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Remarks to the business community in Hong Kong Special Administrative Region, China

William J Clinton

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Thank you very much. To Jeff Muir, and Victor Fong, thank you both for your fine remarks and for hosting me. I thank all the members of the Hong Kong Trade Development Council and the American Chamber of Commerce for making this forum available, and so many of you for coming out on this morning for what will be my last public speech, except for my press conference, which the members of the press won't permit to become a speech, before I go home.

It has been a remarkable trip for my wife and family and for the Senate delegation and members of our Cabinet and White House. And we are pleased to be ending it here.

I want to say a special word of appreciation to Secretary Albright and Secretary Daley, to Senator Rockefeller, Senator Baucus, Senator Akaka, Congressman Dingell, Congressman Hamilton, Congressman Markey, and the other members of the administration and citizens who have accompanied me on this very long and sometimes exhausting but ultimately, I believe, very productive trip for the people of the United States and the people of China.

I'm glad to be back in Hong Kong. As I told Chief Executive Tung and the members of the dinner party last night, I actuallyI may be the first sitting President to come to Hong Kong, but this is my fourth triphere. I was able to come three times before, once with Hillary, in the period which we now refer to as back when we had a life-[laughter]-before I became President. And I look forward to coming again in the future.

I think it's quite appropriate for our trip to end in Hong Kong, because, for us Americans, Hong Kong is China's window on the world. I have seen remarkable changes taking place in China, and since the possibilities of its future-much of which clearly is and for some time has been visible here in Hong Kong, with its free and open markets and its vibrant entrepreneurial atmosphere.

Devoid of natural resources, Hong Kong always has had to fall back on the most important resource of all, its people. The entrepreneurs, the artists, the visionaries, the hardworking, everyday people have accomplished things that have made the whole

world marvel. Hong Kong people have dreamed, designed, and built some of the world's tallest buildings and longest bridges. When Hong Kong ran out of land, the people simply went to the sea and got more. To the average person from a landlocked place, that seems quite stunning.

I thank you for giving me a chance to come here today to talk about the relationship between the United States and all of Asia. I have had a great deal of time to emphasize the importance of our future ties with China, and I would like to reiterate them today and mention some of the points that the two previous speakers made. But I would like to put it in the context of the entire region. And after all, it is the entire region that has been critical to the success of Hong Kong.

We have a fundamental interest in promoting stability and prosperity in Asia. Our future is tied to Asia's. A large and growing percentage of our exports, our imports, and our investments involve Asian nations. As President, besides this trip to China, I have been to Japan, Korea, Indonesia, the Philippines, Australia, and Thailand, with more to come. I have worked with the region's leaders on economic, political, and security issues. The recent events in South Asia, in Indonesia, in financial markets all across the region remind the American people just how very closely our future is tied to Asia's.

Over the course of two centuries, the United States and Asian nations have built a vast, rich, complex, dynamic relationshipforged in the beginning by trade, strained on occasion by misunderstanding, tempered by three wars in living memory, enriched by the free flow of ideas, ideals, and culture. Now, clearly, at the dawn of the 21st century, our futures are inextricably bound togetherbound by a mutual interest in seeking to free future generations from the specter of war. As I said, Americans can remember three wars we have fought in Asia. We must make it our mission to avoid another.

The cornerstone of our security in Asia remains our relationship of longstanding with five key democratic allies: Japan, South Korea, Australia, Thailand, the Philippines. Our military presence in Asia is essential to that stability, in no small measure because everyone knows we have no territorial ambitions of any kind.

Nowhere is this more evident than on the Korean Peninsula, where still every day, after 40 years, 40,000 American troops patrol a border that has known war and could know war again. We clearly have an interest in trying to get a peace on the Korean Peninsula. We will continue to work with China to advance our efforts in the four-party talks, to encourage direct and open dialog between North and South Korea, to faithfully implement the agreement with North Korea to end their nuclear weapons program, and to insist that North Korea do the same.

I am encouraged by the openness and the energy of South Korea's new leader, Kim Dae-jung. Last month, in an address to our Congress, he said, "It is easier to get a passerby to take off his coat with sunshine than with a strong wind."

