

Remarks by Chairman Robert Menendez as Prepared for Delivery at the Bretton Woods Committee Annual Meeting

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WASHINGTON, DC – U.S. Senator Robert Menendez (D-NJ) today spoke at the Bretton Woods Conference, titled “Ending Poverty in a Generation.” This was Sen. Menendez’s first speech before the Bretton Woods Conference as Chairman of the Senate Foreign Relations Committee.

The Senator’s remarks as prepared for delivery are below:

Thank you very much. To The Bretton Woods Committee Co-Chairs: James Wolfensohn and William Frenzel, and the members of the Committee, thank for inviting me today.

I’m honored to join such an impressive list of speakers. Among others: President Jim Yong Kim of the World Bank; Christine Lagarde of the International Monetary Fund. My good friend Lael Brainard who is doing a tremendous job as Under Secretary of the Treasury and the many experts and innovators eminently qualified to address this year’s theme of Ending Poverty in a Generation.

As the new Chairman of the Senate Foreign Relations Committee, I am honored to speak to such a distinguished audience of international investors in human potential. The first trip I took in my new role as Chairman was to Afghanistan and Pakistan, the second was to developing countries in Central America, and, appropriately, my first major speech – since assuming the Chairmanship – is here at the Bretton Woods Conference, joined by leaders from around the globe who are committed to the hard work of challenging the status quo and rethinking how best to improve the lives of millions through smarter, enlightened international economic cooperation.

Though I bring 20 years of foreign policy experience to my new role as Chairman, it’s a new beginning for me – and a transitional time for one of the Senate’s most venerable and longest-standing committees. Its Chairmen have traditionally been the most senior Senators – but we all know that dramatic change can come rapidly in the new world in which we live – even in the United States Senate.

In fact, my colleague, Senator Bob Corker and I are the first Ranking Member and Chairman who did not serve on the committee – let alone in the U.S. Senate – in the 20th Century. It is, indeed, a new Committee for a new century -- with many newly-elected members who hold diametrically opposed – often highly-charged views – about the proper role of the United States in the World.

And, perhaps more importantly, the issues we face have never been more immediate or changeable. We have never had such challenges, nor such opportunities for a paradigm shift in our thinking. We can make a difference on the issues that affect all of us: the interconnectivity of people and nations; the clash between internationalism and isolationism; the need for sustainable development; adapting global economic governance structures to an ever-changing world; the confluence of economic and national security; and the importance of fostering new democracies.

The fact is, every so often, the United States faces defining moments in foreign policy – critical junctures that come at times of great upheaval and change -- when the old order gives way –

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sometimes painfully, often searchingly when old rules no longer apply and a new, if unfamiliar, order arises from the chaos.

The genius of the post-World War II order was that our leaders reached a shared vision of the threats the world faced, then developed a long-term strategy to address them. Born out of Bretton Woods, they created a web of complimentary institutions – the United Nations, the International Monetary Fund, and NATO – that allowed the United States and Europe to exercise leadership in a way that was respected – not resented.

We face such a juncture today, and the stakes could not be higher – nor the potential rewards – greater.

I come to the chairmanship of Foreign Relations as two wars – are coming to an end – and at great cost in lives and treasure.

This is, indeed, a defining-moment in the history of democracy, in the global economy, in governmental and economic institutions, in societies in which people are demanding change and reforms while still coping with age-old sectarian violence, still struggling with health and educational inadequacies, hunger, poverty, disease – not to mention the need for women’s rights, civil liberties, and basic freedoms.

The questions is: Can we match the vision and commitment to bold actions in this century that the leaders who gathered at Bretton Woods almost 70 years ago showed in the last, creating international institutions which brought prosperity to millions and changed the world? Frankly, as the son of Cuban immigrants who couldn’t afford the books I needed to go to school – in a different life – had my mother not brought my family here from Cuba – I would be standing before you – not as a one of one-hundred United States Senators – and the Chairman of the Foreign Relations Committee – but as a client!

So, I know what you do. I know the importance of what everyone in this room does – at its most basic level – I understand it, I feel it. My mother lived it in Cuba and I know what it means in the lives of millions today.

Imagine a world without the IMF or the World Bank – without the leaders in this room who have the foresight to bring institutions forward and develop innovative economic and social policies in an increasingly interconnected world that is no longer just “flat” – as Tom Friedman has written – but beyond-flat – totally and immediately connected.

This interconnectivity presents new opportunities for all of us to use the tools of the global village to reach further.

For me, as Chairman, it is to promote the work of the Committee and the economic and national-security benefits of a new internationalism.

For all of you, it’s an opportunity to bring the old models forward for a new and fresh round of multi-lateral cooperation. Our collective challenge reminds me of a favorite passage from Dr. King.

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On his birthday in 1967, Dr. Martin Luther King painted a prescient portrait of the world, possibly more meaningful today, than it was 46 years ago when he said it.

