Remarks by Commerce Secretary William M. Daley at the Columbus School of Law, The Catholic University of America

William M. Daley

Follow this and additional works at: https://scholarship.law.edu/lawreview

Recommended Citation

This Address is brought to you for free and open access by CUA Law Scholarship Repository. It has been accepted for inclusion in Catholic University Law Review by an authorized editor of CUA Law Scholarship Repository. For more information, please contact edinger@law.edu.
Since I am the first Commerce Secretary of this century, and the longest serving in the century, I wanted to spend some time talking with the future workers and leaders of America.

The last century—most agree—was the American century. And I believe that in the next hundred years, we will continue as a leading force in the world. No doubt about it. But when historians look back at the 21st century—long after I am gone—I think they will see it as a century when the world truly became a global community.

But as I think you all know, this won’t happen without some growing pains. There will be many highs—such as this economic expansion of ours, which this week became the longest in U.S. history.

But there will be some downs, also. And, obviously, a lot of challenges: How do we spread democratic principles to more nations? How do we advance human rights and the rule of law? How do we make sure more people—both here and overseas—share in the prosperity of a global economy? And at the same time, how do we protect the environment?

So today I want to talk about China, and the World Trade Organization (WTO). We can’t leave China and a quarter of humanity out of this global community. But the issues are very complex. So are the politics. They touch many of the hot buttons we face as a global community in the new century. Without a doubt, this is the number one trade issue we face in America, and, I believe, around the world.

There are others on the agenda, to be sure. There is linking Africa to the global economy; cementing trade ties with our neighbors in Latin America; finding ways for peace efforts in the Middle East to pay economic dividends; reforming how the WTO works, just to name a few.

But China is a pivotal issue. How it all turns out will set the tone for
Catholic University Law Review

global commerce for years to come. As President Clinton says: the world will be better off by giving China the chance to choose wisely and become constructive members of the global community.

I can think of no better way of doing this than by engaging them economically, by opening their markets to our businesses, by making them full partners with the 135 members of the WTO. Let me get a little personal. Some question whether this is the right thing to do, given China's record on human rights.

As a Catholic, and an Irish Catholic at that, I am deeply concerned about China's suppression of religious and political freedom.

It troubles me greatly that China won't let its Catholic churches recognize the authority of the Pope in Rome, that it detains Catholic leaders, and that it suppresses many other faiths, also. To be sure, strides have been made in the last twenty years since the days of China's Cultural Revolution, when freedom of religion did not exist.

But frankly, we need to see some more progress on human rights in China. And we should encourage this by engaging China on all fronts, as we are doing in the United Nations Human Rights Commission. The Reverend Billy Graham, whom I greatly respect, may have said it best when asked to comment on the China trade debate. He said he didn't want to get involved in the politics.

But he favored doing all we can to strengthen the relationship, to keep China as a friend, and treat it less like an adversary. What struck me most was Reverend Graham's explanation: in his experience, he said, nations respond to friendship just as much as people do.

The questions we have to answer are these: Are human rights more likely to be advanced if we treat China as an adversary, or as a friend? Is religious freedom more likely to be enhanced with China in the world system, or excluded from it? I think the prospectus of more religious freedom can only be improved by opening up China, and bringing them into the WTO.

Now, let me turn to what we are doing.

As you may know, President Clinton has asked me to lead the effort—along with his deputy chief of staff—Steven Ricchetti—to convince the U.S. Congress to grant permanent normal trade relations with China. We need this before China can join the WTO. We have been renewing China's trade status annually, since 1980.

Winning this vote is extremely important to the President, and to me. He made that very, very clear on Saturday at a meeting with hundreds of business and government leaders in Davos, Switzerland. And a week ago in his State of the Union address to Congress.
Remarks by Commerce Secretary Daley

But he also made it clear that the politics of this will be tough. One of the great ironies in our trade fights is that the same thing usually happens. There are two camps, miles apart. There are the free traders, in the one camp, who want absolutely no controls. Then there are the protectionists who want to throw up a fortress around America, and keep all imports out.

President Clinton believes—as do many of us in politics—that it’s time we found common ground because it’s a different world out there. It’s not an either-or-situation. You won’t survive in the 21st century unless you trade. But it has to be fair trade for it to work. If it’s not, we’ll end up with one banana war or steel crisis after the next.

So bringing China into the WTO is a good deal for the world economy. For one, it levels the playing field. For the first time, China will have to abide by WTO rules. That means we will have a way of resolving disputes when they arise.

The deal means also that the world will be a better place because it gives us another way to make progress on human and economic rights issues, such as child and prison labor. And the same can be said for national security issues.