Of course, our security is also enormously enhanced by a positive partnership with a prosperous, stable, increasingly open China, working with us, as we are, on the challenges of South Asian nuclear issues, the financial crisis in the region, the Korean peace effort, and others.

Our oldest ties to Asia are those of trade and commerce, and now they've evolved into some of our strongest. The fur pelts and cottons our first traders bought here more than 200 years ago have given way to software and medical instruments. Hong Kong is now America's top consumer for cell phones. Today, roughly a third of our exports and 4 million jobs depend on our trade to Asia. As was earlier said, over 1,000 American companies have operations in Hong Kong alone. And as we've seen in recent months, when markets tremble in Tokyo or Hong Kong, they cause tremors around the world.

That is why I have not only sought to ease the Asian economic difficulties but to institutionalize a regional economic partnership through the Asian Pacific Economic Council leaders meetings that we started in Seattle, Washington, in 1993, and which in every year since has advanced the cause of economic integration and growth in the region. That is why I'm also working to broaden and deepen our economic partnership with China and China's integration into the world economic framework.

It clearly is evident to anyone who knows about our relationship that the United States supports China's economic growth through trade. We, after all, purchase 30 percent of the exports of China, far more than any other country in the world, far more than our percentage of the world's GDP.

We very much want China to be a member of the World Trade Organization. We understand the enormous challenges that the Chinese Government faces in privatizing the state industries and doing so at a rate and in a way which will permit people who lose their jobs in the state industries to be reintegrated into a changing economy and have jobs and be able to educate their children, find a place to live, and succeed in a stable society.

So the real question with this WTO accession is not whether the United States wants China in the 'TO. Of course, we do. And the real question, in fairness to China, is not whether China is willing to be a responsible international partner in the international financial system. I believe they are. The question is, how do you resolve the tension between the openness requirements for investment

and for trade through market access of the WTO with the strains that are going to be imposed on China anyway as it undertakes to speed up the economic transition and the change of employment base within its own country?

We are trying to work these things out. We believe that there must be an end agreement that contains strong terms that are commercially reasonable. We understand that China has to have some transitional consideration because of the challenges at home. I think we'll work this out. But I want you to understand that we in the United States very much want China to be a member of the WTO. We would like it to happen sooner, rather than later, but we understand that we have not only American but global interests to consider in making sure that when the whole process is over that the terms are fair and open and further the objectives of more open trade and investment across the world.

I also would say in that connection, I am strongly supporting the extension of normal trading status, or MFN, to China. I was encouraged bythe vote in the House Ways and Means Committee shortly before we left. I hope we will be successful there. I think anything any of you can do to support the integrity of the existing obligations that all of us have including and especially in the area of intellectual property, will be very helpful in that regard in helping us to move forward.

In addition to trade and security ties, the United States and Asia are bound by family ties, perhap s our most vital ones. Seven million Americans today trace their roots to Asia, and the percentage of our citizens who are Asian-Americans is growing quite rapidly. These roots are roots they are eager to renew or rebuild or to keep. Just last year 3.4 million Americans traveled to Asia; 7.8 million Asians traveled to the United States. Thousands of young people are crossing the Pacific to study, and in so doing, building friendships that will form the foundations of cooperation and peace for the 21st century. All across the region we see evidence that the values of freedom and democracy are also burning in the hearts of the people in the East as well as the West. From Japan to the Philippines, South Korea to Mongolia, democracy has found a permanent home in Asia.

As the world becomes smaller, the ties between Asia and the United States-the political ties, the family ties, the trade ties, the security ties-they will only become stronger. Consider this one little statistic: In 1975 there were 33 million minutes of telephone traffic between the U.S. and Asia; in 1996 there were 4.2 billion minutes of such traffic, a 127-fold increase. That doesn't count the Internet growth that is about to occur that will be truly staggering.

Now, the result of all this is that you and I in our time have been given a remarkable opportunity to expand and share the storehouse of human knowledge, to share the building of wealth, to share the fights against disease and poverty, to share efforts to

protect the environment, and bridge age-old gaps of history and culture that have caused too much friction and misunderstanding.

