

**JAPAN NATIONAL PRESS CLUB
NOVEMBER 5, 1993**

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**HIRONOBU ISHIKAWA, DEPUTY MANAGING
EDITOR OF YOMIURI SHIMBUN.]**

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THANK YOU FOR INVITING ME HERE

*American
Beats
California
where*

**TODAY. [THIS IS MY FIRST SPEECH TO THE
JAPAN NATIONAL PRESS CLUB, AND] I AM
HONORED TO BE HERE.**

**BECAUSE ONE OF MY PRINCIPAL
RESPONSIBILITIES AS AMBASSADOR IS TO
COMMUNICATE THE VIEWS AND POSITIONS**

OF THE AMERICAN GOVERNMENT TO THE
JAPANESE PEOPLE, I DEPEND VERY MUCH
ON THE MEDIA. I RESPECT THE JOB YOU
MUST DO TO FAIRLY REPORT AND ANALYZE
THE NEWS, AND I WILL CONTINUE MY
POLICY OF BEING OPEN AND ACCESSIBLE TO
YOU.

IN MY SHORT TIME HERE, I HAVE
ALREADY HAD THE PRIVILEGE OF MEETING
AND TALKING WITH MANY IMPRESSIVE
JAPANESE LEADERS IN GOVERNMENT,
BUSINESS, EDUCATION AND OTHER FIELDS.
I LOOK FORWARD TO MANY MORE
OPPORTUNITIES ALONG THESE LINES.

JOAN AND I ALSO LOOK FORWARD TO
TRAVELING THROUGHOUT JAPAN TO MEET
AND MAKE MANY NEW FRIENDS. LAST
WEEKEND WE VISITED KYOTO -- WHERE WE
WERE DELIGHTED TO LEARN MORE ABOUT
THE RICH, FASCINATING HISTORY OF THIS
NATION.

Marceline
Kyoto RR Terminal = Mike & Audrey Hepburn
I am very glad to be here, and

I AM SURE THAT MY TIME HERE WILL BE
BOTH PROFESSIONALLY AND PERSONALLY
REWARDING.

I HAVE ARRIVED IN JAPAN AT A TIME
OF MOMENTOUS CHANGE IN THE WORLD.
GONE IS THE MORTAL STAND-OFF BETWEEN

**THE SUPERPOWERS WHICH DOMINATED MY
EARLIER SERVICE IN PUBLIC LIFE. IT IS
ASTONISHING:**

**- THE SOVIET UNION HAS CEASED TO
EXIST;**

**- THE COUNTRIES OF EASTERN EUROPE
HAVE BEEN LIBERATED FROM COMMUNIST
CONTROL; AND**

**- THE BIPOLAR WORLD OF THE COLD
WAR IS NO MORE.**

FOR AMERICA, THESE CHANGES
PROVIDE AN OPPORTUNITY TO FOCUS OUR
ENERGY AND ATTENTION ON DOMESTIC
PRIORITIES WHICH WERE NEGLECTED FOR
FAR TOO LONG. THUS, PRESIDENT CLINTON
HAS MADE THE RENEWAL OF THE AMERICAN
ECONOMY HIS FOREMOST CONCERN, AND HE
HAS ALREADY TAKEN BOLD STEPS TOWARD
THAT END. HE IS DOING WHAT OUR ALLIES,
INCLUDING JAPAN, HAVE BEEN URGING US
TO DO FOR YEARS.

YET, THE WORLD ALSO REMAINS A
DANGEROUS AND COMPLEX PLACE.

THERE WILL CONTINUE TO BE VERY REAL
THREATS TO INTERNATIONAL PEACE AND
SECURITY, AND THE UNITED STATES --
ALONG WITH OTHER NATIONS -- MUST BE
PREPARED TO RESPOND. THE LONG-
STANDING ALLIANCE BETWEEN THE UNITED
STATES AND JAPAN REMAINS VITAL TO
THE INTERESTS OF BOTH OUR COUNTRIES.

DEFENSE SECRETARY LES ASPIN'S VISIT
EARLIER THIS WEEK REAFFIRMED OUR
SECURITY GUARANTEES TO JAPAN AND THE
REGION.

