

(October 18, 10 AM)

SPEECH TO THE YOUNG PRESIDENTS' ORGANIZATION

(Yokohama, Oct. 21, 1994)

I AM DELIGHTED TO BE SPEAKING BEFORE SUCH A DISTINGUISHED GROUP THIS MORNING. I HAVE BEEN LOOKING FORWARD TO THIS DAY. I BELIEVE IN YOUNG PRESIDENTS, I TRIED TO BE ONE MYSELF. IN FACT, I ALWAYS WANTED TO RUN FOR PRESIDENT IN THE WORSE POSSIBLE WAY AND THAT IS EXACTLY HOW I DID IT. NOT TO WORRY, THOUGH, I'M QUITE HAPPY BEING A YOUNG AMBASSADOR. IT'S A LOT OF FUN; YOU SHOULD TRY IT. BEING AN AMBASSADOR HAS ITS PERKS, ESPECIALLY IN TOKYO. WHEN WASHINGTON IS AWAKE, I'M ASLEEP. AND BETTER YET, WHEN I'M AWAKE, WASHINGTON IS ASLEEP.

I AM GLAD THAT THE Y.P.O. IS HOLDING THIS YEAR'S CONFERENCE IN JAPAN. GREAT THINGS ARE HAPPENING HERE AND THROUGHOUT ASIA. BY BEING HERE PERSONALLY YOU HAVE A CHANCE TO APPRECIATE AND FEEL THE REMARKABLE DYNAMISM AND GROWTH OCCURRING HERE.

IN THIS CENTURY, WE HAVE WITNESSED TREMENDOUS DEVASTATION IN ASIA -- THE HORRORS OF WORLD WAR TWO; THE KILLING FIELDS OF CAMBODIA; THE CULTURAL REVOLUTION IN CHINA; WAR ON THE KOREAN PENINSULA; AND THE WAR IN VIETNAM. MY COUNTRY FOUGHT IN THREE OF THESE CONFLICTS AND SACRIFICED TENS OF THOUSANDS OF AMERICAN LIVES TO RESTORE AND MAINTAIN STABILITY. NOW, THANKS IN LARGE PART TO THIS AMERICAN SACRIFICE AND TO OUR CONTINUING MILITARY PRESENCE AND POLITICAL INVOLVEMENT, EAST ASIA TODAY IS FREE OF SIGNIFICANT MILITARY CONFLICTS. DESPITE SOME NOTABLE EXCEPTIONS, DEMOCRACY IS SPREADING AND STANDARDS OF LIVING ARE RISING.

THE RESURRECTION OF ASIA, AND JAPAN IN PARTICULAR, TRULY IS A MIRACLE. THE COUNTRIES OF ASIA WERE IN ECONOMIC RUIN AT THE END OF THE WAR. PROSPECTS WERE BLEAK. THERE WAS LITTLE TRADE THEN AND LITTLE TO TRADE.

YET, IN A MERE GENERATION, ASIA IS UP ON ITS FEET -- AND RUNNING. THE REGION IS BOOMING. JAPAN'S ECONOMY IS THE SECOND LARGEST IN THE WORLD AND OTHER ASIAN ECONOMIES ARE POSTING ANNUAL GROWTH RATES OF UP TO 10 PERCENT. IN FACT, IT IS VERY DIFFICULT TO GRASP THE ENORMITY OF WHAT IS HAPPENING. U.S.

TRADE WITH THIS REGION IS NOW 40 PERCENT GREATER THAN WITH EUROPE AND BY THE YEAR 2000, TRADE AND INVESTMENT FLOWS ACROSS THE PACIFIC WILL BE DOUBLE THE TRANS-ATLANTIC VOLUME. JUST THINK OF IT: LITTLE SINGAPORE NOW IMPORTS MORE AMERICAN GOODS THAN DO EITHER ITALY OR GREECE. MALAYSIA BUYS MORE FROM US THAN DOES RUSSIA.

