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REIMAGINING CAPITALISM
BACK TO THE FUTURE: IS THE WORLD HEADING INTO A NEW WAVE
OF PROTECTIONISM?

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BACK TO THE FUTURE:
IS THE WORLD HEADING INTO A NEW WAVE OF PROTECTIONISM?

(8:30 p.m.)

MS. TETT: Okay. Well, good evening, everybody. I think since we have a number of people here already, we can get started. And I should say first of all a very warm welcome to the session tonight. And congratulations to all of you who've come through on a cold and chilly Friday night to spend it talking about trade policy -- shows the level of enthusiasm for the subject. But -- my name is Gillian Tett. I am the U.S. managing editor of the *Financial Times*.

And trade is something that we as a newspaper have always been fascinated by. But right now it is absolutely critical and fascinating in many dimensions. I actually wrote the title for today's session myself, "Back to the Future: Is the World Heading towards a -- into a New Wave of Protectionism?" because I think we are at a fascinating moment. Never mind the fact that we've just had the extraordinary Brexit vote. I've just come back from the U.K. myself, and the mood there is extraordinary.

Never mind the fact that we have a candidate, Trump, who is taking a very strongly protectionist anti-free-trade stance. What's perhaps even more striking is that we have Candidate Clinton who has been modifying her position recently to look as if she's increasingly free trade. And we have populations on both sides of the Atlantic and elsewhere who appear to be increasingly protectionist in many of their sympathies too.

So it's an interesting moment to be talking about trade, about whether we have reached the moment of peak globalization, whether we are in fact seeing a back-to-the-future moment because of course the last time we saw a big wave of protectionism was in the 1930s after the financial crisis then. But we have a fantastic couple of people to talk about this with us and tell us whether we are in a new era of protectionism or not.

We have Ambassador Froman, the U.S. Trade Representative and a steward of Obama's administration and the White House. And we have another former Obama administration official, Steve Rattner, who is now back on Wall Street in the financial world, but has been spanning both the political world and the financial world for many years. And both of them know a lot about free trade, they both know a lot about trying to promote more free trade, and presumably they've also seen the backlash that they're now living with today.

So I'd like to start with you, Ambassador Froman, and ask you do you think that we have reached the moment of peak globalization today when you look at the rhetoric coming from the Trump campaign, from the Clinton campaign, when you look at Brexit?

MR. FROMAN: No. I do think that there are, as you mentioned, serious concerns out there in the public in the United States and elsewhere in the world about the way the economy has evolved, whether the benefits of the economy have been broadly shared, concerns about wage stagnation, about income inequality. And I think those concerns are real. But you know, it's -- we -- supposing that we take a step back, the first thing that happened the morning after Brexit was a debate that had started in London about how quickly could they negotiate free trade agreements not only with the EU but with the rest of the world.

And as we speak, there are literally dozens if not scores of free trade agreements being negotiated among other countries. So I don't think we've reached a peak in globalization. I do think we've reached an inflection point where we need to take these concerns about wage stagnation, income inequality, dislocation very seriously and make sure that we are pursuing ways of dealing with them that aren't worse than the concerns themselves.

You know, from our point of view the concerns are real, and we can talk about the relative contributions of technology and globalization to the changes in the workforce here in the United States. But globalization is a force. It's a fact, and it's a result of the

containerization of shipping, the spread of broadband. The inclusion of countries like China and Eastern Europe that used to be close to the world are now part of the global economy.

In our view, trade agreements is how you shape globalization, how you make sure that you're leveling the playing field so that workers and businesses here in the United States have an opportunity to produce here and sell abroad. And then we use our trade agreements to raise standards around the world. Trade agreements aren't the cause of the problem in our view, they could -- they can be part of the solution, but they're only part of the solution.

MS. TETT: Well, I would like to come on to the issue of Brexit in a moment. But let's start with TPP, the Trans-Pacific Partnership, which was presented as one of the crowning achievements of the Obama administration to have got this deal signed. It involves 12 countries, 40 percent of the global economy.

And yet when I go around Washington today and talk to people, very few people think that it's actually going to be effectively implemented anytime soon, if ever, because you have a Congress that is increasingly hostile and you have obviously not just the Trump campaign which is increasingly hostile, but the Clinton campaign as well has turned more hostile. So how on earth can you convince anybody today that TPP is anything other than a pipe drain?

MR. FROMAN: Well, first of all trade votes have always been hard and they've always been close. And certainly this environment is more challenging than most. But we have to remember back in 1998 we had 4 percent unemployment, we created almost 20 million new jobs, you had people in the streets in Seattle demonstrating against globalization. So this is not new, per se. I think the - - what's happening actually in reality in Washington is we're up on the Hill talking to members of Congress, oftentimes one-on-one or in small groups.

And what members of Congress are telling us is that fundamentally they're going to make this decision on what impact the agreement has on their constituents and on the stakeholders they care about. And as we walk through the agreement and talk about the benefits of the agreement for this -- for their constituents and from -- as they hear from their stakeholders, we're finding quite a receptive audience.

They're all nervous; they all understand it's a very challenging political environment. But I think they all see both the economic benefits that are to be gained, the economic cost that are going to be lost if we don't move forward and other countries do move forward with their own agreements, which means we lose market share in Asia -- and the rules of the road for Asia are defined by countries like China rather than by the United States -- and then the strategic benefits of the agreement.

You know, all you have to do is talk to any of the leaders in the Asia-Pacific region who feel like this agreement is absolutely critical to demonstrating the U.S. commitment to Asia. And it's got broader ramifications for security issues, political issues, and strategic issues. I think at the end of the day those arguments are going to prevail.

MS. TETT: Well, I think the leaders in Asia -- I can certainly see why they might be keen. What I find it very hard to believe is that in the current climate it's going to be passed in the U.S. But let me quickly stop for a moment and just quickly ask the audiences as a kind of quick sense of where you guys stand. Who in the audience thinks that TPP will be passed over the next year? Okay. Your wife does, that's good. Okay.

Who thinks that TPP is a good thing? Okay. That's interesting. Right, so you have a lot of support for where you're trying to go, but not a lot of people in the room, apart from your wife and a few others, think it's actually going to happen.

(Laughter)

MS. TETT: Well --

MR. FROMAN: She has an information advantage.

MS. TETT: Exactly, exactly. And she has been even sitting on the Intelligence Committee or whatever like Senator Cotton. Steve, what do you make of this? Do you think TPP is going to get passed?

