



THE BROOKINGS INSTITUTION

THE INTERNATIONAL LABOR ORGANIZATION

THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

**MAKING GLOBALIZATION WORK:
EXPANDING THE BENEFITS OF GLOBALIZATION TO WORKING
FAMILIES AND THE POOR**

KEYNOTE SPEAKER: SENATOR CHRIS DODD

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STROBE TALBOTT: Ladies and gentlemen, could everybody please take a seat? Thank you very much.

I'm Strobe Talbott, and I'd like to say just a couple of words of welcome to all of you and then a welcome to our speaker this evening. I very much appreciate the chance to come by and get a little bit of a sense of this gathering that's been brought together. And one of the many things that I appreciate about what all of you are doing here is that it's part of a collaborative effort on the part of three institutions, represented back here: Brookings, ILO and Carnegie. And I think collaboration has increasingly got to be the name of the game in the way that organizations like these try to address the big issues of our time. The issues are so daunting and so multi-dimensional that we're more likely to make a dent in them if institutions of this kind can put their heads and their resources and their energies together.

And it's very hard to imagine three bigger subjects than the ones that are brought together by this topic, which is to say globalization and working families and poverty. And it is also just about impossible to imagine a more appropriate and distinguished speaker than Senator Dodd to address us this evening. He is well known to all of us, not just in the city and this country, but around the world. He is truly a statesman on the national level as well as the international level; much associated not only with the welfare of this hemisphere, but also the welfare of children very much in particular, and he, I hope, will make some passing reference to his own fatherhood, which is – he mentioned as he was coming in this evening.

And I might add that as I look around the room I can see quite a number of people who count Senator Dodd as – including Wendy Sherman, who's just arriving and who's about to sit down next to.... (Chuckles.) There are many of us here who have looked to Senator Dodd for leadership in the Senate, helping us out in our work, whatever it might be, and who count him as a friend. And I'm certainly glad to be among those myself.

So, Chris, from all of your friends here, thanks very much for being part of this evening.

(Applause.)

America's Responsibility: Making Globalization Work for the Poor
Keynote Address to the Brookings/ILO/Carnegie Endowment Conference on Globalization
by Christopher J. Dodd

It is a pleasure to be here this evening to participate in this jointly sponsored conference on Globalization by the Brookings Institution, the International Labor Organization and the Carnegie Endowment for International Peace.

I commend you, Strobe, Jessica Mathews, and Juan Somavía, for sponsoring this event. Special thanks as well to conference organizers Karen Tramontano, Lael Brainard, Sandra Polaski, and Anthony Freeman (ILO).

The topic of globalization is sometimes discussed very technically using terms such as trade

flows, barriers to entry, and market imperfections. Perhaps, because I'm a politician, I come at it somewhat differently; from a people perspective.

Every four years there is a presidential election in the United States, and without fail one party or the other will campaign on the slogan "Are you better off than you were four years ago?" We need to start asking the same question about globalization: are the poor and dispossessed better off or worse off from the process of globalization.

If the answer is "worse off" – and I believe that those living in poverty and hopelessness have no other answer – then US national security and foreign policy interests compel us to act decisively to address the negative consequences of globalization.

Globalization is not simply about widening and deepening trade relations. It is equally about people, politics, culture, technology and the environment.

It's the people aspect of globalization that holds such promise, but which also poses the greatest risk. People who feel disenfranchised, dispossessed, or disconnected from the global system can have an impact on it nonetheless – a negative one.

Clearly, there is ample evidence that globalization has been a force for good. Just consider the following:

- ! In 2000, global GNP reached \$54 trillion.
- ! Today more than 130 million people work in countries other than their own.
- ! The explosion of the internet, which now has some 500 million subscribers, has revolutionized global communications.
- ! Infant mortality and adult illiteracy have been cut in half over the last twenty years in developing countries.
- ! The proportion of the world's people living in extreme poverty fell from 29% in 1990 to 23% in 1999.
- ! In the political realm, since 1980, 81 countries have taken significant steps toward democracy, 33 military regimes have been replaced by civilian governments. Our own hemisphere has seen the most progress in that regard.

But globalization also has a dark side.

