

Spurring Growth in the Global Economy—A U.S. Perspective
World Strategic Forum:
“Pioneering for Growth and Prosperity”

Opening Address by
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Introduction—The Need to Spur Growth

Thank you very much and good morning, ladies and gentlemen. It’s an honor to serve as the co-chair for the 6th World Strategic Forum. I’m particularly excited to address this year’s theme: “Pioneering for prosperity and growth.”

Perhaps not since the 1930s has the world so desperately needed greater economic growth. In the United States, we’re mired in the weakest economic recovery since the Great Depression. Even though we’re doing better than many other economies, we’re not doing as well as we can or should.

Neither is the rest of the world—Europe is barely keeping its head above water; Japan’s economy has once again dropped to a crawl; China’s economy has slowed dramatically; and some South American countries suffer both high inflation and recession.

So I believe spurring greater economic growth is the single most urgent priority facing the United States and the world.

Calling for growth and the policies that can generate it may not get the loudest applause on the campaign trail. In fact it may not get any applause at all! But someone has to remind our policymakers and fellow citizens how critical growth is—and that responsibility falls to those of us in the business community.

Economic growth won’t solve all of our problems, but we can’t solve any of them without it. How do we achieve growth? It’s not really a secret—history has proven how to do it over and over again. Provide a high-quality education in order to secure a well-trained workforce. Establish strong and transparent capital markets. Secure an abundant and affordable supply of energy. Create and maintain good infrastructure. Enact a sound tax code, maintain the rule of law, and limit the power and appetites of government—because they are limitless!

If you wouldn’t mind listening to me all day, I could do an entire speech on each of these topics. But since you’d like to hear from the great lineup of speakers to follow, allow me to focus on one more critical factor for economic success—a country’s willingness to engage and

compete in the global economy and the international trading system while maximizing the benefits and mitigating the drawbacks.

Embracing and Managing Globalization and Trade

It's no secret that trade, immigration, and globalization are becoming four-letter words in the minds of many citizens. The free movement of people, ideas, capital, and information across national borders are under attack in many places across the world. Politicians in both U.S. political parties, as well as various interest groups, are leading these attacks with emotional appeals to genuine and understandable economic anxieties.

There's just one problem with such attacks and appeals—they are often devoid of any real facts to back them up. And so again, it falls to those of us in the business community to speak the truth and state the facts, even if they are not what people want to hear.

Look at what's happening in the U.S. presidential election. Every day we hear candidates arguing we should wall off America from the rest of the world. We hear talk about ripping up all of America's current trade agreements, which they say are part of a "global race to the bottom" ... and forcing companies to build their products on American soil and nowhere else.

If that kind of talk frightens the foreign visitors here today, guess what? It frightens a lot of Americans, too!

This is what happens in poorly performing economies that are not providing enough jobs and opportunities. People look for scapegoats. Politicians play on people's fears. Common sense goes out the window.

However, it's worth remembering that these kinds of controversies get magnified during U.S. campaigns. Trying to win a party nomination causes competitors to cater to the extremes. I am hopeful that both party nominees will ultimately modify their views and move closer to the middle.

Whoever is elected president will find that the responsibilities of governing are different from what it takes to wow the crowds on the campaign trail. No presidency can be successful without a vibrant business community, a strong economy, and good, productive relations with neighbors and trading partners.

We hope and trust that our new American government—whatever form it takes—will understand this ... and we'll be ready to help them *and* to persuade them.

One thing our leaders and our people must realize is that they can't change facts and they can't change reality. They can't stick their heads in the sand. The world is integrated and becoming more so. There is no stopping it and there is no turning back. And we shouldn't try.

Benefits of Trade

Let me take a minute to tout the benefits of trade and global engagement. Just a few highlights.

At its most basic level, trade enables each nation to focus its productive efforts on what it does best. It enables nations to produce and consume more than they could without specialization and trade. It frees them from performing tasks that they are less well-suited to perform.

Who benefits? Workers. In the United States, trade supports 41 million jobs. Consumers benefit from free trade through lower prices and access to a wider variety of products. In fact, international trade boosts the average American household's annual income by more than \$13,600. And the consumer gains from trade disproportionately accrue to the poor and middle class.

One study by UCLA calculated that median income earners in the United States would lose 29% of their purchasing power if America was closed to trade. But, the poorest would forfeit as much as 62%, because they spend proportionately more on goods that are traded.

