asking Congress to restore the American people's faith in their democracy and pass real reform this year.

Statement on the Death of Bob Squier

January 24, 2000

Hillary and I were deeply saddened by the death of Bob Squier. Bob was a valued adviser, a good friend, and a fine man. His loyalty, talent, and, above all, his perseverance helped Vice President Gore and me craft a winning reelection campaign in 1996 when many had counted us out. I owe him much.

Throughout the course of his career, Bob was a pioneer in the art of modern communications. With his documentary films, his pathbreaking political commentary, and his work for progressive candidates, Bob helped make policy and politics understandable and exciting for millions of Americans. Our thoughts and prayers tonight are with Prudy, his sons, and grandchildren.

Letter to Congressional Leaders on Permanent Normal Trade Relations Status With China

January 24, 2000

Dear Mr. Speaker: (Dear Mr. President:)

On November 15th of last year, my Administration signed an historic trade agreement with the People's Republic of China. Bringing China into the World Trade Organization (WTO) on the strong terms we negotiated will advance critical economic and national security goals. It will open a growing market to American workers, farmers, and businesses. And more than any other step we can take right now, it will draw China into a system of international rules and thereby encourage the Chinese to choose reform at home and integration with the world. For these reasons, I will make it a top priority in the new year to seek congressional support for permanent Normal Trade Relations (NTR) with China.

A Good Deal for America

This agreement is good for America. It is important to understand the *one-way nature of the concessions* in this agreement. China has agreed to grant the United States *significant new access* to its market, while we have agreed simply to maintain the market access policies we *already* apply to China by granting it permanent NTR. China's commitments are enforceable in the WTO and include specially negotiated rules. In the event of a violation, the U.S. will have the right to trade retaliation against China.

China's comprehensive market-opening concessions will benefit U.S. workers, farmers and businesses. On U.S. priority agricultural products, tariffs will drop from an average of 31% to 14% in January 2004. China will expand access for bulk agricultural products, permit private trade in these products, and eliminate export subsidies. Industrial tariffs on U.S. products will fall from an average of 25% in 1997 to an average of 9.4% by 2005. In information technology, tariffs on products such as computers, semiconductors, and all Internet related equipment will decrease from an average of 13% to zero by 2005. The agreement also opens China's market for services, including distribution, insurance, telecommunications, banking, professional and environmental services. Considering that our farmers and workers are the most productive in the world, this agreement promises vast opportunities for American exports.

Prior to the final negotiations, Democrats and Republicans in Congress raised legitimate concerns about the importance of safeguards against unfair competition. This agreement effectively addresses those concerns. No agreement on WTO accession has ever contained stronger measures against unfair trade, notably a "product-specific" safeguard that allows us to take measures focused directly on China in case of an import surge that threatens a particular industry. This protection remains in effect a full 12 years after China enters the WTO and is stronger and more targeted relief than that provided under our current Section 201 law.

The agreement also protects against dumping. China agreed that for 15 years after its accession to the WTO, the United States may employ special methods, designed for nonmarket economies, to counteract dumping.

Moreover, Americans will, for the first time, have a means, accepted under the WTO, to combat such measures as forced technology transfer, mandated offsets, local content requirements and other practices intended to drain jobs and technology away from the U.S. As a result, we will be able to export to China from home, rather than seeing companies forced to set up factories in China in order to sell products there. The agreement also increases our leverage with the Chinese in the event of a future trade dispute. As a member of the WTO, China must agree to submit disputes to that body for adjudication and would be much less likely to thwart the will of the WTO's 135 members than that of the United States acting alone.

Under WTO rules, we may—even when dealing with a country enjoying permanent NTR status—continue to block imports of goods made with prison labor, maintain our export control policies, use our trade laws, and withdraw benefits including NTR itself in a national security emergency.

Promoting Reform in China and Creating a Safer World

Of course, this trade agreement alone cannot bring all the change in China we seek, including greater respect for human rights. We must and will continue to speak out on behalf of people in China who are persecuted for their political and religious beliefs; to press China to respect global norms on nonproliferation; to encourage a peaceful resolution of issues with Taiwan; to urge China to be part of the solution to the problem of global climate change. And we will hold China to the obligations it is accepting by joining the WTO.

We will continue to protect our interests with firmness and candor. But we must do so without isolating China from the global forces empowering its people to build a better future. For that would leave the Chinese people with less access to information, less contact with the democratic world, and more resistance from their government to outside influence and ideas. No one could possibly benefit from that except for the most rigid, anti-democratic elements in China itself. Let's not give them a victory by locking China out of the WTO. The question is not whether or not this trade agreement will cure serious and disturbing issues of economic and political freedom in China; the issue is whether it will push things in the right direction. I believe it will.

