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TRANSCRIPT

The Trade Guys Podcast

“Clinging to a Thread of Optimism”

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Transcript by Rev.com

Scott Miller: I'm Scott.

Bill Reinsch: I'm Bill. And we're The Trade Guys.

Scott Miller: 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, we'll talk USMCA.

Donald Trump: It's sitting on Nancy Pelosi's desk. She keeps saying she wants to get it done, but we're talking about many, many months.

Andrew Schwartz: The new CFIUS report that was just released, and we'll talk about the phase two trade deal between the United States and China, which is facing some challenges.

Donald Trump: So I can tell you this, China would much rather make a trade deal than I would.

Reporter: Then why haven't they?

Donald Trump: Because I haven't wanted to do it yet.

Reporter: And why haven't you wanted to do it yet?

Donald Trump: Because I don't think they're stepping up to the level that I want.

Andrew Schwartz: All that, and much, much more on this episode of The Trade Guys.

Andrew Schwartz: Gentlemen, it is so great to be back. I missed you both dearly. That is saying something.

Bill Reinsch: Were you gone? Where were you?

Andrew Schwartz: See you guys. I knew it. I knew it. Jack sits in for one day and...

Scott Miller: All of a sudden it's interchangeable parts. Andrew who?

Andrew Schwartz: Here today, gone tomorrow. Oh my goodness. Well anyway.

Bill Reinsch: It's like politics, if you're not here, you're nothing.

Andrew Schwartz: I had an old boss, one of my first internships I ever did. He said, if you keep showing up, they're just going to hire you eventually. And I think that's kind of what, you know.

Bill Reinsch: I used to think that. And then when I was on the Hill, we had a guy who was an intern for a year.

Andrew Schwartz: Yeah. He kept showing up and no one hired him.

Bill Reinsch: And we wouldn't hire him. I thought it was an injustice, I thought, but they wouldn't do it. And he got mad and left.

Scott Miller: Well he finally got the message. That's a pretty good while.

Bill Reinsch: Took a while.

Andrew Schwartz: Yeah.

Bill Reinsch: Some people-

Andrew Schwartz: Back in the days of free labor up on the Hill.

Bill Reinsch: Well, yes.

Scott Miller: Yes.

Andrew Schwartz: When the corridors were filled with smoke, literally everybody used to smoke.

Bill Reinsch: It was known as the last plantation for a reason.

Andrew Schwartz: All the Mid-Atlantic states used to pass out cigarettes.

Bill Reinsch: Yep. And-

Scott Miller: You wanted to have a gimmick. So if you went to the office of the Florida senators they had free orange juice. And the Georgians gave away peaches in season.

Bill Reinsch: Coca Cola as well.

Andrew Schwartz: And peanuts.

Bill Reinsch: And peanuts.

Scott Miller: Peanuts.

Bill Reinsch: And so we had a big, when I was working for Senator Heinz, we had this big conversation about what should we give out?

Andrew Schwartz: Baked beans, ketchup.

Bill Reinsch: Oh, you couldn't do ketchup. That would be a conflict of interest. We were thinking, the most emblematic thing would be a little steel bar, but who wants a steel bar. So my idea was-

Andrew Schwartz: Cheese steaks.

Bill Reinsch: No, well that's a good one. But I was thinking one of these giant Hershey's bars.

Andrew Schwartz: Oh sure. I mean.

Scott Miller: Well and there is the Pennsylvania desk in the Senate. One of them is always filled with Hershey's chocolate.

Andrew Schwartz: Right. There you go. What's more American than Hershey's?

Scott Miller: Yeah, there you go.

Bill Reinsch: Well, one of the things we were thinking is at one point Heinz wanted to give every Senator a Christmas present because some of them do that too, something that's emblematic and sane. I said, well give them one of those giant Hershey's bars, it's like a foot long.

Scott Miller: It's like eight by ten.

Bill Reinsch: Yeah. Three or four inches. Yeah. Right. And then we found out they were like \$20 each and thought, well, I mean for him it was-

Andrew Schwartz: He could have afforded it.

