

THE BROOKINGS INSTITUTION

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THE BROOKINGS DEBATE:
HAVE FREE TRADE DEALS BEEN A
NET POSITIVE FOR WORKING AMERICANS?

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For:

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Against:

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P R O C E E D I N G S

MR. HARWOOD: Good evening, guys. Welcome to The Brookings Debate. I'm John Harwood. I'd like to thank those of you in the room and those joining us online, for spending your evening with us. And I'd like you to know that this debate is not rigged, (laughter) no one has received questions in advance, illicitly or otherwise.

Tonight's debate is part of a series of events that showcases Brookings experts' best ideas for the next President. Both Bill and Mireya of Brookings, two of our debaters tonight; along with 30 other scholars around the Institution have authored policy briefs that give concrete recommendations to the next President. I encourage all of you to check out the Election 2016 and America's Future Project online; whereby joining one of the Breakfast events Brookings has scheduled over the next coming weeks.

Tonight we'll be discussing free trade, which as most of you know, has been the center of the presidential election. For years there was a bipartisan consensus in Washington, leadership of both parties, along with most mainstream economists on the left and right, they agreed that free trade was generally a net benefit for all economies involved. But that's changed. In the U.S. and elsewhere in recent years it's become clear, more clear that the benefits of free trade are not shared evenly.

Tensions around trade have grown, and today both candidates for President of the United States oppose the biggest trade deal on the horizon, that's the Trans-Pacific Partnership. Hillary Clinton is seeing the base of her party shift significantly on trade. And Donald Trump has gone so far as to propose far-reaching protectionist policies that could provoke a trade war with China.

So, tonight the question is simple. Has free trade become a net positive for working Americans? To gage the strength of tonight's arguments we want to hear from you, the audience, before and after you hear from our debaters. If you've not already voted using your phone or computer, now is the time to do so.

The pre-debate poll will be open for about three more minutes. You can

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vote via text or via WebLink, and instructions are on handouts around the room. If you have any questions Brookings Staff is in the back of the room to help you. To vote in the poll, please text the word "Brookings" to 22333, then text 1, 2 or 3. None of your information will be sold to third-party vendors. Actually I don't know if that's true.

Text 1 if you think, yes free trade deals have been a net positive. Text 2 if you think, no, trade deals have not been a net positive; text 3 if you are undecided.

For those joining us online voting information is directly below the video player. We encourage everyone online and in the room to engage on Twitter with the hashtag, #BrookingsDebate. Tonight's debate will be very structured and fast-moving. We will hear 8-minute opening statements from each of our panelists. And debaters, you have only 8 minutes, so please don't make me cut you off, because I will get nasty.

Then we'll get to the heart of the debate, where I will moderate it back and forth between the panel, and we'll encourage debaters to engage directly with each other, responding to individual arguments. Voting will open again, as we listen to the final 3-minute closing statements from each of our panelists. It's important to know that in order to get your results tallied in a timely manner, the final polling will end the moment the final speaker ends his closing remarks. So you must, vote during the closing remarks, and after we'll take a few minutes to tally the votes, and finally we'll present the results.

Now, let's get onto the main event. The polls will close in one minute, so now is your last chance to vote in the pre-poll. Can I ask that the panelists, please, make their way to the stage?

Now, arguing that free trade has been net positive will be Mireya Solís and William Reinsch. Arguing against the net positive free trade deals will be Bill Galston and Michael Lind. You have full detailed biographies of each of our panelists in your handout.

So, let's begin. We'll first hear arguments in favor from Mireya Solís, who

is a Senior Fellow in the Foreign Policy Program at Brookings. Mireya, the podium is yours?

MS. SOLÍS: Trade liberalization has brought substantial net benefits to working Americans. A study by the Peterson Institute estimates that trade and investment liberalization in the 50 years of the Postwar Era, increased the incomes of Americans by \$1 trillion per year. Liberalization makes us wealthier in many different ways, by bringing down tariff barriers abroad, it has allowed our competitive sectors to expand as they serve the global market, and the wellbeing of millions of Americans is dependent on international trade.

Today exports of goods and services support 11.6 million jobs, and these workers have access to better-paying jobs because wages in the export sector are on average 18 percent higher. Moreover, contrary to the mercantilist rhetoric that sees imports only as harmful to the national economy, access to lower-cost components also bring substantial benefits. They can be essential to sustain our export drive.

We live in a world of global supply chains where companies fragment the production process across many national boundaries, and therefore imports are increasingly integrated into our export activities. This means that the cost of protectionism has also gone up. A recent report by the Council of Foreign Relations makes this crystal clear. America's largest exporter, Boeing, is able to retain its international lead from its export base in the United States by sourcing from abroad key components. These imports then, help sustain thousands of well-paying jobs in the United States.

And trade liberalization also greatly benefits American consumers by reducing the cost of living through access to expensive daily necessities, but more importantly, free trade has a progressive bias. It adds much more to the purchasing power of Americans at the bottom of the distribution ladder, as much as 62 percent. This means that free trade enables us to expand the consumption of the most vulnerable

sectors in our society.

In the second half of the 20th Century, most of the gains from free trade came from multilaterals realms of trade liberalization, but no longer so. The WTO has been unable to deliver on the Doha Round, so trade agreements have largely become the vehicle for liberalization for the past two decades, and they will continue to be so in the foreseeable future. Among our existing trade agreements, NAFTA has loomed largest in the debate on the merits of liberalization. It has been a much maligned trade agreement, but in fact it has a strong record.

At the most fundamental level, trade agreements aim to increase trade among the parties, and NAFTA has delivered. Trade among these three countries has grown briskly from \$290 billion in 1993, to \$1.1 trillion in 2016. U.S. trade with Mexico increased by five times, and NAFTA was mostly responsible for this expansion in trade, 55 percent of the increase in trade between these three countries is directly related to the trade agreement.

But it is the type of trade that NAFTA promotes that is most beneficial. By promoting an integrated production platform trade among the three countries creates positive synergies. Mexican exports to the United States contained 40 percent of U.S. imports, and Canadian exports 25 percent, therefore NAFTA increases production and employment in all three countries.

And contrary to the sound bite that opponents use, that we will be hearing this giant sucking sound as millions of jobs would transfer, would go to the south. During the 1990s, as NAFTA was being implemented, the United States added, not subtracted, manufacturing jobs.

Ironically, some politicians are advocating to scrap all our trade agreements, to forego the gains of the most ambitious trade deal to date, the Trans-Pacific Partnership, and in the most extreme case to start a trade war though punitive ties, largely influenced by our experience of trading with one country that is not a trade

agreement partner, and that is China.

