

Speaker 1: [00:00:10](#) [inaudible] right,

Joe Nye: [00:00:13](#) that's often more effective in yelling sit down. But we are about to start and we'd like people to take their seats. So one 32nd warning for those in the back who haven't taken their seats and then I'm going to welcome you

Joe Nye: [00:00:33](#) in a case. Good morning. I'm Jo Nye. I'm the co-chair of the Aspen Strategy Group. Uh, and you heard from my boss and colleague Nick Burns last night who told you the plans for the next few days. Nick is the director. He's the brains behind everything. Uh, Condi rice and I are co-chairs of the strategy group and officially welcome you in that capacity. Condie sends her regrets, but as promised that you will indeed be with us next year. Uh, the Aspen Strategy Group, which is merged with the Aspen security forum this year was founded in 1984. I founded it with Bill Perry and Brent Scowcroft. And the idea was to get away from Washington at that point. We didn't have to get away from the Twitter verse, but a getting away from Washington was difficult enough because we thought there were major issues of national security, which were better dealt with away from Washington and with a spirit of non-partisanship and civility and, uh, that indeed has proved successful for the strategy group this year with our merger, with the Aspen Security Forum, which is having its 10th anniversary, we hope that we will broaden the audience, obviously, but we also hope that we'll be able to maintain that tradition of respect and civility as we disagree on a number of national security issues, but treat them with a seriousness they deserve and treat each other with the civility we deserve.

Joe Nye: [00:02:16](#) So that the sense is the, is the spirit of the Aspen Strategy Group and the Aspen security forum, and it's new merged capacity. But before I, uh, sit down and get to our first panel, let me say that, uh, we would not be here literally without the help of our sponsor. So I would like to take the time to thank Lockheed Martin, semantic, Deloitte, Microsoft, Accenture, McKinsey, Oracle, United Launch Alliance, Mitre, American Airlines, and Margo and Tom Pritzker. They really have literally made this possible, uh, they will have various events and uh, locations. Uh, if you see them at any of those places, please join in a personal thanks as well as this formal things. I also want to, uh, thank our media partner, uh, NBC, which, uh, will be hosting shows, live streaming in the forum and moderating various panels and basically helping the rest of you get the message that we have out to the broader audience that is important, uh, for us to reach. And finally, in terms of thanking, uh, let me thank Cap Gemini for sponsoring the Aspen Security Forum fellows, a

group of people who were here, uh, as special observers and participants and again made possible by the support of Cap Gemini. Um, with that is my brief introduction. I'll do a little more heavy lifting later in the day. But as my opening introduction to you all and a welcome to you all and thank you to all our speakers, let me turn to Stephanie to introduce our first panel of the 10th Aspen Security Forum.

- Speaker 1: [00:04:19](#) [inaudible] okay.
- Stephanie Ruhle: [00:04:50](#) Yes, they're sufficiently uncomfortable. That's the plan. Thank you so much for having the, my name is Stephanie Rule. I'm with MSNBC. Before we kick it off, I'm, I'm thrilled to be joined by Bill Rufus and Susan and rather than me, because I've done many of these uncomfortably share the bio's, uh, of each of our participants, I'm going to allow them to each introduce themselves.
- Speaker 1: [00:05:15](#) Oh, well, I'm go range. Uh, I'm at [inaudible] and I don't have a mic. [inaudible]
- Susan Schwab: [00:05:27](#) all right. We can start with we miked up. Yeah. All right. We're going to go Susan first, then she has her mic on. Okay. Okay. Uh, I'm Susan Schwab. Uh, I teach at the University of Maryland, um, consult for a law firm in DC. Mayor Brown. Uh, but I've actually, I think I'm here because, uh, I'm a former US trade representative, uh, under George W. Bush 43 spend my career, uh, doing trade policy on and off, including under George W. Bush 41 worked on Capitol Hill and delighted to be
- Rufus Yerxa: [00:05:58](#) here. Thank you Rufus. I'm Rufus York, sir. I'm president of the National Foreign Trade Council, which is a trade association in Washington representing US business on international trade matters. Like Susan and bill. I have a background in government. I was deputy US trade representative during Bush 41 and the Clinton administration. I also served as deputy director general of the dead WTO for 11 years.
- William Reinsch: [00:06:26](#) I know Mike Dub. I'm bill [inaudible]. I'm the schol chair of the Center for Strategic and International Studies. I'm also with the Law Firm of Kelly Ryan Warren. Before that I was Rufus, his predecessor at the National Foreign Trade Council. Uh, I served in the Clinton administration as Under Secretary of commerce handling export control and technology transfer issues. And like both of them spent a lot of years on the hill as well.

Rufus Yerxa: [00:06:49](#) In fact, we were all three on the hill together working in the 1980s on trade policy.

Stephanie Ruhle: [00:06:54](#) Tell you that because it dates us working together is the key issue. Thank you all for being here and I am lucky enough to be on this stage. My name, as I said is Stephanie Rule. I'm an anchor with MSNBC and of correspondent with NBC News. I have been with MSNBC the last several years. Before that I was with Bloomberg and I spent 14 years in investment banking where I ran the credit derivatives business for Deutsche Bank. And we know most of those businesses, Deutsche Bank are not existing as of this week. So I'm especially glad to be here on this stage. Uh, and today it's talking trade. We know that like many other issues, the president, president Trump has a different approach to trade. He ran on an idea of economic populism. Uh, he very much believes that the United States in terms of trade has been ripped off for decades. He thinks both our adversaries and our allies have not been paying their fair share and he is taking what he believes is an aggressive approach to renegotiating or tearing up existing agreements and saying it is time to put the United States first.

Stephanie Ruhle: [00:08:02](#) Uh, it's been criticized by some complemented by others and then there's a third lane of those who feel that the president taking on trade in a Gra in an aggressive way is the right thing to do in spirit, but the tactics that he's using are wrong and many are concerned that the longterm impact of them won't just advance us. It's going to send us further back. So it would be great if we could really just go down the line and just top line snapshot, even if you're willing to give a grade. Um, this is a clear policy shift, um, or approach. What do you think about what we're doing?

William Reinsch: [00:08:39](#) Well in true professorial fashion and I do teach this stuff. I'm going to give them a great, in fact, I'm going to give them three grades. A, the first grade is incomplete. Uh, he started a bunch of stuff. He's only finished one thing, and that's Korea. And that's not that big a thing. A U S MCA is sort of, but not through congress. Everything else is moving along. Uh, we'll see. And we may not get into later on w the likelihood of anything ever being completed. But right now it's incomplete. I given him an a in one area, which is getting Americans to think about trade. Uh, as I've told people, I've spent 30 years below the fold in the business section. Uh, and now all of a sudden it's the front page every day. And Americans need to think about it and that, that it's an important issue. That's good.