- ! The vast majority of people living in Africa, Latin America, Central Asia and the Middle East are no better off today than they were in 1989 -- the year the Berlin Wall came down.
- ! Nearly 1 billion people in the world are unable to read a book or sign their names.
- ! Three billion people in the world live on less than \$2 a day.
- ! More than 1 billion people have no access to clean water.
- ! One-fifth of the world's tropical forests have been cut down.
- ! Developed countries account for 20 percent of the world's population, but they control 80 percent of the world's wealth, and account for more than 80 percent of the total volume of world trade.
- ! The rights of working people are still being given short shrift by too many governments -- 51 countries have not ratified the ILO Convention on Freedom of Association and 39 have not ratified the Convention on Collective Bargaining. Too many who have signed on to those conventions are not enforcing them.
- ! And, by the end of 2000, 22 million people had died of AIDS, 13 million children were made orphans by this dreaded disease, and another 40 million are HIV-

infected -- 75% of that total reside in sub-Saharan Africa.

While the most devout of globalization "disciples" still cling to the belief that the miracle of the markets will produce a rising tide that lifts all boats, we as Americans should not. On humanitarian grounds alone we should not sit back and allow some of our own citizens or others to be left behind.

Globalization has to be more than just greater profits for the Fortune 1000 Corporations -- It has to be about lifting up people from poverty.

On security grounds alone it is imperative that we act now to reverse the negative forces of globalization. These forces have made us terribly vulnerable to the wrath of those who feel that they have been left out of the system.

The events of 9/11/01 are the most painful reminder to date of that fact. Look at who those nineteen terrorists were. They were products of the least open, least "globalized" corners of the world -- Saudi Arabia, Yemen, Afghanistan, and northwest Pakistan.

Yet these same individuals were able to exploit the architecture of globalization -- the international banking system, the internet, the openness of our society and borders -- to strike us where we live.

Here at home we have already begun to take steps to enhance our own security. For better or worse, before we adjourned for the year, the Congress gave the President the authority he had sought to create a new Homeland Security Department that will bring together 18 government agencies and sub-agencies under one roof, with enhanced authorities intended to better combat terrorism.

Unfortunately, we did a lot more than that after Republicans cut a deal with the White House loading up the bill with special interest provisions having little to do with protecting national security such as an earmark for Texas A&M University.

Last year, Congress also passed legislation to beef up security at our airports, train stations and border crossings, and to make it easier to arrest suspected terrorists, and track their resources and communications. We also struck Osama bin Laden and al Qaeda members where they lived in Afghanistan and dismantled their Taliban protectors.

These were all useful actions for the United States to take. But these measures alone are not going to stop terrorists from striking again someday.

I would never argue that every poor person will be tomorrow's terrorist. But it is undeniable that in those parts of the world wracked by inequality, poverty, and disease there is growing hatred and mistrust of the United States, our intentions and our values. And there are individuals who are going to direct their despair at America and our allies.

Because the United States is the only remaining superpower, it falls to us to take the lead in doing something about this.

Urgent measures should be taken to address the inequities in the global system that have engendered that hatred, poverty and alienation amongst those left out or left behind by today's global rules of the game.

The fact is the numbers that find themselves left out or left behind are growing -- in Asia, in the Middle East, in Africa, and even in Latin America. Some within those numbers will become the recruits that fill the ranks of terrorist organizations. Others will support, harbor or at the very least tolerate terrorists living among them.

This blackest side of globalization could ultimately alter the way of life for the entire planet, for the have and have nots alike, if we don't do something about it.

What should be done?

The global trading system must become fairer for working people, where ever they reside. Poverty and disease must be aggressively confronted by governments and international institutions – markets alone won't fix this.

The capacity of the international community to respond rapidly and effectively to terrorist threats must be strengthened.

Fortunately, we don't have to begin at "ground zero" to get these things done.

The US, in concert with the United Nations, the World Bank, the International Labor Organization, and other international institutions can do a lot to ameliorate the worse aspects of globalization.

President Clinton was sensitive to the conflicting forces of globalization – both here at home and abroad. While he endorsed the North American Free Trade Agreement as a force for good, he also took steps to ensure that labor and environmental concerns were addressed, by entering into side agreements in these areas with Canada and Mexico.

He went even further in the US-Jordan Free Trade Agreement (FTA), signed in October 2000, and entered into force in December 2001.

Unlike NAFTA or other previous trade agreements, the Jordan FTA includes provisions safeguarding recognized ILO labor standards, such as freedom to organize unions and prohibitions against child labor, in the main text of the agreement.

The Jordan agreement also provides for the imposition of sanctions by the United States should our trade partner fail to comply with its own labor laws to gain an advantage in trade.

The Bush administration seems to have rejected that approach. When Congress debated legislation granting the President trade promotion authority earlier this year, I offered an amendment that would have required US negotiators to include so-called Jordan labor standards in all future agreements. President Bush opposed this idea and my amendment was narrowly defeated.