Bill Reinsch: He could have afforded it, but for a hundred of them, it adds... or 99 of them, it adds up. So we never did it.

Andrew Schwartz: Oh bummer. All right, well, speaking of not being able to afford it, can the United States afford to pass USMCA, a.k.a You-Smack-A. Scott?

Scott Miller: Well it's looking grim right at the moment.

Andrew Schwartz: Grim?

Scott Miller: It's one of these things, it's not over. But for first of all, compliments to Chairman Neal of the House Ways and Means Committee and Ambassador Lighthizer who have managed this process with great deal of, competence in both parties. With real respect and good judgment all the way through. This is the, these processes, Bill's called them. He's pointed out the landmines in the past. And, I think those two leaders, Ambassador Lighthizer and Chairman Neal, have very definitely managed the concerns, particularly

among Democrats in the House. And they've done it in a way that's created respect and trust, which is very hard to do on these issues.

This trade is a very complicated, very tough issue for Democrats, has been for at least 25 years. It's not getting easier but, managing these processes as professionally as they have is good. So I want to give whatever happens next full marks to the leaders for getting it this far. But what we have now is a situation where time is getting very, very short.

Andrew Schwartz: Time's running out. Legislative time is running out.

Scott Miller: Yes. And there are still-

Andrew Schwartz: For this year.

Scott Miller: There are still issues that haven't been fully resolved. And one of the major constituencies of the Democratic Party organized labor, the president of the AFL-CIO, which Trumka is still raising concerns about the agreement as it stands. And, so all that, all that says it's, we're not done yet.

Andrew Schwartz: Bill, can you explain this to me? There's only eight legislative days left in 2019 but Bill, you always say that, look, if they want to pass it, they'll find the time. They actually can add additional session days if they want. No?

Bill Reinsch: Well, they already have by putting the next C.R., they punted again on the budget-

Andrew Schwartz: Yeah, continuing resolution.

Bill Reinsch: Until December 20th. These things, those things, forget about USMCA for a moment. Budget issues are always resolved the day of, or the day before the deadline.

Scott Miller: Yeah. Keep in mind the calendar said that they were going to adjourn for the year on December 13th, but when the C.R. went to the December 20th that basically added a week to the schedule.

Bill Reinsch: That means they're going to be in town at least until the 19th or the 20th. If there's any doubt about the President signing the continuing resolution, they'll be in town because nobody wants the government to shut-down over the holidays. So they've just added a week. And so you pick up a few more legislative days. But the other reason is that the way the law works with respect to trade bills is once the bill is submitted, it can't be changed. So there really isn't very much for Congress to do. They can't amend it, they can't filibuster it, they can't hold it up. All they can do is vote on it and there's a clock and now the clock, in fairness, the clock gives them a certain number of days in session to do it and that would kick it off into next year if they want to use the whole clock.

Bill Reinsch: But you don't use the whole clock because you know the inevitable result is they have to take a vote. It's unavoidable.

Scott Miller: But where we are now, is the clock has yet to start.

Bill Reinsch: The clock has not started. But once it starts, things will move fairly quickly because the committee will have a hearing, the Ways and Means Committee will have a hearing. They'll report it out the next day, the House or two days. The House can take it up. They'll debate it. There's no amendments. So you can debate it for four days-

Scott Miller: Up or down.

Bill Reinsch: And then you vote on it.

Andrew Schwartz: Up or down votes.

Bill Reinsch: Yes.

Scott Miller: Right.

Bill Reinsch: It goes to the Senate. The same thing happens.

Scott Miller: And I agree with Bill. Once they have a reached agreement and the bill is introduced though the implementing legislation is introduced in the form of a bill through the Ways and Means Committee, once that's happened, it is a certainty that it will pass.

