EMBRACING OUR COMMON HUMANITY:
MEETING THE CHALLENGES OF GLOBAL INTERDEPENDENCE
IN THE 21ST CENTURY

BY

THE HONORABLE
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42ND PRESIDENT OF THE UNITED STATES

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RICE UNIVERSITY
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THE HONORABLE EDWARD P. DJEREJIAN: Students, faculty, distinguished guests, ladies and gentlemen, welcome to the Shell Distinguished Lecture Series at the James A. Baker III Institute For Public Policy at Rice University. Following his remarks, President Clinton has very generously agreed to respond to questions that have been submitted to us by the Rice University students. It's now my pleasure to introduce to you David Leebron, the president of Rice University.

DAVID W. LEEBRON: Thank you very much, Ed, and thank you for your tireless leadership of the Baker Institute. It's very brave of you to be up here with three lawyers. I want to extend, on behalf of the university, our warmest welcome to President Clinton. Last time we were together was at my last employer, Columbia University, where we marked the 50th anniversary of Brown versus Board of Education. And today as we at Rice approach the 40th anniversary of the admission of African-Americans to Rice University, we are very pleased to welcome you here. I understand it's your first visit to the Rice University campus. You've seen and remarked how beautiful it is. We surely hope that it won't be your last visit to the Rice University campus.

It's now my great pleasure to introduce Secretary James Baker, who, of course, needs no introduction. As all of you know, he has served in senior government positions under three presidents, as Undersecretary of Commerce to President Gerald Ford, as White House Chief of Staff to President Reagan and then as the 67th Secretary of the Treasury under President Reagan and then as the 61st Secretary of State under President George Bush. He's the author of several books, most recently his memoir Work Hard, Study, and Keep Out of Politics. Happily, he only listened to two of those three admonitions. I do want to tell you -- and he didn't ask me to do this -- that the book is still available in bookstores everywhere.

Secretary Baker has provided the vision behind the Baker Institute, and I know from my conversations with him how pleased he is that it has emerged as one of the premier nonpartisan public policy institutes in the country. The Baker Institute has served both as an important and independent voice for public policy analysis and the vehicle for bringing prominent public figures, such as President Clinton, and important issues of our times to the Rice campus. Rice
has no better friend than Secretary Baker. Please join me in welcoming him to introduce our speaker.

THE HONORABLE JAMES A. BAKER, III: Thank you. Thank you very much. Thank you, David. Thank you, David. Thank you, ladies and gentlemen. It is really a pleasure and a privilege for me to introduce our speaker to you today. His presence here honors not just the Baker Institute, of course, but Rice University as a whole. I have to tell you there were times when we wondered whether this day would ever come. You see, we've been trying to get our speaker here for quite a number of years. We began to think that if things dragged on another couple of years, we'd have to start all over again and invite the next President Clinton.

Now, Mr. President, please, please, do me a favor and tell the senator that that, of course, cannot be an endorsement.

In many ways our speaker's life, ladies and gentlemen, embodies the American dream. Born to modest circumstances in Hope, Arkansas, a meeting with President Kennedy in 1962 inspired him to enter a life of public service. After attending Georgetown, Oxford and Yale, he entered politics in his home state, being elected lieutenant governor in 1976 and governor no less than five times between 1978 and 1990.

In October 1991, he announced his candidacy for the Democratic presidential nomination. I remember it well. At that time our speaker was the darkest of dark horses, given scant chance of success by most political pundits. Thirteen months later he was president; and the rest, they say, is history. Then later -- then and later, anyone who underestimated Bill Clinton would learn better the hard way.

An individual of amazing tenacity and breath-taking energy, he has made a career of defying the odds and of confounding the experts. During his two terms in the White House, President Clinton led the United States during a period of dramatic change at home and abroad. And when
he left office in January 2001, he shared with Ronald Reagan the highest job approval ratings of any president since World War II.

It comes as no surprise to this audience to know that our speaker and I have often found ourselves on opposite sides of political and policy divides, yet I've always respected his extraordinary political skills, his grasp of the nuances of policy, whether it's foreign or domestic, and his deep commitment to public service. Not least, despite our differences, we share a profound appreciation of the imperative of American engagement on the world scene whether by expanding free trade in the Western Hemisphere or by serving as an honest broker in the Middle East.