MR. RATTNER: So let me see -- first of all it's Ambassador Froman and Steve -- is that how it works?

(Laughter)

MS. TETT: I'm sorry.

MR. RATTNER: You know, I'm a lot older than he is.

(Laughter)

MS. TETT: Okay. Mr. Rattner.

MR. RATTNER: No, that's kind of just --

MS. TETT: What was your title?

MR. FROMAN: Let's go back to "Mike." That's right.

MS. TETT: One of the nightmares of anyone who thinks that the U.K. is more status-conscious and more formal than Americans has never been to Washington.

(Laughter)

MS. TETT: Believe me, one of the hardest things -- as a British journalist living in America, one of the hardest things for me to learn is all these wretched titles that people keep forever which is very alien. So Steve.

MR. RATTNER: Well, look, I've known Mike for a long time and I can tell you that his last day in office

is the last day he'll call himself Ambassador Froman. That is not his style at all. He is very different from the typical Washington person. Look, I think it is going to be very -- sadly a very heavy lift. I think the politics are really tough. Certainly if the election goes one way we kind of know what's going to happen.

If it goes the other way I guess we can be hopeful that Secretary Clinton, having been a supporter of it -- I'm trying to be delicate about how I say this -- having been positive -- positively inclined toward it in the past, will see its merits. But let me just say a couple of things if I could, Gillian, because I --

MS. TETT: Can I stop there one second on the subject? I mean do you think that Secretary Clinton supports TPP today?

MR. RATTNER: This is like when did I stop beating my wife.

(Laughter)

MR. RATTNER: I think --

MS. TETT: Because I was going through a quick (inaudible) --

MR. FROMAN: Maureen?

MS. TETT: -- skim off the recent quotes, you know, recent comment, press articles and nothing that I can see for a long time indicates that she's supporting it in any way, shape, or form.

MR. RATTNER: I think she supports free trade. I think she understands that -- as Mike said, that trade and globalization are here to stay, that trade has conferred enormous benefits on us. I think that -- I don't know if she supports this -- I'm going to stay out of this. This is really not where I should be going at all.

(Laughter)

MS. TETT: Okay. Well, tell me about globalization instead.

MR. RATTNER: Let me say just a couple things because I agree with I think almost everything Mike said. But look, a couple things. First of all I think while it is easy to draw a straight line from the U.K. to the U.S. to Donald Trump, I think it's a little bit more complicated than that. And you -- you know, you certainly would know half of this much better than I would. But as I have read the polls and followed what's going on in the U.K., it's a little bit, I think, of a slightly different mix of issues than it is in the U.S.

As Mike pointed out, many Brits woke up the next day and said, let's go negotiate free trade agreements. I think it was -- no? I'm sorry. Okay. Well, we'll interview --

MS. TETT: I can assure you that was not the --

MR. RATTNER: Okay. Well, we'll interview you next.

MS. TETT: Okay.

(Laughter)

MR. RATTNER: But right now it's my turn. And what I have -- what I found interesting in the polls is that immigration seems to be much more the issue in Britain than trade and actually more the issue than it is here. If you look at the polling data, this massive opposition to immigration in the U.K. And in fact immigration, notwithstanding what you might think or believe, if you simply listen to one of the candidates, still polls as a positive. I mean more Americans than not think immigration is a good thing.

Conversely, if you look at the economic data, I think you would see that the average worker in the U.K. has done a bit better in relative terms in terms of progression of real wages than the average worker here has

done and there's a bit less income inequality. And so I think the effects of globalization -- and we can debate how much globalization, how much technology on the U.S. worker has probably been somewhat more than it has been in the U.K.

Also we have a much less robust social safety net than the U.K. does. And so when someone does get dislocated in one form or another -- and by the way, getting dislocated doesn't mean just you lose your job, there are a lot of other ways that people get dislocated -- their wages can be pushed down, they -- someone else can lose their job, a factory can close, other workers in that town become dislocated. So there's a lot of impacts of all this. But look, I -- can I just say one word about my experience in the auto thing?

MS. TETT: Yes.

MR. RATTNER: Because I was -- I spent my whole career as a services guy. I worked with media and telecoms companies. I never -- I practically never set foot in a manufacturing plant. And then I was asked to try to help deal with the auto crisis, and it was a real eye-opener for me when I actually saw what was going on in our manufacturing sector here. And a lot of it's inexorable, a lot of it's inevitable, some may even be vaguely desirable, but it's hard to get around the fact that there has been a dramatic drop in the -- while there was a drop in the absolute number of manufacturing jobs for a long time, there has been a modest increase in the number of manufacturing jobs more recently.

But let me just ask -- since you asked the audience -- last year I think we created 2.7 million jobs in this country -- does anybody have any guess as to what percent of them were in manufacturing? I think that's just 1 percent -- 27,000 jobs.

MS. TETT: So say it again -- 1 percent or the 2.7 million new jobs created last year in America were in manufacturing?

MR. RATTNER: Were in manufacturing.

MS. TETT: That's an amazing stat.

MR. RATTNER: I'll give you -- good. But you like that one, I'll give you --

MS. TETT: Have you used it yet in *Morning Joe*?

MR. RATTNER: No -- I don't know if I have. But I'll give you one more and then I'll yield the floor. If you want to look at -- and so when I said it's not just a question of a worker being dislocated, it's also a question of what happens to their wages. And so if you want to look at wages, since the bottom of the recession in 2009, the average worker in America has had their wages go up in real terms by a couple percent, 1 or 2 percent.

The average worker in manufacturing has had their wages go down by about 2.5 percent. The average worker in the auto sector has had their wages go down by 12-1/2 percent because of this kind of stuff we had to do to become competitive. So I'm all for trade, I'm all for globalization, I'm all for trade agreements. But I think we need to be doing -- and this is not a criticism of the administration or Mike, but as a country we need to be doing a lot more to help the people who are being left behind.

And again, it's not just the guy who loses his job at the Carrier air-conditioning factory in Indiana that it -- when it moves to Mexico, it's the other people in town, it's the people whose wages are depressed, it's those people going to the workforce, it's the autoworkers that we had to ask to take significant pay cuts. And so if those of us who believe in free trade and believe in trade agreements want to see these things get passed, then we need to somehow try to convince people on the other side of the aisle who also want free trade agreements that we need to package this with a bunch of stuff to make it economically palatable for the rest of the country.