As the research on the China trade shock has shown, imports from China were responsible for up to one-fifth of the manufacturing jobs lost during the 2000s, and very importantly, displaced workers faced a much more difficult and prolonged transition that we have previously reckoned. But the China Trade Shock is not an indictment of trade agreements, quite simply because we do not have one with China. But more importantly, in this climate of rising protectionist voices, it is not an indictment on the value of free trade.

The China Trade Shock analysis does not provide an assessment of the gains from trade with China, because it only looks at import competition, it does not factor in exports, or the increases in consumers purchasing power. But even just looking at imports, a group of economists, in a paper published last year, have extended the original analysis to show that access to low-cost intermediate imports from China actually increased employment in the non-manufacturing sector; retail, construction services to generate a net positive employment effect.

Are there problems with China's trading practices? Of course there are, but the most effective way to tackle them is to continue to negotiate, and I should stress, ratify trade agreements that codify global standards tackling state capitalism practices. Trade, like all forms of economic change creates winners and losers as it promotes economic transformation. And the China Trade Shock has shown though that we have done little meaningful to help those left behind. But scapegoating trade agreements will prevent us from correcting course in this critical area.

The vast majority of job losses in manufacturing are due to technology change, 85 percent, and yet we offer a special adjustment program only to workers impacted by trade agreements, which means that by design, we are denying the majority of U.S. workers these benefits. Because we insist on blaming trade our message to most American workers has been, you are out of luck, you have no access to these additional

resources.

We need to recommit to our entire workforce and overhaul our adjustment programs. The United States should be known not just as a country of labor flexibility when it's easy to hire and fire, but a country of genuine labor mobility, so that workers can acquire new skills, enter new fields and tap on economic opportunity that comes with geographical mobility. And this calls for a host of social and labor market policies, wage insurance, retraining, expanded tax benefits for the working poor, all these are domestic policies.

International trade is a source of growth for the United States and the rest of the world, however, international trade has been slowing down dramatically partly because of the lack of liberalizing initiatives. We need trade agreements. There will not be more economic opportunity with a shrinking pie. We are much better off if we keep the upsides of trade agreements in promoting growth, productivity, consumer welfare while tackling the downsides of economic change with investments in our human capital. Thank you. (Applause)

MR. HARWOOD: Thank you, Mireya. Next we are going to hear from Bill Galston. He's going to argue against the motion. Bill is a Senior Fellow in Governance Studies at Brookings. Bill, I cannot imagine how you could take issue with that presentation. But I get surprised every day. So, go ahead.

MR. GALSTON: And in fact, I will not take issue with substantial portions of it, as you will hear. Before I can address the question before us which, let me remind you reads: Have free trade deals been a net positive for working Americans? I need to make it a bit more precise.

First, there's a distinction between trade and trade agreements, the balance of benefits and burdens from trade can change over time even if its legal architecture remains constant, and I assume that our focus should be on the difference that changes in this architecture have made.

Second, free trade is a question of degree, because trade between nations in the modern world is always regulated to some extent. In practice then, the question is whether deals that make markets more open than they were prior to their adoption, are on balance beneficial.

Third, working Americans is a term of art. We scholars here at Brookings think we work pretty hard, but we are not debating the impact of trade deals on the likes of us. The issue is their effect on non-supervisory workers few of whom have attained a four-year college degree. The noun in the phrase "working Americans" is critical as well. The majority of workers in less-developed countries have benefited from entering into the arrangements that structure the global market.

Although this development is of great political and moral importance, it is not the issue before us tonight. As The World Bank Economist, Bronco Manojlovich has shown, in recent decades the experience of workers in advanced economies has been very different from that of their peers in the developing world.

And finally, the time horizon of the question is crucial. It would be absurd to claim that free trade deals have never benefited American workers. In the three days after World War II, for example -- three decades after World War II, they manifestly did so. My definition of the question before us then, is this. Have the trade deals of the past quarter century been on balanced positive for working Americans as I have defined them? And my answer is, demonstrably not.

My case relies on long established government statistical series, and on new research conducted by many of our best labor economists. Let me begin with one proxy for the impact of trade deals on working Americans, namely manufacturing jobs.

The North American Free Trade Agreement, NAFTA, went into effect in 1994, between then and the end of Bill Clinton's Presidency in January of 2001, as Mireya said, the number of manufacturing jobs actually rose slightly from 16.8 to 17.1 million. Perhaps this would have increased even more without NAFTA, it's hard to say,

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but impartial analyses conducted by the Congressional Research Service and others suggest that NAFTA's impact was relatively minor; neither delivering the huge gains its proponents promised, nor imposing the unsustainable burdens that the detractors predicted.

So, Mireya and I agree on NAFTA, we are not debating NAFTA, at least I'm not. The real problem lies elsewhere, specifically in China's accession to the World Trade Organization in 2001. The World Trade Organization is a trade deal, and we are not going to gerrymander it, verbally out of this conversation.

To be sure, annual imports from China had already risen during the 1990s, but starting in 2001 they shifted into overdrive. Between 2001 and 2007 they more than tripled from 100 billion to \$321 billion annually, during those seven years which preceded the onset of the Great Recession, the United States lost 3.4 million manufacturing jobs, fully 20 percent of its base in 2000.

Common sense suggests and research confirms that there is a connection between these two trends. In 2013 a team of top labor economists, David Autor, David Dorn and Gordon Hanson published a groundbreaking article entitled, The China Syndrome. They found that rising import competition from China explained as much as 55 percent of the manufacturing employment decline between 2000 and 2007. They also found that this decline depressed wages in non-manufacturing sectors of the economy.

Taken together, decreased employment and lowered wages, significantly increased cost for public programs which had to be funded by taxpayers; not only trade adjustment assistance but also disability insurance and food stamps, among others. A 2014 study by Avraham Ebenstein, Ann Harrison and Margaret McMillan extended The China Syndrome analysis. These authors presented evidence that, and I quote, "Both imports from China and off-shoring to China are associated with lower U.S. worker wages."

Workers driven from manufacturing to the service sector experienced pervasive wage losses. These authors found no discernible effects on jobs and wages prior to 2000 but large effects between 2001 and 2008, adding further support to the thesis that China's entrance into the WTO enabled an import surge the pace and scope of which overwhelmed the capacity of U.S. labor markets to adjust.

Classical trade theory assumes a near frictionless labor market in which workers can shift occupations and locations in response to changing demand for their services. But the studies I've cited indicate that in the real world workers can't shift so easily.

Consider, if you are 50 years old, have worked in a factory, doing the same job for decades, own a house whose value hasn't fully recovered from the Great Recession, and have an elderly parent who depends on you for care, you'll have difficulty learning a new occupation, and you may find it impossible to move.