That was a mistake in my view. The US should be taking a leading role to ensure that the benefits of an expanding trading system reach the hardworking men and women on the factory floor whether they live in Delhi or Detroit. Promoting adherence to ILO labor standards would help to do that.

It is appropriate to also look to the United Nations as a clearinghouse and advocate for socially responsible economic growth. The 2000 United Nations' Millennium Development Goals provide clear, time-bound targets for achieving rapid, measurable improvements in the lives of the world's poorest citizens -- from putting children in schools, to tackling killer diseases such as HIV/AIDs and malaria, to eradicating hunger and promoting women's rights.

But there is a price tag attached to this UN initiative that has to be paid, if these goals are to be reached by 2015.

The US and other governments are going to have to collectively find an additional \$50 billion in aid annually.

As large as this amount seems, when you stop to consider that the US alone was spending more than \$1 million dollars a day in defense expenditures to destroy terrorist training camps in Afghanistan, its seems modest by comparison.

I was encouraged by President Bush's decision to attend the UN sponsored Monterrey Summit, where governments pledged their contributions to the UN's Millennium initiative -- there had been a great deal of speculation that he would not. I was also encouraged by his willingness to

pledge to increase the annual US foreign aid budget for this initiative.

Now it's time for the Bush administration to actually come up with the money.

Last week, the President announced that he intends to set up a new government corporation to manage the millennium challenge monies. I am not quite sure why another government agency is needed to do this. I fear that disagreements over how this new agency would operate will distract us from the real goal of getting resources to governments undertaking meaningful reforms so that they can help their citizens.

Surely the US Agency for International Development or the State Department would be logical stewards of this program.

Even the best of government reformers is going to be unable to bring positive economic benefits to people in places like sub-Saharan Africa where HIV/AIDs is the leading cause of death.

Nothing less than a major and sustained international public health campaign will halt the spread of this horrific disease.

It is ravaging teachers and health workers, farmers and members of the armed forces -- it is destroying the future of entire nations.

The UN Global Fund to Fight HIV/AIDS, Malaria and TB holds out the possibility of checking the spread of these diseases over the next decade or more, but only if the United States assumes a larger role in funding it. To date, the Bush administration has contributed only \$200 million annually for the last two years to the Global Fund. Not surprisingly, the Global Fund is a long way from reaching its projected budget of \$8-10 billion annually.

Our global leadership responsibilities warrant a more serious commitment to this grave public health challenge.

Thankfully, we have become more realistic about what we can expect from heavily indebted poor countries. It took the active and effective lobbying of the Republican-controlled Congress by celebrities like U2's Bono to get legislation through the Congress so that the United States could participate in a joint IMF/World Bank debt relief effort -- the so call HIPC initiative. Now the poorest and most heavily indebted countries are eligible for debt forgiveness as they undertake needed reforms.

Today even Treasury Secretary O'Neill isn't insisting that every dime be repaid.

All of these initiatives will help reverse the negative aspects of globalization. While these efforts are ongoing, however, the threats confronting the international community will remain.

In order to better manage the most urgent threat confronting America and our allies -- the threat of terrorism -- NATO should be enlisted to act as a rapid reaction force when circumstances warrant.

But, to do so, NATO's decision making structure will have to undergo a face lift. It is unrealistic to think that all twenty-six member nations (and more to come) would be able to reach decisions quickly. Last week, in an op-ed which was printed in the Washington Post, I called upon NATO members to establish a decision making structure akin to the UN Security Council so that NATO can be better equipped to respond to its new global mission.

The UN, the World Bank, the ILO, and NATO can all play important roles in working to see that the world remains a secure place with globalization reaching all corners of the planet -- with rich and poor alike seeing its benefits. But without US leadership, none of them will succeed.

The bottom line is that the United States is the leading global power. We are the strongest proponent and supporter of globalization -- in the form of economic and political liberalism -- that the world has ever seen.

That means that the United States must bear a greater responsibility for crafting, enforcing, and supporting programs and policies around the globe that will help ensure a more fair distribution of the benefits of increased globalization to those who need it most.

Globalization cannot simply be about increasing wealth for the select few countries and corporations which make the rules or play the game best.

It must be about offering hope to millions around the world who have been left out of the global economic system, to provide them with belief in our economic and political values, and to offer them hope for a better future.

Without that hope, terrorism, the darkest side of globalization, will become even more frequent and destructive.

That is why the United States must lead now.

Thank you. And I'll be glad to duck your questions in senatorial fashion.

Yes?

