

Center for Strategic and International Studies

TRANSCRIPT

The Trade Guys Podcast

“The China Tweets and Liz Warren's Trade Plan”

RECORDING DATE

Tuesday, July 30, 2019

SPEAKERS

Scott Miller

Senior Adviser, Abshire-Inamori Leadership Academy

William Alan Reinsch

Senior Adviser and Scholl Chair in International Business, CSIS

HOST

Andrew Schwartz

Chief Communications Officer, CSIS

Transcript by Rev.com

Scott Miller: I'm Scott.

Bill Reinsch: I'm Bill.

Scott and Bill: And we're the Trade Guys.

Andrew Schwartz: You're listening to The Trade Guys, a podcast produced by CSIS where we talk about trade in terms that everyone can understand. I'm H. Andrew Schwartz and I'm here with Scott Miller and Bill Reinsch, the CSIS Trade Guys. In this episode, President Trump picks up his Twitter megaphone to call out China as U.S.-China trade negotiations are set to resume in Shanghai this week.

Donald Trump: China is dying to make a deal with me. But whether or not I'll do it, it's up to me. It's not up to them.

Andrew Schwartz: The president says China hasn't come through on its promise to buy U.S. agriculture products. Does this derail hopes for a major deal? And Democratic presidential candidate, Senator Elizabeth Warren, unveils how she'd handle trade policy if elected to the White House.

Elizabeth Warren: We've had a trade policy basically for decades. And it kind of boils down to this, do whatever the giant multinational corporations want America to do. How's that been working out for us?

Andrew Schwartz: Plus, how might the issue of trade play out on the Democratic debate stage? You'll hear about all that and much more on this episode of The Trade Guys.

Andrew Schwartz: The Trade Guys are back together. I'm back from vacation.

Bill Reinsch: Where'd you go?

Andrew Schwartz: I was in Malibu. I was camped out in Malibu and it was-

Bill Reinsch: Tough life.

Andrew Schwartz: Tough life, I know. And it was hard to come back, I have to say. Hard to come back.

Scott Miller: Climate's pretty ideal.

Andrew Schwartz: The climate is ideal. And it's interesting, one of our cousins came to visit all the way from The Valley. And, when he left his house in The Valley, his speedometer said 99 degrees. When he got to our place in Malibu on the beach, his speedometer said 75 degrees. That is the difference. That is the magic of Malibu, gentlemen. So, it was excellent being there, I'm refreshed. While I was gone, suffered a personal loss. My close, good friend Art Neville of The Neville Brothers passed away. And this podcast goes out to Art. Today in New Orleans is a memorial service for Art. I'm really bummed out that I

can't be there. For those of you who read my evening newsletter know that Art was like a second grandfather to me. He came into my life when I was at Tulane University and was a presence thereafter and a really strong presence in my life. So, this goes out to Art's family, The Neville Brothers, and Art's kids, Arthel and Ian, Art's wife Lorraine. And Art was the greatest. So, all good things, all good things. Art was a really, really awesome guy. And Art was a trade guy. He was really into trade policy because this was a guy who had been all over the world. And he was a guy who introduced me to Ed Bradley.

Scott Miller: No kidding.

Andrew Schwartz: And to really interesting people because he had been all over the world. And he had traveled all over the world and met with really interesting people who knew a lot about business, and commerce, and the way things worked. And so, whenever I was with Art in New Orleans, or New York, or Washington, or elsewhere in the United States, interesting people always followed him. And they would always be backstage. And so, I always got to meet really interesting people when I was around Art. And probably one of the most interesting people I ever met was Ed Bradley.

Scott Miller: Cool.

Andrew Schwartz: Who was a huge, huge Neville Brothers fan.

Bill Reinsch: Really?

Andrew Schwartz: Ed Bradley was the biggest Neville Brothers fan.

Scott Miller: Well, musicians usually seek the largest audience that they can manage. And, if they're from some other place, that's all the better for a musician. So, they're kind of the ultimate free traders. They're expressing themselves via art, via their music, to everyone who wants to listen. And we can all appreciate it, no matter where we're from, so.