Let me paraphrase, but still do it justice. He said:

It really boils down to this... We are all caught in an inescapable network of mutuality; tied into a single garment of destiny... Did you ever stop to think that you can't leave for your job in the morning without being dependent on most of the world? You get up in the morning and reach for a sponge, and that's handed to you by a Pacific Islander... And then you go into the kitchen to drink your coffee for the morning, and that's poured into your cup by a South American.....And maybe you want tea and that's poured into your cup by a Chinese. Or maybe you're desirous of having cocoa for breakfast, and that's poured into your cup by a West African... And before you finish eating breakfast in the morning, you've depended on more than half the world.

He concluded: "We are not going to have peace on Earth until we recognize this basic fact of the interrelated structure of all reality."

I would only add – to bring it into the 21st century, when you get to work, the engineering report you receive may come from India, a radiologist's report is read by your doctor in Northern Ireland, and when you have a problem with your credit card, as I did recently, it's handled by a call center in South Africa. In the pursuit of human capital for the creation of a product or delivery of a service, we face a global reality.

But Dr. King was right. I don't believe we will be at peace until we recognize that we are all interrelated, and find a way for each of us to work together for the betterment of all of us. Frankly, the American Congress is having trouble in that regard. We are locked in a political battle between the internationalists on one side, and the new-isolationists on the other. Thankfully, just last month, proposals to cut the International Affairs Budget by \$15 billion – a full 33 percent – were defeated, as were attempts to reduce aid to Egypt – and prohibit funds for the United Nations.

These votes sent a clear message to the new isolationists in the Senate that America will accept its international leadership role in meeting the new challenges we face, but – clearly -- the lines are drawn, especially when it comes to treaties.

Meeting the challenge of creating a nexus between our national interests and the hopes and expectations of the global community will mean convincing a majority of Americans that treaties do not entangle the United States. They empower us to achieve our interests and reflect the very best of our traditions and ideals. They give voice to the voiceless and protect the most vulnerable -- women, children, the disabled.

As Chairman of the Senate Foreign Relations Committee, I take seriously our advise and consent responsibilities and look forward to working closely with colleagues to advance a treaty agenda that projects U.S. values and leadership in the 21st century.

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Meeting the challenge of creating that nexus between our interests – and the aspirations of the people of Latin America – for example – will take a new era of Economic Statecraft with a guiding well-articulated policy.

This is a region that, from trade to trans-national crime, remains incredibly important to us, and to our mutual, immediate, and long-term economic well-being.

I intend to make it a priority to create strong, long-term, partnerships that bring financial and “opportunity-resources” to bear to help nations complete strategic projects that benefit people throughout the hemisphere.

I would hope that we would streamline systems and work toward “New Partnerships for Economic Growth,” but it will take a commitment to the kind of economic statecraft that creates pure opportunity, through well-paying direct jobs, well paying indirect jobs, and long-term business creation.

A highway allows a farmer to get his milk to market; a water treatment plant allows a farmer to export vegetables; a fiber optics cable allows a rural business to learn new techniques to market its products. And these investments create new customers and economic opportunities here at home as well.

That said, one of the major challenges we face is modifying institutions and integrating emerging countries based on shared norms.

Emerging economic powers -- Brazil, China, India -- have been increasingly vocal that the IFI's governance and quota system should be adapted to better represent a world where dynamic, fast growing countries drive growth and development in Asia, Africa, and Latin America.

Our combined response has been impressive and inspired in some ways, in other ways – not so much. To the great credit of the leaders of the G7/G8 countries, we realized these groups were insufficient to deal with global economic, political, and security developments, so we created the G-20. While the G-20 is hardly perfect, it ensures that global economic decision-making reflects the new economic reality and recognizes a world with India at a GDP of 1.15 trillion and 1.15 billion people, not just Canada at 1.4 trillion and 33 million people.

I'm well aware of debate over whether the IMF and World Bank reforms agreed to in 2010 go far enough. Certainly from the perspective of the emerging economies they do not... But, one thing at a time.

I realize that the U.S. Congress also has a job to do, and it starts in the Senate with my committee.

Bottom line: We can either choose to make reforms that accommodate emerging market economies and bring them into mechanisms and norms, or risk that they seek to play by their own rules.

I pledge to make this a priority for this year, and will ensure the Foreign Relations Committee fulfills its responsibility to review and act on the Administration's request.

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However, I will be looking to many of you to help explain to my colleagues in Congress – and to the American people – the IMF’s important role in preserving American jobs, and helping to prevent economic crises from causing political instability, escalating to armed conflict, and threatening our national security.

When it comes to national security, the threats we face are clearly evolving.

The response to violent extremist groups must go far beyond hard-power alone.

Global development matters. The key principles of good governance, democracy, and transparency matter. Supporting people at the most basic level – their lives, their livelihoods – matters. Civic engagement matters. Promotion of the rule of law – all of it matters to international peace and security.

But, we can’t just talk about these principles as though they are unattainable ideals. We must genuinely invest in them and commit to them.

