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Remarks to Young Presidents and World Presidents Organizations. (Pres. Bill Clinton speech)(Transcript)

May 19, 1997

Thank you very much. Please be seated. First of all, welcome back to Washington. I'm delighted to see you. I always enjoy meeting with this group. I think a lot of you know that at least - I've identified at least three errant members of my administration who have been associated with YPO, Erskine Bowles, Mack McLarty, and Phil Lader. There may be more, and if there are, they'd probably like to be back with you instead of over here with me. [Laughter]

I will try to be succinct about what I want to say. I know that the Treasury Secretary and others are coming on in a few moments to talk about the details of our budget agreement and some of the other issues that are cooking around here in Washington today. But I'd like to use this opportunity to make an official announcement about China. And let me just sort of set the stage by saying I think that our country has three huge questions that we are in the process of answering as we move into a new century and a very different time.

One is, how are we going to preserve a structure of opportunity for the next generation to keep the country going and growing? The second is, what kind of society are we going to be? Is this country going to work as a whole? Can we deal with problems of crime and welfare and the intergenerational responsibilities as the baby boom generation retires? And can we learn to live in what is rapidly becoming the world's most rapidly multiracial, multireligious, multiethnic democracy? There are four school districts in America now where the children come from more than 100 different ethnic groups in one school district. And the third great question is, are we prepared to do what it takes to see the United States continue to be the world's leading force for peace and freedom and prosperity? Because ironically, at the end of the cold war, because we are not in two armed camps in the world, all of our economic and military strength can only be brought to bear if we're willing to become more interdependent with the rest of the world and recognize our linkages.

In some ways, the decision that we have to make every year about China reflects elements of all three of those great questions, our prosperity, the kind of society we are, and how we're going to deal with the rest of the world. The United States has a huge stake in the continued emergence of China in a way that is open economically and stable politically. Of course, we hope it will come to respect human rights more and the rule of law more and that China will work with us to secure an international order that is lawful and decent.

I have decided, as all my predecessors have since 1980, to extend most-favored-nation status to China for the coming year. Every Republican and Democratic President since 1980 has made the same decision. This simply means that we extend to China the same normal trade treatment that virtually every other country on Earth receives from the United States. We believe it's the best way to integrate China further into the family of nations and to secure our interests and our ideals.

But as we have had controversies and differences with China over the years, this decision itself has become more controversial, because there are those in both parties in the Congress who believe that if we hold our trade relationship hostage to China because of our differences on human rights, our weapons technology, or the future of Hong Kong, we will have more influence since we buy about 30 percent of China's exports every year - sometimes we buy even more.

But I believe if we were to revoke normal trade status, it would cut off our contact with the Chinese people and undermine our influence with the Chinese Government. This is a big issue this year because, as many of you know, under the agreement signed more than a decade ago between Great Britain and China, Hong Kong is reverting to China shortly.

I think it's interesting that Hong Kong, which has the world's most open trading system, has vociferously argued to the United States that we should extend most-favored-nation status. Even those people in Hong Kong that have been most passionately identified with the cause of freedom and human rights and have been most in conflict with the Chinese have argued that we have to maintain an open trading relationship with them so that we can continue to work with them. I might also say that if we were to revoke their normal trading status it would close one of the world's most rapidly growing, emerging markets, one that already supports 170,000 American jobs and doubtless will support more in the years ahead.

So our broad policy is engagement. That doesn't mean that we win every point, but it means we work together when we can and we're honest in our disagreements when they exist. For example - and I think it's important to point this out - we actually work together with China quite a lot. We worked with them to extend the nonproliferation treaty indefinitely. That means that we've got over 170 countries in the world that say they will never develop any kind of capacity to proliferate nuclear weapons around the world in other countries, and they agreed to be tested for it.

We worked with China to get a historic accord on the comprehensive ban of nuclear testing. We worked with them to freeze North Korea's nuclear weapons program, which, when I became President 4 years and 4 months ago, I was told was the most immediate major security concern of

the Nation at the time. We work with them now to advance the possibilities that there will actually be a lasting peace on the Korean Peninsula, which is the last frontier of the cold war.

