

[The Bill Walton Show](#)

“Is Free Trade Good for All Americans?” with Ambassador Terry Miller and John Tamny

Speaker 1:

John, What's your title at Freedom Works?

John Tamny:

Director of the Center for Economic Freedom.

Speaker 1:

Good title.

John Tamny:

Kind of an expansive one. It's the center, is me, just me talking about economic freedom.

Speaker 1:

That's all right.

John Tamny:

Sounds so boastful.

Speaker 1:

Okay, everybody ready?

Speaker 1:

All right. Have a great show. No looking at the camera, and when you're ready.

Bill Walton:

Welcome. We're here today to talk about trade, specifically Donald Trump and trade. I was asked to give a speech not too long ago, upcoming at CPAC to talk about trade, and since I don't know enough about it, I thought I'd dive deeply, and we'd have a show about trade, and I began researching, and I am confused.

Bill Walton:

I've now been learning about OPEC, XM, NAFTA, TPP, World Trade Organization, the Millennium Challenge Corporation, bilateral trade, multilateral trade. I've been learning about smart trade, fair trade, free trade, great trade, well-crafted trade.

Bill Walton:

Well, anyway, to sort this out, my guests today are Ambassador Terry Miller, who's a career foreign service officer, 32 years with the State Department, and served as ambassador to the United Nations. Today, he's the head of the Center for Economics at Heritage Foundation, where he oversees the editing of the Index of Economic Freedom.

Bill Walton:

Welcome, Terry.

Terry Miller:

Thanks.

Bill Walton:

And also with me today, is John Tamny, old friend, many-time guest, who is the director of the Center for Economic Freedom at Freedom Works, and is the editor of Real Clear Economics-

John Tamny:

Markets.

Bill Walton:

Markets, okay. Markets, Economics, close enough.

Bill Walton:

Terry, let's get this ball rolling a little bit. Donald Trump has been president for about a year, and as you know, I oversaw the economic agencies, and US trade representatives was one of them, so I know a little bit more about those acronyms than I might have let on, but how's he doing? What's happening with trade, and what's your take on the first year?

Terry Miller:

You know, the President's done some great things in this first year. He came into office, and immediately started the deregulation process. Our economy had been hamstrung by what happened during the eight years of the Obama administration, and I think the liberation of businesses, enabling them to get the economy going again, hire more freely, to invest with an idea that profits would be coming down the road, and just to move things a lot more quickly in the economy, than you can when you've got a huge regulatory overload. That's an amazing achievement, and one that was long needed in this economy.

Terry Miller:

He's followed that up with tax reform. We perhaps didn't get everything I would've like to see in this tax bill, but we got a lot.

Bill Walton:

That's putting it mildly.

Terry Miller:

I think we got a lot and I think it's going to provide a tremendous boost to the economy-

Bill Walton:

It does, yeah.

Terry Miller:

... going forward. We've also got the economy going great guns, the President does, and all of us working together. We've got economic growth rates up above 3% for the past three quarters, and what that means is that you've got a lot of investment, a lot of employment, a lot of the problems that occur in an economy when you've got stagnation going on. Those are going to go away. Some of them have already gone away.

Terry Miller:

I think in that respect, the President has done a great job. Now, you asked me about trade. Trade's a little different thing, and I do have some problems with the direction this administration has taken on trade.

Terry Miller:

Trade is the foundation of economics. The exchange of goods and services among people is how you increase prosperity. The United States was basically founded as a national continental-wide free trade area, and that's what's contributed to making us the most-

Bill Walton:

So, Pennsylvania trading with Virginia?

Terry Miller:

Well, that's how it started, and now it's Maine and Hawaii. I mean, you know, what we've seen is that by breaking down the barriers across a wide geographic area like that, we've created-

Bill Walton:

Is a good thing.

Terry Miller:

... the most prosperous society on earth.

Bill Walton:

John, I want to give you a chance to jump in on trade.

John Tamny:

Well, I agree with Terry. What is trade? All that is, is specialization. When you can trade freely, you can import from others, either from across the street, or the other side of the world, who are doing what they do best, and that allows you to focus on what you do best. And when you're doing that which elevates your skills the most, you're more productive.