Let's also clear up some misconceptions about trade and manufacturing. Every reputable study finds that job losses in manufacturing are primarily caused by productivity gains, not trade. We can simply make more with less.

While companies can now produce more output with fewer workers, manufacturing itself is not in decline. It continues to set production and export records. America is the world's second-largest manufacturer and third-largest exporter.

Manufacturers save costs—and pass them on to consumers—by importing raw materials and intermediate goods that either aren't available from domestic sources or are cheaper. And they do so in what has become a vast, deeply interconnected global supply chain that is a wonder of the modern world.

If trade is such a jobs loser, then why has the United States gained about 54 million jobs since 1980—30-plus million of which came after the creation of NAFTA and the World Trade Organization in the mid-1990s?

From the Chamber's perspective, trade is one of our best opportunities to spur growth.

Mitigating Drawbacks

If we're asking anti-trade critics to acknowledge the reality that trade and the global economy are here to stay and, on the whole, beneficial ... then trade supporters must acknowledge the reality that trade has drawbacks and impacts real people—and do a better job addressing them.

No serious economist has argued that trade doesn't create winners and losers.

Does trade cost some jobs? Yes. Some lose jobs at factories that can no longer compete with imports. The losses tend to impact those who are least able to find a similarly good-paying job.

Can trade be disruptive? Yes. It contributes to the job churn in any dynamic economy.

So is the answer to wall off your country from the rest of the world? Is it to raise destructive tariffs that will act like a tax on your citizens? Is it to eliminate the benefits to the large number of trade winners to protect the losers? Should any country really aspire to a future where many of its citizens toil in factories making low-cost products?

That doesn't sound like success to me.

The real answer is to give workers who are hurt by trade the help they need. In the United States, we have a lot of work to do on this front. While it's true we have a strong safety social net, it's also true that we don't have a very good system of retraining displaced workers. And it's always preferable to give someone a hand up than a handout.

Recently, the U.S. federal government had 47 different, often overlapping job-training programs spanning nine federal agencies at a cost of \$18 billion per year. None of them worked very well.

The Chamber has long supported workforce training programs. A law we backed in 2014 is taking some first steps toward consolidating these dozens of duplicative training programs for the unemployed.

We're also working to change the mindset that only a four-year college degree is the only key to success. There are tremendous needs for workers who obtain other post-secondary degrees—we need graduates with two-year degrees, certifications, and vocational training. And guess what? Many of them can make better livings than those who have the fancier degrees.

We need these men and women to fill a growing number of skilled technical positions. In the United States, we have a lot of people without jobs and a lot of jobs without people. We need to bridge the skills gap.

The U.S. business community is no longer leaving these challenges in the hands of bureaucrats. We are becoming actively involved in the institutions that are producing our future workforce. We're engaging in strategic education partnerships to promote successful students, a skilled workforce, and a stronger economy.

We're involved in community colleges and vocational schools to ensure these institutions are focusing on the real workplace needs of modern businesses.

We have a long way to go, but we must keep at it. We must convince our fellow citizens and those negatively impacted by trade that we care about them and we're going to help them.

We won't win the trade argument until we do that—and we won't win it until we convince folks that the agreements negotiated are fair and that we're going to vigorously enforce them.

Conclusion

While there are a number of factors involved in creating a growing, prosperous, competitive economy, one of the most important is embracing the worldwide economy and international trade, maximizing its benefits, and mitigating its downsides.

The fact that a more integrated global economy has played a key role in lifting millions of people out of poverty—and can continue to do so—makes this an urgent priority.

We need to be strong advocates for trade and be out there making the case for it. We need to do the hard work of helping and retraining those displaced by trade. We need to appeal to people's hopes and aspirations, not their fears.

In the United States, we believe when we export our goods and services, we are also exporting our values. We believe that when we open markets, we're also opening minds and reducing the chances for global conflict. We believe that trade is integral to achieving the American Dream.

Otto Van Bismarck once said that "Providence protects fools, drunkards, and the United States of America." The United States has indeed been blessed, but Providence alone won't deliver it—or any other country—a brighter future.

We need the right policies. We need to advocate them. We need the involvement of the entire business community and its like-minded allies.

The debate over trade is one we can and must win. There's just too much at stake.

Thank you very much for the privilege of addressing you today.

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