

## **“Up Our Game, Canada” Module 3 Transcript: A Summary and Analysis of Stephen Mirran’s “A User’s Guide to Restructuring the Global Trading System”**

Slide 1:

Welcome, everyone. Today, we explore international trade through Stephen Mirran’s paper, ‘A User’s Guide to Restructuring the Global Trading System.’ Miran masterfully integrates tariffs, currency adjustments, and national security into a unified strategy to fortify American industry under a second Trump administration. Brought to you by Tony Bailetti, Ph.D., and Ian Lee, Ph.D. of the Sprott School of Business, Carleton University, this analysis challenges us to reimagine global trade and its impact on our economic future. Let’s dive in and uncover how these interlocking elements can reshape our industries in a rapidly changing world.

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Slide 2:

So, let’s now focus on a bold, transformative blueprint for U.S. global economic domination from Stephen Mirran’s November 2024 paper. Miran, a Trump administration cabinet pick, offers the only systematic analysis of the Trump doctrine, revealing a detailed roadmap for the next four years. His insights are especially crucial for our Canadian neighbours, who must now navigate a landscape shaped by strategic U.S. tariff threats aimed at harnessing American economic power. The implications are profound, urging all stakeholders to reassess their positions in an increasingly competitive global arena. As we delve deeper into these ideas, consider this: How might an economy, armed with such an aggressive strategy, reshape not only international trade but also the very fabric of global power? Let’s explore these questions together as we continue our analysis.

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Slide 3

Taking our attention to the very purpose behind Stephen Mirran’s paper, *A User’s Guide to Restructuring the Global Trading System*. In this work, Miran sets forth a comprehensive blueprint that seeks to redefine international trade by integrating tariffs, currency adjustments, and national security concerns into one strategic framework. His aim is clear: to bolster American industry and assert U.S. economic dominance in an increasingly competitive global arena.

As we examine this strategy, it is essential to consider both its promises and its pitfalls. On the benefits side, Miran’s approach offers several compelling advantages. First, it provides a clear, systematic roadmap for revitalizing American manufacturing, positioning U.S. industries to regain a competitive edge. Second, by aligning economic policy with national security imperatives, the strategy creates a cohesive vision that can help streamline decision-making in times of global uncertainty. Finally, for

policymakers and business leaders alike, this blueprint offers much-needed clarity—a guiding light in an era marked by economic turbulence and rapid change.

Yet, as with any bold strategy, there are inherent disadvantages that demand our careful attention. One significant risk is the potential for retaliatory measures from trade partners—actions that could escalate into broader economic conflicts and disrupt global supply chains. Moreover, the aggressive use of tariffs and currency adjustments might inadvertently lead to market distortions, unsettling the delicate balance of international trade norms. While the focus is on American dominance, such an approach may also trigger unintended long-term geopolitical repercussions that could undermine global economic stability.

In essence, Miran’s paper challenges us to weigh these transformative benefits against the risks of destabilizing our interconnected world. It compels us to ask: Is the promise of renewed industrial strength and strategic clarity worth the potential for economic disruption and geopolitical fallout? As we move forward in our discussion, let us embrace this dual perspective—recognizing that every pioneering strategy carries both opportunity and uncertainty. This balance, this dynamic tension between bold vision and cautious reflection, is at the heart of truly transformative economic thought.

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Slide 4

Let’s now distill the essence of Stephen Miran’s paper, *A User’s Guide to Restructuring the Global Trading System*. Here, Miran lays out a comprehensive blueprint that invites us to rethink the very foundations of international trade. Allow me to guide you through the key elements:

1. **Core Problem:**

At the heart of the paper lies a critical question—what is fundamentally broken in our current global trading system? Miran identifies deep-seated imbalances and outdated policies that undermine fair competition and the sustainable growth of domestic industries.

2. **Proposed U.S. Strategy:**

In response, the paper outlines a bold U.S. strategy. This isn’t merely a collection of ideas; it’s a calculated roadmap aimed at leveraging American economic power to redefine global trade, restoring competitiveness and asserting strategic dominance.

