

Remarks at the Business Council

Secretary Condoleezza Rice
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Thank you very much. I'd like to thank you, Jim, for that wonderful introduction. And thank you also Phil -- Phil Cassidy for inviting me here. It's great to be here. I see many friends in the audience and I look forward to having a chance to have a little bit of a conversation after I finish my prepared remarks.

Now, my standing here and talking to you about economic affairs and trade may be a little bit like what I did just a few days ago when Peyton Manning was at the White House. I did give him a few tips on play calling. (Laughter.) But because I am really a specialist in political affairs, political science and history, I really want to start with an historical reference this morning because it was exactly 60 years ago yesterday that Dean Acheson climbed onto a gymnasium stage at a small college in Cleveland, Mississippi. The gym was obviously sweltering hot. It was after all, Mississippi and it was packed with people -- teachers, and farmers, and parents minding their children, what Acheson later called, "a far cry from the conventional setting for striped-pants diplomatic utterances."

But Acheson knew that the stakes were high. Europe and much of Asia were devastated. The Soviet Union had turned from a necessary partner to an outright foe. And more than 5,000 miles away, in Geneva, negotiators from 23 nations were crammed into a crowded room of their own, working urgently to establish the new rules of an open global trading system -- one that could restore hope to a desperate world and prevent the failures of an earlier era, when world commerce had collapsed into world war. They call this new project the General Agreement on Tariffs and Trade.

Shedding his jacket and rolling up his sleeves, Acheson appealed to that Mississippi audience. He told them that America now had the responsibility to lead the free world and that began with free trade. He told them that lowering our tariffs would be a costly but vital investment in the success of our allies. He told them and I quote, "It is necessary if we are to preserve our own freedoms and our own democratic institutions. It is necessary for our national security and it is our duty and privilege as human beings."

Thus began the Truman administration's effort to convince the American people that free trade was now a pillar of our foreign policy and that a new system of economic institutions needed U.S. leadership to succeed. It was not just the General Agreement, but also the International Monetary Fund, then the World Bank, which made its first loan 60 years ago today. The Marshall Plan followed a month later. And through it all, Democrats and Republicans worked together. Indeed, the belief that the fate of the free world literally depended on America's openness to trade represented a strong bipartisan consensus all throughout "the long twilight struggle."

Now, why do I recount this history to you today? Because today, our national conversation about trade is in need of some broader perspective. With the end of the Cold War, a global threat disappeared. But somewhere in the decade that followed, we as a nation lost something else -- our understanding that trade is critical not only for our economic success, but also for our foreign policy and national security.

As a domestic issue, trade is more important than ever today and for good reasons. The global economy is undergoing a dramatic transformation, one that is creating unimaginable opportunities for many Americans, but also real challenge and dislocation. It is the responsibility of all of us and

indeed of the U.S. Government to help those Americans who want to work, who want to compete, and who want to get ahead, and who are just looking for a hand up, not a hand out.

The responsibility to strengthen America's workers extends to American diplomacy, and this is a duty that I personally take very seriously. Where the jobs and the prosperity of our citizens are at stake, our diplomats are using every article of law and every tool of persuasion to protect and promote American interests in the global economy. Where our friends and allies have entered into international agreements, we are holding them to their obligations, and making sure that they play by the rules. And wherever, whenever, we think that other countries can and should be doing a better job to live up to their agreements -- as in the case of intellectual property rights in China - - we are holding them accountable.

As a foreign policy issue, free trade has also assumed new importance in recent years. And this is what I want to talk with you about this morning. I want to speak about free trade as Acheson did -- as a strategic necessity, as a foreign policy necessity, as an integral part of our worldwide effort to support freedom and democracy, human rights and the rule of law.

For six decades, fueled by U.S. leadership, the international trading system has been an engine of global transformation. It has enabled more people to lift themselves out of poverty in the past two generations than in all of human history. And that's not all: As more nations have integrated into the global economy, as the total volume of global trade has skyrocketed, as global GDP has soared, the number of democracies in our world has increased dramatically -- and with this advance of freedom has come greater stability and security and peace. This is no coincidence.