JAPAN IS AT THE HEART OF THIS SPECTACULARLY DYNAMIC REGION. JAPAN'S GDP IS EQUAL TO THAT OF GERMANY, FRANCE AND THE U.K. COMBINED. THE ISLAND OF KYUSHU ALONE HAS A \$410 BILLION DOLLAR ECONOMY, LARGER THAN AUSTRALIA'S. HOKKAIDO'S ECONOMY EXCEEDS THAT OF INDIA, AND AICHI PREFECTURE, WHERE NAGOYA IS LOCATED, HAS A GDP OF \$200 BILLION DOLLARS -- THIS IS ROUGHLY THE SAME SIZE AS SOUTH KOREA'S.

I MAKE THIS POINT BECAUSE REPRESENTING, AS YOU DO, THE EMERGING AMERICAN BUSINESS LEADERSHIP, OUR ABILITY TO BENEFIT AND PARTICIPATE IN THE ASIAN ECONOMIC MIRACLE REQUIRES AMERICAN ENTREPRENEURIAL ATTENTION AND INVOLVEMENT HERE AT A LEVEL OF PARTICIPATION THAT EQUALS ITS AWESOME POTENTIAL. AMERICA HAS TRADITIONALLY BEEN EUROPEAN-ORIENTED AND THAT IS STILL VERY IMPORTANT. BUT WE OFTEN OVERLOOK THE REALITY THAT AMERICA IS AN ASIAN-PACIFIC POWER AS WELL. OUR FORCES IN THIS REGION ARE THE KEY ELEMENT OF STABILITY. MORE THAN ANY OTHER NATION, WE ARE SEEN AS THE HONEST BROKER IN ASIA. OUR AMERICAN MARKETS CONTINUE TO BE THE LARGEST OPEN MARKETS FOR ASIAN IMPORTS IN THE WORLD. ASIAN BUSINESSES ARE INCREASINGLY INVOLVED IN AMERICAN CAPITAL MARKETS. U.S. BUSINESSES ARE INVESTING AND PRODUCING IN THIS REGION AT EVER HIGHER LEVELS.

AMERICA IS A FULL PARTNER WITH JAPAN IN SECURITY, BUSINESS AND POLITICAL COOPERATION AROUND THE WORLD. WE ARE BOTH MEMBERS OF THE ASIAN-PACIFIC ECONOMIC COMMUNITY, AND TOGETHER WE ARE PARTICIPANTS IN THE NEW ASIAN REGIONAL SECURITY FORUM.

THERE ARE SOME WHO SAY THAT THIS VERY SUCCESS MEANS OUR WORK IS DONE. THEY SAY THAT WITH THE END OF THE COLD WAR, WE SHOULD BE DEVOTING OUR FULL ATTENTION TO AMERICA'S DOMESTIC AGENDA, AS IF THE CONSEQUENCES OF EVENTS HERE ARE SOMEHOW SEPARATE FROM OUR DOMESTIC CONCERNS -- WHICH IS CLEARLY NOT THE CASE.

WHILE IT IS TRUE THAT THE U.S., WORKING WITH JAPAN AND OTHERS, HAS SUCCEEDED IN BUILDING A MORE STABLE AND WEALTHY REGION, OUR WORK IS BY NO MEANS COMPLETE. WE MUST MAINTAIN THE MOMENTUM AND PUSH THIS REGION'S GROWTH AND PROSPERITY WELL INTO THE NEXT CENTURY.

BUT THIS IS ALSO YOUR TASK, FOR YOU ARE THE SUCCESS STORIES OF YOUR GENERATION. WE NEED PEOPLE LIKE YOU, WITH YOUR GENIUS FOR BUSINESS, TO INVEST IN THE ASIA-PACIFIC AND IN U.S.-JAPAN TRADE IN PARTICULAR.

