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MANAGING US-JAPAN RELATIONS INTO THE 21ST CENTURY

A YEAR AGO I ARRIVED IN TOKYO TO BEGIN MY DUTIES AS THE UNITED STATES AMBASSADOR.

I WAS HEARTENED TO HEAR OF THE MANY WHO SUPPORTED MY NOMINATION TO THIS OFFICE. A REPUBLICAN FRIEND OF MINE WROTE ME TO SAY THAT HAD HE KNOWN THAT PRESIDENT CLINTON WAS GOING TO SEND ME OUT OF THE COUNTRY, HE WOULD HAVE VOTED FOR HIM.

I QUICKLY LEARNED THAT MY NEW JOB HAD ANOTHER ADVANTAGE. WHEN WASHINGTON IS AWAKE, I AM ASLEEP. EVEN BETTER, WHEN I AM AWAKE, WASHINGTON IS ASLEEP! IT IS MY HOPE THAT TODAY, WHILE WE ARE ALL ^{BRIEFLY} IN THE SAME TIME ZONE, WE ~~CAN~~ ^{MIGHT} ~~TRY~~ ^{ING} ~~ALL~~ REMAIN AWAKE TOGETHER.

IT IS REFRESHING TO START A NEW PUBLIC CAREER AT MY YOUNG AGE.

I DID NOT ACCEPT THE JOB IN TOKYO TO GET AWAY FROM THE LONG MINNESOTA WINTERS OR BECAUSE I PREFERRED THE RING OF "MR. AMBASSADOR" TO "MR. VICE PRESIDENT." ^{AM} ~~I~~ ^{WAS} ~~PLEASED~~ I AGREED TO SERVE AS OUR AMBASSADOR TO JAPAN BECAUSE I AM CONVINCED THAT OUR RELATIONSHIP WITH ^{THAT} THIS GREAT COUNTRY, MORE THAN ANY OTHER OF OUR BILATERAL TIES, WILL SHAPE OUR NATION'S FUTURE AND THE FUTURE OF THE ASIA-PACIFIC REGION AND THE WORLD. HOW THE U.S. AND JAPAN WORK TOGETHER -- OR FAIL TO WORK TOGETHER -- WILL HAVE A GREAT IMPACT ON THE KIND OF WORLD ^{my} ALL OF OUR GRANDCHILDREN ^{+ yours} WILL INHERIT.

AT A TIME OF FUNDAMENTAL CHANGE IN THE WORLD, OUR ALLIANCE RELATIONSHIP WITH JAPAN IS CRUCIAL IN HELPING US NAVIGATE THE UNCERTAINTIES OF THIS NEW ERA.

TOGETHER, OUR TWO NATIONS MUST PROVIDE AN ANCHOR FOR REGIONAL STABILITY; PROVIDE OPPORTUNITIES FOR GREATER WORLD ECONOMIC GROWTH; AND TAKE THE LEAD IN FORGING INTERNATIONAL COOPERATION ON GLOBAL PROBLEMS.

LOOKING BACK, THIS PAST YEAR HAS SEEN MAJOR ACCOMPLISHMENTS INVOLVING COOPERATION BETWEEN THE UNITED STATES AND JAPAN: A SUCCESSFUL CONCLUSION OF THE GATT URUGUAY ROUND; A HISTORIC MEETING OF APEC LEADERS; MAJOR NEW BILATERAL INITIATIVES TO DEAL WITH GLOBAL PROBLEMS SUCH AS AIDS, POPULATION, AND THE ENVIRONMENT; AND EFFECTIVE COOPERATION ON A RANGE OF FOREIGN POLICY ISSUES, INCLUDING THE NUCLEAR CRISIS IN NORTH KOREA.

~~TO ME IT IS SELF-EVIDENT THAT~~ THE WORLD'S TWO LARGEST ECONOMIES AND MOST DYNAMIC SOCIETIES HAVE A NATURAL INTEREST IN WORKING TOGETHER TO HELP SHAPE A MORE PROSPEROUS AND PEACEFUL WORLD. HOWEVER, IN MY FIRST YEAR AS AMBASSADOR, I HAVE BEEN STRUCK BY THE CONFLICT BETWEEN THIS IMPERATIVE FOR GREATER COOPERATION AS WE MOVE INTO THE 21ST CENTURY AND THE TENSIONS IN OUR RELATIONSHIP OVER ECONOMIC ISSUES.

BOTH AMERICAN AND JAPANESE LEADERS EMPHASIZE THAT WE DO NOT INTEND TO ALLOW THESE ECONOMIC DISPUTES TO HAVE A NEGATIVE EFFECT ON OUR BROADER STRATEGIC, POLITICAL AND GLOBAL COOPERATION. BUT I AM CONCERNED THAT PROTRACTED AND SOMETIMES ACRIMONIOUS NEGOTIATIONS ON TRADE ISSUES COULD, OVER TIME, SOUR PUBLIC AND EVEN LEADERSHIP ATTITUDES IN EACH COUNTRY TOWARD THE OTHER.

