

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES (CSIS)**

**DECISION 2008
“FREE TRADE AND THE 110TH CONGRESS”**

FEATURING:

THE HONORABLE KEVIN BRADY (R-TX),
UNITED STATES HOUSE OF REPRESENTATIVES

THE HONORABLE GREGORY MEEKS (D-NY),
UNITED STATES HOUSE OF REPRESENTATIVES

MODERATOR:

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GRANT ALDONAS: Well, thank you all for coming. We are launching a congressional dialogue series, which really is an opportunity to take some of our leaders in Congress in a context that lends itself to conversation as much as anything else and to talk about some of the issues of the day.

And of course one of the topics that we have in front of us right now is trade, trade politics, certainly the response publicly to what is going on with trade, with globalization, how we remain engaged in global economy.

We are fortunate to have two of the rising stars in Congress, Congressman Gregory Meeks from the 6th District of New York, and Congressman Kevin Brady from the 8th District of Texas.

Just to be clear about the geography, the 6th District is Southeast Queens, includes JFK International Airport, a lot of service providers not only at the airport but also throughout the New York area. Kevin's district is the southeastern part of Texas, a little northeast of Houston, abuts the Louisiana border. Kind of covers everything I would say from the suburbs of Houston all the way to some terrific virgin forest and hunting country on the Louisiana border. So virtually anything you want to find in Texas, you would find in Kevin's district, to be honest with you.

REP. KEVIN BRADY (R-TX): That is what we claim anyway, so – (laughter).

MR. ALDONAS: What is particularly interesting about talking with both Representative Meeks and Representative Brady is they have both been terrific leaders on trade, terrific leaders internationally.

Representative Meeks sits on the Committee on Financial Services, certainly relevant from a New York perspective, also on the Committee on Foreign Relations, and again many of the arguments that we make about trade are as much foreign policy and security as they are a trade – also most recently successfully launched the congressional services caucus, which I want to applaud, Representative Meeks. It's really – frankly, as big as services is in our economy, it's an underserved community in the political process, and I think it's a great policy process as a practical matter.

Kevin is a member of the Ways and Means Committee, and the congressman has been a stalwart there not only on trade but a host of other issues: tax and Social Security,

healthcare policy – really a pioneer on a lot of those areas trying to create new paths going forward, also a member of the joint economic committee.

So that is our lineup. Just to set the framework, we are obviously at a turning point in many respects in terms of trade policy at this point, not just the United States but globally. When I think globally, we're looking at a point where Doha is at least on its last legs if not dead. And I know someone who looked very much like me said it was so dead we should be checking the pockets for loose change at this point rather than trying to pursue it any further at least along the route that we have.

The FTA has foundered – there is an awful lot going on in the international front – free-trade agreements, bilateral free-trade agreements that often exclude the United States, particularly in Asia where you see the fast uprising incomes in the world.

Back home, obviously we have just seen the lapse of the president's negotiating authority. We have four agreements before Congress – not clear when those will be considered. And almost more powerfully, when you look at the numbers in terms of public support for trade and for globalization, you're seeing an erosion of support, an erosion of support significantly among the college-educated, as well as what we had seen before in the base. And it's a very significant change in sort of the reaction reflecting an anxiety not just about trade but about globalization generally and about change in American economic life.

And so that is kind of the context within which we are meeting. And part of what I think we want to try and accomplish today are two things: one, not only to get a sense of the direction that we're headed but also, how do you draw new constituencies into this conversation so that you are rebuilding something of a consensus. Are there policy changes that have to be undertaken to get us moving in that direction? Are there other things that the business community, other people ought to do to draw on new voices into the conversation in Congress? And also, how do we then try and assert that leadership role the United States is traditionally engaged in at the global level? How do we take that consensus, if we can build it, and then translate that into something broader?

So I don't know if you guys want to open up with just a couple of comments. And then I have kind of a starter question, which actually isn't trade-related. But if you want to just offer a couple of thoughts, that would be an enormous help.

REPRESENTATIVE GREGORY MEEKS (D-NY): Well, I think that you have touched on exactly what my concerns and issues are. You know, oftentimes, when we enter into a debate about trade, we forget and we leave out what is the problem – why is trade hitting such an obstacle? Why is it hitting such a wall?

Most of the times it's because individuals in the United States – you know, the – whether it's because of trade or not actually, because, you know, sometimes when you talk about the displacement of jobs, people blame it all on trade; they don't talk about that people have really – some have lost their jobs because of efficiency in technology. So

they don't stop new technological advances because people are losing jobs. But they said – but they say because of the advent of the new 24-hour-news now – news channels, and people just putting things on the air, that it has to be trade or globalization. And they also talk about or make you think that trade and/or globalization is the reason why developing countries are poor.