Stephanie Ruhle: [00:09:21](#) But hold on. Where are we not thinking about trade before? I'm pretty sure TPP took a lot of people to work on.

William Reinsch: [00:09:27](#) Um, yes, but look what happened. You know, look what happened to it. It's not, uh, it, it's, if you ask the American people, the three biggest problems the country has trade is number seven. Uh, climate change, sadly for me is number eight. Uh, it doesn't make the top thing that people are worried about. That may change now. Uh, the third grade I give them is an f for basically, uh, tactical errors. Failure to build coalitions I think is the biggest mistake. Trade is inevitably a collective enterprise and involves lots of other countries. He's determined to go it alone. Uh, and I think that's not likely to be a successful strategy.

Rufus Yerxa: [00:10:05](#) So I, I wouldn't disagree with bill on the low grades. I, I certainly wouldn't give an a for anything. Uh, the administration has done on trade yet. I do think it has been important to point out the real challenge of China and China's lack of, uh, uh, sort of compliance with a lot of what we believe to be the rules of this system. But the bigger problem for me is this president hasn't really strengthened American leadership in supporting rules-based trade. In fact, to a large extent has started to walk away from rules and saying to our best trading partners and allies, we don't think rules are important. We think economic power is important and economic nationalism should be the basis for trade policy. And we're going to use terrorists, for example, even against our best partners to strengthen our own economic security. And I think he makes a big fundamental mistake of believing that that's going to strengthen us economically.

Rufus Yerxa: [00:11:08](#) Because our real challenge in the future is the fact that 95% of the world's consumers live outside the United States. We need better access to global markets. We need to strengthen, not abandon a rules based system and instead of beginning to act like China because we don't like the way they are. And so we're going to follow some of the same mercantilist practices we needed to, uh, progressively move towards pressuring China by building an alliance of the rest of the world towards a better system of rules and not abandon the seven years of progress we've had in creating a better, stronger rules based trading system.

Stephanie Ruhle: [00:11:50](#) Susan, what do you think in your last, one of the last things you did as a trade representative was work on imposing tariffs on our allies. And at least in the last year, the idea of that has so many people enraged. So if you could share a, how you think

the administration is doing and your experience doing that. So I guess I would characterize myself

Susan Schwab: [00:12:12](#) so and, and our approach is free trade activism. So if you look at what we did in the George W. Bush administration, we were very active in the negotiation of bilateral free trade agreements. So we negotiated and concluded free trade agreements with 17, uh, trading partners, uh, and, and also quite active on the enforcement side. And so when you're talking about, uh, imposition of tariffs, there were some limited enforcement activities against dumped or subsidized products, WTO actions. And so I would say, you know, going to this administration's activities, uh, jury's out in complete. We currently have a very loud trade policy. We have a volatile trade policy. It's a challenge for the private sector to do business. We see the costs of import protection. What we don't see yet are the outcomes. Um, there are issues with China. I suspect we'll be talking a little more about that later.

Susan Schwab: [00:13:13](#) That the Obama Administration recognized that the Bush administration recognized, I give this administration credit for getting China's attention in ways that our administration and the Obama administration were not able to what they do with that is another matter entirely. Meanwhile, we have not been able, as as my colleagues pointed out to close bilateral trade liberalizing deals or multi-country trade liberalizing deals. Uh, the Bush administration launched the transpacific partnership, uh, negotiations before we left. The Obama administration negotiated and concluded that deal. This administration walked away from it. Meanwhile, you have the EU negotiating a whole series, you know, sort of leaving us in the dust as they negotiate a trade agreements and we therefore are being left behind on that side of the equation. So it's a, um, a mixed picture. Uh, and right now it's very, very unclear what kind of near term benefits, uh, the U S economy stands to gain potentially in the long term. We'll see rule it. Law is at risk.

Stephanie Ruhle: [00:14:26](#) I want to go back to Susan saying the president or the administration has allowed policy and you gave an a for putting trade front and center. So is a mistake that we saw with previous administrations simply not making the noise. TPP took many, many years and then when we actually saw it almost come to fruition, it didn't actually get sold very hard. In fact, there was more noise, uh, coming out of Bernie Sanders for many people around the country. It's the first time they heard of Bernie Sanders when he came out opposing TPP on the same day when President Obama was in Beaverton, Oregon at Nike, they're to present it and the president has said trade, trade,

trade. But trade has been an issue for the American people. Many of those who feel the economic instability or who have lost their job is the salesmanship or the showmanship that this administration has put around it. The positive.

- William Reinsch: [00:15:21](#) Well, you know, there's the old PR, uh, axiom about that at any publicity is good publicity. Uh, there's an element of that. I mean, Trump has made the issue controversial. Uh, he's played on a, you, as you said, people's fears of being victimized by it. The fact that the, the belief that we're being taken advantage of. Uh, but that gets people thinking, uh, and it's, I think stimulated belatedly, but stimulated, uh, the pro trade side to come out and say, that's not really the way it works. And here are alternative facts. So I think, uh, if you look at past elections where this sometimes bubbles up, it tends to be an issue with the Democratic nomination process tends to fade in the general election because you end up with two candidates, not this time, but you've ended up in the past, usually with two candidates relatively in the Sutter. Uh, this time that won't happen. Trump will make this a main issue in his campaign. The Democrats will have to respond. Uh, I've told them before, you can't be more protectionist than Donald Trump. You've got to come up with something else. And they're still working on that.
- Rufus Yerxa: [00:16:25](#) Well, it's worth noting that, that not just Bernie Sanders, but Hillary Clinton also opposed TPP in the last election, they were all opposing TV. Nobody believed her. They all the time they believed him. They didn't believe her. But, but I think that the problem is that the president [inaudible]
- Stephanie Ruhle: [00:16:40](#) hold on. Isn't that amazing? That believed the president and not Hillary Clinton when he was named, named something that the president isn't willing to change his tune on?
- William Reinsch: [00:16:50](#) Hmm. This one. Yeah. Right. Well, he's had fixed views on trade for 30 years. He hasn't changed a bit. What he said in the campaign when he says now it's the same thing he said in 1986 there's not been one bit of difference.
- Rufus Yerxa: [00:17:03](#) I think the big problem is that he's brought forward a lot of the negative aspects of trade for this country without really emphasizing how much success we've had, uh, in opening lots and lots of markets around the world. And in getting a lot of countries we were moving, if you look at the TPP agreement, we had moved a lot of countries towards a deal which defined things we thought were very important principles in the trading system. Uh, controls on state owned enterprises, uh, rules about forced technology transfer, better rules about subsidy

practices and all the rest. He decided to abandon that even though it would have created a very effective network of support in Asia. And of course we could have done the same thing with the Europeans. We had been negotiating an agreement with the Europeans on. Instead he's decided to really accelerate the tensions and emphasize the negatives of trade.