Q: Senator Dodd, you spoke very eloquently about the need to promote the international core labor standard. It is of course, though, a little difficult for the U.S. because we haven't ratified a lot of those conventions. And I won't even bother asking about '87 and '98 on Freedom of Association, but I'm wondering if you think Senator Lugar might at least be interested in pushing Convention 111 on Nondiscrimination, to speed it up and at least get us into three of the four areas.

SEN. DODD: Well, I'm very hopeful he will. There was a brief period back a number of years ago when Dick Lugar chaired the Foreign Relations Committee – I will have now served in the Senate, by the way, under every imaginable configuration you can have in Washington. I've served in the minority in the Senate with Democrats and Republicans in the White House, with Democrats controlling both bodies, and now with the Republicans controlling both houses and the White House.

Dick Lugar was chairman of the Committee during a brief period when Jesse Helms assumed the chairmanship of the – I believe it was the Agricultural Committee. They switched roles there. And Dick Lugar – it was the one time we actually passed, I think, a State Department authorization bill in that one window, two years. So hope springs eternal. It must in this case since I'm back in the minority again. (Laughter.) And so I'm very hopeful that Dick would be willing to consider those measures and others like them.

Obviously he's going to have to deal very closely with the White House and what their objectives and directions might be. I can only hope that the – sort of the Secretary Powell wing of this debate is going to prevail on the general proposition of pursuing internationalism rather than isolationism or unilateralism. And he seems to be prevailing so far, and I only hope that continues, and that the recent successes in the United Nations at the Security Council will encourage the administration to take more steps in that direction. But I'm far more optimistic there's a possibility of those things occurring under Dick's leadership, with all due respect to his predecessor.

Yes?

Q: Senator, that was a superb -- I'm John Sewell from the Wilson Center -- that was a superb speech, and thank you.

I assume that the Millennium Challenge Account and this new corporation that has been proposed is going to have to be authorized and therefore will emerge on the Senate Foreign Relations Committee. I hope you use that opportunity, as I think Senator Lugar will be willing to do, to look at some fundamental questions. And let me just suggest three.

One is, if it's such a good idea, why isn't the rest of the aid budget in the same intellectual framework? Secondly, what happens if the U.S. and the World Bank disagree on who is good performer, as other countries have a major say in bank policies? And third, is it possible to integrate an element of competition? That is, is it a funding entity that then contracts or makes grants to whatever entity is best able to deliver that service? I think of HIV/AIDS; there's lots of very good deliverers of services to deal with HIV/AIDS. It would be interesting to think of it more as NIH, as an operating agency.

SEN. DODD: That's a good idea. Three good points.

Yes, sir? Come on in.

Q: I was very happy to hear you mention the Millennium development goals, and the \$50 billion that's estimated by the World Bank to be required to achieve those. And I wondered if you have ideas about where those funds might come from? AID of course is offering about a quarter of them now, and the U.S. is making an important contribution to that, but it seems unlikely that AID is going to be sufficient to reach the full amount. And I wondered if one of the other possibilities might be a new issue of special drawing rights, as had been suggested, or if you have other ideas.

SEN. DODD: Well, that's a possibility. The drawing rights is probably the most obvious one. Part of this is going to be -- is to break through and to understand the -- and I mentioned it here -- we've talked a lot about how to deal with terrorists, but we've not yet seemed to be willing to come to terms with the growing problem of the ranks of those who are going to end up supporting or tolerating, or worse. And as part of our effort to deal with terrorism, we've got to appreciate that this is going to require a far more aggressive approach in dealing with the underlying causes that spawn this problem. And there seems to be an unwillingness to come to terms with this, and until we do as a nation, and there's leadership here that's willing to educate the American people about the importance of this, it's going to be extremely difficult to have this become the priority it should. But in the absence of doing it, this problem is going to grow worse, and there's not a treasury big enough that's going to allow you to finance the defense operation to deal with this problem, in my view. And so we've got to be far more aggressive in making people aware of the fact that we face significant problems.

For almost 21 years I've either chaired or been the ranking member of the subcommittee dealing with the Americas. Strobe very graciously mentioned my involvement, having been a

Peace Corps volunteer back in the '60s in Latin America. I don't recall a time in the 21 years I've been in the Senate when there was as much hostility in the Americas towards the United States. We assume it in other parts of the world -- but our own hemisphere, where we have had wonderful relationships, even during very difficult times. In Latin America there has been a strong sense of support, generally speaking, for the United States. That is not the case today, and this is a growing problem globally, and we've got to convince people of the need to invest the kind of resources that will be necessary to support these funds in order to really become a world leader in aggressively dealing with it.