Andrew Schwartz: You know who else is pretty good at commanding a mass audience? Our president, who this morning tweeted about China. And he said, "China is doing very badly." He said, "... worst in year 27 - was supposed to start buying our agricultural product now - no signs that they are doing so. That is the problem with China, they just don't come through. Our Economy has become MUCH larger than the Chinese Economy is last 3 years...." He went on to say, "My team is negotiating with them now, but they always change the deal in the end to their benefit. They should probably wait out our Election to see if we get one of the Democrat stiffs like Sleepy Joe," I guess he's referring to Joe Biden.

Scott Miller: Must be.

Bill Reinsch: That would be the only Joe in the race, I think.

Andrew Schwartz: Yeah, sleepy Joe. Okay.

Scott Miller: And it's true.

Andrew Schwartz: Trump said, "Then they could make a GREAT deal, like in past 30 years, and continue to ripoff the USA, even bigger and better than ever before. The problem with them waiting, however, is that if & when I win, the deal that they get will be much tougher than what we are negotiating now...or no deal at all. We have all the cards, our past leaders never got it!" That's what President Trump tweeted this morning. Bill, what are you going to say about this?

Bill Reinsch: Well, there's so many different places to go.

Andrew Schwartz: Really interesting though, right?

Bill Reinsch: In a way. Well, it's-

Andrew Schwartz: There's a lot in there.

Bill Reinsch: I take part of it, in a way, as kind of a vindication of things we've talked about here as far as timing is concerned, what he is sort of telegraphing is this may take a long time.

Andrew Schwartz: Yeah.

Bill Reinsch: And we've talked about why it makes sense for him to let it take a long time. I mean, he's going to blame it on the Chinese for taking a long time. And in one sense he's right. I mean, they'll negotiate for ten years if nobody will pull the plug. But, looking at it, he's put the United States in a situation where we've made demands that they're never going to agree to, not all of them. They'll never agree to everything. And so, the choice at the end of the day is a weaker agreement or continue the war. And what he is beginning to understand, I think, is in political terms, if you're going to settle for a weaker agreement, which he will because he'll sell it as the greatest one ever. If you're going to do that, you do it as close to the election as you can so people won't know it's terrible until after they've voted. You make an agreement next month, or in October, or September, and it's got a year to fall apart. And people will find the loopholes. They'll discover the Chinese are not complying, and he's right about that. They're not going to comply. He'll be back talking about tariffs. And the Democrats will say, you've accomplished nothing. If he makes a deal in October of 2020, he'll say it's the greatest deal ever. And nobody will know that it's not until December or January and he's home free. So, he's going to say, they're stalling because they think a Democrat is going to win. I would argue he's stalling because it's a way to improve his political situation.

Andrew Schwartz: I have a question before Scott weighs in. Okay. Two things, one, did Trump actually say he might not win in this tweet?

Bill Reinsch: I heard you say if. I didn't see that if... I didn't see if in the quote.

Andrew Schwartz: He said, if and when I win.

Scott Miller: Yeah. That's a hedge. Yes. Okay.

Bill Reinsch: That's a new one.

Andrew Schwartz: He also said, they, the Chinese, probably should wait out our election to see if we get one of the Democrat stiffs like Sleepy Joe. So, he's thinking like he might... does that mean he thinks he might not win?

Scott Miller: Look, I left my Rosetta Stone at home this morning. So, I can't consult it, but I did take three things from that, that I think are pretty consistent with the president's policy and messaging. First thing I took from it is that the current fight with China is benefiting the U.S. and hurting China. His assessment of today's situation, we're doing great, they're doing badly. That's an important piece of the message.

Andrew Schwartz: Well, and it's-

Scott Miller: Which may or may not be wrong.

Andrew Schwartz: I was going to say, is that right? He said China is doing very badly. It's their worst year in 27 years. Is that true?

Bill Reinsch: In terms of GDP growth, yes.

Andrew Schwartz: Okay.

Bill Reinsch: I think that is right. It's slowed down. I mean, there's always the question of whether you believe their numbers, but their last quarter was I think 6.2%.

Scott Miller: Yes.

Bill Reinsch: Which is the lowest in that many years.

Andrew Schwartz: But that doesn't sound very badly, I mean.

Bill Reinsch: That's still more than twice what we're doing.

Andrew Schwartz: Yeah.