We also work with them on drug-trafficking, terrorism, alien smuggling, and environmental decay. And when we don't agree with them, we have found ways to say so without cutting off all of our contacts. We pressed them to stop assistance to unsafeguarded nuclear facilities in other countries. We insisted that they protect the intellectual property rights of American videotape and compact disc makers. That's a huge economic issue for America. And so far China has done what they said they would do in closing down its facilities that were essentially stealing money and jobs from America's businesses. That's still an ongoing problem; it will continue to be one, as it has been in every emerging country a long way from the United States that can copy things that we do here. But we have certainly fought to reduce the problem. We also took action to show our displeasure with provocative military actions in the Taiwan Straits last year, and we stood up for human rights at the Human Rights Commission meeting of the United Nations.

So we have ways to deal with our differences. There are those who believe that our differences are so profound they would we would get our way more, if you will, or our position would be more likely to prevail, if we cut off all trade contact. I believe that is wrong. And we're going to have a big debate about it in the Congress. But today, in front of you, I thought I would make this formal announcement that I do intend to extend most-favored-nation status. The way it works under the law is, now Congress has a chance to try to undo this, and we will have a big debate in the Congress. While you're here, if you have an opinion on it, I hope you'll express it to your Senator or Member of Congress.

But how we deal with this goes back to the larger question: What is our role in the world? Do you believe we should continue to be the world's leading force for peace and freedom and prosperity? If so, how? What kind of society are we going to create? Are we going to be one nation, or are we going to become more divided by race, by generation, by income? And how are we going to preserve a structure of opportunity?

Now, let me say when I came here, I felt very strongly that we would have to change the economic policy, the social policy of the country, the way the Government worked - the Federal Government worked - and we would have to have a much more aggressive and comprehensive approach to the world. On the economic policy, when I came here we had a $290 billion annual deficit with no end in sight. I was told it would be way over $300 billion by this year. It's going to be $67 billion this year, 77 percent less than it was the day I took office.

And we also have been very aggressive about trade. Again, there are people in both parties who seem to believe that America is disadvantaged by open trading systems because we pay higher wages than other countries and because many other countries, especially developing

countries, have more closed economies than ours. Well, now we have some evidence to judge which theory is right.

I've always believed that open trading was good for us because it kept us on our toes. It also helps to keep inflation down and productivity up. We've got some evidence now, because in the last 4 years, we've had 200 new trade agreements as well as the big NAFTA agreement and the World Trade Organization being set up and an agreement in principle with the Asian-Pacific countries to go to a free-trade area there by early in the next century and an agreement with the Latin American countries to go to a free-trade area of the Americas early in the next century.

In the midst of the welter of all that activity, we can see what the consequences were. We also downsized the Government and increased our investment in education, technology and science, and medical research. Now, after 4 1/2 years, the deficit's come down by 77 percent, we have the lowest unemployment rate in 24 years, the lowest inflation rate in 30 years, the highest business investment in 35 years, the smallest Federal Government in 35 years, and as a percentage of the civilian work force, it is the same size it was in 1933 when President Roosevelt took office before the New Deal.

So I think it's hard to argue that we're not moving in the right direction. We've also, parenthetically, had the biggest decline in inequality among classes of working people in over 30 years. So America does not have to be afraid of competition. America can balance the budget and increase investment where we need to increase investment, and we can do this in a disciplined way.

In the area of social policy, we've passed a new crime bill, took a different approach to welfare, basically tried to put the family back at the center of social policy and reconcile a lot of the emerging conflicts between family and work, which is bedeviling most working families throughout the country, including people in rather high-income brackets. It is a general problem of our society. And we have had the biggest drop in welfare rolls in 50 years in America in the last 4 years, before the impact of the new welfare reform law. And I'll say more about that in a minute.