MS. TETT: But in reality nobody has really come forward with any tangible measures to do that.

MR. RATTNER: Oh, the --

MS. TETT: I mean can you point to any examples where a set of economic policies have lessened the impact of free trade and made voters turn about and say, yes, we love these deals? Ambassador Froman or Mike?

MR. FROMAN: Well, I was with you through half the question.

(Laughter)

MR. FROMAN: I think first of all, I -- this is going to be a terribly boring panel because I'm in violent agreement with everything Steve -- Mr. Rattner has said -- His Excellency.

(Laughter)

MR. FROMAN: It is absolutely right that we need to be very much focused on this. And I think it's one of the things that hopefully will come out of this current political debate here that people will see that we need to do more going forward than we have in the past. But we should recognize some of the major steps that were taken. I mean, you know, first and foremost the work that Steve and others did during the midst of the financial crisis to manage the crisis so it didn't become a new Great Depression so that now we do have 14.4 million new jobs including 800,000 new manufacturing jobs since the trough of 2009-2010.

The ACA, the Affordable Care Act, giving people the ability to move with their health care if they lose a job, or to move to a better job or one that's better suited for them and not worry about losing their health care -- 20 million Americans now having the ability to do that. Last year we got the 6-year renewal of something called the Trade Adjustment Assistance program, you know, which -- and we were able to reform it so that it covers services workers as well as manufacturing workers.

It covers workers who were maybe displaced not because of a trade agreement, but just because of

something going on around the world, whether it's in India or China or some other country with whom we don't have trade agreements, or that provides wage insurance for workers over 50 years old. We did a paper reform of our overall training programs to make them more demand driven, driven by the needs of the private sector rather than just being sort of from the top down.

Now, none of that I think has led to your -- final part of your question was does that lead everyone to cheer these agreements. And no one is saying that that's enough. We need to be much more focused on whether it's infrastructure, education, lifelong learning, skills-building and the like. But there are steps that have been taken to try and deal with some of these issues.

MS. TETT: But going forward, what can you possibly do over the next 2 or 3 years to actually reduce the hostility? I mean you can say yes, the current administration has done a lot of policies to try and ease the pain for those economically disadvantaged and say tangibly has not helped to make people any more positive about trade, quite the reverse. So what on earth can you do in the next few years to actually lessen this -- what I would argue is a backlash?

MR. RATTNER: Look, it's hard. I'm not going to -- I can't totally disagree with the premise of the question. I would say a couple things. First of all, if you want to be sort of vaguely hopeful, as our own employment rate has come down -- it's now down to 4.7 percent, as you know. There has been -- there have been indications of -- that wages are just rising as simply as the supply workers contracts a bit and employers are forced to pay a bit more.

And so as people's wages start to go up -- and there was a new set of data that just came out the other day from the manual SAS. As you know, it looks through the tax data that for the first time in a good while the people at the -- the bottom 99 percent essentially actually got a reasonably significant wage increase in 2015. And so there are some -- so that is I think the -- I think that is the ultimate -- the ultimate solution is

to find ways to get people's wages up as well as doing a lot of the stuff Mike said.

But I would go maybe a bit broader than Mike, I don't know, but I -- because I do think the impacts are very broad and they're not just, again, the guy loses his job here or there, but it's this whole category of workers who simply are competing against workers in other parts of the world who get paid a lot less. You know, the average automobile worker in America gets paid -- still gets paid even after everything we had to do -- \$55 an hour including all their benefits.

And in Mexico it's \$7-1/2 an hour, and the Mexicans are every bit as productive as we are today when it comes to making cars. And so it's not surprising that outside of the U.S. the largest supplier of car stuffs is not Japan, it's not any other part of the world, it's Mexico. And if you look back, for example, for between 2007 and 2009, our car production dropped by 50 percent during the recession, Mexico's dropped by 25 percent because the car companies are shifting more and more production there because it's the -- because it is simply more competitive, and we live in a competitive world.

So it's going to be tough, and I think that we also need -- I'll make one last point -- I think that manufacturing is not going to be our salvation. I think we need to maintain a manufacturing base for all the reasons that we can talk about. But I think we also need to recognize that we are very competitive in a whole bunch of other industries that people don't always think about as being either good jobs or being exports -- but health care, education, IT -- those are not only good jobs, they're also exports.

If somebody comes here to be educated in one of our universities from overseas that's an export. If somebody comes here to be treated at the Cleveland Clinic, that's an export. And so rather than kind of lamenting the past and trying to recreate jobs that we're no longer competitive in, we need to be emphasizing the jobs where we still can add the kind of intellectual content that allows us to compete.

MS. TETT: Right. Let me turn it a bit towards some of the more nitty-gritty issues. Now, we can argue all day about whether TPP is actually going to happen. But what about TTIP -- the Transatlantic Trade Partnership? Because that was looking pretty sickly even before the Brexit vote. You've had Ambassador Malmström, the EU -- sorry -- EU trade commissioner Malmström in town of Washington this week. That was quite a long scheduled visit, I think. What on earth did you talk about? And how on earth do you go forward in the wake of Brexit with anything like a real, you know, transatlantic trade partnership?

MR. FROMAN: Before I answer the question, just to make an observation that I always find it interesting that every -- that things are deemed by the conventional wisdom --

MS. TETT: -- i.e., journalists.

MR. FROMAN: -- to be impossible until they're inevitable.

(Laughter)

MR. FROMAN: And I recall 16 months ago they said trade promotion authority would never happen. It happened. Then they'd say we'd never complete TPP. And then we completed it. And of course now we're saying none of these things are going to happen. They may or may not happen. But there is this point where at least in Washington things are can happen/can't happen/can -- of course it's going to happen. And so -- and we believe that this is going to happen.

On TTIP our goal remains trying to complete it this year. We think there are good reasons to do that, some of which are quite obvious at the moment, and we've made actually quite good progress in the last 8 months. And we -- our teams are meeting almost constantly, not just Cecilia Malmström and myself, but our chief negotiators, our leads of all of our teams. And we have formal rounds coming up. The big -- but you put your

finger on an important question, which is Europe has a lot on its plate at the moment -- Brexit, the migrant crisis, the hangover of the Greek debt crisis, the rise of Euroscepticism across the continent, the call for referendums in other countries.

Our hope is that they've got the focus and the political will to get this done this year. We're focused on this, the President conveyed that when he was in Hanover in -- a couple months ago in May and again at the G7. I think we've heard from European leaders that they also would like to get it done. But we're at that stage where it's going to require political will to work through the remaining difficult issues and find pragmatic and creative solutions.

