

SPEECH
YOMIURI INTERNATIONAL ECONOMIC SOCIETY
MAY 20, 1994

I AM HONORED TO JOIN YOU FOR THE 24TH YOMIURI SYMPOSIUM ON THE INTERNATIONAL ECONOMY.

I AM ALWAYS DELIGHTED TO RESPOND POSITIVELY WHEN THE LARGEST NEWSPAPER IN THE WORLD ASKS ME TO DO SOMETHING. FOR SOME STRANGE REASON, AN AUDIENCE OF TEN MILLION READERS MAKES AN OLD POLITICIAN SIT UP AND TAKE NOTICE.

BY COINCIDENCE, I HAD THE WONDERFUL PRIVILEGE SEVERAL WEEKS AGO OF ATTENDING A YOMIURI GIANTS BASEBALL GAME WITH MR. TORU SHORIKI, THE OWNER. IT WAS FUN TO SEE HOW THE GAME IS PLAYED IN JAPAN, AND I WAS DELIGHTED TO FIND DAN GLADDEN — FORMERLY OF MY HOMETOWN MINNESOTA TWINS — PLAYING FOR THE GIANTS.

THE THEME OF THIS CONFERENCE, AS I UNDERSTAND IT, IS THE IMPORTANCE OF BUILDING "PLUS-SUM" RELATIONS AMONG THE ECONOMIES OF THE WORLD, ESPECIALLY IN THE ASIA-PACIFIC REGION.

THE UNITED STATES IS NOW GIVING UNPRECEDENTED ATTENTION TO THIS REGION. AS A MATTER OF HISTORY AND GEOGRAPHY, OF COURSE, THE UNITED STATES HAS BEEN A PACIFIC NATION FROM OUR EARLIEST DAYS. TODAY, NO REGION IN THE WORLD IS MORE IMPORTANT TO THE UNITED STATES THAN ASIA:

- FORTY PERCENT OF OUR TRADE IS IN THIS REGION.
- ALMOST TWO AND A HALF MILLION AMERICAN JOBS ARE DIRECTLY RELATED TO OUR EXPORTS IN ASIA.
- BY THE YEAR 2000, IT IS ESTIMATED THAT TRADE AND INVESTMENT FLOWS ACROSS THE PACIFIC WILL BE DOUBLE THAT ACROSS THE ATLANTIC.

IN THE YEARS AHEAD, THIS REGION WILL BE THE WORLD'S CENTER OF ECONOMIC GROWTH, TRADE, JOBS AND PROSPERITY.

FOR THE FIRST TIME, THE UNITED STATES IS TRYING TO APPROACH ASIA NOT AS A SERIES OF BILATERAL RELATIONSHIPS, BUT AS A REGIONAL COMMUNITY.

ECONOMIC INTEGRATION, THE INFORMATION REVOLUTION, THE SPREAD OF DEMOCRACY AND A GROWING AWARENESS OF THE NEED FOR REGIONAL ACTION ON GLOBAL ISSUES — ALL OF THESE PROVIDE A BASIS FOR BUILDING A GREATER AWARENESS OF COMMON INTERESTS AND PURPOSES AMONG THE ASIA-PACIFIC NATIONS.

LAST JULY, AT WASEDA UNIVERSITY, PRESIDENT CLINTON LAID OUT HIS VISION OF A NEW PACIFIC COMMUNITY — BASED ON "SHARED STRENGTH, SHARED PROSPERITY AND A SHARED COMMITMENT TO DEMOCRATIC VALUES."

THESE ARE THE THREE PILLARS THAT WILL SUPPORT A FUTURE OF "PLUS-SUM" RELATIONS AMONG THE NATIONS OF THE ASIA-PACIFIC — AND BETWEEN THIS REGION AND THE REST OF THE WORLD.

THESE THREE PILLARS ARE MUTUALLY REINFORCING:

- SECURITY IS ESSENTIAL FOR ECONOMIC DEVELOPMENT.
- ECONOMIC PROGRESS PROMOTES DEMOCRATIC CHANGE.
- AND PROSPEROUS DEMOCRACIES MAKE FOR PEACEFUL NEIGHBORS.

I WOULD LIKE TO BRIEFLY REVIEW EACH OF THESE AREAS — AND EXPLAIN WHY I BELIEVE THE PARTNERSHIP BETWEEN JAPAN AND THE UNITED STATES IS ESSENTIAL TO THEIR SUCCESS.