Still, this transformation has not reached everyone. Half the human race remains on the margins of global economy, living on less than two dollars a day. For a long time, we did not see in this tragic situation an urgent national security challenge but we do now. If we look at where the greatest threats have emerged over the past two decades -- if we look at the many countries that we and our allies are working to stabilize, through billions of dollars in foreign assistance, and in costly military deployments -- they all share one thing in common: They're not strong, successful states; they are poorly governed states. In some cases, they are failing states. They are states that have yet to integrate into the global economy and realize its promise.

This is the major challenge that we now face: To foster peace and stability between states, we must promote prosperity, good governance, and social justice within states. Free trade is a critical tool in this effort. It is a pillar of our national security strategy. And that is the main reason why, under President Bush's leadership, and with bipartisan support in the Congress, the United States has compiled one of the most impressive trade agendas in recent memory. We've strengthened America's leadership in the global economy through trade promotion authority, new bilateral trade agreements, new regional trade initiatives and the launch of a new global trade round.

In 2002, President Bush pledged to "ignite a new era of global economic growth through free markets and free trade." Looking at the state of a global economy today -- historic prosperity, unparalleled poverty reduction, rising living standards -- I think it's safe to say that we're having some success.

It's important to understand what this prosperity means for people in the developing world. For a factory worker in Lesotho, who now has a well-paying job thanks to the African Growth and Opportunity Act; for farmers like the ones President Bush and I just met in the highlands of Guatemala, businesses that are booming because of the Central America Free Trade Agreement or for a student in Bahrain, who is hopeful about his future because he can now trade freely with America. For all of these people and for millions like them, free trade is about more than

prosperity. It's about dignity, the dignity that comes from being able to control your own destiny, and provide for your family, and know that your children will have unlimited horizons.

We also understand that, for many people, free trade is a matter of social justice. When it is supported by good governance and the rule of law, trade helps to break down the arbitrary social barriers of class and privilege, blood and birth. Better jobs and rising incomes enable ordinary men and women, not just elites, to afford education, and healthcare, and a home of their own. This leads to greater opportunity for people, especially those on the margins of society, to realize their full potential. And with this self-improvement comes social mobility, a chance for people to rise as high as their hard work and their natural talents can take them.

We realize, too, that the opportunities of free trade are not always equally shared. That is why, with the full support of the Congress, President Bush has launched the largest development agenda since the Marshall Plan. We have nearly tripled foreign assistance worldwide and nearly quadrupled it for Africa. We are funding historic initiatives to fight AIDS and malaria. We are leading an international effort to secure more than \$60 billion of debt relief for the world's poorest countries. And through the Millennium Challenge Account, we're using billions of dollars of foreign assistance as an incentive for developing countries to fight corruption, to invest in their people, and to transform their own political and economic institutions.

Developing nations are grateful for our aid, but what they really want is our trade -- and nothing would unleash the potential of global trade more than an ambitious completion of the Doha round that lowers tariffs worldwide. An aggressive market opening would enable tens of millions of people in the developing world to lift themselves out of poverty. President Bush and I are fully committed to Doha. Susan Schwab is working with determination to successfully conclude the round. Now the leaders of Congress need to act: They should renew the President's trade promotion authority. And they should join with us to challenge other leading nations to meet their responsibilities. Failing to realize the promise of Doha would go down in history as one of the world's worst missed opportunities.

With aid and trade working together, the results can be transformational -- and not just economically, but politically. Indeed, just negotiating a trade agreement can foster positive political change. The reason those documents are so thick is because they're filled with political and legal reforms -- literally thousands of them -- that governments are not just ready to make but willing to make. We saw the nations of Eastern Europe do this to join the European Union. And over the past six years, 11 countries have done much the same to secure free trade agreements with the United States. The results can be dramatic both for democracies and for non-democracies.

In closed societies, trade and economic reform can serve as a catalyst for greater transparency and political openness. An informed and educated public, with access to new ideas, will begin to break a state's monopoly on information. A rising middle class will create new centers of social power. Legal protections for property rights will feed a demand for human rights and a larger sphere for human liberty. Taken together, this is the beginning of civil society and the end of tyranny -- for no matter how much control the state tries to exert, sooner or later, this project will eventually run up against the following fact: You cannot tell people what to think -- people to think at work but not to think at home.