WTO membership will strengthen the forces of reform inside China and thereby improve the odds that China will continue and even accelerate its gradual progress toward joining the rules-based community of nations. In the last 20 years, the Chinese have made giant strides in building a new economy, lifting more than 200 million people out of absolute poverty and creating the basis for more profound reform of Chinese society. But tens of millions of peasants continue to migrate from the countryside, where they see no future, to the city, where not all find work. China's economic growth has slowed just when it needs to be rising to create jobs for the unemployed. That is one reason the WTO agreement is a win-win for both nations. China faces critical social and economic challenges in the next few years; WTO membership will spur the economy and, over time, will help establish the conditions to sustain and deepen economic reform in China.

In the past, the Chinese state was employer, landlord, shopkeeper and news-provider all rolled into one. This agreement obligates China to deepen its market reforms, empowering leaders who want their country to move further and faster toward economic freedom. It will expose China to global economic competition and thereby bring China under ever more pressure to privatize its state-owned industry and accelerate a process that is removing the government from vast areas of China's economic life. The agreement will also give Chinese as well as foreign businesses freedom to import and export on their own and sell products without going through government middlemen. And in opening China's telecommunications market, including to Internet and satellite services, the agreement will expose the Chinese people to information, ideas and debate from around the world. As China's people become more mobile, prosperous, and aware of alternative ways of life, they will seek greater say in the decisions that affect their lives.

The agreement obliges the Chinese government to publish laws and regulations and subjects pertinent decisions to review of an international body. That will strengthen the rule of law in China and increase the likelihood that it will play by global rules as well. It will advance our larger interest in bringing China into international agreements and institutions that can make it a more constructive player in the world, with a stake in preserving peace and stability, instead of reverting to the status of a brooding giant at the edge of the community of nations.

Many courageous proponents of change in China agree. Martin Lee, the leader of Hong Kong's Democratic Party, says that "the participation of China in the WTO would . . . serve to bolster those in China who understand that the country must embrace the rule of law." Chinese dissident Ren Wanding said upon the agreement's completion: "Before, the sky was black; now it is light. This can be a new beginning."

As I have argued to China's leaders many times, China will be less likely to succeed if its people cannot exchange information freely; if it does not build the legal and political foundation to compete for global capital; if its political system does not gain the legitimacy that comes from democratic choice. This agreement will encourage the Chinese to move in the right direction.

The Importance of Permanent Normal Trade Relations

In order to accede to the WTO, China must still complete a number of bilateral negotiations, notably with the EU and others, and also conclude multilateral negotiations in the WTO Working Party. These negotiations are proceeding.

The United States must grant China permanent NTR or risk losing the full benefits of the agreement we negotiated, including special import protections, and rights to enforce China's commitments through WTO dispute settlement. If Congress were to refuse to grant permanent NTR, our Asian and European competitors will reap these benefits but American farmers and businesses may well be left behind.

In sum, it lies not only in our economic interest to grant China permanent NTR status. We must do it to encourage China along the path of domestic reform, human rights, the rule of law and international cooperation. In the months ahead, I look forward to working with Congress to pass this historic legislation.

Sincerely,

William J. Clinton

NOTE: Letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. An original was not available for verification of the content of this letter.

Remarks on the Fiscal Year 2001 Federal Budget and an Exchange With Reporters

January 25, 2000

The President. Hello.

Q. Good morning.

The President. I think it's just afternoon. [*Laughter*] I'm glad you all got here; I thought school was canceled today. [*Laughter*]

Seven years ago, when I came to Washington, our Nation was burdened with a $290 billion annual deficit, and our national debt had quadrupled in 12 years. Interest rates were high and growth was low. Vice President Gore and I set our Nation on a new path of fiscal responsibility, opening markets, investing in our people and new technologies. We passed strong deficit reduction packages in both 1993 and in 1997 and made tough choices in each and every budget. This put the Nation on a course of fiscal discipline, while continuing to invest in our people and our future.

Last year I asked the Congress to use every single dollar of our Social Security surplus to pay down the debt and to use the interest savings from that debt reduction to lengthen the life of Social Security.

Now we see the results of the last 7 years: the first back-to-back budget surpluses in 42 years; last year's surplus of $124 billion, the largest in our history. The latest numbers from the Treasury indicate the surplus for this year will be even larger. In just the last 2 years, we've already paid down $140 billion of the national debt. Through unprecedented