IN TURN, THERE SHOULD BE NO DOUBT ABOUT THE AMERICAN GOVERNMENT'S BROADER COMMITMENT TO OUR RELATIONSHIP WITH JAPAN. PRESIDENT CLINTON'S FIRST OVERSEAS TRIP WAS TO TOKYO IN JULY. MOREOVER, THE PRESIDENT AND YOUR PRIME MINISTER MEET LATER THIS MONTH IN SEATTLE, AND THEY WILL MEET AGAIN EARLY NEXT YEAR IN WASHINGTON AS PART OF THEIR COMMITMENT TO HOLD SEMI-ANNUAL MEETINGS TO REVIEW PROGRESS ON THE FRAMEWORK AGREEMENT.

**THESE MEETINGS DEMONSTRATE OUR
GOVERNMENT'S ENGAGEMENT AT THE
HIGHEST LEVELS WITH JAPAN.**

**NONETHELESS, GIVEN THE SIZE OF OUR
TWO ECONOMIES AND OUR INCREASING
INTERDEPENDENCE, IT IS NATURAL FOR
FRICTIONS TO DEVELOP BETWEEN US.
RIGHT NOW, THESE ECONOMIC TENSIONS
ARE THE MOST URGENT ITEM ON THE
AGENDA BETWEEN OUR TWO NATIONS --
AND THEIR IMPORTANCE GOES BEYOND OUR
BILATERAL RELATIONSHIP TO THE VERY
HEALTH OF THE GLOBAL ECONOMY.**

WE NEED TO ADDRESS OUR ECONOMIC PROBLEMS IN THE SPIRIT OF STATESMANSHIP WHICH BEFITS THE SERIOUSNESS OF OUR RELATIONSHIP. FOR EXAMPLE, THE RECENT DECISION BY THE JAPANESE GOVERNMENT TO ADOPT NEW PRINCIPLES FOR THE CONSTRUCTION INDUSTRY PERMITTED THE AMERICAN GOVERNMENT TO DEFER SANCTIONS. THIS DEMONSTRATES THAT WE CAN WORK TOGETHER WITH MUTUAL TRUST AND RESPECT TO RESOLVE OUR DIFFERENCES.

I THINK THIS WAS A VERY HOPEFUL DEVELOPMENT, REFLECTING THE

IMPORTANCE WHICH EACH NATION
ATTACHES TO THIS RELATIONSHIP AND
THE DIGNITY WITH WHICH WE HOPE TO
CONDUCT IT.

WE SHOULD RECALL JUST HOW
REMARKABLE IS THE RELATIONSHIP
BETWEEN THE UNITED STATES AND JAPAN.
OURS IS ONE OF THE GREAT DIPLOMATIC
SUCCESS STORIES OF THIS CENTURY. IN A
SHORT TIME, ONCE BITTER ENEMIES HAVE
BECOME CLOSE ALLIES AND FRIENDS -- AND
OUR ECONOMIC DESTINIES HAVE BECOME
INSEPARABLE.

**ALTHOUGH SEPARATED BY GEOGRAPHY,
CULTURE AND LANGUAGE, OUR TWO
NATIONS HAVE A GREAT DEAL IN COMMON:**

- WE ARE FREE AND OPEN SOCIETIES;**
- WE HAVE DEMOCRATICALLY-ELECTED
GOVERNMENTS;**
- WE ARE PROSPEROUS, MARKET-
ORIENTED ECONOMIES; AND**
- WE ARE COMMITTED TO
INTERNATIONAL COOPERATION TO SECURE
A PEACEFUL WORLD.**

BECAUSE THE UNITED STATES AND JAPAN ARE THE WORLD'S TWO LARGEST ECONOMIES, WHAT WE DO LITERALLY AFFECTS EVERY OTHER COUNTRY. I AM CONVINCED THAT OUR RELATIONSHIP WILL ONLY GROW IN IMPORTANCE IN THE FUTURE. MORE THAN EVER, WE WILL NEED TO ACT AS PARTNERS IN INTERNATIONAL LEADERSHIP. THIS IS CONSISTENT WITH BOTH AMERICA'S CHANGING ROLE IN THE WORLD AND JAPAN'S OWN ASPIRATIONS FOR GLOBAL RESPONSIBILITY.