In democratic countries, trade and economic reform can help to consolidate lasting political reform. After that thrilling first election, trade helps new democracies to consolidate their political transitions and to prevent backsliding. It helps them to build the effective institutions of a free society. And it helps to give citizens a greater stake in the long-term stability and success of their democracy.

At the same time, by implementing trade agreements, and integrating into the global economy, a young democracy's political institutions grow more mature and more effective. As courts resolve commercial disputes, they grow better able to resolve civil and political disputes. As institutions enforce the laws for business, they get better at enforcing the democratic laws of a society. As transparency is fostered to fight corrupt -- corporate corruption, it becomes harder for political corruption to go unnoticed and unpunished.

We heard all of these arguments and more from both President Uribe of Colombia and President Garcia of Peru, when they came to Washington recently. We need to realize how far these partners of ours have come, and what trade agreements will mean for their people. Just five years ago, Peru's economy was still reeling from a legacy of destructive economic policies. Colombia teetered on the brink of being a failed state. The government didn't even control large parts of its territory. Now things are changing.

Both President Uribe and President Garcia are committed to democracy. Both are committed to creating jobs and opportunity and providing security for their people. Both are making major political and economic progress under difficult circumstances -- moving large numbers of their citizens out of poverty and into the formal economy. In Colombia in particular, an independent judiciary is helping the citizens of that country to come to terms with the dark deeds of the past and to hold those who committed them responsible. This and the protection of human rights we discuss frequently with a committed Uribe government. When Presidents Uribe and Garcia visited recently, these two democratic leaders asked America for one thing above all else -- to deliver the trade agreements that we had negotiated with them.

The people of the Americas are not turning their back on trade. To the contrary: They are electing democratic leaders -- of the left, the right, and the center -- with the high hope that they can deliver prosperity and social justice for their people. At the same time when there are real challenges to democracy and peace in our hemisphere, it would be a huge mistake not to extend trade agreements to responsible, democratic governments like Panama, Peru, and Colombia.

The same goes for Korea. Our trade agreement is an opportunity to help a key democratic ally in a rapidly-changing Asia to lock in economic reform and the rule of law. It is an opportunity to anchor our trans-Pacific vision of peace and prosperity for the 21st century. At a time when some fear that American leadership in Asia is waning, not to approve our free trade agreement with Korea would be a disastrous signal to send.

Finally, we are also seeking the support of Congress for what the President has called "reconstruction opportunity zones." These would be special areas in Afghanistan and the border regions of Pakistan in which goods can be made and sent to America duty-free. These zones would create the hope and opportunity for local citizens -- the best weapons against Al-Qaida and the Taliban. This new trade initiative is a critical component of our counterinsurgency strategy and is perhaps the clearest illustration of how trade can enhance our national security.

Ladies and gentlemen, 60 years ago in that crowded conference room in Geneva, as the foundations of a new, global economic system were being laid, the world looked to America for leadership. We crossed party lines to provide it. And the results have been astounding -- more prosperity for American citizens than ever before in our history -- a world that has benefited not just in economic terms, but in terms of social justice and human dignity and human rights and human freedom.

Now the world is looking again to America and we must continue our long bipartisan tradition of global economic leadership. We want to work with Congress to secure that partnership. At the same time, the global economy has passed the point where American leadership alone can sustain it. We welcome the emergence of new economic powers and we welcome their role as

fellow stakeholders. We want countries like India and Brazil and China to help us share not only the benefits of the global economic system, but also the burdens of leadership without it. We want these countries to rise to their responsibilities as global leaders. And that means making the final hard choices along with us that will lead to a successful Doha round and that will help millions of the world's poor to share in the blessings of the global economy.

The stakes today are just as high as they were 60 years ago. The need for American leadership is just as great. And the words that Dean Acheson delivered in that crowded Mississippi gymnasium are just as true today as they were then. "Until the countries of the world get on their feet and become self-supporting," he said, "there can be no political or economic stability in the world and no lasting peace or prosperity for any of us." That remains one of the greatest challenges of our time. Let's rise to it.

Thank you very much.

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