

International Affairs Forum Interview:

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Mr. Don Bonker – frm. U.S. Congressman (D-WA) and the current Chairman of the International Management and Development Institute (IMDI).

While serving in Congress, Mr. Bonker was the Chairman of the House Subcommittee on International Economic Policy and Trade, and a senior member of the House Foreign Affairs Committee.

IA-F: What are some of the main challenges you faced while serving in Congress and how did you overcome these challenges?

Mr. Bonker: The biggest challenge is setting priorities. When you talk about Congress and legislation, there is a lot of choice. At the end of the day, you have general knowledge about many issues and policies but no particular achievements. After a while, you need to set priorities so that your attention and staff resources are committed to achieving certain goals. First, you have priorities in your constituency. You are expected to deal with problems unique in the constituency. Second, you have priorities on national level. My priorities on national level included the federal budget deficit, foreign policy issues and trade. Lastly, you are assigned to committees. The real policy decisions are made on the committees.

IA-F: Recently, Mikhail Gorbachev stated that free-trade economic policies set in Washington lead to uncontrolled globalization that mainly benefits those who have the advantage in the first place. How do you view the free-trade economic policies set in Washington and how do you view the overall U.S. role in the global economy?

Mr. Bonker: Globalization has been evolving for a number of years. Technology, communication and transportation made globalization inevitable. Globalization is not something that the U.S. has done. As the rest of the world becomes better organized, the multinational corporations have global reach. How you manage and survive in the global economy is another question.

Free trade is a badly misused phrase. Nobody really subscribes to free trade. In reality, there are numerous restrictions and limitations to what we call free trade. While the U.S. strongly

embraces free trade, it also must deal with the realities of the world trade system. For instance, if the European agricultural subsidies make difficult for our farmers to compete, we have to deal with that reality. This is why we have the U.S. trade representative and the WTO. I think that the U.S. has a distinctive role simply because of our size and our importance. If we develop policies that take us on a road toward an open trade system than we help in raising consciousness among other countries about the overall benefits of the global trading system. This is why our leadership at the WTO is very important. If the U.S. embraces protectionism then other countries will follow and this will lead to problems in the global economic system.

We are the leader of the global economy. In some aspects, this is positive and in others, negative. If we set the standards and provide the leadership this sets higher standards for other countries to follow. With the breakup of the Soviet Union, it has been challenging to bring former communist countries into a free market economy. The U.S. does a lot to keep pressure on these former communist countries to fully embrace market economy and capitalism. The IMF also does this by imposing loan conditions.

IA-F: What is your opinion on the bilateral trade agreements and the agreements within the WTO?

Mr. Bonker: Our current government emphasis on bilateral trade agreements is not a good idea for global trade because trade agreements with individual countries attempt to extend preferential trade benefits only to the two countries involved. That causes two

problems. First, this is a minor contribution to our overall economic well-being. Second, we are creating huge variables in our trading policy. In other words, let's say we have 15 trade agreements. Each one has its own market access, tariffs, and so forth. In the long term, trying to manage all these agreements is very difficult. It is also contrary to the purpose of the WTO. We should quit engaging in small bilateral trade agreements that have small significance and cause huge political problems. Once you make an agreement at the WTO, it applies across the board to all 140 countries and this is where we should be putting our political muscle.

IA-F: What is your view on the current record U.S. trade deficit?

Mr. Bonker: It is alarming. Our trade deficit is like our budget deficit. Nobody pays much attention since it does not produce any immediate discomfort. Both the trade and budget deficit provide false security. Instead of tightening our belt, we continue spending by borrowing. It is outrageous that the Republicans, who have always been fiscally conservatives, are allowing this to happen. They have greater desire to cut taxes and strengthen the military than to lower the budget deficit. When I came to Congress, it was a sin to have a budget deficit but now people seem not to care. With respect to the trade deficit, it is the same thing. While the trade deficit does not impose any immediate problems, in the longer term we will have to finance our deficit by borrowing more money. The only way to correct this is to limit imports and increase exports. However, we are no longer competitive in many areas. This is why many companies are moving

overseas to maintain their competitiveness in the global market. We are locked in a hopeless situation where the trade deficit is getting little or no attention. In the mid '80s, our trade deficit reached alarming level of \$45 billion per year. Nowadays, our trade deficit is around \$45 billion per month.