Rufus Yerxa: [00:18:00](#)

Let me just give you one good example. He talks on and on about automobiles and about the Europeans treating us badly on autos. The Europeans do, they have a 10% tariff on autos, but we have a 25% tariff on the largest category of auto production in the United States. Light trucks and SUV is um, you know, nobody's perfect when it comes to trade. If you look at really the macro picture, we had succeeded in getting tariffs down around the world, both in developing and in developed countries over the last 25 years and pushing countries in the right direction. The real question to me is now by emphasizing all of the negatives and making the American people believe that we're losers from trade, when actually the rest of the world views us and all our big companies. And don't forget we have two and a quarter trillion dollars of exports of goods and services from the United States.

Rufus Yerxa: [00:18:55](#)

And the markets that we need in the future are the growing markets of Asia. 75% of the growth in the middle class is going to be in Asia in the next 20 years. Uh, you know, if we don't have access to those markets, just talk to farmers about how well this trade war has worked out for them. You know, maybe in the end Trump will get some deals, but in order to get some deals, he's going to first of all have to make compromises with other countries and he's going to have to have those countries believing that he's trustworthy and will deliver on his commitments. You know, look at what he did to Mexico. Shortly after signing a new trade agreement with Mexico, he announced that he was going to impose tariffs on Mexico because of immigration. Now, fortunately, the reaction that was so bad, he pulled back from it. But it's a reflection of the instinct. He has to use trade as a weapon rather than building respect for a system of rules that the president would

Stephanie Ruhle: [00:19:56](#)

you respect aside. Who cares about the rules in his mind, he got the trade agreement that he want, and in his mind, he got Mexican.

Rufus Yerxa: [00:20:05](#)

Oh, to do more. Well, I give Bob like I give Bob Blah days are a lot of credit for in a very tough environment, getting a u s MCA deal. By the way, he's still gotta get it through the Congress, but

you know that frankly was pretty low hanging fruit. The bigger question is, what about Europe? What about Japan? As, as Susan said, Europe is out aggressively negotiating free trade agreements around the world and outmaneuvering us in trade. Trump hasn't gotten the kinds of deals. Europeans just did a free trade agreement with Japan. Now, you know, when us wine exporters' go to export to Japan, they were at a 15% tariff disadvantage to the Europeans and to the Australians because of TPP.

Stephanie Ruhle: [00:20:48](#)

So the architecture of the trading system is frankly turning against the Trump administration and they're going to have to show successes from all this trade fight if they want to actually show that we ring up the cash registers with trade. Well they've, I mean this administration comes in with a bias against multi-country deals, right? So again, they say against multilateralism, against multi-country deals against the TPP, uh, I would argue the Trans Atlantic deal tanked because of the European side, not because of the u s side. So let's put that into perspective. Under the Obama administration, it was the EU that, that pull that down, not the u s uh, in terms of this administration and u s MCA, the, the Mexico Canada deal, they've closed the deal. I will say as a former U s tr, it is really easy to second guess your, uh, predecessors deals. Cause it happened to me, it happened to my successor.

Susan Schwab: [00:21:50](#)

It'll happen to Bob Lighthizer or it is happening, Bob Lighthizer, it will happen anyway, so on and so forth. US MCA is not perfect. The rest of us I'm sure could had done a better job, but the fact is that's the deal. And um, I wish this administration the best, getting it through the congress and a lot of the innovations and the updating that was absolutely necessary. And then think about NAFTA. NAFTA is a 25 year old plus agreement. It is ancient by trade agreement standards. A lot of the things we'd like to get into the WTO are in this u s MCA deal. Now they're things that I would be perfectly happy to jettison, but the fact is, they're in the deal. Congress will get an up or down vote, no amendments. That's the way our law is written. And this administration has a chance of getting it through.

Susan Schwab: [00:22:40](#)

And that will be very, very important. And if that goes through, they've said they want to negotiate a bilateral with Japan, they've said they want to negotiate a bilateral with the UK. There is a time limit within which they can do that. Personally I think their China strategy and uh, would be best served not just to be doing bilateral dispute exercises with China, but also to turn to something like the transpacific partnership, improve the transpacific partnership if you want, but it's a very efficient way



of getting a whole bunch of countries on board, um, to get our version of the rules in place if we can't get it done at the WGO on state owned enterprises, on forced technology transfer on some of the investment issues that we have problems with in China and get an increasing number of countries, coalitions of the willing as it were, uh, to show China that there is a lot of out there

Susan Schwab: [00:23:46](#) in market based economies to move away from the kinds of practices that we find. Uh, EP warrant, uh, in the Chinese market is un, is u s MCA gonna make its way through Congress? I mean it is NAFTA 2.0 the president doesn't want to call it that. He wants to say we tore it up and we delivered you'd something brand new. It's really just a new, improved and updated, which you can kind of do to any sort of agreement that's been in place for decades.

William Reinsch: [00:24:13](#) Well, one of the music things about trade agreements is they all have multiple names. You know, we call it USM, ca. Uh, people who don't like to call it, you smack a, uh, the Mexicans call it Mexicans call it Mooska. Uh, the Canadians call it Kusama. So it's all the same thing. I'm optimistic that it's going to get through. It's not easy. The Democratic strategy has been clear from the beginning, uh, which was predictable. It's not good enough. Go back and do better. Uh, Lighthizer we'll go back and do better. Uh, and the Democrats, if he does that, it can then sit better on what? Well, look, I'll get, there will be, he said the Democrats would say, we made you fix it. So now some of us can vote for it. Republicans will vote for it. I mean, that I think was the strategy. Uh, there's a lot of democrats I think who would be perfectly happy not to have to vote for it because it's a complicated question and there is a group

Stephanie Ruhle: [00:25:06](#) not to have to vote because they don't want to vote with the president on anything or it has to do with the deals specifically. The

William Reinsch: [00:25:11](#) reason is differs. Some of them don't want to vote on it because it's a controversial issue and they just want to avoid the vote. Some of them don't want to vote for it because they don't want to give the president of victory, but the body language, particularly in the leadership has all been positive. It's all been focused on working out issues that are actually Germane to the agreement. One of the things that always happens in the congress when when one with the party that doesn't control the White House controls part of the congress, they hold everything hostage. That's just what you do. You say the president wants this good, he has to pay and then the price is

set and then there's a negotiation. Normally there's two prices. The price within the context of the bill or the agreement. In this case, it's labor by our environment and biologic drug data.

William Reinsch:

[00:25:54](#)

But usually there's another price, you know, more money for something. Don't build the wall. Some other unrelated thing that will be a democratic priority. In this case, the speaker took that second price off the table. She said, we're not going to do that. We're going to have a debate that's within the agreement. That's an enormous gift fee administration. There are three, uh, three landmines. One, the Democrats could ask for too much. I know that's never happened in the history of the republic, but, uh, there's a possibility the Democrats may overreach and create a situation where the administration cannot accomplish what they want to. Trump can, um, uh, preemptively withdraw from NAFTA, the old after, uh, which he's thinking he's been thinking about, which is a tactic to jam the Congress because it tells the congress you only have a binary choice vote for mine after or have nothing.