WITH THE END OF THE COLD WAR, WE
HAVE A WORLD IN WHICH POWER IS
DIFFUSED AND EFFECTIVE ACTION
INCREASINGLY DEPENDS ON MULTILATERAL
EFFORTS. ALTHOUGH THE LEADERSHIP OF
THE UNITED STATES WILL CONTINUE TO BE
CRUCIAL -- AND LET THERE BE NO DOUBT
ABOUT AMERICA'S COMMITMENT TO LEAD
-- WE CANNOT BE EXPECTED TO DO IT
ALONE. IT IS ONLY BY WORKING CLOSELY
TOGETHER THAT THE UNITED STATES AND
JAPAN -- ALONG WITH EUROPE -- WILL BE
ABLE TO BUILD A WORLD WHICH CAN OFFER
NEW LEVELS OF SECURITY AND PROSPERITY
FOR EVERYONE.

**THE STAKES ARE AS HIGH AS THEY CAN
GET.**

**THUS, ONE OF MY FOREMOST DUTIES AS
AMBASSADOR WILL BE TO NURTURE THIS
ESSENTIAL PARTNERSHIP BETWEEN THE
UNITED STATES AND JAPAN AS WORLD
LEADERS.**

**FORTUNATELY, JAPAN AND THE UNITED
STATES ALREADY HAVE A VERY POSITIVE
RECORD OF WORKING TOGETHER IN MANY
AREAS OUTSIDE A STRICTLY BILATERAL
CONTEXT:**

**- WE ARE WORKING TOGETHER IN THE
UNITED NATIONS AND OTHER
INTERNATIONAL ORGANIZATIONS,
INCLUDING THE G-7;**

**- WE COOPERATE ON SECURITY ISSUES
IN NORTHEAST ASIA (ESPECIALLY THE
KOREAN PENINSULA);**

**- WE ARE WORKING TOGETHER IN THE
MIDDLE EAST PEACE PROCESS;**

**- WE ARE PARTNERS IN PROVIDING AID
TO DEVELOPING NATIONS AND PROMOTING
A "COMMON AGENDA" OF GLOBAL ISSUES;**

**- AND, INCREASINGLY, WE ARE
COOPERATING ON THE REGIONAL LEVEL
THROUGH THE ASIA-PACIFIC ECONOMIC
COOPERATION FORUM (OR APEC) AND,
TOGETHER WITH THE LEADERS OF THE
"ASEAN" COUNTRIES, IN THE ANNUAL
"ASEAN" POST-MINISTERIAL CONFERENCE.**

**IN SUM, JAPAN AND THE UNITED
STATES ENJOY A PRODUCTIVE
RELATIONSHIP ACROSS THE SPECTRUM OF
BILATERAL, REGIONAL AND GLOBAL
ISSUES.**

BUT IT IS IN THE ECONOMIC ARENA
WHERE THE WORLD MOST URGENTLY
REQUIRES JAPAN AND THE UNITED STATES
TO TAKE THE LEAD.

FIRST, THERE IS THE "GATT".

DECEMBER 15 IS THE DEADLINE NOW
LOOMING FOR CONCLUSION OF THE
URUGUAY ROUND OF NEGOTIATIONS. THIS
IS A HARD DEADLINE WHICH WE MUST
MEET.

THE URUGUAY ROUND WILL NOT SUCCEED UNLESS THE MEMBERS OF THE G-7 WORK TOGETHER TO ENSURE THIS OUTCOME. WE ARE ENCOURAGED BY JAPAN'S STATEMENTS OF SUPPORT. IT IS IN EVERYONE'S INTERESTS TO STRENGTHEN THE "GATT", BECAUSE EVERY COUNTRY STANDS TO GAIN FROM A MORE OPEN INTERNATIONAL TRADING SYSTEM. A RECENT WORLD BANK-"OECD" STUDY CONSERVATIVELY ESTIMATES THAT, BY THE YEAR 2002, ANNUAL WORLD INCOME WILL INCREASE MORE THAN TWO HUNDRED BILLION DOLLARS IF THE URUGUAY ROUND NEGOTIATIONS ARE SUCCESSFUL.

**THE FAILURE OF THESE "GATT"
NEGOTIATIONS WOULD DEMORALIZE
EFFORTS TO MAINTAIN AND BROADEN OUR
GLOBAL TRADE AND FINANCIAL SYSTEM.**

SO MUCH IS AT STAKE.

