The New Internationalism: The Nexus Between American National Interests and Globalism

Remarks by
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I'm very pleased to be here. This is a wonderful turnout. This meeting is a crucial annual assessment of where U.S. economic and international policy has been and where it's headed. And I want to especially credit Clyde Prestowitz, who is my good friend, for the tremendous work that he has done over a long period of time. I want to commend him for his persistence and for his dogged pursuit of what should be the right policies for our country on the international scene and the economic scene.

And I want to commend the Institute for carrying on a very honest and open discussion and debate of these issues. This is very crucial to happen. And I really credit the Institute with being the most important place in our country where these debates have been carried on.

This is especially important right now in 1998. In the wake of the defeat of last year's fast-track effort, it's important to have an open, honest discussion about what course we should be following and what we should do from here.

It's important to understand what that debate last year was about and what it was not about. The vote on fast track, in my view, was not a victory for protectionism. It wasn't about organized interests pressuring legislators. And it wasn't about fear of open markets. And it certainly wasn't about stopping or limiting trade.

The vote on fast track was a signal that citizens all across this country, as well as their elected representatives, want those in charge to simply fight for their interests. Americans are interested in a clear, consistent approach to globalization that recognizes that we're in a world economy and that there's no going back.

But they are also concerned that even though we're in this global economy, we still have national interests. These are, in my view, universal interests as well. And as the leader of the world economy, Americans demand that we fight for standards and conditions that ensure that trade is truly a force for progress rather than downward pressure on living standards and ideals.

Fast track was a fight about what our trade policy for the future should be.

The message was that the public doesn't believe that the status quo is good enough. They embrace internationalism, yet demand a change in our future trade policy.

Some commentators portrayed the position against last year's fast track as blanket opposition to free trade or resistance to opening markets to more trade.
In the heat of the moment, it's often impossible to have a real debate about the issues. But we must make sure that these misunderstandings do not obscure the real issues that are at stake.

I supported President Bush's fast-track request in 1991, and I was prepared to support President Clinton's request in 1997. The U.S., as you all know, has one of the lowest average tariff rates in the world. Since we face protectionist barriers all around the globe, it is critically important to see that these tariffs and protections are reduced as a simple matter of our national economic interest.

One way to get those barriers to our competitive products eliminated is through the leverage of our markets. Regrettably, this effort, primarily the use of Section 301 and Super 301, has largely been abandoned. A second way is through multilateral efforts like the World Trade Organization. I supported the creation of the World Trade Organization because I believe that ultimately our interests lie in having international rules that are fairly applied and adjudicated.

But as with the Fuji-Kodak case, I don't believe the jurisdiction should be given to the WTO where rules have not been negotiated and defined. If we have negotiated rules, then the United States and other countries should abide by them. But until we have defined rules, we must fight unilaterally for the interests of our farmers, our workers and our businesses.

The third way is the use of trade agreements -- bilateral, regional or multilateral. This is the primary approach of the administration. I want new trade agreements to be negotiated in order to improve the status quo. But they cannot be ratified without some justification. They must provide an improvement in the condition of trade. Too often, negotiated agreements have not lived up to this standard.

Since the planned first use of fast track was to expand NAFTA, its success or failure, our experience with NAFTA, is an appropriate point for the start of this discussion. An important component of free markets are free labor markets.

By refusing to address the enforcement of Mexico's labor laws, the NAFTA endorsed the artificial limits on collective bargaining, wage increases and all the other components of free labor markets.

Mexico has started down the road of true democratization. Opposition control of the legislature has presented interesting challenges to the ruling party, the PRI. New independent trade unions are just beginning to be formed. The current political turmoil and economic crisis have brought progress, but it's progress only on the margins.
Yet Mexico's labor laws remain largely unenforced in practice for the vast majority of Mexico's workers. Their bargaining power is severely limited by the current political, legal and economic system. Employment of Maquiladora plants along the border has almost doubled since the passage of NAFTA. But environmental enforcement has not changed or improved at all.

I am not seeking to impose American standards on other countries around the world.

But to start, I want other countries to be required to enforce their own laws. The rule of law should be the basic component of any trade initiative. Over time, we all want standards to be better, to be increased. This will occur through negotiations as well as political demands of the citizens of the world.

Just as the business community expects its intellectual property to be protected and its capital property to be protected and the laws that pertain to those to be enforced, our workers expect the product of their mind and their muscle to be protected by the enforcement of each country's laws.

Developing countries aren't going to adopt our minimum wage. Right now we're having enough trouble getting the Republicans in the Congress to increase ours to the levels that some of us think it should be. But the minimum wage laws these nations have adopted should be enforced. And as development in their country increases, as their productivity, quality and entrepreneurial spirit yields results, workers there should be able to bargain for and share in the profits from their hard work and productivity.