I didn't think a few years ago that it was going to be possible to convince people about the world debt issue, and yet we were able to do that. And I mentioned Bono here because he deserves some recognition. I must tell you, I was sort of skeptical about someone who was a rock and roll star coming to the Congress and walking the halls, but when I saw his ability to convince Jesse Helms that there was a better way to approach, I decided he almost deserved a seat in the Senate immediately here. (Laughter.) And I think he would have taken it too, which was even more disturbing. (Laughter.)

But you can make a difference here if we can raise the level of awareness about it. And, you know, this can be done over a series of years, and it can be done with a lot of cooperation globally, but it needs to be on the agenda. There are obviously some budget priorities that have to be addressed, and I won't go into all of those this evening, but clearly, some of these tax issues and so forth -- if we pursue to make permanent some of these tax cuts that we're talking about, then the ability, within a fiscal sense, to do much here is going to be severely constrained. We may look terribly shortsighted in a very short order. It's not going to take long for us to feel the effects of this if we don't begin to respond to it very quickly. There's a sense of urgency that I sense there, that I believe probably many people here do as well, that I don't sense yet across the country in dealing with this.

Yes, sir.

Q: Yes, you call for a global effort to reduce poverty. I think it's very commendable, but I think there are two issues which we have to focus more on. The first one is that the question of putting more money in does not necessarily reduce poverty. That reminds me about the Johnson effort to create a Great Society. What happened since then about the poverty in America?

So the major issue is that the economists right now is focusing on is, what exactly is the economic effort which can be proposed such it does not refuse the question of incentive, the work ethics, but at the same time, institutional changes. So unless we can come up with a group agenda which can reduce these fundamental two issues to reduce poverty, putting some more money in does not necessarily reduce the problem, in fact can make the problem even worse.

Secondly, global terrorism is not just a question about poverty. A lot of people who call themselves terrorists, they fight America not because they are poor -- it can be another problem too -- but because they resent the U.S. foreign policy, especially in this case in the Middle East.

My question to you is, what are you going to do to address these two issues, one on the

economic side, the other one on the political side, especially on the U.S. foreign policy, especially in the Middle East?

Thank you very much.

SEN. DODD: Well, let me first of all take issue with your premise on the first point you make, and I happen to think that the Johnson war on poverty actually did make a difference. There were those who over the years have maligned it, but the fact of the matter is it made a huge difference in the lives of millions of people in this country who were left out and left behind. And while it may have been excessive in certain areas, the absence of the war on poverty would have left this country in a far worse situation than it is today. So I would take a point of disagreement with you on the assumption that investing in the needs of the poor is not strictly a matter of investing dollars. It's the only answer at all.

And when you're dealing with disease –

Q: (Off mike.)

SEN. DODD: I understand that, but your point was that it didn't work, and I happen to disagree with you. I think it did work in large part.

And secondly, I think in dealing with some of the underlying issues we're talking about such as disease here, it does take resources, and resources can make a difference. HIV/AIDS is not a problem the world has to live with if there are the necessary investments to see to it the people get the proper medicines and the like to actually allow them to lead productive lives. In fact, in the absence of doing that, no matter how good a structure you create economically in which they can create economic opportunity if they're unable to hold jobs, to work, to survive as a result of the illnesses that are crippling to many of them, then it becomes impossible. So there is really a need to deal with some direct investments.

Now, I don't disagree with you, obviously. You're going to have to have – if you make those kind of decisions and also setting up structures so that people can have an opportunity to work and produce incomes to become self-sufficient. That's why I mentioned as well some of the ILO particular agreements where people have an opportunity to organize, to be able to earn decent wages, to be able to have the kind of protections that they need in order to be able to earn incomes to move forward.

I didn't mean to suggest – and I think I made the point that I don't believe that poor people are automatically terrorists at all. All I'm suggesting to you is that as you watch the ranks swell, that those who are left behind, disenfranchised, are unable to see any hope at all in their future, become the foot soldiers for those who are in a position to make a difference and do take leadership roles in terrorist organizations to increase their ranks, or to be able to reside in their midst because they can appeal to those problems that those people face as a way of protecting them, if you will. So there is a direct relationship, in my view, and our unwillingness to understand that I think poses some serious, serious threats for our country.

Now, regarding the political difficulties in the Middle East or elsewhere, obviously they deserve far more attention than I think they're getting. I don't want to turn this evening into a Middle East forum, but there are efforts that have not been made, in my view, that should have been made initially when the administration took over, to pick up on the efforts of President Clinton at Camp David that I think could have made a difference initially to also speak out forcefully where people's rights are being denied, and I think we've done that. Secretary Powell and the administration is trying to get back on track here to see if we can't find the means by which we can offer those who would seek a peaceful resolution of the conflict in the Middle East an opportunity to do so.