Scott Miller: Well, yeah. Okay. But the point is the first message, keep in mind, this is all about persuasion. First message, we're doing great, they're doing lousy. Okay? So-

Andrew Schwartz: Okay. I'll buy that we're doing great.

Scott Miller: Yes. And he basically is asserting that they're doing lousy.

Andrew Schwartz: Yeah.

Scott Miller: The second point is, it's going to take time. In fact, he talked about not resolving this before the election, which is the first time he has said something like that.

Andrew Schwartz: Yeah.

Scott Miller: But, because of point number one, we're doing great, they're doing lousy, that's okay. We don't need a resolution.

Andrew Schwartz: Yeah.

Scott Miller: And then, the third point, he makes his campaign a commercial, which is to say, if you actually want to fix things with China, you've got to stick with me and not any of these Democrat whatever he called them.

Andrew Schwartz: Stiffs.

Scott Miller: Stiffs. Okay.

Bill Reinsch: Yeah.

Scott Miller: Those are the points. Okay? We're great, they're lousy. Continuing this situation, even if we don't get it or we won't. He basically said, we're not going to get an agreement before the election, but don't worry because we're great, they're lousy. And, if you actually care about us doing well, you're going to vote for me and not the stiffs because the Chinese would love to have the stiffs and they're fearful of me. That's pretty simple. That's better than a 30-second ad.

Andrew Schwartz: Yeah. And he said, they've dealt with the stiffs in the past and they've taken advantage of the stiffs.

Scott Miller: Yeah. The U.S. got ripped off.

Bill Reinsch: Well, his view is that all of his predecessors have been taken advantage of.

Andrew Schwartz: Yeah.

Scott Miller: Yeah.

Bill Reinsch: And they've all made big mistakes.

Scott Miller: And look, facts don't really matter here. But this is a campaign message.

Bill Reinsch: Well, he's also completely ignoring... I mean, we're doing great, but there's a bunch of people that are not doing great, beginning with the farmers.

Andrew Schwartz: Correct.

Bill Reinsch: And it's a direct consequence of the actions that he's taken with China.

Andrew Schwartz: And these farmers are his voters and they're waiting for China to buy their stuff, which hasn't happened.

Bill Reinsch: Yes. Which is why he keeps complaining that they haven't.

Scott Miller: Yes. Yes. He did complain about that specifically.

Bill Reinsch: But, in a way, that's disturbing because in the spring when we were talking about this, I think we were saying the biggest problem were the structural issues. That we wanted China to change its economy, get rid of its subsidies, stop treating the state-owned enterprises favorably. Those were the rock on which everything would fall apart. Now, it appears, we can't even agree on what they're going to buy, which was supposed to be the easy part.

Scott Miller: Well look, this has always been two tracks. There's a market access track and there is a sort of a domestic regulation track, The domestic regulation track, which is stop cheating, stop ripping us off-

Andrew Schwartz: Yeah.

Scott Miller: ... has always been the hard part, always been the part China doesn't want to do. The American access, buy more of our stuff, that's been the part China has offered numerous times. But I think what China is asking for is, if we buy more of your stuff, stop bugging us about domestic reform.

Andrew Schwartz: Stealing. Yeah.

Scott Miller: Okay? And I think the Trump position is, no.

Andrew Schwartz: The Trump position is, no. You got to do both.

Scott Miller: Yes. We want both.

Andrew Schwartz: And that's a reasonable position.

Scott Miller: That's his.

Bill Reinsch: That's been his position from the beginning, I think.

Scott Miller: Yes.

Bill Reinsch: There's been different camps inside the administration. There's the... I don't know what you want to call them, the soft-liners, if you will, say, "Let's make a deal and buy lots of stuff, everybody be happy. Move on." There's the other group, which is Lighthizer, Navarro, among others would say, "No, these structural issues are more important. Now is the time to attack them because we are strong, and they are weak. That's the theory. So now is the time to push."

Andrew Schwartz: They're weak because we say they're weak. I mean, do they say they're weak?

Bill Reinsch: Well exactly, exactly.

Scott Miller: That's what's asserted.

Bill Reinsch: And one of the dangers here is that... and somebody, I can't remember who it was, a different columnist just said this the other day, is that we may be heading into the most dangerous negotiation of all, where each side thinks it's in the stronger position.

Scott Miller: Yes.