**WHEN NATIONS OPEN THEIR MARKETS
... WHEN THEY ALLOW GOODS, SERVICES
AND INVESTMENTS TO FLOW EFFICIENTLY
... WHEN THEY MUST INNOVATE AND
COMPETE ... THE RESULT IS GREATER
WEALTH FOR EVERYONE -- WITH MORE
TRADE, MORE JOBS, HIGHER LIVING**

**- STRENGTHEN THE MULTILATERAL
TRADING SYSTEM, AND**

**- ANCHOR THE UNITED STATES FIRMLY
IN THIS REGION.**

**WE ALSO HOPE IT CAN SERVE AS A
BULWARK AGAINST THE DEVELOPMENT OF
EXCLUSIONARY AND PROTECTIONIST
TRADING BLOCS.**

**LATER THIS MONTH, THE UNITED
STATES WILL HOST THE FIFTH "APEC"
MINISTERIAL MEETING IN SEATTLE.**

IMMEDIATELY FOLLOWING THESE
DELIBERATIONS, PRESIDENT CLINTON WILL
HOST AN HISTORIC INFORMAL MEETING OF
"APEC" LEADERS TO DISCUSS LONG-TERM
ECONOMIC TRENDS AND ISSUES FACING THE
ASIA-PACIFIC REGION.

JAPAN AND THE UNITED STATES MUST
ALSO ENSURE THE SUCCESS OF THE
ECONOMIC FRAMEWORK THAT WAS AGREED
UPON IN JULY.

AS YOU KNOW, AMERICAN
NEGOTIATORS WERE HERE LAST MONTH TO
MEET WITH THEIR JAPANESE

COUNTERPARTS TO CONTINUE THESE
FRAMEWORK TALKS. PRESIDENT CLINTON
AND PRIME MINISTER HOSOKAWA WILL
REVIEW PROGRESS ON THE FRAMEWORK
WHEN THEY MEET IN SEATTLE ON
NOVEMBER 19.

WE REMAIN ON SCHEDULE WITH THESE
NEGOTIATIONS, AND WE EXPECT THE FIRST
SPECIFIC AGREEMENTS UNDER THE
FRAMEWORK TO BE READY BY EARLY NEXT
YEAR.

**BUT OUR RESPONSIBILITIES GO BEYOND
THE SUCCESS OF THE "GATT" AND "APEC"
AND THE FRAMEWORK NEGOTIATIONS.**

**ONE OF THE GREAT DANGERS WE
CONTINUE TO FACE IS THE POSSIBILITY
THAT THE WORLD WILL DISINTEGRATE INTO
BEGGAR-THY-NEIGHBOR TRADING BLOCS.
HISTORY TEACHES US SOME PRETTY SCARY
LESSONS ABOUT WHAT FOLLOWS WHEN
THIS HAPPENS. A STAGNANT WORLD
ECONOMY IS A BREEDING GROUND FOR
PROTECTIONIST PRESSURES.**

AT PRESENT, THE UNITED STATES IS
THE ONLY MAJOR ECONOMY THAT IS
GROWING -- EVEN THOUGH THE RECOVERY
IS NOT AS ROBUST AS WE WOULD LIKE.
THE ECONOMIC FORECASTS FOR EUROPE
AND JAPAN, BY CONTRAST, ARE
PESSIMISTIC AND NOT AT ALL
ENCOURAGING.

THUS, ONE OF THE PRINCIPAL
CHALLENGES WHICH JAPAN AND THE
UNITED STATES CONFRONT IS THAT OF
GLOBAL ECONOMIC GROWTH.

**IN THE UNITED STATES, WE ARE
MOVING TO REVITALIZE OUR ECONOMY:**

**- WE HAVE A PLAN IN PLACE TO
SIGNIFICANTLY REDUCE OUR BUDGET
DEFICIT;**

**- PRESIDENT CLINTON HAS PUT
FORWARD A HEALTH CARE REFORM
PROPOSAL WHICH, IF PASSED, WILL
BOLSTER OUR NATIONAL
COMPETITIVENESS;**

**- WE ARE SEEKING RATIFICATION OF
THE NORTH AMERICAN FREE TRADE
AGREEMENT ("NAFTA") AS AN IMPORTANT
STEP TOWARD MORE OPEN MARKETS,
CONSISTENT WITH THE GATT; AND**

**- OUR INDUSTRIES AND WORKERS ARE
TAKING STEPS TO IMPROVE THEIR
PRODUCTIVITY. IN FACT, THERE IS
INCREASING EVIDENCE THAT AMERICAN
PRODUCERS ARE ENHANCING THEIR
PERFORMANCE AND BECOMING MORE
COMPETITIVE.**

THESE ARE IMPORTANT INITIATIVES.
BUT OUR NATIONS MUST ALSO COORDINATE
OUR ECONOMIC POLICIES TO LIFT THE
GLOBAL ECONOMY.