John Tamny:

Without trade, we would live lives of unrelenting drudgery. In my case, I would die unemployed, unfed, and unclothed. Free trade allows me to do the few things I'm good at, while importing from others.

Bill Walton:

Wow, I'm really happy we have trade. That's a fate I would not ... I like you, so thank goodness we have trade.

Bill Walton:

Well, that's the theory of trade, is that ... I want to talk a little bit about how it's actually happening in the real world. I mean, we've got people that think that NAFTA has been a problem. China is a problem, people cheating on trade agreements. The idea with have multi-lateral trade agreements, which means that people can to through the World Trade Organization, for example, to sue the United States for things.

Bill Walton:

In practice, though, we're not exactly in a free-trade world. In many ways, we are, but in practice, we're not.

Bill Walton:

What do you say to the people that ... Let's just pick an example, the World Trade Organization. What should we be doing with them? First, what are they, and what should we be doing?

Terry Miller:

Well, the World Trade Organization is the place where governments have come together and put in place some basic rules of the road for trade relations. And what happens is that if you violate one country, another violates those rules, then there are penalties involved. Other countries can retaliate in kind.

Terry Miller:

The whole idea is to create a predictable system where everybody is treated fairly, and you have a level playing field, and you talked about other countries being able to sue the United States, but in fact, it's the United States that has most frequently gone to the WTO to sue other countries. So, it's been a vehicle for breaking down trade barriers in other countries around the world, and perhaps also a little bit of discipline on ourselves.

Bill Walton:

The World Trade Organization was formed out of the United Nations. What was the impetus of that? Was that one of the many things that came after World War II?

Terry Miller:

Exactly. It came after World War II. It started as something called the General Agreement on Tariffs and Trade.

Bill Walton:

You call that, "GATT"?

Terry Miller:

GATT, exactly.

Bill Walton:

Tough name.

Terry Miller:

And that morphed in the 1990s into the World Trade Organization, but it's basically the same process going on, and it's just a forum where countries come together. It's designed to resolve disputes. It's not a place where countries get together and everybody collectively makes these grand decisions about anything. It's mostly a series of one-on-one conflict resolution processes, and it's hard to see how that's a bad thing.

Bill Walton:

So you like it and think it's working?

Terry Miller:

I do think it-

Bill Walton:

Has Trump taken a position with the WTO that's averse to it, or is it a ...

Terry Miller:

No. Not particularly. He's questioned it in a way I think he questions all existing international arrangements, and a lot of our national ones, too. It's good to question things from time to time. These arrangements need to stand up to the test of time, and maybe they need to evolve over time, as well.

Bill Walton:

Well, let's turn to China. That's the one country I am troubled by a bit, because it seems like we engage in trade. We think about things in terms of economic well-being. They seem to be operating out of a much different strategic playbook, where it's not just about economic well-being, and not just about developing consumer goods.

Bill Walton:

As a matter of fact, they're not particularly focused on consumers at all inside China, maybe outside China. Inside China, it's more of an industrial policy, including the real estate development.

Bill Walton:

In the plan that we looked at for ... I think it was the USTR, there was talk in there about Chinese mercantilism, and they were a currency manipulator.

Bill Walton:

John, what do you think about that?

John Tamny:

Utter nonsense. China is one of dozens and dozens of countries that pegs its currency to the dollar. That is a logical thing to do. The sole purpose of money ... What did Adam Smith say? "The sole use of money is to circulate consumable goods."

John Tamny:

When currencies have stable relationships, we're able to use them for their sole purpose. We're able to trade more, and in trading more, we're able to specialize.

John Tamny:

The Chinese are not producing like this to deprive themselves. Their production is an expression of a desire to import every bit as much as ours is, and you look at the constant examples of it. There are Chinese people living in Australia right now, who are running lucrative businesses, solely sending foreign goods to China.

John Tamny:

In Shanghai alone, there are double the number of Starbucks than there are in all of New York. The notion that the Chinese aren't producing in order to get, just like we are, is defied by not just visibility ... to visit China, is to see this ... and just in common sense.

John Tamny:

This notion that they're mercantilist? Please. If we want to do that, I can go down a long list of American subsidies of US producers here. But the main thing is, if countries are quote "cheating", good. The only reason you produce is in order to get things. If countries around the world, including China, want to subsidize my paycheck and expand the value of it, please, I want more of it, because that's the ultimate.