3. **Tariff Policy and Economic Impact:**

Tariffs are not portrayed as blunt instruments here. Instead, Miran details how carefully calibrated tariff policies can protect domestic industries while reshaping economic interactions on the international stage. This approach is intended to recalibrate trade dynamics in favor of a robust national economy.

4. **Categorizing U.S. Trading Partners:**

Recognizing that not all trading relationships are alike, the paper categorizes U.S. trading partners. By understanding their distinct economic roles and behaviors, tailored strategies can be developed to address specific challenges and leverage unique opportunities.

**5. Currency Policy and Reserve Asset Adjustments:**

A crucial pillar of the strategy involves revisiting currency policies and adjusting reserve assets. This component addresses how shifts in currency valuations can influence global financial stability and help balance trade disparities.

**6. Financial Market Consequences and Risks:**

No transformative strategy is without risk. Miran is keenly aware of the potential repercussions—market volatility, unintended economic disruptions, and broader financial instability—that may result from such sweeping policy changes.

**7. Long-Term Restructuring of International Trade Relations:**

Ultimately, the paper envisions a long-term reordering of international trade. It's a call to reimagine our global economic relationships, striving for a system that is not only more balanced and fair but also resilient in the face of emerging challenges.

Each of these points interlocks to form a unified, if audacious, strategy—a strategy that challenges conventional paradigms and dares us to envision a future where the U.S. leads a reformed global trading system. As we reflect on these components, consider the delicate balance between the promise of renewed industrial strength and the potential for economic disruption. This dynamic tension between risk and reward is what makes Miran's analysis both compelling and provocative.

Now, let's delve deeper into these themes as we continue our exploration of this transformative vision for global trade.

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Slide 5

Before we do that, let's take a peek into the profile of our distinguished economist whose work underpins much of our discussion—Stephan Miran. Imagine a scholar whose intellectual journey bridges both the public and private sectors, an individual whose insights continue to shape the contours of economic policy. Stephan earned his Bachelor of Arts in economics, philosophy, and mathematics from Boston University in 2005—a rigorous foundation that prepared him to explore the complexities of our economic world. Building on this, he pursued a Ph.D. in economics at Harvard University, where he had the privilege of studying under the esteemed economist Martin Feldstein. This period of deep academic inquiry not only sharpened his analytical prowess but also instilled in him a visionary approach to economic challenges.

In December 2024, his expertise was acknowledged at the highest levels of government when President-elect Donald Trump nominated him to serve as the Chair of the Council of Economic Advisers. This pivotal role entrusted Stephan with advising the president on matters of economic policy, highlighting the trust placed in his capacity to guide national strategy.

Stephan's career is marked by a series of influential positions. He served as Senior Advisor for Economic Policy at the U.S. Department of the Treasury during the pandemic recession, playing a key role in

implementing critical fiscal support measures. Later, as Senior Strategist at Hudson Bay Capital Management, he focused on global investment strategies—navigating the turbulent waters of international finance with insight and precision. His entrepreneurial spirit shone through when he co-founded Amberwave Partners, an asset management firm that reflects his commitment to innovative financial solutions. Moreover, as a Senior Fellow at the Manhattan Institute, he has engaged in in-depth research and policy analysis that continues to inform public debate.

Throughout his career, Stephan Miran has contributed extensively to academic and public discourse on fiscal and monetary policy, with his work appearing in respected publications such as the American Economic Journal, The Wall Street Journal, and Bloomberg. His contributions remind us that the blend of rigorous scholarship and real-world application is not only possible but essential for crafting policies that endure.

Today, as we consider his strategic vision, let us appreciate the depth and breadth of his experience—a testament to the power of thoughtful analysis in driving transformative change. Now, let's continue our exploration, drawing inspiration from his remarkable journey and the insights he offers for reimagining our global economic landscape.