This is not a matter of some high-minded theory or idealism. It's a matter of hard-core pragmatism. If we can't create middle-class consumers all across the globe, there won't be anybody to buy our products or our services. And we'll see the continuing downward pressure on American wages. And there are provisions in U.S. law -- health, safety, environmental protections -- which must not be diminished by having to constantly compete against laws that are not ever enforced.

Right now, it appears that the WTO is attempting to weaken U.S. environmental laws through its dispute resolution process. We can't stand for such action.

It is beyond WTO's mandate to lower environmental standards, and I really hope our administration opposes this decision.
Now, the American people, I think, fully understand and accept that globalization is a fact of modern life and always will be. But they want policymakers to put it into some sensible context. And while it's a fact of life, its face, its contours, its complexion are up to us.

Today I want to spell out some steps that we need to take to ensure a high and rising standard of living for our people and people all across the globe.

First, we have to combat the efforts of the Republican leadership of the Congress to derail the funding package for the International Monetary Fund.

President Clinton and Secretary Rubin have energetically and passionately worked to get Congress to act on this very important issue. Two weeks ago, 80 percent of Democrats in the House joined together and voted to advocate the inclusion of IMF funding that the president has requested. But Speaker Gingrich led the Republican opposition to that action.

IMF replenishment is simply insurance against future global economic crises, and I believe is in our deep national self-interest. I think we're playing a very dangerous game of chicken with our economy. This is really the potential for jeopardizing what I believe and I'm sure you believe is the best economy America has had in our memory.

While the Asia region is quiet at the moment, the contagion that we saw a few months ago could still rise up and spread all across the world almost overnight.

Right now the IMF does not have the resources to bail out another major economy.

If, per chance, another large country in Asia begins to have serious erosion of confidence in their economy, the IMF is not equipped right now to be able to go and do a thing about it, because it doesn't have the resources to do it. The Republican leadership have allowed the radical, isolationist wing of their party to hijack the trade agenda, blocking IMF funding at every turn this spring.

I was the first elected leader in December to support the president's request.

I did so without being asked. This is a logical extension of my policy on trade and my recent stand on fast track. A country on the brink of bankruptcy is not going to enforce its labor or environmental laws. It will probably undermine them. It will try and export its way to growth and it will erect barriers to imports from the United States and everywhere else.

Recently I joined with Secretary Rubin in advocating the IMF package before the Chamber of Commerce. I urged the representatives of our business community
to redouble their efforts to help pass IMF funding. I said that we should not undermine our economy and our security. We should not succumb to the myopia of the Republican leadership. We should not jeopardize our efforts to build a new trade coalition, one that has the support of a wide spectrum of Americans in the business and in the labor community in this country.

We must not abandon efforts to fund the IMF. If we do, we could jeopardize the very wealth creation that we're so proud of today in America. Now, obviously the IMF is not perfect and it, like every other institution, is constantly in need of renewal and reform. The IMF must become more transparent and better promote stronger human rights, labor and environmental standards in recipient countries. However, before you remodel a building, you have to shore up its foundation before it falls down.

I believe that we need an IMF that promotes economic growth with equity, not one that's a rubber stamp for winner-take-all economic plans. Because it's in our self-interest, we need to replenish the IMF to provide the backstop that's needed for Asia and elsewhere around the world. But we also should demand reform, immediate reform, as well.

In the last two weeks, the issue of capital account liberalization has come up.

This is part of an effort to amend the IMF charter. This is a serious issue that requires serious discussion and debate. People from diverse points of view have raised concerns about this change at the IMF. However, we must not risk support for IMF funding on this issue.

The Democratic coalition in the Congress is prepared to work aggressively with the president and the Treasury to replenish the IMF, to strengthen its foundations. Then we should take the time to review and reform the IMF to ensure that it can successfully meet the challenges of the future. Democrats support the president on the replenishment of the IMF because it's the right thing to do. I would hope our friends on the other side would abandon their isolationism and join us to restore confidence in world financial markets.

Ultimately, if the IMF is to be successful, Japan must play a constructive role in resolving the Asia crisis by reforming its own economy. America cannot absorb all of the exports that are coming from the region. But right now, in my view, Japan is doing exactly the opposite of what is needed, attempting to export its way to economic recovery.

I've been talking for years about the failure of Japan to make the transition from export-led to domestic consumer-led recovery. The time to bring about this lasting change is now. If Japan refuses to change, it risks being pushed to the
sidelines of the world and having its role in the world economy gravely diminished.

I think it's ironic that Clyde Prestowitz, Chalmers Johnson, myself and many others who demanded change in the past were labeled as Japan-bashers.

Today our views are moderate and accepted as common sense and common wisdom. From crisis comes opportunity. And at every opportunity, in concert with our allies, we need to be persistent in our efforts to change Japan for the good of Japan's future and the world's. I hope that we can devote major portions of the G-7 summit in England and the 50th anniversary of the WTO in Geneva to bring about change and to help bring about real change in the systemic problems that exist in Japan.