And that hasn't happened yet, and in large part, the voices within these countries are going to have to make a decision themselves as to whether or not they're going to continue to support their own sort of terrorist efforts, if you will. And until those decisions are made it's going to be rather difficult to move to a different agenda, but I think at least people are – will continue to do it. But to use the excuse somehow that the Middle East politics is a rationale for terrorist activity I think is also to misunderstand the motivations here. You could resolve the Middle East problems tomorrow for some, but it would never be enough for those who would like to do us great harm for other reasons. So it's complicated.

But on the issue of investing here on the issues of poverty and disease, I think there is a responsibility here to respond to it. But I appreciate your question.

Yes?

Q: Chris, I've read your terrific op-ed piece on the NATO structure. Have you had a chance to talk to Secretary Robertson? Have you gotten any traction on this idea?

SEN. DODD: The only thing – the Canadians responded negatively to it. I don't know if that makes a hell of lot of difference, but it does I suppose to the extent that they didn't particularly like the idea – because I think I didn't mention the Canadians as part of being the structure deciding. I should have thrown them in when they were nearby here. But I haven't talked to Secretary Robertson.

But it's going to require – I think there are three or four other countries now pending admission, so the number is apt to get near 30, and I think for those who have questioned the wisdom of increasing the ranks of NATO, having some structure in place – I used the U.N. Security Council as an example; there may be other examples one could come up with -- but there needs to be some mechanism by which the organizations can make decisions, and how to respond, or it's going to become basically moribund, in my view, as sort of a muscle-bound body that's incapable of moving at all, particularly when you consider the complexities in the post-Cold War world. During the bipolar world of the '50s and '60s and '70s it was not always an easy matter, but certainly far simpler for NATO to make decisions. In a world in the absence of that it's going to be far more difficult to get the kind of consensus necessary.

So I think some structure is going to be needed very quickly. And you better do it soon, in my view, while some of these nations are still willing to listen to some direction coming from

ourselves and others. If you wait a few years and the organization becomes sort of set in its ways, then it's going to be far harder, I think, to establish that kind of a structure.

Yes?

Q: On the Millennium Challenge Account, I think the Bush administration's aspiration really is to transform foreign assistance – (off mike) – the risk, which is that we're just creating another set of conditions. How much attention do you think Senate Foreign Relations realistically will give to this issue in the coming months, given the budgetary reality and given the fact that nobody cares in the American public, and that people care deeply about war and peace?

Secondly, what are the fault lines likely to be in that debate? Are senators going to take on the administration on the actual – (off mike) – or what are the big issues?

SEN. DODD: Well, first of all, I think we need to have a greater sense of how serious the administration is about this idea. Were they just floating an idea out there to see what sort of attention it would attract or is this a serious proposal that has received a lot of attention, quiet attention, either within the administration, within think tanks and so forth that have a close relationship with them?

If they're serious about this I think we ought to be very serious about it. I don't want to get into the position where we have sort of a Pavlovian response here because we talk about a new agency somehow. My difficulty in the past is to get the Republican administration to understand the importance of, quote, "aid," for lack of a better description, and ways in which we take part of our wealth and share it in a way that enhances – this is, by the way, enlightened self interest. This isn't the Peace Corps we're talking about here now. This is about as motivated by self interest as anything else could be. So if a new structure here makes more sense as a way for us to be able to move resources collectively into areas of the world that need it, then I'm all ears. I'm very interested in hearing what they have to say.

And the fault lines are the obvious ones, I think. If we're talking about duplication here, who is actually going to have some authority? If you're going to create a separate independent authority outside of your main State Department structures, I would have some difficulties with that. The idea is we ought to try and keep this framework in a place where there is accountability and responsibility, and so there are ideas like that that I think would need to be fleshed out.

But I'm very interested to hear whether or not the administration is serious about this. If they are, I could get very serious about the idea very quickly. And again, not to be caught up in sort of holding on to structures for the sake of holding on – I voted for the Homeland Security bill, with some hesitation, not just because they loaded up the bill -- it went from 35 pages to 485 pages in the space of 48 hours. I believe that the basic idea is sound. My concern was with how quickly we were doing it and whether or not we were really thinking it through as carefully as we should have. But clearly there is a need, I think, for restructuring these organizations in a way to make them more responsive. And this is an idea worth exploring.

I'm sorry, yes. I apologize.

