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Remarks to future Russian leaders in Moscow

William J Clinton

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Thank you very much. First I'd like to thank Maxim Safonov for that fine introduction and for his very encouraging remarks. Rector Torpoulov, Minister Primakov, to all the members of the American delegation. We have Secretary of State Albright, Secretary of Commerce Daley, Secretary of Energy Richardson, National Security Adviser Berger, our Ambassador, Jim Collins, and five distinguished Members of the United States Congress here: Senator Domenici; Senator Bingaman; Representatives Hoyer, King, and Deutsch.

I think their presence here should speak louder than any words I could say that America considers our relationship with Russia to be important. It is a relationship of friendship, of mutual responsibility, and of commitment to the future. We are all honored to be here today, and we thank you for your welcome.

On this first day of school across both our countries, students are resuming their studies, including their study of history. At this critical, surely historic, moment, let me start with a few words about what I believe the past can teach us as we and, especially, as the Russian people face the challenges of the present and the future.

Two hundred and twenty-two years ago, we Americans declared our freedom from the tyranny of King George of England. We set out to govern ourselves. The road has not often--or certainly not always--been easy. First, we fought a very long war for independence. Then it took more than 10 years to devise a Constitution that worked. Then in 1814, we went to war with England again. They invaded our Capital City and burned the President's house, the White House. Then in 1861, we began our bloodiest war ever, a civil war, fought over the conflicts of slavery. It almost divided our country forever, but instead we were reunited, and we abolished slavery.

In the 1930's, before World War II, our country sank into an enormous depression with 25 percent of our people unemployed and more than one-third of our people living in poverty. Well, you know the rest. We were allies in World War II, and after World War II we were adversaries. But it was a time of great prosperity for the American people, even though there were tense and difficult moments in the last 50 years.

The larger point I want to make, as Russia goes through this time

of extreme difficulty, is that over the life of our democracy we have had many intense, even bitter, debates about what are the proper relations between people of different races or religions or backgrounds, over the gap between rich and poor, over crime and punishment, even over war and peace. We Americans have fought and argued with each other, as we do even today, but we have preserved our freedom by remembering the fundamental values enshrined in our Constitution and our Declaration of Independence, by continuing to respect the dignity of every man, woman, and child, to tolerate those with different ideas and beliefs than our own, to demand equality of opportunity, to give everyone a chance to make the most of his or her life.

Russia's great ally in World War II, our President, Franklin Roosevelt, said that democracy is a never-ending seeking for better things. For Americans, that means, in good times and bad, we seek to widen the circle of opportunity, to deepen the meaning of our freedom, to build a stronger national community.

Now, what does all that got to do with Russia in 1998? Your history is much longer than ours and so rich with accomplishment, from military victories over Napoleon and Hitler to the literary achievements of Pushkin, Tolstoy, Chekhov, Pasternak, and so many others, to great achievements in art, music, dance, medicine, science, space flight. Yet for all your rich, long history, it was just 7 years ago that Russia embarked on its own quest for democracy, liberty, and free marketsjust 7 years ago-a journey that is uniquely your own and must be guided by your own vision of Russia's democratic destiny.

Now you are at a critical point on your journey. There are severe economic pressures and serious hardships which I discussed in my meetings with your leaders this morning. The stakes are enormous. Every choice Russia makes today may have consequences for years and years to come. Given the facts before you, I have to tell you that I do not believe there are any painless solutions, and indeed, an attempt to avoid difficult solutions may only prolong and worsen the present challenges.

First, let me make a couple of points. The experience of our country over the last several years, and especially in the last 6 years, proves that the challenges of the global economy are very great, but so are its rewards. The Russian people have met tremendous challenges in the past. You can do it here. You can build a prosperous future. You can build opportunity and jobs for all the people of this land who are willing to work for them if you stand strong and complete, not run from but complete the transformation you began 7 years ago.

The second point I want to make is the rest of the world has a very large stake in your success. Today about a quarter of the world's people are struggling with economic challenges that are

profound-the people of your country; the people in Japan, who have had no economic growth for 5 years-it's still a very wealthy country, but when they don't have any growth, it's harder for all other countries that trade with them who aren't so wealthy to grow-other countries in Asia. And now we see when there are problems in Russia or in Japan or questions about the economy of China, you see all across the world-the stock market in Latin America drops; you see the last 2 days we've had big drops in the American stock market.