MS. TETT: I mean some people in Washington have suggested maybe without the U.K. on board there'll be more incentive for the European Commission and Union to get the deal done just to show that they can get stuff done without the Brits.

MR. FROMAN: I think it cuts both ways. There is the concern about distraction, and yes, I think there's an incentive now more than ever that at a time when Europe is being subjected to a lot of centrifugal forces that they can demonstrate that they can come together and get something important done and that the transatlantic relationship as well will be strengthened as well. So we're certainly pursuing it with that in mind, but we need to make sure that our partners can do so also.

MS. TETT: And where do you see the U.K.'s relationship with the U.S. going on the trade front? Because you know, President Obama came over to the U.K. and -- during the campaign and declared that the U.K. would be back of the queue for any trade deals if Brexit happened. That went down very badly in the U.K. Any of you who've seen the film *Love Actually* might remember the scene when Billy Bob Thornton comes over as a U.S. President and tries to bully the British Prime Minister and has a big backlash.

And you know, certainly the message from President Obama did not go down well in the U.K., probably strengthened -- not probably, definitely strengthened the Brexit campaign. So you disagree? You think that --

MR. FROMAN: That's not what I've heard from the British -- other British commentators. But I -- you know, that's yours --

MS. TETT: Do you think it was a good idea for President Obama to say that?

MR. FROMAN: I think we see -- I'll make clear that of course it's up to the British people to make these sorts of decisions. But from our perspective having a strong U.K. and a strong and unified EU that can be outwardly focused and capable of being a partner of ours in dealing with a whole range of outstanding issues, I think that was very important to convey. And at the time some of the feedback we got is that it very much helped the Remain camp.

MS. TETT: Well, is the U.K. now at the back of the queue for trade deals?

MR. FROMAN: Well, I think the reality is the EU -- that the U.K. will -- has to be and will be preoccupied with negotiating its relationship with the EU for the foreseeable future. And there's a bandwidth issue of the entire government having to be focused in that regard, though it's the most -- it's a very complex set of questions that are only now beginning to be understood. And so there's a lot of work to be done there. I think the other reality of it, when you just look at the nuts and bolts, it's very hard for us to think about what kind of agreement we would negotiate with the U.K. until we know what the U.K.'s relationship with the EU is going to be.

Will the U.K. be following the Norwegian model with the EU where the -- Norway takes whatever regulatory decisions Brussels makes, doesn't have a voice in them, but it adopts them? Will it take the Turkish model where it's part of a Customs Union with the EU so the tariff

policies of Turkey are in fact determined in part by the EU, not by themselves? Will it take a free trade agreement model? So it's still unknown.

Till that's known, it's hard to know whether the U.K. has the sovereignty to negotiate tariffs or regulations or standards or intellectual property rights or any of these other areas that are part of a trade agreement. So when the President said that they will be at the back of the queue, he focused on the fact that we're building these platforms like TPP and TTIP, one with the Asia-Pacific, one with Europe, both of which are intended to be platforms that other countries might join in the future.

And you know, whether the U.K. joins TTIP when it's done or as I've heard one idea from somebody recently that maybe they should join TPP. It would give them access not only to the U.S., but to several countries that the U.K. -- that it does not currently have access to or that it would have to renegotiate free trade agreements with -- anyway after Brexit. So there are a lot of ideas out there. I think the reality, the nuts and bolts reality is that the U.K. is going to be preoccupied with negotiating with Brussels for the foreseeable future and will want to make sure we're doing everything we can.

We have a special relationship with the U.K. We're going to want to be thinking about what else we can do to deepen the trade and investment relationship in the appropriate way and at the appropriate time.

MS. TETT: Well, I must say as a -- someone who was born in Britain although I live in America now, I found that profoundly depressing, because essentially what you're saying is that the U.K. is going to be stuck in limbo for a very long time, and if it's lucky it might be able to join the Trans-Pacific Partnership, although it's nowhere near the Pacific, and otherwise it's sort of stuck there waiting. Do you think Brexit was a -- is going to be a terrible mistake?

MR. FROMAN: Well, I think I'll leave that to the historians. I'm not qualified to say. I think the

British people have spoken, and now it's time for the responsible parties to move forward and figure out how to take this forward both with the EU and with the rest of the world.

MS. TETT: Well, Steve, since you're not an ambassador, can you be more upfront?

(Laughter)

MR. RATTNER: Sure. Yeah. Look, I think it will go down in history as a terrible mistake assuming it unfolds the way it's headed now. As you know better than we do, Gillian, they've launched this whole period of uncertainty not just on trade, but on a thousand different things. It's going to be at least 2-1/2 years unless something cuts it short before we even know how this all ends. There's a game of cat and mouse going on at the moment between Britain and the rest of the EU over who's going to even go first and who's going to retain the leverage in this negotiation and who's going to end up kind of being the one that's in the weaker position.

And I think it will go down as a profound mistake. But that being said, I would just say one other thing which is that, you know, we do a reasonable amount of investing and a reasonable amount of business within the EU and it would be difficult -- if you wanted to design a dysfunctional organization and a dysfunctional set of relationships among countries, you would be hard-pressed to do something more dysfunctional than what the EU has managed to do to itself.

And you know, Mike just alluded to a couple of these different arrangements, you know, Norway has a deal and Switzerland has a deal and Turkey has a deal and then there are some that have the euro currency. And there's some that don't have the euro currency and there are some that are in the Schengen zone. But if you're in the Schengen zone you still have your own intelligence and immigration people, so nobody really knows who's in which country.

And you'd say they've all got different corporate issues, you know, Italy has rule of law issues, France has issues about hiring and firing people, Germany has a completely insane energy policy. And so they have created this Rube Goldbergean contraption that is just very, very hard to manage and very hard for an investor to be very excited about investing in.

And so while on the one hand I do think Britain has put themselves in a really difficult position for some interminable period of time I think, you know, if you want to be optimistic -- and I was actually -- came on a panel in this very room a couple nights ago -- feels like 2 years ago -- in which people were talking about this -- you know, you could say that out of this maybe it's a wake-up call that the EU -- maybe they realize that, you know, the way they've been operating isn't in everybody's best interest, and maybe they pull themselves together. But yeah, I think Britain has put themselves in a really tough spot.