Our speaker's dedication to public service has continued to shape his life since leaving office. The Clinton Global Initiative that he founded has focused on such critical areas as H.I.V./AIDS, economic empowerment, leadership development and racial, ethnic, and religious conflict mitigation.

Reaching across partisan divisions, he and President George H.W. Bush led efforts to assist survivors of the Indian Ocean tsunami and Hurricane Katrina.

Last year our speaker -- last year our speaker met with the Iraq Study Group. When he finished, everyone there, Democrat and Republican alike, was impressed by his incisive analysis and by his policy suggestions. So I know all of you join me in eagerly awaiting his remarks today. It is my distinct privilege and honor, ladies and gentlemen, to present to you the 42nd President of the United States, William Jefferson Clinton.

Mr. President.
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PRESIDENT CLINTON: Thank you. Thank you very much. Thank you. Thank you very much. Thank you. Thank you very much.

Secretary Baker, Mr. President, Ed, ladies and gentlemen, thank you all for coming. I want to especially thank Neal Lane, who's now a professor here, who was my science advisor, and Mayor and Mrs. Lanier, who supported me when I was one of those dark horses that Jim talked about, and others in this audience who have been my friends for many years. I thank you for being here.

I'm indebted to all the people who have spoken already. The president mentioned that we had a wonderful day when he was Dean of Columbia Law School, observing the anniversary of Brown v. Board of Education. Ed Djerejian was the Assistant Secretary of State for Near Eastern Affairs and then ambassador to Israel when I was president, two difficult and often thankless jobs; and he has continued to work as an advisor to my global initiative on religious and racial, ethnic reconciliation.

Jim Baker, despite all of our differences, which we blow up for the crowd sometimes, supported the administration when we tried to pass NAFTA, some work for the United Nations to solve the problems of Western Sahara when I was president, supported us in the ratification of the Chemical Weapons Convention which banned chemical weapons, very, very important issue with the rise of terrorist groups.

He supported my decision to bomb Iraq's suspected weapon sites when the UN inspectors were kicked out in 1998. And Thomas Ricks, the Washington Post Pentagon correspondent, has written a book about Iraq called Fiasco, in which he said, according to those people who were captured after this current conflict, We destroyed the remaining stocks of chemical and biological weapons, something that would have been difficult to do without bipartisan support.

Most important to me of all, he supported the eight years we worked, just as he did, to make a lasting peace in the Middle East. And I am particularly grateful for his leadership of the Iraq Study Group. You may have questions about that. I did enjoy my time with him. I was so
unusually frank, I'm not used to saying some of the things I did in front of four or five ardent, articulate, energetic Republicans; and I was honored that none of it leaked.

Now, having said all that, you're entitled to know the real reason that I'm here today. I got the biggest speaker's fee I have ever received. No. No. Not one red cent. But I got Jim Baker's solemn promise that in the event of an election challenge in 2008, he will not represent the Republican nominee for president.

I made that up on the spot. I really don't have that deal.

Let me say, first, to all the students here, we're going to have time for questions; and I will try to speak a little bit in shorthand today. But when I go across the world today, not just in America but anywhere I speak, I try to say to people that any concerned citizen needs a world view, a framework within which to absorb and evaluate all the apparently disparate events that are going on.

Otherwise, when you look at the television news and read the papers, it's the political equivalent of chaos theory and physics. All these things seem to be bumping together and seem to be unconnected, one to the other.

And so what I always try to do is to tell you how I view the world, the prism through which I absorb and evaluate world events and which I use to decide what my position is on any given issue. You do not have to agree with the way I think about this; and, doubtless, some of you won't. But you need your own way of thinking about it. You need a framework within which to view all the things that are emerging and coming at us so rapidly.

So for whatever it's worth, I find it easiest to arrive at by asking and answering some very simple questions. First question: What is the fundamental character of the 21st century world? Most people would say, well, obviously, it's the age of globalization. I prefer the term interdependence because globalization has, for most of us, primarily an economic meaning. In fact, when we
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moved from the 19th to the 20th century leading up to World War I, the major countries were about as trade dependent as they are today. But it goes far beyond that.