Okay. What we're really dealing with now is how much Democratic support will the last arrangements that are being negotiated deliver. And my own opinion on this is there are enough votes in the house, including fairly strong Republican support to pass the bill. Even with a relatively small showing of Democrats. I think you'll have a better than small showing. Most speakers like to get at least half their caucus. So that's over a hundred. I don't think they'll get over a hundred I don't think that's, that's something they... Well I don't know, the speaker will decide whether it's worth working for.

Bill Reinsch: That's our dilemma.

Scott Miller: But that's the-

Bill Reinsch: And that's where this is going. I mean it's, I'm clinging by a thread to my optimism. There and I'm, I'm depressed because I was hoping that they would announce a deal last week and then they didn't.

And I think there's, two of the landmines that, that we anticipated are threatening here. One is the President who started tweeting on this again today, it could mess everything up by, just starting to blame.

Scott Miller: And personalizing it, making it about himself.

Bill Reinsch: And personalizing it. Yes. And so that's one, that's one.

Andrew Schwartz: So wait why is he doing that now?

Bill Reinsch: He can't help himself.

Scott Miller: I think well... My guess is he's frustrated, but who knows.

Andrew Schwartz: Yeah. Not a good idea to interpret.

Scott Miller: We can't interpret. We've got a couple of weeks of hearing where no one seems to be able to interpret his actions.

Andrew Schwartz: True.

Bill Reinsch: True.

Scott Miller: We're not going to try in this program.

Andrew Schwartz: Got it.

Bill Reinsch: That would be, that...

Andrew Schwartz: Enough said. Silly me for asking.

Bill Reinsch: On the Democratic side. I, it term, it seems to be turning into a, how do we make Trumka happy?

Andrew Schwartz: Trumka? It's rich Trumka.

Bill Reinsch: Rich Trumka. AFL-CIO.

Andrew Schwartz: Okay, so this brings me to the question, why are the Democrats apparently beholden to Richard Trumka?

Bill Reinsch: Because well, historically, because of the financial and organizational support that organized labor supplies to Democratic candidates. And it's not so much the money, it's the getting out the vote. It's the driving people to polls. It's the phone banks, it's the canvassing. It's the endorsement that makes a lot of difference. It helps clear the field in primaries.

Scott Miller: Now, here's the great irony and one of the reasons I'm getting less optimistic. The great irony is the AFL-CIO was never going to support this agreement. They're not done. They're never going to support a trade agreement period, and at the same time the positive has been is even though they have continued their opposition to the bill or to the agreement, they

haven't mobilized against it, and this is huge. It's a huge difference to have somebody send a letter saying, we don't like this and somebody's going to visit every member office and really making an effort in strong, vibrant opposition. That hasn't happened yet. I don't think it's going to happen.

Andrew Schwartz: So that tells you what?

Scott Miller: Well, it tells me that... It tells me that the deal would pass today if you would be willing to accept, fewer than 50 Democrats. The bill will pass that way. But if you're trying to get Richard Trumka's approval to this agreement, you will never get it.

I mean this is an... Opposing trade agreements is part of the catechism for organized labor. All right. And Richard Trumka is in no position to tell his troops that, Hey look, I know I told you about the 10 commandments they're now the 14 suggestions and we're now neutral on trade agreements. That's not going to happen ever.

Andrew Schwartz: Right. So he's not going to approve it, but he's also not going to stand in its way as well.

Scott Miller: Well at the moment he appears to be, have a deciding vote or whether he's in the way or not.

Bill Reinsch: Yeah, I think what's going on is eventually it will come down to the Speaker having to decide if she wants to tell him you've gotten all you're going to get and it's good enough and you ought to go along with it. Or just..

Scott Miller: Have a nice day.

Bill Reinsch: Have a nice day, we're going to vote yes. And I think there's calculations going on here on both sides. I think Lighthizer is probably thinking A, I've given all, I can give number one and B, the votes are there and the speaker wants this, which I think she does for reasons we've discussed before. It's because she's got all these freshmen Democrats telling her they need it. So I think Lighthizer's going to, is saying I can't go any further and Trumka is saying I want more and, the Speaker is kind of caught in trying to deciding whether she can squeeze more out of Bob or whether she has to tell Trumka to hang it up and make a decision based on what's there.