But, yet, when I scratch my head and think about globalization, it really just started with the information age, and that is just 10, 15 years ago. And if I'm not mistaken, poverty preceded that. Those countries were still poor. So globalization could not be the cause of poverty. In fact, when you look at it, especially in area like China and Brazil, et cetera, because of globalization, it is now lifting people out of poverty, and when you look at what we are doing here in the United States also, there is a shifting of jobs, but we are not losing jobs. There is not more individuals that are unemployed. Our unemployment rate is still low.

So the emphasis that we have got to – I believe that we have got to being to change is how do we touch people at home, those that may be temporarily displaced for a small period of time, whether it's for trade or any other reason. You know, clearly, trade adjustments assistance isn't working, and we have got to broaden it, and we have got to make sure we do it better because I think that is what, then, will hit it home and help individuals who may be between the age of 45 and 55, who now is out of work temporarily, but they still have their mortgage payments; they still have their child that is trying to go to college et cetera – they still have got healthcare issues.

So we have got to figure out what we do there to help them because that is – that I think will then begin to shift the feeling of individuals within this country. After that, we can go back to this protectionist type of mentality that we had back with President – I guess it was Harding, et cetera, and we lost more jobs, and we ended up – our economy started to go under and that is what created the Great Depression.

So we have got to make sure – look at history. Let's not repeat the failures of the past, understand what took place when FDR came in, and begin to talk about opening markets and trading with other individuals, and how that got us out of the depression, and started moving us to the greatest boom and to the point where we are today.

MR. ALDONAS: I really appreciate that. I remember, when I was working on the Finance Committee for Chairman Roth, he always used to stop me before he went either into committee or for a vote or onto the floor because the lore on the Finance Committee was that Reed Smoot, the Senator from Utah, took the bill into the committee and got rolled basically – (chuckles) – and then got rolled again on the floor. So he started out with something that wanted to lift tariffs a little bit, and he ended up with 65-percent tariffs across the board.

So Bill Roth would always stop me on the way in and he would grab me one last time and just remind me if I had counted the noses by saying I'm not going to end up like poor old Reed Smoot, am I? (Laughter.) And it was a good lesson because I do worry

now we are in a context where there is enough uncertainty in some respects, Kevin, that you do worry about taking a measure to the floor, you do end up – without thinking it through, as you were suggesting – I don't know if you have any thoughts. I know particularly with respect to what Congressman Meeks was saying about trade adjustment assistance, I know you have been thinking about other approaches as well.

REP. BRADY: Yeah, and we are looking at – and clearly, you know, trade is complex, and it's emotional, and it's difficult, and as the world grows smaller and flatter, in a sense it gets more difficult to do this. And I think the Doha round is a reflection of not only of setting pretty high goals, but the fact of the matter is we have more countries involved with WTO, they are far more sophisticated about trade, they have greater about the impact that that has in their countries, and so it makes it harder to reach an agreement, a consensual agreement at such a huge level. But I think you absolutely have to.

And we're sort of at a critical time I think in trade for this country and not just from an economic standpoint but from, you know, the fact that we are here today talking about international strategy and trade being a part of our security agenda – which it is – around the world I think is fairly encouraging because people are – have always read a lot into trade, but I don't think – on the negative side, I don't think they have read into it quite – the positive side it can have for our interests.

And as complex as trade is, I always do like to start the discussion with what I think is the principle behind why we trade. And to me, it is a principle of freedom. You know, if you or I build a better mousetrap, we should be free to sell it anywhere in the world without government interference. And if someone else builds a better mousetrap, you and I should be free to buy it, again, without government interference, whether it's for our family or for a business. And I think that that principle of freedom is very important for us.

Yet, today, we are looking at a world that is very aggressively creating agreements regardless of the United States that tilt much of the world against us when our companies try to compete. I think we have under – we have over-exaggerated in some sense trade's impact, yet we have not recognized its ability to really to strategically help us make regions more secure, and to help export democracy and rule of law. And today, you know, I look at – I think, as most things in life, having a balanced approach on trade, the boat (?) recognizes the benefit from it, and very aggressively recognizes the downside of it is very important to us.

And I think, too, recognizing that while we are hopeful for something to occur in Doha, that our trade policy shouldn't be one-legged, where we have – completely depend upon a successful Doha – we ought to have a broader stance that also keeps us engaged in the bi-laterals because they are working for us. I mean, even though our bilateral is only about 7 percent I think of the world market, they are almost half of everything we're selling abroad. And you probably all noticed in this room, have noticed the past few months, even our trade deficit, you have seen the lines cross, where the rate of growth,

what we're selling out of America, is exceeding the rate of growth of what we are buying in America. That is a trend we ought to be, as a Congress ought to be continuing to push.

But, boy, there is just a lot of elements going on right now that Grant I'm sure wants to talk about that affect whether we can keep that trend going or not.