FIRST, THERE IS POLITICAL AND MILITARY SECURITY.

THE COLD WAR IS OVER, BUT THIS REGION IS BY NO MEANS FREE OF POTENTIAL CONFLICT. ALL THREE MAJOR WARS IN MY LIFETIME WERE FOUGHT IN THIS REGION.

IN DEALING WITH PRESENT AND FUTURE SECURITY CHALLENGES, THE UNITED STATES AND JAPAN WILL NEED TO CONTINUE OUR ALLIANCE RELATIONSHIP AND OUR PATTERN OF CLOSE CONSULTATION.

OUR ALLIANCE REMAINS THE FOUNDATION OF STABILITY THROUGHOUT THE ASIA-PACIFIC REGION. AND I CAN THINK OF NO AREA IN WHICH OUR COOPERATION HAS BEEN CLOSER, STRONGER AND MORE APPROPRIATE THAN IN THE CASE OF NORTH KOREA.

ONE OF THE GREAT VIRTUES OF OUR ALLIANCE HAS ALWAYS BEEN ITS ADAPTABILITY. THE FACT THAT IT IS AS RELEVANT TODAY AS IT WAS IN THE MIDST OF THE COLD WAR SHOWS THE DEEP INTERDEPENDENCE OF AMERICAN AND JAPANESE NATIONAL INTERESTS.

THE PROCESS OF REGIONAL COOPERATION IN ASIA REMAINS MUCH LESS STRUCTURED THAN IN EUROPE. THERE IS NO EUROPEAN UNION, NO NATO, NO CSCE, REFLECTING THE COMPLEX HISTORY OF THIS REGION WITH ITS ECONOMIC, POLITICAL AND CULTURAL DIVERSITY. WE ARE BEGINNING TO BUILD SUCH INSTITUTIONS THROUGH APEC, THE ASEAN POST-MINISTERIAL CONFERENCE AND THE NORTHEAST ASIA SECURITY DIALOGUE. BUT THIS PROCESS WILL TAKE TIME.

FOR THE FORESEEABLE FUTURE, THE AMERICAN PRESENCE — BASED ON THE U.S.-JAPAN SECURITY TREATY — WILL REMAIN ESSENTIAL TO THE STABILITY AND PROSPERITY OF THE REGION.

THE SECOND PILLAR SUPPORTING "PLUS-SUM" RELATIONS IN ASIA IS FREEDOM AND DEMOCRACY.

DEMOCRACY AND HUMAN RIGHTS ARE NOT ONLY IMPORTANT VALUES IN THEIR OWN RIGHT. THEY ARE ALSO IMPORTANT TO THE PROSPECTS FOR PEACE BECAUSE DEMOCRATIC NATIONS TEND TO SETTLE THEIR DISAGREEMENTS WITHOUT RESORT TO WAR. AND THEY ARE IMPORTANT TO ECONOMIC PROGRESS BECAUSE PEOPLE LIVING IN FREE SOCIETIES CAN BETTER DEVELOP THEIR KNOWLEDGE AND TALENTS — AND, BY SO DOING, CONTRIBUTE MORE TO THE PRODUCTIVITY AND CREATIVITY OF THEIR SOCIETIES.

IN THIS RESPECT, JAPAN IS AN INSPIRING EXAMPLE FOR OTHER NATIONS IN THE REGION. THIS COUNTRY IS, AS EDWIN REISCHAUER OBSERVED, "THE ONE GREAT EXTENSION OF DEMOCRACY THE WORLD HAS WITNESSED SINCE THE END OF WORLD WAR II . . . HERE,

BEFORE THE WAR, A SHALLOWLY-ROOTED, INCOMPLETE DEMOCRATIC SYSTEM WITHERED UNDER THE HOT SUN OF MILITARISTIC NATIONALISM. BUT NOW THIS NEW WORLD GIANT IS A FLOURISHING, SMOOTHLY-OPERATING DEMOCRATIC SYSTEM ARDENTLY SUPPORTED BY VIRTUALLY THE WHOLE NATION."

WHILE AMERICA HELPED JAPAN MAKE THIS TRANSITION, TO SUGGEST THAT DEMOCRACY IN THIS NATION IS SIMPLY A "WESTERN IMPORT" WOULD BE AN INJUSTICE TO THE DEDICATED EFFORTS OF THE JAPANESE PEOPLE.