MS. TETT: Right. Well, I must say as someone who worked in Brussels as a journalist and covered the Commission, I used to joke that, you know, the Brussels bureaucracy made Washington look really rational by comparison.

(Laughter)

MS. TETT: But I mean I guess the other way to read this it's not so much a wake-up call to Europe, it's also a wake-up call to frankly anyone sitting in Aspen, which is that, you know, I wasn't in the U.K. on the day of the results, I was there for much of this week. As far as I'm concerned, you know, people did not wake up the day after results and say, let's go out and negotiate some more free trade agreements.

On the contrary, people woke up -- people who had voted to exit, many of them woke up and said, we have stuck it to them. We have basically given the elites a kick somewhere unmentionable, we're very, very angry. And as someone who went back to the U.K. and spoke to many of

my friends the last few days, I have never seen a country, the U.K. as angry, as divided, as pulverized, as bitter as I've seen it in the last week. I mean it is absolutely shocking for anyone who grew up in the U.K., the current mood.

And in fact right now the best -- the most best hit piece on the fd.com website, the *Financial Times* website is an extraordinary essay by Kazuo Ishiguro, the novelist, about the shock of what has happened and the sheer anger and the emotion inside the U.K. So I'm curious just to ask both of you, and then I'm going to turn to the audience for questions, to what degree do you see Brexit as a squeal of rage against the elites? And do you think this makes it more likely that Donald Trump will be elected?

MR. FROMAN: Yeah, I'm not going to comment on the second part of the question per se. I think --

MS. TETT: You don't want to comment?

MR. FROMAN: No. But let me build on that and on your question. Because I think even before Brexit we saw this rise of populism on the right and on the left, the anger, the concern here in the United States, as Steve alluded to, because of falling wages or wage stagnation which have only begun to turn up in the last year-and-a-half or so. And these are serious issues. And I think there is -- that sends us two messages. When I say us, I mean the people in this room included.

One is we have to take these issues seriously and figure out how to build political support for the kinds of policies necessary to address the underlying concerns. It's not by raising walls around the country, raising tariffs, hurting low and middle income Americans by raising the cost of everything that they buy leading to, as some economists have estimated, a loss of seven million new jobs and an immediate recession.

That's not the right answer. But there are policies that Steve -- and I've talked about that -- I think could be part of the solution along with trade agreements that raise standards in other countries -- raise wages in Mexico and things of that sort. But the second part -- and I was with one of your colleagues, Martin Wolf, back in January, and he got up in an audience not dissimilar to this and said, do the elites recognize that they have failed to explain the benefits of globalization?

MS. TETT: I think that was actually at Davos, wasn't it?

MR. FROMAN: It was.

MS. TETT: Yeah.

MR. FROMAN: Do they realize that they have failed to explain this? And that their responsibility lies partly on their shoulders to now go out and make sure people understand what's at stake, because we are at this inflexion point. We don't want to see a repeat of the 1930's. And you know, people in this room and rooms like this are in their communities making decisions about wages, making decisions about investment in their local communities and being active in the political process.

And it's important, it's a called action that people in this room and people in rooms like this are to be taking a very proactive stance towards explaining what's really at risk here and making sure people understand the cost of going down the wrong road. And that is a long-term effort, that's not something that gets sorted out between now and November, necessarily. But it is something that I think we very much need to do as a country.

MS. TETT: Steve, how do you see this playing out with the Trump phenomena?

MR. RATTNER: I'm going to come to that in one second and I will answer, because I'm not in office. So I don't want to disagree with Mike, so I'll disagree with Martin Wolf slightly. I don't think it's just -- I don't think it's simply a matter of explaining to people the benefits of globalization of trade like they're little children who don't understand, and you know, you've got to -- if you just sort of put stuff up on a blackboard and tell them that, you know, furniture prices have gone down 7 percent in the last 5 years because we import most of it now or this or that, there's suddenly going to feel better about it and say, jeez, isn't this a wonderful thing.

I think we need to do more about the effects of globalization and recognize that these effects for many, many Americans -- you know, not the people in this room, I doubt there's anybody in this room who earns their living in any way other than through intellectual brain power which so far has been largely an advantage we've preserved. But for the people out there who earn their living some other way, these -- you know, you can't just sort of lecture to them and say, it's all going to be fine and globalization is a wonderful thing. I think we need to do stuff.

And I wrote a piece for *The Times* a few months ago -- I don't know, it suddenly hit me that -- and I don't mean to make this a partisan comment -- but for the Republicans who are gnashing their teeth about Donald Trump and how they ended up with Donald Trump, they should be looking at themselves, not at the people out there who voted for him. Because if they had enacted any number of a thousand proposals that have come from the administration, from the Democrats, from think tanks, from a bunch of other places, those people who are affected would actually be somewhat -- might be somewhat less affected and might be somewhat less disgruntled and might be somewhat less inclined to go for an out-of-the-box solution.

So I think we need to just -- not just explain that. I think we actually need to do stuff. As far as Donald Trump is concerned, I don't honestly think --

again, I think this may be a little bit of the propensity of elites -- I don't think probably 97 percent of Americans know what Brexit is or what it means or whether it's a good thing or it's a bad thing.

And so I think they're -- and as I said earlier, my perception, Gillian, which you can disagree with is that I think while there's a mix of similar forces at work, not just in these two countries but all through Europe, all through many other parts of the world, I think that they are somewhat different. And I think that Donald Trump will stand or fall on his own depending upon how this campaign unfolds and what he says and so on and so forth.

MS. TETT: So you don't see any parallels between the U.K. referendum and the forthcoming U.S. election?

MR. RATTNER: No, I see enormous parallels. I thought your question was do I think that what happened in the U.K. makes it more likely that Donald Trump will be elected. And I don't think there's a direct line. I think if you want to find an example of what can happen when the people rebel against the elites you can point to that, but you can also point to all kinds of, you know, elections that have been going on on the continent with far right parties, far left parties and so on.

And you're going to -- you know, this -- so the phenomenon exists all through the developed world, but as I said, in my perception is for slightly different reasons in slightly different places.

MS. TETT: Right, right. Well, if nothing else, what's happened in the U.K. has certainly made journalists keenly aware that they can get things very wrong in their own predictions, so. I'm going to turn to the audience now and see if any of you have got questions. As ever, it would be courteous but not compulsory to identify yourself. Please keep them short, and that way we can get more comments from the audience into the debate. So we

have a question here and then over there and then there.
So why don't we start with the gentleman in blue?