In sum, policymakers dramatically underestimated the negative impact of China's entrance into the WTO, and even after its consequences had become apparent, they did little to ease the plight of working Americans who were hit the hardest. Should we be surprised that these very Americans are now in revolt against trade agreements and the political leaders who sponsored them?

Granted, as Mireya pointed out, there are entries on the other side of the balance sheet, but I know of no credible study showing that these effects have come close to compensating workers in the most affected sectors for their wage and job losses, to say nothing of China-enabled Walmart's negative impact on long-established local businesses in smaller communities throughout the United States.

In conclusion, the evidence suggests that trade deals have been good for workers in developing countries, and also for elites in developed countries, but bad for workers in developed countries throughout the West, including the United States.

Is this a reason to abandon the entire post-war push for more open

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markets? No, of course not. Classical economics is right to suggest that when two countries trade they both gain, in the aggregate anyway. Nevertheless, some groups experience concentrated losses, reenergizing the international economic agenda will be neither morally nor politically possible until trade deals are crafted to minimize the losses they impose on working people, and until other policies are reshaped to make workers whole. Thank you very much. (Applause)

MR. HARWOOD: Thank you, Bill. Now we are going to hear from William Reinsch. William is Distinguished Fellow at the Stimson Center and a Former Under Secretary for Export Administration in the U.S. Commerce Department. Go get them.

MR. REINSCH: Thank you very much. This appears to be an issue that proves wrong Pat Moynihan's statement that everyone is entitled to his own opinion but not his own set of facts. When you try to discuss the impact of FTA's on the U.S. economy and on American workers, you are immediately confronted with multiple conflicting sets of data. It appears that who, what, and when you count, determines the answers that you get. And I want to look at each of those elements.

First, who: Census Bureau data shows that last year the U.S. ran a merchandise trade surplus with 14 of our 20 FTA partners. Deficits for Jordan and Nicaragua and Israel are fairly small. Those with Canada, Mexico and Korea are larger. Taken together, the latter three tipped the overall goods and trade balance into negative territory, 64 billion last year. Out of a total goods deficit of 763 billion, or 8.4 percent of the total, that's actually, compared to everybody else, i.e. non-FTA countries, a fairly good record.

Second, what: that data is about merchandise trade, goods not services. That's important because the U.S. has become largely a services economy, excluding them omits an important piece of the puzzle, and one where the U.S. generally runs a substantial surplus, 263.5 billion last year. That included a \$27.4 billion service surplus

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with Canada, and a 9.6 billion surplus with Mexico. In the case of Canada, that was enough to wipe out the goods deficit and put the total relationship into the surplus for the first time in some years.

Third, when: The data I've cited is from 2015. If you look at other years, you can come away with a different picture. For that reason it's useful to look at the trend over a longer period of time. For example, from 2001 to 2015 our merchandise trade deficit with all of our FTA partners as a share of our total deficit filled by more than half, from more than 20 percent to slightly more than 8 percent.

Percentage data can be misleading, but if you look at actual numbers you can see the same trend. The 2015 FTA partner deficit was the smallest ever, except for the recession year of 2009, even while our total deficit with other people has continued to grow.

So what does all that mean? The International Trade Commission is actually tasked with answering that question, and in its 2016 report they concluded that in 2012, the year they looked at, free trade agreements increased trade with our partners by 26.3 percent, increased total trade by 3 percent, increased real GDP by \$32.2 billion, increased employment by nearly 160,000, and increased real wages by 0.3 percent.

The ITC also found gains to consumers through lower prices, greater product variety, increased receipts for intellectual property, and a positive effect on average on U.S. bilateral merchandise trade balances. It's a fair point that these are not all large gains, particularly in percentage terms given the overall size of our economy, but they are net positives nonetheless, including increases in real wages.

FTA skeptics who have their own data, also makes several other arguments that I want to address briefly. First, we should be clear what workers we are talking about, which is something that Bill mentioned. Looking at the opponents -- not these two guys -- but largely the people that are engaged in the anti-TPP campaign, one might get the impression that the only real workers in America are the ones who make

steel, autos, furniture, clothing, mine coals, or move stuff around.

As we'll see, that's a very -- a relatively small picture of the U.S. economy. There have been job losses over the past 20 years, often in those and other manufacturing sectors, and trade agreements are often blamed for them. That's an argument that I believe can be sustained by anecdotes, there are factories that have shut down and moved to Mexico, for example, and that story has been amply told for a long time. But it's harder to justify by overall data.

As Mireya pointed out, 85 percent of the job losses in question were caused by productivity improvements, mostly technology. Trade is the easy scapegoat. Let's just blame foreigners for our problems, rather than our own policies. We, however, can also match the other side with anecdotes. I just noticed last week, I guess it was, or the week before, the Head of the American Iron Steel Institute, noted that we had a 3-million-ton steel deficit with Canada and Mexico before NAFTA, and we now have a small surplus.

In other words, steel appears to an after winner, Dan D'Amico probably wouldn't agree with that, but he and AISI can argue that one out. The reality of trade is that there are always winners and losers, but the losses tend to be short term and specific, and the wins long term and diffused.

Now that's cold comfort to some who lost their job because their plant closed, if you tell that on a net basis, more jobs were created than lost, in large part because the people who lost the old jobs are really the same ones who get the new jobs. That's why an effective adjustment assistance program is so important. Trade accelerates change and it's inevitable we will have people whose skills become less important as our economy grows and changes.

Helping those people acquire new skills and helping them broaden their horizons should be an inevitable part of our trade policy. And if we do that we need to remember, going back to the point I made a minute ago, the composition of our work

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force; 91.8 million workers are private sector services employees, that's 82 percent of the total, and it's likely to go up.

Our opponent, Michael Lind, noted in a column he wrote last year that ALS lifted the occupation with the greatest projected job growth between 2012 and 2022, and they included personal care aids, registered nurses, retail sale persons, and nursing assistants, secretaries, clerical workers, customer service representatives and construction workers, most of those are service workers.

Nostalgia about lost factories, I'm sorry to say, is just that, nostalgia. We can berate past administrations for not doing enough about that, and at points in my career I've done that. But FTAs did not lose them, and getting rid of the FTAs or not having anymore is not going to bring them back.

Instead, an effective adjustment program will people acquire the skills they need for the 21st Century economy, not the 20th Century, and which are not only STEM skills but a mix of skills that give people the preparation that they need to take on the jobs that are actually available, including the kind that I just listed. Such a program should also focus on protecting the worker, not the existing job; otherwise we lock ourselves into the old economy instead of the new one.