IT IS CLEAR TO me, AT LEAST, THAT
**WE MUST PUT OUR ECONOMIC RELATIONSHIP ON AS FIRM A
FOOTING AS OUR POLITICAL AND STRATEGIC
RELATIONSHIPS.**

**[MORE BROADLY, WITH THE END OF THE COLD WAR, THE
U.S.-JAPAN ALLIANCE AND GLOBAL PARTNERSHIP IS MORE
EASILY BUFFETED BY THE COMPETITIVE ELEMENTS IN OUR
RELATIONSHIP. AS WE MOVE INTO THE FIFTIETH
ANNIVERSARY OF THE END OF THE SECOND WORLD WAR,
BOTH SOCIETIES ARE QUESTIONING SOME OF THE
FUNDAMENTAL TENETS THAT HAVE GOVERNED OUR
RELATIONSHIP OVER THE LAST HALF CENTURY. WITH OLD
LANDMARKS ERODING, IT IS MORE IMPORTANT THAN EVER
TO BUILD ON THE FOUNDATIONS WE SO CAREFULLY
NURTURED TO ANCHOR THE SECURITY AND PROSPERITY OF
OUR NATIONS IN A SHARED FUTURE.**

THE LEADERSHIP IN BOTH COUNTRIES ^{MUST} NEEDS TO MANAGE
THE US-JAPAN RELATIONSHIP SO AS TO RECONCILE
CONFLICTING PRIORITIES, IDENTIFY AND BUILD ON AREAS
OF COOPERATION, AND ENSURE THAT A NEW GENERATION
OF AMERICANS AND JAPANESE UNDERSTAND AND
APPRECIATE THE TREMENDOUS BENEFITS BOTH SOCIETIES
RECEIVE FROM THIS RELATIONSHIP AND THE EVEN
GREATER PROMISE FOR THE FUTURE.

THE ROLE OF GOVERNMENTS

IN THIS ERA OF GROWING INTERDEPENDENCE,
EXPANDING TRADE AND TRAVEL, AND INCREASING
DEREGULATION OF ECONOMIC ACTIVITY, IT IS PERHAPS
HUBRIS TO TALK OF "MANAGING" THE US-JAPAN
RELATIONSHIP. ^{IN FACT} MOST OF THE INTERACTIONS BETWEEN OUR
TWO COUNTRIES ARE BEYOND THE DIRECT CONTROL OF
THE TWO GOVERNMENTS.

- EVERY DAY, IN AN ELECTRONIC ETHER, BILLIONS OF DOLLARS IN CURRENCY TRANSACTIONS CROSS OUR BORDERS.

- EVERY DAY, TENS OF THOUSANDS OF BUSINESS DECISIONS ON BOTH SIDES OF THE PACIFIC GENERATE A MASSIVE FLOW OF TRADED GOODS AND SERVICES, THE LIFEBLOOD OF MILLIONS OF JOBS IN BOTH COUNTRIES.

- EVERY DAY, MILLIONS OF CITIZENS IN BOTH COUNTRIES BUY WALKMEN AND COMPUTERS, USE AIRLINES AND PHONE LINES, WATCH FILMS AND HEAR 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 FROM EACH COUNTRY ARRIVE TO EXPERIENCE THE WONDER OF THE OTHER'S CULTURE.

- EVERY YEAR, THOUSANDS OF STUDENTS CROSS THE PACIFIC, IN BOTH DIRECTIONS, IN PURSUIT OF NEW KNOWLEDGE, A NEW LANGUAGE, AND A NEW ADVENTURE. THEIR EXPERIENCES WILL SHAPE THEIR VIEWS FOR A LIFETIME.

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

WE CAN TAKE GREAT PRIDE AND SATISFACTION IN THESE MASSIVE PRIVATE CONNECTIONS BETWEEN THE TWO COUNTRIES.

- THAT SAID, ONLY GOVERNMENTS CAN PROVIDE THE SECURITY FRAMEWORK IN WHICH THESE PRIVATE INTERACTIONS CAN FLOURISH;

- ONLY GOVERNMENTS CAN ENSURE THE ESTABLISHMENT AND MAINTENANCE OF ECONOMIC RULES AND PRACTICES WHICH PROVIDE FOR ~~EQUITABLE AND~~ SUSTAINABLE FREE TRADE AND INVESTMENT;

- AND ONLY GOVERNMENTS CAN FORGE COOPERATIVE EFFORTS TO ADDRESS THE REGIONAL AND GLOBAL CHALLENGES WE ALL FACE ON THE ENVIRONMENT, POPULATION, POVERTY, NON-PROLIFERATION, AND HEALTH.