There's far more movement of money today. There's far more sharing of information technology today. There's far more of a common culture, far more of a common awareness. There's far more immigration and burgeoning diversities in all the wealthy countries of the world that would have been unthinkable even with the first great wave of immigration into the United States.

Now, is it a good thing? Second question. My answer is "yes, but." Yes, it's really good for virtually everybody in this room today. I mean, if you're a student, you got to go to one of the great universities in the world. Another reason I'm grateful to be here, by the way, when I was in high school, my performance in science was not good enough to get me here on my own. So if you're a student, it's good. And if you got invited here because you're a distinguished friend of the university or the Baker Program, then you've done well in life and it's been good for you.

But the interdependent world is unequal, unstable, and unsustainable. It is still forming. It is unequal. Around the world, half the world's people still live on less than $2 a day. Since 1973, except for the four years of my second term, the median income, family income, has been flat. It is unstable because of terrorism, the prospect that weapons of mass destruction, chemical, biological, and nuclear, will fall into more hands, the increasing sophistication of conventional weapons, and all kinds of other threats that, because we have open borders, we're all more vulnerable to.

I think it is highly unlikely that the 21st century will claim as many innocent lives as the 20th century did unless we just lose our minds. The difference is except in World War II, when we were even afraid of attacks on our shores -- and we were attacked at Pearl Harbor -- Americans felt relatively insulated. Now people everywhere know they can be attacked in the culture of the modern world. Your chances of it are still small, but there is a sense that we have a shared vulnerability.
And, finally, the interdependent age is unsustainable on its current course because of climate change and resource depletion. Matthew Simmons who's probably a friend of yours, a distinguished Republican, petroleum investor, says we've got about 35 years of recoverable oil. Exxon says he's crazy, we've got about a hundred years left.

According to carbon dating, the oldest known city in civilization is Jericho in the Middle East. It's 10,000 years old. If you've got a hundred years of oil left that's recoverable and really gives a net positive balance, that means you have 1 percent of the whole history of civilization to burn oil. No one I know believes we can move off an oil platform in 35 years because while we use oil for 70 percent -- 70 percent of our oil we use for transportation, it's the stuff that the other 30 percent does that we really don't have a useable substitute for.

We have other resource depletion issues. We have a chronic water shortage. A billion people today don't ever get a clean glass of water. And it will get worse if the climate warms and more and more water that's drinkable evaporates. We have significant erosion of topsoil and loss of biodiversity, including in the ocean, which threatens the food chain. 90 percent of the world's major fishing areas now are under-stocked.

So if we live in an interdependent world that's good for us and not so good for half the people and if it's unequal, unstable, and unsustainable, it's clear what the mission of thoughtful people all over the world is in the 21st century. We have to move from simple interdependence to more integrated communities, locally, nationally, and globally, because all truly integrated communities, families, businesses, countries, civic clubs, religious organizations, all of them have three things in common: Shared responsibilities, shared benefits, and a genuine sense of shared membership, a sense of real belonging, not just occupying the same piece of land. That's easy to say and hard to do.

Next question: How would you achieve a more integrated world? How would you move to a world of more shared benefits, responsibilities, and genuine membership? Well, seems to me that if you're an American, there are essentially four answers to that. One, you do have to have a security policy. There are people with a neolithic view who would like to undermine our ability
and the ability of any country to live in that way because they think they have the whole truth and they would sooner see ruin if they can't rule.

So it is important that we combat terror, weapons of mass destruction, that we deal with the instabilities of failed states, the slaughter of innocents in places like Darfur. We have to have a security strategy. And, indeed, the threat of disease spread or climate change should be part of our security strategy.

One of the most interesting things about the world to me since I left the White House is now I can turn on the evening news and if there is a chicken in -- the last three I saw were in Indonesia, Romania, and India -- infected with avian influenza, I can learn on my evening news in Chappaqua, New York, how many chickens were killed within a three square kilometer area. That's basically the health guideline. It's unconceivable right next -- you know, our evening news always starts with the local murder and even -- whether the crime rate's going down or up, you're convinced you better lock everything down. But as soon as we get out of the crime story, if there's a dead chicken somewhere with avian influenza, you'll know about it.