The crime rate has gone down 5 years in a row in America for the first time in 22 years. And we now know exactly what to do about it. It's just a question of whether we will. Not only that, on the more troubling problem of youth and gang violence, the city of Boston, the city of Houston, and a few other big cities in America have seen big declines in youth crime. And in Boston, Massachusetts, not a single child under the age of 18 has been killed with a gun in a year and half now.

So there is a lot of confidence in this country now that we can actually make sense out of our common life, that we can actually deal

with these problems. And that's very important. And for the rest of us, it's great because we don't have to think up something to do. We've got a roadmap out there; we can just try to replicate it, community by community, to make it work.

In the area of our relationships with each other and our diversity, I would say that we have made some significant progress. We now - I think as a country we've still debating a lot of these things, like affirmative action, and I have my own views about that. But I would hope that the American people at least understand that if you look at how big the world is getting and the fact that our population is relatively smaller as a percentage of the whole than it used to be, less than 5 percent, and our economy is not as big as it once was as a percentage of the whole, although still over 20 percent, the fact that we have people in the United States from everywhere else is an enormous asset to us in a global economy.

But we have to learn to find a way to respect our differences and be bound together by our shared values. And it sounds so simple, it may sound almost trite, but when you consider what people do with differences in Bosnia, in Northern Ireland, in the Middle East, and in countless other places around the world, you sometimes wonder whether there is not some primitive urge in all of us that unless it's consistently tended to can cause enormous difficulties. And so I think that we cannot spend enough time on figuring out a way to make sure that we're a very different country but we're still one America.

Finally, let me say I'm quite determined that we have got to fight through all these successive issues here about America's role in the world. I've tried to be very careful not to send our troops into harm's way and in an indiscreet way, not to pretend that we could solve all the problems of the world. But I know that we have an opportunity here and a responsibility unlike any ever imposed on a nation in history. Because of the way the cold war ended with a victory for freedom and for free markets, because other countries are willing to work with us and even give higher percentages of their income that we do to the work of development and expanding the capacity of people in other countries, we have a significant responsibility here to try to fulfill these incredible opportunities.

And every one of you needs to spend some time thinking about this. Because historically, our country - historically - has been relatively isolationist. If you go through the whole history of America - George Washington told us that we should beware of foreign entanglements, and all of our - we've always been somewhat reluctant to get involved in the world.

I think the only reason we did it after World War II is the Soviet Union was there, there was a cold war, the threat was clear and apparent. And now - sometimes I think we don't see our own best interests. We're going to have another big trade issue coming up after MFN, and that's the question about whether the President should be

given what is called fast-track authority. And for those of you who aren't familiar with the trade lingo, all that means is that we can negotiate a trade agreement with another country and present it to Congress, and they have to vote it up or down instead of, in effect, being able to amend it 100 times so that, in effect, it would no longer be the agreement that we made with another country - treats is almost like a treaty, except it just requires a majority vote.

I can't see why we wouldn't want to do that when we got 4.9 percent unemployment. And another statistic I didn't give you is for the last 2 years, more than half of the new jobs in this country have paid above average wages. So I think we should feel good about these things. And I certainly do, and I want you to.

Now, let me just say in closing, they're going to come on and tell you a little about the budget agreement. But in the last 4 1/2 months, in the categories I gave you, if you look, it's creating a structure of opportunity for America. We've agreed to the first balanced budget in over three decades. And it is a compromise agreement between the Republicans and the administration and the Democrats in Congress and the leadership; it is a principled one. Does it solve all of America's problems? No. Will it get us to a balanced budget? Yes, it will.

And I might say, when I got here, a lot of times there were overly optimistic economic assumptions used in putting these budgets together, especially by the executive branch, in both parties. Every year I've been here, the deficit's been lower by several billion dollars than we estimated it would, every single year. So I want to assure you that we didn't cook up a bunch of numbers. Now, if we have a horrible recession, will the deficit be bigger? Yes, it will. But at least we've been quite responsible in the numbers that we've used here to try to make sure we were not misleading the American people about this.

