

Dinner Report

USCIB

UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS

2006
Annual
AWARD DINNER

Honoring
Harold McGraw III

Chairman, President and Chief Executive Officer
The McGraw-Hill Companies

Monday, December 4, 2006 • The Hudson Theatre at the Millennium Broadway Hotel • New York City

Excerpts from remarks by

Harold McGraw III

Chairman, President and CEO,
The McGraw-Hill Companies

On Receiving USCIB's
International Leadership Award



It is an honor to be here tonight. This gala evening is really a celebration of the efforts of all the people and organizations here tonight to promote international trade. As we honor that work, I want to offer a few thoughts about how we might take it to a new level.

The stakes are high. We truly are at a point where we can move forward by continuing global engagement or fall behind by giving in to fears and trying to go it alone. I'm optimistic about the future and the world of opportunity that's out there. That optimism didn't start with me, it's part of our history. In fact, the values that are at the heart of international trade are at the core of who we are as a nation.

The great observer of democracy, de Tocqueville, called America's focus on trading "heroic." He was certainly proved right about that. The reason? Trade rests on quintessentially American values: openness and transparency, fairness, competition, and an especially important value that I want to focus on tonight – inclusion.

Our economy is the most powerful in the world because it is built on inclusion – inclusion of new ideas, inclusion of all sources of investment, inclusion of all people regardless of age, sex, nationality or religious background, and inclusion of everyone in the benefits of economic growth. When it functions best, international trade rests on inclusion, too. When it does, it is revolutionary. History demonstrates this again and again.

Several decades ago, China and India rejected inclusion. They limited or excluded

foreign investment, outside ideas, and competition. As a result, the two Asian giants' growth lagged far behind their smaller, inclusive, dynamic neighbors – Taiwan, Thailand and South Korea.

China and India finally decided they could no longer stay on the sidelines of the dynamic global economy. Each in its own way moved from exclusion to inclusion. The result has been a wave of economic growth and modernization in these countries few could have imagined. It is a wave so huge that in the future we will probably live in a quadrupolar era. It will be dominated by India and China, along with the United States and an enlarged European Union.

There is another aspect of inclusion, of course, one on which the critics of free trade have focused. They argue that the expanding global economy actually excludes those on the lowest rung of the economic ladder.

In one sense, these critics do us a service. They remind us that, as Treasury Secretary Paulson said recently, "the benefits of [global] competition, while significant, are not spread evenly and competition can create losers as well as winners." Those who support international trade must do all we can to help those who suffer job losses and other short term setbacks, through investments in education and job training for those who occupy jobs that are becoming uncompetitive in today's increasingly competitive world.

But on the more fundamental point, the critics are plain wrong. Trade is not a zero sum game. Economic history shows that global trade is inclusive. It helps the world's poorest people, lifting hundreds of millions out of poverty through the creation of better jobs, improved living standards and increased opportunity.

Expanding international trade helped China lift more than 230 million people out of rural poverty, in less than 25 years. This transformation is considered one of the greatest achievements in poverty reduction in history. India's per capita income has almost tripled, and its middle class has quadrupled to more than 250 million people.

Looking ahead, the World Bank estimates that eliminating trade barriers will pump at least \$300 billion into the world economy in just the next 10 years. That will help ensure that poverty will no longer be a chronic disease for more than 300 million people.

About the International Leadership Award

Established in 1980, the International Leadership Award is bestowed upon a senior business executive who has made significant policy contributions to world trade and investment and to improving the global competitive framework in which American business operates.

Trade liberalization has increased the average American's income by an estimated \$5,000 per year. Imports of goods and services help keep inflation down, and lower inflation means lower interest rates, which is a real benefit for families and home buyers.

I hope we will immediately engage the new Congress. The Democrats are in control now, of course. But historically, free trade has been a bipartisan issue and it must continue to be. After all, trade generates jobs in both "red" states and "blue" ones. The good news is that, in both Houses, the real majority could be moderates from both parties.