Now, you're laughing; but that is a good thing. That is a very good thing. That shows that the people that we put in positions of responsibility for allowing an epidemic -- for not allowing an epidemic to occur understand that this could destabilize whole societies. At the end of World War I, in three great ways the so-called Spanish Flu, which actually started on an Army base in Kansas, killed somewhere between 25 and 50 million people in a world with a population less than a third of today's world. And there is no known antidote to avian influenza in a person. So we know it would kill a lot of the people that it infected just like the Spanish Flu did. So you should feel good about that. You've got to have all kinds of security policies.

We need to continue to revolutionize the military so we can put a higher percentage of the people who actually join and put a uniform in -- into combat actions if we need, and they need to have more special forces capability. We need more language capability. We need to continue to modernize the weapon systems and the forced protection systems. We need all that. But we also - - the second thing we need is to revitalize our diplomacy.
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Since I'm in Texas, one of my favorite political stories -- and it may or may not be true, at least I'll tell you, but I read it a dozen times -- is that when Lyndon Johnson was running for Congress the first time, Sam Rayburn came to hear one of his speeches on the courthouse steps and he got up and just gave his opponents hell. And he thought he'd given a great barn burner of a speech; and so when he got off the platform, he said, Mr. Sam, how'd I do? He said, Lyndon, it was a fine speech. But he said, Let me tell you something. I've always found it's better not to tell somebody to go to hell unless you can make them go.

And there are very few people you can make go to hell. And as we're finding in Iraq and other places, there are limits to our ability to just impose our will, which means that we should always have a preference for diplomacy; and we have to revitalize that.

The third and related thing we have to do is to work to build the world with more partners and fewer enemies and terrorists. And we actually know what to do and how to do it to a greater extent than ever before. We have more tools at our disposal to help people work their way out of poverty and develop sustainable lif-styles. We know how to get the 130 million kids that never go to school in school at a very affordable price. We know that we can turn back the tide on AIDS and malaria and other diseases that disproportionately affect poor people and we know that if we did it all, it's a lot cheaper than going to war.

These kinds of things are embodied in the United Nations declaration called the Millennium Development Goals. It's been estimated that for the United States to pay 25 percent of the cost of meeting those goals -- and we have 20 to 21 percent of the world's GDP -- but a lot of the rest of it would be lost. We'd have to pay about 25 percent if we really wanted to get this job done because really poor countries can't afford to contribute. They need our money. It would cost us somewhere between 30 and $35 billion a year in assistance over and above what we're now spending.

Now, to give you some idea, we've already spent more than $400 billion in Iraq in just a few years and about $100 billion in Afghanistan. It is cheap; and, believe you me, it would make us a lot of friends. How do I know that? Well, arguably the most successful military operation the
United States has conducted in the Muslim world since 2001 is the humanitarian airlift in Indonesia, the world's biggest Muslim country, after the tsunami.

I noticed a fascinating poll a year later. Approval of the United States had gone from 30 to 60 percent in Indonesia. This is after the Iraq war was under way because the tsunami didn't occur until Christmas of '04. Approval of Bin Laden had gone from 58 to 28 percent. He didn't do anything to them; but when they were flat on their back, he didn't do anything for them either.

And I personally, with former President Bush, did go many times to Indonesia and then wound up having to go some more when I took over the U.S. responsibility for the UN to continue the reconstruction. And all these Indonesia kids were in grief therapy afterwards, those that lost their families and siblings and parents. And one of the things they had them do was draw things. And at first they drew very dark pictures. Then at the end of the cycle, they would be drawing kid things, children playing, sunshine, flowers.

In the middle, do you know what they drew? Pictures of American helicopters dropping food, dropping medicine, dropping lifelines to get people out of the water, what people were doing. I'm just pointing out all this stuff -- you do have to have a security policy but building a world with more partners and fewer terrorists is always cheaper than going to war, and it's the best thing you can do.

Now, the final thing that we have to do -- and I could keep you here until tomorrow morning talking about this, so I'll just give a brief outline. The final thing we have to do is to engage in relentless home improvement. Hillary says I've got to stop saying that because there's apparently some show on cable TV called Home Improvement. And one of the reasons once I got out of the White House I wanted to make money is so I wouldn't ever have to do that myself.