William Reinsch:

[00:26:43](#)

And I think most of them would tell you nothing is the worst of all possible options because of the disruption it would cause too. All the integration that market integration is taking place wants the three, the third land mine is, he could send the bill up too soon. A, as sue said, once it's up, it can't be changed. So all the negotiations have to go on in advance. That's what's happening right now. If you lose his patients and sends it up, what will happen is what a board Pelosi will do is what she didn't, uh, it with Columbia and the Bush administration, she'll pull the plug. Uh, and then the question for the president is, do you want to have a victory because this is one that's in your grasp or do you want to have a campaign issue? Uh, and I think today he still wants a victory. Lighthizer certainly wants a victory. He's doing everything right on this. And that's really why I'm optimistic. If the president would just basically shut up and let him do it, I think it will get done. What do you think?

Rufus Yerxa:

[00:27:39](#)

Well, I, I'm hoping that it does get done. Um, all of us have been there before. We've been involved in these, uh, fights between Congress, administration and, and, uh, the three dimensional chess of trying to get deals with Democrats in one house, Republicans in another house to two trading partners that you're going back to because congress is imposing new conditions. It's a very complicated, uh, situation. I'm hoping it gets done because I'd like to see the Trump administration focusing on actually doing deals with countries and getting them and sticking to those deals rather than this very unpredictable, volatile threat of terrorists all over the world as if

that's gonna fix every problem you've got. You know, I think of that, one of my favorite movies, my big fat Greek wedding, the Greek father who thought you could spray Windex on something and the fix everything and Trump thinks of tariffs as sort of the Windex of, of us economic policy, you know, but the reality is that, um, we need to have some victories here, uh, that will restore some confidence in using trade negotiations as a positive tool.

Rufus Yerxa:

[00:28:49](#)

Interestingly enough, if you really look at what what Bob Lighthizer did with USM, ca, he, all the good new elements that are in there were simply lifted almost verbatim from TPP. We would have gotten a lot of those same commitments from Mexico and a lot of the rest of the world by just doing the TPP agreement. But it really is a fusion of TPP for the new issues. And, and yet it's also a commitment to a free trade type of structure that is zero tariffs, which I think is very valuable. Bigger question is whether even if he gets u s MCA, I don't think in this term they're going to get major U s MCA type agreements with any others. I know my colleagues feel maybe he'll get a deal with Japan. I think if he does it will be more limited. But hopefully we're going to talk about that too. Well then let's go there. You Sue. Will we get

Stephanie Ruhle:

[00:29:42](#)

a deal with Japan, Europe? Will USM ca make its way through? Let's just sort of tick through. We know that the president does a great job, uh, in terms of selling where he's winning and what he's getting. But in terms of actual agreements that will be followed up with action, where do you see things falling? Well, I mean, first and foremost, we need to be a credible negotiating partner. The U S are we right now? Uh, closing you closing u s MCA was a good start. Uh, what's been going on with China is more complicated. Let's just put that there for right now. Um, the fact that negotiations with Japan have gotten off to a slow start, uh, gives one pause, but I think that is doable. The U s UK, us, Japan deals, I would put as, uh, most likely to succeed. Uh, but the U s UK deal can't even start until the details of Brexit get resolved.

Susan Schwab:

[00:30:46](#)

So if Brexit ends up looking like a, the UK is part of the Commonwealth, there is no u s UK deal, uh, depending on how that plays out and the u s um, and we keep alluding to something trade promotion authority, which is this arcane. Here we get into the, the arcane nature of how we negotiate and implement trade agreements in the United States under our constitution. Article One, section eight, the, the responsibility for trade actually rests with the Congress. And we saw how well that worked out with the Smoot-Hawley tariff fact in the night

in, in 1930. And so since that time, the Congress has steadily delegated to the White House, to the executive branch, uh, trade authority. All of the protections trade authority has gone on a regular basis. Under the assumption the president would always be more free trade than the congress. Okay. And the trade negotiating trade liberalizing authority has been delegated periodically and very sparsely.

- Susan Schwab: [00:31:51](#) So there's something called trade promotion authority or fast track authority that we've been alluding to where a trade agreement is negotiated by the executive branch in close consultation with the private sector. And the Congress and then once it's put together, the implementing legislation has to be submitted by the White House to the congress. Once it is submitted, it gets an up or down vote, no amendments time specific within which the Congress can act so it doesn't get filibustered and it doesn't get amended and you know this delicate thousand page deal doesn't get pulled apart. Well that requires a lot of consultations between the Congress and the executive branch in advance that that piece of legislation being sent, that authority runs out July one 2021 which is to say given the various timelines associated with it, this administration basically in this Tom or this or the next administration in the first six months of the next term.
- Susan Schwab: [00:32:56](#) That's the timeline for closing any of these bilateral deals. Now, if you can close the deal before July one 2021 it gets grandfathered and can be submitted to the congress after that, but really we're talking about a very, very finite period of time within which to do these deals. The shortest negotiation I'm aware of was the U S Korea deal, which took 11 months to negotiate and was concluded in 2007 under our watch. Um, and then both the Obama administration and the Trump administration renegotiated a little pieces of it, uh, and declare victory. Um, after that,
- Stephanie Ruhle: [00:33:34](#) you both said very quickly, um, our allies don't necessarily look at us as a dependable negotiating counterpart right now. Uh, can you elaborate on that a little bit more and what it means for our allies as they look at all sorts of agreements that they believe over the years they could count on. And right now while we're in an I and I alone scenario with the president, that, is that really being called into [inaudible]?
- Rufus Yerxa: [00:34:02](#) No, you go first. So, you know, the, obviously the very first thing he did when he came into office was announced that he wasn't going to go forward with TPP, uh, an agreement that had been tediously negotiated by the previous administration. So that

signal, we weren't necessarily committed to prior agreements done by prior presidents, but obviously TPP hadn't been approved yet and it hadn't gone into force, but he didn't offer anything he did. He didn't offer anything else, any. The second thing he started to do was begin investigations based on a national security statute about raising terrorists. And I think we were going to talk about that further, but he used those statutes, uh, quite aggressively. He did an investigation on steel and aluminum, the outcome of which was predetermined, um, and ended up imposing very high tariffs on steel, somewhat lower tariffs on aluminum on a worldwide basis, um, notwithstanding the very, uh, constrained rules in the WTO about use of national security measures.