This may be the greatest moment of actual possibility in human history. At the same time, the greater openness, the pace of change, the nature of the global economy, all these things have brought with them disruption. They create the risk of greater gaps between rich and poor, between those equipped for the information age and those who aren't. It means that problems, whether they are economic problems or environmental problems, that begin in one country can quickly spread beyond that country's borders. It means that we're all more vulnerable in a more open atmosphere to security threats that cross national borders, to terrorism, to drug smuggling, to organized crime, to people who would use weapons of mass destruction.

Now, how are we going to deepen this relationship between the U.S. and Asia, since all of us recognize that it is in our interest and it will further our values? I believe there are three basic lessons that we can learn from the immediate past that should guide our path to the future.

First, building economies and people, not weapons of mass destruction, is every nation's best path to greatness. The vast majority of nations are moving away from not toward nuclear weapons, and away from the notion that their influence in the future will be defined by the size of their military rather than the size of their GDP and the percentage of their citizens who know a great deal about the world.

India and Pakistan's recent nuclear test, therefore, buck the tide of history. This is all the more regrettable because of the enormous potential of both countries. The United States has been deeply enriched by citizens from both India and Pakistan who have done so very well in America. They and their relatives could be doing very well at home, and therefore, could be advancing their nations' cause around the world. Both these countries could achieve real, different, fundamental greatness in the 21st century, but it will never happen if they divert precious resources from their people to develop nuclear and huge military arsenals.

We have worked hard with China and other leading nations to forge an international consensus to prevent an intensifying arms race on the Indian subcontinent. We don't seek to isolate India and Pakistan, but we do seek to divert them from a self-defeating, dangerous, and costly course. We encourage both nations to stop testing, to sign the Comprehensive Test Ban Treaty, to settle their differences through peaceful dialog.

The second lesson that we should take into the future is that nations will only enjoy true and lasting prosperity when governments are open, honest, and fair in their practices, and when they regulate

and supervise financial markets rather than direct them.

Too many booming economies, too many new skyscrapers now vacant and in default were built on shaky foundations of cronyism, corruption, and overextended credit, undermining the confidence of investors with sudden, swift, and severe consequences. The financial crisis, as all of you know far better than I, has touched nearly all the nations and households of Asia. Restoring economic stability and growth will not be easy. The steps required will be politically unpopular and will take courage. But the United States will do all we can to help any Asian government willing to work itself back to financial health. We have a big interest in the restoration of growth, starting the flows of investment back into Asia.

There is a very limited time period in which we can absorb all the exports to try to do our part to keep the Asian economy going. And while we may enjoy a brief period of surging extra investment, over the long run, stable growth everywhere in the world is the best prescription for stable growth in America.

We are seeing some positive steps. Yesterday Japan announced the details of its new and potentially quite significant banking reform proposals. We welcome them. Thailand and Korea are taking decisive action to implement the IMF-supported economic reform programs of their countries. Indonesia has a fresh opportunity to deepen democratic roots and to address the economic challenges before it. Thanks to the leadership of President Jiang and Premier Zhu, China has followed a disciplined, wise policy of resisting competitive devaluations that could threaten the Chinese economy, the region's, and the world's.

Even as your own economy, so closely tied to those of Asia, inevitably feels the impact of these times, Hong Kong continues to serve as a force for stability. With strong policies to address the crisis, a healthy respect for the rule of law, a strong system of financial regulation and supervision, a commitment to working with all nations, Hong Kong can help to lead Asia out of turbulent times as it contributes to China's astonishing transformation by providing investment capital and expertise in privatizing state enterprises and sharing legal and regulatory experience.

The final lesson I believe is this: Political freedom, respect for human rights, and support for representative governments are both morally right and ultimately the best guarantors of stability in the world of the 21st century. This spring the whole world looked on with deep interest as courageous citizens in Indonesia raised their voices in protest against corruption and government practices that have brought their nation's economy to its knees. They demonstrated for change, for the right to elect leaders fully accountable to them. And in just 2 weeks the universal longing for democratic, responsive, accountable government succeeded in altering their political future.