As a community, we can urge Congress to enact Permanent Normal Trade Relations for Vietnam, and pass bilateral and multilateral trade agreements that will open markets

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around the world to free trade. It should also reauthorize the President's Trade Promotion Authority, which is due to expire next year. The Doha Round of WTO negotiations must be reenergized and completed as soon as possible, certainly in the first quarter of 2007.

In closing, let me say that this is not only an exciting evening for me, it is an exciting time for the nation and the world. Our economy, fueled by expanding global trade, is booming. Country after country around the world is waking up and seizing the opportunities trade offers. Global economic growth now includes millions and millions of people who are finally extricating themselves from the grasp of poverty.

And the good news is that, when it comes to trade and growth, the best is yet to come. Thank you.

Mr. McGraw was elected chairman of The McGraw-Hill Companies in 1999, chief executive officer in 1998, and president and chief operating officer in 1993. He presently serves as chairman of the Business Roundtable and the Emergency Committee on American Trade.

Excerpts from remarks by

Congressman
Charles B. Rangel



Thank you. I was impressed with Terry McGraw's speech – and the size of this award. I told him that maybe, if we have a fruitful Congress and a fruitful trade policy, who knows, I might be getting one of these next year!

As you know, the Republicans, who are still in the majority, will not have been able to complete their legislative agenda [this week], so that will be put off until next year. But included in some of the things that will expire on December 31 will be two bills that need extensions: the African Growth and Opportunity bill, as well as the Caribbean Basin bill. And the third bill I've authored is a bill to give some assistance to our friends in Haiti, a bill that I drafted four years ago and for some reason has not been able to get out of the House. God should be so good that Haiti could be a threat to any industry that we have in the United States. But in any event, we hope to move forward with that.

More important than the chairmanship [of the House Ways and Means Committee] is that I will be able, at some point, to leave Congress with the type of stability and bipartisanship that institution was able to enjoy 36 years ago. And I'm hoping and working with [Treasury Secretary] Hank Paulsen, with our U.S. trade representative, with the director of Social Security [to] see what we can get done and what compromises can be made, so that we can move forward, not as Democrats and not as Republicans, but as a Congress that the nation can be proud of.

That's just the right thing to do. It is the good political thing to do. We know that we were not overwhelmingly embraced by the electorate. They're just giving us a chance. We have to prove that we deserve that. The president of the United States has two years, Hank Paulsen has two years. Rather than

gridlock, wouldn't it be great if we could move forward together, do something about Social Security, do something about health care, and make certain that we can improve and take some of the complexities out of our tax code?

Where I am most optimistic is in the area of trade. In every major tax bill, it was pointed out earlier by Mr. McGraw, it was the Democrats who realized that, in order to create the jobs, you have to support business and expansion in business investment. It's not only good for business, but good for the jobs that we need so badly in the United States.

I've always taken the position that I don't want an even playing field as it relates to U.S. businesses and foreign businesses. I want a fair advantage for all United States businesses. I want the jobs to be here, and we have to be sensitive as to what happens when we just are given a trade agreement.

There's some question as to whether or not the President's going to get trade authority. I don't think there'll be any problem if he gets it, but we want to make certain that Congress has its original responsibility to know what's in that agreement. Our trade representatives not only represent businesses, but the United States of America. And the House of Representatives has been, and will continue to be, a part of that.

And of course the things that we would want are things that business would want. We want to make certain that this is a two-way track, that we can't have countries pirating intellectual property rights, we can't have them taking our software, our movies, our songs, our automobile parts and not even spank them on the wrist. We want to take them to the World Trade Organization, as they find it so easy to take us. We want to make certain that, when we go into an agreement, our businesses are protected and jobs are created. All of America needs to be working.

Can we be working more closely [with business]? You bet your life we can. Why? Because if we're dealing with countries [where] workers have already been trained by their governments, if we deal with countries that don't have to worry about health care, why is it so difficult to get business to recognize that – the 47 million people that have no health insurance – that you're paying for it? Education and technology [are] just as much a part of getting a competitive edge in globalization as anything else you can think of.