IN ADDITION, GOVERNMENTS MUST AGGREGATE THE WIDE RANGE OF SOMETIMES COMPETING FOREIGN POLICY OBJECTIVES TO ENSURE A COHERENT APPROACH TO INTERNATIONAL RELATIONS. FOR THE U.S. AND JAPAN, TRYING TO STEER OUR INCREASINGLY COMPLEX AND INTENSE INTERACTION IS ONE OF THE GREAT CHALLENGES FACED BY THE LEADERSHIPS OF BOTH OUR COUNTRIES.

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Bill Clinton
Mtu Seem
Abolish Freedom

MANAGING OUR SECURITY RELATIONSHIP

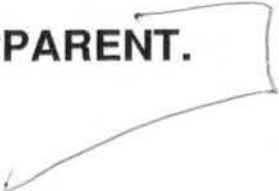
Start 2000 **THE SECURITY TREATY BETWEEN THE U.S. AND JAPAN IS THE FOUNDATION OF OUR ALLIANCE AND THE BASIS FOR PEACE AND STABILITY IN EAST ASIA. THIS ALLIANCE WILL REMAIN THE CORNERSTONE OF OUR FUTURE COOPERATION.**

IN THIS CENTURY THE UNITED STATES HAS BEEN DRAWN INTO THREE CONFLICTS IN ASIA AND SACRIFICED TENS OF THOUSANDS OF AMERICAN LIVES TO RESTORE AND MAINTAIN THIS STABILITY. THANKS LARGELY TO THIS AMERICAN SACRIFICE, AND TO OUR CONTINUING MILITARY PRESENCE AND POLITICAL INVOLVEMENT, ASIA TODAY IS FREE OF MAJOR MILITARY CONFLICTS. THIS IN TURN HAS PERMITTED DEMOCRACY TO SPREAD, TRADE TO FLOURISH, AND STANDARDS OF LIVING TO RISE DRAMATICALLY.

OUR SECURITY RELATIONSHIP WITH JAPAN IS
FUNDAMENTALLY SOUND. I BELIEVE THERE IS BROAD
RECOGNITION IN BOTH COUNTRIES THAT EVEN WITH THE
END OF THE COLD WAR AND WITH ALL THE PROGRESS
THAT HAS BEEN MADE IN RESOLVING REGIONAL
DISPUTES SUCH AS CAMBODIA, THERE ARE STILL
THREATS TO STABILITY IN EAST ASIA. THE MOST
VISIBLE REMINDER OF THIS IS NORTH KOREA'S EFFORTS
TO ACQUIRE NUCLEAR WEAPONS. ONCE AGAIN IT HAS
BEEN THE UNITED STATES WHICH HAS TAKEN THE LEAD
IN WORKING ^{Closely} WITH JAPAN, THE ROK, AND OTHER KEY
COUNTRIES IN ADDRESSING THIS THREAT. THERE ARE
ALSO COMPETING TERRITORIAL CLAIMS IN THE SOUTH
CHINA SEA AND OTHER FRICTION POINTS THAT CANNOT
BE IGNORED.

BUT WE FACE NEW CHALLENGES IN MAINTAINING THE
HEALTH OF THESE SECURITY ARRANGEMENTS.

IN JAPAN, WE RECENTLY PASSED AN IMPORTANT AND
VERY WELCOME WATERSHED. UNDER THE LEADERSHIP
OF PRIME MINISTER MURAYAMA, THE JAPAN SOCIALIST
PARTY ENDORSED THE U.S.-JAPAN SECURITY TREATY
AND THE U.S. MILITARY PRESENCE IN JAPAN. THIS *MEANS THAT*
SIGNIFICANT SHIFT BY THE POLITICAL PARTY THAT HAS
TRADITIONALLY OPPOSED THE US-JAPAN ALLIANCE *That*
MEANS THAT WITH THE END OF THE COLD WAR, THERE
THERE
IS A CONSENSUS ACROSS THE POLITICAL SPECTRUM ~~HERE~~
Now
THAT THE U.S.-JAPAN SECURITY TREATY SERVES
JAPAN'S INTERESTS AND IS A SOURCE OF REGIONAL
STABILITY. AT THE SAME TIME, THERE IS GREATER
PRESSURE ON BASE ISSUES, PARTICULARLY IN
OKINAWA WHERE OUR MILITARY IS CONCENTRATED.
UNDERSTANDABLY, THE NOISE AND OTHER
INTERFERENCES IN DAILY LIFE CONCOMITANT WITH A
MILITARY PRESENCE HAVE BECOME LESS TOLERABLE
TO THE CITIZENS AFFECTED AS THE THREAT HAS
BECOME LESS APPARENT.