NOBODY EXPECTS DEMOCRACY IN ASIAN COUNTRIES TO LOOK EXACTLY LIKE DEMOCRACY IN THE UNITED STATES, OR BRITAIN, OR FRANCE. WE UNDERSTAND THAT DIFFERENT HISTORICAL AND CULTURAL REALITIES WILL LEAD TO DIFFERENT INSTITUTIONAL ARRANGEMENTS. IT IS A REMARKABLE COINCIDENCE, HOWEVER, THAT AUTHORITARIAN GOVERNMENTS SEEM TO BE THE ONES MOST EAGER TO PROTECT THEIR CITIZENS FROM THE SO-CALLED "CULTURAL IMPERIALISM" OF HUMAN RIGHTS.

WHEN PRESIDENT CARTER DECIDED TO MAKE HUMAN RIGHTS A PRIORITY OF OUR FOREIGN POLICY, WE WERE TOLD BY THE SELF-PROCLAIMED HARD-HEADED DEVOTEES OF REALPOLITIK THAT WE WERE BEING NAIVE, THAT WE DID NOT UNDERSTAND POWER, THAT WE WERE GOING TO MESS UP THE WORLD. BUT WE HAVE BEEN VINDICATED MANY TIMES OVER.

JUST ASK THE PEOPLE OF THE FORMER SOVIET UNION, OF EASTERN EUROPE, OF CHILE, OF THE PHILIPPINES, AND NOW — AT LAST AND UNBELIEVABLY — THE PEOPLE OF SOUTH AFRICA. ASK NELSON MANDELA. LESS THAN FIVE YEARS AGO, HE WAS IN PRISON — AND HAD BEEN THERE FOR MORE THAN TWO DECADES. TODAY, HE IS THE PRESIDENT OF SOUTH AFRICA. THESE PEOPLE REMEMBER — AND ARE GRATEFUL — THAT WE SPOKE UP AND STOOD BY THEM IN THEIR STRUGGLES FOR FREEDOM. THE WORLD IS BETTER OFF, TOO.

FINALLY, THE THIRD PILLAR TO "PLUS-SUM" RELATIONS IS AN OPEN REGIONAL AND WORLD TRADING SYSTEM.

THE FREE FLOW OF TRADE AND COMMERCE AMONG NATIONS IS THE BEST GUARANTOR OF REGIONAL AND GLOBAL PROSPERITY. IN THE POST-WORLD WAR II PERIOD, JAPAN AND THE OTHER ASIAN ECONOMIES HAVE BEEN AMONG THE GREATEST BENEFICIARIES OF AN OPEN WORLD SYSTEM OF TRADE AND FINANCE — AND OPEN MARKETS IN THE UNITED STATES HAVE BEEN THE ESSENTIAL UNDERPINNING OF THIS SYSTEM.

THE UNITED STATES REMAINS COMMITTED TO KEEPING OUR MARKETS OPEN — AND WE EXPECT THAT OTHER NATIONS WILL OPEN THEIRS. AS PRESIDENT CLINTON LIKES TO SAY: "AMERICA WANTS TO COMPETE — NOT RETREAT OR PROTECT."

RECENTLY, THERE HAVE BEEN SEVERAL POSITIVE DEVELOPMENTS TOWARD MORE ECONOMIC OPENNESS:

FIRST, WE HAVE FINALLY BROUGHT THE URUGUAY ROUND OF THE GATT TO A SUCCESSFUL CONCLUSION. THIS IS VERY GOOD NEWS, AND IT WOULD NOT HAVE HAPPENED WITHOUT THE LEADERSHIP OF THE UNITED STATES. THE URUGUAY ROUND IS THE MOST COMPREHENSIVE TRADE AGREEMENT IN HISTORY AND IT PROMISES TO EXPAND TRADE WORLDWIDE.