Bill Reinsch: That the Chinese see an election coming up over here. They don't have to worry about that. They see an election coming up. They think that our economy may slow down. They have thought for a long time that they are ascendant, and we are declining, that there may be blips in that trajectory, but we're on the way down. They're on the way up. They can afford to wait, and they have the stronger position. Meanwhile, Trump is saying exactly what you quoted him as saying, that we're great and they're not. That doesn't give you a lot of confidence they're going to be able to agree on anything because they're both waiting for the other guy to fold.

Andrew Schwartz: Trump doesn't fold.

Bill Reinsch: Well, yes, he does at the end. That's the interesting thing.

Scott Miller: Yes, he does it repeatedly. He did it. He did in the U.S.-Korea renegotiation. He did in the USMCA.

Andrew Schwartz: Okay, I stand corrected.

Scott Miller: Yeah. He takes half a loaf. He's just not going to do it this...

Andrew Schwartz: Can he afford to fold with China? When he's been-

Scott Miller: No.

Bill Reinsch: No.

Scott Miller: No.

Bill Reinsch: It's different.

Scott Miller: No, and that's what I took from the tweet, is this is going to go on. Be prepared to ride this one out.

Andrew Schwartz: Well, and it's actually not a bad campaign strategy for him.

Scott Miller: The message is entirely coherent.

Bill Reinsch: The dilemma he's got though is that he's put Huawei on the table.

Andrew Schwartz: Yeah.

Bill Reinsch: And that has gotten him in trouble with his own right wing because the national security hawks, which are in both parties but are particularly in the Republican Party, are making a very simple point. If it is a national security issue, then it should not be a bargaining chip. If it really, if Huawei really presents a national security problem, then we should be taking care of that and defending ourselves. We should not be trading our security away in the interest of another million bags of soybeans. So he's gotten attacked by Senator Rubio, he's gotten attacked by other Republicans, and of course by the Democrats, who will always attack, and that kind of limits has maneuvering room and complicates the scenario for him.

Andrew Schwartz: But won't he just sort of swat them away too and say, yeah, but I'm the boss here and you guys just fall in line like you always do.

Bill Reinsch: What he will say, and he said it and Secretary Ross said it too, is that we are not going to do anything with Huawei that will compromise our security. In other words, the only exports that we will approve are exports that don't matter. Right now, and I've been going back and forth with someone by email this morning on exactly that point. They're trying to figure out what that means, because they've got 50 or so license applications pending for people that want to export stuff to Huawei that's not covered by the general license that they said, small stuff can go and they're trying to figure out whether they're going to say yes to these things or not. They're not in agreement. It's confusing.

Andrew Schwartz: Well at least you got a new director of national intelligence who might, say, "Hey, this is okay."

Scott Miller: We have a nominee at least.

Andrew Schwartz: Nominee.

Bill Reinsch: Yeah.

Andrew Schwartz: The former, the guy who just stepped down was not going to say it was okay.

Bill Reinsch: The guy who just stepped down occasionally spoke truth to power. We don't get that as much as we used to. As an example, his case is probably an example of what happens when you do with this administration.

Andrew Schwartz: Well, I mean, you bring up a really important issue though about the security hawks in both parties and Huawei. Long time issue in security circles in the Pentagon that this is untouchable. You cannot do business with Huawei. This is doing business with the Chinese PLA, it's doing business with the Chinese version of the CIA. We can't do it.

Bill Reinsch: Which is right.

Andrew Schwartz: How does he thread that needle?

Scott Miller: At the moment he stated the goal properly. He said the right thing, which is, "We're not going to let security compromise this."

Andrew Schwartz: So he's just saying, don't worry about it, I got this.

Scott Miller: But he's got to implement it and so how this gets operationalized is important and that's what will be under scrutiny. So we're going to see what happens.

Andrew Schwartz: Yeah, I mean, I don't know. I guess it comes down to, do the Republicans in the Senate really end up trusting him on national security?

Bill Reinsch: Well, all evidence so far is they won't stand up to him beyond a single digit number of them. So I think he gets away with it in the end.

Andrew Schwartz: He gets away with it.

Bill Reinsch: But there are complaints, and there are people inside the administration who share that view. That's why there's a little war going on over what do we do about these licenses?

Scott Miller: Do we license or don't we?

Bill Reinsch: Do we say yes or do we say no?