Terry Miller:

Yeah, but can I jump in here?

Bill Walton:

Please do, because I don't agree with that, John. I think that's naïve.

Terry Miller:

I have a little problem with some of that, too, John. There's cheating, and there's cheating. If China ... I think it's very important that we define what we're talking about here. If China's doing things like subsidizing its manufacturers, or ... I mean, let's face it, China doesn't have anything resembling a free market economic system like that in the United States. They have a state-controlled system. It's grown out of a totalitarian communist regime, so they have some very different ideas about how the state should intervene, and control economic activity, that would be completely unacceptable to us in the United States.

Terry Miller:

Some people might call that cheating in some way. Well, maybe, but there's another kind of cheating when China intervenes to, for example, steal intellectual property from American firms, or operate in a way that coerces them. Now, I know they don't necessarily have to go along with that. American firms are free actors in every respect, and they can stay out of China, but there is an element of coercion in

Chinese economic activity, and I think you can't let them get away with things like the theft of intellectual property. That's just wrong.

John Tamny:

Well-

Bill Walton:

That's their ... John, if you look at the airplane manufacturers. They wanted to get into China and sell their planes, and the Chinese, in effect, said, "Look, we'll let you sell an airplane, but you've got to give us access to the technology you're using." And now they're using that technology to build planes in China, and they've been subsidizing that. That's been operating a loss, and now that they're operating profitably, they're now restricting the market for airplanes to be sold only in China that are made in China. I mean, that's hardly ... I don't know how else you'd ...

John Tamny:

Well, I think you've got to answer each one of those. If China wants to damage its own economy by limiting sales into China, let's not add insult to injury. Now, the notion that the manufacture of airplanes is free market, is laughable. I point to you the EXIM Bank's subsidization of Boeing. I point to you Airbus. Let's be serious.

John Tamny:

Intellectual property. The two greatest thieves of intellectual property, probably in global history, are Bill Gates and Steve Jobs. They both acknowledged that they got the majority of their information from Xerox Park. Do we feel sorry for Xerox? No, Xerox had all this interesting stuff. They did not know what to do with it. Xerox is on the way out as a serious company.

John Tamny:

The idea that you can steal intellectual property on the way to profits, is laughable. We know this because, who's the richest man in the world today? It is Jeff Bezos. By Bezos' own admission, he has lost billions and billions of dollars on new ideas that fail. The idea that you can steal an idea and turn it into profit, is defied by common sense.

John Tamny:

Bill, you're in the movie business. You know the studio, Pixar. What did Ed Catmull, the founder of Pixar, say? "Every one of our movies sucks at first. We're only to make what is awful good, because we're talented."

John Tamny:

The idea that you can steal something and turn it into profit, is defied by economic history.

Bill Walton:

Well, I do know that if you want to get your movie distributed in China, and it's made here, good luck. You just can't get in there, and yet they're buying up studios in California without any restrictions. If we can't sell into their market, why should we be turning around and selling our studios to them?

John Tamny:

Well, because studios are privately owned. If you want to sell to the Chinese, you should be able to sell to whomever you want. But remember, the Chinese are not producing in order to deprive themselves, and so the idea that they're going to deprive themselves of the greatest movie productions in the world-

Bill Walton:

You're making this operate on an economic-only continuum. I think they've got a much more geo-strategic point of view and they're talking about being important all over the world, and they're moving into Europe with industries now, and I don't think they're just thinking in terms of consumer well-being.

Terry Miller:

Yeah, but China ... John's talking around a really important point, here, which is that when China acts in these non-market-oriented ways, or ways-

Bill Walton:

See, he's really got you now, John, and I've said what you're saying was naïve. You're not naïve. I thought that the theory was, but now Terry says you're talking around it, so ... You're going to have to defend yourself here, buddy.

John Tamny:

Happy to.

Terry Miller:

The point at the core of this, is that when China acts in these strange ways, that are strange to us, and really the antithesis of our own system, they're not hurting us. They're hurting themselves, at the core of this.