SPEAKER: Hi, my name is Steve. My question is that you were saying that our cost structure really makes us uncompetitive in manufacturing. My question is Germany and Switzerland have a comparable cost structure but they're doing much better in manufacturing. What can we learn from them to bring back some of our manufacturing?

MR. FROMAN: Go ahead. But then I have a question for you.

MR. RATTNER: Oh. I don't know that much about -- I'm not -- let me talk more about Germany because I know a little bit more about Germany. Germany has done a couple of things that we either don't want to do or can't or whatever. In no particular order -- first, they're members of the eurozone and that's an enormous advantage for them because they're effectively operating with a much weaker currency than they would if they were to (inaudible) the Deutsche Mark.

And so when you want to -- if you want to know what is -- why among many other reasons that Germany so badly want the eurozone to stay together, it's because they get to -- they get an -- basically get a big advantage. Secondly, if you go all the way back to the early 2000s when Germany was called the sick man of Europe because of the integration cost of bringing the east into the mix, Germany held their wages down for a long period of time, and so they became simply more competitive by doing that.

Now that said, Germany is somewhat less competitive at the moment. And so in 2010 -- I apologize for keep using car examples, but it's the only thing I know anything about -- in 2010, Volkswagen opened a plant in Chattanooga. And they were paying people \$14-1/2 an hour of cash wages and about the same in benefits which is about half of what a German autoworker makes. And they got thousands of applications.

And so what were they doing? They were basically moving from a high-cost operating country, i.e., Germany, to a low-cost operating country, i.e., the U.S., because our wages are much more flexible and they were able to compete. So I think there are some -- certain structural differences. I think in the long run they do face ultimately the same set of challenges we face when it comes to being globally competitive.

MR. FROMAN: The only point I want to make -- and I pose it a bit as a question because Steve will know whether this fact is accurate or not. My understanding is with the recent data in, we now produce more manufactured products in this country than ever before in history. We are a major manufacturing country. Now, it's a smaller percentage of our GDP because our GDP has grown. It's certainly done with fewer workers.

But that trend started well back 60 years ago as it has in most manufacturing countries, including Germany, that saw with productivity increases, with automation, with other factors, well at bay, at work that the same amount of production or increased production was made with fewer workers. So I think it's a misnomer to think that we can't compete in manufacturing. Whether manufacturing will ever regain as a percentage of our GDP is another issue, but we are a major manufacturer. We are doing more manufacturing, as I understand it now, than ever before.

MR. RATTNER: That is true. But, but --

MR. FROMAN: There's always a but.

MR. RATTNER: There's always a but. That is true, but as you did acknowledge, as a share of GDP it's going down and there's a whole bunch of stuff we don't really make here anymore. We have lost something like 75 percent of our furniture and textile jobs, I believe. And that's not all automation, some of it is, but a lot of it is simply them going somewhere else. A little fact I

actually got from one of your colleagues is we have a 48 percent tariff on sneakers, is that right?

MR. FROMAN: It may be as high as that, but then sneakers is one of the areas where we have very high tariffs.

MR. RATTNER: Okay. So we have a 48 percent tariff on sneakers, let's just say, but we don't make any sneakers here, because even with the 48 percent tariff on sneakers we can't really compete. And I'll give you -- and I'm not trying to be so negative, but I'll give you one other depressing fact to it which is that we used to think that we had a huge advantage in making airplanes because they're very sophisticated, require a lot of expertise, et cetera, et cetera.

Well, they're now assembling Learjets in Mexico. They're assembling Citation jets in China. The -- you know, the quality of the labor force in those places is getting better and better, and we have to just simply accept that.

MR. FROMAN: And this is why we need trade agreements that require these countries, including Mexico, to have ILO -- International Labor Organization standards like the right to strike, the right to associate, free unions, and then we have the ability through our trade agreements to actually require the countries to do so or we impose trade sanctions on them. And that's what TPP does. NAFTA did not do that. NAFTA did not have binding and enforceable labor provisions. TPP does, not just for Mexico and Canada, but for the rest of the 40 percent of global economy covered as well.

MS. TETT: Right. So if and when TPP and TTIP get passed, that will at least address those issues. We got a question over there.

SPEAKER: I have a question for the ambassador.

MS. TETT: We have a microphone, I think, or someone could pass.

MR. RATTNER: She's got a microphone.

MS. TETT: Oh, I'm sorry. I didn't see you had -- it's a -- okay, let's do that and then -- I'm sorry --

SPEAKER: I have a question for the ambassador. I'm curious under the scenario that the trade agreements are going to increase, you know, the level of living of people around the world and provide better labor conditions in those countries and all those things. But when you look at what Mr. Rattner said about the cost of labor here being \$55 an hour compared to in Mexico \$8 a hour, where do you see equilibrium going, like, how can you possibly explain that away?

Of course when you look at that scenario, we're just going to continue to erode our wages as all these other countries, like, go from \$8. I mean there's just, you know, such a huge gap, I don't see how it's kind of -- you know, we're going to grapple with that.

MR. FROMAN: So right now we are one of the most open economies in the world. Our average applied tariff to the taxes on imports is 1-1/2 percent. 50 percent of what we import comes in duty free. We don't use regulations as barriers to trade as other countries do. But these other countries have much higher barriers. So what that means is that when we grow we suck in imports from all around the world, including from low-wage countries. We're competing with Mexico, Vietnam, Malaysia, Peru right now, right now.

Question is what do we do about it. If we don't raise labor standards in these countries, if we don't reduce barriers for our exports to these countries, then we run the risk as you laid out in your question, of the situation continuing to deteriorate. If through these trade agreements we can both eliminate these barriers for our exports so there's more incentive to keep production

here and then export things there and at the same time make sure, for example, that they have to have independent unions that can strike.

Usually in TPP -- Vietnam is a communist country, one-party state, one trade union labor market. To be part of TPP Vietnam has agreed to allow independent unions that can raise their own finances, elect their own leaders, strike, affiliate with who they want to, get help from outside, from the AFL-CIO or the ILO or anywhere they want. That is a very significant change. And that has the potential to raise their wages as their workers begin to get organized -- maybe not to the level of ours, but we know that if there's a more level playing field we can compete and win.

MS. TETT: So essentially what you're saying is at the face of the wage differential of the thought that Steve just has highlighted. There are really three options -- you either just suck it up and do nothing and face a situation getting more extreme or you build a wall à la Donald Trump or you try and reform the others by having them take part in these trade agreements. Is that a fair summary?