Rufus Yerxa:

[00:35:08](#)

So, um, that signaled certainly that were willing to use something like national security at any very openly said, I'm doing it because economic security is national security wealth. You think about what that means, it means I may do deals with you, but I can always use other statutes to impose tariffs on you. And he's threatened. Now he's done also an investigation of autos, which is a much, much bigger globally traded sector, which would have massive repercussions, particularly in our trade with Europe, Japan, and um, and our existing deals with those countries. So this is sort of signaled that he puts economic gains for the U s economy, um, in the basket of, you know, I'm gonna use tariffs to make our economy stronger. Um, and you know, if you're someone looking at negotiating a deal with them, you have to put that in the table in the negotiations.

Rufus Yerxa:

[00:36:03](#)

So, I mean, I think at a minimum to get a deal with Europe and Japan, there'd have to be some understanding there. Maybe the Japanese would agree to a voluntary restraint agreement on autos. I sort of doubt it. Everything I've seen, even though some people predict pad everything I've seen is that Japan doesn't want to go back to the world of the 1980s. And that's the big problem is I think a lot of the Trump administration's kind of paradigm for how trade should work is how it worked before we had this big proliferation of rules-based agreements and free trade arrangements. So before the WTO was negotiated, which went into force in 1995, uh, and before all these free trade deals and sort of roll the clock back to a day when we had much fewer constraints on the use of unilateral u s action. Um, and I don't see that as a very good foundation for getting deals with other countries. Um, because it really raises questions about why do you want to do those deals with this. If you can turn around and use kind of mercantilist economic power every time you define something we do is unfair. And, and I'm the first to admit we've got a lot of problems the way other countries

behave towards this, but I don't think this is the way to get them in line. I think a building respect for rules and showing that we're willing to live by those as well as others is the best way to go.

Stephanie Ruhle: [00:37:34](#) But then I turned to you, bill, the president or the president's allies would say, if we have a lot of problems, they haven't been solved. So many people have stood with the president saying, well then let's try something different. It's so crazy. It just might work. And he argues that his unpredictability is his special sauce. You don't go into a negotiation with your counterpart knowing what all your points are.

William Reinsch: [00:38:01](#) Well, we'll see if it works. Uh, short answer. But, um, I think the episode that raised the most eyebrows that, that, uh, and along the lines of what Ruth was talking about was the Mexican terrorist situation. Here we have a negotiation with Canada and Mexico. It's a difficult one. It's closed. We're in the process of getting it through the congress. And then in May, he announces tariffs across the Board on Mexico, uh, because of letters of immigration because of an immigration issue and other countries. It's not,

Stephanie Ruhle: [00:38:32](#) it didn't take it away. It made people feel unsettled, but still there, it told

William Reinsch: [00:38:36](#) the message was mostly for other countries, which was if we make a deal with this guy, is he going to stick? You know, what's the point of having a negotiation if in this case, eight months later he can come back in and say, I'm going to hit you on some using an unrelated statute for an unrelated reason. I'm going to take a trade action against you. Even though we just had a trade negotiation. I think that, uh, I think it spoke to Chinese, uh, and I think it's clearly bothering, uh, the, uh, the Japanese and the Europeans. Uh, I think it kind of panic the Koreans because they're the only country that we've actually finished all this with. Uh, and they're worried that if he starts bringing up car tariffs, he's going to come back for another bite. Uh, and so I think that's, uh, that's what they're concerned about on the larger issue.

William Reinsch: [00:39:23](#) You know, his basic policy is w w w is one I reject. And I mean, you articulated, it's a policy of victimization. You know, the United States has been taken advantage of for the last 50 years by the evil foreigners that are doing us in. Uh, and it's the fault of the evil foreigners. It's also the fault of all of his predecessors for not being smart enough to figure out what he's figured out. Um, and a lot of people, a lot of people buy that. I think that if

you look at the history of the postwar era, uh, the United States has benefited enormously, uh, from the system that we constructed. Uh, the Bretton Woods system of, uh, WTO now gap, then World Bank, IMF. We constructed a system which was designed in a cold war context to deal with the strategic situation at the time, but which had enormous benefits for us, including economic benefits.

William Reinsch: [00:40:15](#)

We still resonate. And what he's basically saying is that didn't work for us. And so let's try something else. I don't have a sense yet that the something else, uh, is working. It's not working with a Chinese and I'm reasonably confident it's not going to work with the Chinese. Uh, he can close. I mean, it's ironic in a way. Uh, he closes when he folds. And one of the interesting things about the greatest negotiators in the world is if you look at some of these deals, uh, he does go right up to the brink and then he folds in the Korean case after all the bluster, second worst trade agreement in the world, as I recall. Uh, what did we get? You know, he got a continuation of the truck tariff for some additional years and he got some reduction in steel imports and a tiny little thing on drug prices.

William Reinsch: [00:41:06](#)

And that was it. You know, if you look at Mexico, Canada, he dropped most of the things that Rufus is, members were calling poison pills during the negotiation that would have in their judgment, you know, uh, torpedoed the thing. Uh, now we'll see what he does. Well, look at the Japanese. You know, he had made a, an agreement with RBA to negotiate what happened. Going into that meeting, Abbe wanted two things. He wanted no, no agriculture concessions beyond what they'd already made in TPP and no car. Terros what did he walk away from? Well, what did he walk away with? No agriculture concessions beyond TPP and no car terrorists while we're negotiating a what? A Trump walkaway with an agreement to negotiate. So who got the better of that deal? If I look at Guilford, you'll look at young curious the same thing. He left Trump left agriculture off the table with younger, uh, the Europeans had been, uh, enjoying that ever since, uh, three days later Lighthizer says, well, we have to talk about agriculture as part of this negotiation. And the, uh, the Europeans say, well, it's not in a, and Bob's comment as well, it should be, it's not exactly a strong negotiate and re point. And they spent the last eight, nine months trying to recover a mistake that Trump made last July.

Susan Schwab: [00:42:29](#)

So in the case of Jay, I mean, I'm going to go back to your Japan case. The case of Japan, they've got the potential for a bilateral trade agreement. There's nothing wrong with that. [inaudible]

William Reinsch: [00:42:37](#) no, I, I'm, I'm saying I'm, I didn't mean to say it was a bad thing, but it's, it ends up, it ends up in success.

Susan Schwab: [00:42:45](#) The folds. And I think we ought to keep that in mind, but Stephanie, just your, the potential is there. The potential is there for bilateral trade agreement with Japan. The potential is there for a bilateral trade agreement with the UK, assuming the pacing, the sequencing works on the UK side. Okay, so those are those too. In the case of China, they'd gotten the Chinese attention. We've seen lots of tactics, unusual tactics for those of us in the trade field, but we've gotten the Chinese attention, which I have to admit the Obama administration wasn't able to do on these issues. We weren't able to do on these issues. We talked about many of these same issues. We'll see whether they can get closure. This is a very, very important bilateral trade relationship on both sides by the way. And the Chinese need access to this market.

