than we've had.

Luce

So if that's correct, Jonathan and America is no longer, can no longer, no longer be relied on as a lender of the last resort, as the bailer-outer, what should people like you and all other economies in the world do? I mean, how do you protect yourself?

Black

Well, I'm not sure I do, that premise, if I'm, if I'm, if I'm totally if I'm totally honest. So welcome views and see what others have had to say.

Luce

You're allowed to answer.

Black

Yeah, so, but, I mean...

Zoellick

Just ignore him.

Black

I will. I'll continue to, though I probably do need to listen to some of what he says since he's hosting it. But no, I think I generally, I don't think I do completely accept, accept the premise of that, if I'm completely honest. And I think that's still seen in how we work, how we work today, including in the sort of coordination formats that we've, that we've got. But you just talk back to to the pandemic that was under, which was what, three years ago, four or five years ago, now, you have the same with the same the same with Ukraine. So I think, I still think you do see that sort of cooperation and coordination. We obviously haven't had it tested in the sense of, we haven't had a financial crisis of the kind that we talked about in 2007-2008 or what have you.

Luce

Penny, there is this phrase also coined by a colleague of mine, Trump always chickens out, TACO, and we've seen that with the bond markets, for sure. I think Bob was referring when he mentioned the Plaza Accords that Baker did in the 80's. There's been talk of a "Mar a Lago Accord" among some of Trump's economic advisors to drive the dollar down. Well, this week,

the dollar, I think, at the early in the week, went down 10% on a trade rate basis, because Trump, everyday talks about wanting to fire Jay Powell. Is this more fragile than we think it is?

Pritzker

I don't know how fragile it is. I think it's uncertain, is the word I would use, which is, you can't predict. I just find I have no idea how to predict. And that is, I think, challenging for our allies. I think it's challenging for our businesses. I think it's challenging for our rivals. And maybe that, or maybe that's good, it's more challenging for our rivals, but it feels like we're treating everybody the same. You can't predict. The uncertainty is so high, and so how to manage is really complicated. And trying to figure out, what are the through lines that you can look at over a five year period and say, "You know what, regardless of this volatility, it's going to all be okay." And you know, I sit on the board of a large technology company, and you know, fundamentally, one through line is consumption of compute is growing, and it's not abating, and it feels like people are continuing to invest in that, not just the hyperscalers, but the enterprises around the world. The countries are but the rules are changing about that, because countries are saying, okay, who's going to host my national security enterprise, and who do I trust? And for sure, one of the challenges that you're seeing is that trust in American provided critical infrastructure, whether it's digital or not, has gone down.

Luce

It seems like if you take a continent like Africa, how are they viewing all of this? We seem to have had a role reversal between the US and China. We saw China as simply exploiting, which it has, I mean extracting minerals, critical minerals, and other commodities from Africa and the United States, not particularly engaged, but sort of playing by normal rules. In the last six months, that seems to have swept... I'm using Africa as a big example, but it's not the only one. China, the other day, announced zero tariffs on all African exports, not just commodities, but manufactured goods. Now there might not be too many African manufactured goods, but it's a very good PR move by China, whereas the United States is now moving in on African critical minerals, right? It feels like there is no sort of upholder of any rules that this is turning into the law of the jungle.

Pritzker

But I also think the point that you're making is China's not sitting still while this is going on. They're being, actually, quite active in their efforts, not only to engage with other countries. They're not just engaging the country. They have desks in their in their government, to deal at the subnational level. We obliterated all that in our State Department reorg that's going on. We've obviously destroyed USAID, so we're not on the ground in the way that we have been, whereas China has One Belt and One Road, and they're doubling down on that. They're also, at the same time promoting the yuan, and they're promoting regional trade through RCEP. I mean, we have to realize it's not just like that's the part of this situation that I think we have done, and that's always been true. We do something, you know, other countries respond. Other countries do something, we respond. But they're not sitting still waiting to see how this works out for the United States. They see opportunity. They're taking advantage of it.