Terry Miller:

When they restrict the entry of an American firm into China, the people that lose are the Chinese consumers, who don't have access to those goods or services. And when we would retaliate, if we did, by restricting entry of Chinese goods or services into the United States, yeah, the Chinese firm may say, "Well, that's a shame. We don't have that market," but the people that are the real losers in that, are Americans, who don't have access to those goods and services that they otherwise would like to buy.

Terry Miller:

So, that's the main fallacy that's infecting the trade arguments, I think, including those of the Trump administration, which is all of these proposals that they're putting out there to renegotiate agreements, or put restrictions in place, or new tariffs of one kind or another. These are all things that are going to hurt Americans at the end of the day, and only peripherally are going to have an impact on what foreign countries are doing.

Bill Walton:

Well, what about the idea that you talk about where it's out-graded as if they're selling the stuff and taking our dollars, but we're really ... I have two things I worry about.

Bill Walton:

One is I worry about manufacturing, for example. We are seeing fewer manufacturing ... well, 60,000 manufacturing plants in the last 15, 20 years. That's a skill set. That's an expertise. That's an ability to do things, and I think when you lose some of that expertise, I think you lose a lot. I think if you think of us as a country, as opposed to just a trading partner, I think it matters that we preserve some of that expertise.

Bill Walton:

I don't want to lose whatever that is, but the other aspect of it is that we're financing ... We talk about deficits don't matter. We're financing our purchases with massive borrowing. We've got Federal debt. Consumer debt is at an all-time high. We're financing this on leverage. It's not exactly like we're buying things with money we've earned. We're buying with money we borrowed.

John Tamny:

Well, the first two things ... Expertise you never have to worry about. Let's look at the oil industry. Under Ronald Reagan and Bill Clinton ... they're the last two good-dollar presidents ... the US oil industry disappeared, at least domestic drilling, because we had good monetary policy under both of them.

John Tamny:

Under George W. Bush, we devalued the dollar. Oil became very expensive. Out of nowhere, the US had amazing expertise in an industry that's disappeared.

John Tamny:

In terms of manufacturing, that's what poor countries do. Let's be honest. We used to be all farming. Then we went to manufacture. Nowadays, the rich parts of the US are rich precisely because they let others manufacture and we design. Apple doesn't manufacture the goods it creates. Nike has never produced in the United States.

John Tamny:

In terms of borrowing, you're a financier. Have you ever loaned to someone based on the idea that you thought they couldn't pay it back? We can borrow-

Bill Walton:

All I know is the Greek bonds are trading below treasuries. You think people are rational actors. I don't.

John Tamny:

Ultimately, they are because even if-

Bill Walton:

Anyways, John, people don't know where to put their money today, because the credit markets have been so distorted by central bank policy that, that's broken, as well.

John Tamny:

I think it still goes back to, if you and I tried to get funding financing for our movie, or if Brian Grazer, the best movie producer in the world ... He acknowledges he can't get financing the majority of the time. Markets are fairly efficient here.

John Tamny:

The US has the most consumer debt in the world, because we are the richest, most productive people on earth. Rest assured, people in Haiti and Peru, and Zimbabwe, don't have people lining up trying to lend to them.

Bill Walton:

Well, I'm going to get us back to trade, but this is all interesting. I think we're living in two bubbles. We're living in a debt bubble, and we're living in a government-promise bubble, and those two things are problems.

Bill Walton:

But anyway, that's for another day. Coming back ... Anything else we should talk about with regard to China?

Terry Miller:

Yeah, I want to come back to the manufacturing issue, because manufacturing ... Remember, manufacturing output in the United States is up.

Bill Walton:

Not by much.

Terry Miller:

We're just doing it with a lot fewer people. That's because technology has changed, and the nature of manufacturing jobs has changed. Those jobs that have been lost, are jobs that involved a wrench, and turning screws, and things. Gosh, Bill, when I was growing up, my grandfather worked in a glass plant in Palestine, Texas, and I got to visit that as a child, and I was fascinated by that place.

Terry Miller:

It was this huge corrugated metal operation, covered probably 10 acres or something. I'd go in there, it was hot, it was noisy, it was dangerous. There were these hot slugs of glass floating around on conveyor belts, a lot of broken glass out there. Last thing in the world that my grandfather wanted, was for me to work in a place like that when I grew up.

Terry Miller:

Those were jobs that were hard, dangerous, and those are jobs that the American economy has by-and-large eliminated for the very good cause that we have a lot better things to do with our time and energy that are more productive.