Scott Miller: And another option may be there is a separate issue as yet unidentified that is important to the labor movement and in order to get progress on that issue, whatever it might be, there's a whole new assumption-

Bill Reinsch: That's why they've been talking about this pension bill. About which I know nothing.

Scott Miller: The pension bill would be, would fit that equation. I don't know whether that's it or not, but there often is, there's a complicating factor.

Bill Reinsch: I still think they'll get there, and I think if they get there fairly soon, there will be time to do this in December, but at least since they've given themselves another week. Now at the same time, I don't sense anymore quite the feeling that, if we don't do it in December, we won't do it till after the election. I think is-

Scott Miller: Yeah, no. I think know I think January, February 2020 are a reasonable-

Bill Reinsch: People are beginning to say that-

Scott Miller: Periods for legislation.

Bill Reinsch: I don't know that I believe it but that's what they're beginning to say.

Andrew Schwartz: Why don't you believe it?

Bill Reinsch: Well, I, the longer you go, the more people are going to say, let's just wait and see if he's down in the polls. The President is down in the polls. More and more Democrats will say, let's not give him a victory. It'll just give him a boost and we don't want to do that. Let's just wait.

Scott Miller: And we have a very early primary season. Primaries in a lot of big states starts early and it's not just the Presidential primary, it's the down ticket races. And so a member voting for trade agreement can have an impact on their primary races. A House member.

Bill Reinsch: Of course the early states, voting for USMCA would be a positive.

Scott Miller: It would be a positive.

Bill Reinsch: Iowa? This is a big deal.

Scott Miller: Yes. But keep in mind California's down Super Tuesday.

Bill Reinsch: Yeah, California. Well, it's a big deal in California, too.

Scott Miller: Yeah. It's a big deal in California.

Bill Reinsch: If they-

Scott Miller: My guess is it swings both ways. But yes,

Bill Reinsch: I think there Nevada. I think New Hampshire, I don't know about, but the early primaries are not in the swing states. The early primaries are somewhere else. And getting this done would be an advantage, I think for the incumbents that have primary competition.

Scott Miller: But you definitely want to get it done as early as you can. We had been hoping for 2019 doesn't look like it, but that doesn't mean we're, it doesn't mean it's not going to get done.

Andrew Schwartz: But we're going to hold out hope.

Bill Reinsch: I am. To the last minute.

Scott Miller: And I'm trying not to be despondent.

Andrew Schwartz: Okay. All right. So we, we've got a couple-

Bill Reinsch: And he's been very graceful and not gloating because you'll remember that six months ago, he said this was toast and I said wrong. And now maybe the shoes on the other foot.

Andrew Schwartz: Scott is known as a graceful man and we'll leave it at that and let's just see. We'll have to see. We'll have to see.

Bill Reinsch: But if I end up being right, I will gloat.

Andrew Schwartz: Well, we know that. We know that.

Bill Reinsch: Yes.

Scott Miller: And all in all, schedule aside, the best part of this is no mobilized opposition. That is the best thing you can say about USMCA, the politics of USMCA. There are supporters, they're probably people who are lukewarm or indifferent toward it, but there is not, as best I've been able to tell any mobilized opposition. And that basically always means sooner or later you're going to get this done.

Andrew Schwartz: Right. So that's just, it's political and it's a matter of time.

Scott Miller: Right.

Andrew Schwartz: Okay. All right, so we'll wrap that one up. Let's talk about something we don't often talk about on this program. Let's talk about the CFIUS report that came out, Committee on Foreign Investment in the United States. A recent report came out that said more overseas companies investigated by U.S. authorities for national security concerns, have abandoned investments in the United States since President Donald Trump took office. The report released by the Committee on Foreign Investment in the United States said. Oh guys, what do you think about this?