WE ARE WORKING WITH THE GOVERNMENT OF JAPAN TO ADDRESS THESE BASE ISSUES AND TO REDUCE IRRITANTS. BUT BOTH GOVERNMENTS UNDERSTAND THAT TO ENSURE REGIONAL STABILITY THE UNITED STATES MUST CONTINUE TO MAINTAIN A FORWARD DEPLOYED MILITARY PRESENCE IN EAST ASIA. THE HEART OF THIS PRESENCE IS OUR BASES IN JAPAN AND THE 47,000 AMERICAN SERVICEMEN AND WOMEN STATIONED THERE. WITHOUT THESE BASES, WE COULD NOT MAINTAIN THE FORWARD-DEPLOYED CARRIER BATTLE GROUP AND THE AIR FORCE, MARINE, AND ARMY UNITS NECESSARY TO MEET OUR COMMITMENTS.

JAPAN'S CONTRIBUTION TO MAINTAINING THESE FORCES IS VITAL. UNDER AN AGREEMENT CONCLUDED FOUR YEARS AGO, THE GOVERNMENT OF JAPAN IS ASSUMING MORE THAN HALF THE COST - SOME \$4 BILLION OR 10% OF JAPAN'S DEFENSE BUDGET - ASSOCIATED WITH OUR BASES. DEDUCTING AMERICAN SALARIES, THIS IS MOST OF THE COST OF OUR FORCES IN JAPAN. THE REMAINING COST TO THE AMERICAN TAX PAYER - AGAIN ABOUT \$4 BILLION - REPRESENTS LESS THAN 2% OF THE TOTAL U.S. DEFENSE BUDGET.

BY ANY STANDARDS, THIS IS A TREMENDOUS BARGAIN
~~FOR THE AMERICAN TAX PAYER. IT IS ALSO A~~
~~TREMENDOUS BARGAIN FOR JAPAN. IN SUM THIS~~
ARRANGEMENT SERVES THE INTERESTS OF THE UNITED
STATES, JAPAN, THE REGION AND THE WORLD, AND IT
WILL CONTINUE TO DO SO FOR YEARS TO COME.

MANAGING THE ECONOMIC AGENDA

SINCE MY ARRIVAL IN TOKYO LAST FALL, I HAVE SPENT
MOST OF MY TIME TRYING TO MOVE FORWARD OUR
ECONOMIC AGENDA WITH JAPAN. FULL ACCESS TO THE
JAPANESE MARKET IS IMPORTANT TO THE WELFARE OF
AMERICAN COMPANIES AND WORKERS AND TO OUR
ECONOMIC FUTURE. MOREOVER, CONSTANT BICKERING
OVER TRADE ISSUES WEAKENS POLITICAL AND PUBLIC
SUPPORT IN BOTH COUNTRIES FOR OUR OVERALL
COOPERATIVE RELATIONSHIP.

OUR ECONOMIC RELATIONS WITH JAPAN ARE BY NO MEANS A ZERO SUM GAME. AMERICANS RECEIVE TREMENDOUS BENEFITS FROM THIS INTERACTION. JAPAN IS SECOND ONLY TO CANADA AS A MARKET FOR AMERICAN EXPORTS. [LAST YEAR WE SOLD MORE THAN \$60 BILLION THERE.] IT IS OUR LARGEST AGRICULTURAL MARKET, AND THIS MONTH ~~THE LAST~~ ^{AN} IMPORTANT BARRIER TO AMERICAN AGRICULTURAL PRODUCTS - JAPAN'S BAN ON OUR APPLES - WAS REMOVED. AND JAPANESE INVESTMENTS IN THE U.S. ARE RESPONSIBLE FOR HUNDREDS OF THOUSANDS OF AMERICAN JOBS AND HAVE BROUGHT NEW TECHNOLOGIES AND MANAGEMENT TECHNIQUES TO U.S. INDUSTRIES.

BUT THERE REMAINS ~~A DEGREE OF~~ ^{AN} IMBALANCE IN THE BENEFITS AND RESPONSIBILITIES IN OUR ECONOMIC RELATIONSHIP. JAPAN'S MARKETS IN KEY SECTORS ARE SUBSTANTIALLY LESS OPEN THAN OURS OR THOSE OF OTHER INDUSTRIALIZED COUNTRIES, HINDERING THE ABILITY OF OUR COMPETITIVE FIRMS TO GAIN FAIR ACCESS TO THE WORLD'S SECOND LARGEST ECONOMY.

ON THE MACROECONOMIC LEVEL, JAPAN IS RUNNING A MASSIVE CURRENT ACCOUNT SURPLUS WITH THE WORLD - MORE THAN \$130 BILLION - WHICH DENIES OTHER COUNTRIES, INCLUDING THE U.S., EXPORT AND GROWTH OPPORTUNITIES.

