

Text of Remarks at the Japanese Welcoming Committee Luncheon in Tokyo

January 9, 1992

Thank you, Prime Minister Kaifu. Of course, I want to start my remarks by extending to all of you the President's apologies for not being present at lunch today. This meeting was to be a high point of his trip. I'm sure you all know as well of his great respect and warm feelings for former Prime Minister Kaifu. And it is with real regret that he was not able to be here at lunchtime today.

As Prime Minister Kaifu said, the President is fine. I talked to his doctor just an hour ago. The doctor is a former classmate of mine at college. I know him very well, so I can assure you the information is correct. The doctor has told the President in very strict terms to rest this morning. He will be resuming his schedule later today and, I'm sure, will express to all of you his deep regret at not being able to join you at this wonderful gathering.

Mr. Prime Minister, members of the Diet, distinguished guests, it is a deep honor to be here today. President Bush has asked me to make his remarks to you this afternoon. Although there have been minor grammatical changes in pronouns, this is the President's speech. These are his words.

We come to Japan at the culmination of a long and productive journey. Today we stand at a turning point in history. The cold war is over. The Soviet Union has vanished and with it the delusions of communism. Centuries-old enemies in the Middle East are tempering ancient hatreds in pursuit of peace. Freedom's phoenix is rising from the ashes of tyranny in nations from Latin America to Eastern Europe and from Cambodia to Mongolia.

Freedom's rebirth was painful, its triumphs inscribed in blood, its truce seared by the fires of war and sacrifice. This century has taught us two crucial lessons: First, that isolationism and protectionism lead to war and deprivation; and second, that political engagement and open trade lead to peace and prosperity.

These last few years we again learned of

the power of ideas. Technologies that transmit ideas in the blink of an eye carry the human spirit over barricades and through barbed wire. They hurdle walls designed to hold back the truth. We live in a world transformed, shrunken by swift travel and instant communication, drawn closer by common interests and ambitions, propelled forward by people's imaginations and dreams.

As leaders of this transforming world, the United States and Japan must help build a new international order based on the rule of law, respect for human rights, and political and economic liberty. We must shape a world enriched by open trade and robust competition, a world that will create a better life for people of all nations.

The United States lies between two great oceans, the Atlantic and the Pacific. We are a nation of the Atlantic by birth, but our ties to the Asia-Pacific region deepen daily. Our two-way trade is now \$310 billion annually, one-third larger than that with Europe. Our prosperity and yours are indivisible. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow.

At the same time, Japan's growth needs American markets open and growing. Since 1975, the number of Americans of Asian origin has nearly quadrupled. What happens here is very important to us. And at the core of our continuing Asian engagement stands our alliance with Japan.

At each stop during his visit to the region, the President has stressed the challenges we must face, addressing the new security requirements of our transforming world, promoting democracy, and generating world economic growth and prosperity. Let me expand upon that by focusing on the special relationship that the United States enjoys with Japan. Rarely in history have two nations with such different and differing historic cultural roots developed such an extraordinary relationship. Our people are bound by shared security, by democracy,

and by our deep economic ties.

There are those who doubt the future of this relationship. There are reasons for tension. Here in Japan you have a saying, "Some rain must fall to prepare the ground for building." We can all see that without progress we may be in for some rough weather. And I must be frank in saying that there are problems in our economic relationship. Speaking not only for the United States but for many developed countries, Japan's trade surplus is too high, and its market access too restricted.

President Bush has come to Japan as a friend, seeking solutions to these concerns, believing that the expansion of free and fair trade will do nothing but strengthen our relationship. We in the United States are confident about our capacity for partnership. Our areas of common interest are too important. Consider the four key areas of our joint relationship.

First, the U.S.-Japan security alliance. We enjoy a strong security bond with Japan. Japan's generous host-nation support for U.S. forces stationed here is an important demonstration of shared responsibilities. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation enhances our security and builds even stronger political ties between us.

The Gulf crisis sparked spirited debate here about Japan's global role. That makes it all the more profound that no nation outside the Gulf region provided more generous financial support than did Japan. The American people and peace-loving people everywhere appreciate deeply your contribution, Japan's contribution, to the United Nations coalition in the Gulf.

Even before the Gulf war, but especially in its aftermath, Japan has continued to define its growing role in world affairs. An increasingly active, engaged, and responsible Japan is critical to a forward-looking post-cold-war community. That community will not exist unless its leading powers lead.

This brings us to the second area of our relationship, our foreign policy cooperation. We must fulfill the bright promise of our global partnership. Together, we produce 40

percent of the world's gross national product. We contribute together 40 percent of all bilateral aid. We have the ability to marshal unrivaled resources to build a better future if our foreign policies are well coordinated.

America has a responsibility here, but it is a responsibility we share with Japan. The upcoming conference on assistance to the nations of the former U.S.S.R., now the Commonwealth of Independent States, is a timely example of such foreign policy coordination.