MR. ALDONAS: Well, both of which we're talking about offers a rich sort of menu of things we could. I want to start actually from a perspective that I know you both share, where you both have been very strong supporters of what I think of as the root of economic development, small and minority businesses in our country. And yet that is not a voice that has been well heard or even, frankly, looked after as a part of our trade policy. There hasn't really been that effort in one sense to draw that constituency further into the discussion.

And I would be interested in how your perspective about economic development, particularly small and minority businesses, affects the way you view trade and how you think about the two fitting together, because I wonder if there isn't a more powerful argument to be made about what we do here to liberate people and empower people to engage in global commerce rather than thinking about throwing up barriers.

REP. MEEKS: You know, that is my vein of existence, to be quite honest with you. When I was one of 15 Democrats to vote for CAFTA, you know, there was a whole lot of individuals who wanted to come after me. But the reason why they couldn't – because I already had built in somewhat of a cushion because I was focused on first getting businesses and getting minority and small businesses within my district focused on the advantages and how they can make money in trading, and setting up programs in regards with the Commerce Department on helping assist them with trading with other countries. So therefore they were creating jobs, and they understood to go out on trade missions that that created an opportunity for them.

From my way of thinking, this is – globalization and the opportunity to get into the other markets is the 21st-century version of the California gold rush, where people were all trying to go West, but now we have got this globe that is much smaller now, and people can go out there, and there is places where you can go, expand your businesses, make money, and create jobs at home. And that becomes key.

When I look at, for example, UPS – which JFK Airport is in the middle of my district – UPS is a large business, but I have just used this as an example of job creation, of something that I utilized all of the time in the district is, for every 40 packages that they send abroad, that creates one job at JFK Airport, and that one job is someone that is there – and I can relate that to folks and say that trade means your job, and therefore, despite all of the pressure that I would get from someone else, it hits home.

And when you talk to the small businesses, that then creates a real economic development tool and a complete independency, a community that can stand on its own and not be completely dependent upon government to do anything and everything for it.

It makes it freer, using Kevin's word, freer for the people to move in areas where they had not done before, and makes them understand better, because it affects their lives directly, the benefits of trade.

And I think that makes a tremendous difference when you try to work it that way on that ground level and you ask the assistance of those who are making the benefit to then be the mouthpieces on the benefits of trade as opposed to just being me. And they go out there with their new employees and they push out, and they then talk – and I don't have to say anything. And that then brings new partners into this thing.

MR. ALDONAS: That is a wonderful story about how you mobilize that support, but that was really your initiative as much as – (chuckles) – anything else. And what I have been surprised by in some respects, Kevin, is the inability to make the supply chain vibrate. You know, most small businesses don't export directly to Japan; they might export to Toyota or they might export to General Electric, in effect, and they take them globally. And yet, you don't really have the sense that you're reaching down in that supply chain and saying we're all in this together.

I remember this wonderful graphic Boeing had at one point that had its 747 with the names of every one of its American suppliers listed on that plane in very fine print because there was a huge – thousands, literally of suppliers, down to the folks who were providing the hotdog stand across the street from the factory in Renton. And it was the sort of thing where you really felt those voices aren't heard as a part of the process. So I'm wondering, in Texas, what do you in that context to try and mobilize the same sorts of voices.

REP. BRADY: You know, when – before I came to Congress, I was a Chamber of Commerce manager, so worked, ran small business myself, worked with small businesses. And so when I came to Washington, you're always looking, where can we create – how can we create more jobs. And it became clear, at least at the national level, the way we do that is we make sure that we can sell our goods and services around the world. But small businesses are smart, and because they are meeting in payroll, they are pretty aggressive about seeking out new customers and finding them.

I think our small business owners and our business leaders understand the supply chain. I don't think the workers who are employed there do. And I think that has been one of the problems in trade, why I'm always hopeful that Greg Meeks is not an endangered species by taking this role because if you look at who our customers are, the business growth we're seeing, a lot of our workers I think are not aware of what an important role free trade plays, or else they would be up here clamoring for us to keep opening those markets.

And I really lay that blame on our business community for not talking to the folks who are around the water cooler, whose jobs are dependent upon this. And I just did – I'll conclude with this – I just did a tour of our manufacturing facilities in East Texas, which is not really known for manufacturing, but we figured out there is about 300

companies that employ about 18,000 folks, everything from steel mills to paper plants to oil bits to everything, just toured them – you know, plywood, plywood racks, all of these different things. We discovered in East Texas that all of those companies were exporting between one third and one half of all that they were making outside.

And when I would tell my local reporters, you know, in the Chamber of Commerce about that, they were sort of in disbelief. They – and I think our export world in effect is sort of semi-invisible, you know what I mean, in the United States, we just don't have enough discussion, and it make it politically tougher for people in both parties, especially in Greg's, to step up and say, no, we need to do this.