THE RELATIVELY CLOSED NATURE OF THE JAPANESE ECONOMY IS WELL DOCUMENTED. TARIFFS ARE LOW ON AVERAGE, BUT A COMBINATION OF EXCESSIVE REGULATIONS AND ^{RESTRICTIVE} INFORMAL BUSINESS PRACTICES IMPEDE IMPORTS AND INVESTMENT. AS A RESULT, JAPAN ABSORBS FAR FEWER MANUFACTURED IMPORTS RELATIVE TO THE SIZE OF ITS ECONOMY THAN ANY OTHER INDUSTRIAL NATION, AND EVEN LESS FOREIGN INVESTMENT. WITHOUT A PHYSICAL PRESENCE IN THE JAPANESE MARKET THROUGH DIRECT INVESTMENT, EXPORTS SIMPLY WILL NOT FLOW HERE TO THE DEGREE THEY COULD.

SOME IN JAPAN HAVE QUESTIONED THE COMMITMENT OF AMERICAN FIRMS TO COMPETING IN THE JAPANESE MARKET. "YOU DON'T TRY HARD ENOUGH" IS A CHARGE WE HEAR QUITE OFTEN. THERE MAY HAVE BEEN A TIME WHEN THIS WAS A CREDIBLE ALLEGATION, BUT IT IS NO LONGER TRUE. I HAVE TALKED TO HUNDREDS OF U.S. EXECUTIVES DURING MY YEAR IN JAPAN--THOSE PASSING THROUGH JAPAN, AND THOSE REPRESENTING THEIR COMPANIES ON THE GROUND. NO ONE CAN TELL US OUR FIRMS ARE NOT TRYING HARD ENOUGH, OR THAT WE ARE NOT WILLING TO MAKE LONG-TERM COMMITMENTS TO THIS MARKET--THEY ARE.

MOST AMERICAN BUSINESS LEADERS RECOGNIZE THAT U.S. COMPANIES MUST BE IN JAPAN, NOT ONLY BECAUSE OF THE SIZE OF THE MARKET, AND THE POTENTIAL PROFITS TO BE MADE--BUT FOR STRATEGIC REASONS AS WELL. ACROSS A WIDE RANGE OF INDUSTRIES, THE MAJOR COMPETITORS OF OUR LEADING FIRMS ARE JAPANESE. IF U.S. FIRMS ARE TO COMPETE WORLD-WIDE, THEY MUST COMPETE IN JAPAN, HEAD TO HEAD WITH THEIR MAJOR RIVALS.

OUR ECONOMIC DESTINY LIES WITH THE ABILITY AND WILLINGNESS OF U.S. FIRMS TO PROVE THEIR EXCELLENCE IN THIS DEMANDING MARKET.

TO ADDRESS THE PROBLEMS IN OUR ECONOMIC RELATIONSHIP, FIFTEEN MONTHS AGO, THE UNITED STATES AND JAPAN AGREED ON A "FRAMEWORK FOR A NEW ECONOMIC PARTNERSHIP." IN THIS "FRAMEWORK," WE PROMISED TO REDUCE OUR FISCAL DEFICIT AND IMPROVE OUR INTERNATIONAL COMPETITIVENESS--AND WE HAVE ALREADY MADE PROGRESS ON BOTH. THE FEDERAL DEFICIT, A DRAG ON PRIVATE INVESTMENT, AND HENCE OUR FUTURE, IS ^{LARGELY} ~~FINALLY~~ UNDER CONTROL. U.S. PRODUCTIVITY IS UP. THE QUALITY OF OUR GOODS AND SERVICES HAS IMPROVED DRAMATICALLY, AND U.S. FIRMS ARE ENJOYING SOLID WORLDWIDE GROWTH IN EXPORTS. U.S. FIRMS DOMINATE THE LEADING EDGE OF THE HIGH TECH FRONTIER, AND U.S. BUSINESS CONFIDENCE IN ITS ABILITY TO COMPETE IS STRONGER THAN IT HAS BEEN FOR A ~~DECADE~~. YEARS

FOR ITS PART, THE JAPANESE GOVERNMENT PROMISED TO IMPROVE MARKET ACCESS FOR COMPETITIVE GOODS AND SERVICES AND TO REDUCE ITS CHRONIC CURRENT-ACCOUNT SURPLUSES THROUGH DOMESTIC DEMAND-LED ECONOMIC GROWTH. WHILE WE HAVE REACHED A NUMBER OF IMPORTANT AGREEMENTS ON CONSTRUCTION, MOBILE PHONES, ^{RICE} AND INTELLECTUAL PROPERTY RIGHTS; WE HAVE YET TO CONCLUDE AGREEMENTS IN THE PRIORITY AREAS OF THE FRAMEWORK: GOVERNMENT PROCUREMENT, INSURANCE, AND AUTO AND AUTOPARTS. AT THE SAME TIME, JAPAN'S GLOBAL CURRENT ACCOUNT SURPLUS HAS REMAINED AT A VERY HIGH LEVEL AS DOMESTIC ECONOMIC STIMULUS EFFORTS HAVE LAGGED. ACHIEVING PROGRESS ON THE PRIORITY BASKETS AND MACROECONOMIC IMBALANCES HAS PROVEN TO BE MORE DIFFICULT THAN WE ENVISIONED A YEAR AGO.