We all know about these problems and the difficulties in resolving them. We have been working on them for many years. They are top concerns for this Administration. Sandy Berger, the President’s National Security Advisor, made that very clear in remarks yesterday.

But I think the fastest way to advance democracy in China is by bringing them into WTO, making them a constructive player. I think failure to pass normal trade relations would weaken positive forces for change in China. And failure would strengthen those most hostile to human rights in China.

Can you imagine a better way to allow for the free flow of ideas than for China’s 1.2 billion people to be connected to the Internet and to billions of people in other nations? I believe Chinese bureaucrats will find that they cannot control the Internet, as they are trying to do now. It is too powerful a force for freedom of expression.

And what about e-commerce? I do not think that the world has ever seen a more powerful engine for economic growth and social change. Obviously, the trade deal we made with China is a good deal for America, and for China. Neither of us would have signed if it weren’t.

While we both gain, I have to say it is largely a one-way deal. We don’t give anything up. We gain tremendous market access. America now takes in 33% to 40% of all China’s exports, and I’d like their market to be as open as ours is to them. We also gain strong protection for our
workers.

No deal on WTO membership has ever included stronger measures against unfair trade. And we retain our anti-dumping powers, to prevent cheap imports from illegally flooding our market.

These are key issues for Democrats and for Republicans in Congress. Frankly, without these we don't have the credibility we need to convince the normal people, the people outside of Washington, that trade is an important piece of their future. Without these powers, all they will see are the layoffs, not the payoffs of trade.

Now, I am a realist: when Congress takes this up—it will be a tough battle, for many reasons.

We have a huge $60 billion-plus trade deficit with China. We have a record-breaking overall trade gap because of a strong, open U.S. economy. There's human rights, and congressional concerns over China's compliance, and its ability to comply. We have the November elections looming. And don't forget, there was the Battle in Seattle last December, which has forever changed trade talks.

As to the timing, to be honest, with every day that goes by, the politics gets harder. The window for action, as I see it, is mid-April to mid-June. There is a consensus that we move as early as we can, and maybe even sooner. To be frank with you, what we need most right now is progress on deals between China and Europe and others. We welcome the progress on Brazil. In all, about fourteen nations need to strike deals with China, as we have, in order for the WTO to put together what's called a protocol agreement. It's the document that China must sign to join WTO.

But Congress likely will want to feel that the terms of a WTO protocol allowing China to join are pretty much set before lawmakers will want to consider taking a vote. So, the obvious question is the one the President got asked on Saturday: Is this winnable? Yes! Absolutely!

Why? There are strong economic reasons. Business is with us, and so is the international community. The leading Presidential hopefuls—Democrats and Republicans—are with us. And we have total Administration commitment. We have a senior board of directors: Secretaries Albright, Summers, and Glickman, Ambassador Barshefsky, Gene Sperling, and Sandy Berger are the other members of the team. We meet regularly—once a week.

Obviously, we're reaching out to Congress. Already we met with 110 Democrats who have backed Most Favored Nation status for China in the past. We're going to meet with every lawmaker. Look them in the eye. And tell them why we need their support. I hope they will be sick
of seeing us!

And finally, we are prepared to talk about ways to make the deal work better, such as devoting more resources to compliance efforts.

This we hope will allay fears that China won't live up to its commitments. In the President's new budget, which goes to Congress next week, we will be asking for more resources to beef up enforcement of our trade laws and trade agreements with other nations, and this should help.

The final point I want to make is this: the key to our strategy (and I believe to our success) is to take the story outside of Washington. I hope many of our CEO's, community leaders, and our academic leaders, will help us take the case to the working people. And we need to openly talk about the negatives, and the positives of trade.

Most people—about sixty percent according to some polls—don't believe trade is good for their jobs. I saw it last year during a twenty-city trade education tour we organized with business groups and civic leaders. Let me tell you, it was pretty rough.

People can get very emotional about trade. But these are the people we need to be talking to, explaining that this is a pocketbook issue.

I came from the private sector. So I know CEOs don't like going to their workers, especially when the issue is difficult, such as trade. But these are different times. They are going to have to change. Despite our prosperity, there is anti-big business sentiment. You saw it in a recent Business Week poll.1

So, people, we need to know more about how trade works. They need to see their pay stubs as one of our companies, Farmland Industries, puts on them, and I quote "China will account for nearly 40% of the future growth of the U.S. agricultural exports."

Before I take your questions, let me make one comment. I have a famous quote of Teddy Roosevelt framed in my office. It's the quote, where he says "it is not the critic who counts, not the man who points out how the strong man stumbles, or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena ...

We may take many hits. We may stumble. But we will be in the arena. This thing is winnable. It is absolutely doable. And I know that your

---

generation, and those who are your age in China, will be far better off as a result.

Thank you very much.