Scott Miller: Well, what's important is that we're operating under a new law as of August, 2018 that then the new law expanded the number of investment types that were subject to review and basically reinforce the structure, so CFIUS is still about national security review, but the new law passed by Congress signed

by the President is having an influence on the number of activities and the number of reviews taken by the CFIUS committee.

- Bill Reinsch: Yes. What's happening is, I think, an inevitable result of what Congress passed because there simply is a larger universe of transactions now that have to be reported and therefore numerically will lead to investigations.
- Andrew Schwartz: Right. I can give you the numbers. I mean CFIUS reviewed 172 transactions in 2017 and 159 in 2018 compared to 51 in 2014, 66 in 2015, and just 79 in 2016. So, numbers are way up.
- Bill Reinsch: Yeah, it's a big bump. But I personally, I think you're going to see some decline going forward largely because of the really significant, I think it's a 90% drop in Chinese investment in the United States. As we said before, most of that has to do with Chinese government policy and limits the Chinese government has imposed on the outflow of funds. That has nothing to do with our CFIUS review. It has to do with what Chinese, the Chinese government wants Chinese people to do with their money. But the point is there's a decline in Chinese FDI here. Foreign Direct Investment. And those have been the targets. I mean the whole point of the legislation was to give us a better handle on Chinese investment.
- Scott Miller: And the two presidential decisions, both of which prevented the investment from going forward had both had to do with China.
- Bill Reinsch: They both had to choose... But if you look at a numerically of all these increases numbers, there was still one presidential rejection in 2018 and one in 2017. So we are not seeing an explosion of presidential rejection.
- Scott Miller: And we don't have criteria creep, we're not rejecting things because of economic security or anything else. These are-
- Andrew Schwartz: National security.
- Scott Miller: Still purely a national security review, which I think given the importance of foreign investment in the United States, that's the right place to be.
- Andrew Schwartz: So the U.S. is still open for business. This is about national security. It's about Chinese investment in U.S. and we're worried about technology, things like that.
- Bill Reinsch: Yeah. Mostly if you dig into the statistics, the other thing to look at is not the cases that were filed but the cases that were withdrawn because companies don't like to get a rejection. They don't like-
- Scott Miller: Yeah. Why don't you explain how the process works and why you have opportunities to withdraw.

Bill Reinsch: The process has two phases. You file a notice and then basically what happens is that CFIUS the Committee on Foreign Investment in the United States conducts kind of a quick review and if they don't see any problems, they say that and that's sort of the end of it. If they see problems, potentially, then they open an investigation and so the number of investigations is smaller than the number of filings and then there's an additional time period to conduct the investigation. What usually happens during the investigation is there is a dialogue between the parties, the party making the investment and the company being acquired, if that's what the investment involves, and the government in which the government presumably has identified some potential security issues and there's a discussion about, are those real issues or not? What it usually leads to the government saying proposing what are called mitigation measures.

So if you do this and you could do this and you do this, we won't be worried about it. I'll give you an example from the distant past. When a Lenovo, which is a Chinese laptop company, acquired IBM's laptop division. One of the things the government fundamentally did not have a problem with the basics of the transaction. Most laptops were already being made in China. This was not going to transfer critical technology, but what they discovered was that the IBM facilities in the United States were co-located with other IBM facilities that were doing work that involve critical technology that the government did not want it to get transferred. So the mitigation measures, if you will, ended up being in many cases simply physical: locking doors and not letting people in room A commingle with people in room B because they were doing different things.

Whereas previously those doors were open. That's a mitigation measure. Now what happens as you go through this process with the parties, sometimes those are okay, and they cut the deal. The thing is approved. End of story. Sometimes they're not okay. They can't accept them because it would re-necessitate, sometimes the mitigation agreement is, you can't buy the whole company. You have to spin off this element of it or spinoff that element of it. And it may turn out that the acquiring party really is buying the whole thing because of that particular element. So they can't accept it.

