

LSE & POLICY NETWORK LECTURE

Towards a New Partnership: America, Europe and the New World

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Today I want to talk with you about our new world, the challenges we face, and what we can do together to meet them.

In the final days of 2004, right after Christmas, you and I witnessed destruction on a human scale that reminded us of two things. We are all mortal and we are all connected in this world.

There were the images by the thousands of what that Asian tsunami did. Small villages existed one minute. Then, turned to piles of splintered wood the next. Tourists walked along the beach. Seconds later they were holding on to tree tops. We saw trains moving. Then, bent as if they were made of plastic, not steel. We saw children playing with their parents. Then parents grieving and gesturing to their empty hands. We saw miles of destruction and piles of bodies.

Words like catastrophic seem so small compared to the massive destruction that effected eight countries—killing 280,000 with thousands still missing.

It was a day when the new world seemed to slowly come into focus in the most mournful way. This wasn't Indonesia's natural disaster, or Sri Lanka's, or Thailand's.

This was the world's disaster—the world's to mourn and the world's to repair.

It took a moment to internalize this around the globe. But soon after, the food and water arrived and the temporary shelters went up. And then the hard work began. Bridges were rebuilt. New boats delivered to fishing villages. And slowly, millions of people resumed their lives.

When eight countries in one region are affected by such an event—their economies are threatened and so are ours. When hundreds of thousands of children are now orphaned living in tents and temporary shelters, their despair and disillusionment is a threat to their stability and to our security. For disillusionment is the fuel that feeds the fire of hatred and tyranny. And when millions of people—men and women who used to be able to work and support their families—are at risk of slipping into poverty, it is the moral conscience of the world to give them hope.

And when we remember that natural disaster in Asia, we cannot forget the manmade disasters happening in places like Sudan. Watching the horrors in Darfur, we should feel

appalled and ashamed. The world's inaction is making all of us look as if we don't care about what's happening in the killing fields in Sudan.

We said "never again" after the Holocaust. We said "never again" after Rwanda. "Never again" means nothing if we don't stop it.

These events remind us that we are not alone, and that our blessings are also a responsibility to act.

Your great leader and America's great friend, Winston Churchill spoke about a "gathering storm" before tyranny took over and launched World War II.

Today, with the new global challenges we face, we have storms gathering too.

These storms are gathering to the east and the west and to our south. Some have already reached America and Europe in the form of terrorism and poverty. But the others that are slowly building strength will hit us like hurricanes. And they will change the way the world looks 20 years from now, and beyond.

It is the job of our leaders – and it is job for all of us – to understand these challenges and to prepare for them.

For example, right now, we see new global players emerging. Some historians refer to the last century as the "American Century." The 21st century could very well belong to Asia. China and India aim to win a race to the top—not simply to take our low paying jobs.

Some believe that China's Gross National Product will soon surpass all other countries except America's. India's will grow at a similar pace.

China and India's rise on the global economy – and their emergence as more prominent diplomatic and military powers – will have a profound impact on America, Britain, the European Union, and Transatlantic relations.

I don't think that we have even begun to understand its consequences.

We also have not fully grasped the changes that come from the spread of information technologies. Thanks to new technology and the power of knowledge the world will keep shrinking.

But globalization also brings tremendous challenges.

For example, how do we ensure that the great divide between the "haves" and the "have nots" starts to close? How do we lead so that developing countries understand that education, market reforms, and just governments will bring hope to even the most desperate places?

And in our world of such wealth and promise, we cannot forget another great challenge: extreme poverty.

Close to half the world's population—more than 3 billion people live on less than \$2.00 a day. How do we address this unthinkable human suffering? How do we win the hearts and minds of young people—the millions struggling in Africa, or those young orphans from the tsunami? How do we reach them so they know they can climb out of hopelessness and into a better life?

The time has come for all of us to fight global poverty.

We must also summon the creativity and will to address the storm that's gathering to threaten our collective security – the threat from the proliferation of weapons of mass destruction.

This threat is not new. North Korea has nuclear ambitions. Iran wants its own weapon.

And so do terrorists. Imagine if one of these terrible weapons was used in Washington or here in London.

These gathering threats will not face single countries or regions, but all of us. We must ask ourselves: Are we doing enough to eliminate this threat? Unfortunately, I think the answer is no.

And today, many ask whether America and Europe can continue to work together to ensure the broader spread of democracy. The only answer to that question must be yes.

This is the moment when we must strengthen our partnership to ensure that in the 21st century, the world moves toward liberty and opportunity.