America will stand by the people of Indonesia and others as they strive to become part of the rising tide of freedom around the world. Some worry that widespread political participation and loud voices of dissent can pull a nation apart. Some nations have a right to worry about instability because of the pain of their own past. But nonetheless, I fundamentally disagree, especially given the dynamics of the 21st century global society.

Why? Democracy is rooted in the propositions that all people are entitled to equal treatment and an equal voice in choosing their leaders and that no individual or group is so wise or so all-knowing to make all the decisions that involve unfettered power over other people. The information age has brought us yet another argument for democracy. It has given us a global economy that is based on, more than anything else, ideas. A torrent of new ideas are generating untold growth and opportunity, not only for individuals and firms, but for nations. As I saw again in Shanghai when I met with a dozen incredibly impressive Chinese entrepreneurs, ideas are creating wealth in this economy.

Now, it seems to me, therefore, inevitable that societies with the freest flow of ideas are most likely to be both successful and stable in the new century. When difficulties come, as they do to every country and in all ages-there is never a time that is free of difficulties-it seems to me that open debate and unconventional views are most likely to help countries most quickly overcome the difficulties of unforeseen developments.

Let me ask you this: A year ago, when you celebrated the turnover from Great Britain to China of Hong Kong, what was everybody buzzing about after the speeches were over? Will this really work? Will this two-system thing work? Will we be able to keep elections? Will this work? How many people were off in a corner saying, you know, this is a pretty tough time to be doing this, because a year from now the whole Asian economy is going to be in collapse, and how in the world will we deal with this? When you cannot foresee the future and when problems coming on you have to bring forth totally new thinking, the more open the environment, the quicker countries will respond. I believe this is profoundly important.

I also believe that by providing a constructive outlet for the discontent that will always exist in every society-because there is no perfect place, and because people have different views and experience reality differently-and by finding a way to give everybody some sense of empowerment and role in a society, that freedom breeds the responsibility without which the open, highly changing societi es of the 21st century simply cannot succeed.

For all these reasons, I think the forces of history will move all visionary people, including Asians, with their legendary assets of hard work, intelligence, and education, toward freer, more democratic

societies and ways of ordering their affairs.

For me, these lessons we must carry forward into the new century. And in this time of transition and change, as we deepen America's partnership with Asia, success will come to those who invest in the positive potential of their people, not weapons to destroy others. Open governments and the rule of law are essential to lasting prosperity. Freedom and democracy are the birthrights of all people and the best guarantors of national stability and progress.

Now, as I said, a little over a year ago, no one could have predicted what you would have to endure today in the form of this crisis. But I am confident Hong Kong will get through this and will help to leadthe region out of it, because of the lessons that I have just mentioned, and because they have been a part of the fabric of your life here for a very long time.

For years, Hong Kong people have enjoyed the right to organize public demonstrations, due process under law, 43 newspapers and 700 periodicals, giving life to the principle of government accountability, debate, free and open. All this must continue. The world was impressed by the record turnout for your May elections. The results were a mandate for more democracy, not less, and faster, not slower strides toward political freedom. I look forward to the day when all of the people of Hong Kong realize the rights and responsibilities of full democracy.

I think we should all pledge, each in our own way, to build that kind of future, a future where we build people up, not tear our neighbors down; a future where we order our affairs in a legal, predictable, open way; a future where we try to tap the potential and recognize the authority of each individual.

I'm told that this magnificent convention center was built in the shape of a soaring bird on a patch of land reclaimed from the sea. It's an inspiring symbol of the possibilities of Hong Kong, of all of Asia, and of our relationship with Asia. Just a couple of days ago, Hong Kong celebrated its first anniversary of reversion to China. I am going home for America's 222d anniversary tomorrow.

May the future of this special place, of China, of the relationship between the United States and China and Asia, soar like the bird that gave life to this building.

Thank you very much.

NOTE: The President spoke at 10:42 a.m. in the Hong Kong Convention Center. In his remarks, he referred to Jeff Muir, chairman, American Chamber of Commerce in Hong Kong; Victor Fong,

chairman, Hong Kong Trade Development Council; Chief Executive C.H. Tung of Hong Kong; and President Jiang Zemin and Premier Zhu Rongji of China