Second, you can't have a discussion about trade without talking about China, as Bill just mentioned a few minutes ago, the 8,000-pound elephant in the room. Now, he's talking about gerrymandering China out of this discussion. I would say he's trying to shoehorn it in. We don't have an FTA with China, the proposition is about FTAs. I think it's very hard to argue the trade in China like everybody else in the WTO, constitutes some kind of special arrangement, and it really doesn't constitute a free trade -- a free trade agreement.

By that logic we also have free trade agreements with Russia, with Saudi Arabia and 162 other countries, which is simply not the case. And in fact we actually treat China worse than most of the others because we consider it a non-market economy

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for trade law enforcement purposes. I think we'll come back to China in the Q&A, so I won't say anything more about that right now.

Finally, let's remember that net positive means more than more jobs, and more than higher wages. Some of the most compelling arguments for FTAs, TPP you are hearing now, but also the ones in the past, have been geopolitical, building better relationships, maintaining or enhancing the U.S. regional position, promoting democracy and human rights, promoting stability. These are American interests, these are Americans values and they provide benefits to all of us, including American workers. Thank you. (Applause)

MR. HARWOOD: Our cleanup hitter is Michael Lind. Michael is a Policy Director at the Economic Growth Initiative at New America, an organization that he helped co-found back in 1999. Michael, how about it?

MR. LIND: Thank you. You've already heard from me in Bill Reinsch's voice. So now you can hear from me directly. Trade is not what it used to be. What we are calling free trade agreements it reminds me of a Voltaire, the French Philosophe, he said the Holy Roman Empire, the name for Central Europe at the time, was neither holy nor Roman nor an Empire.

These free trade treaties are not free trade in the classical sense. They are regulatory harmonization agreements. They are not treaties in the classical sense, they are more like a form of domestic legislation which has been outsourced, two diplomats. And this is why, if you don't understand that point you will not understand why there is this populous rebellion in Europe, in the U.S., and elsewhere, of a kind that never was, when we did actual classical trade treaties under the general agreement on trade and tariffs, between 1945 and the Uruguay Round, with NAFTA and the WTO.

Those were removing barriers, particularly tariff barriers. Now we could have continued removing these barriers to the free flow of goods if, beginning in the 1990s, we had a tackled currency manipulation of which the worst practitioners are China

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but also Japan. The Peterson Institute recently published a study which I recommend to everyone, by C. Fred Bergsten, and by Joe Gagnon, saying that because of currency manipulation largely by China, we've lost 1 to 5 million jobs in the last generation.

Paul Volcker has said currency manipulation can wipe out all of your other safeguards in a trade treaty, and yet no President since Bill Clinton has labeled a country as a currency manipulator, and the currency manipulation is left out of all of these so-called free trade treaties. Well, what are they actually doing, if they are not attacking currency manipulation which is a simultaneous export subsidy and import tariff.

What are they doing? The Peterson Institute, you know, they are generally pro-business pro-trade organization has calculated that the Trans-Pacific Partnership only 12 percent of the gains to all of the members from the TPP would consist of Tariff reductions. 88 percent come from reductions in non-tariff barriers in goods, services and investments. According to Peter Petri and Michael Plummer in Fan Zhai of the Peter Institute, half of the total economic benefits for the TPP as a whole, come from the ability of American capitalists of in corporations of American investors to invest more in Japan, which has had more regulated service sector markets.

So, that's what this debate is really about. And that's the source of this populist attention. Things which traditionally were considered domestic policy in the classic area of trade, trust policy, environment standards, health standards, and so on, under a series of administrations in Washington, this has been seen as the next Great Frontier. We are going to harmonize all of these regulations, and in the European Union this was the goal of the single market, to harmonize these regulations.

Okay. Well let's say this is a goal, what about the method of harmonizing these things that used to be done in domestic legislation but will now will be locked into cements in this trade treaty for all of the countries.

Well, how is this done? Is it done through participation of national legislatures, and to and fro and so on? In the United States there for the TPP, there have

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been 28 trade advisory committees, the most influential, 16 are industry trade advisory committees. The Washington Post calculated that 85 percent of the advisors come from corporations. They are high-ranking corporate executives.

Now, that's not true with Congress. If you are a working-class American you can have some influence with your Member of Congress, but you basically had zero influence on these TPP committees. These committees are exempt from the transparency rules of other advisory committees, they are shielded from FOIA, and there's no requirement to balance industry groups with others.

So, the concern in Europe as well as United States is that business lobbyists which can't get particular goals of theirs through domestic legislation in the House of Commons, or in Congress, or whatever, if you put it in the thousand pages of a treaty, and then you have to say, this is an up or down vote, you know, are you going to kill -- are you going to humiliate the United States and the Pacific because you oppose this one particular thing.

You know, this is a very effective form of lobbying because, you know, this way you are imposing this on multiple countries at the same time, which you could not necessarily have gotten through individual legislatures. Okay, so now it is the law of the land, because at least in the United States a treaty -- provisions have the force of law. Right? Well, so do you enforce them through the constitutional ordinary courts system?

All of these treaties the United States is passing have what are called ISDS, investor state dispute resolution systems, which allow a corporation to sue a government if the corporation says any subsequent policy, since the enactment of this treaty, affects the business in one way or another. The United States to date has not lost an ISDS lawsuit. That's because most of them consist of American corporation suing our NAFTA neighbor, Canada.

Canada is the most sued country in the world under ISDS provisions of the kind that are in all of these treaties. ISDS lawsuits in Canada have been directed by

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corporations against Canada or provinces of Canada raising the minimum wage, issuing new environmental regulations, new energy policies, and so on. The same is true of Mexico, and Canada and Mexico and Australia have had to deal with this. If you lose one of these ISDS lawsuits, then the taxpayers of the country have to pay the corporation even if they were undertaking a domestic regulatory or legislative change for other reasons.

When a Mississippi State Court Jury ruled against the Loewen Group, which was a Canadian funeral home conglomerate, they sued under the Investor State Dispute Resolution. The tribunal said that the requirements for the corporation to go through the jury trial system violated the company's investor rights under NAFTA.

So, the question before you is not whether these newfangled trade agreements which are largely about rewriting the legislation in this country and other countries, they are not about getting rid of tariffs, or for that matter other kinds of subsidies.

Are these good for high-school educated, working-class Americans? Bill has the case that that's not the case with the economics there. And I would argue that it represents a disempowerment of ordinary Americans by shifting things which ought to be done through the legislature, to the treaty process. Thank you. (Applause)

MR. HARWOOD: Okay. I'm going to start throwing some questions at our panelists, and get the discussion moving in that way. And Mireya, I'm going to start with you. I'd like you to address Michael's point that in fact these trade arrangements are constructed by and for corporate interests, in ways that don't provide adequate checks and balances from the U.S. political system, and confer disproportionate benefits on the people making those deals.