MR. ALDONAS: Let me shift really directly onto the politics of trade. I know testifying in front of Ways and Means this year, I wasn't surprised about the obvious shift in control of Congress and what that might imply for the trade agenda going forward; what I was really surprised by was looking at the shift within each caucus. It felt like, at least in the questions, and certainly in terms of the members, that there was a drift toward a more populist version of politics, really tapping what seemed to be anxiety about globalization.

The first thing I wanted to know, from your guys' perspective, is that an accurate perception, and if so, what does that portend in terms of what we're going to do going down the road in trade policy because that suggests to me in some respects is you do have to find a much stronger bipartisan consensus, and that it may be that foreign policy arguments become relatively more important building that consensus as opposed to the classic trade arguments and the benefits of trade that we have argued about before. Maybe you could start us off.

REP. BRADY: I think if you polled members of the House, and just privately asked them, I would say the number who would like to have a trade vote each year would fit in a telephone book. I mean, politically, it's just not very popular. And I was real encouraged – still am, about the agreement that was reached between Chairman Rangel, Jim McCrery, Senator Baucus, USTR, because I thought what it represented, whether you completely with it all or not, what it represented was the ability of people with very different views on trade to sit down and work out accommodations that actually try to spread those benefits better and try to export more of our values, and they did it quietly and thoughtfully, and came up I thought with just a real important framework.

What worries me now is that – I worry that the populist feel against trade may derail that breakthrough before it really gets going. I worry about with Peru, especially, as sort of the lead car in this four-car train of pending bi-laterals, I worry that we are almost recreating a – America's big-stick diplomacy where we basically require countries to do unimaginable things before we even consider those agreements. It seems terribly unfair. I think Peru – we need to have a hearing this month on it. There is no reason not to go forward with that agreement.

Panama, you know, with both the expansion of the canal, and they are a services sector, much like – an economy much like America – very important we do that – Greg Meeks spoke the other day about Colombia. I'll let him do that because he was so articulate about the global, the strategic need for Colombia and Korea – huge market, the type of trade agreements we ought to be pursuing every moment we get a chance to and all of that. And what I worry about is that some want to slow that four-car train down so that maybe the last two cars never make it through the station. And that, in a political environment we have today, that worries me.

MR. ALDONAS: What I hear you saying, though, is that that probably, with most members of Congress, whether Republican or Democrat, that wouldn't be a problem in the sense that you would rather not fact that vote, particularly going into an '08 election, I guess would be the best way to put it.

REP. BRADY: You know, I have talked – I have been in Congress 11 years, and I have had international trade as a part of probably every speech I have given for a decade, and still in our district, when we consider trade agreements, the letters and phone calls are easily 50 to one against it. So most members, you know, given the choice, would not – would prefer not to have to –

MR. ALDONAS: Take a vote.

REP. BRADY: – engage that thing, even though they know we need to do it.

REP. MEEKS: And as a result of that, you have a situation where people are saying don't confuse it with the facts. So don't even – you can't get open minds to listen to the facts and the benefits of what trade is really about because there it's just such opposition, you know, from the outside. And you have, you know, the Lou Dobbs's of the world that is on all of the time, whether it's on your radio or your television, indoctrinating peopling with certain dogma, and therefore, they believe – you know, perception then to them becomes the reality.

And you have individuals who have now – I know on my side of the aisle – who claim that they were elected using no-trade agreements, so therefore they cannot now go back and show any semblance of supporting any kind of trade agreement, irrespective of what the facts may be. And that gives me some grave concerns.

However, you know, there seems to be somewhat of a contradiction when you really bring it to the people because to my knowledge, I know none of the CAFTA 15 lost their seats because of the vote of CAFTA, every one. I don't know of anyone that really has lost their seat simply because of a trade vote. I really don't. I tried to – somebody could show me one maybe I have missed. I have had my staff and I look to try to figure out where a member voted for trade, and because of that single vote, they lost his or her election.

So, you know, I think that that is a component, but when they look at it, they should be able to move forward, but that is not happening. I think that what is happening is that people continue to move the goal post. And I was with Kevin – I mean, I thought that finally there was a breakthrough so that we could really have a bipartisan – because trade should not be one of those partisan issues. It's too important for this country for too many reasons. It should not be a partisan issue; that should be one of those bipartisan issues that we should be able to agree upon to work together for the benefit of our country, and that is not taking place.

People are moving the goal post. I worry about Peru. I thought Peru and Panama would at least – and I agree with you. I thought that the deck was being stacked so that Peru and Panama would get through; the other two wouldn't. But now I'm seeing that they are trying to change the goal post on Peru, which is a problem, which concerns me. I start scratching my head. What is going on here?