Susan Schwab: [00:43:36](#) We need access to that market. The Chinese practices that this administration has said it wants to go after things like forced technology transfer, things like IP theft, commercial hacking, those kinds of issues. Those are very, very serious issues and they need to be addressed. So those are negotiations that are in process. We'll see if there is closure, but I have to, you know, this goes back to your original question about, about grades and status. Jury's out on that one. Um, we'll see how it plays a, but they got us MCA done. We may quibble with the contents. They got to get it through the congress. Uh, that's not easy. None of us have had easy experiences getting trade agreements through the congress. Rufus does the

Stephanie Ruhle: [00:44:31](#) work we know in terms of how it makes people feel, but in terms of actuality, the United States, yes, the president talks all about trade deficits specifically with China and we're sending all of that money there and they're sending all of these products here. And the reason they're sending them is because the u s consumer decided we want really cheap goods and we want them tomorrow made in America isn't a new idea. And then we're at touches immigration. You can go to the state of Iowa where you have huge refugee communities in large part because the American worker there said, I don't want to cut out the hind of a hog, uh, from my day job. But people who leave a refugee camp might say, yes, this is what I want to do for a living. So the president please on this victimization. But is there actual evidence of it?

Rufus Yerxa: [00:45:23](#) Well that's what I was going to say in reaction to, to what bill was saying. You know, I represented the u s in the gap before



the WTO for four years and there's two things I took from that. One is every country in the world believes it's victimized by a straightening partners and treated unfairly. And publics all over the world are constantly convinced that part of the reason things aren't going well for them is foreign influence on their economy. But you know, if you really look at the reality, let's just take us an industry like the auto industry, which obviously from Trump's point of view is critical to his kind of political base in, in the industrial Midwest. But you know, the u s auto industry today is actually not only very vibrant, but it's had enormous new investment and is producing, it's producing as many vehicles as we did in the 1990s but with fewer than a third the number of workers.

Rufus Yerxa:

[00:46:24](#)

So it's very easy to tell those people the reason you've lost your job is trade. Actually exports are now increasingly important to the future. The U s auto industry, we exported 2 million automobiles last year. The industry foresees it being alternately 20% of their production. But not if we start global trade wars on autos. That's not going to work. But the reality is we're, you know, it's very easy for a populace to come along and blame trade for the inevitable changes in manufacturing. The onset of new technologies, the changes in the demographics of the world that, um, you know, globalization brings about every country in the world is struggling with that. I just don't think that by the chaos theory of creating so much chaos over the existing order, unless you really have something good to replace it with, if you get your public all whipped up about the fact that the problem is all being caused by foreigners and by trade, and then you can't really remedy that with a better system than we've had for the last 70 years. Um, eventually I think there's a price to pay for that. And I do think that that will be one of Donald Trump's big problems. Uh, whether or not he's reelected, whether it's in the 2020 campaign or after that, we'll be one of his big problems.

Stephanie Ruhle:

[00:47:48](#)

I know the jury still out as sue said, but while we're in the throws of whether you're calling it a trade standoff or a trade war bill, how would you assess things are going with China? Just yesterday, Larry Kudlow said, if Beijing doesn't agree to what we've put forward at this point, they'll end up on the wrong side of history. And he's reminding people that they are facing a bigger economic slowdown than we are though she's being paying is going to be an office for the rest of his life. And president Trump does have to worry about 2020,

William Reinsch:

[00:48:20](#)

which is an important element in, in both sides calculations. I'm glad you brought that up. Um, Larry May be right about them

being on the wrong side of history, but I don't think that's going to persuade them. Um, right now I think the administration has kind of painted itself into a corner on this and they're beginning to realize the, the situation they're in, you know, that we are making very significant demands on China about restructuring their economy. There are other issues. What do we do about a Walway, what do we do about having them buy more of our stuff? But I think the issue is that the issue that is the core of the debate and certainly the ones that are most important to ambassador Lighthizer are the, the, the structural reforms we want in their economy. Uh, which by the way would be good for their economy and their own economists would probably tell you that as long as they thought Fusion Ping wasn't listening.

William Reinsch: [00:49:11](#)

But the problem is that making those changes, uh, will also have the effect of reducing the party's control over the economy. And they have a leader right now, she's in Ping who, uh, has equated really economic control control over the economy with control over the society, over the society, which is little bit different from his predecessors. He's taking the economy backwards toward more state control. We're asking him to do the reverse. Uh, they're never gonna do that or he's never gonna do that. So the president has a choice. Our president has a choice except for an agreement that is less than we've demanded or continue the war, you know, and they will start talking about more tariffs. Uh, and I think both of them leave him because he has an election, as you said, leaving a politically exposed position except a bad agreement that Democrats say soft on China or negotiator escalate the war.

William Reinsch: [00:50:02](#)

The Democrats say, fail policy, collateral damage. You've heard all the farmers and you've accomplished absolutely nothing. I think in that situation, what he does is he takes the deal, says it's the greatest deal ever, which you knew he was going to say anyway, whether it was or not. He spends the campaign selling it and then, uh, ironically, uh, the, the issue is timing. If he does that a year from now, uh, he gets away with it, uh, because people won't know it's a bad deal until after they voted. Uh, if he does it now or in the fall, it's got a year to fall apart. And what will happen in the year is people figure out, here are the loopholes in the agreement. Here is deficiencies. They'll also see Chinese noncompliance, which I think is, is inevitable on something like this. And he'll be back in September of 20, 20 are talking about more tariffs, more escalation, and the Democrats are going to be screaming failure.

William Reinsch: [00:50:56](#)

So his best bet is to figure out a way to drag this out as long as he possibly can, which the Chinese would be happy to do it.

They'll talk for 10 years if they want, because their goal is to give nothing and make it all go away. If he can do that, I think that it, uh, he can, uh, make an agreement right before the election declared a great victory. Nobody will know the difference. Uh, he gets a big boost. The problem is trying to sustain that for, for that year under a lot of pressure from the farmers to begin with who are seriously hurting. And the Chinese are beginning to say, we didn't really agree at Osaka to buy all your stuff unconditionally and you've got to do some things that we want, particularly in the hallway sphere. Uh, if you want us to buy more stuff that makes the negotiation a lot more complicated.

Stephanie Ruhle: [00:51:45](#) Let's stick with Huawei. Uh, I think it's safe to assume any administration, uh, wants to focus on economic prosperity. They want national security. But we're seeing around Huawei a lot of criticism. The idea that the administration is willing to lessen their concerns on waterway for a better trade deal. So yes, many in the national security universe have said, you're putting our national security up for sale. It was recently compared to me, it was like saying, so listen, North Korea, if you pay us, we're going to lessen up the pressure we're putting on you to denuclearize. Would you make that same comparison?

