

Remarks at the Paul H. Nitze School of Advanced International Studies

March 8, 2000

Thank you very much, President Brody, Dean Wolfowitz. I thank all the members of our administration who are here -- Secretary Daley, who is coordinating our efforts in the Congress; Secretary Summers; Secretary Glickman. I want to say a special word of thanks to Ambassador Barshefsky and National Economic Adviser Gene Sperling who <page 488>negotiated this agreement with China and wrung the last drop of blood out of it. And my National Security Adviser, Sandy Berger, I thank him for his great advocacy; Ambassador Holbrooke; to our OPIC President, George Munoz.

I would also like to acknowledge the presence of a very important member of our economic team, Lael Brainard, because her mother works here at SAIS, and I want her mother to know she's done a good job. She may never speak to me again, but her mother will be happy. [Laughter]

I want to thank all the distinguished people in the audience, who care so much about China, and the faculty and the students here of this magnificent institution. And I want to thank my longtime friend Lee Hamilton. If I had any respect for this audience, I would just ask you to wait 5 minutes; I'd run out and copy his speech, hand it to you. He said exactly what I wanted to say in about 2,000 fewer words. [Laughter]

I also want to say, President Brody and Dean Wolfowitz, how much I appreciate the involvement of Johns Hopkins and the School for Advanced International Studies in China, in particular, at this moment in history and for giving me the chance to come here and talk about what is one of the most important decisions America has made in years.

Last fall, as all of you know, the United States signed the agreement to bring China into the WTO on terms that will open its market to American products and investment. When China concludes similar agreements with other countries, it will join the WTO. But as Lee said, for us to benefit from that, we must first grant it permanent normal trading status, the same arrangement we have given other countries in the WTO. Before coming here today, I submitted legislation to Congress to do that, and I again publicly urge Congress to approve it as soon as possible.

Again, I want to emphasize what has already been said. Congress will not be voting on whether China will join the WTO. Congress can only decide whether the United States will share in the economic benefits of China joining the WTO. A vote against PNTR will cost America jobs, as our competitors in Europe, Asia, and elsewhere capture Chinese markets that we otherwise would have

served.

Supporting China's entry into the WTO, however, is about more than our economic interests. It is clearly in our larger national interest. It represents the most significant opportunity that we have had to create positive change in China since the 1970's, when President Nixon first went there, and later in the decade when President Carter normalized relations. I am working as hard as I can to convince Congress and the American people to seize this opportunity.

For a long time now, the United States has debated its relationship with China through all the changes, particularly of the last century. And like all human beings everywhere, we see this relationship through the prism of our own experience. In the early 1900's, most Americans saw China either through the eyes of traders seeking new markets or missionaries seeking new converts. During World War II, China was our ally, during the Korean war, our adversary. At the dawn of the cold war, when I was a young boy, beginning to study such things, it was a cudgel in a political battle: Who lost China? Later, it was a counterweight to the Soviet Union. And now, in some people's eyes, it's a caricature. Will it be the next great capitalist tiger with the biggest market in the world, or the world's last great communist dragon and a threat to stability in Asia?

Through all the changes in China and the changes in our perception of China, there has been one constant: We understand that America has a profound stake in what happens in China and how China relates to the rest of the world. That's why, for 30 years, every President, without regard to party, has worked for a China that contributes to the stability of Asia, that is open to the world, that upholds the rule of law at home and abroad.

Of course, the path that China takes to the future is a choice China will make. We cannot control that choice; we can only influence it. But we must recognize that we do have complete control over what we do. We can work to pull China in the right direction, or we can turn our backs and almost certainly push it in the wrong direction.<page 489>

The WTO agreement will move China in the right direction. It will advance the goals America has worked for in China for the past three decades. And of course, it will advance our own economic interests.

Economically, this agreement is the equivalent of a one-way street. It requires China to open its markets, with a fifth of the world's population, potentially, the biggest markets in the world, to both our products and services in unprecedented new ways. All we do is to agree to maintain the present access which China enjoys. Chinese tariffs, from telecommunications products to automobiles to agriculture, will fall by half or more over just 5 years. For the first time, our companies will be able to

sell and distribute products in China made by workers here in America, without being forced to relocate manufacturing to China, sell through the Chinese Government, or transfer valuable technology. For the first time, we'll be able to export products without exporting jobs.