I thought we had something that was a done deal here because I know beforehand, what we were all talking about, at least a lot of the Democrats who had not been able to vote for trade before said they needed labor standards in the agreement. That is done. They said they needed environmental standards in the agreement, not side agreements. That is done. They said they wanted access to generic medicines. That is done.

And so the things that we were talking about before that seem to prevent a partisan fight should have been eliminated as far as I was concerned. And the talking between McCrery and Charlie Rangel, which I thought also was part of the problem before because Charlie and Mr. Thomas didn't speak at all, or didn't speak, you know, in any kind of cohesive manner. (Laughter.)

MR. ALDONAS: They did talk to each other –

REP. MEEKS: They were speaking. (Laughter.) But that changed. And to a degree, I do feel some frustration, not only myself, but even from some of the leaders of that agreement because I think part of it was that they thought that they could move forward and people will immediately follow, but you have an upsurge of new members that said, how dare you make that agreement.

MR. ALDONAS: Got it.

REP. MEEKS: And so you have that kind of problem that is percolating now as far as politics is concerned, and what we have got to figure out is how do we – how do we resolve it. Now, again, my hope is that we will ultimately push through Panama and Peru and Peru and Panama, but I do have to put the plug in for Colombia because to me, Colombia is absolutely important to be lumped in with all three of those.

How do we not do a Colombia when we got – if we do a Peru, which needs it, should have it, we do a Panama, we have done a NAFTA, we have done a CAFTA, we have got a Chile, what are we doing to say – what do we say as a national interest to

Colombia who is our partner in helping us fighting drugs and doing everything that they can – if you look at the difference between Colombia in the last seven years with President Uribe there, the gains that they have made, how can we turn our backs on them? And then when you look at the opportunities that are there.

And, in fact, I was reading a magazine on the way back from Colombia not too long ago, and they were talking about the Colombian market, how it was soaring despite all of the so-called black clouds around it. Its GDP is going up and there is a lot of companies that are starting to – and hedge funds and private equity is looking to invest money there. You know, to me, it would be in our best interest to make sure that Peru happens, Panama happens, Colombia happens, and Korea happen.

MR. ALDONAS: You know, you said something which I want to drill down on a little bit Representative Meeks because it goes to the heart of – you guys are master politicians. I think about this in the context of John Tester, Senator from Montana – a very vigorous opponent of trade. Got up and said things about NAFTA which are just frankly untrue, but that was his campaign rhetoric.

Now, he represents the state of Montana where a third of those acres go to export, and that the cattlemen have to export not so much because it's a huge market, but because every time they export, it raises the price of everything they sell. And so now he has got this huge constituent interest; he has to find a way to make that turn politically. And I think it's in our interest to help him make that turn.

How do we create the political space, just using John Tester as the model, so that he can vote in favor of those constituents? How do we find either what we're doing inside of trade agreements or in policies around trade agreements something that would take us further down that road? Hard question. (Chuckles.)

REP. BRADY: Yeah, you know, I think it is – having the courage to lead on trade is critical, but also I think the more we are vigorously enforcing trade agreements, and at the WTO level, because it is the perceived unfairness of trade that also drives a number of John Tester's constituents. And I think when we really do pick out, you know, export subsidies or import substitutions or things that really are clearly unfair and go after them, I think it helps a Senator Tester go home and say, you know, we are not just reaching contract with these countries; we are actually holding them accountable to implement and perform on that contract and I think it's out there.

REP. MEEKS: Yeah, good point.

MR. ALDONAS: Yeah, I like what you're saying, Congressman Brady, in part because I know in my own experience in negotiating agreements, that when we put down the template of a free-trade agreement, we usually are talking about the liberalization of the border measures. We don't actually spend a lot of time talking about the policies inside the border that can still distort trade.

So, for example, we are having a great debate about China and its currency. A far more serious issue I know from the Financial Services Committee perspective is, what is wrong with the capital market of China that produces a series of underlying very powerful subsidies to capital-intensive remanufacturing industries in China, and that the root cause of that problem lies inside China. The best thing you can do is blow that open for financial services and have a capital market that works. But when we sit down to bargain, we don't actually think about that; we sort of think about what is at the border rather than those interior measures.

And I wonder, particularly on the services side, whether that is more than half the game, is shifting how we bargain, Congressman Meeks. It's sort of everything about services, whether it's the investment barriers that prevents you from going in, whether it's the regulations that favor the domestic industry, or in China's case, the idea that – you know, I hate to say it; it's a little bit like what the old emperors used to do for Marco Polo. Yes, you can have the silk trade in Shanghai, but nowhere else, and that is sort of what we have done with our financial services companies as well. You can operate and sell life insurance – not health insurance – only in Guangdong.

And that is the WTO arrangement at this point, rather than something that would drive chains throughout the financial services market, but would that help, in one sense, to be able to respond to a John Tester's concerns or other concerns that you see among members.

