

Team Trump's Claptrap on Trade

Retrieved Monday 24th of July 2017 07:42:22 PM
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LAUSANNE, SWITZERLAND – The Trump team welcomed its newest member over the weekend.

Henceforth, communications will be controlled by Goldman Sachs alum Anthony Scaramucci, aka “The Mooch.”

This brings to five the number of Deep Staters from Goldman Sachs dominating the administration – Gary Cohn, Steve Dina Powell, Steve Bannon, and now another King of Queens, Scaramucci.

Not on the government payroll, but keenly aware of the “good that government can do,” is Goldman CEO Lloyd Blankfein.

According to the *Financial Times*, Blankfein has done very well since Trump won the White House; his wealth has increased more than \$150 million.

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[The “next Bitcoin” is CRUSHING it – and you can get in while it’s cheap](#)

Marijuana stocks are all the rage. But the cryptocurrency market is growing five times faster – and historically has delivered record-breaking gains of 1,041%, even a rare and extraordinary 5,047% in a year. Venture capitalists are investing over a billion. And at least 5 national governments – with a combined GDP of \$17.3 trillion – are getting in now, too. For the next few days, we’re showing you how you could get in on the “next Bitcoin.” [Details here.](#)

World’s Richest People

If Blankfein were to come to Lausanne, he would probably stay here.

In the Beau-Rivage Palace hotel, on the shores of Lake Geneva, we see some of the world’s richest people.



The view of Lake Geneva from Bill's Swiss hotel

An Arab sheik arrived yesterday while we were waiting for a cab. Elizabeth described the scene:

"The first person to get out was a maid with a crutch, and then a very fat ankle protruded out of the car. Two black-draped ladies then appeared and – it must have been the matriarch – heaved out of the van. Slowly, she shuffled in, dignified, plump, and short, draped in transparent black chiffon like Queen Victoria in mourning.

"Out of the following van came the sheik, wearing a green silk baseball jacket – racing colors? – over his white robes, followed by a stout lady and two beautiful younger women each holding a child by the hand – one a boy and one a girl. The younger women had the happy, eager expression of those about to go on a shopping spree. The older one might have been looking forward to a quiet afternoon with her favorite series and some knitting. Then the Philippine maids followed with the Louis Vuitton handbags."

The group – *sans les maids* – is sitting across from us at breakfast.

Someone should do a sociological study of Beau-Rivage Palace clientele. They come from all over the world, each with his own story... and each story with a happy ending. At least for them. These people are the 1% of the 1%.

"Why are we here?" we asked Elizabeth, who made the reservation. She said she got a "special deal." When asked how much it cost, ever thoughtful, she replied, "I don't think I should tell you. It will only depress you, and you won't enjoy it."

One of the nice things about being rich is that you get to observe rich people. Who are they? How did they make their money, you wonder?

There are only two possibilities...

Win-lose deals, in which, in the language of Wall Street, you "rip someone's face off." Or win-win deals: voluntary exchanges where everyone comes out a.

At one table is a Japanese family with three small children. At another is what appears to be a group of bankers – sleek, well dressed, well mannered. In the far corner are the oligarchs.

You can spot the Russians a mile away. The men – big, burly, tough – look like people who might really rip your face off. The women always have a special expression, as though they have been mistreated all their lives and are bored with it.

Our arrival on Saturday was inauspicious.

Unlike the group from the oil sands, the valet car parkers must have thought we made a wrong turn.

Our car has been in the shop for the last year. It is 15 years old, and the garage seems unable to find the right electronic parts to fix it.

So we drove across France in the horse van. Pulling up at the Beau-Rivage Palace, the *voituriers* didn't quite know what to make of us.

"Yes, we have a reservation," we insisted. "We always have reservations when we come to a place like this. But we'll stay here anyway. Ha-ha. No, we are not here to fix the plumbing."

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[Silicon Valley Exec: 3 Ways to Get Rich on Self-Driving Cars](#)

Most investors don't realize how quickly self-driving cars are advancing. In fact, by the end of 2017, fully self-driving cars could reach the mass market. This is the hottest trend in technology right now. And if you act quickly, you could make a fortune. I've used my decades of experience as a Silicon Valley executive to identify [three key self-driving stocks that could make you a fortune this year](#).