The Asia crisis is the immediate issue. The longer-term issue is how do we move forward on further trade integration. I've already mentioned to you some thoughts about fast track, what the fight was about and so on. I intend to continue my fight for a progressive replacement for fast track, one that recognizes the complexity of the issues and the role that Congress must play, one based on the need for a new architecture for world trade.

The supporters of the Republican effort should not underestimate our resolve or that of those who were part of the coalition opposing their efforts last fall.

At the same time, they should not overestimate the power of their money. This was an issue of principle, not politics. We should welcome a dialogue on this issue. And one of the ways to build a bridge between the opposing views is with confidence-building measures.

Just prior to the vote on fast track, a number of proposals were offered to address labor and environmental issues.

In my view, they were too little and they were definitely too late. They were many of the same proposals that have been offered before and never successfully implemented. A commitment to and understanding of these issues, I think, would begin to build confidence in the process for those of us who opposed fast track last fall.

Let me be specific, very specific, about some steps that might be taken to help rebuild a pro-trade coalition in this country between businesses and workers for the good of the future of the country. A reauthorization package for trade adjustment assistance must be developed. And here I'm talking about one that
isn't just a marginal reform but that recognizes the real need to ensure that the victims of trade know that the country is not going to abandon them, that today's losers can become tomorrow's winners.

It's got to be funded, something that we've never been quite willing to do.

It's got to be accessible and it's got to be responsive to the task at hand.

And I want to add, this is not a welfare program. It's the center span that we need for the bridge to the future.

It means getting serious about using the provision which requires the U.S. representatives at multilateral lending institutions to use their voice and vote to promote and talk about workers' rights. It means that labor and environmental issues shouldn't be treated as academic issues or relegated to part of a debate about a civil society in the negotiations of the Free Trade Treaty of the Americas. They are trade issues, just like intellectual property is a trade issue and capital is a trade issue and should be given equal status and respect with all other trade issues.

The one issue that I thought everyone could agree on was the need to fight against the use of child labor. No one should profit by robbing children of their childhood. Sometime ago I wrote to the speaker asking him to work with me on a bipartisan package to begin to address the problem of child labor. We've not heard back. But for the children around the world, the sound of silence coming from the Congress on this issue is deafening. I ask the speaker again to begin a process and join me in starting that process by bringing before the House of Representatives a resolution endorsing the global march against child labor.

Soon I hope to push for other legislation that's been introduced, as well as offer new legislation to prohibit the importation of products made with child labor. And I challenge all of us in the country to pledge that we won't profit at the expense of the world's children. On an issue of such basic American common sense, common ground should be easy to find.

There are many other steps that can be taken, steps that will show the American people that their message during last fall's debate was heard. We must further a trade policy that promotes our values, American values, but universal in their importance. Whether it's human rights, children's rights, environmental rights, religious and political freedom, workers' rights, America must stand on the side of what's right for the entire world.

The president of South Korea, Kim Dae-Jung, put it best when he said, "I believe that the fundamental cause of the financial crisis, including here in Korea, is
because of placing economic development ahead of democracy." There are too many voices that put commerce over values but that don't understand that the values promote commerce. We've got to stand for something more than money. And in doing that, we will make more money.

A world trading system that degrades our principles, that suppresses democracy and fundamental rights of all people, is unacceptable and unwise. It offends our values and ultimately leads to instability and corruption. We need to use the leverage of our commercial and moral leadership to create a new architecture for trade all across the world, a blueprint that will create healthy and growing countries while also ensuring that the benefits of this growth are felt by the working people whose efforts bring about the growth, a new architecture that will promote both sides of the coin of democratic capitalism.

Contrary to the theories of the Chinese leaders, human rights are universal rights. Lincoln embraced this basic belief that the Declaration of Independence, and I quote, "gave liberty not alone to the people of our country, but hope to all the world for all future time." He was right. Just ask Wei Jingsheng. The yearning for freedom and democracy is not a matter of cultural imperialism. It is a matter which touches the souls of human beings all over the world.

We must pursue a new trade policy for the next century, not just a new American century where our commercial goods reign supreme, but a new American century where American values have as much currency as our money.

Thank you very much for letting me be here. I appreciate this opportunity.

Rep. Richard A. Gephardt has represented Missouri’s Third Congressional District since 1977. He is the Democratic leader of the U.S. House of Representatives and the founding chairman of the Democratic Leadership Council. He was a candidate for president in 1988. His career in Congress has also included service as House majority leader and as chairman of the House Democratic Caucus, as well as membership on the House Ways and Means and Budget Committees. He began his career in public service as a precinct captain in St. Louis and was twice elected alderman. Rep. Gephardt received an undergraduate degree in speech from Northwestern University, where he served as student body president, and a law degree from the University of Michigan.