The collapse of the Soviet Union has also spurred questions within Japan about the durability of U.S.-Japan alliance. For decades, this alliance has stood as the bulwark of American-Japanese international cooperation. It is today every bit the linchpin of regional stability and bilateral cooperation that wise men foresaw years ago.

The demise of the Soviet Union may confront us both with ominous dangers, but it also presents us an historic opportunity. The leadership Japan and other Asian nations can provide to help transform a once-totalitarian empire into market-oriented and democratic states helps guarantee the future peace and stability of our world.

Let me add that with the changes in the former Soviet Union, the United States sees no reason why Japan should not regain the Northern Territories. We share this goal, and in whatever way we can, we will help you attain it.

We cannot imagine meeting the foreign policy challenges of our time without Japan as a partner. That is why today Prime Minister Miyazawa and President Bush will issue a document called the Tokyo Declaration, setting out the basic principles and major challenges of our global partnership. By putting into words the fundamentals of the two great partners, we hope to guide the way through the turbulent waters ahead. We must be clear about our responsibilities and our requirements, for our renewed alliance will do much to define the shape of the post-cold-war world.

Third, we must deepen our understanding of each other. For all of our interaction politically and economically, our peoples know too little of the other's history, tradi-

tions, and language. We welcome the work of the Center for Global Partnership in expanding exchanges and interactions, intellectual, scientific, and cultural. Thanks to such programs, our two nations will have an ever-increasing number of people who have lived in each other's country, speak each other's language, and understand more fully how important we are to each other.

Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations and as the cold war ends in victory for our cause, our economic relations have taken center stage. This brings me to the fourth and most important point.

If we are to expand our economic ties, we must face up to the economic tensions that threaten our relations. We must reduce those tensions now by opening markets and by eliminating barriers to trade and investment. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year. We will sell nearly \$50 billion to Japan.

Our economies, the world's two largest and most technologically advanced, have become irreversibly intertwined. Closing markets and restricting trade have previously brought the world to the brink of economic disorder. Isolation and protectionism must remain the sleeping ghosts of the past, not the waking nightmares of the future. We must reject these failed notions in the sure knowledge that expanding markets mean expanding jobs and increasing prosperity for both our countries.

We must ensure a continued strong two-way economic relationship between Japan and the United States, with markets more open to new goods and services, manufacturers more open to new competitive ideas, the financial services industry competing on a fair basis, and an equitable flow of technology on both sides.

Our two countries share a special responsibility to strengthen the world economy. Yesterday the President and the Prime Minister announced a strategy for world growth which commits both our countries to do-

mestic policies to stimulate growth. Expanded domestic demand in Japan translates into additional exports to Japan for American products and jobs at home. And we are seeking broad support for growth policies among other industrialized countries as well.

Many American businesses learned during the past decade that the old ways no longer work in our changing international marketplace. Our companies have cut costs, improved quality, and championed innovation. As a result, our products sell in markets everywhere they have access. And candidly, such access is still limited in Japan.

We must reduce the trade imbalance between us, not through managed trade, through gimmicks or artificial devices, but simply by gaining true and welcome access to your markets. We want to create fair opportunities for traders and investors, both buyers and sellers, by removing the barriers both seen and unseen to open and equitable trade.

American business doesn't need a handout and doesn't want one. Some say that perhaps it is time to help the United States out of a sense of pity or compassion. Let me tell you, we are looking for no such help. What the United States wants from Japan is for Japan to recognize its international economic responsibility for its own sake and for the sake of the global marketplace upon which Japan depends. When we express appreciation to those who seek to open Japanese markets, it is not because we need a handout but because we know an open Japan is good for us all.

Our companies simply expect the chance to compete fairly in markets around the world. Our Government remains committed to open markets, and we will further reduce our own trade barriers as our friends dismantle their own.

Our two countries have embarked on a unique experiment in economic independence called the Structural Impediments Initiative. In this effort, each side pinpoints the other's barriers to competitiveness, and each commits to reduce them. We both must reinvigorate this commitment to market access, whether for high quality American products or quality American

services. The beneficiaries will be the workers and consumers on both sides of the Pacific.

Improving our economic relations includes further opening your markets. It means greater openness in many sectors of the Japanese economy still biased against outside investment. These practices hurt American companies, but they also hurt Japanese consumers.

Americans want the same things you want, a better quality of life for themselves and their families. Americans never say, "Please raise our prices." And I'll bet the Japanese don't either. Every worker is also a consumer, and economic competition brings them great choices and lower prices. In fact, the Toys-R-Us store that the President visited in Kyoto offers prices up to 30 percent lower than its Japanese competition. The stunning success of the consumers' response to its sister store north of Tokyo tells the same story. That's good for us, and it's good for you.