REP. MEEKS: I know it would help tremendously, and I think that is why Kevin and I are co-chairs on the services caucus because that is part of the reason for the existence of the services caucus so that the services, you know, even with our trade rep, become an integral part of their conversation when they are negotiating these agreements and when you have those barriers set up, fight through them for the services.

And it seems to me, it makes a tremendous advantage in that regards because when you look at the jobs that the services are creating, and the fact that we have had a positive trade balance in the services industry, if we fought for that and fight against those barriers they may put up in China or in India and some other places where we could really grow and prosper, it would make a difference, and people would also feel the difference at home and have the confidence that when you make agreement, that we are going to fight to make sure that our folks – I think Kevin's point is absolutely right on target.

REP. BRADY: One of the things Greg and I have tried to make at the launching of the services caucus was not just the fact that services are a huge part of our economy, these are not McJobs; these are good-paying jobs. They average about \$51,000 each for these services jobs. America is very good at, and we have a big trade surplus. We are extremely – we ought to be insisting on this, but one of the points Greg and I have had tried to make was, look, this is not an either/or situation, either services or agriculture; services or manufacturing. The truth of the matter is in the era of America's prosperity throughout the decades is manufacturing – the rise of manufacturing made agriculture

more productive. You know, the rise of services and information knowledge has made manufacturing more productive and more competitive around the world. So this really is complementary to all we're trying to – to lift all of those sectors up.

MR. ALDONAS: That is a great way to look at it. Let's open it up for questions. I know I have sort of stayed away from the – what is going to happen on Colombia, what is going to happen on fast track, but I'm guessing we're going to get that. But, anyway, please.

Q: Yeah, Paul Chamberlin.

MR. ALDONAS: If we could use the microphone that would be great.

Q: Thank you. Paul –

MR. ALDONAS: Could you also tell us your affiliation?

Q: Paul Chamberlin. Can you hear me? Yes, I'm a consultant and adjunct fellow here at the center.

My enduring interests have to do with the Korean FTA. But my question pertains to illegal immigration and the impact of these trade agreements on that subject. It is an important subject for Americans. To what extent would passing these agreements with the Latin American countries affect the illegal immigration situation and is there a political argument there to support these trade agreements.

REP. MEEKS: Well, I say that all of the time, that – especially on our hemisphere, our Western hemisphere, that – why do people come illegally or whatever way to the United States? They want hope and opportunity, to get a job so they can support their families primarily because they can't do it at home. If in fact we created an atmosphere where they could get jobs that paid, so that they could take care of their families and they could have the same kind of prosperous outlook that Americans have, there would be no desire for them to come illegally to the United States of America. They could do it right there. And it all it takes it to go to visit and talk to individuals and ask them, why are you coming to America? Well, they want what America's promise because they don't have it, but if they had America's promise, they would stay at home.

You know why you know that too, is because when you talk to them, even after they are here, they always talk about how good things are at home, or how they would like to go back home or their families are back home. So to me, there is absolutely an argument that I say all of the time, that, if you create hope and opportunity for people in other places, especially in our neighbors, our neighbors, then in fact you don't have the immigration problem because that is the reason why the individuals are coming here.

REP. BRADY: I agree. And I think this is one of those arguments that have been lost in the immigration as we go about the debate, but – also, two things. One is that, you

know, I think perhaps either NAFTA was a bit oversold on the impact it would have on stemming illegal immigration, or people don't recognize what happened internally that helped drive it since NAFTA was in place. I think that undermines our argument a bit.

But I'm with Greg; I was in El Salvador and working on CAFTA and they showed me this newspaper advertisement in Spanish obviously. But it basically said the – the ad said, this Mother's Day, call your mother in the United States for this discount. On Mother's Day, call your mom in America for this amount. And it just struck me that – we have two little boys; a five- and an eight-year-old. I can barely drag my wife away from them for a weekend. The thought that a mom who loves her children dearly would travel a thousand miles, go into the shadows, work like a dog just to send money home for her family, you can't convince that there wasn't the opportunity, a chance for a decent job at home, she would be there – wouldn't be back there in a second.

And I think in all of these trade agreements, I really think, whether we are creating opportunity – we are creating opportunities in the home country in my view, maybe not enough, maybe not soon enough, maybe our economy is just such a magnet but we just need to recognize that, but I'm with Greg; I think it has to help in this whole issue.

MR. ALDONAS: Other questions? Yes, please, Jim.

Q: Hi. Thank you. Jim Berger from Washington Trade Daily.

Since the presidential campaign seems to be starting early and the House is always in a campaign mode, is it unfair to say that it would be to the political benefit of Republicans to see all of the trade agreements go down this year or next and then blame it on Democrats?

REP. BRADY: No. (Laughter.)