THE ROLE OF PRIVATE BUSINESSES LIKE YOURS IS CRUCIAL. GOVERNMENTS CAN PROMOTE MORE OPEN TRADE, WE CAN ENSURE REGIONAL SECURITY. BUT IT IS UP TO BUSINESS, AND WINNERS LIKE YOU, TO SEIZE THESE OPPORTUNITIES AND TO BUILD ON THEM.

WE OFTEN HEAR TALK ABOUT GOVERNMENTS "MANAGING" THE U.S.-JAPAN RELATIONSHIP, AND OF "MANAGING" ASIA. BUT IN THIS ERA OF GROWING INTERDEPENDENCE, WIDESPREAD TRAVEL, AND HUGE VOLUMES OF TRADE AND CAPITAL FLOWS, IT IS UNREALISTIC TO TALK ABOUT GOVERNMENTS HAVING THAT KIND OF CONTROL OVER THESE TWO ECONOMIC ELEPHANTS. MUCH OF WHAT GOES ON OUT HERE IS, IN FACT, BEYOND ANY GOVERNMENT'S DIRECT CONTROL:

- EVERY DAY, HUNDREDS OF BILLIONS OF DOLLARS IN CURRENCY TRANSACTIONS CROSS OUR BORDERS;
- TENS OF THOUSANDS OF BUSINESS DECISIONS ON BOTH SIDES OF THE PACIFIC GENERATE A MASSIVE FLOW OF TRADED GOODS AND SERVICES;
- EVERY DAY, HUNDREDS OF THOUSANDS OF CITIZENS IN BOTH COUNTRIES BUY WALKMEN AND COMPUTERS, USE AIRLINES AND PHONE LINES, WATCH FILMS AND LISTEN TO MUSIC FROM EACH OTHER'S COUNTRIES -- COMMERCE AND CULTURE WHICH HAS BECOME PART OF THE VERY FABRIC OF OUR DAILY LIFE.
- EVERY DAY THOUSANDS OF TOURISTS AND THOUSANDS OF STUDENTS CROSS THE PACIFIC IN BOTH DIRECTIONS TO LEARN, TO SEEK ADVENTURE, AND TO EXPERIENCE ANOTHER'S CULTURE.

THIS VIBRANT ACTIVITY IS NOT ORCHESTRATED BY GOVERNMENTS, BUREAUCRATS OR POLITICIANS--IT IS PART OF THE ORGANIC LIFE OF OUR TWO FREE SOCIETIES.

WE MUST HAVE MUCH MORE OF THIS PRIVATE INITIATIVE, AND GOVERNMENTS MUST HOLD THE DOOR FOR BUSINESS TO COME IN.

FORTUNATELY, THE U.S. AND JAPAN HAVE JUST REACHED NEW AGREEMENTS ON IMPLEMENTING OUR FRAMEWORK AGREEMENT ON TRADE, IN PUBLIC PROCUREMENT AND INSURANCE. WE EARLIER REACHED AGREEMENTS ON CONSTRUCTION, CELLULAR PHONES, INTELLECTUAL PROPERTY, AND RICE. WE ARE SEEKING FURTHER AGREEMENTS ON GLASS, WOOD PRODUCTS, FINANCIAL SERVICES AND IN THE CRUCIAL AUTO SECTOR.

THE GOAL OF THE FRAMEWORK IS TO SIGNIFICANTLY INCREASE THE ACCESS AND SALES OF COMPETITIVE FOREIGN GOODS AND SERVICES IN JAPAN. THESE ARE POSITIVE STEPS FORWARD IN THE U.S.-JAPAN ECONOMIC RELATIONSHIP. THE ESSENCE OF OUR CASE AND ITS MOST APPEALING FEATURE FOR YOU, AS WELL AS FOR JAPAN'S CONSUMERS, IS THAT WE ASK ONLY FOR FREE MARKETS AND OPEN COMPETITION. THIS IS WHAT GOVERNMENT CAN DO FOR BUSINESS -- OPEN THE DOOR SO THAT YOUR COMPETITIVELY PRICED PRODUCTS CAN COME IN.