Scott Miller: Right.

Bill Reinsch: If they say yes to any of them, you know, there will be Democrats that will complain. There will probably be Republicans that complain. So-

Scott Miller: Yes.

Bill Reinsch: They have to, it's like you said, they have to thread that needle.

Andrew Schwartz: And again, it's a legitimate bipartisan complaint. It's not... this isn't political.

Bill Reinsch: Not this part of it is. This part of it is not.

Scott Miller: And it's a good place for congressional oversight as well. This is one of the reasons congressional oversight can work.

Bill Reinsch: But they won't stand up to him. They just, they didn't stand up to him on the Saudi arms sales, they just sustained three vetoes. I don't think they're going to stand up to him on this.

Andrew Schwartz: So nobody in the Congress is going to stand up to him.

Bill Reinsch: Onesies and twosies here and there, but the big ones in the Senate that stood up to him were Bob Corker and-

Scott Miller: Jeff Flake.

Bill Reinsch: Thank you, Jeff Flake – senior moment there – and look what happened to them. They're gone.

Andrew Schwartz: Well, as Pete Clemenza said in the Godfather, won't be seeing them no more.

Bill Reinsch: Well-

Scott Miller: Yes, look, as a matter of the Constitution, the legislature is supremely powerful, but only when it gets its act together. With two-thirds of the votes in the Senate and House, you can do anything.

Andrew Schwartz: Those votes do not exist.

Scott Miller: That's what it takes. Not at the moment; there's not two-thirds.

Bill Reinsch: Not today.

Scott Miller: That's right.

Andrew Schwartz: All right. So China is going to be continued with Trump and we don't know where it's going.

Bill Reinsch: Probably nowhere this week. I think the best they're gonna do, once again, they're sort of arguing over the shape of the table, which shows my age, Vietnam analogy, but they are arguing over which texts they're going to work from.

Andrew Schwartz: Yeah. What are you hearing from the negotiations actually? What's going on there on the ground? Is there any real progress? Are they... how are they interacting with each other?

Bill Reinsch: I don't think anybody has said anything yet.

Scott Miller: I haven't seen any reports.

Bill Reinsch: The expectation was that there are sort of three texts out there. The one that existed before the end of April, the one where the United States went farther and put in a whole bunch of more significant things that we thought at the time the Chinese had agreed to. That was the second one. And the third one was the one the Chinese came back with, which is kind of a red line version where they x'd out all the things that they didn't agree to. And, the first step, if you're going to restart, is which text are we going to use?

Scott Miller: From where do we start?

Bill Reinsch: Yeah, where do we start from? Hopefully they are going to decide that today and tomorrow.

Andrew Schwartz: Well, we'll have to see, and I'm sure we'll be talking about this again next week. This issue is not going away. Let's shift gears. Let's talk about the Democrats. Let's talk about Elizabeth Warren, who has some trade plans out there. What do you know about that?

Bill Reinsch: She has a plan.

Andrew Schwartz: What's her plan, Bill?

Bill Reinsch: Well, I give her credit because she's really the first one that has come out with something that is more than "Trump is doing it wrong."

Andrew Schwartz: Yeah.

Bill Reinsch: And "he's not building coalitions," which is what they all say, but that's not a policy. She has a policy, and it's a big document, but the essence of it is that she is going to limit future trade negotiations, new ones, and initiate old ones on the basis of whether or not the other countries or country or countries have met nine specific criteria that she has. They tend to be progressive agenda criteria that they've accepted, ILO Labor standards that they're part of the Paris Accord, that they've signed various international agreements to stop corruption, and there's a bunch of other things that are all good goals that I think people would say are appropriate. So, she's set that up and I'll get to the consequence in a minute. She has a transparency piece. Everything's going to be in the public record. Negotiating documents are all going to be published, advisory committees are going to be beefed up. I think she said they're not going to go forward on agreements unless the advisory committees agree that they should go forward on them.

Scott Miller: Unanimously.