MR. ALDONAS: Let's stop there. (Laughter.)

REP. BRADY: No campaign is worth how much damage I think that would create for our country in a number of ways in leadership. And whoever won that presidency would be spending far too much time trying to undo the damage than moving forward. And for me and my party, I'm not voting for any candidate for president who doesn't have the intellect and the courage to lead on free trade. And in fact, I have to credit President Clinton who made trade a key part, who understood that we have to speak with one voice, even with internal differences, working those out. And I just hope the nominees for both parties will be able to step and lead the same way.

MR. ALDONAS: Please, Tom.

Q: Thank you very much. I'm Thomas Hubbard at Kissinger McLarty Associates. And in the interest of full disclosure, I'm former ambassador to Korea.

Since this is a dialogue, I hope I can make a comment rather than simply ask a question.

REP. BRADY: We know where he is coming from. (Laughter.)

Q: But I didn't want to waste this opportunity to give my views on this agreement

REP. MEEKS: Grab the mike.

Q: – to key members of Congress. Congressman Brady, you mentioned that it's huge; it is huge. It is \$78 billion in trade, likely to add another 20 billion. Korea is our seventh-largest trading partner, 10th largest economy in the world. It's a good agreement, probably the best we have done. It's very good for services. And I think most importantly on the economic side, this is an opportunity to further crack open an economy that has been one of the most difficult to crack for American and a lot of goods and services throughout time.

The Koreans want to open their economy; this is a chance to further that process. It is strategically important in different ways perhaps than the Colombian agreement, and I strongly support that too, but it's a key ally in a key part of the world. This trade agreement will help cement our ties in Asia, will help counter what we have seen over time of increasing drift in some parts away from the United States and more in the direction of China. We ought to do this because of our position in Asia.

It is also a wonderful –

MR. ALDONAS: I'm going to exercise the prerogative of an old Senate hack who is familiar with filibuster. (Laughter.) These guys are from the House – (laughter) – who are governed by the rules in this conversation, so I think we're done unless you –

Q: One final word: It's a good template. The Japanese are already I think positively expressing concern about this. I think it will help us further our process in Asia.

MR. ALDONAS: In Asia generally, yeah, great. Please.

Q: Hi, Bill Irwin with Chevron.

Looking at the Western Hemisphere, there has been a lot of political flux in the hemisphere over the past several years, a lot of pendulum swinging in elections, a lot of conversations amongst themselves, new alliances forming, new trade groups within the hemisphere, within South Korea is kind of redefining themselves with re-alliances. Yet at the same time, there's countries that are involved in these free-trade negotiations with the United States that really want them, that are putting their arm out a little bit and not

moving with the momentum that some of their neighbors are moving. They are doing the things that ya'll referred to in your opening statements of responding to some of the new requests that are coming out of the 110th Congress to reopen these agreements. They are complying with all of that.

I see in my Blackberry as you're talking the Panamanian legislature just approved the FTA 58 to three. They are doing all of the things to say that they want to have these agreements in the midst of all of this very difficult flux that is involving a lot of their neighbors. If we can't deliver to them the relationship they want with us, what is going to happen over time with – in that political environment that is evolving in South America right now?

MR. ALDONAS: It's a good question. You have got that – I mean, given the distribution of income in Latin America, politics are always going to be center-left, but you also have some very serious issues in terms of Chavez, in terms of the change in Ecuador, certainly the issues in Bolivia. It represents a dynamic, whereas you have other slightly leftist-center governments who in fact are pretty strong advocates of economic liberalization, engagement in the global economy. And the real question is, if we don't embrace that with this opportunity, are we conceding something to the Chavez's of the world and end up with a very different dynamic among our neighbors.

REP. MEEKS: Well, you know, here is the way I go on this: I do believe that those that have agreed, and those legislatures that you're talking about, we do and need to make sure that we push back and work with them because I think you do have a battle of two systems, and I think ultimately, you know, just as we had during the Cold War period when the socialist system in Russia failed, you're going to find the same thing. There is no way that I believe that a number of these other countries, that their systems are going to be able to survive. And the best way for them to learn and realize that I think is when we do have these trade agreements.

An example is what is going on with Chile right now, and it shows how their economy and people are booming, and folks from the bottom up is benefiting, and I think that is what is key. So that is why I believe in a lot of the trade agreements we have to have capacity – trade, capacity-building dollars for those countries so that people in the bottom, the poor to be able to benefit from it also. And that is why with Colombia – I work very closely with the African-Colombian community that is in there, make sure that they are a part of it, and in Peru – the African-Peruvians and the indigenous individuals that they can benefit because that is really where the battle lies. The battle lies on the bottom.

You know, there was a poll done, and a lot of those individuals says we don't care in essence what form of government we have as long as it improves our lives. And I believe that if we do these right – and I think that from talking to the Peruvian government, from talking to the Panamanian government, from talking to the Colombian government, and seeing the example of the Chilean government, that we can do these things right.