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#### Slide 6

Let's now delve into the core problem at the heart of Miran's analysis: the persistent U.S. trade imbalances exacerbated by an overvalued dollar.

The U.S. dollar, by virtue of its status as the global reserve currency, remains stubbornly overvalued. This overvaluation isn't just a minor economic quirk—it fundamentally distorts international trade. When the dollar is high, American exports become more expensive and, as a result, less competitive on the global stage. Conversely, imports are rendered cheaper, further tipping the balance away from domestic production and contributing to the decline of American manufacturing.

Moreover, there is an inherent financial burden placed on the U.S. by the need to supply reserve assets to the global economy. This obligation not only deepens trade deficits but also places additional strain on domestic industries, compounding the challenges posed by an imbalanced trade framework.

In essence, this overvaluation sets off a cascade of adverse effects—raising export prices, undermining the competitiveness of domestic goods, and intensifying trade deficits. As we consider these factors, we are compelled to ask: How can such a system be reformed to restore equilibrium and bolster American industry? It's this very question that propels our exploration forward.

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#### Slide 7

Introducing the proposed U.S. strategy—a bold vision poised to revolutionize the very structure of international economic relations. Imagine, if you will, a unified framework that seamlessly integrates tariffs, currency adjustments, and national security concerns into one coherent policy. This isn't a piecemeal approach; it's a comprehensive strategy designed to do several things at once.

First, by aligning these tools together, the framework seeks to boost government revenue through targeted trade policies while simultaneously reducing inflationary pressures. It's an approach that doesn't simply react to current imbalances but proactively sets the stage for a more balanced economic future.

Central to this strategy is a major shift in international economic relations. Here, U.S. trading partners aren't viewed as a monolithic group. Instead, they are categorized based on their trade practices and security alignment. This categorization is critical—it allows for differentiated policies. For instance, tariffs can be used as a lever to compel countries to open up local industries or product markets that have been closed off to U.S. corporations. In other words, if a country is determined to restrict market access, it will face the full weight of economic penalties.

Consider the ambitious aspect of this strategy: it aims to pressure major trade partners, notably China, and others, into making economic concessions that favor the U.S. economy. The plan outlines a large-scale tariff policy—60% tariffs on China, and at least 10% tariffs on other nations. This is not a subtle nudge; it's a bold, decisive move intended to recalibrate global trade balances.

But, as with every bold strategy, there are inherent risks. Such sweeping measures come with significant concerns: financial market volatility, the likelihood of retaliatory trade measures, and unintended consequences for U.S. exporters, who might find themselves caught in the crossfire of these aggressive policies.

In essence, this proposed strategy is both visionary and contentious—a deliberate attempt to use economic policy as a tool for asserting national strength. It challenges us to consider not only the potential for renewed industrial dominance but also the delicate balance between assertive policy-making and the unpredictable dynamics of global markets. As we reflect on this, ask yourself: How can we harness these powerful instruments while mitigating the risks they inevitably bring? This is the question at the heart of our ongoing discussion on reshaping international trade.

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#### Slide 8

A key component of this transformative strategy takes center stage: the tariff policy and its anticipated economic impact. Imagine a scenario where tariffs are not merely a defensive tool, but a strategic lever designed to recalibrate the balance of global trade. The proposed strategy envisions devaluing the U.S. dollar relative to the currencies of our trading partners. This deliberate adjustment is aimed at boosting the competitiveness of American goods—making exports more attractive, drawing in vital investment, and ultimately sparking the creation of manufacturing jobs across the country.

To put this into perspective, the proposal calls for imposing a hefty 60% tariff on China, coupled with at least a 10% tariff on other nations. These significant rates are intended to not only increase government revenue, but also serve as a powerful bargaining chip in trade negotiations. By leveraging such tariffs, the U.S. could potentially compel its trading partners to reconsider and adjust their own trade policies.