THE ADVANTAGES TO THE JAPANESE CONSUMER OF AN OPEN MARKET CAN ALREADY BE SEEN WHERE THE MARKET HAS ALREADY BEEN OPENED HERE. ORANGE JUICE COSTS ABOUT HALF AS MUCH AS BEFORE WE OPENED THE MARKET; BEEF IS MUCH CHEAPER; THE PRICE AND QUALITY OF "PC'S HAVE COME CLEAR DOWN; "TOYS ARE US" HAS SHARPLY REDUCED TOY PRICES; AND AMERICAN AGRICULTURAL PRODUCTS HAVE REDUCED PRICES IN MANY AREAS. WHEN AMERICAN RICE WAS FINALLY ALLOWED INTO JAPAN LAST YEAR, IT SOLD OUT IMMEDIATELY IT WAS SO POPULAR. SOON WASHINGTON APPLES WILL BE SOLD HERE FOR FAR LESS THAN JAPANESE CONSUMERS HAVE EVER PAID BEFORE. IF JAPAN OPENED ITS HOUSING MARKET, HOUSING COSTS WOULD DROP DRASTICALLY. IT COSTS TWO AND A HALF TIMES AS MUCH TO BUILD A HOME HERE AS IT DOES IN THE U.S. IF JAPAN OPENED ITS AUTO PARTS INDUSTRY TO AMERICAN REPLACEMENT PARTS, THE SAVINGS WOULD BE ENORMOUS. IT COSTS \$240 TO REPLACE FRONT SHOCKS IN THE U.S.; BUT IT COSTS OVER \$600 HERE. IT COSTS \$100 FOR A NEW MUFFLER IN THE U.S.; IT COSTS OVER \$200 HERE. AN ALTERNATOR COSTS \$100 IN THE U.S.; AND \$600 HERE. THE PRICE OF CELLULAR PHONES HAS ALSO COME WAY DOWN. UP UNTIL WE REACHED A CELLULAR PHONE AGREEMENT LAST APRIL IT COST ABOUT \$1,000 DOLLARS TO GET A PHONE. NOW YOU CAN GET ONE FOR \$500 DOLLARS. THE MONTHLY SERVICE

CHARGE HAS ALSO DROPPED FROM \$142 DOLLARS TO ONLY \$75 DOLLARS A MONTH. AND THE LIST GOES ON.

THE OPENING OF JAPAN'S MARKETS WOULD ALSO BRING THE BENEFITS OF COMPETITION TO BEAR ON IMPROVING JAPANESE COMPETITIVENESS. IN AREAS WHERE THE JAPANESE COMPETE WITH THE WORLD THEY ARE OFTEN THE BEST; BUT WHERE THEY ARE PROTECTED FROM WORLD COMPETITION -- IN SUCH AREAS AS RETAILING, CONSTRUCTION, AND FINANCIAL SERVICES -- THEY ARE NOT IMPRESSIVE. OUR COUNTRY HAS FOUND THAT THE BENEFITS OF WORLD COMPETITION HAVE MADE US THE BEST BECAUSE WE HAD NO ALTERNATIVE. JAPAN, TOO, WOULD QUICKLY FIND THAT HER COMPANIES WOULD REAP THE SAME BENEFITS IF ONLY THEY WOULD OPEN THEIR CLOSED MARKETS.

MANY OF YOU HERE TODAY MAY WELL BE INVOLVED IN BUSINESSES WITH LITTLE OR NO INTERNATIONAL SALES. IF SO, I HOPE YOU WILL GET INVOLVED IN BUSINESS HERE. YOU WILL HAVE OUR SUPPORT.

WE ALL HAVE A STAKE IN STIMULATING THE JAPANESE ECONOMY. THERE ARE SOME SIGNS OF MOVEMENT IN THE RIGHT DIRECTION. THE STRONG YEN IS CREATING NEW INCENTIVES TO IMPORT HERE, AND THERE APPEARS TO BE A GROWING CONSENSUS IN JAPAN THAT THE ECONOMY IS OVER-REGULATED AND NEEDS TO BE MORE OPEN TO COMPETITIVE FORCES.