But, anyway, it's very important. It's important whether you're from a low-income country or a wealthy country. Because I have worked in enough poor countries now with my AIDS projects and my economic projects to know that we can't grow these countries out of their conditions or get them well or educate their kids or do anything else past a certain point if the government is
either burdened by corruption or incapacity, which in most poor places is a bigger problem than corruption and feeds corruption, incapacity.

It's a huge problem in wealthy countries because -- in America, for example, there's a rising tide of protectionism, and our major foreign aid program is trade, if you think about it. I mean, here we are with 21 percent of the world's GDP and in a given year we'll be buying anywhere between a third and 40 percent of China's exports. And people like having inexpensive quality goods as long as they don't feel a dramatic economic squeeze.

But we now have five years in a row where we've had economic growth, productivity growth among workers, a 40-year high in corporate profits and median wages flat with an increase in working families without health insurance of 4 percent.

So if I were talking to a different group and I was up here trying to tell you we ought to spend $40 million more a year to help poor people work their way out of poverty, ignorance, and disease and people said, I can't even afford to go to Wal-Mart, go away, you can readily see that our ability to sustain the kind of world that Secretary Baker and I work together for is dependent on the American dream being constantly renewed.

Now, we essentially have three big problems. We've got the economic problem I mentioned, a healthcare problem, and an energy problem. They are huge systemic problems that we will have to solve in a bipartisan fashion; but if we continue to ignore them, we're going to crater the economy. In healthcare, I'll just -- I'll bore you with a few statistics. 16 and 11. We spend 16 percent of income on healthcare, no other country spends more than 11. First number.

84 and 100. We insure 84 percent of our people. No other country insures less than 100 percent, no other wealthy country.

Third number: 37. That's the overall ranking of America's health outcomes compared to all other wealthy countries. We're actually a little higher in life expectancy. We're 34th. But we're spending 50 percent more than anybody else.
And last number, with which a lot of you will be familiar, 1500 and 110. $1500 is how much General Motors has got in health care in every car, 110 is how much Toyota has, Ford is about $1,000, Chrysler, because they're merged with the German company, the Daimler-Benz company, is about 600. Now, I think I'm pretty good at running things; but I don't believe I could spot Toyota $1400 a car in healthcare costs and turn it around. Why is this?

One more number, or two. Listen to these numbers. 34 and 19. 34 percent of every healthcare dollar is spent on administrative compliance costs between the insurers and the providers. 19 percent is the next highest number I can find anywhere in the world. The difference -- to give you some idea of what we're talking about in dollars, the difference in 16 percent of income on health care and 11 is $800 billion a year. The difference in 34 and 19, those numbers into the others, is 300 billion of that $800 billion. $300 billion. We pay to have 2 million people go to work every day and play tug of war over healthcare money, the providers trying to get paid and the insurers trying to keep from paying or at least delay it long enough to get the flow.

Now, we can make a decision that we want to let the healthcare financing tail wag the healthcare dog from now to forever, but don't complain when America can't make cars anymore. Tell people you prefer to give it -- administrative costs in an inefficient system.

The other differences are we are the only country in the world that gives our pharmaceutical companies a patent and exclusive rights to produce with no price constraints, which is why they don't want us to reimport drugs that they make and send to Canada. And they tell you if you take -- Once those drugs go to Canada and come back, they're so contaminated, you'll drop dead if you take them. Now, that's a better case, actually. We got a lot out of having a big pharmaceutical company sector in America. They're good jobs. They do great research. But universities do most of the research today.

58 percent of the new drugs patented in America in the last ten years were created by either the government labs or by universities getting federal funds and then licensed by the drug companies. We may want to continue this, but we can't pretend there's no cost.
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The other issues relate to medical errors and unnecessary procedures that would be cured in part if we just automated all the records. And Hillary and some other people -- we've got a big bipartisan effort on that in the Senate. I hope it will pass. And life-style choices, basically obesity and violence. We have a statistically significant number of children with adult onset diabetes, type 2 diabetes. That means more blindness, more limb loss, more heart attacks, more strokes, more -- you know it, the whole deal.

And the final issue is we spend more money on the last two months of life than any other country. I do not -- I just buried my 91-year-old stepfather whom I loved and we had hospice in and they were fabulous. And they were -- they gave good guidance. But I think the only answer to that in our culture given our religious convictions is to have everybody have a living will.