AS WE FACE DEADLINES UNDER OUR TRADE LAWS AT THE END OF THIS MONTH, WE NEED TO MAKE ~~REAL~~ ^{SOLID} PROGRESS ON THE ECONOMIC AGENDA.

THESE ISSUES ARE NOT SIMPLY A U.S.-JAPAN PROBLEM. THEY ARE A CHALLENGE TO THE WORLD TRADE SYSTEM. WITH THE SUCCESS OF THE URUGUAY ROUND AND THE INCREASING ECONOMIC INTEGRATION OF THE ECONOMIES OF THE ASIA-PACIFIC REGION UNDER APEC, THE INTERNATIONAL COMMUNITY IS MAKING GREAT PROGRESS TOWARD ELIMINATING BARRIERS TO TRADE. BUT THIS PROGRESS IS FRAGILE, WE CANNOT AFFORD TO HAVE THE WORLD'S SECOND LARGEST ECONOMY BE ANYTHING BUT A MODEL OF OPENNESS, A FIRM PILLAR OF THE FREE MARKET SYSTEM.

WE HAVE BEEN URGING JAPAN TO ~~STEP UP~~ TO ITS INTERNATIONAL RESPONSIBILITIES TO OPEN FULLY ITS MARKETS, REDUCE ITS EXCESSIVE GLOBAL SURPLUS, AND DEREGULATE ITS ECONOMY. THIS WILL BENEFIT THE WORLD, IT WILL BENEFIT THE U.S., AND MOST OF ALL IT WILL BENEFIT THE JAPANESE PEOPLE WHO, BECAUSE OF THE EXTENSIVE MARKET BARRIERS, NOW PAY ON AVERAGE 40% MORE FOR TRADEABLE GOODS AND SERVICES THAN DO THE CITIZENS OF OTHER INDUSTRIALIZED COUNTRIES.

BUILDING GLOBAL COOPERATION

THE ECONOMIC FRICTION WITH JAPAN GETS ALL THE HEADLINES, BUT NO AREA IS MORE IMPORTANT FOR THE FUTURE OF OUR PLANET THAN THE COOPERATION BETWEEN OUR COUNTRIES ON REGIONAL AND GLOBAL ISSUES. OUR RECORD HERE IS IMPRESSIVE BUT HAS GOTTEN VIRTUALLY NO ATTENTION BECAUSE IT IS "GOOD NEWS."

I HAVE ALREADY MENTIONED OUR COOPERATION ON THE NORTH KOREAN NUCLEAR ISSUE. THE U.S. AND JAPAN HAVE ALSO WORKED WITH ASEAN AND OTHER KEY COUNTRIES TO LAUNCH APEC, AN ORGANIZATION THAT IS UNDERTAKING A WIDE VARIETY OF INITIATIVES TO FURTHER ECONOMIC GROWTH AND INTEGRATION OF THE ASIA-PACIFIC REGION. ^{2d mtg in Moscow in Nov} BEYOND ASIA, OUR TWO COUNTRIES, ¹ THE LARGEST FINANCIAL CONTRIBUTORS TO THE UNITED NATIONS, COOPERATE CLOSELY IN REFORMING AND STRENGTHENING INTERNATIONAL ORGANIZATIONS, INCLUDING SECURITY COUNCIL EXPANSION.

SUCCESS
BUT THE ~~REAL~~ UNTOLD STORY IS THE BILATERAL
COOPERATION BETWEEN THE U.S. AND JAPAN ON
SO-CALLED "GLOBAL ISSUES." AT THE SAME TIME WE
AGREED ON THE ECONOMIC FRAMEWORK, WE ALSO
LAUNCHED A COMMON AGENDA FOR GLOBAL
SINCE THE FRAMEWORK AGREEMENTS
COOPERATION. IN THE FIFTEEN MONTHS SINCE, WE HAVE
PUT IN PLACE MAJOR AGREEMENTS ON THE FIGHT AGAINST
AIDS, THE POPULATION PROBLEM, ON THE ENVIRONMENT,
SCIENTIFIC
AND ON COOPERATION IN RESEARCH ON PRE-COMPETITIVE
TECHNOLOGIES. JAPAN HAS COMMITTED BILLIONS OF
DOLLARS UNDER THE COMMON AGENDA TO ADDRESS
THESE PROBLEMS, AND TOGETHER WE HAVE BEEN ABLE TO
LEVERAGE OUR FUNDING, AND OUR RESEARCH TO MAKE A
TRUE
~~REAL~~ DIFFERENCE IN IMPROVING THE GLOBAL QUALITY OF
LIFE. THESE ACHIEVEMENTS ARE ONLY THE TIP OF THE
ICEBERG OF THE COLLABORATIVE EFFORTS WE HAVE
UNDERWAY IN MEDICINE, SCIENCE, OCEANS RESEARCH,
NUCLEAR ENERGY, SPACE AND MANY OTHER FIELDS.