What does that say? Well, among other things, it says, whether we like it or not, we must build the future together, because, whether we like it or not, we are going to be affected by what we do. We will be affected by what you do; you will be affected by what we do. We might as well do it together and make the most of it.

Now, in terms of what has happened in America, obviously it's always more enjoyable when our stock market goes up than when it goes down. But I have talked to our Secretary of the Treasury about this several times since yesterday. I want to reiterate the point that I think is important for Russia, for America, for every country: We believe our fundamental economic policy is sound; we believe our people are working at record rates; and we are determined to stay on a path of fiscal discipline that brought us to where we are. I think that wherever there are markets there will always be changes in those markets. But we must attempt to move in the right direction.

And that's what I want to talk to you about today: How can we move in the right direction? When I look at all the young people here today-and I have read about you and your background-young people from all over Russia, seizing the possibilities of freedom to chart new courses for yourselves and your nation, making a difference by building businesses from modest loans and innovative ideas, by taking technologies created for weapons and applying them to human needs, by finding creative government solutions to complex problems, by improving medical care and fighting disease, by publishing courageous journalism, exposing abuses of power, producing literature and art and scholarship, changing the way people see their own lives, organizing citizens to fight for justice and human rights and a cleaner environment, reaching out to the world. In this room today, there are young people doing all those things. That should give you great reason to hope.

You are at the forefront of building a modern Russia. You are a new generation. You do represent the future of your dreams. Your efforts today will not only ensure better lives for yourselves but for your children and generations that follow.

I think it is important to point out, too, that when Russia chose freedom, it was not supposed to benefit only the young and well educated, the rich and well connected; it was also supposed to benefit the men and women who worked in factories and farms and fought the wars of the Soviet era, those who survive today on

pensions and Government assistance. It was also supposed to benefit the laborers and teachers and soldiers who work every day but wait now for a paycheck.

The challenge is to create a new Russia that benefits all responsible citizens of this country. How do you get there? I do not believe it is by reverting to the failed policies of the past. I do not believe it is by stopping the reform process in midstream, with a few Russians doing very well but far more struggling to provide for their families. I believe you will create the conditions of growth if, but only if, you continue to move decisively along the path of democratic, market-oriented, constructive revolution.

The Russian people have made extraordinary progress in the last 7 years. You have gone to the polls to elect your leaders. Some 65 to 70 percent of you freely turn out in every election. People across Russia are rebuilding diverse religious traditions, launching a wide range of private organizations. Seventy p ercent of the economy now is in private hands. Not bureaucrats but consumers determine what goods get to stores and where people live. You have reached out to the world with trade and investment, exchanges of every kind, and leadership in meeting security challenges around the globe.

Now you face a critical moment. Today's financial crisis does not require you to abandon your march toward freedom and free markets. Russians will define Russia's future, but there are clear lessons, I would argue, from international experience. Here's what I think they are.

First, in tough times governments need stable revenues to pay their bills, support salaries, pensions, and health care. That requires decisive action to ensure that everyone pays their fair share of taxes. Otherwise, a few pay too much, many pay too little, the government is in the hole and can never get out, and you will never be able to have a stable economic policy. It is tempting for everyone to avoid wanting to pay any taxes. But if everyone will pay their fair share, the share will be modest and their incomes will be larger over the long run because of the stability and growth it will bring to this Russian economic system.

Second, printing money to pay the bills and bailout the banks does not help. It causes inflation and ultimately will make the pain worse.

Third, special bailouts for a privileged few come at the expense of the whole nation. Fourth, fair, equitable treatment of creditors today will determine their involvement in a nation tomorrow. The people who loan money into this nation must be treated fairly if you want them to be loaning money into this nation 4 years, 5 years, 10 years hence.

These are not radical theories, they are simply facts proven by experience. How Russia reacts to them will fundamentally affect your future. Surviving today's crisis, however difficult that may be, is just the beginning. To create jobs, growth, and higher income, a nation must convince its own citizens and foreigners that they can safely invest. Again, experience teaches what works: fair tax laws and fair enforcement; easier transferability of land; strong intellectual property rights to encourage innovation; independent courts enforcing the lav consistently and upholding contract rights; strong banks that safeguard savings; securities markets that protect investors; social spending that promotes hope and opportunity and a safety net for those who in any given time in an open market economy will be dislocated; and vigilance against hidden ties between government and business interests that are inappropriate.