Bill Reinsch: Unanimously agree that they should go forward on the agreements. So there's a whole transparency component and then she's got a couple of other interesting little things. I thought the most interesting one, because it's kind of a counterintuitive, is that she also wants to change the WTO rules to permit certain kinds of subsidies. The main one would be green subsidies, subsidies for renewable energy and things like that, which is a huge irony because if they did that, the big winner would be China because China's pouring billions into subsidies for solar panels, for example, and renewable energy. I hope somebody, if this comes up during the debates tonight and tomorrow, I hope somebody asks her, why do you want to give the Chinese this giant gift? Because that's what that would be.

Andrew Schwartz: Because today's Tuesday, as we speak. So tonight is the first of the two Democratic debates. Tonight, Warren and Sanders and Buttigieg. And as Scott pointed out before we started, Marianne Williamson is also part of the debates tonight. So this is night one of the Democratic debates.

Scott Miller: Yes.

Andrew Schwartz: CNN's counting down the hours.

Scott Miller: Now look, my guess is, this won't come up, but first I want to credit Senator Warren for doing a good job of policy development. Among all the candidates, I think Senator Warren and her campaign have done the best job of flushing out the policy issues. She's sort of a policy wonk herself. So I actually like that and I'm going to congratulate her for doing it. It has some amusing characteristics that we've seen before.

Bill Reinsch: It's Trumpian in some respects.

Scott Miller: Well first, it is Trumpian because she comments on the idea of using the leverage inherent in the size and strength of the U.S. economy to get our trading partners to do what we want them to do. So that part is very Trumpian.

Andrew Schwartz: Not to mention, it's Trumpian that she's making trade a presidential campaign issue.

Scott Miller: Well yes, but there're some amusing things about it. One of them is the idea of negotiating in public. I really always get a chuckle out of that, I do recall a former president, a former candidate talking about, "When we do healthcare legislation, all the meetings are going to be in public. We're going to have everything... it's going to be completely transparent."

Andrew Schwartz: Think about how exciting that would be for the Trade Guys though.

Scott Miller: Well I think-

Andrew Schwartz: We can do play by play.

Scott Miller: I think within a year or so-

Bill Reinsch: Well yes, that would be frightening.

Scott Miller: Within a year or so, we'll be able-

Andrew Schwartz: You can be Don Meredith, I could be Al Michaels.

Bill Reinsch: And Scott would be who?

Andrew Schwartz: Are we kidding? Madden.

Scott Miller: Yeah, John Madden. That's right.

Bill Reinsch: Of course.

Scott Miller: Yeah. My hero.

Bill Reinsch: I think we're showing our age here, you know?

Scott Miller: Let's go to the chalkboard. The coaches' chalkboard. But in any case, look, I think within a year or so of this policy, we will have launched negotiations with Finland, but I'm not sure who else is actually good enough to meet all these objectives.

Bill Reinsch: Yeah, I was going that. I don't think you're going to see a single negotiation under these criteria, partly because she is, as Trump does, grossly exaggerating American leverage. What we have tended to do with trade agreements is try to negotiate the agreement to help the Americans, and in the process, to help the foreigners do exactly the thing she wants to do. Better customs procedures, rule of law, non-corrupt administrative procedures, but those grow out of the increased business contact and the linkages that go back and forth. The American presence in these countries that are insisting on clean procedures and rule of law. If you say, you have to do all that first before we're going to do everything, before we're going to do anything, I think the other countries are going to say, "Why?"

Scott Miller: Yeah, exactly.

Bill Reinsch: We are not the only country in the world.

Scott Miller: Yeah, right. Not to mention that many of the standards that she's aspiring to, particularly in the area of labor rights, okay, are areas which we would have a very difficult time as the United States entering into a reciprocal commitment. For instance-

Bill Reinsch: Well she's for that though.

Scott Miller: Well she wants to eliminate child labor, okay? But there are 11 states, last I checked the data, 11 states where there is no minimum age for agriculture labor in the United States.

Andrew Schwartz: 11 states?

Scott Miller: 11 states, no minimum age for working on farms.

Andrew Schwartz: Oh.

Bill Reinsch: I was going to ask which ones they are, but I won't. I'm sure we can imagine though.

Scott Miller: Occasionally there are restrictions on, these are family members. That you have to be a member of immediate or-

Andrew Schwartz: Yeah.

Scott Miller: ... family, but the age restriction is not there. So, because it's a matter of state regulation and state law, we have more lax standards than what we're demanding our trading partners, which Congress resists that because they want to make demands which we can accept reciprocally. Okay? And so it's just one of those things. Some of this stuff will fall apart on the early days, but overall thematically, at least there's a position.