It is time to make a simple promise to our children: that we will work together to build a world that welcomes them in 2020 and beyond. That we will have a secure world in which they can thrive. And through education, democracy, and development, they will have the tools to do so.

Working together, free nations must help build a world that says no to vengeance and hatred and genocide. A world that makes learning and education a necessity and a right like air and water and food. A world that no longer races toward weapons of mass destruction. A world where young people no longer feel so disillusioned that they strap on a bomb to their body to kill innocent people. And a world where tyranny falls and democracy rises.

I believe that, together, we can achieve these goals. The question is how. How can we reform what happens inside our own countries? And how can we work together to move forward and strengthen our ideals?

There are four pillars we must build if we want to develop this just new world.

First, both America and Europe have to do more to prepare for the challenges of globalization. Our place in the world is not preordained. Countries like China and India are not in a race to get our low wage jobs—they are in a race to be on the cutting edge of technology and innovation.

Their young men and women are educated as never before. They are studying engineering and sciences. They understand the next wave of biotechnology, nanotechnology, and other information technology. They have learned that in order to be an economic power and leader—innovation is the ticket.

Through the European Union, Europe is transforming to deal with this new reality. Watching from America, I know that this process has not been easy – and I know that there is a long way to go. But I want to make clear that it is in America's interests for the EU to succeed. America needs a strong European partner.

And just as Europe is undergoing dramatic change, America must also act to ensure that it also stays strong. We cannot help solve the world's problems if we are not strong at home.

In my country, we must reform our own education system. Rising tuitions are increasingly putting a college degree out of reach for many families. Fewer and fewer low-income students are attending our universities. We need to reform our student aid programs, cut subsidies flowing to banks, and ensure that every child who works hard can attend their first year of college for free. No one should be shut out in America from an education they need because they can't afford it.

Another great threat to our competitiveness is health care. America has some of the best health care in the world. But the 46 million uninsured people and the skyrocketing health care costs are putting our companies at a disadvantage.

Just look at how much health care adds to the cost of building an American car--\$1,400 per car. In Japan, it's about \$600. That's just one reason why it's time to make health care affordable and available to every American.

And it is imperative that our countries get our fiscal houses in order. Living in deficit isn't good for families, and it isn't good for governments.

It diminishes our independence and our economic security when we are dependent on other nations like China to buy our debt. Right now, China has purchased nearly \$300 billion of America's debt. These low-interest loans have made the impact of our historic budget deficit minimal—for now.

When China changes its policies, it could have a devastating effect on our economy. Interest rates could rise. Consumer spending could drop. And those high interest rate could mean people can't afford their homes anymore and bankruptcies.

Budget deficits make America less competitive. There's less money to invest in innovation and research and meet the challenges of education and health care. And there's more risk when we rely on another country for economic security.

So we must balance our budgets to compete.

But even if we take these steps—even if we maintain our global leadership—it is meaningless if millions of children in our countries grow up poor.

America is widely known as the richest country in the world. But few realize that 25 percent of our people live in poverty or at the margins.

And that is why the second pillar we must build is to ensure that people live in a world that is free from want. This starts by fighting poverty in our own countries. We will not persuade other countries to honor our ideals unless we honor those ideals ourselves.

Like Britain, America is a place that believes that one person can rise from very little to make a big difference. We believe that all of us have the same worth—that a doctor and a bus driver both matter the same. They just have different jobs, but their hard work and dignity can lift up this world.

This is what we believe. But the best evidence of America not living up to its ideals is the more than 36 million Americans who live in poverty every day.

There are children who have no real hope simply because of where they're growing up. There are people who are working two jobs and they still can't make the rent. And too many families will spend the night in homeless shelters across the country.

Earlier this year I visited Little Washington, North Carolina, which is one of the poorest parts of America. I met a woman who had been living in a shelter. She told me how she wanted to work.

If she walked into this room, you wouldn't think anything of it. But when she walked into the local Laundromat to get warm, she said she was told to: "Get out of here. Anybody living in the shelter's got to be trash."

For some of us, we know how lucky we are. How one bad year, one event where things turned the wrong way, and we could have been walking in her shoes.

But in too many places around the world, some want us to ignore those who struggle. They want us to believe that each of us is out there on our own. If you make it, that's your success. If you don't, that's your failure.

The truth is nobody succeeds alone – in America, Britain, or anywhere else. They succeed because laws protect private property and ensure free markets. They succeed because their country has good schools and universities that give everyone the tools to get ahead. And yes, they succeed because of three very important virtues: hard work, self-discipline, and responsibility.