Another interesting aspect of this approach lies in its reliance on currency adjustments. The strategy assumes that by allowing foreign currencies to devalue relative to the U.S. dollar, the inflationary pressures that might normally arise from such tariffs can be effectively neutralized. In essence, this would help maintain a stable economic environment even as the U.S. exercises a more assertive trade policy.

In summary, the tariff policy here is not solely about protectionism. It is a multifaceted tool—designed to reshape trade dynamics by increasing revenue, improving leverage in international negotiations, and ultimately reinforcing the backbone of American industry. As we ponder this, we must ask: Can this balanced use of tariffs and currency adjustments truly drive economic revitalization, or will the inherent risks of market volatility and unintended consequences prove too formidable? This is the critical challenge at the heart of the discussion on restructuring global trade.

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#### Slide 9

Shifting focus to how U.S. trading partners are categorized under this strategy reveals a key element that underscores the art of tailored diplomacy and economic leverage. Here, countries will be systematically ranked based on three core criteria: trade fairness, currency policies, and national security alignment. This nuanced approach recognizes that not all trading partners are created equal. For those allies and nations that meet U.S. trade and security expectations, the strategy offers a path toward lower tariffs—a kind of economic goodwill that rewards compliance and cooperation.

Conversely, nations that engage in unfair trade practices, or whose currency and security policies deviate from established norms, could face higher tariffs and more severe economic consequences. This dual approach not only incentivizes fair play on the global stage but also reinforces the importance of aligning economic policies with broader national security interests.

Ultimately, by categorizing trading partners in this manner, the strategy creates a dynamic framework where economic rewards and penalties are clearly defined. It challenges us to think about international trade not as a static, one-size-fits-all relationship, but as a carefully calibrated system that rewards responsible behavior and penalizes practices that undermine the balance of global trade.

As we move forward, let's consider the broader implications of this classification system—how it might reshape our international relationships and redefine what fair trade means in a rapidly evolving global economy

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#### Slide 10

Let's turn our focus to an essential component of this strategy—currency policy and reserve asset adjustments. Here, the U.S. is prepared to explore both unilateral and multilateral approaches to adjust the value of foreign currencies, a move aimed at leveling the economic playing field.

Historically, we've seen the U.S. lean on multilateral cooperation to influence currency values—a strategy rooted in building consensus among international partners. But in today's rapidly shifting global landscape, the strategy isn't confined to this traditional path. It now contemplates unilateral

interventions as well, a bold step designed to counteract the persistent undervaluation of foreign currencies that can distort trade and disadvantage American industry.

Imagine a scenario where the U.S. can directly influence these currency dynamics—ensuring that our exports remain competitive while protecting the domestic market from unfair external pressures. This dual approach, blending the time-tested method of multilateral engagement with the decisiveness of unilateral action, is intended to secure a more balanced economic environment.

In essence, by recalibrating currency values, the strategy aims to fortify the U.S. economy against the adverse effects of undervaluation abroad. It's a forward-thinking measure that recognizes the complexity of global financial interdependencies and seeks to harness them in the service of national economic resilience. As we continue our exploration, consider how such proactive policy adjustments might reshape not only trade, but the very architecture of global economic stability.

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#### Slide 11

Examining the financial market consequences and potential risks of this ambitious strategy is crucial to understanding its broader implications. As we embark on this transformative path, it is essential to acknowledge that any significant shift in policy comes with inherent uncertainties.

The strategy is built on the premise of rebalancing trade through tariff implementation and currency adjustments. However, such measures are likely to introduce volatility into global financial markets. One immediate risk is the possibility of retaliatory trade measures from foreign governments—a reaction that could spark a tit-for-tat escalation in trade barriers, destabilizing the delicate balance of international commerce.

Moreover, increased market uncertainty is a real concern. As investors navigate these turbulent waters, global investment could be adversely affected, with confidence shaken and capital flows disrupted. This uncertainty is not just a fleeting inconvenience; it could have lasting implications for economic stability worldwide.