Now, this is not an American agenda. I will say it again: This is not an American agenda. These are the imperatives of the global marketplace, and you can see them repeated over and over and over again. You can also see the cost of ignoring them in nation after nation after nation.

Increasingly, no nation, rich or poor, democratic or authoritarian, can escape the fundamental economic imperatives of the global market. Investors and entrepreneurs have a very wide and growing range of choices about where they put their money. They move in the direction of openness, fairness, and freedom. Here, Russia has an opportunity. At the dawn of a new century there is a remarkable convergence; increasingly, the very policies that are needed to thrive in the new economy are also those which deepen democratic liberty for individual citizens.

This is a wealthy country. It is rich in resources. It is richer still in people. It has done a remarkable job of providing quality education to large numbers of people. You have proven over and over and over again in ways large and small that the people of this country have a sense of courage and spirit, an unwillingness to be beat down and to give up. The future can be very, very bright.

But we can't ignore the rules of the game, because if there is a system of freedom, you cannot take away and no country, not even the United States with the size of our economy, no country is strong enough to control what millions and millions and millions of people decide freely to do with their money. But every country will keep a large share of its own citizens' money and get a lot of money from worldwide investors if it can put in place systems that abide by the rules of international commerce. And all Russia needs is its fair share of this investment. You have the natural wealth. You have the people power. You have the education. All you need is just to get your fair share of the investment.

Now, 21st century economic power will rest on creativity and

innovation. I believe the young people in this room think they can be as creative or innovative as anyone in the world. It will rest on the free flow of information. It will rest on ideas. Consider this, those of you who are beginning your careers: America's three largest computer and software companies are now worth more than all the American companies in our steel, automotive, aerospace, chemical, and plastics industries combined-combined-our three biggest computer companies.

The future is a future of ideas. No nation will ever have a monopoly on ideas. No people will ever control all the creative juices that flow in the human spirit more or less evenly across the world. You will do very well if you just get your fair share of investment. To get your fair share of investment, you have to play by the rules that everyone else has to play by. That's what this whole crisis is about. No one could ever have expected your country to be able to make this transition without pain. You've only been at this 7 years.

Look at any European country that has had an open market society for decades and decades and decades. They have hundreds, indeed thousands, of little organizations, they have major national institutions that all tend to reinforce these rules that I talked about earlier. Don't be discouraged, but don't be deterred. Just keep working until you get it in place. Once you get it in place, Russia will take off like a rocket, because you have both natural resources and people resources.

Now, I think it's important to point out, however, that economic strength-let's go back to the rules-it depends on the rule of law. If somebody from outside a country intends to put money into a foreign country, they want to know what the rules are. What are the terms on which my money is being invested? How will my investment be protected? If I lose money, I want to know it's because I made a bad decision, not because the law didn't protect my money. It is very important. Investors, therefore, seek honest government, fair systems-fair for corporations and consumers, where there are strong checks on corruption and abuse of authority and openness in what the rules are on how investment capital is handled.

Economic strength depends on equality of opportunity. There must be strong schools and good health care, and everyone must have a chance to share in the nation's bounty. And economic power must lie with people who vote their consciences, use new technologies to spread ideas, start organizations to work for change, and build enterprises of all kinds.

Now, some seek to exploit this power shift that's going on in the world to take advantage of their fellow citizens. When this nation went from the old Communist command and control system to an open free system, without all the intermediate institutions and private organizations that it takes years to build up, vacuums were created.

And into those vacuums, some moved with an intent to exploit their fellow citizens to enrich themselves without regard to fairness or safety or the future. The challenges for any citizenthis is not Russia specific--this would have happened and has happened in every single country that has had to make this transition. There's nothing inherently negative about this development. It is as predictable as the Sun coming up in the morning. Every country has had to face this. But you must overcome it.

You must have a state that is strong enough to control abuses: violence, theft, fraud, bribery, monopolism. But it must not be so strong that it can limit the legitimate rights and dreams and creativity of the people. That is the tension of creating the right kind of democratic market society.

The bottom line is that the American people very much want Russia to succeed. We value your friendship. We honor your struggle. We want to offer support as long as you take the steps needed for stability and progress. We will benefit greatly if you strengthen your democracy and increase your prosperity.