Q: We talk a lot about aid – funding aid, and a lot of political capital is spent on that, yet agricultural subsidies in the U.S., in Europe, in Japan are a major contributor to creating poverty. Half of West Africa's cotton-producing economies, the poverty level could be eliminated if one would eliminate the cotton subsidy. Every European cow can take a quick trip around the world with several luxurious stopovers – I mean, the farm subsidy is a multiple of the aid budget, and the reason – agricultural farm bill of the U.S., I think has significantly deteriorated that situation. Is that on the radar screen of the political process?

SEN. DODD: Oh, is it ever, yeah. (Chuckles.)

Q: I mean, what is the option of having, I mean, some potential for change?

SEN. DODD: Well, you know, hope springs eternal in these matters, but I don't need to get into a political science class here. Obviously it isn't just here, it's wherever you go in Europe and elsewhere, the influences are still significant within these sectors, politically speaking. And we saw it in this Congress, having to do with – it wasn't accidental that the battleground states for the control of the United States Senate were Minnesota, South Dakota, Missouri. There were contests in Iowa and the like, and how these issues were being debated and resolved – I mean, I'd love to tell you there was a total disconnect and these matters are being considered separately. Regrettably, we're not unique in that, and as you point out, this also goes on in Western Europe.

Until we can get to a point, in a sense, where we're going to make some real conscious efforts through globalization to agree to move away from the subsidy approach, then I don't see any great likelihood this is going to change dramatically. Consumers still like having low prices, and certainly the subsidy efforts are costly but they also assist in keeping products down for those who consume them in these countries at a lower level than they would otherwise be. And certainly that is not insignificant as part of the political debate either.

But I don't disagree with you. It isn't just a question of going to the poorest regions of Africa. We can go to neighboring countries in the Caribbean that suffer terribly economically, and have been good friends and allies. You might have to look to the Dominican Republic, for instance, which pays an awful price as a result of our policies regarding sugar in several places in this country. So it affects our relationship in the condition of wealth and poverty, even in neighboring nations that are not the poorest of nations in the world and yet have been good friends, but I don't see any likelihood, at least in the short term.

Now, we're all waiting to see how this particular bill is going to work. We've seen a new iteration of farm policy as a result of this effort. The president signed it into law -- passed overwhelmingly in the Congress of the United States. And the "freedom to farm" idea I think has sort of run its course, and the question is whether or not this particular approach will have some benefits to the agricultural community or is it really going to just be a windfall for the largest agri-businesses in the country? And too often, it seems to me, they're the ones that

benefit from it, and small farmers don't end up receiving much at all in this. So that has been a major shift as well.

You know, it represents -- about 6 percent of our GDP today is agriculture. It's a far cry from where it was a number of years ago, and yet it still has a potent impact on the political decision-making process of the Congress and the White House.

Yes, sir.

Q: The ILO has recently established a World Commission on the Social Dimension of Globalization. It is chaired by two presidents: the president of Finland and the president of Tanzania. It has mandates to look for ways of making globalization more inclusive. And it has to respond to perceptions everywhere. It has to respond to the ways in which people all over the world are concerned with globalization. My question to you is, what could capture the imagination of people in America; a commission of this sort, looking globally at the social dimension, what are the issues which could capture the popular imagination? What are people concerned with that a commission of this sort could address?

(Audio break.)

SEN. DODD: -- terrorism, and our ability or inability. I've been trying the last year and a half, along with others, to convince people of the transnational aspects of terrorism, and that the answer to it requires a transnational response. I think a commission such as you've described, in talking about how there can be a sense of greater cooperation, both in dealing with the underlying economic issues as well as some of the political and military questions.

And that's why I raised the issue of NATO here this evening. I know in talking here the idea is sticking to talking about the World Bank or other international organizations, Millennium Fund and the like, would be certainly expected, but I think you've also got to bring in this element of security. And there needs to be, I think, a commission looking at these things to talk about how we can have enhanced security. These are not contradictory ideas at all; in fact, they're complimentary ideas. And it's going to be very important for international organizations to be willing to support the notion of having the kind of international cooperation that's absolutely essential if we're going to be successful from a security standpoint, talking in strictly military terms, to respond to it.

It's very important, I think, for the international community to understand the level of concern here in the United States about the willingness, particularly among some of our allies, to share in the burden of this, and it's going to be a lot easier, in my view, to build the kind of cooperation here at home on some of these economic issues if in fact there's a greater sense that the international community is willing to bear a greater burden when it comes to the military obligations. In the absence of doing that, it's going to be much harder for us to make the case here. So I added NATO this evening. You might question, why bring in that particular element? But I think it's a very important element. I don't mean to be particularly on NATO, but the notion of security.