WITH THE END OF THE COLD WAR, THE THREAT OF COMMUNISM NO LONGER IS THE ORGANIZING PRINCIPLE OF U.S. POLICY IN THE REGION. BUT WE NOW FACE NEW CHALLENGES LIKE THE NORTH KOREA NUCLEAR THREAT AND RENEWED TENSIONS OVER LONG-STANDING TERRITORIAL DISPUTES IN THE REGION. NEVERTHELESS, THIS NEW ERA ALSO OFFERS GREAT HOPE. THIS HOPE FLOWS IN SUBSTANTIAL PART FROM THE HEALTHY U.S.-JAPAN RELATIONSHIP. IN FACT, ONE OF THE GREAT SUCCESS STORIES IN MODERN POLITICAL HISTORY IS THE STORY OF HOW OUR TWO NATIONS FOUGHT EACH OTHER IN SOME OF THE MOST BITTER FIGHTING IN WORLD HISTORY AND YET HAVE NOW SHAPED AN ENDURING ALLIANCE AND COOPERATE ACROSS THE BOARD. WE NOW WORK AS PARTNERS TO SUPPORT DEMOCRACY AND RESPECT FOR HUMAN RIGHTS; TO STRENGTHEN THE UNITED NATIONS; TO PRESERVE OUR ENVIRONMENT; TO IMPROVE THE HEALTH OF OUR CITIZENS; TO ADDRESS OVER-POPULATION; AND TO ADVANCE THE FRONTIERS OF SCIENCE; AND WE ARE DOING JUST THAT.

WE CAN ONLY DO SO BY WORKING TOGETHER IN WHAT PRESIDENT CLINTON HAS CALLED THE NEW PACIFIC COMMUNITY. THE NATIONS OF THE REGION MUST COOPERATE MORE CLOSELY THAN EVER. WE MUST STRENGTHEN MULTILATERAL INSTITUTIONS LIKE APEC (ASIAN PACIFIC ECONOMIC COOPERATION) WHERE ALL MEMBERS OF THE ASIA-PACIFIC COMMUNITY FOR THE FIRST TIME CAN BE HEARD AND WHERE ALL CAN CONTRIBUTE TO SHAPING THE REGION'S FUTURE. IN A FEW DAYS THE LEADERS OF THE ASIAN PACIFIC REGION WILL MEET IN INDONESIA. WHEN THESE LEADERS SIT DOWN TOGETHER, IT WILL BE ONLY THE SECOND TIME IN WORLD HISTORY THAT THIS HAS OCCURRED. THE FIRST SUCH MEETING WAS LAST YEAR IN SEATTLE. THIS NEW ORGANIZATION IS FULL OF HOPE AND PROMISE. AS WE PARTICIPATE IN IT, WE MUST LISTEN AS WELL AS SPEAK. WE MUST RECOGNIZE AND HONOR THE GROWING SELF-CONFIDENCE AND UNDERSTANDABLE PRIDE OF THE NATIONS OF THE REGION. OUR APPROACH MUST BE ONE OF UNDERSTANDING, RESPECT, AND PARTNERSHIP.

BUT WE CANNOT STOP THERE. WE MUST ALSO INTENSIFY COORDINATION BETWEEN GOVERNMENTS AND THE BUSINESS COMMUNITY. THE GLOBALIZATION OF THE ECONOMY MEANS THAT NO GOVERNMENT CAN SHAPE POLICY WITHOUT UNDERSTANDING AND ADDRESSING THE CONCERNS OF BUSINESS.

YOU ARE HERE AT EXACTLY THE RIGHT TIME AND YOU ARE THE EXACTLY THE RIGHT GROUP TO BE HERE. THANKS FOR LETTING ME PARTICIPATE. I LOOK FORWARD TO YOUR QUESTIONS.



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