John Tamny:

Beautifully said. I love it. It's so true. So true.

Bill Walton:

I'm so out-gunned here, by very smart guys. I think that's the reason Donald Trump was elected. Most of America doesn't agree with you. We live in a little county, out in Rappahannock County, Virginia. Page County is the next county over. They had a blue jean factory, quite thriving. I don't know how many people it employed, 150, 200 people. Not very great jobs, but they were jobs. And then NAFTA comes in, and now those jobs have moved to Mexico.

Bill Walton:

Now, our friend, George Gilbert, points out, "Well also the Mexican peso devalued by something like 95% during a period of time, and that ..." so there are other factors here besides NAFTA, but nevertheless, these jobs that we talk about that weren't that great of jobs, those people don't have new places to go.

Terry Miller:

I don't know. I drive through those towns, too, and it's true. You'll be driving down the road and you'll see a factory that's all shuttered, and rusty, and closing, but you drive another two blocks down the road, and what you're going to likely see is a brand new hospital with high-technology equipment, brand new employees. Our economy has completely shifted from manufacturing to a much greater emphasis on services.

Terry Miller:

Now, I agree, there's some problems there. The people that worked in that jean factory, not necessarily the same people that are working in that hospital.

Bill Walton:

They're not.

Terry Miller:

We've changed from relatively unskilled labor, mostly male unskilled labor, to the medical system that requires much more in terms of education, probably has a much higher proportion of women in the workforce, so-

Bill Walton:

It's the next generation that's going to be doing those jobs.

John Tamny:

Yeah, but I think it's ... For one, I don't know how many jobs in that jean factory, but let's assume 10,000, which is probably overstating it. There are 330 million Americans, and so how many jobs are we going to save in the very near term, at the expense of hundreds of millions.

John Tamny:

But I think the other important point about this, is we hear about these Trump towns, these forgotten towns and everything, and I think we get it backwards. Towns and cities don't die because factories leave them. They die because the talented people who are the magnet for investment leave, but New York City and Los Angeles, they were the number one manufacturing towns in the early 20th century. All

those manufacturing jobs are gone. That's why they're rich. Because talented people who attract investment, don't want to do the jobs of the past. Terry's grandfather's instructive. He worked hard so that his kids and grandkids would not have to.

John Tamny:

And so the Trump towns that we're talking about, they're suffering precisely because those towns clung to the jobs of the past for too long. You look at where there's very little manufacturing, it's thriving in the United States. Well, precisely, that is because that's where the talent goes, and that's where the investment subsequently goes.

Bill Walton:

But what I'm trying to get at, is that there's a non-economic argument to this, to the issues of trade, and economic disruption and innovation and change, and I think we pay a political and cultural price for that change.

Bill Walton:

And that's what I see playing out in what we're calling Trump towns, in that we talk about trade policy. You know, I think about good things. If you're an economic policy wonk. You want more jobs. You want higher wages. You want cheaper imports, higher-quality imports. You want a robust, innovative economy, and yet we're seeing that those sort of things, if you look at trade, there seems to be an emphasis that's been put on cheaper goods and higher quality imports, regardless of where it comes from, and less emphasis on jobs and wages.

Bill Walton:

And we just sort of said, "Let the devil take the high-most." If they think they can be manufactured better in Hungary, let's put it there.

Terry Miller:

Well, there's a fairness argument here, that you're not taking into account. When you've got-

Bill Walton:

That's because I want to do this show. I want to be corrected. Straighten me out.

Terry Miller:

I mean, I can't imagine it was 10,000 jobs in that jean factory-

Bill Walton:

No, that was the whole county.

Terry Miller:

That's the example we've started with and-

Bill Walton:

Let's go there.

Terry Miller:

... and if you put restrictions on that, what you're basically asking is for every American that buys a pair of jeans, to pay an extra dollar, in order to keep those ten thousand jobs in place.

Terry Miller:

So, you're asking one group of Americans, which is very large, millions of Americans, to subsidize the jobs so that these people can continue doing what they've done their whole lives, even though there's somebody overseas who's willing to do it more cheaply.