Scott Miller: Well it's very similar to what happens in normal mergers or acquisitions when there is an antitrust review because the antitrust authorities will step back and look at it and said, well, there's seven divisions of his company you're acquiring. Only two of those divisions will create an unusual concentration or a suspect concentration and be subject to potential antitrust problems. So buy the other five.

Bill Reinsch: And that's the mitigation request. Yes.

Scott Miller: And then the basically the company who is in the driver's seat basically says, okay, or no, I actually wanted the two that I can't buy.

Bill Reinsch: In CFIUS it's not quite a zero sum because in the antitrust case, that means the transaction either collapses or, or is significantly modified. In the CFIUS case, since the outcomes are not public, one of the things that companies often will do is rather than have a rejection, which sometimes leaks out, is they'll withdraw-

Scott Miller: Before the rejection.

Bill Reinsch: Yeah, they'll withdraw before the rejection. The other reason they withdraw is if you're involved in kind of negotiating with the government. Sometimes that takes longer than the time that the CFIUS allows. And so what the government will say, look is, you got to push the deadline where they have to make a decision. They'll say, why don't you just withdraw? We'll keep talking you and then you can refile. Because there's no reason. There's no prohibition against refiling. So one of the sets of data look at is how many withdrawals there are and how many of those are refiled. Because if they're refiled, it means that they're, they've been worked out and unusually approved. But some of them that are withdrawing end up going away. And of course you'd never know really why. And sometimes they go away because the transaction collapses of its own accord.

Scott Miller: Exactly. So, but on the whole, you look at this whole picture and, unlike most of bizarro Washington, this is a situation where Congress had a concern, the Congress acted, the new law is it being implemented in a way and the results from the implementation of the new law look pretty much like what we would have expected and actually appear to deal pretty well with the concerns of the Congress in the first place. So I think that's, that's sort of a news story.

Bill Reinsch: A success story.

Andrew Schwartz: So, let me ask this. So it's a success story. Let me ask this, what are, if any, the implications of any less Chinese investment in the United States because of this? Are we worried about that?

Scott Miller: Look, China, it was a relatively small investor to begin with. Most of investment in the United States comes from other developed countries. Europe-

Bill Reinsch: U.K., Netherlands are the big ones.

Scott Miller: U.K., Netherlands, are the, yeah, and so most of our investment comes from parties that are similar to us in development at least. And so foreign direct confession flows from China were not a big deal. But on the other hand, there are, as Bill mentioned in the outset, there are several factors influencing China's FDI, including a capital controls at home. So at the moment, I don't think we can say a lot that's dispositive, but now sooner or later, China becomes a bigger investor in the world as it develops. We're not there yet.

Bill Reinsch: The more concerning number I think is, I just, I don't have the number, I just read this today. I think total inbound investment is down.

Scott Miller: Yes.

Andrew Schwartz: Total inbound investment from China?

Bill Reinsch: No, from the world.

Scott Miller: From anyone, everywhere. Which means people are nervous about investing in here. That is not a good sign.

Bill Reinsch: Right, right.

Andrew Schwartz: Right. And why is that? Just because the overall climate?

Bill Reinsch: There's usually two reasons. One, declining growth. Generally people are holding onto their money or they're keeping it at home. But I think that we have, as we've talked about here many times the uncertainty of our policy deters people, if you don't know that the country that you're in might be a tariff target six months from now, you know you're going to sit and wait until the situation.

Scott Miller: Capital's a coward. Okay? Capital avoids risk like crazy. They seek gain but avoid risk and so you have an environment that's less able to predict the future in any environment. Will have the effect of reducing investment.

Andrew Schwartz: Okay. Finally, and this is a big, finally let's talk about the U.S. China trade deal. No, phase two or there's going to be a phase two? What's going to happen there?

Bill Reinsch: I think, whereas I had thought they were going to be three phases now looks like may they only be two. I had a conversation with a Chinese source who has I think fairly good contacts on the Chinese side, which was interesting because I don't, and he thought this was going to take off, go on into next year, January or, I don't know. Maybe even longer. And if that's true, then I think that the second phase, which we've talked about here, the great victory that Trump has to have right before the election. There'll only be time for one more phase.