And I would want to point out that, when countries just close their doors to the United States, as Korea has done as relates to auto-

mobiles, there ought to be more of an uproar from the United States, and from those who represent our trade interests, in making certain that you don't even bring [a trade agreement] to the Congress. If you can't open up your doors to our exports, then we're going to find it difficult to remove the tariffs from yours.

We're not talking in a different language. We're just trying to get away from the whole idea that trade belongs to a party. Trade belongs to America. Labor is a part of America. Our whole interest, our whole future is going to be dependent on how we can succeed not only domestically but internationally.

We've got to work together, we've got to argue together, but at the end of the day it's going to be one flag, one Congress and one policy, and that is to make this great republic stronger, accommodating to all of our Americans, and to make us the strong beacon of hope for all of the world to see. And I want to be a part of that. Thank you.

Congressman Rangel, Democrat of New York, has served in the House of Representatives since 1971. He became chairman of the House Ways and Means Committee in January 2007.

I want to see what compromises can be made so that we move forward, not as Democrats or Republicans, but as a Congress the nation can be proud of. Where I am most optimistic is in the area of trade.



2006 International Leadership Award honoree Harold McGraw III with USCIB Chairman William G. Parrett, CEO of Deloitte.

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Left to Right; Honoree **Harold McGraw III**, USCIB Chairman **William J. Parrett** (Deloitte), USCIB Vice Chair **Thomas Niles** and Congressman **Charles B. Rangel**.



Left to Right; USCIB President **Peter M. Robinson** and **William J. Stibravy**, the International Chamber of Commerce's longtime representative to the United Nations.



Left to Right; Mr. McGraw, **Cynthia H. Braddon** (McGraw-Hill), Mr. Robinson and Mr. Parrett.



Left to Right; **R. Scott Miller** (Procter & Gamble), chair of USCIB's Trade and Investment Committee, Mr. Parrett and Congressman Rangel.



Left to Right; Mr. McGraw and Congressman Rangel.



Left to Right; **Michael P. Reilly** (Johnson & Johnson), chair of USCIB's Tax Committee, and Mrs. Reilly, **Andrea Fava** (USCIB) and **Joe Luby** (ExxonMobil).



The gala attracted numerous members of the diplomatic corps, including Ambassador **Liu Biwei** (left), China's consul general in New York, and two colleagues.



Left to Right; **Henry Hirschberg** (McGraw-Hill), **Rik Kranenburg** (McGraw-Hill), Mr. McGraw and **David Wyss** (McGraw-Hill).



Left to Right; **Anissa Whitten** (Motion Picture Association of America), **David Fares** (News Corp.) and **Ronnie Goldberg** (USCIB).



Left to Right; **Neelam Deo**, India's consul general in New York, with Mr. Parrett and Congressman Rangel.



THE WHITE HOUSE
WASHINGTON

November 16, 2006

I send greetings to those gathered for the 61st Annual Dinner of the United States Council for International Business. Congratulations to Harold McGraw III as you are honored for your leadership in strengthening global trade and investment.

International cooperation helps forge new partnerships that contribute to prosperity and a better way of life for people in America and around the world. My Administration remains committed to opening foreign markets to American businesses and fostering an environment that promotes success in the global economy. By working with our friends and allies abroad, we will continue to build a world that lives in liberty, trades in freedom, and grows in prosperity.

I appreciate members of the USCIB for your work to promote international trade and create new opportunities for our Nation's businesses in the global marketplace. Your efforts help ensure that our country meets the challenges ahead and maintains its economic leadership in the world.

Laura and I send our best wishes.

A handwritten signature in black ink, appearing to read "George W. Bush". The signature is fluid and cursive, with a long horizontal stroke at the end.

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The United States Council for International Business promotes an open system of world commerce in which business can flourish and contribute to economic growth, human welfare and protection of the environment. It serves as the American affiliate of the International Chamber of Commerce (ICC), the Business and Industry Advisory Committee (BIAC) to the OECD and the International Organization of Employers (IOE). USCIB facilitates international trade by working toward harmonization of international commercial practices in such areas as customs and arbitration, and it issues and guarantees ATA Carnets for the temporary importation of many categories of goods.

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