I know this from my own life. My father had to borrow \$50 to get me out of the hospital. He took me home to a two room house in the mill village. My parents worked in the mill. My grandparents worked in a mill.

They worked hard, and I worked hard. Eventually I was the first in my family to go to college. I continued to work and save and I was able to achieve success I never thought possible.

All of us in the room believe in the dignity that comes from hard work. And we understand that some people do everything right and the decks are still stacked against them. We believe that this is wrong and we must be committed to making it right.

That is why it is critical for us to ensure that our children have the education they need to compete and thrive in this new world. That our societies have the capability to help everyone – not just those at the top, but those who are struggling. That there is capital for our new inventors and dreamers, and they can access it.

In nations of our wealth and our prosperity, to have millions working full time and living in poverty is not just bad economic policy. It's wrong. They are doing everything right and they're still struggling.

I am asking the American people to do a few things to help eradicate poverty in America. Many of them resemble steps that Tony Blair and Gordon Brown have pursued here.

First, let's shine a bright light on this problem. Let's talk about it again. Good people from all different backgrounds and beliefs care about this issue. And we need to put this back on the agenda.

Second, let's make work pay again.

What we know and understand in our soul is that hard work built our nations. Men and women who worked with their hands and their heads—who still do—they don't want a free ride; they want a fair chance.

That's why we're fighting to raise the minimum wage in our country. And we should expand the Earned Income Tax credit—much as your government has done with the Working Tax Credit.

Third, let's strengthen the foundation for families that work. That means health care for everyone and child care for parents who need it.

And finally, let's make sure that families aren't just getting by—but getting ahead. Let's provide them with the assets they need to build a better life.

Britain has led the way with the Child Trust Funds. We ought to consider the same thing in America—providing \$500 to every child at birth, and perhaps an additional \$500 for lower-income families.

If parents could contribute too, then the time a child turned 18 years old, they could have as much as \$40,000 in the bank. Money to spend on college or a home, or money to store up for retirement.

Imagine what it would say to a poor boy growing up in my home state of North Carolina. If he knew that if he studied hard. He stayed in school. Then he would have \$20 or \$30 or \$40 thousand dollars in the bank when he turned 18. Imagine what it would do to his sense of hope and possibility for the future. It could change whole communities.

So there are very real and fundamental ways in which we can prevent families from falling into poverty. And this is the work I am engaged in at the Center on Poverty, Work, and Opportunity at the University of North Carolina.

So far, my efforts through this Center have focused on fighting poverty in America. But I also believe that an essential part of all our efforts will be to carry this fight to end extreme poverty around the world.

That's one reason I'm here today – to hear from you about how we can work together on this. I want to applaud the British government for its critical effort to fight Global Poverty, especially in Africa. It is unacceptable that by many measures Africa is poorer today than it was 25 years ago. I believe that all Americans – and the world – should draw inspiration from your leadership. America has an important role to play, and it should. For too long the struggles in Africa have been overlooked.

Along with other countries and the UN, we should be leading the effort to do simple things like buy mosquito nets to protect children from Malaria; end school and uniform fees for poor kids; provide farmers with the tools they need to make better crops; and give women the right to property. These are just simple steps, but they could change the world for millions.

It is time to move forward and do these things. Not just because it is in our interests – but because it is right.

The third pillar we must build in order to develop a just world is for America and Europe to work together to eliminate the threat of weapons of mass destruction.

We know that our enemies want these weapons. And we know that most of these weapons and bomb making materials are not secure, especially in Russia and other states

of the former Soviet Union. Terrorists could get these weapons. And we cannot wait any longer to secure them.

The international community needs new tools to fight proliferation. And it is time to close the loopholes in the Nuclear Nonproliferation Treaty.

We must create a new “Global Nuclear Compact” to do that, bringing leading nations together to close the loophole that allows civilian nuclear programs to go military. And it will keep the capabilities and materials required to make the world's worst weapons out of the wrong hands

America and Europe must also ensure that the know-how to build nuclear weapons never reaches terrorists. We can strengthen existing plans that ensure nuclear scientists are employed for peaceful purposes. And we can provide safety and security to those scientists who are working on weapons programs in rogue nations.

Just as we came together after World War II to battle the world’s greatest threat, communism, this is what we have to do today to build a safer world.

We need critical organizations like NATO to remain strong. There will be times when military action is necessary and we have to be ready. We must also ensure that NATO continues to transform. And that NATO is there to meet the new challenges of the 21st century. For example, NATO should provide support for the African Union troops today to end the genocide in Sudan.