U.S. export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. About one-third of our economic growth between 1985 and 1990 was attributable to merchandise exports. To Japan, our manufactured exports are up 70 percent since 1987, a \$20 billion increase that represents almost half a million jobs.

Still the overall trade deficit with Japan remains large. And I might add, its persistence is truly the exception among our trading partners. Let me say this: We have waited a long time, but now the time has come for equal access. Fairplay is in both our interests.

As you know, the United States and Japan also face the urgent challenge of leading the way to a successful conclusion of the Uruguay round. Because of the benefits we each derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues quickly and decisively. The success of the round depends on bold, farsighted leadership. We must lift our gaze to the glimmering horizon of broader prosperity and not worry over the stones in our immediate path.

Yes, all of us have problems with portions

of the so-called Dunkel draft, but we cannot let the progress it represents slip through our fingers. If we allow that draft to be picked apart by special interests, who wins? Not our people, not yours, not the less developed nations. No one. The GATT round is the world's best hope for expanding trade for all countries.

Men and women from all walks of life and all parts of America constantly tell the President this: They believe very, very strongly in creating a level playing field for everyone. We want all our trading partners to give the United States companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade; that's fair trade. And it creates a basis for even greater freedom and greater prosperity for all.

Many of our Japanese friends argue that the United States must improve its competitiveness, and they're right. We recognize that some of our bilateral trade imbalance stems from causes other than restricted market access. One reason for Japan's competitiveness is because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established fine quality control systems. You have developed a highly educated labor force and have taken the long view to develop markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness. We can and will increase our rate of savings and investment. We will continue to boost our manufacturing's excellence. We will reduce the budget deficit. To stimulate innovation, risk, and longer term business outlook, the President is pushing for investment incentives, R&D credits, and capital gains tax cuts. In America, cutting capital gains is politically extremely difficult. It would be easier if our politicians saw the positive effect on Japan's competitiveness due to low capital gains rates.

And America must raise its educational standards. Our America 2000 education strategy will fuel a revolution for better quality schools. This is another path to competitiveness. The education achievements of

Japan and others in the Asia-Pacific region inspire us. That is why President Bush has invited the countries of the Pacific Rim to send their education ministers to Washington for a conference this spring to seek new ways to cooperate and to learn from each other's accomplishments.

With the President today, traveling with him, is a delegation of America's top business leaders. They've come to explore new business opportunities in all the nations the President has visited. Every one of them can tell you that despite the fact that our economy is facing some new tough times right now, America still draws upon tremendous strengths. Our basic research is the best anywhere. We have many of the world's finest universities. American technology remains on the cutting edge in many advanced fields such as computers and biotechnology. Our society is energetic, creative, and talented. It has the added advantage of drawing upon the strengths and insights of many cultures, including Japan's.

The chief executive officers accompanying the President will also tell you that they care about American jobs. They care about American exports. Obviously, so does the President. We know that the Asian-Pacific market offers enormous potential to those American businesses that will accept the challenge of competition. That same competition has propelled Japan toward world leadership. Open markets around the world has provided Japan with economic promi-

nence. Japan must now join the ranks of world leadership in strengthening free markets and freedom.

Finally, let me leave with you a message that the President wished to give directly to the people of Japan. And I quote:

The American people are your friends. Friendship must be built upon three pillars: fairness, trust, and respect. We expect nothing less, and we ask for nothing more. Today marks a turning point for us in many ways. Together, we face the next millennium, a new order for the ages, a new world of freedom and democracy. We stand as the world's powers with the future presenting us with a decision. The United States has made its choice against isolationism and in favor of engagement, against protectionism and for expanding trade. Today we bid Japan to do the same because engagement and open trade are in your best interest.

Together, let us shape a new and open world, a world of vigorous competition and dazzling innovation. Let us build a world of greater prosperity and peace than ever before, if not for the sake of ourselves, then for the sake of our children. This is the finest legacy that we could bequeath to them.

Thank you very much.

Note: Secretary of the Treasury Nicholas F. Brady delivered the President's remarks at 12:45 p.m. at the Akasaka Prince Hotel.

Exchange With Reporters Prior to Discussions With Prime Minister Kiichi Miyazawa of Japan in Tokyo

January 9, 1992

President's Health

Q. Mr. President, what can you say to reassure people that you're all right, sir?

The President. Tell them to talk to my doctor. I feel pretty good. Coming back strong. I've got a 24-hour flu. But I feel pretty good. I had a fair sleep, slept this morning. Still mainly on fluids. But I think it was just one of those bounces that come along. But I'm feeling all right.

Try to pace it for this afternoon, go over a little business here with—and I apologize to the Prime Minister for such a shabby performance.

But you know one thing, Mr. Prime Minister, it was wonderful, the flowers and cards from your associates. It was very touching. And it is not that serious, but it was so sweet to do that.

Q. Are you back to normal, sir, or are you