NO ONE EXPECTS DEMOCRACY IN ASIAN COUNTRIES TO LOOK EXACTLY LIKE DEMOCRACY IN THE UNITED STATES, OR BRITAIN, OR FRANCE. WE NEED TO BE RESPECTFUL OF THE DIFFERENT HISTORIES, POLITICAL SYSTEMS AND CULTURES IN ASIA. OUR MESSAGE IS NOT THAT EVERYONE MUST COPY THE AMERICAN SYSTEM. *Michael* INDEED, WE HAVE SOMETHING TO LEARN FROM THE EAST ASIAN EMPHASIS ON HARMONY AND SOCIETAL INTERESTS. BUT WE HAVE AN OBLIGATION TO SPEAK OUT WHEN BASIC HUMAN VALUES ARE INVOLVED. TYING OUR HUMAN RIGHTS POLICIES TO MOST FAVORED NATION TRADE STATUS PROVED TO BE COUNTERPRODUCTIVE WITH CHINA. BUT I HOPE WE DO NOT "OVERLEARN" THE LESSON FROM THAT EXPERIENCE.

IT CANNOT BE SAID THAT VIGOROUS SUPPORT FOR HUMAN RIGHTS IS NAIVE AND INEFFECTIVE. ASK NELSON MANDELA AND THE PEOPLE OF SOUTH AFRICA...ASK THE CITIZENS OF THE PHILIPPINES...ASK THE PEOPLE OF RUSSIA AND EASTERN EUROPE...ASK THE ARGENTINEANS AND THE CHILEANS. ASK THEM -- AND MILLIONS OF OTHERS YEARNING FOR FREEDOM -- IF THEY WANT AMERICA TO BE HEARD ON BEHALF OF HUMAN LIBERTY. WE MUST NOT MUFFLE THIS POWERFUL AMERICAN MESSAGE IN ASIA OR ANYWHERE ELSE.

NO COUNTRY SPEAKS WITH GREATER CREDIBILITY AND AUTHORITY ON HUMAN RIGHTS THAN WE DO. THE STRENGTH OF AMERICAN IDEALS AND VALUES AND THE CREATIVITY AND VIBRANCY OF OUR SOCIETY CONTINUES TO BE A ^{ATTRACTIVE} BEACON TO THE PEOPLE OF EAST ASIA AND TO PEOPLE THROUGHOUT THE WORLD. HOWEVER, TO PRESERVE OUR MORAL AUTHORITY, A PRICELESS ASSET, WE MUST DO A BETTER JOB OF PUTTING OUR OWN SOCIETY IN ORDER.

IT IS IMPORTANT THAT WE CONTINUE TO EXPAND OUR ACCESS TO JAPANESE SCIENCE AND TECHNOLOGY. JAPAN HAS SUPERB ACCESS TO UNIVERSITY AND GOVERNMENT SPONSORED RESEARCH IN THE U.S. AND THIS ACCESS HAS BEEN KEY TO ITS ASCENDANCY TO AN ECONOMIC SUPERPOWER. JAPAN NOW IS AT THE FOREFRONT IN MANY OF THESE AREAS, AND AMERICAN SCIENTISTS NEED GREATER ACCESS TO THE RESEARCH UNDER WAY IN JAPAN TO STAY AT THE CUTTING EDGE IN MANY FIELDS. THE JAPANESE GOVERNMENT HAS ALREADY TAKEN STEPS TO OPEN UP ITS GOVERNMENT RESEARCH TO AMERICANS. WE AND THE JAPANESE HAVE STARTED A VERY PROMISING PROGRAM FOR BRINGING AMERICAN ENGINEERS HERE TO WORK FOR SHORT PERIODS AT JAPANESE COMPANIES. THESE ARE FIRST STEPS, BUT I BELIEVE THEY CAN HAVE A REAL, LONG-TERM IMPACT ON BOLSTERING OUR COMPETITIVENESS AND HELPING US WORK TOGETHER MORE EFFECTIVELY.

THE U.S. AND JAPAN, THE WORLD'S TWO LARGEST ECONOMIES, THE WORLD'S TWO BIGGEST AID DONORS, AND THE WORLD'S TWO MOST ADVANCED TECHNOLOGICAL SOCIETIES, HAVE A UNIQUE OPPORTUNITY AND INDEED OBLIGATION TO WORK CLOSELY TOGETHER TO CONTRIBUTE TO THE SOLUTION OF THE GLOBE'S MOST PRESSING PROBLEMS.

BUILDING HUMAN CONNECTIONS

ONE OF THE MOST IMPORTANT WAYS IN WHICH ^{WE} ~~OUR~~ ~~GOVERNMENTS~~ CAN STRENGTHEN THE FOUNDATION OF THE RELATIONSHIP IS TO INCREASE OUR SUPPORT FOR EDUCATIONAL AND OTHER PERSONNEL EXCHANGES -- ^{TO} BUILD THE HUMAN CONNECTIONS WHICH PROVIDE THE REPOSITORIES OF TRUST AND KNOWLEDGE ~~TO~~ ^{TO} ~~THAT~~ ^{us} ENABLE US TO WORK TOGETHER MORE EFFECTIVELY.