Bill Reinsch: I don't think anybody will take the bait.

Scott Miller: Yeah.

Bill Reinsch: It's kind of a failed policy in advance. I guess I fundamentally disagree with it conceptually. It differs from Trump in one big respect in that his goal is to alter the trade balance in our favor.

Scott Miller: Yes, to rebalance commercial issues.

Bill Reinsch: To rebalance commercial issues. Her goal is to get these countries to do all these progressive things, which would be good, but it's a different goal, and she to her great credit, I think, is not saying that tariffs is the tool, which is the only tool that he's got. But she wants to use negotiations as leverage to get there, which I think won't work. But her other thing that has bothered me from the beginning is that the culprit is different. For Trump, the bad guys are the foreigners who have been taking advantage of us for 50 years, and all of his predecessors who were too stupid to know that.

Scott Miller: They gave away the store. Yeah. Right.

Bill Reinsch: For her, the bad guys are the big multinational corporations that are cheating the workers and using existing trade agreements to exploit everybody. So this had led me to conclude... whereas Trump is lost in the 50s as far as the economy is concerned, she's really lost in the 30s. This is class warfare.

Andrew Schwartz: Yeah. So let me ask this. Tonight during the debate, given who she's paired up with, is anybody in this debate going to be able to talk trade with her?

Bill Reinsch: Buttigieg maybe. Biden would be the one that would ultimately have to go toe-to-toe with her because he has a legacy of a different policy. He spent eight years with Obama, a lot of years on the Hill, he voted for all these agreements.

Andrew Schwartz: Yeah.

Bill Reinsch: He's defended all these agreements.

Scott Miller: She and Bernie would agree. So there would be no conflict there, so-

Bill Reinsch: Yeah, it'll be interesting to see what he says though, because him agreeing with her is kind of-

Scott Miller: Yeah.

Andrew Schwartz: Doesn't do much for-

Bill Reinsch: It doesn't do anything for him-

Scott Miller: It hurts him. Yeah.

Bill Reinsch: ... in the polls. I think eventually you're going to have her and Biden on the same platform, and then there'll be an interesting argument. I think in this particular context tonight, Delaney will disagree with her. I don't know that people will be paying attention, I hope they are, but I know his views are different. Buttigieg's views are different, and he'll probably be disagreeing with her if this comes up.

Scott Miller: Yes.

Bill Reinsch: I'm inclined to think it will come up. I mean, she'll bring her thing up. I think the issue will come up because they're in Detroit-

Andrew Schwartz: Yeah.

Bill Reinsch: ... and because it didn't come up the last time, and a lot of people noticed that.

Andrew Schwartz: Someone ought to ask them about trade, especially since she's pulled out this plan and especially since Trump's dominating the headlines with it on a near-daily basis. It's got to be an issue-

Bill Reinsch: It's inescapable.

Andrew Schwartz: Yeah.

Bill Reinsch: We can say she's injected it into the campaign, and I mean she has, but somebody had to because Trump's going to run on this. Trade and immigration are his two big issues.

Scott Miller: Correct.

Bill Reinsch: Whoever the Democratic nominee is in the end is going to have to have a trade policy.

Andrew Schwartz: Right.

Bill Reinsch: It may not be Warren's.

Scott Miller: And be able to draw a contrast.

Andrew Schwartz: And like you said, if you're sitting in Detroit, you want to know what's going on with trade.

Bill Reinsch: Yes. Well, particularly automobiles, which I don't think her plan specifically addresses.

Andrew Schwartz: Does she address it?

Scott Miller: No.

Andrew Schwartz: Oh. Well, she's got a hole in her plan then.

Bill Reinsch: No, it's big picture.

Scott Miller: It's big picture.

Andrew Schwartz: So she doesn't talk 232 in her plan, she doesn't get down to that-

Bill Reinsch: I think she does not approve of the use of that, but I have to go back and look. I mean, she's been clear that she doesn't think tariffs are the appropriate tool.

Andrew Schwartz: She does negotiations.

Bill Reinsch: Yes, and she thinks that we have leverage to get the things that she wants.

Scott Miller: On her terms.

Bill Reinsch: On her terms.