MS. SOLÍS: Thank you. Yes, I disagree with that proposition. I don't think that trade agreements have violated the regulatory process and decision -- democratic decision-making. And the first point I would like to highlight is that trade

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agreements still are very much driven by market access concerns. The TPP is going to eliminate 18,000 tariffs. And these tariffs can still be very large, consider Japan's rice tariff, the ad valorem equivalent is 770 percent. So if you don't tell me that's a high tariff to tackle, then I don't know what is.

Second, we need to understand why the move towards are behind the border regulatory agenda. It's not because of a conspiracy by business interests, this actually reflects the way in which international production and trade takes place today. What is the engine of growth? It's a global supply chain. What does that mean? That the trade and investment nexus is now very, very deep, and therefore we need now to clarify rules in what we call market presence. That is rules on the international organization of services, the protection of intellectual property, competition policies to avoid predatory behavior; this is what is driving the move towards the new trade agenda.

Another point that trade agreements supposedly only reflect one interest, big business, not true. Labor is very well representing the advisory committee system. There is a special labor advisory committee system, and the leaders of all major level federations are actually sitting in the highest labor advisory committee.

Could this committee be more representative? Yes. And I would certainly like to see more NGO groups there, but it has not been possible because many of them do not want to sign on to the confidentiality agreements that are required to protect the integrity of the negotiation.

Moreover, trade negotiations proceed with well-established democratic procedures, whereby Congress delegates the negotiation authority through trade promotion authority, and there is oversight throughout the negotiations. At the end of the day it will be our elected representatives who have had full access to the text; it had been vetted now for a full year. Expert reports from every corner, and there, it's in their hands, in our elected representatives' hands to decide the fate of the agreement. It's a democratic practice.

MR. HARWOOD: Mireya, go to bottom line. Is it your view that the depiction of these agreements as -- agreements that empower corporations that are not transparent, that concentrate power in the hands of the most affluent sectors of society; that that argument is demagoguery?

MS. SOLÍS: To a large extent, yes, I can see why the concern emerges. I would like to see a more representative advisory system, but I don't think that the system would acknowledge, to use a term that's in vogue now, is rigged so that it actually only benefits one constituency. I do think that there are groups in society with higher education levels that can navigate better the transformation that comes from accelerated economic change, but I don't think that the trade agreement formulation is rigged to just serve one interest group alone.

MR. HARWOOD: Michael, you've indicted for demagoguery, how do you plead?

MR. LIND: Well, demagogues were tribunes of the people, and so in that sense demagogues were tribunes of the people, so if that's the definition of demagoguery, then I'm a demagogue. Look, these things -- My basic point is, a lot of the things that are in these FTAs may be perfectly legitimate. The problem is, could the interest that support them, which tend to be corporate and produce lobbyist in industry, in some cases it may be labor, in some cases environmental groups, could you pass these as standalone pieces of legislation in a democratically-accountable legislature in the United States, in Malaysia, you know, in Japan or whatever?

Or, is there a benefit from bundling them up in this giant brick of pages which suddenly lands on the doorstep of the legislature whose members were told the clock is ticking, one vote, yes or no, up or down, all or nothing, and by the way, we would be humiliated.

MR. HARWOOD: How is that different from taking all the expenditures (inaudible) bundling (inaudible) into an appropriation.

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MR. LIND: It's exactly like the worst forms of domestic legislation, when you have these omnibus bills, where all kinds of things are stuck in at the dark of night. But my basic point is that regardless of whether you support the particular policies, you have to expect there's going to be endless popular resistance to this because as even the proponents of this shift to service harmonization event, these are things which have always been done by nation states.

MR. HARWOOD: Hasn't it been shown, the nature of our modern politics, is that unless you bundle things together into an omnibus, you can't do a damn thing?

MR. LIND: Well, I disagree entirely. For example, I've been reading the TPP, there's a lot of good stuff in there. And some of the supply chain things which the other team has mentioned; yes, sure, it makes sense. You want to have the widgets standards compatible, and so on. There are vital sanitary standards, you want to be same everywhere in the world. You could do a series of smaller treaties, which would not, I think, raise this kind of reaction.

On the other hand, the TPP contains all sorts of restraints on countries protecting their own telecommunication systems, which really, you don't need to have bundled together with the widgets and with the (inaudible) inspections.

MR. HARWOOD: What about unbundling big trade agreements and saying, go ahead, vote them up or down by pieces?

MR. REINSCH: No. It means if we do it his way we wouldn't have any agreements. Agreements are the product of a negotiation, and that means by definition there's going to be some things in it that you'll like, and there's going to be some things that you don't like. And not the same things, depending on which individual it is. If you let people take it apart, you know, you'll get -- they'll vote for the things they like, and the agreement will fall apart.

We used to do it that way, but prior to 1934 Congress wrote the bills and

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actually voted on, if people wanted to, every single tariff in the tariffs code, and that's how we got Smoot-Hawley. That's how we got the Foreign Act too.

MR. LIND: But I'm not -- I'm not defending that --

MR. REINSCH: You know, if you want to, if you believe in the trade liberalization, however you want to define it is a good thing. You can't possibly get there with the procedure that you've described.

MR. LIND: I'm not saying -- Let's take it back -- We are talking about -- the Reciprocal Trade Adjustment Act, in 1934, which shifted this from Congressional Committees to the Executive Branch. I'm talking about pre-1990s. So, for example, if you can get uniform airline standards, you know, safety standards without bundling it together with drug, with pharma, patent monopolies. I just don't see that connection.

MR. REINSCH: Well, if we were acting unilaterally, sure, we could do a statement like that, but look at Europe, for example, where we are going to be -- assuming that TTIP goes forward -- we are going to be negotiating things like auto safety standards, including things like how you have to fasten your seatbelts to the floor, to the chassis of the car, and a host of technical details. These have turned out to be extraordinarily contentious.

They do it different way than we do, and they don't want to agree doing it our way, and we don't want to agree to doing it their way. Ultimately there will be a compromise, hopefully, but guaranteed somebody is going to be unhappy, and if you want to give them the opportunity then to unravel it, what's going to happen is that, you know, that if are going to take something off the table, they'll take something off the table, and pretty soon you won't have very much.