Many of the same questions that drive engines of global development should also drive our approach to national security issues.

When it comes to extremism, we have to refine our efforts to understand and address root causes, not simply rely on tactical responses that only target the symptoms of terrorism. Targeting the recruitment-pipeline must be a core focus of our counterterrorism efforts from here on out. And that means understanding and working together to respond to people’s fundamental grievances.

In this interconnected world, partnerships are more important than ever, and we need to strengthen existing relationships and build new alliances.

They are our greatest asset: France’s effort in Mali; Turkey’s role in Somalia; Jordan’s support for refugees from Syria – all essential partnerships in our counterterrorism efforts.

We know now – more than ever – that we cannot counter violent extremist threats alone. We must leverage all of our resources – including the incredible work of the Department of State and USAID – to build the capacity of frontline states.

In my view, everything we do to increase economic security and foster democracy in emerging states is an investment in national security.

We have already seen what happens when you lift the lid on countries eager to bring forth democratic movements.

The Arab spring has created historic challenges, but also historic opportunities for us to rethink our engagement in these countries.

These transitions belong to the people of these countries. It’s up to them to fulfill the promises of their revolutions. But it’s up to us to continue to engage and provide assistance.

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First, we must also support and promote minority voices, and ensure that they are not marginalized, and are fully represented.

Second, we need to reach out to civil society groups to help democracies take root and grow.

Third, we need to consider targeted economic assistance programs. Unemployment among youth is one of our biggest challenges and potential threats. The IFI community must continue to work with countries like Egypt to support economic development, harness available talent, and help translate it into long-term growth.

On my recent trip to Central America I saw how weak institutions leave citizens susceptible to crime and violence. So-called soft power, or smart power, brings resources to bear to tackle this problem. But we need to fortify and expand our relationships in the region to mitigate security challenges, widespread government corruption, and the presence of transnational criminal organizations.

In Mexico, through the Merida Initiative, we work closely with the Mexican government to target the root causes of crime and violence, one of which is economic vulnerability. But without economic opportunity, young people may see their best option as drugs, contraband, cartels and gangs. Or – in the Middle East – a young, poor, hopeless person on the Arab street may be radicalized.

The international financial institutions may not be the ones doing large drug busts, or dismantling criminal organizations, or capturing terrorists. But they are the ones investing in human capital, and creating more opportunities and more jobs for more families and young people in search of a better future in the interconnected world of Twitter, Facebook, Tumblr, and YouTube.

Whatever else we do, we must embrace the tools of the new century if we are to keep our institutions, and our solutions, relevant.

Yes, the world is changing. From China's economic expansion to turbulence in the Middle East, it is increasingly clear that existing international institutions and arrangements are often throw-backs to the 20th century and have not caught up to the 21st.

As the largest contributor to the international financial arrangements and institutions, The United States has a greater stake than most in making sure these arrangements and institutions remain relevant and equal to the task at hand.

Imagine how much worse the global financial crisis would have been – had the IMF not been organized or equipped to coordinate a series of substantive economic actions on a global scale. Evidence suggests those actions worked. Global trade and investments have begun to recover from 2008 levels. Financial institutions have re-adjusted and re-set to accommodate changes in the distribution of power.

Confronted in recent years with one of the most challenging economic tests in history, IFIs helped stabilize markets and economies.

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For this reason, among others, increasing the U.S. quota in the IMF is not just about spending money. It's about investing in our national security and future prosperity.

Today the IMF and the World Bank are taking on burdens unimagined at the end of the last century, unimagined a decade ago. And in each of these cases they have played a critical role. They have lifted millions out of poverty, attacked corruption, promoted health initiatives that have led to increased prosperity, more economic security. This has all been done, I would say, with an impressive return on investment for contributing countries.

That said, we have to ask if economic security translates into national security, and if it all begins in one investment in one small village where there is one human resource, one idea, and one muddy road to the marketplace – why is there opposition to increasing support of the IMF?

We know it not only takes a village. It is a village. A Global Village. And, in that village, the walls are coming down.

A former Secretary of State, William Rogers said, “The world of the future will not flourish behind walls – no matter who builds them and no matter what their purpose. A world divided economically must inevitably be a world divided politically.”

I would only add that I know what opportunities can arise when walls come down and human potential is given a chance to flourish.

Our strength lies in the dream that is this nation, where a boy who grows up poor in a tenement in New Jersey can rise to become the Chairman of the Senate Foreign Relations Committee – that reality, that dream is the reason why many more people around the world aspire to be like us than conspire against us.

We all know that supporting people, communities, and nations means that we not only grow food for a rural community in Afghanistan, or send girls to school in sub-Saharan Africa, but that we work together to build lasting friendships, open new roads to the marketplace, to diminish the power of our enemies with a robust presence that unleashes human potential and creates stability and prosperity around the world and here at home.

This is our charge. This is our challenge. That is the future we are called upon to shape. Thank you very much.