SECOND, THE CREATION OF APEC IS AN IMPORTANT INSTITUTIONAL STEP TOWARD GREATER ECONOMIC OPENNESS IN THE PACIFIC RIM. IN TURN, THIS WILL HELP UNDERWRITE CONTINUED ECONOMIC GROWTH AND DEVELOPMENT FOR EVERYONE. AS YOU KNOW, LAST NOVEMBER IN SEATTLE PRESIDENT CLINTON HOSTED THE FIRST-EVER, HISTORIC MEETING OF LEADERS FROM THE MEMBERS OF APEC. AT THE CONCLUSION OF THAT MEETING, PRESIDENT CLINTON SAID:

"IF YOU ASK ME TO SUMMARIZE IN A SENTENCE WHAT WE'VE AGREED ON, IT IS THIS: WE'VE AGREED THAT THE ASIAN-PACIFIC REGION SHOULD BE A UNITED ONE, NOT DIVIDED. WE'VE AGREED THAT OUR ECONOMIC POLICIES SHOULD BE OPENED, NOT CLOSED."

FINALLY, THERE IS THE "FRAMEWORK FOR A NEW ECONOMIC PARTNERSHIP" WHICH WAS AGREED UPON BY OUR TWO GOVERNMENTS LAST JULY. THE FRAMEWORK REFLECTS AN UNDERSTANDING OF OUR SHARED RESPONSIBILITIES IN THE GLOBAL ECONOMY. THE UNITED STATES PROMISED TO REDUCE ITS DEFICIT AND TO IMPROVE ITS INTERNATIONAL COMPETITIVENESS — AND WE HAVE ALREADY MADE PROGRESS ON BOTH. FOR ITS PART, JAPAN PROMISED TO IMPROVE MARKET ACCESS FOR IMPORTS AND FOREIGN INVESTMENT AND TO REDUCE ITS CHRONIC CURRENT ACCOUNT SURPLUSES THROUGH DOMESTIC DEMAND-LED ECONOMIC GROWTH.

SO FAR, THE JAPANESE GOVERNMENT HAS MADE LITTLE PROGRESS ON THESE COMMITMENTS. THIS WEEK, REPRESENTATIVES OF OUR TWO GOVERNMENTS ARE MEETING IN WASHINGTON TO SEE IF THERE IS A BASIS FOR RESTARTING NEGOTIATIONS.

JAPAN'S ECONOMIC PROBLEMS ARE NOT SIMPLY BILATERAL ONES WITH THE UNITED STATES. VIRTUALLY EVERYONE OF JAPAN'S TRADING PARTNERS AGREES THAT THERE ARE SERIOUS PROBLEMS WITH MARKET ACCESS HERE, AND THE G-7 HAS ALSO BEEN URGING JAPAN TO STIMULATE ITS ECONOMY.

THE TRUTH IS THAT A GROWING REGIONAL AND WORLD ECONOMY DEPENDS ON A GROWING JAPANESE ECONOMY. AN OPEN REGIONAL AND WORLD TRADING SYSTEM DEPENDS ON A JAPAN WHOSE OWN MARKETS ARE MORE OPEN. AND, OF COURSE, A MORE OPEN, GROWING JAPANESE ECONOMY IS GOOD FOR THE PEOPLE OF JAPAN, TOO.

THESE THREE PILLARS — SECURITY, DEMOCRACY AND HUMAN RIGHTS, AND ECONOMIC OPENNESS — ARE THE FOUNDATION ON WHICH WE CAN BUILD A FUTURE OF "PLUS-SUM" RELATIONS AMONG THE NATIONS OF THE REGION, AND THE WORLD.

SURELY, THERE IS NO BETTER EXAMPLE OF A "PLUS-SUM" RELATIONSHIP IN THE WORLD TODAY THAN THAT BETWEEN JAPAN AND THE UNITED STATES. HOW OUR TWO NATIONS GET ALONG WILL SAY A LOT ABOUT WHAT THE WORLD IS GOING TO BE LIKE IN THE YEARS AHEAD.

IF WE HANDLE OUR AFFAIRS RIGHT, IF WE BUILD ON THE STRENGTHS AND POTENTIAL OF OUR PARTNERSHIP, THEN THE CHANCES OF PEACE . . . THE CHANCES FOR PROSPERITY . . . THE CHANCES FOR MORE DEMOCRACY . . . THE CHANCES FOR A BETTER ENVIRONMENT . . . THE CHANCES FOR POOR PEOPLE AROUND THE WORLD — ALL OF THESE WILL IMPROVE.

THIS IS WHY WE ALL HAVE A STAKE IN THE CONTINUING SUCCESS OF THE RELATIONSHIP BETWEEN OUR TWO NATIONS.

THANK YOU.



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