But all the other issues have structural responses we have to reply -- and if we don't do it, we cannot do it. But we cannot complain, then, as middle class life-styles continue to collapse and as we can't manufacture things.

And finally on energy, same thing. We basically have 4 percent of the world's population, 21 percent of its income, emit 25 percent of its greenhouse gases. And we import 60 percent of our oil, 70 percent of which goes to transportation but that's only a third of the greenhouse gases. Greenhouse gas emissions in America are roughly a third transportation, a third buildings of all kinds -- like this one we're lighting up and being cool and we're using a lot of energy -- and a third manufacturing and the generation of electricity.

And all I can tell you is that you can -- you can be part of the problem or you can be part of the solution. I -- as long as oil's over $45 a barrel, it is economical today to drastically reduce America's greenhouse gas emissions. The problem is we're not organized very well to do it. The new energy economy is entrepreneurial and underfinanced with an imperfect market because people don't know what their options are. But it's -- but all we need is for some people to go in and organize the market.
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For example, when Wal-Mart made a commitment to reduce its packaging and to reduce the amount of miles its trucks are going to have to drive and the number -- amount of stuff they're going to have to take around and to change its lighting just in its freezers -- never mind lighting the stores -- they're going to save $3-1/2 billion net of investment in the next five years, take 7 -- the effect of 700,000 cars off the road and reduce their greenhouse gas emissions by tens of millions of tons. That's one company. That's a big company. But the point is they just got started. That's a 5 percent reduction. That's hardly anything, and that's how much it is.

We are twice as efficient today as we were after the first oil price spike in the 70s. We can easily be twice as efficient again before you do solar, before you do wind, before you explore the nuclear issue, before you do any of that.

Every coal-fired power plant that was built before the last couple of years operates at 40 percent efficiency, that is, if coal turned those lights on, 60 percent of the coal greenhouse gas emissions that came out because this switch was flipped didn't have anything to do with turning the light on. They can be retrofitted to 65 percent efficiency. That's more than a 50 percent increase. We should be for this. This is good economics.

But if we don't, then we can't complain when we suffer both the environmental and the economic consequences. So I say we need to get way past all the rhetoric and say America is -- this is no big deal. I mean, this is, you know, like going to the moon or something. We can do this. But we just have to have -- we need to be in the solution business, not in the problem business and in the business of constant renewal.

Last point. Who is supposed to do all this? And the answer is we all are. There are things that government has to do, things the private sector has to do, and things you can do as a citizen. That's what I do now with my foundation. Private citizens have more power to do good in public areas than ever before because there are more rich people than ever before who want to spend their money in intelligent ways, because nongovernmental organizations now know what to do and because people with no money at all who can just give a little bit have the chance to change the world if they all agree on the same thing at the same time.
And I will leave you with this thought. In 2004, contributions to the Republican and the Democratic parties in the presidential election from small donors totaled more than contributions from big donors for the first time ever. Why? Because of the Internet. In both parties.

When the tsunami hit South Asia, Americans gave $1.2 billion, 30 percent of our households gave, over half of them over the Internet. When the President asked his father and I to help with Katrina, I was up at the New York state fair the next day making my annual trip up there with Hillary. It's the only place a guy from Arkansas is any good to a senator from New York. State fair, I know one end of a cow from another, you know, I'm handy up there. And I have boots with holes in them and all that, so I do good there.

So I'm walking down the midway and this lady comes out from behind one of these booths, you know, where you throw things at targets and win stuffed animals. She's got a little khaki shirt on with her logo and she stuffs 50 bucks in my hand. And she said, This is for the Bush-Clinton Katrina Fund. I'm sorry to give it to you in cash; but as you can see, I'm working. I don't have time to send it over the 'Net.

Now, this -- if you're at Rice and you're in, you know, some computer field, you think, well, that's natural.

How much money does this woman make working in a fair booth in Syracuse? How much education does she have? Her preferred way of giving is over the Internet. That means if there are millions of people like her who care about anything, whatever it is, they can change the world, too, just like Bill Gates.

So I leave you with that thought. You're at a great university. You're supposed to be learning. But you have more power to do than any group of Americans ever have. And there's plenty of doing that needs done. Thank you very much.