Andrew Schwartz: Who do you think the next Democrat is to pull out a trade plan? Is it Biden?

Bill Reinsch: That's a good question.

Andrew Schwartz: Maybe it's Kamala Harris.

Bill Reinsch: It may be... well, she doesn't have a profile on this issue. The most likely one is one of the one or two percenters trying to-

Scott Miller: Tim Ryan.

Bill Reinsch: ... trying to attract attention.

Andrew Schwartz: Yeah.

Scott Miller: Tim Ryan would be the more Trumpian trade policy, congressman from Youngstown, yeah.

Andrew Schwartz: Yep. If you're from Ohio, you need a trade policy, that's for sure.

Bill Reinsch: Somebody asked me earlier, I guess yesterday, "Will anybody disagree with Warren if this comes up?" Because Biden won't be there, I think he has no choice but to disagree with her. And I think Scott's right, Bernie won't.

Scott Miller: Right.

Bill Reinsch: But the others are going to have to figure out how they want to play this.

Andrew Schwartz: Yeah.

Bill Reinsch: I don't think they can just say, "Oh, she's right." I mean, keep in mind... I think what frustrates me about this a little bit too is if you look at polling of Democrats on this, they're more supportive of trade agreements than Republicans are.

Andrew Schwartz: Yes.

Bill Reinsch: And they're more supportive of trade and they're more supportive of globalization than Republicans are. And the part of the population that is most supportive are young people and minorities. This is the Democratic base. She is flying in the face of the Democratic base, she is appealing... and now, this may not be a mistake, she is appealing to the AFL-CIO vote. She's appealing to all those-

Scott Miller: The labor movement.

Bill Reinsch: ... all those labor guys that voted for Trump.

Scott Miller: Right.

Bill Reinsch: Which may be smart in terms of Pennsylvania, Ohio, Michigan, and those states. In terms of the larger Democratic base, there's going to be a lot of people who are going to be uncomfortable with what she's talking about.

Andrew Schwartz: Do you see her getting any traction with Trump-type voters?

Bill Reinsch: I don't know. I don't think so.

Scott Miller: She hasn't yet. But look, it's early.

Andrew Schwartz: It is early, and like you said, she's a policy wonk, this is what she does, she puts out policy papers. And she talks about policy.

Bill Reinsch: The people that seem to succeed there are people who say, "I'm one of you. I'm just like you." That doesn't have to be true, but that's what they say. I think Trump persuaded them that he got them. He understood them. Biden will say the same thing, that, "I'm one of you," and he's got actually a record that suggests that. She has some things in her past that she can cite as well, but it's going to be harder for her to say that and make it convincing, I think.

Andrew Schwartz: And she again, like you said, it's back to the 30s. She wants to go after corporate America and make an enemy of corporate America and say-

Bill Reinsch: And she sort of forgets... I'm not always a defender of corporate America, but they employ millions of people.

Andrew Schwartz: Millions of people.

Bill Reinsch: You know? And all those people are workers.

Andrew Schwartz: Including in Detroit.

Bill Reinsch: Including in Detroit. So basically yeah, she's going after Ford, she's going after GM, she's going after Boeing, she's going after Chrysler FCA, that's a lot of workers.

Andrew Schwartz: Yeah.

Bill Reinsch: And I mean, maybe they'll think she's going after management and not them, but if what she's going to do is going to hurt the company, it comes back on them eventually.

Andrew Schwartz: It's interesting. The way this plays out during the campaign and during the election season is going to be interesting to watch, and for us trade guys, fascinating, because we're going to get to see our favorite issue play out in living color through earned media, you know, on the airwaves.

Scott Miller: That's why it's good to be a trade guy.

Andrew Schwartz: Good to be a trade guy.

Bill Reinsch: Perfect time.

Andrew Schwartz: To our listeners, if you have a question for the Trade Guys, write us at tradeguys@csis.org. That's tradeguys@csis.org. We'll read some of your emails and have the Trade Guys react to it. We're also now on Spotify, so you can find us there when you're listening to The Rolling Stones or you're listening to Tom Petty or whatever you're listening to. Thank you, Trade Guys.

Bill Reinsch: Thank you.

Scott Miller: Thank you.

Andrew Schwartz: You've been listening to The Trade Guys, a CSIS podcast.