The process, let me say something, because I have lived with this process since the '70s, because I worked on the Tokyo Round, which is the first I was employed. This wasn't just a handing over of authority from the Congress to the Executive, this was a bargain. And the bargain that was struck was that the Congress

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agreed to a process in which they had to have one vote at the end. The administration agreed to a process in which, in turn, there was extensive consultation and members could go to the -- you know, go to the negotiations with extensive content, and extensive consultation.

And, as a matter of fact, the way these agreements actually play out it is in fact that Congress that informally writes the bill that's in question. They hand it to the President and say, here, send this back to us and we'll probably pass it. Send us something us something else, which is your right, and you take your changes. And the fact is, the Presidents for the most part, going back to the '70s, have chosen to submit, virtually, identically, what the Congress has told them to do.

It is true -- Until recently, and I think this is a commentary on the overall Executive Legislative relationship that has a lot to do with things. You know more about it than I do that are going to a trade, until recently this has really been a bipartisan, very cooperative process in which both sides engage in a lot of give and take. It's been a very healthy process till the last couple of years.

MR. HARWOOD: Bill, Donald Trump who has pushed this issue in the campaign has made two arguments that aren't the same, they may be even contradictory, but nevertheless he makes both of them. One of them is, as Michael was alluding to, the idea that trade deals have been constructed in the (inaudible) owners to politicians, corporations, corporate donors, that sort of thing.

The other argument that he makes is that the reason trade deals have had negative effects on American workers is the people who made those deals. Your colleagues in the Clinton administration, maybe Bill, others, are stupid and incompetent and political hacks, and that what we need to do is get business executives with a little bit of brains and deal-making ability, and then they could make much better free trade deals. Is there any truth to that whatsoever?

MR. GALSTON: It is hard to say something that is completely false. I

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mean you have to work very hard, you know, to utter a statement about the world, that doesn't have 1 percent of truth, I'm (inaudible) -- There we go -- that doesn't have some truth, but in fact, I dissent --Can you hear now?

SPEAKER: Barely can.

MR. GALSTON: Can you hear now?

SPEAKERS: Yes.

MR. GALSTON: Okay. You see; so incompetent that I can't even get the microphones to work. (Laughter)

MR. LIND: Those people in Washington.

MR. GALSTON: I don't subscribe to either of those arguments, I really don't. And I think that to the extent that -- There we go, a mic that actually works, you see, I'm not incompetent. This debate is rigged, or should I say I'm not incompetent.

But I think the point is that the world has changed dramatically in the past quarter of a century, and assumptions about the ways economies interact, that were valid in the three decades after the Second World War, are less valid now. Let me give you an example. I think it's perfectly true that in the circumstances, 1945 to 1975, whatever concentrated losses accrued from trade arrangements, were quickly dispelled.

People were able to move on relatively easily, our labor markets were not perfectly frictionless, but they were fluid enough to be within hailing distance of standard economic models. My thesis, backed by a lot empirical evidence, is that in the United States over the past quarter of a century, people who have experience the concentrated losses have found it more and more difficult to adjust either occupationally, or geographically. And that the combination of these two sources of friction, has left many people, and entire sectors, and entire geographical areas of the country at a loss. Enduring losses that feel as though they are going to last forever, and in human terms, if a community has been in decline for 20 or 25 or 30 years, that is (inaudible) for policy purposes.

So, I don't think it's stupidity, and I don't think it's corruption. I think policymakers and even theories have been slow to catch up with changes in the real world, and one of the few salutary effects of this, if I may use the term, deplorable campaign, is that certain problems have been exposed although not eliminated. And it's now the challenge facing the entire political system to come to grips with some uncomfortable realities about assumptions that were truer in theory than they may have turned to being fact.

MR. REINSCH: I think you are right. I think those are good points. I think, in a way it's kind of a sad commentary on the country that this has happened. You know, the whole history, the country's history, the frontier, and the ability of Americans who always move on. You know, you weren't doing so well we are -- go that way, farther. Like the hitchhiker, the hippie hitchhiker with a sign that says, further.

That was America, and we don't do that anymore. The population isn't mobile and for a lot of reasons, and rather than get into them I would just say that the interesting about that piece of the discussion is, that's not really a discussion about trade policy. It's a discussion about what's going on in the country, it's a discussion about economic policy, it's a discussion about the failure of successive administrations to really deal with people that the economy really has passed by, to deal with them in some creative way.

My frustration and I think -- is that we are debating -- you know, we end up debating whether FTAs are any good or not, when what we should be debating is how we fix this particular problem, only part of which is due to free trade agreements. Most of which is due to productivity improvements and technology improvements.

MR. HARWOOD: To that point, Bill, like me you are old enough to remember Billy Joel's 1982 song, Allentown: Living here in Allentown, and they are closing all the factories down. That was in 1982, a dozen years after 18 years before the China WTO. Aren't we talking about a process that's been going on for a very long time

that, as Bill suggested, is only partly related to trade agreements?

MR. GALSTON: I agree with that, only partly related. And I think actually -- I view debates not as team A, team B football games, but as what might be called competitive search for truth. And I think there's a lot of common ground between --

SPEAKER: You said something (inaudible).

MR. GALSTON: Yes. For good reason, though I was on Fox just last Sunday night, let the record show. And it is a very important part of the debate, and I agree, it's not directly connected to trade deals or any particular kind of trade deal, we call and FTA, but that's not the only issue on the table I would argue. Europe spends six times as much per capita on what might be broadly, you know, called trade adjustment policies as the United States does.

We have brought a lot of this political problem on ourselves by enacting laws and treaties, and then telling the people who experience the concentrated losses, you are on your own. And whatever else we disagree about, I hope we can agree that the time for that kind of (inaudible) disregard of the most effective individuals in communities in our country is, or certainly ought to be at an end.

MR. HARWOOD: There's no reason that those people that Bill is referring to, the most concentrated losers, have gotten short shrift. Is it because the people involved in negotiating trade deals, the people here in Washington involved in legislating around them? The people in this room who are listening to this discussion, are so affluent and comfortable, that they insulated from the effects of those communities, and therefore insensitive to them?

MS. SOLÍS: No. I think we have to make a distinction. I mean, the trade negotiators are there to negotiate a trade agreement, and they are very competent. You know, every time we negotiate trade agreement, because we already have a very open economy, our trading partners know where their barrier is much more than we do. In the Trans-Pacific Partnership we are going mostly to export, our approach, our

standards, our rules to a number of countries that are then -- are going to leg-up, excuse me, their environmental and labor standards.

So, the agreements are well negotiated. I think the responsibilities with the other part of the decision-making system that is dealing with labor market adjustment, with social policies; and that what's not working. And what I'm afraid of is that we have already given these programs a bad reputation. I cannot tell you how many times, when I tell people, well we need more skill acquisition, we need more education. They tell me, oh, no, no, not again. I've heard that so many times.