And finally, we must build the final pillar by promoting liberty and democracy around the world.

Last week in Washington, your Foreign Secretary, Jack Straw, spoke about how we must stand together to promote a “larger freedom.” And I agree.

Ordinary men and women from Egypt to Morocco to Indonesia need to be convinced that democracy and liberty are the pathway to possibilities.

General John Abizaid, head of U.S.military forces in the Middle East, said that the war against terrorism is “a battle of ideas as much as it is a military battle.” Just as poverty and disillusionment isolate and drain hope from our own people in our own cities and towns, it does the same thing for every person around the world who feels like they don’t have a chance.

If given the opportunity, these young men and women could do what so many others in the past have done. They could pull down the great books from the shelves in libraries. They could exchange ideas with others from different countries. And they could begin to move their country out of that fog of hate.

This is the power of liberty and democracy. If given the chance, it stirs the soul and makes all people long for that fundamental human right to be free. And a world where poverty and despair are accepted is a world that's going nowhere—a world that isn't really free.

Think about it. Freedom is meaningless if your children are dying of preventable diseases like Malaria. Freedom is meaningless to a child that shows up at a school but is turned away because that child can't pay for a uniform. And freedom is meaningless when 1 billion people live on less than a dollar a day.

There's been a lot of talk about freedom in America and around the world. Let me be clear: the idea that America stands for freedom is not new. It is not owned by any political party. It is not owned by any one country. It is an idea that is borne from our words and our wishes, and given life through our actions.

And we have not acted enough...our work is not done.

You tell me.....Is that six year old child going to bed hungry in the Sudan—is that child free? How about the woman in Saudi Arabia who wants to vote but can't simply because she is a woman? Is she free? How about the Christian in China who wants to worship but can't? Is he free? And what about the Russian in jail whose only crime was speaking openly and telling the truth? Is he free?

Free nations must always fight tyranny, together. This is part of our shared history. Yet we must wage this fight not just with our muscle but with our minds -- and with our moral clarity. As we move forward in this century it means never again turning a blind eye to those who suffer, who want to educate their child, or who want to speak their minds.

We cannot look away from the one-third of Arab men under the age of 15. They are entering a world that lacks jobs and opportunity. Who do they turn to for hope? In Saudi Arabia there are 8 men under 15 for every one between 45 and 60—who are they listening to? What about young Muslim women in the cities of Europe who believe that Osama bin Laden is their hero?

Our goal for the next decades is to convince the next generation that our ideals are real and that they offer hope.

This is what we can do together. When build these pillars: when we promote liberty and democracy; when we eliminate the threats from weapons of mass destruction, when we end poverty, and when we ensure that our countries are strong and prepared to compete in this global economy—then we can build the just world we all dream of.

And when we do this, we will move toward that moment when our image of democracy as this shining beacon freedom is respected and looked up to in the dark corners of the world.

Let me close with a few words about the country that I know best: America.

As an American, I believe that we have a great responsibility to show the world that my country is doing all it can to fulfill its promise. Not just with our words, but with our actions. And not just at home, but in the world.

Americans live in a country built on the ideals of freedom and opportunity and the equal treatment of all. I work every day to ensure that my country lives up to those values.

I am proud of my country. It has blessed me and my family in ways that I could never have imagined. It is often said that America is as much an idea as it is a country. And I want to live in a world that sees that promise too.

I want the world to see that America is working every day to live up to what was written—that all people are created equal, and that we are endowed with certain unalienable rights: life, liberty and the pursuit of happiness.

This is what we started more than two centuries ago—a great experiment in the history of mankind. Ordinary citizens gathered in their churches, in their stores, in their homes to pursue a greater good, both civic in its promise and human in its hope.

It gave the farmer the same rights as the president. It gave the blacksmith the same chance as the ship merchant. And it gave the men and women who said that we had not honored our ideals the right to speak out in the great calls of change.

America is a place that believes in ascension and the dignity of hard work. This is what we believe. And every day we give a person the chance to lift themselves up – whether they live in Los Angeles, London or Lusaka--we increase the chances of a just world.

This is what we can do when we never forget that we are all connected. That when countries achieve liberty and economic strength it helps us all. And that when tragedies happen thousands of miles from our homes, they hurt us all.

This is what we must never forget as we move forward. This is what gives our pillars their strength. And this is at the heart of our promise to those children who are resuming their lives in Thailand after the tsunami.

Remember that a young boy has just put his new fishing boat in the water. He's got hope again. He's trying to make his way in the world. And he's counting on all of us to steer him toward his dreams.

Thank you.