Meanwhile, we'll get valuable new safeguards against any surges of imports from China. We're already preparing for the largest enforcement effort ever given for a trade agreement.

If Congress passes PNTR, we reap these rewards. If Congress rejects it, our competitors reap these rewards. Again, we must understand the consequences of saying no. If we don't sell our products to China, someone else will step into the breach, and we'll spend the next 20 years wondering why in the wide world we handed over the benefits we negotiated to other people.

Of course, we're going to continue our efforts not just to expand trade but to expand it in a way that reinforces our fundamental values and, for me, the way the global economic system must move. Trade must not be a race to the bottom, whether we're talking about child labor or basic working conditions or the environment. The more we avoid dealing with these issues, the more we fuel the fires of protectionism. That's why we'll continue our efforts to make the WTO itself more open, more transparent, more participatory, and to elevate the consideration of labor and environmental issues in trade.

But most of the critics of the China -WTO agreement do not seriously question its economic benefits. They're more likely to say things like this: ``China is a growing threat to Taiwan and its neighbors. We shouldn't strengthen it,' ' or, ``China violates labor rights and human rights. We shouldn't reward it,' ' or, ``China is a dangerous proliferator. We shouldn't empower it.' '

These concerns are valid, but the conclusion of those who raise them as an argument against China -WTO isn't. China is a one-party state that does not tolerate opposition. It does deny its citizens fundamental rights of free speech and religious expression. It does define its interests in the world sometimes in ways that are dramatically at odds from our own. But the question is not whether we approve or disapprove of China's practices. The question is, what's the smartest thing to do to improve these practices?

I believe the choice between economic rights and human rights, between economic security and national security, is a false one. Membership in the WTO, of course, will not create a free society in China overnight or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction and certainly will do that more than rejection would. To understand how, it's important to understand why China is willing to do what it has undertaken to

perform in this agreement.

Over the last 20 years, China has made great progress in building a new economy, lifting more than 200 million people out of abject poverty; linking so many people through its new communications network that it's adding the equivalent of a new Baby Bell every year. Nationwide, China has seen the emergence of more than a million nonprofit and social organizations and a 2,500 percent explosion of print and broadcast media.

But its economy still is not creating jobs fast enough to meet the needs of the people. Only about a third of the economy is private enterprise. Nearly 60 percent of the investment and 80 percent of all business lending still goes toward state-owned dinosaurs that <page 490>are least likely to survive in the global economy and most likely to be vulnerable to corruption.

Much of China's economy today still operates under the old theory that if only they had shoveled coal into the furnaces faster, the Titanic would have stayed afloat. It is ironic, I think, that so many Americans are concerned about the impact on the world of a strong China in the 21st century. But the danger of a weak China, beset by internal chaos and the old nightmares of disintegration, it's all so real, and the leaders of China know this as well.

So they face a dilemma. They realize that if they open China's market to global competition, they risk unleashing forces beyond their control of temporary unemployment, social unrest, and greater demand for freedom. But they also know that without competition from the outside, China will not be able to attract the investment necessary to build a modern, successful economy. And the failure to do that could be even more destabilizing, with more negative consequence.

So with this agreement, China has chosen reform, despite the risks. It has chosen to overcome a great wall of suspicion and insecurity and to engage the rest of the world. The question for the United States, therefore, is, do we want to support that choice or reject it, becoming bystanders as the rest of the world rushes in. That would be a mistake of truly historic proportions.

You know, as we debate about China here -- and we love to do it; it absorbs a great deal of our time and energy -- it's easy to forget that the Chinese leaders and their people are also engaged in a debate about us there. And many of them believe that we honestly don't want their country to assume a respected place in the world. If China joins the WTO but we turn our backs on them, it will confirm their fears.

All I can say to you is that everything I have learned about China as President and before and everything I have learned about human nature in over half a century of living, now

convinces me that we have a far greater chance of having a positive influence on China's actions if we welcome China into the world community, instead of shutting it out.