That probably means that we talk about it but we don't put the money in it, as Bill was saying. You know, that the United States is at the bottom of industrialized countries in terms of the spending money for what we call active labor market policies. These are policies that are about mobility, trade adjustment assistance; the one program that's more generous, for example, to facilitate geographical mobility gives the affected worker \$1,200. Can you tell me how you pick up a life and move elsewhere on \$1,200, it's not just -- it's not done. It's not going to happen. So we really want to have, you know, these programs that work, we need to put the money where we need to do that.

MR. HARWOOD: Michael, on (inaudible) the question, and is it that the political class is affluent, insulated, not sure what's going on in his community. Can you (inaudible) resistance to (inaudible) is it?

MR. LIND: I think there's a widespread consensus, which is bipartisan, which rejects our own history, both in earlier and industry, and particularly in agriculture. Saying that there are future industries, sunrise industries, and it's in tech and social media and banking, and things like that. Then there are the sunset industries like manufacturing, and so you shift the low-value-added production to low-wage workers in other countries, and it helps the low-wage workers, and then we specialize on the -- on our new value chain.

Now, that is not the way we became the most productive agricultural

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producer in the world. We did not say that as the 20th Century progressed, we would simply import more and more fruits and vegetables from people in poor countries, using traditional methods, and for low wages. The United States through the Department of Agriculture, through the A&M Universities, we mechanized agriculture. And this is a very important point.

If you were a neoclassical economist looking only at the short-term price of a good or a service, then there may be no difference whatsoever between whether it's made by a third world worker in an oligarchic dictatorship, you know, for \$1 a day, or, whether it's made by robot factory within your country. From the point of view of America's long-term national interest, both military as well as economic, we would be much better off if these job losses came about 100 percent as a result of automation, because you would gradually, over a prolonged period shed workers as we have in our highly-productive mechanized agriculture system; only 2 percent of American farmers.

MR. HARWOOD: And this is question about friction in the political system. Why haven't we adjusted to be more responsive to the needs of those most adversely affected?

MR. LIND: I think it was optimistic group think. The beginning of the 1990s, where much of the bipartisan elite believed its own propaganda about the jobs of the future are going to be STEM-based, you know, high tech, professional, and college-educated jobs. The piece which Bill very generously quoted for me, was pointing out that about 70 percent of jobs in the United States require no college education whatsoever. Only about 30 percent require even a BA. The ones that required post-graduate training are miniscule, you know, it's like 10 percent maybe.

MR. HARWOOD: About corruption or insensitivity or 10 1 percent, it is delusion? Yes, delusion, elite delusion?

MR. GALSTON: I think that -- and, John, I'm glad you asked this question, because I think it goes to the heart of the political problem we faced. And that

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is, I think people like the people on this stage. And I'll certainly speak for myself. We did not really understand what was happening in smaller towns and rural areas throughout the United States. You must have noticed that just in the past two years there has been an avalanche of journalism, and books, trying to illuminate the plight of the kinds of people, that people like me rarely, if ever, meet. Right?

The geographical segmentation of The Big Sort, as Bill Bishop puts it, means that Americans who used to live cheek by jowl, of people very much unlike themselves, this is the point of Bob Putnam's book, Our Kids, but any number of books and articles are now separated into different social worlds. And I don't have to speak frankly, but I know I'm not speaking only for myself. You know, these books, whether it's Hillbilly Elegy or White Trash, or any of the books or the great reporting pieces that have come out in major journals, like George Packer's piece. And many national newspapers have sent reporters to these areas for the first time in a generation.

This has come as a revelation to millions of upscale Americans who didn't want this to happen to their fellow citizens, but now know that through a combination of inadequate theory and inadequate knowledge, we have allowed this to happen without even trying to help them. And I think that is driving a lot of this discussion, unfortunately.

MR. HARWOOD: All right. On that note we are out of time for the segment. Before we hear closing remarks, I want to let you know the polls are open again. The same question applies; free trade (inaudible) positive for working Americans; text 1 if you agree they have been a net positive; text 2 if you disagree that free trade has been a net positive for the (inaudible). Voting will remain open through the panelists' closing remarks (inaudible), Michael Lind finish (inaudible).

So, each of our panelists both from the deluded team and the enlightened team are going to have 3-minute closing statements, and we will start with Mireya.

MS. SOLÍS: Thank you. I don't have much to add. I think a lot has been said. I just want to say that I would make the case for fixing what needs to be fixed, for making sure that we do not scapegoat trade. We are living a society where there is accelerated economic change, but the major driver of that is technological change. And if we continue to just be focused on trade we will give our back on trade, as I said before, we are going to take away a lot of consuming purchasing power. We are going to actually lose our international leadership.

This is not the way to the future. I think it's better to realize that where we need to work is domestically, at home, in tackling the source of income inequality, and encouraging labor mobility, and making sure that we will not have this divide America that has been so prevalent in our discussions today. Thank you.

MR. HARWOOD: Bill?

MR. GALSTON: Well let me, in conclusion, just emphasize a couple of points. First of all, in the proposition before us, we were asked, have they been, the question was backward-looking, not forward-looking, and it commits us to nothing about future agreements or agreements that are now on the table. Indeed, I believe that agreements have been net positives for working Americans in the past, and could again be net positive if the lessons of the present are taken into account in our negotiations and in the provisions of the treaty.

MR. HARWOOD: Do you work with (inaudible)?

MR. GALSTON: In particular -- that's point number two -- In particular, I am not opposed to the Trans-Pacific Partnership, let me make that very clear, and I am not opposed to it, first of all, because --

SPEAKER: You may have won.

MR. GALSTON: Yeah -- No. Because I am simply addressing the proposition before us, right. Have they, not could they, not will they, have they. Okay. That's really important. I don't know whether Michael agrees with me about the TPP, he

probably doesn't but that's irrelevant for present purposes.

Point number three, the proposition reads, trade deals, not FTAs. FTAs narrows the proposition in a way that really, if we are not talking about China, as part of this discussion, then we are not talking about the problem.

Finally, and in that connection, if you have iPhones, turn them over please. And here is what you'll read in small print on the back, "Designed by Apple in California, assembled in China."

SPEAKER: (Inaudible) yourself in China (Laughter).

MR. GALSTON: Now that is a great business model ladies and gentlemen, but I would submit that it's nothing like the source of mass employment that the industrial used to be for working Americans, and we have found nothing to replace that mass manufacturing employment. Until we do, we are in big trouble.

MR. HARWOOD: Bill, you are up, and you have the opportunity to make that shoehorn argument again.