Another significant risk lies with U.S. exporters. In a landscape of higher tariffs and more restrictive foreign trade policies, these businesses may face higher production costs and formidable trade barriers. Such challenges could undermine their competitiveness on the global stage—an outcome that must be carefully managed.

In summary, while the proposed strategy aims to reconfigure the global trading system in favor of U.S. economic interests, it also brings with it the potential for market volatility, retaliatory actions, and unintended setbacks for domestic exporters. As we reflect on these risks, we must ask ourselves: How can we strike the right balance between bold economic transformation and the prudent management of its consequences? This is the challenge at the heart of reimagining our approach to international trade.

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Slide 12

Looking ahead to the long-term vision reveals a transformative blueprint for restructuring international trade relations. This strategy is not merely about short-term adjustments; it envisions a fundamental shift in how global economic relationships are conceived and managed.

Firstly, the strategy seeks to tie trade policies explicitly to national security and economic self-sufficiency. Imagine a world where every trade decision is evaluated not just on market metrics, but on how it contributes to the overall resilience and security of our nation. In this new paradigm, economic policy becomes a tool for safeguarding national interests and promoting sustainable growth.

Secondly, the strategy positions the U.S. to extract greater financial contributions from its trading partners. By sharing the burden of providing reserve assets, it creates a more balanced and equitable framework for international finance. This means that our trading partners will contribute more significantly to the stability of the global financial system—a shift that promises not only to ease our economic burdens but also to foster a more collaborative global economic order.

Ultimately, the vision is to boost U.S. manufacturing competitiveness without sacrificing the dollar's revered status as the global reserve currency. It's an ambitious balancing act: on one side, strengthening our industrial base, and on the other, maintaining the stability and influence that comes from having the world's most trusted currency.

In essence, this long-term restructuring is a call to reimagine our place in the world. It challenges us to integrate security, equity, and economic resilience into the very fabric of international trade. As we contemplate this transformative vision, let us ask ourselves: How can such a reformed global trade architecture serve not only our national interests but also contribute to a more stable and just global economic order? This is the promise—and the profound challenge—of rethinking international trade in the 21st century.

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Slide 13

Now, as we step back and assess the overall strategy presented in *A User's Guide to Restructuring the Global Trading System*, we find ourselves face-to-face with an approach that is both bold and aggressive in its ambition. This is not a strategy for the timid; it is an assertive reimagining of the global economic order—one that seeks to tilt the balance of power in favor of the United States.

At its core, this strategy leverages a potent mix of tariffs, deliberate currency manipulation, and security-based trade policies. These are not isolated tools but interconnected levers, each designed to drive home the vision of a restructured global system—one where American economic interests are prioritized above all else.

The aggressive use of tariffs, combined with calculated adjustments in currency values, creates a dynamic framework intended to protect and bolster domestic industries. Simultaneously, by embedding



national security considerations into trade policy, this strategy positions the U.S. to not only dictate terms in economic exchanges but also to safeguard its geopolitical interests.

In essence, this is a comprehensive, no-holds-barred approach—a strategy that challenges traditional trade paradigms by advocating for a radical shift in how international economic relations are managed. It dares to ask: Can we reengineer the global trading system to better serve our national interests while confronting the uncertainties of an interconnected world?

As we assess this proposition, it is essential to recognize both its transformative potential and the significant risks it carries. This is a strategy that demands careful scrutiny, urging us to balance the promise of renewed industrial strength with the challenges inherent in reshaping the global economic landscape. Let us now delve deeper into what these bold measures might mean for the future of international trade and for our own economic destiny.

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Exploring how this proposed strategy benefits the United States reveals potential advantages intricately woven into both economic policy and national security.

First, consider the prospect of increased revenue for the U.S. Treasury. With the strategic imposition of tariffs, the government stands to generate significant revenue. This influx of funds isn't just about balancing budgets—it's about strengthening the entire U.S. economy by offsetting deficits and providing new resources for investment in critical domestic sectors.