Look what our partnership has already produced. We reversed the dangerous buildup of nuclear weapons. We're 2 years ahead of schedule in cutting nuclear arsenals under START I. START II, which still awaits ratification in the Duma, will reduce our nuclear forces by two-thirds from cold-war levels. President Yeltsin and I already have agreed on a framework for START III to cut our nuclear arsenals even further.

For you young people, at a time when India and Pakistan have started testing nuclear weapons, America and Russia must resume the direction the world should take away from nuclear weapons, not toward them. This is a very important thing.

We are working to halt the spread of weapons of mass destruction. We signed the Comprehensive Nuclear Test Ban Treaty with 147 other countries. We're working to contain the arms race between India and Pakistan, to strengthen controls on transfers of weapons technologies, to combat terrorism everywhere.

Our bonds are growing stronger, and as they do we will move closer to our goal of a Europe undivided, democratic, and at peace. We reached agreement for greater cooperation between NATO and Russia. And our soldiers serve side by side, making peace possible in Bosnia. We don't always agree, and our interests aren't always identical. But we work together more often than n ot, and the world is a better place as a result. Building peace is our paramount responsibility, but there is more we must do together. One thing we need to do more together is prove that you can grow the economy without destroying the environment.

A great man looking at the condition of the environment charged that humanity was a destroyer. He wrote, "Forests keep disappearing. Rivers dry up. Wildlife has become extinct. The climate is ruined. The land grows poorer and uglier every day." Chekhov wrote those words 100 years ago. Just imagine his reaction to the present environmental conditions, with toxic pollution ruining our air and water, and global warming threatening to aggravate flooding and drought and disease.

Together, we can create cleaner technologies to grow our economies without destroying the world's environment and imperiling future generations. Together, we can harness the genius of our citizens not for making weapons but for building better communications, curing disease, combating hunger, exploring the heavens. Together, we can reconcile societies of different people with different religions and races and viewpoints, and stand against the wars of ethnic, religious, and racial hatred that have dominated recent history.

If we stand together and if we do the right things, we can build that kind of world. If the people of Russia stand for economic reform that benefits all the people of this country, America will stand with you. As the people of Russia work for education and scientific discovery, as they stand against corruption and for honest government, against the criminals and terrorists and for the safety of ordinary citizens, against aggression and for peace, America will proudly stand with you. It is the right thing to do, but it is also very much in the interest of the American people to do so.

I was amazed there were some doubters back in America who said perhaps I shouldn't come here because these are uncertain times politically and economically. And there are questions being raised in the American press about the commitment of Russia to the course of reform and democracy. It seems to me that anybody can get on an airplane and take a trip in good times and that friends come to visit each other in challenging and difficult times.

I come here as a friend, because I believe in the future of Russia. I come here also because I believe someone has to tell the truth to the people, so that you're not skeptical when your political leaders tell you things that are hard to hear. There is no way out of playing by the rules of the international economy if you wish to be a part of it. We cannot abandon the rules of the international economy. No one can.

There is a way to preserve the social safety net and the social contract and to help the people who are too weak to succeed. There is a way to do that. And there are people who will help to do that. But it has to be done. So I come here as a friend. I come here because I know that the future of our children and the future of Russia's young people are going to be entwined, and I want it to be a good future. And I believe it can be.

Recently, a woman from PetrozavodskI hone I pronounced that right. Petrozavodsk-wrote these words about your people, who won World War II and rebuilt from the rubble. Listen to this. She said, "We survived the ruins, the devastation, the hunger, and the cold. It is not possible that our people can do this again? If people raise themselves, they can move mountains. Toward what end? Pushkin once said that so long as we burn with freedom, we can fulfill the noble urges of our souls."

In all this dry and sometimes dour talk about economics and finance, never forget that, whatever your human endeavor, the ultimate purpose of it is to fulfill the noble urges of your soul. That is the ultimate victory the Russian people will reap if you will see this process through to the end. I hope you will do that, and I hope we will be able to be your partners every step of the way.

Thank you very much.

NOTE: The President spoke at 4:50 p.m. in the auditorium at Moscow State University. In his remarks, he referred to Maxim Safonov, student, Moscow State University; and Minister of Foreign Affairs Yevgeniy Primakov and President Boris Yeltsin of Russia. A portion of these remarks could not be verified because the tape was incomplet