SINCE THE END OF THE WAR, UNDER THE FULBRIGHT AND OTHER PROGRAMS, THE U.S. GOVERNMENT HAS HELPED THOUSANDS OF JAPANESE TO STUDY IN THE U.S. THESE PROGRAMS HAVE PROVED TO BE ONE OF OUR ^{WISEST} ~~SMARTEST~~ INVESTMENTS--THE GRADUATES HAVE GONE ON TO BECOME LEADERS IN JAPANESE SOCIETY AND HAVE FORMED A CORE OF SOLID SUPPORT FOR OUR OVERALL RELATIONSHIP. THERE ARE NOW MORE THAN 40,000 JAPANESE STUDYING AT AMERICAN INSTITUTIONS OF HIGHER LEARNING, BUILDING CONNECTIONS BETWEEN A NEW GENERATION OF JAPANESE AND AMERICANS.

DRAWING ON THE LESSONS OF THE FULBRIGHT PROGRAM, JAPAN NOW FUNDS MANY PROGRAMS TO HELP AMERICANS AND OTHERS TO STUDY AND WORK IN JAPAN. UNDER THE JET PROGRAM, JAPAN BRINGS OVER MORE THAN 2,000 AMERICAN COLLEGE GRADUATES EACH YEAR TO TEACH IN JAPANESE SCHOOLS AND WORK IN LOCAL GOVERNMENT OFFICES.

UNFORTUNATELY

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~~BUT~~ ONLY 1,300 AMERICANS ARE ENROLLED IN JAPANESE UNIVERSITIES. THERE ARE MANY REASONS FOR THIS, NOT THE LEAST OF WHICH IS THE DIFFICULTY OF LEARNING JAPANESE. BUT I AM CONVINCED WE CAN DO MUCH BETTER. IT IS ONE OF MY PERSONAL PRIORITIES DURING MY TENURE IN TOKYO TO FIND WAYS TO GET MORE AMERICANS INTO JAPANESE INSTITUTIONS OF HIGHER LEARNING.

AS WE SEEK TO STRENGTHEN THE HUMAN CONNECTIONS BETWEEN OUR SOCIETIES, WE NEED TO KEEP IN MIND THE AMERICAN AGENDA. ^{Also} WE NEED TO DO A BETTER JOB OF DEVELOPING JAPANESE LANGUAGE SKILLS AND STRENGTHENING THE STUDY OF JAPANESE SOCIETY IN AMERICAN SCHOOLS AND COLLEGES. WE ALSO NEED TO ADDRESS EFFECTIVELY OUR OWN SOCIAL AND ECONOMIC PROBLEMS SO THAT WE RETAIN THE MORAL AUTHORITY AND ECONOMIC POWER NECESSARY TO LEAD AND TO REMAIN AN ATTRACTIVE PARTNER FOR JAPAN AND OTHERS.

~~CRIPPLE + STOPS~~

BUT WITH THE END OF THE COLD WAR AND THE PERSISTENCE OF IMBALANCES IN OUR ECONOMIC RELATIONSHIP, THERE ARE NEW STRAINS THAT CAN, OVER TIME, WEAKEN PUBLIC SUPPORT FOR THE RELATIONSHIP. WE CANNOT ALLOW THIS TO HAPPEN.

ESSENTIAL THAT
IT IS ~~INCUMBENT UPON~~ AMERICAN AND JAPANESE LEADERS TO MAINTAIN AND STRENGTHEN OUR SECURITY TIES THAT REMAIN THE KEY TO STABILITY IN EAST ASIA; TO RESOLVE OUTSTANDING TRADE ISSUES FOR OUR MUTUAL ECONOMIC BENEFIT AND TO REMOVE A MAJOR SOURCE OF TENSION IN OUR RELATIONS; TO ENHANCE OUR REGIONAL AND GLOBAL COOPERATION; AND TO CONTINUE TO BUILD THE HUMAN CONNECTIONS BETWEEN OUR SOCIETIES THAT ARE SO NECESSARY FOR THE FUTURE. NATIONAL GOVERNMENTS *OF COURSE* HAVE AN ESSENTIAL ROLE TO PLAY IN MANAGING THIS CRITICAL RELATIONSHIP, BUT AMERICAN AND JAPANESE LEADERS IN BUSINESS, THE MEDIA, ACADEMIA, AND AT THE GRASS ROOTS SHARE THIS RESPONSIBILITY. ~~I KNOW I CAN COUNT ON ALL OF YOU~~
~~JOIN ME IN THIS NOBLE ENTERPRISE.~~

If we build upon our strong relationship, what better gift to our grandchildren.



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