MR. FROMAN: I think those are three important scenarios that we now face and --

MS. TETT: Do you see a full scenario?

MR. FROMAN: Please.

MR. RATTNER: Well, I would say I think a fourth and a fifth in a way. Number four, I don't think we need to have wage parity. Companies put a lot of value on having their supply lines being reasonably short, on having -- and operating in markets but notwithstanding all the provisions of disagreement where they know this is the rule of law, where they know what -- how to do business and so on and so forth.

And then my fifth point or my -- the last thing I would add is again I think you -- we need to -- I think we need to pick the spots in which we compete. I don't think we're going to be successful trying to make textiles and furniture in this country again in any major way. But there's a lot of still high value-added, high intellectual content stuff that we can compete it.

MS. TETT: We have --

MR. FROMAN: Can I just add to -- I'm sorry. I think it's a very good point. I think -- you know, there was the article in *The New York Times* about 2 years ago about a German auto company that was deciding where to build its next plant. And it was debating between United States and Mexico. And ultimately it decided Mexico. And it didn't decide it because of the wages. It decided it because Mexico has more free trade agreements with other countries, which means they can build the cars in Mexico and ship them for -- to more countries around the world than they can in the U.S.

That's not a competition we should lose. Like, that's a competition we ought to be able to win. And I've had a number of companies particularly from Germany that come and said our energy is one-quarter of the price that it is in Germany. We have rule of law, we have an entrepreneurial culture, we have a decent, although need to be improved infrastructure, that if we can do these trade agreements, TPP and TTIP, we'll have free trade with two-thirds of the global economy.

And that makes the U.S. the production platform of choice, the place where people want to put their next factory. Like Steve mentioned the Volkswagen factory here in the United States -- not only to serve the U.S. market, but to export from here to Asia, to Latin America, and back to Europe. And that's where we're on the verge of being able to do is help contribute to that positive momentum.

MS. TETT: We have a question over there.

MR. LANSON: Yes. My name is Lou Lanson (phonetic) and I heard Ambassador Froman a little over 2 years ago when it appeared that TPA was dead. You spoke of CFR as I recall, and you pulled a rabbit out of the hat. You resuscitated that dead beast. In respect to TPP, what are the timelines established in the agreement? How could the agreement be modified to satisfy, a) President Clinton -- this will mean Hillary Clinton is elected. She's left a little bit of the door open to changes that might satisfy her. What sort of scenario do you have to get the TPP past the finish line?

MR. FROMAN: So all of the 12 countries are in the process of getting it ratified to their system, some are further ahead than we are. Most of them have to make major changes to their laws to raise the standards to the standards we negotiated. We don't have to change our laws; all we do is change our tariff code effectively. So our goal is to get this done over the course of this year. The timeline in the agreement is we signed it in February of this year, it's to go in effect within 2 years of that, ideally all 12 countries together.

If not, six countries representing 85 percent of the GDP can bring into force. That effectively means the U.S. and Japan need to be part of it. So the other countries are very eager for us to get this done. This is the most complicated agreement, I have to say, we've ever tried to negotiate. And there are over a bunch of reasons for that, the fact that it's 12 countries, the fact that we already had FTAs with several of the countries so we didn't have market access to give them as an incentive. We profoundly believe that you can't renegotiate the agreement or the whole thing will unravel.

Having said that, we're working with stakeholders who have particular concerns with members of Congress who raise particular concerns to see how we use the implementation process as we work with the countries and they implement it to make sure we're addressing as

many of those concerns as possible without actually renegotiating the agreement.

MS. TETT: Right.

SPEAKER: (Off mic.)

MR. FROMAN: We'd like to get it done as early as possible this year. Leader McConnell has made it clear that he doesn't expect to see a vote on it before the election. So there's a lot of talk around the lame duck period. But our goal is as we build support for it on the Hill, we go through the nuts and bolts of preparing the legislation, and we work to resolve any outstanding issues. Our goal is to get it done this year.

MS. TETT: Right. We got a question there and another back -- towards the back, so yeah.

SPEAKER: So if the TPP is not ratified by the United States, question a) will it dissolve because of the GDP threshold or can the rest of the countries implement it, go off on their own? And what will happen in that respect? And b) what will be the effect on our credibility and capability in the world to negotiate the rest of the trade agreements you have in mind?

MR. FROMAN: So the -- as it's currently -- the agreement itself, if the U.S. doesn't join them as these other economies become a lot larger in the very near future, TPP would not be able to move forward without the United States. Our credibility is very much at risk. And you've heard Prime Minister Lee of Singapore say publicly, you know, if we can't count on you to deliver on cars and agriculture and services, how can we count on you when it comes to military and security arrangements.

You've heard Prime Minister Key of New Zealand say, the rest of the world is not going to wait, you know, you'll create a void and Beijing will fill the void. And that, you know, we -- it's not something we've talked about here yet, but we're not the only party out there.

There are other negotiations going on. China has a regional strategy. It has a One Belt, One Road initiative. It's got the Asian Infrastructure Investment Bank.

Yeah, it's got something called RCEP which is a trade agreement it's negotiating with 16 countries ranging from India to Japan. It's moving forward very quickly with that. And if we don't move forward TPP, we -- and they complete RCEP, we will lose our share of that market. And the set of rules that would be in the region aren't rules that reflect our interests and our values. You know, there's nothing in RCEP on raising labor and environmental standards in these countries and making them enforceable.

There's nothing in there on protecting intellectual property rights. There's nothing in there on putting disciplines on state-owned enterprises, so that they have to compete fairly when they compete against our private firms. There's nothing in there when it comes to protecting the digital economy making sure that the Internet remains open and free and the data can flow freely across borders. Those are all part of TPP.

If TPP doesn't go forward, those rules will not be put in place in that region, and that has to be a worse situation for our workers and our firms to try and compete in that world where the rules are set by others where they're getting -- they're carving up the markets at our expense than by moving forward with TPP.

MS. TETT: Right. We got a couple of questions towards the back and -- gentleman at the back. Yes.

SPEAKER: So I'm curious how you feel the complexity of pulling this all together in the light of having just come off of our probably worst economic crisis since the '30s and then accusations of currency manipulation around the world. And by the way, based on your comments in Europe you could argue that that's a

massive currency manipulation. How does that -- how will that impact the success of these programs?