Under this agreement, some of China's most important decisions for the first time will be subject to the review of an international body, with rules and binding dispute settlement. Now, opponents say this doesn't matter; China will just break its promises. Well, any of you who follow these WTO matters know that China is not the only person that could be accused of not honoring the rulemaking process. If any of you happen to be especially concerned about bananas and beef, you could probably stand up and give a soliloquy on that. And now we in the United States have been confronted with a very difficult decision, because they've made a decision that we think is plainly wrong, in an area that affects our export economy.

But I will say this: We're still better off having a system in which actions will be subject to rules embraced and judgments passed by 135 nations. And we're far more likely to find acceptable resolutions to differences of opinion in this context than if there is none at all.

The change this agreement can bring from outside is quite extraordinary. But I think you could make an argument that it will be nothing compared to the changes that this agreement will spark from the inside out in China. By joining the WTO, China is not simply agreeing to import more of our products; it is agreeing to import one of democracy's most cherished values, economic freedom. The more China liberalizes its economy, the more fully it will liberate the potential of its people, their initiative, their imagination, their remarkable spirit of enterprise. And when individuals have the power not just to dream but to realize their dreams, they will demand a greater say.

Already, more and more, China's best and brightest are starting their own companies, or seeking jobs with foreign-owned companies, where generally they get higher pay, more respect, and a better working environment. In fits and starts, for the first time, China may become a society where people get ahead based on what they know rather than who they know. Chinese firms, more and more, are realizing that unless they treat employees with respect, they will lose out in the competition for top talent. The process will only accelerate if China joins the WTO, <page 491>and we should encourage it because it will lift standards for Chinese workers and their expectations.

There's something even more revolutionary at work here. By lowering the barriers that protect state-owned industries, China is speeding the process that is removing Government from vast areas of people's lives.

In the past, virtually every Chinese citizen woke up in an

apartment or a house owned by the Government, went to work in a factory or a farm run by the Government, and read newspapers published by the Government. State-run workplaces also operated the schools where they sent their children, the clinics where they received health care, the stores where they bought food. That system was a big source of the Communist Party's power. Now people are leaving those firms. And when China joins the WTO, they will leave them faster.

The Chinese Government no longer will be everyone's employer, landlord, shopkeeper, and nanny all rolled into one. It will have fewer instruments, therefore, with which to control people's lives. And that may lead to very profound change.

A few weeks ago, the Washington Post had a good story about the impact of these changes on the city of Shenyang. Since 1949, most of the people of Shenyang have worked in massive, state-run industries. But as these old factories and mills shut down, people are losing their jobs and their benefits. Last year, Beijing announced it was going to be awarding bonus checks to Chinese citizens to celebrate China's 50th anniversary under communism. But Shenyang didn't have the money to pay, and there was a massive local protest.

To ease tensions, the local government has given the people a greater say in how their city is run. On a limited basis, citizens now have the right to vote in local elections - - not exactly a democracy; the party still puts up the candidate and decides who can vote, but it is a first step. And it goes beyond Shenyang. Local elections now are held in the vast majority of the country's 900,000 villages.

When asked why, one party official in Shenyang said, ``This is the beginning of a process. We realize that in order to improve social control, we have got to let the masses have a say.'' Well, sooner or later that official will find that the genie of freedom will not go back into the bottle. As Justice Earl Warren once said, ``Liberty is the most contagious force in the world.''

In the new century, liberty will spread by cell phone and cable modem. In the past year, the number of Internet addresses in China has more than quadrupled from 2 million to 9 million. This year, the number is expected to grow to over 20 million. When China joins the WTO, by 2005, it will eliminate tariffs on information technology products, making the tools of communication even cheaper, better, and more widely available. We know how much the Internet has changed America, and we are already an open society. Imagine how much it could change China.

Now, there's no question China has been trying to crackdown on the Internet. Good luck! [Laughter] That's sort of like trying to nail Jello to the wall. [Laughter] But I would argue to you that their effort to do that just proves how real these changes

are and how much they threaten the status quo. It's not an argument for slowing down the effort to bring China into the world; it's an argument for accelerating that effort. In the knowledge economy, economic innovation and political empowerment, whether anyone likes it or not, will inevitably go hand in hand.