Next, we have the opportunity to rebalance trade in favor of the U.S. Imagine a scenario where, through coordinated currency adjustments, U.S. goods regain their competitive edge on the global stage. As foreign currencies adjust, our exports become more attractive and our domestic industries find new vigor in the international marketplace.

Another key benefit lies in the leverage this strategy affords over our trade partners. By using tariffs as a bargaining tool, the U.S. can press for fairer trade agreements. This leverage could be especially effective in curbing practices such as intellectual property theft and other unfair trade measures—a significant concern in our dealings with countries like China.

Furthermore, the strategy is designed to strengthen national security through economic means. By aligning trade policies with national security objectives, it ensures that critical industries—such as steel and semiconductors—remain under U.S. control. In this way, economic policy is not isolated from our broader security interests; rather, it serves as a bulwark against vulnerabilities in key sectors.

Lastly, consider the potential for job creation in manufacturing. By discouraging imports and incentivizing domestic production, this policy could spark a resurgence in U.S. manufacturing jobs, particularly in industries that are vital to our national economic health.

In essence, the proposed strategy is designed not only to recalibrate international trade dynamics but also to fortify the U.S. economy from multiple angles—through revenue generation, enhanced trade competitiveness, increased bargaining power, strengthened national security, and robust job creation. As we reflect on these benefits, it becomes clear that this is a comprehensive approach aimed at securing a

prosperous future for America. Let's now move forward and consider how these advantages can reshape our economic future.

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Slide 15 – 16

Examining the potential weaknesses in this proposed strategy reveals a candid assessment of the challenges beneath its bold ambitions.

First, we must acknowledge the risk of retaliatory tariffs. In this dynamic arena of global trade, nations—especially formidable players like China and the European Union—might respond by imposing counter-tariffs on U.S. exports. This retaliatory measure could have a ripple effect, harming American businesses that depend on access to global markets.

Next, consider the specter of market volatility and investor uncertainty. Rapid, sweeping changes to trade policies, coupled with potential currency devaluations, could stir financial instability. Such uncertainty might prompt capital flight, further destabilizing an already delicate economic balance.

Then, we face the challenge of inflationary risks. While the strategy banks on foreign currency devaluations to offset rising prices, real-world currency reactions are notoriously unpredictable. In practice, higher import costs could translate into increased consumer prices, exerting pressure on households and the broader economy.

Furthermore, there is a significant impact on U.S. exporters to consider. If financial markets react negatively—potentially causing the dollar to strengthen—U.S. exports could become even less competitive, undermining the very industries this strategy seeks to protect.

Another key concern is the potential strain on international relations. Aggressive economic maneuvers might drive our traditional allies toward alternative economic alliances, such as China's Belt and Road Initiative. This shift could erode long-standing alliances and reduce cooperation on critical global security and economic issues.

Lastly, perhaps the most profound risk is the possible loss of the U.S. dollar's reserve currency status. If the U.S. is seen as aggressively manipulating its currency and imposing adverse conditions on its trading partners, we might witness the emergence of alternative global financial systems—potentially led by China—that could fundamentally alter the global economic order.

In essence, while the proposed strategy is designed to recalibrate our economic future, it is not without significant risks. These challenges serve as a sober reminder that any transformative policy must balance bold innovation with prudent risk management. As we reflect on these weaknesses, let us ask ourselves: Can the potential benefits truly outweigh the risks, or will the unintended consequences undermine the very goals we seek to achieve? This is the critical tension at the heart of rethinking our approach to global trade.

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## Closing

As we draw this exploration to a close, I invite you to reflect on the dual nature of bold ambition and cautious stewardship. The strategy we've examined challenges us to reimagine global trade—a call to transform risk into opportunity and uncertainty into action. Ask yourself: Are we ready to shape an economic future where American innovation and security redefine the rules of the game?

This is not a moment for passive observation but for active engagement. Let us harness our collective insight, debate with vigor, and take decisive steps toward a future where our policies empower industry, fortify our alliances, and inspire lasting progress. The time for thoughtful, courageous action is now.