I mean, my original thinking was you do a phase one in October of 2019 six months later, people are getting nervous again. You do phase two in the spring, then you do the big reveal and the big victory in October of 2020 now there's not time for that. I mean there has to be a phase two at least rhetorically because phase one is not going to include any of the stuff that Trump has said is important. So he has to say that this is just temporary to help the farmers and we're going to get all the other stuff later. So there has to be a later.

Scott Miller: We're taking the market. But there has to be a later to get the structural reform and though, so when that later happens, I agree with Bill's probably once this feels like your October surprise getting cooked.

Bill Reinsch: It does the wildcard here, and I continue to think this is a decision that has not been made yet by the Chinese-

Andrew Schwartz: It's his surprise to get it next October.

Scott Miller: Yeah, which makes sense.

Andrew Schwartz: Look, I had this great deal.

Scott Miller: Richard Nixon's secret plan to end the war in Vietnam. That was announced in October.

Bill Reinsch: Well, he announced that he had one. He didn't announce what it was. In this case, he's going to have to deliver something.

I think the Chinese, I think one of the reasons it's taking longer is we're in a situation now where both sides think they have the upper hand. Trump believes that he is causing them more harm than they're causing us. They believe-

Andrew Schwartz: He said the other day, they need a deal more than I do.

Bill Reinsch: Yes. Well, they said the same thing about us today as I recall that they think that he needs this more than they do and so then the question, well, that's a very dangerous situation when each side thinks they have the upper hand means there's this tendency to overreach. I do not think, contrary to what some other people have said, that the Chinese have already decided that he's going to lose and that they want to kick this over into, you know, into dealing with his successor.

First of all, the, you know, we follow these, this American politics more closely than they do and we have no idea who's going to win. And nobody's going to have none who his opponent's going to be. You don't know who's going to win. You can't even speculate until you know the opponent. And it's, if you look at the opponents from the Chinese perspective, some of them would be better than Trump and some of them would be worse than Trump.

So it's still you until you know who that is, you can't begin to make an assessment. And it wouldn't surprise me one bit. This is the other, the footnote to the October surprise, it wouldn't surprise me one bit if next August the Chinese decide, well, he's going to lose and the next guy's better, so let's wait. And there won't be a phase two in October because they won't agree to anything. But I think that decision has not been made yet.

Scott Miller: And that leaves us with another element of uncertainty for 2020. Oh joy.

Bill Reinsch: For the next nine months we're going to be speculating.

Andrew Schwartz: Well, that uncertainty can't be good for the economy.

Scott Miller: But it's good for the trade guys. Cause we'll have something to talk about. Oh yeah, that's good for the trade guys.

Bill Reinsch: Yeah. Scott and I have come out of this about this irritates me. No end. But you know, as trade guys, we have to face the reality that if Trump loses, what's going to happen to us?

Andrew Schwartz: Oh, we'll be fine. We'll be fine.

Bill Reinsch: We'll get back to the bottom of the full on the business section.

Andrew Schwartz: Well, that's just it. There's a couple scenarios. Let's say if Trump loses, that could mean maybe Elizabeth Warren wins. If Elizabeth Warren wins, we're going to have lots of talks about, okay.

Scott Miller: That'd be much work.

Andrew Schwartz: So there's really a lot to work to do for the trade guys. If Elizabeth Warren wins, let's say Pete Buttigieg wins. Well, we don't really know what his trade policy is at all, so we'd have to really, there's a lot of work to do there, right? Let's say Joe Biden wins.

Scott Miller: This is encouraging, I guess I'm not moving to Florida to complain about the government full time.

Andrew Schwartz: There's work to be had for the Trade guys, no matter who wins, and if President Trump gets reelected, then there'll be big beautiful trade deals to talk about for many years to come.

Bill Reinsch: You've made me feel much better, Andrew. I knew I would.

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.

Andrew Schwartz: 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.