

Statement
Senator John Kerry
Commerce Committee Hearing
"Promises Made, Promises Kept: Are International Trade Agreements
Really Investment Agreements?"
August 1, 2001

Mr. Chairman, thank you for holding this hearing today. I think it's important to attempt to examine both the benefits and costs of expanding trade markets and this hearing provides us with an excellent opportunity to do just that.

First, let me just clarify where I stand on trade. I have a long record in the US Senate of supporting free trade agreements, including NAFTA and fast track in the past, and more recently PNTR and the Africa trade agreement. I believe that reducing trade barriers is fundamental to improving the economy in the US, it is critical to the economy of my home state of Massachusetts, and it is also integral to our foreign policy goals.

But, I also think there has been a shift in the paradigm on how we think about trade. From Seattle to Genoa, we have heard that we can no longer think of trade as just about opening markets. It's no longer a question of free trade versus protectionism. Values and social issues are also going to be at the heart of the debate.

We need to foster a dialogue on how to improve labor standards abroad; how to protect the environment; and how to compensate our workers here at home when they are hurt because of trade.

I think we can find ways to address some of these issues. Developed nations should consider providing grants or tax-credits for companies that invest in clean technologies abroad or provide labor benefits for the workers they hire in developing nations. We should find a way to reward the multinational corporations that adopt standards on labor and environmental practices, and should further encourage them to label their products as environmentally or worker friendly. We should enforce our anti-dumping and countervailing duty laws, as well as take full advantage of dispute resolution mechanisms at the WTO if we believe our trading partners are acting unfairly.

On the subject of whether our trade policies are resulting in lost jobs here at home, I think there is no question that in some industries, especially manufacturing, that is the case. Overall, I believe the benefits outweigh the losses that result from trade. Consumers have more choices, at lower costs, because we have opened our borders to goods from other countries. Our workforce and our valuable resources can be better concentrated where we have expertise. At the same time, we have an opportunity to export our values abroad, engage with other nations and hopefully help developing nations begin to grow their economies as we import goods from them.

But we should not pretend for a minute that contributing to the "greater good" is a fair answer for us to give to the worker in the manufacturing sector who has lost her job because it went overseas. That

person needs to find a way to put food on her table, put a roof over her children's heads and plan for the future needs of her family. To respond to those very real needs of citizens who are being put at risk because of policy decisions we make regarding trade, I am an original cosponsor of legislation that would reauthorize the Trade Adjustment Assistance program so as to provide much better compensation, including wage insurance, for American workers, farmers and fishermen, who lose out as we open our borders to more goods from other countries. I hope this hearing uncovers additional opportunities for us to assist those who are harmed as a result of our trade policies.

We must acknowledge that trade is no longer simply a question of reducing barriers and lowering tariffs. Globalization means recognizing that people care how the products they consume are made. It also means finding ways to ensure that we don't leave our workers behind as we continue to expand our markets. We must explore new ways to develop a comprehensive trade regime that addresses the needs of our economy, workers and the environment.

Thank you, Mr. Chairman.