Zoellick

Just one other vantage point to add on the Africa context. The working age population in Sub Saharan Africa in 2026-27 will be greater than the working age population in all developed countries. And in a couple years after that, it'll be greater than the working age population in China. We also have issues in developed countries and in China about demographics and actually labor forces shrinking. So I think the big, and Sub-Saharan Africa's big place, you got different countries with very different strategies. I think the bigger issue here that relates to this is not just the US China competition, and we're going to get these minerals or other minerals. It's almost as kind of a 19th century view of Sub-Saharan Africa. But what can one do with governance, economics, other opportunities in some of these countries that create some opportunity for future and hope and make them also sort of future goals of growth? In that sense, and it's a point that Penny made, Condi would be well aware of, the one of President Bush 43 his great accomplishments was this HIV/AIDS program and malaria and in many African countries, that's how they primarily still the United States. Makes a huge difference in life. So why would we, you know, try to throw this out the window, and with the efforts, I'm sure some people in this room, some of the Republicans in Congress, have kept some of this going forward. But so I think what I'm urging is, as you think about trade or finance or other issues, is that we need to go a little bit beyond, you know, like, "Gee, well, will we be influential, or will China be influential?" and kind of figure out how to make this work from a stage of overall development for Sub-Saharan Africa and frankly, if the Chinese can help do that effectively, I'm okay. All right. Now, there. We've seen their problems with Chinese debt but frankly the real problem with Chinese debt in Sub-Saharan Africa was that it stopped the landing stock tip for 2019. So the issue today is how you restructure so I might just want to broaden the concept here. So I just want to broaden the concept here a bit.

Black

And just to if I can't just add to the point that you were just making about lots of actors. If you go to a capital city in bits of Africa, your point is it looks very different, depending you know, you will see Emirati investment, Turkish investment, and it's not, there's a such a wide range of kind of, Indian as well, and still European as well, that it really is as Gulf countries and the others that we're talking about. So it's a and all that's been happening anyway, I'm sure it's intensified, but it has been happening anyway.

Luce

So what you're describing is the economic version of a multi polar wealth world, and the upside to that a lot of action. But I can't help thinking that the point you made quite forcefully, Bob, which is that that might not be a lender of the last resort next time, is bigger than all of this put together. If nobody's coming to the rescue when there's the next, when there will be another global financial crisis, probably, you know, a crypto related one, or something that we're not used to, or another pandemic, then what does that mean? I mean, it's bigger than it's bigger than everything we're talking about, because nobody's going to bail us out.

Zoellick

Yeah, I don't like the lender of last resort because... I'm sorry?

Luce

No, no, both of you or all of you, but let's start with you, Bob.

Zoellick

The lender of last resort suggests that the United States there is, you know, sort of Uncle Sam money back to all the time. I'm talking about a broader stabilization. And when you have these crises, it requires cooperation among different parties. Okay, so the real question is, will the US see a systemic interest, and will the US play a catalytical role? And will we have the institutional capacity, our debt as a percentage of GDP is now closing in on the post world war two high, peacetime high of 106%, we're about 99% you know each of these crises. These crises, we sort of push those up. Will you have the relationship with the other major powers, including China? The cooperation with China global financial crisis was actually quite important. Will the central banks, which you sort of know well, will they, in a sense, have experimented with QE too much, and kind of, what will be the lessons about, sort of that process? Those are all unanswerable. It doesn't surprise me in any solving problems for when for one generation you get the others, but the systemic point is that the US, also when we think of the African case, the US has tended in economics to see this is a win-win venture, as opposed to a zero sum contest. The heart of the Trump trade policy and frankly the Biden policy was there's a certain pie we want it divided up and the other guy gets less. A very different perspective than guided the US successful strategy. And since we haven't invoked China on this, I'll put in my advertisement the people who want to follow China's strategy, I think are just totally missing the boat. Hey, China's got its own problems, but our strength has been our openness to ideas, to goods, to capital, to people, willingness to sort of change and adjust. Why would we try to have a state-centered, authoritarian economy? That doesn't work.

Luce

Penny?

Pritzker

I think there's one part of this that we haven't talked about yet, which is the political side of this. And I don't mean both Democrats and Republicans are embracing protectionism, embracing a different modus operandi. It's not that this is one party over the other. I mean, you didn't see Biden roll back the tariffs that President Trump put in place. And so I mean, whether tariffs are now being used as tools maybe more aggressively. But the point is, is that Republicans make a national security argument, Democrats make a labor argument, or a climate argument, or a human rights argument, et cetera. And so I think that we're on a longer trajectory of a changed position. And the question is, will our political leaders have the permission to step into a crisis of global proportion? Will they be able to convince, it's not a, it's hard for a president to do that all alone. You do need Congress to help you, and right now, you've got Congress basically, D's and R's. There aren't a lot of free traders in Congress anymore, in case you haven't noticed that. And so I think, and I think that the real question is, let's step back and ask ourselves, economically, what are they hearing locally from those communities that says this is a policy I ought to pursue, and that's really creating... I mean, you know, President Trump is an

aggressive person with a very clear perspective of what he wants to accomplish. But there's also a political backdrop here that would, I think, bears some analysis, and I'm not sure I've got it figured out, but it's we did. One thing I would just say is that, when I think about TPP, we were not able to convince the average American that that was in their best interest. And whatever PR campaign or effort we made, it was insufficient such that you never got there. You had both presidential candidates, in essence, walk away from it, and now you have a bit, massive WTO skepticism, etc. And so I think we have to step back and realize this is bigger than just one president and one effort. This has been going on as Bob has given us great historical context, but has been going along on for quite a while.