That is why it's a crucial time in my estimation that we move forward with these kinds of agreements and understand – you know, and I think Kevin mentioned this earlier – the connection therein with our own security at home, you know, with reference to the day and age we now live in dealing with terrorists and terrorism, et cetera. You know, you look at what took place at John F. Kennedy Airport not too long ago with individuals coming through Trinidad, and if it was working with those governments there, we could have had a security breach here.

So the same is with a number of them that particularly work or deal with us, and we have got to figure out a better way to do that. And I think that has to be part of the arguments that we make when we are fighting for these free trade agreements.

MR. ALDONAS: You know, both the question and your response raises something that kind of brings us full circle, which is, we have not done a very effective job of paralleling what we do in terms of our development policy, our economic development policy, whether it's here or home or whether it's internationally with what we do on trade.

And you were making the point about trade-capacity building. One of the interesting things about NAFTA is its reach into Northern Mexico is very strong; it's reach in Southern Mexico is very light. And much of that has to do with logistical issues in Southern Mexico as much as it has to do with –

REP. MEEKS: I'm going to make that point; you're right.

MR. ALDONAS: And the reality is, is the price-transmission benefits of trade don't benefit the poor in Southern Mexico. They have not seen the benefit of NAFTA in that sense. But part of that, I wonder if it isn't because we see these sort of dichotomous views of what economic development assistance is and what trade is rather than saying we both ought to have them at the table, in some respects, particularly in Latin America because of the income disparities in trying to develop a more coherent policy in some respects about our approach on trade at the end of the day.

REP. MEEKS: Chavez is – (inaudible, cross talk) – Chavez is popular. And I go to Venezuela just as much as I go any place else, to be quite honest with you. Chavez is popular for one reason: For the first time, he is giving at least lip service to those who don't have, and he has made a difference in some of those communities in the sense that I have gone to some – where there are schools that they have for the first time. He is feeding some folks for the first that have not have government pay any attention to them previously. So they are not looking at the big picture of what the system does; they are looking at, well, for the first time, we have got somebody that is caring about us, and so therefore we love him.

MR. ALDONAS: I agree with you completely. It's sort of like – you know, having spent a lot of my professional life in Latin America, it's the failure of a political

lead in Venezuela, and it's a rejection of that political lead. Unfortunately, it's taking a term that isn't pro-democratic –

REP. MEEKS: That is correct.

MR. ALDONAS: – at this circumstance, but the reasons for it are exactly what you stated.

I think we're going to have your comment, maybe one more question, and then I think in interest of your time, we're going to scoot. I don't know if you want to comment on this one, Kevin.

REP. BRADY: No, I think we're in perfect accord. I think history will treat us poorly if we don't keep engaged.

MR. ALDONAS: The last comment here in the front row, if you could.

Q: Just my name is – (off mike). I used to be here – the last acting ambassador – (off mike).

My – I just want to comment on Congressman Brady's statement that was freedom. I think he is right because when you empower – (off mike) – business, people create jobs. They employ not only the – (off mike) – the employ others. I was recently in East Africa, in Kenya – I went to Somalia too, and I found out that this – they enlarged the East Africa community by including not only the traditional three countries – Uganda, Zambia, and Kenya, including Burundi, Guinea, and also the East and Central, Southern Africa – (off mike) – the community – (off mike) – you know, the intelligent trade.

The human understanding that America really has – why everyone wants to come here is that the fact of the freedom. You see, everyone – we have been raised from colonization, and – (off mike) – post-colonization by leaders who do not want – there is only one president, one newspaper, and one radio. So they come here not only for bettering their lives but also for the feeling that exists here: freedom of worship, freedom of assembly, freedom of speech. Thank you.

MR. ALDONAS: I think that is a wonderful place to end because what I take from that is that a monopoly ain't any good, whether it's economic or political, number one, and that the power of trade is that leveling force; it is that liberation in one sense because even the guy on top, whether it's Microsoft or whether it's Exxon can't stay there for long without somebody having the opportunity to compete and start to erode that. So they have got to stay nimble and be responsive to the folks at the bottom too, and I think that is ultimately where we need to go.

I want to thank you both for launching our dialogue series. This really has been tremendous. A lot of insight particularly about it, I think where we need to go to find new voices to bring into the trade conversation. It's also a lesson, I just want to say for

my friends in business, about what we have to tack to bring into the conversation because you guys are the legs in some respect. It's those guys around the water fountain, as Kevin was saying, that we have got to draw on to the positive side of the conversation and say there is a broader world out there we can grab, but they have to be motivated to see their future in that world, and that is ultimately where the cause ends. Thank you very, very much. I appreciate it.

(Applause.)

(END)