Now, of course, bringing China into the WTO doesn't guarantee that it will choose political reform. But accelerating the progress, the process of economic change, will force China to confront that choice sooner, and it will make the imperative for the right choice stronger. And again I ask, if China is willing to take this risk -- and these leaders are very intelligent people; they know exactly what they're doing -- if they're willing to take this risk, how can we turn our backs on the chance to take them up on it?

Now, I want to be clear. I understand that this is not, in and of itself, a human rights problem. But still, it is likely to have a profound impact on human rights and political liberty. Change will only come through a combination of internal pressure and external validation of China's human rights struggle. We have to maintain our leadership in the <page 492>latter as well, even as the WTO contributes to the former.

We sanctioned China under the International Religious Freedom Act last year. We're again sponsoring a resolution in the U.N. Human Rights Commission condemning China's human rights record this year. We will also continue to press China to respect global norms on nonproliferation. And we will continue to reject the use of force as a means to resolve the Taiwan question, making absolutely clear that the issues between Beijing and Taiwan must be resolved peacefully and with the assent of the people of Taiwan. There must be a shift from threat to dialog across the Taiwan Strait. And we will continue to encourage both sides to seize this opportunity after the Taiwan * election.

In other words, we must continue to defend our interests and our ideals with candor and consistency. But we can't do that by isolating China from the very forces most likely to change it. Doing so would be a gift to the hardliners in China's Government, who don't want their country to be part of the world, the same people willing to settle differences with Taiwan by force, the same people most threatened by our alliance with Japan and Korea, the same people who want to keep the Chinese military selling dangerous technologies around the world, the same people whose first instinct in the face of opposition is to throw people in prison. If we want to strengthen their hand within China, we should reject the China -WTO agreement.

Voting against PNTR won't free a single prisoner or create a single job in America or reassure a single American ally in Asia. It will simply empower the most rigid anti -democratic elements in the Chinese Government. It would leave the Chinese

people with less contact with the democratic world and more resistance from their Government to outside forces. Our friends and allies would wonder why, after 30 years of pushing China in the right direction, we turned our backs, now that they finally appear to be willing to take us up on it.

I find it encouraging that the people with the greatest interest in seeing China change agree with this analysis. The people of Taiwan agree. Despite the tensions with Beijing, they are doing everything they can to cement their economic ties with the mainland, and they want to see China in the WTO.

The people of Hong Kong agree. I recently received a letter from Martin Lee, the leader of Hong Kong's Democratic Party, who has spent a lifetime struggling for free elections and free expression for his people. He wrote to me that this agreement, and I want to quote it, ``represents the best long-term hope for China to become a member of good standing in the international community. We fear that should ratification fail, any hope for political and legal reform process would also recede.' ' Martin Lee wants us to vote in favor of PNTR.

Most evangelicals who have missions in China also want China in the WTO. They know it will encourage freedom of thought and more contact with the outside world. Many of the people who paid the greatest price under Chinese repression agree, too. Ren Wanding is one of the fathers of the Chinese human rights movement. In the late 1970's, he was thrown into prison for founding the China Human Rights League. In the 1980's, he helped lead the demonstration in Tiananmen Square. In the 1990's, he was thrown in prison yet again. Yet, he says of this deal, ``Before, the sky was black. Now it is light. This can be a new beginning.' '

For these people, fighting for freedom in China is not an academic exercise or a chance to give a speech that might be on television. It is their life's work. And for many of them, they have risked their lives to pursue it. I believe if this agreement were a Trojan Horse, they would be smart enough to see it. They are telling us that it's the right thing to do, and they are plainly right.

So if you believe in a future of greater openness and freedom for the people of China, you ought to be for this agreement. If you believe in a future of greater prosperity for the American people, you certainly should be for this agreement. If you believe in a future of peace and security for Asia and the world, you should be for this agreement. This is the right thing to do. It's an historic opportunity and a profound American* responsibility.<page 493>

I'll do all I can to convince Congress and the American people to support it. And today I ask for your help.

Thank you very much.

Note: The President spoke at 3:50 p.m. in the Kenny Auditorium. In his remarks, he referred to William R. Brody, president, Johns Hopkins University; and Paul Wolfowitz, dean, and Joanne Brainard, executive assistant to the associate dean for student affairs, Paul H. Nitze School of Advanced International Studies. The President also referred to PNTR, permanent normal trade* relations.