Susan Schwab: [00:52:28](#) I leave, I leave others to pick their analogies and metaphors. I would say that you need to keep the national security technology side of things. You need to keep waterway just as they needed to keep ZTE national security technology. She's separate from the bilateral negotiations are undertaking with China on the structural issues associated with, as I said, you know, forced technology transfer, technology theft, IP protection, those kinds of issues that they need to be, you can't trade off the national security side. Now, there is a separate venue for negotiations on things like a bilateral investment treaty that, that, uh, was undertaken, was launched during the Bush administration, uh, came close to completion. As I understand it during the Obama administration there can talk about some of the syphius issues, uh, you know, issues, uh, investment related to national security. That's one side of things, but, but you can't trade off the national security technology side of the house for your plain vanilla, uh, structural, uh, and market access, uh, trade agreement side, I would say on the trade or trade negotiating side.

Susan Schwab: [00:53:49](#) Um, they really need to address those structural issues. There are a whole bunch of issues on the table, uh, in this negotiation with the Chinese. By far the most important are the structural issues. That's one. Two, if they really wanted to get, uh, uh, a

jump on this, they need to be doing more with our, uh, other like-minded, uh, trading partners. Uh, Japan and the EU. There are parallel talks going on. If you really wanted to, to turbocharge this, you would go back and, and don't call it the TPP or CPTP, but go to the coalition of the, of the like-minded market, uh, countries and, uh, ratchet up the rules on things like, uh, state owned enterprises, um, and, and, and cross subsidies and so on. And I think you could do a sort of a parallel kind of conversation and close a deal that would be, that would sort of thread the needle that bill is, is, is describing, because right now you've got entities that are hurting on both sides.

Susan Schwab:

[00:54:55](#)

We hear a lot about US interests that have been hurt by the, uh, tariffs that have gone up on both sides and the Chinese are doing more than just tariffs. They're also slow rolling customs, uh, movements and, and doing a whole variety of other things. Uh, we are seeing the pain associated with protectionism on both sides. What we're, what we're not saying is the, is the, um, uh, benefits for gone from the Bilat, from a healthy bilateral us China relationship. Uh, and, and that's also, that also should be part of the, you know, part of the conversation going forward. And I think that needle is threaded, but it's going to be very difficult to do Rufus your take on sort of co-mingling national security, uh, with an economic agenda.

Rufus Yerxa:

[00:55:43](#)

I mean, I basically agree with everything bill and Susan have said about this. I mean, obviously if there's a hard case in whether us trade policy was on in the right direction before Trump, it's clearly China. It's clearly the issues of what they're doing in fields of technology that are critical to our future and what we're letting them get away with. That's the real problem. If we lighten up on Lemons, I'm making that point. I'm making that point. It the real problem is not buying lots of toys and furniture from China or even the trade deficit with China. The real problem is how do you have a policy that distinguishes, you know, the, the, the standard trade that you have in all kinds of products with countries and whether they're following the rules of the WTO, for example, and these much, much more serious issues where I think we have to have an aggressive policy.

Rufus Yerxa:

[00:56:39](#)

We cannot trade off national security for a few more soybeans. Um, that's not going to work. We should be getting soybean exports to China in a good trade relationship with them. But only if we are ready to stand our ground on these kinds of issues that are, um, really fundamental about letting China into the trading system. And yet not letting it, not only from the u s steel technology, um, and force companies into, um, uh, deals that, uh, you know, compromise our own technological base in the u

s while at the same time, uh, making China a much more real security threats and, and uh, ethnic implicit in what all three of us are saying I think is doing a better job than forcing the rules. Yeah.

Stephanie Ruhle: [00:57:30](#) What do you think the future of the a soup, let's say the president were to be reelected, what does that say about the future of the WTO given the level of discord between the United States and our own allies and the friction between the United States and China

Rufus Yerxa: [00:57:46](#) bill? Um, I'm going to defer to them on this one. We've, we rehearsed this one and I'm, my role is here by what my real role is to keep my mouth shut. You have no idea what we are going to ask this one we expected. So I would just simply say, you know, there, there is no easy substitute for the WTO system. It's done a huge amount of good for the u s and being able to, to build rules and a lot of the things in the WTO are critical to maintaining stability in the world and stability and trade. Seven of our top 10 trading partners, we have no bilateral free trade agreement with. We depend on WTO rules. There's lots and lots of areas of the WTO that are working effectively today. The problem is in, you know, the, these areas we just talked about with China with there are huge frictions and also how do we move the WTO for the digital economy, the, the future?

Rufus Yerxa: [00:58:40](#) How do you do that when you have to negotiate everything? You remember w China and Russia are now in the WTO, so you have to figure out how to get them to negotiate rules that are contrary to the kind of state run economies they're operating today. And that's going to be a real challenge. And I don't have a good answer for it. The answer is not to walk away from the WTO. The answer is I think what Susan said is to double down on our leadership there and bring the rest of the world into, um, sort of cooperation with us in forcing the system in the right direction and putting China on the spot. The one thing I learned about China in the WTO is it actually is, it does during their succession, it did provide a basis for domestic reform at home because joining a multilateral system was they saw as valuable. Now it's a little harder to do it when she's in Ping, I think, but that's where we're going to have to take it in the future. I don't think walking away from the WTO, I think it's very counterproductive for, uh, our desire to get a better, better balance in the world. That's do if you and Rufus agree, I realize this is almost an impossible question, put yourself in the mind of this administration or the president. Would they agree

- Susan Schwab: [01:00:03](#) there are individuals in this administration who clearly wouldn't, I mean, John Bolton for example, wrote an op Ed a couple of years ago saying the u s ought to walk away from the WTO, which I think is silly. Um, the w the u s needs the WTO and uh, if you want to abandon the WTO and let China and Russia make the rules of the international trading system, that strikes me as being contrary to our national interests, whether it's our national economic interest or a national security interest. Because right now the rules of the road happen to have been largely influenced by the U S and our market based, uh, system. We need to do a better job of enforcing those rules. We need to do a better job, uh, or need to be sort of redouble our efforts to update those rules. And if you can't do it within the system, then you start building the parallel system that I've been describing and then you reverse integrate into the WTO. But you would not want to walk away from the WTO because it is a rules based system that we can use to enforce existing rules. And quite frankly, most of the cases we bring to the WTO, we win. Um, and that's not well known, but the fact is we do win.
- William Reinsch: [01:01:20](#) I think in that, on that last point, uh, I think most of the people in administration regard it right now as a useful tool because we do win. Uh, and it's a way, here's the thing, only one person counts because it doesn't matter what their verified, it doesn't matter what their agendas are. The president reminds them every day. Let me rephrase. I think the advice that he's getting consistently from his trade advisors is it's smart to stay in because it's a useful tool that we can use right now. My fear is that there's one or two large cases lurking out there where we may lose, uh, and the president's reaction at that point, maybe I'm done. Time to get out, at which point it will have all the consequences that roof has talked about. All right. We'll open up to a question or two all the way in the back. They're all asleep. Nobody others.
- Stephanie Ruhle: [01:02:10](#) Yeah. So question about China's accession to the WTO and Rufus referenced
- Audience Member: [01:02:20](#) that that drove economic liberalization under Vice Premier Xi, Ron. But we see that the Chinese backsliding began well before Xi Jinping. Okay. So I mean, and I was one who supported the strategy of the Clinton administration to let the Chinese in on the terms that were negotiated. But in hindsight, was it a mistake? No. [inaudible]
- William Reinsch: [01:02:44](#) I think, uh, I remember you then. I would, I, I was, I wasn't involved in this one, but I was in the administration. I think the administration at the time made the best decision that could