While serving in Congress, I was the Chairman of the Trade Task Force dealing with the trade deficit problem. We did not want to go down the path of protectionism so we came up with the Omnibus Trade and Competitiveness Act. The idea behind this act was to be more proactive and develop a long-term strategy to deal with the trade deficit. Part of the plan was to develop export promotion programs, a trade education component, etc. One of the bills that I sponsored was the Export Trading Company Act to allow smaller or mid size companies to collaborate in order to export more without violating the anti-trust law. At the end, the amended bill was not strong enough to help the small and mid-size companies in the global market.

IA-F: What steps should be taken to better protect intellectual property rights?

Mr. Bonker: I think we already have all the legislation we need that enables us to deal with this problem. Some countries however, have no will to deal with this issue. China for instance still lacks the commitment in protecting intellectual property rights even though the situation is slowly improving. Our current biggest problems are in Russia and Ukraine. The governments of Russia and Ukraine still refuse to crack down on the intellectual property rights violators. The protection of intellectual

property rights is a global problem. Therefore, the best way to deal with this problem is through the WTO.

IA-F: How can the U.S. improve the current situation in Iraq?

Mr. Bonker: We can't. The only question now is the exit strategy. The question is how we can exit Iraq and leave it in a manner that will not threaten the U.S. and its allies. You have several important fronts here. The first is political, the second is security and the third one is the reconstruction. We went to Iraq with a plan to enable democracy, provide security, and help in reconstructing the country. What we are finding is that the political solution is more than elusive. The political solution is impossible because of the religious sector, mentality and the history. It is far more complicated than we initially thought. The U.S. government was led to believe that they could go in Iraq as they went to Afghanistan and put together a political solution. Well, there is no political solution, and there won't be one on June 30th. The situation is hopeless. The second front is the security. The idea was for the U.S. to provide security until the political solution is reached. Since there is no political solution the security is in deterioration. The third front, the reconstruction, will probably be put in the closet. Because there are so many security problems, companies are reluctant to participate in the reconstruction process.

IA-F: Do you think the UN could help in Iraq?

Mr. Bonker: President Bush's administration rebuffed the UN and now

is desperate to get the UN involved in Iraq but they are unwilling to give up some political control. The U.S. is not going to put down the money if the U.S. does not call the shots. On the other side, the UN is not willing to be an instrument of U.S. policy. The UN wants a say in Iraq. This poses a great dilemma. As much as I am against the war, I am not sure I will be in favor of having the UN administer Iraq while the U.S. pays the bills. It's contrary to common sense.

The UN will bring credibility, which the U.S. lacks, but you are talking about bringing credibility to an environment without rationality. Who are the leaders in Iraq? You have these religious movements that will only play the game as long as they have the upper hand. That is why there is so much confrontation.

The UN can not go and manage the chaos that exists in Iraq. It simply does not have the resources. I think the situation is hopeless. I said from the start, this is the biggest mistake our government has ever made. We are going to leave a country that is far more threatening to the west than before the war. It is a huge mistake.

IA-F: Do you think the situation in Iraq will decide the elections in November?

Mr. Bonker: Absolutely! George W. Bush is going to lose the presidency because of Iraq. Before we went to Iraq, President Bush, with the 9/11 halo, was politically untouchable. He had everything going in his favor except maybe the economy and he has blown it all off with Iraq. If it had not been for Iraq, Kerry would have not had a

chance against Bush. Iraq is going to cost President Bush the election.

IA-F: How can President Bush, if reelected, or Sen. Kerry, if elected, improve the U.S. image in the Arab world?

Mr. Bonker: I think Kerry's election will go a long way towards improving the U.S. image in the Arab world. Kerry will represent a new face, new policies, and a new hope.

We need this desperately. There will be a huge improvement when Kerry comes in. The biggest challenge will be how to improve the situation in Iraq and the American image overseas. People are not anti-American. They are "anti what Bush has done". They are against Bush policies.

IA-F: Do you have a message for our readers especially the students and young professionals interested in pursuing careers in politics and economics?

Mr. Bonker: There are two things missing. One is the absence of integrity. You see this almost everywhere with corruption, unethical behavior etc. What in the world are those well educated people doing?! Where are the set principles based on ethics and morals. Young professionals need to have a value system that would guide their actions, otherwise the temptations out there are so large that they move across the line unknowingly. There is unethical behavior in Congress, too. As Congressmen, we were given a thick ethics manual, but the manual, no matter how large, cannot replace the conscience.

The second problem is that people do not have a grasp of history. We can learn a lot from history regardless of the discipline. If you don't have a sense of history, you have little sense of direction. The understanding of history formulates your philosophy and your

political outlook. I do not have any problem with conservatives and Republicans. Some of my closest friends are Republicans but they all have integrity, a sense of history and values. We can have differences but respect one another.