Terry Miller:

How is that fair to the American public to ask them to subsidize ... and these aren't rich people, necessarily. These are poor people who are trying to dress their kids to go to school. These are Americans who may be living just from paycheck to paycheck, and yet you're asking them to take out of their monthly salary, whatever that is, a few dollars, but you're asking millions and millions of them to do that. Take a few dollars out of their paycheck, and send them to this county over here to keep this business in place.

John Tamny:

You know, we can't have it both ways. Nancy Pelosi was criticized for calling the Republican tax cuts crumbs for the American worker.

Bill Walton:

Like a thousand dollars a ...

John Tamny:

But then Trump turns around, and says, "I'm going to raise tariffs here, here, and here, to Terry's point, penalizing every single worker.

John Tamny:

You know, the other thing I would point out is that Borders Books wasn't taken out by someone in China. It was taken out by Seattle-based Amazon. Blockbuster wasn't taken out of business by someone overseas. It was taken out by Sunnyvale-based Netflix. Yellow cabs around the country aren't being taken out by foreigners. It's by San Francisco-based Uber.

John Tamny:

If we're going to complain about lower-priced goods, the greatest competition for quote "American jobs", occurs from right here. So, if you're going to go after that which erases the jobs of the past, I say, "Thank goodness for that," but you're going after American Companies first and foremost.

Terry Miller:

And remember, the largest private-sector employer in the United States is Walmart, and they depend extremely heavily on imported goods, and providing them at the lowest possible prices to Americans. If you're going to talk about saving jobs or killing jobs in the United States, well, if you cut off that flow of traded goods, you're going to kill an awful lot of jobs in the retail sector.

Bill Walton:

I think the point was made with the solar panels, that while you're protecting X numbers of jobs in manufacturing fees, you're killing 10 times the number in the installation side of the world. So, if solar panels become prohibitively expensive because of the tariffs, you're putting those people out of work, too. Is that ...

Terry Miller:

Yeah, we have one example for which there's good data, which were the steel tariffs put in place by the Bush administration in the early 2000s. The point was to save 12,000 jobs in the steel-producing industries in the United States, and what wound up happening, was it killed 120,000 jobs in steel-using industries.

Terry Miller:

So, you always have to take into account the consumers of the goods and services and in many cases, those are other businesses, not just people shopping at Walmart, like I used as an example.

Terry Miller:

American businesses, American manufacturers, depend incredibly heavily on imported goods.

Bill Walton:

What about NAFTA? We're in the process of renegotiating NAFTA. China ... Not China. China's on my mind. Canada, Canada. We have a young Mr. Trudeau in Canada, and we have a ... I guess they're Canadian trade ambassadors, sort of reminds everybody of Elizabeth Warren. And so we're dealing with that. I don't know where Mexico is. We've got a lot of intransigents. How's this going to play out?

John Tamny:

Well, in my perfect world, there wouldn't be trade agreements. I think as individuals, we should be able to-

Bill Walton:

That's going to be the last question. That's the summation.

John Tamny:

I think that what's got to be remembered, as we talk about what a horribly negotiated deal, and I think we're forgetting that the US is already Hong Kong. The average tariff on foreign goods coming into the US is 1.3%, 1.4%?

Bill Walton:

Yeah.

John Tamny:

That's why we're so rich. You work in order to get precisely because we exchange with the world, the US worker is the most specialized worker in the world. Free trade agreements, and Terry would know the intricacies of them far more than I would, are generally about opening up foreign markets to US

producers, because we're already open. Again, that's why we're rich, and so, perfect world, we wouldn't have this, but it strikes me, any of these deals are generally probably good, because they make it more possible for US producers to access foreign markets.

Bill Walton:

Well, one of the things in the agency action plan for trade, was that US trade representatives are going to need to hire more lawyers, and it was not because we were ending up to do anything here. It was just to get other countries to open up their trade. Is that what you're advocating, assuming we have to have trade agreements in our less-than-perfect world?

John Tamny:

My perfect world is, I'd rather we not hire lawyers here. I just feel like those who produce, are ultimately going to buy. They figure out a way to get it, and it's in my next, next book, but there is a very successful girl from China, living in Australia right now. Her business is exporting to china from Australia, all these goods. They're producing because they want to live like us.

John Tamny:

We can disagree about certain things, but if you're producing, you're ultimately going to buy them. I don't want to employ more lawyers here.