AS YOU KNOW, JAPAN'S CURRENT
ACCOUNT SURPLUS IS MASSIVE,
PERSISTENT AND GROWING. I BELIEVE
THAT IS WHY WE HEAR SO MANY JAPANESE
BUSINESS LEADERS, AND OTHERS, CALLING
FOR A REAL AND SUBSTANTIAL FISCAL
STIMULUS TO THE JAPANESE ECONOMY TO
BOOST DOMESTIC DEMAND AND REDUCE
THIS LARGE CURRENT ACCOUNT SURPLUS.

**MANY JAPANESE AND FOREIGN EXPERTS
AGREE THAT THE MOST EFFECTIVE POLICY
WOULD BE A SIZABLE INCOME TAX CUT TO
PUT MORE MONEY IN THE HANDS OF
CONSUMERS -- WITH A SIGNIFICANT DELAY
IN ANY OFFSETTING INCREASES OF OTHER
TAXES.**

**THERE IS ALSO A GROWING CONSENSUS
THAT, OVER THE LONG TERM, JAPAN NEEDS
TO MOVE AWAY FROM ITS TRADITIONAL
STRATEGY OF EXPORT-LED GROWTH TO
PURSUE A CONSUMER-ORIENTED STRATEGY
OF DOMESTIC DEMAND-LED GROWTH WHICH
WILL CONTRIBUTE TO GLOBAL ECONOMIC**

**GROWTH. BY TAKING THESE STEPS, JAPAN
WILL ALSO BRING THE LIVING STANDARDS
OF ITS OWN PEOPLE IN LINE WITH ITS
WEALTH AS A NATION.**

**DESPITE THE COLLAPSE OF THE
"BUBBLE ECONOMY" AND THE LINGERING
RECESSION, JAPAN'S ECONOMIC
FUNDAMENTALS REMAIN VERY IMPRESSIVE.
THESE INCLUDE:**

- A HIGH SAVINGS RATE;**
- A MODERN, EFFICIENT INDUSTRIAL
BASE;**

**- A STRONG GOVERNMENT FISCAL
POSITION; AND**

**- A HIGHLY-EDUCATED AND TALENTED
PEOPLE.**

**JAPAN'S IS A MODERN, MATURE,
DEVELOPED ECONOMY -- THE SECOND
LARGEST ON EARTH. THE EFFECTS OF
JAPAN'S ECONOMIC POLICIES ARE FELT
WORLDWIDE. THAT IS WHY THE LEADERS
OF SO MANY COUNTRIES ARE WATCHING
JAPAN'S POLICIES SO CLOSELY.**

POSITIVE SIGNS OF JAPAN'S
LEADERSHIP ON THESE MATTERS ARE
ALREADY APPARENT -- IN MANY OF THE
STATEMENTS OF THE NEW JAPANESE
GOVERNMENT AND IN THE DELIBERATIONS
OF THE ECONOMIC REFORM RESEARCH
COUNCIL (THE HIRAIWA COMMISSION) AND
THE TAX SYSTEM RESEARCH COUNCIL.
WE LOOK FORWARD TO THEIR
RECOMMENDATIONS.

ALTHOUGH I HAVE JUST RECENTLY
ARRIVED IN YOUR WONDERFUL COUNTRY, I
MUST SAY THAT I AM ALREADY IMPRESSED
BY THE MANY VOICES FOR REFORM THAT

EXIST HERE. IT SEEMS TO ME THAT THE
REAL MOMENTUM FOR CHANGE IN JAPAN IS
NOW COMING FROM WITHIN JAPANESE
SOCIETY -- FROM GOVERNMENT, BUSINESS,
CONSUMERS AND A BROAD CROSS-SECTION
OF THE JAPANESE PUBLIC.

I BELIEVE THESE DEVELOPMENTS
WILL HELP JAPAN AND THE UNITED STATES
TO BECOME, INCREASINGLY, FULL
PARTNERS IN INTERNATIONAL LEADERSHIP.
IF WE HOPE TO BUILD A NEW WORLD --
WITH A REAL PROMISE OF INTERNATIONAL
SECURITY AND PROSPERITY -- WE WILL
DEPEND ON JAPAN'S BEST EFFORTS.



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