Black

And just to add to that, I mean, every country has their version of the politics. And your point about the sort of multi polarism and the integration of economy sort of matters from that perspective. Because the politics of everywhere, in one sense, does as well. And the point we were talking about so many other levers industrial policy as well being relevant, is that these things are also bread and butter of core domestic policy and a core political domestic policy in every country. So you've got all of those things. The other thing that actually we haven't talked about, and actually on the timer here, but here today, but you just, you did actually mention it is this, in this in this trade space, we're also seeing these traditionally economic leaders being used for broader national security purposes as well. And the integration of the global economy sort of enables that to happen. But what it sort of means is that you do have a sort of complexity point, I think really matters in terms of the politics as well.

Luce

So as John mentioned, we've only got a few minutes left. Questions, please, front row here, and then you there. But make make it a shortage question please, for sure.

Christian

Thanks so much. I'll keep it quick. Christian **[Gall?]** with the Rising Leaders, my question is about Central Bank digital currencies. So China has spent 10 years building out the digital Yuan. Is that the future infrastructure of international trade, and what can the US do to preserve its current position?

Zoellick

You have to disaggregate this issue, as you probably know. So one aspect is blockchain. Blockchains are reality. There's lots of efficiencies and benefits for blockchain. Blockchain will go forward. Digital currencies, as we have been discussing in the Chinese case, run into a problem, which is, if I can put my savings into the Federal Reserve, why will I put it in my local bank? And then what it means is that the Federal Reserve becomes responsible for national lending. Okay? And so that's one reason why the Federal Reserve has been cautious about a digital currency. It doesn't want to take over the whole financial system. There are separate issues, of course, about then, of course, the Chinese system knows all your credit, knows all your money, and so there's some privacy issues. But I'll distinguish that from another development which will go forward, and that is a lot of the discussion about crypto and

tokenization and stablecoin are parts of a model of financial innovation. And this will go on right now because this GENIUS Act passed the Senate will go through the House in some form. This will create stablecoin now, by the way, for the dollar. Notice, these successful stablecoins have been based on the dollar. So it's not exactly rejecting the dollar, but what is it doing? It's trying to come up through tokenization, with more efficient abilities to trade in exchange, 24 hours a day, seven days a week, in smaller sums. The dollar is already very liquid, but it's still \$10,000 a year, so on and so forth. What will be interesting to watch is, is that, and you've seen some people warn about this. They revive, in the spirit of history, they revive Wildcat banking in the 1830s and 40's. What they're worried about is a bank has to hold a certain amount of capital for leverage for its lending. 10%, 20%, okay. The stablecoin logic is, you have to have to have it back 200% Well, first off, Will it really work? Look what happened with money market funds. Okay? But secondly, I expect what will happen will be some of the guys who do this will say, "Hey, we want to lend, Why do I need 100% banking? Or Bank of America only needs 10 or 20," okay? And then you're off to the races. And so that's where financial innovation and its relationship with financial supervision are always in tension in the system, which goes back to, I suggest there will be another crisis. I mean, the nature of this, and then when it comes, well, fortunately, I'm a pensioner, so.

Luce

I did call on one hand, there was one other question, right? I said, but make it very quick question, and an even shorter answer than Bob just did.

David Gura

David Gura from Bloomberg News, and I'm going back to thinking of this UK-US deal is templatic. It was templatic, it was announced, and members of the President's team said, look at this as an example of what other countries could do. We haven't seen the kind of White House, Oval Office Tableau that we saw with the UK. We saw Vietnam notified by post on social media. Same thing with Indonesia. Playing out that template, we don't have steel figured out yet with the UK and I wonder if, Jonathan, you can make up his news here and just give us an update on where that stands to pick up on what Bob was saying just a moment ago, a deal is a nuanced term in this situation, and that is still holding it up, something that's missing from from that deal. What should other countries take away from that sort how much confidence do you have in that getting figured out here in short order?

Black

Yeah, I mean confidence. And we're working through the implementation of the deal with the administration. And I think, as you mentioned, there is a on the day the meeting in the Oval Office, we published the text of that, and what we've gone on to do is the various bits of the ledger of the legislation that we need to do. But then there's, there are other areas you talk about, digital trade, for example, all of which are sort of in there as a sort of roadmap of things that we, that we that we have getting on with them now.

Luce

Ok, on that note, thank you very much. Please join me in thanking the wonderful panelists. for great discussion. Thanks.