based on the information had at the time. I think John Zimmerman and Juran g at the time, uh, were telling the truth when they said they wanted to integrate China in the western trading system and that they wanted to use the excession commitments in the way it Rufus suggested as a means of getting recalcitrant domestic ministries to shape up. And that's what they did. Uh, and then they left. And sometimes there's a tendency to, you know, right now people were unhappy with our trade policy. They blame it all on Trump. They shouldn't blame it all on Trump. They should blame a good bit of it on the Chinese. Chinese policy has changed.

William Reinsch:

[01:03:28](#)

Xi Jinping is taking the country back toward a bore state, dominated a market. If you look at how, how credit is being allocated, it's being allocated to SOEs, uh, and the private sector in China is being starved with credit. There's a whole bunch of downstream consequences of that growth is slowing down as a result. That's their problem. That's their policy. If we had no one then 15 years, well, 19 years ago, what we know now, you know, we might have taken a different tack, but we didn't know that. Then I had a conversation with somebody who maybe was you the last week where somebody made the point, you know, it would've been a lot easier to do with the Chinese what we're trying to do now 15 years ago and I've yeah, well yeah, that's right. We had more leverage 15 years ago, 15 years ago. You couldn't make the case that it was necessary, you know, because the circumstances were different that cook two countries policies were different.

Susan Schwab:

[01:04:20](#)

So if I could just add here one and I agree with what, what bill said. Um, one of the things that that we need to be cognizant of, um, the MAF comm was fully backed at that point. You have have still reformers in the Chinese government. They are fewer and farther between. It's harder for them to be heard. And one of the questions we need to be thinking about as we negotiate, as we interact with the Chinese, what, if anything can we be doing to strengthen their hand? And I think, uh, taking actions in the WTO is one of those things. Uh, you don't have MAF comm in charge anymore of these things. Their power has been dissipated. Uh, whereas the u s jr reports directly, you know, to the president of the United States, the u s TRS counterpart in China has to go through, you know, half a dozen layers. And then you've got various political committees and the, and the, and the party to deal with. So one of the things we need to be thinking about is how do you strengthen the reformers hands? And WTO is, is one of those taking a actions to show that there are costs associated with behaving badly.

Stephanie Ruhle: [01:05:31](#) We only have time for one more question. So before you raise your hand, ask yourself, who do I have the best questions in this room? Wow, you don't, you're not intimidated by all of them. Seven. Nick Burns. Hold on. We have one nick. You know what, you're going to get to ask them in your own time. Like this is your show. We're going to go with no on you.

Speaker 8: [01:05:54](#) There's one way in the back. There is one, I think I saw the hand-waving

Stephanie Ruhle: [01:05:58](#) drop your guy with the beard.

Speaker 1: [01:06:01](#) They got it. You can't see them I don't think, but

Audience Member: [01:06:06](#) step over here so we can see yellow step into the room. It's like the wizard of Oz is that we've been, we've been working on trying to show you the issues for a pretty long time. And um, I think that one thing that often gets lost is the idea that there is actually a national business model in China focused very specifically on gaining advantage in specific industries. I think the U s trade policy has failed to address that. Um, I really liked your comment, Susan, on, um, parallel mechanisms. Uh, what do you think we can do to promote that faster now?

Susan Schwab: [01:06:42](#) Well, I would say one of the things we're spending an inordinate amount of time doing is pushing them down rather than promoting ourselves. Um, I start with the education system. I mean you start talking about domestic policy in that linkage. Um, I start with the education system. Our biggest competitive advantage, uh, is our higher education system. For example, uh, we need to look at k through 12 so we can have a conversation about, about education. Um, I think looking at supply chains, uh, and, and where, um, those are working for us and where perhaps they're not working for us. Uh, I look at, and this is probably going to be really controversial in this crowd, but, but I look at what's going the sort of piling on right now on social media and, uh, whether it's here or in Europe. And I can draw a straight line between, personally, I think I can draw a straight line between the breakup of a t and t and the rise of Huawei.

Susan Schwab: [01:07:44](#) Um, there are selfish start with bell labs for example. Um, our, our self and our ability to do these self inflicted wounds. I mean, you forget about Ali pay and you forget about some of these, you know, 10 cent data privacy conversations in Europe are almost all about the u s players. Almost not at all about what Russia's doing, about the Chinese social media. Um, you know, have you gotten on WeChat lately? So, so, so there are whole series of these things where we're either not paying attention



to promoting our own comparative advantage and beating ourselves up. Even though we are a manufacturing behemoth, we are, uh, we have incredible tech, uh, innovation, creativity prowess in agriculture. That goes without saying. Um, but, but, you know, we're spending all this time beating ourselves up and pushing, trying to push others down. We should be thinking about, you know, how to promote our own competitive, is what you're saying we should be too general.

Susan Schwab:

[01:08:50](#)

Sorry. It's a short window. Are you saying that we should be celebrating our Facebook, Google Amazon's rather than looking to regulate and criticize them? Is that what you're saying? Well, I don't have an issue with looking at regulation. I mean, this is not to say they're perfect, but I think some of this, this piling on that's going on right now strikes me as not taking into account the benefits associated with these enterprises, uh, and the global benefits. Um, and, and, uh, uh, e-commerce. There's a, there's an ecommerce negotiation, uh, developing at the WTO. We're beating up our side, and meanwhile, the Chinese side is about to eat our lunch. So it just strikes me that, that we're not thinking about, um, and things like antitrust in a global context. Um, and we're not necessarily investing in things at home that could enhance, we're telling you the Chinese not to invest in their priorities. Well, there's some WTO rules associated with that, but telling a country not to invest in their priorities is, is sort of naive. Uh, and we ought to be thinking about, are we investing in the right things at home? Um, uh, let's get into a conversation about entitlements and what that is doing to, um, our, our national debt. Um, you know, there are a lot of issues here. Uh, we are out of time, sue Rufus. Bill, thank you all for making a smarter

Speaker 1:

[01:10:39](#)

[inaudible]. [inaudible].