MR. REINSCH: Thank you. Well, it sounds like, you know, if you define the proposition the way that Bill defined it, which I think is the correct way to do it, I would submit we win, because I think if you look backwards, if they have been a net positive, and I think we've made that case. I think he has also pointed out that that's not the whole story, or it shouldn't be the whole story, and we should be looking at other issues.

I think one point where we divide which might be -- is the shoehorning issue, it might be a technicality is, how do we treat China. I did not -- I don't think either one of us construed China to be part of the proposition because I don't think belonging to the WTO constitutes a deal. Belonging to the WTO is a little bit like belonging to the United Nations. There's 164 members to the WTO, treating the Chinese like Afghanistan is not exactly, you know, favorable treatment in the context that I met the proposition.

On the other hand, you don't want to win on technicality necessarily, and I think the Autor Study demonstrates that there's a real issue there. I think the question

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going forward is -- which is going to require more research, which means the academics in the audience will be happy, will be one, what are the positives in the relationship as well as the negatives, because you need to balance.

And second, is this sort of -- is this too generous because of its size? And maybe in 20 years from now, but other than that, it's just going to happen again. It's just a common occurrence, it is not the pattern I would submit that ensued with all of the other -- all of the free trade agreements that we've got, and it's not the pattern that will ensue with TTIP or TPP, I don't think.

If it's too generous, then we have to develop a specific set of policies to deal with it, rather than entirely change our trade policy for the sake of a single circumstance, however large it is.

I will also comment on the Apple case. I teach this, so reading the fine print is a good example. It's also worth noting, just to demonstrate the complexity of the global value chain world is that, as I recall for an Apple iPhone, I think \$5.60 of the value is Chinese. The rest of the value is from somewhere else. A substantial part of it is from the United States because you're counting IP, and a lot of other things, but a substantial part of it is from six or seven other countries as well. China is the assembly point.

We count that in our system as entirely the full value is an import of China. If we counted it in terms of value-added, the outcome will be different. I think the standard estimate is that the amount of the bilateral deficit with China, if we did that across the board, would shrink by about 25 percent. It's still a very large number, and the total of course, globally, will be the same. But others would be bigger; the Chinese ones will be smaller.

It illustrates the complexity of trade right now, and it illustrates the complexity of dealing with it, and which goes back to a point that Michael made, it's hard, I think, under those circumstances, and with that complexity and arrangement to expect -- to put Congress in a position where they can take these agreements apart and just

assemble them piece by piece.

MR. HARWOOD: Michael, you now have three minutes to answer this Bill, and the Bill who may have abandoned you on TPP. (Laughter)

MR. LIND: Well, that Bill, Bill Reinsch is quite correct about the foreign components of the Apple iPhone, most of them, apart from the quarter, that sort of comes from the United States; come from three countries with which the United States suffers chronic merchandise trade deficits; Japan, South Korea and Germany, just as a point of fact.

But look, insanity is defined as doing the same thing over and over again and expecting a different result. We were told by Bill Clinton that NAFTA would produce a \$200,000 net job gain; according to the Economic Policy Institute, we've lost over 850,000 jobs.

MR. HARWOOD: Do you know (inaudible) on Bill Clinton's Domestic Policy Advisor list?

MR. LIND: I do, indeed. He's sitting right next to me. And he's showing he can learn from experience.

MR. GALSTON: Yes. In fact, I was the Domestic Social Policy Advisor, so Bob Rubin, who is not in the room, is the one who ought to be answering your question.

MR. HARWOOD: There's always somebody else (crosstalk).

MR. LIND: In 2011 we did a trade deal with South Korea, so another FTA, and what followed was a 50 percent jump in the U.S. trade deficit with South Korea in the next two years, so we are told this time that it's all going to be different.

And my final thought is, that geopolitics has not been dealt with very much, and the other team is trying to get China out of this, the entire case for the TPP made by President Obama, is that it will allow the United States to write the rules of world trade, because we are already in a trade war with China. He has made this case

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repeatedly, that either America will write the rules of world trade, or China will. On the TPP, I don't think it will do enormous damage. I'm opposed to it, as Hillary Clinton is opposed to it, because there's no currency manipulation feature in it.

SPEAKER: Is she really opposed to it?

MR. LIND: She is now. And, you know, these other ISDS type of provisions, which I think should just be excised. But, look, here's the final thought. Of all of the goals of U.S. foreign economic policy in 2016, 2017, the rest of this decade, doing FTAs with a small-growth of countries, particularly ones like South Korea, Japan -- or not Japan, that's important, you know, Panama, Central America, this is kind of a sideshow.

What should America's focus be on? It's on expanding trade into these areas that were formerly legislated, in my opinion. It should be over mobilizing investment to Sub-Saharan Africa, to India, to other places, that's where the growing global middle class of the future is going to be. So, there is an opportunity cost to focusing so much on trade as an engine of growth, when we are in a demand-constrained global economy, and we need to put the development back in trade and development. Thank you.

MR. HARWOOD: Before we conclude entirely. I'm just going to do a quick Moderator's prerogative lightning round. I want everybody to tell me your assessment of the likelihood that TPP will be approved before President Obama leaves office.

MR. LIND: Unlikely.

MR. GALSTON: Highly unlikely.

MR. REINSCH: Yes.

MS. SOLÍS: Very difficult, not impossible.

MR. HARWOOD: Do you expect it to happen.

MS. SOLÍS: I said very difficult. I wouldn't give it more than 10 or 15 percent.

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MR. HARWOOD: Ten or 15 percent?

MS. SOLÍS: Yes, tops.

MR. HARWOOD: Okay. All right. Well, that was a terrific discussion.

The polls are now closed. You guys remain in your seats, I'm going to go offstage for a minute, do not rig the votes, (laughter) but get the votes, and I will come back and announce who had the most compelling presentation.

MR. GALSTON: This procedure lacks transparency. (Laughter)

MR. HARWOOD: Okay, guys. I have the results and they have some good news and bad news for both sides.

SPEAKER: Good.

MR. HARWOOD: If you think free trade has been a net positive. Before our presentations, 69 percent of the respondents agreed with you, that trade had been a net positive. So the delusion remains strong.

After the presentations, the delusion lost a little bit of altitude, and it was now 66 percent saying it's been a net positive, so I think we have the winners right here.

SPEAKER: Yea! (Applause) It's been a long (inaudible), they already include consent.

MR. HARWOOD: Now the question is: Are you willing to accept the results of the election? (Laughter)

MS. SOLÍS: Only if we win.

MR. HARWOOD: Thank you, guys. It was a lot of fun. (Applause)

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