Comparative Advantage

But let us begin the week where [we left off on Friday](#), on the subject of wealth, the future, and the director of the White House National Trade Council, Peter Navarro.

There are, of course, many people with Harvard PhDs who are ignorant of French wines. Many couldn't decline a Latin verb if their lives depended on it.

Still others have no idea what Heisenberg was so uncertain about or why Wittgenstein decided to pass over his most precious thoughts "in silence."

But it is rare to see someone with a PhD in Economics from Harvard reveal that he knows so little about... economics.

It makes you wonder about his boss, too.

The theory of comparative advantage came to light in the 19th century. Adam Smith, David Ricardo, and others noticed that dates and nuts could be more efficiently produced in Algeria than in East Anglia, whereas British factories could turn out broadcloth faster and cheaper than almost anyone.

The world would be a richer place if each producer did what he did best... and traded with others for what they did best. Win-win.

In other words, if it takes us 100 hours to do something someone else could do in 50 hours, we're almost always better off spending our 100 hours doing something else.

It doesn't matter whether we're talking about trade across borders or across town, the principle is the same: People get richer as win-win deals expand. And taken together, people never got richer faster than they did in the last 50 years.

Here's science author Matt Ridley:

In that half-century, we have gone from 75% of the world living in extreme poverty to just 9%. We have increased human productivity by some 3,000%.

No seems to know this. The late Hans Rosling conducted a poll in which he asked people if the proportion of the world living in extreme poverty had doubled, halved, or stayed the same in the past 20 years. Just 5% of people thought it had halved – which is the right answer.

Why such spectacular progress?

Comparative advantage. And win-win. Cooperating with others all over the globe, people are able to make things that none on his own even knows how to make.

Copper from Chile, tin from Indonesia, steel from South Korea, electronics from Japan, rubber from Vietnam, plastics from China – put them together and you have a dishwasher!

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[Why the Establishment FEARS This Man](#)

He calls politicians like Bill Clinton “sociopaths.” Yet President Clinton attended a private gathering with this millionaire at the White House. Dick Cheney tried to shake his hand in New Orleans. But in front of dozens of onlookers, he publicly shamed the former Vice President. [His identity and his controversial plan to “Drain the Swamp” revealed here.](#)

Extreme Ideas

As far as we know, the principles of comparative advantage and win-win have never been seriously contested.

But Navarro doesn't seem to believe it. He writes:

Reducing a trade deficit through tough, smart negotiations is a way to increase net exports – and boost the rate of economic growth.

How does that work again? What exactly do you do? And what happens?

Here's *Politico* with an update on Mr. Navarro's career in Washington:

Peter Navarro, one of the White House's top trade advisers, is widely viewed throughout the West Wing and Capitol Hill as a prickly personality with extreme policy ideas.

But he has nonetheless emerged as an influential force in the White House who appeals to President Donald Trump's protectionist impulses. [...] Recently, Navarro has scored several policy wins. In late April, the administration announced that it planned to impose tariffs on softwood lumber imports from Canada. The United States and Canada have been feuding about softwood lumber for decades, and Trump's decision to hit Canada with tariffs infuriated the country's leaders. Navarro declined to comment on his role in it.

Pete, could you run through that one more time...?

You impose your win-lose deals – tariffs on lumber, raising housing prices. Households get their faces ripped off, paying more for the roofs over their heads. Then they have less to spend on other things.

A few cronies in the lumber business score a few bucks. A few U.S.-based lumberjacks may or may not get wage increases.

Overall, lumber will cost more... thereby reducing output per dollar... thereby reducing real economic growth.

The law of comparative advantage tells us that we will be worse off, not better.

And what's all this about toughness and smartness? What makes you think you're any tougher or smarter than the Canadians?

"Why do I care how tough and how smart you are?" asks the importer. "It's not about you. It's about the lumber."

Mr. Navarro hankers to control America's commerce.

Instead of carefully observing the win-win deals that make the world richer, he wants to impose his own claptrap win-lose deals... and hold it back.

Regards,