MR. FROMAN: Me or you?

MR. RATTNER: I'm not sure I understand.

MS. TETT: Maybe -- yeah.

SPEAKER: So you have this --

MR. FROMAN: On currencies, specifically?

SPEAKER: Well, yeah, you don't hear much talk about currencies. And you hear Donald Trump say he's going to -- he's not going to buy his shorts from overseas when in fact they cost, you know, one-tenth the price. And unless there's a massive change, I don't see how you can ever change that.

MR. RATTNER: Well, look, on currency manipulation I think Donald Trump is, like, about 5 years out of date. I mean there was a point at which you could have argued -- I think we're talking about China or at least he's mostly talking about China -- you could argue that China was trying to artificially keep the value of their currency low. But, you know, the RMB has gone from something over 8 like 5 years ago to 6-1/2 now and now -- and China -- and because actually other countries in other parts of the world devalue their currency more, China became somewhat uncompetitive and so they've been devaluating a little bit but in a very managed way.

So I actually think -- and we haven't really talked about this but I'll just start out there, if anybody wants to follow up -- we haven't really talked about non-tariff barriers. I think there are a lot of legitimate things you could say about China and how they compete in terms of market access and in terms of, you know, allowing companies to compete on a level playing field and so forth. But I don't think currency manipulation is really today's issue.

MR. FROMAN: The only thing I'd add is TPP is the first time we have a currency agreement as related to a trade agreement. So the 12 countries have agreed on what the criteria are for responsible exchange rate policy. They've agreed on a whole series of transparency mechanisms, so we'll now know when central banks are intervening, how they're intervening, how much they're intervening. And as an accountability mechanism where countries will hold each other accountable against those -- they'll judge each other's performance against those criteria. So this -- if people are worried about currency, again, those -- only goes into effect if TPP moves forward -- they ought to want to get this deal done as well.

MS. TETT: All right. We got a question out there. We're almost out of time, but -- okay.

SPEAKER: (Off mic.)

MS. TETT: There's a microphone just next to you -- we have time.

MS. RENTSCHLER: Yeah. Barbara Rentschler (phonetic). I read in the *Wall Street Journal* that China gave their manufacturers \$30 billion to keep manufacturing in China. I came from an industry where (inaudible) worked with RCA, Zenith, Magnavox. They're all out of business. And we do business now with Sony, LG, all these companies. And all these countries are exporting all their unemployment here. They're selling things below cost and keep their workers having a job. A 50-year-old now, if he loses his job, he can't get another job.

MR. FROMAN: I think you're right on. I mean that's exactly the concern is that other countries follow a different set of rules, including subsidizing over capacity. We have this incredible problem of excess capacity right now in steel, aluminum, solar panels, other products. But China has built up in a subsidized way an immense capacity that is depressing prices around the world and distorting trade. And we use our trade laws to

try and get at it, but more importantly we need to be able to use the various tools we have to try and get countries not to subsidize their industries.

MS. TETT: Last quick question, then we'll --

SPEAKER: I just had a question. I mean I've listened, tried to absorb what you're talking about. It seems like what we're really dealing with is an issue where we're trying to keep our companies more competitive and create more jobs and opportunities for American workers. My question is it seems as though from everything I've heard this week there are lots of jobs out there for skilled workers and there are lots of immigrants and others who are willing to do the low-paying jobs that most indigenous Americans don't want to do.

So will any -- if you get a hundred percent of what you want out of this, will it really address significantly the facts on the ground that seem to be creating the problem that we have? Because we're not going to have any less immigrants and the companies that are looking for skilled workers can't find people to fill the job openings that they already have.

MR. RATTNER: Why don't you go first and I'll be second?

MR. FROMAN: Well, I think -- yeah. I think we have --

MS. TETT: Okay. You have a minute each.

MR. FROMAN: Okay, I'll use less than that. I think what you're pointing out is that there needs to be a wide range of policies that deal with these issues like education, skills training, making short training programs or actually preparing people for the jobs that are out there where there are in terms of the supply and demand. And we need to do a lot more domestically in that regard, but we need the political support to do that and hasn't been there today.

We -- every year we propose ideas, got every year in our budget, the President's budget. There are a whole series of ideas about training programs and helping communities to exactly the sort of work that you're suggesting, but we need the political support to actually get it done.

MR. RATTNER: Let me something -- first I think Mike has really -- and I'm -- I mean has genuinely made a really great and clear case for why TPP is important and why even in the face of all the impacts of globalization that we've talked about in this panel and so many other panels this week why it is important to get it done. But we shouldn't -- I don't know -- I think Mike would disagree with me -- we shouldn't kid ourselves that this is some panacea for all the issues that we've been talking about for the last hour.

It's a tough, competitive world out there and we're going to have to compete. I started to say something about China and then we went to this last question. You know, I also spent a reasonable amount of time in China. And they don't play fair, and there's no getting around that they don't play fair when it comes to subsidizing their state-owned enterprises, when it comes to some of the things you mentioned. And I'll give you one tiny, quick little example but, you know, we have some -- we have the Food and Drug Administration, the FDA.

They have something called the CFDA, which is the Chinese Food and Drug Administration -- they even stole our name -- but they have something called a green channel where it's if you are a Chinese company you get your drugs approved faster than an American company would, which basically forces American companies to partner up with these Chinese companies or otherwise see the playing field. It's not a coincidence that Amazon failed in China.

It's not a coincidence that Uber is in the fight of its life in China. They don't -- the playing field is

not level. But we -- but doing things like TPP is a way to get more people on our side so that we can fight these other battles and just keep chipping away at it. I don't have a better idea, and I think it is our best path forward.

MS. TETT: Well, thank you. Well, it's been a fascinating discussion, I mean from my part -- I take away three key points. Firstly that Ambassador Froman is one heck of a tenacious optimist --

(Laughter)

MS. TETT: -- and you're certainly working hard to keep pushing this through. Secondly, it seems that in a world where you don't want to put walls up and you don't want to just let the comparative advantage or disadvantage keep getting worse, that there is a lot of the argument -- a lot of good arguments to be made for more free trade. But thirdly, I don't think anybody in this room would doubt for a millisecond that the wind is blowing if not against you, then they're behind you.

And you certainly face a pretty tough fight to be pushing forward these free trade agreements over the next year. So I guess whether you think as a good idea or a bad idea, I just say good luck. Thank you.

(Applause)

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