Terry Miller:

Yeah, trade agreements, I think, are becoming less and less significant over time, and modern trade agreements are as much about managing trade as they are about liberalizing trade at this point. John's absolutely right. Most trade flows freely throughout the world these days. My concern is when we get into a re-negotiating process, what it's really about, is slowing down those trade flows, or interfering with them, rather than liberalizing them, as was the case in the past. So, I'm a little bit skeptical of trade agreements these days, and I'm particularly skeptical about re-negotiating any of them.

Bill Walton:

So, advice. Trump calls you into his office and says, "Okay, what should I do?"

Terry Miller:

Well, I would say the first thing is make sure that you're looking at the whole picture. Make sure that you're looking at the interests of all Americans when you make any economic decision, and remember that it's in the nature of the US Government, when it gets involved in economic activity, that it's much more likely to do harm, than it is to do good.

Bill Walton:

I think that's the key point. Any time we start trying to manage these things from Washington, we know how it ends up.

Terry Miller:

You know, you've got 330 million people in the United States, or whatever it is. There's a huge amount of knowledge out there. In Washington, DC, you've got working in all these agencies, I don't know, tens of thousands of people, but they just don't have the knowledge. As smart as they may be as individuals,

they don't have the same level of knowledge that all those people out in the countryside, working in all the different industries have about what they need, and what they want.

Terry Miller:

And isn't that the purpose of economic activity to satisfy those needs and wants?

John Tamny:

My advice to him was that if we can't buy, if we're not allowed to buy, from foreign producers, we can't sell to them. That's the first thing. The second thing is that open trade is the greatest foreign policy mankind ever created, because it gives each country a rooting interest. If you're trading with one another, you're less likely to go to war. What did Joseph P. Kennedy tell his son? "Son, war is bad for business. Don't do it. It kills off the good stuff."

John Tamny:

After that, the practical advice would be that every president has imposed some sort of ridiculous economy-sapping, or people-sapping, tariff. So, find some of the lamest industries that you can find, that are least relevant, that are already heavily subsidized, throw a few bones to this ridiculous wing in the party that wants to put up barriers to trade, and quiet the protectionist wing down, and then secretly say, "We are not suicidal. We are not in the business of cutting off the left hands of our people, which is basically what tariffs are. We are open for business."

Bill Walton:

Isn't that the solar panel industry?

John Tamny:

Yes. That's why I did not lose my mind at that tariff.

Bill Walton:

And isn't that also the washing machine industry?

John Tamny:

Hey, you can have ...

Terry Miller:

Have you been talking to them?

John Tamny:

That was what I wrote at the time. I said if he's going to do this, Okay, it's more obviously a tax increase, but at least this is something. Solar, if we're going to kill that off, okay, you can have it.

Bill Walton:

Having an agency that deals with trade is a little bit like having an agency that deals with energy, or education, or labor. We should probably not even be in the business at all. Can I get some agreement there, John?

John Tamny:
100% agreement.

Bill Walton:
Terry?

Terry Miller:
I'm with you on all four of those. We don't have an agency that teaches us to breathe, and to me, trade is just about the same as breathing. If you're not allowed to do it, you'll suffocate yourself.

John Tamny:
This could be Lamaze policy? Stay out of what is natural and beautiful. We have evolved with traders. What is the car, the internet, the airplane, the Erie Canal, everything we have done as evolving people, is to make it easier for people to trade with one another.

Terry Miller:
To carry the Lamaze analogy forward, bear in mind that what we're trying to do is allow people to give birth to the jobs of the future, and not protect the old jobs of the past.

Bill Walton:
I think that's a great point to end [crosstalk 00:36:05]

Bill Walton:
Well, for more about Trump and trade, take a look at our show notes on the website, and we've also got a lot of other notes on the topics that we sort of drove into here. It's all interesting.

Bill Walton:
You can find Terry Miller at ...

Terry Miller:
heritage.org.

Bill Walton:
Heritage.org. And John Tamney?

John Tamny:
Freedomworks.org or realclearmarkets.com. I'm all over the place, anyone who'll have me.

Bill Walton:
And I'm looking forward to having you both back again for another show and lively discussion. Interesting people. Interesting things.