So we got a budget agreement, which is important. We had a new telecommunications agreement, which will open 90 percent of the world's markets to American producers of telecommunications services and create hundreds of thousands of good jobs in this country over the next several years. We have had we got the Chemical Weapons Convention ratified, which is a huge problem because we've got to stop the proliferation of chemical weapons and it could affect you and your life and your community. The guy that blew up the Federal building in Oklahoma City, in that truck was fertilizer, a chemical weapon. But in Japan, a lot of people died in the subway because they had a laboratory that made sarin gas. So this is a major issue. Can we guarantee that there will never be anybody in a laboratory making chemical weapons? No. But we can dramatically reduce the chances that terrorists can get them in ways that make Americans safer all across the country.

We have reached this historic agreement between NATO and Russia to expand NATO and have a partnership with Russia which will enable us to have a unified Europe and, hopefully, avoid what destroyed millions and millions of people in the last century, in the 20th century, which was

all these fights in Europe.

So the country is in good shape. We're moving in the right direction. We're dealing with all these issues. Are there things that still have to be done? Yes. Have we made adequate provision for the retirement of the baby boomers and not imposing undue burdens on our children? Not yet. Will we do so? I'm absolutely convinced we will. But you have to understand this system will only accommodate so much change at one time. I've thought about that a lot in the last 4 years. And the fact that we have a budget that will balance the budget, meet our national security needs, have the biggest increase in investment in education in a generation, continue our progress in the environment and medical research and technology, I think is a very significant thing and, parenthetically, provide health care coverage to 5 million kids that don't have it is very encouraging.

The last point I want to make is this. The biggest near-term problem we have in the country is that 20 percent of the kids who are born in this country are born below the poverty line, and many of them are still living in completely dysfunctional environments. When the Presidents, all of us, the living Presidents, and General Powell sponsored that summit of service in Philadelphia, it was about more than trying to get everybody to do more community service. It was about trying to focus attention on having every community in the country develop a strategy to make sure every child has a healthy start, a decent education, a safe place to live, a mentor, and a place to serve the community and feel worthwhile. That is the biggest near-term problem of the country.

You live in a nation where drug use is dropping dramatically among young adults and still going up among juveniles, where crime is going down dramatically around the country but still going up among juveniles, except in the instances that I cited and others like that.

So as you look ahead to your own responsibilities, I would just mention two things. Number one, every community needs to develop a system of dealing with the children of the community. Number two, the welfare reform bill in the budget that we just agreed to will include tax incentives that are very tightly targeted to move people from welfare to work. And States have the power actually to give employers what used to be the welfare check as an employment and training subsidy.

I would hope that the members of the YPO would consider whether or not there is a role for you to play in your States and your communities, because under the welfare reform law, we have to move almost a million people from welfare to work in the next 4 years. We moved a million people from welfare to work in the last 4 years, but over 40 percent of that was the growth of the economy, and we produced 12.5 million new jobs. Maybe we can do it again. It's never happened in the history of the country before that we've had 8 years that good, back to back. Maybe we can do it again.

But under the law, we have to move that many people from welfare to work, whether the private economy produces 40 percent of those jobs or not, in the ordinary course of growth. There will be incentives there, but we had to do this - I would argue we had to do something like this to break the cycle of dependency that so many people were trapped in. But having now told people, most of whom are single mothers with very small children, that there is a limit to how much public assistance you can have, and you have to go to work at the end of a certain amount of time, period, we have to make sure that there are jobs there for them.

The communities of our country are going to get about $3 billion that will go into the high unemployment areas to do community service work when there's no way the private sector could do it. But for the rest, it will have to be done by the private sector. So I hope that while you're here and after you go home, you will be willing to consider whether there's something you could do to help us deal with this problem. Because if we can break the cycle of dependency and all people who are out of work who are adult, able-bodied, and otherwise have the capacity to work, begin to be treated the same instead of having some people disaggregated over here as being on welfare as if they couldn't work, we will have gone a long way toward changing the future of children in America and, therefore, changing the future of the country.

Thank you very much.

NOTE: The President spoke at 2:48 p.m. in Room 450 of the Old Executive Office Building.