So I would urge the commission to look at those questions, and I can't think of anything that would have a more profound impact on the ability of taking rank and file Americans in terms of willingness -- their willingness to share more of their wealth than the notion somehow that there's going to be a sharing of the responsibilities of seeing to it that the threats, since we're the primary target at least -- not the only one, but a primary target of world terrorism -- that there's a sense of cooperation on that.

MR. : One last question from Wendy.

SEN. DODD: Hey, Wendy, how are you?

Q: I'm fine.

MR. : I'm no fool. I've learned to -- (off mike). (Laughter.)

Q: There's a lot of debate, particularly after our recent corporate scandals about liberal capitalism versus social capitalism, and what role corporate America really plays in the world. Could you comment on how you think corporate America, multinational corporations, can be a positive agent for globalization where the rewards of globalization are spread more equally around the world? And what do you think are the limits for corporate America?

SEN. DODD: Well, the limits is more obvious. I mean, I think when we start asking corporations to become sort of quasi-governments in a way, it's unrealistic. I mean, they have obligations to shareholders and boards of directors and the like to produce profits and to maintain their corporate identity and their corporate structures for those who have invested in them. So I think sometimes we can get carried away with how much we can really expect corporate America, or corporations globally, to assume larger responsibilities. Having said that, however, I also think -- and this is, again, where I think political leadership comes in, particularly political leadership out of the White House, to gather together these corporations and to remind them of what a difference they can make.

I used the example, going back, of when we passed, a number of years ago, the provisions dealing with the bribery -- what was the -- Foreign Corrupt Practices Act. I can remember just the -- representing the state of Connecticut where I have -- some of the largest corporations in the country are homed in my state, and the hostility there was to that proposition. Today I think if we tried to eliminate that law you would find equally as much hostile opposition from corporate America because it has been, in a sense, a salvation for them in terms of how they do business. And they've also become the model, and others now are beginning to pick up on that model as a way of how they do their own business. So there's a great deal to be said for trying to invest in the corporate community that sense of ethical responsibility in places where they operate and how they operate, what sort of rules they play by, not just what they can get away with, in a sense.

Again, I think there'd be a -- going back to the point I made, however, a moment ago, on terms of the security elements, the shared responsibility on security, I think there's going to be a greater willingness to be supportive of corporate interests in this country if there was a greater

sense that corporations were willing to become leaders in places where they operate, particularly where they hire and employ thousands of people and can have a huge impact on the economies of these countries. And, again, I'm not expecting them to become quasi-governmental or to become VISTA programs or the like in their own nations, but by their example, by their involvement, by their leadership, by their voices, by the things they do, the symbols that they project can make a huge, huge difference.

And Franklin Delano Roosevelt was probably the best master of symbols, politically, in my view, in the 20th century. He had a wonderful ability to understand how important symbols were to our neighbors and friends around the globe. I was interested in reading, Strobe, about his concerns in the late 1930s about the Nazi government of Germany expanding its influence in the Southern Cone of the Americas, and so, talking to Bill Paley at CBS, went down and encouraged him and arranged licenses to operate radio stations to begin to project a different view of who we were as a people in some of these smaller countries – or large nations in South America. Embassies were built that were far larger than anything you would expect to be built in some of these nations at all, but it was important. He understood that these nations understood that we thought they were very important; so important that we were willing to build buildings that were larger than what you might expect to be the case. I'm using, in this case, government, but the point being here to understand the symbolic value of having corporations that, in the views of many, of course, are an extension of who we are very directly, and so they bear that responsibility.

But nothing, Wendy, can do more, in my view, in that regard than political leadership: calling upon people from corporate America to respond to it. I don't think corporate executives are terribly different than anybody else in this regard, and that if they're asked to do things, they will respond, and if given ideas in ways in which they can become better partners in all of this, will do so. And I think the fact that people haven't really asked as of late is one of the difficulties, but if they do ask, I think the difference can be demonstrated.

Thank you.

MR. : Chris, I think it's clear that this group would have like to go on for a couple of hours, and I even sense that you might have not minded that as well. (Laughter.)

SEN. DODD: No – enjoyable.

MR. : Sorry to be the bad guy. I do so under instructions from Karen and Janice, and that's not a combination that I want to mess with.

SEN. DODD: No, no – (chuckles) -- very few would want to.

MR. : But also, much as all of us would like to have a chance to continue this conversation, there's at least one thing and maybe two things we'd like even more, and one is for you to get a little bit of dinner -- I think you may have to settle just for a salad – but much more important than that is that you get home and get on with the task of feeding and taking care of that little girl of yours. (Applause.) She was here in spirit. So thank you so much.

SEN. DODD: Thank you very much.

(END)