Speaker 1:

Excellent. Very nice.

Bill Walton:

It was fun. Did you like that? I didn't ask you about that.

Speaker 1:

I know. I liked it. Very good, very good.

Bill Walton:

I've been learning how you do this stuff, and I talked to this distributor, and he said, "You know, I like this, except starting the show, and ending the show are like excruciating," and he made me feel really good. He said, "Everybody has a hard time starting a show and ending a show," and so I wrote this thing up.

Bill Walton:

We've got on the website, "Interesting people, Interesting things," and I just kind of got tied into that.

Terry Miller:

That's nice.

John Tamny:

That works.

Bill Walton:

That was really fun. That was ... I loved ...

John Tamny:

I was taking positions that I don't necessarily ...

Bill Walton:

We needed to have a little ...

Speaker 1:

We could see that.

Speaker 5:

Not worth it.

John Tamny:

Well, they're lucky to hear from you.

Terry Miller:

You know, there's still a lot of people in the conservative movement that are free traders at heart. It's not ...

John Tamny:

It's interesting how it's changed, though. My example would be Charles Payne's show on Fox Business, and I finally called the producer. I said, "Just don't invite me on anymore, because I'm happy to be the enemy, but they were giving the protectionists much more time than me on the show," and I said, "If Hilary Clinton were promoting all this jaw-boning of businesses and protecting American jobs, you guys would be all over her, but since it's Trump, it doesn't matter anymore. It's all Reagan-esque, and pro-America," so ...

Bill Walton:

So Charles Payne has gone to the dark side?

John Tamny:

In that sense, yes.

Bill Walton:

But we're all ... you know, you've got to stay really close to where you are on trade, because it's easy to get brought in on these things.

John Tamny:

I tell Adam Brandon. I say, "We're not going to compromise on this. This is like breathing."

Bill Walton:

Well, you know his people are not with you on this.

John Tamny:

That's right, and so we're going to convince him-

Bill Walton:

Jenny Beth's people are not with you.

John Tamny:

No, she's not. I sensed that last weekend. She did not like ...

Bill Walton:

No. They've gone to the ...

Terry Miller:

We call it the dark side. Yeah, because it is.

John Tamny:

Yeah, it could end badly with a lot of shoving things down.

Bill Walton:

I thought it was great. Let's put tariffs on solar panels and washing machines.

Speaker 5:

Washing machines.

Terry Miller:

I mean, I agree. I don't know which of you said it, but I agree completely that if you pick out a few products, and do some enforcement actions like that, I'm fine with that. That's marginal, almost nothing, but stay away from that NAFTA. You're going to destroy production processes for firms.

Bill Walton:

I talked to Steve Moore, who's going to come back in, I think, to talk about this ... He's closer than I am, and

Speaker 5:

You need to sign. Oop, you're not a guardian. You're an adult.

John Tamny:

Sometimes.

Bill Walton:

She just complimented you.

John Tamny:

I think they're really regretting opening this thing up the way they did, because the trade ambassador from Canada is terrible. She wants to include all this environmental, all the labor, all the immigration. She wants to junk the thing up.

Bill Walton:

It's going to get worse and worse and worse.

John Tamny:

It's not about economics. It's about the other agenda.

Bill Walton:

Social issues, and ...

John Tamny:

[Christy Afreeland 00:40:16], remember her? She was an FT. She was a ding-dong then, and she's even worse now.

Bill Walton:

I think they've got themselves drawn into this thing in the way they're going, "Oh my God, now where are we?"

Terry Miller:

Well, I want them to come up with something that's just ... That's why we wrote this piece about eight ways to renegotiate NAFTA, you know. Put a political gloss on it, declare victory, and go home, but do no damage. Do no harm.

Speaker 5:

Wow.

Terry Miller:

I think they're now ... because I know [Bob Leitheizer 00:40:44]. He and I were members at our golf club, and he's not a zealot. He's made his career defending, you know, working with steel companies and stuff, and I think he's ... But he's pretty pragmatic. You haven't read about this a lot. I think he's probably trying to find a way to get out of trouble. I hope.

Bill Walton:

Well, I've got to go to a board meeting for a media research center.

Speaker 1:

Oh, really?

Bill Walton:

Well, he was at that thing that CN ...