

Originally Processed With FOIA(s):

S

FOIA Number:

S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13780
Folder ID Number: 13780-001

Folder Title:
Asia Society 11/12/91 [OA 8317][1]

Stack:	Row:	Section:	Shelf:	Position:
G	26	21	7	5

THE WHITE HOUSE

WASHINGTON

November 8, 1991

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST
FROM: TONY SNOW
SUBJECT: ASIA SOCIETY DINNER

I. SUMMARY

On Tuesday, November 12, at 7:35 p.m., at the Waldorf-²⁰ Astoria in New York City, you will deliver remarks (14 minutes, on prompter) to an audience of approximately 800 people at the Asia Society's 1991-92 Annual Dinner. The audience will consist primarily of business leaders, scholars, and diplomats. You will be introduced by Asia Society Chairman and former Deputy Secretary of State John Whitehead.

II. DISCUSSION

Your remarks highlight the future of U.S.-Asia relations and assert our continued commitment to the Asia-Pacific region. In particular, you offer reassurances regarding matters of trade, security and democracy.

Snow/Nix
Asia
Draft One *Two*
November *7*, 1991
8

*Proofed copy
Nov. 8
Draft Two*

PRESIDENTIAL ADDRESS: THE ASIA SOCIETY
WALDORF-ASTORIA HOTEL
NEW YORK, NEW YORK
TUESDAY, NOVEMBER 12, 1991
7:~~30~~ P.M.
35

[INTRODUCTORY ACKNOWLEDGMENTS -- Chairman John Whitehead and wife, Nancy; President Robert Oxnam; and Vice Chairman Peter Aaron]

As you know, I have just returned from a trip to Rome and the Hague. There, I worked and other Western leaders worked to build a post Cold-War world characterized by mutual security, democracy, individual liberty, free enterprise, and unfettered international trade. I want to talk about those same topics tonight, but with the accent on Asia.

But first, for audiences here and in Asia, I think it's important to discuss once again why we will not travel to the region later this month. As President, I must serve the entire nation in the domestic and foreign arenas. Sometimes those obligations clash. Congress could not complete its work on schedule this year, forcing me to remain in Washington indefinitely -- and also forcing us to postpone our important trip to the Asia Pacific region.

Make no mistake, however: I will not turn my back on my responsibility to do the nation's business here and abroad, and

in times of economic pain, I certainly will not give up an opportunity to work with our allies to create new markets, new jobs and new opportunities for American workers. I will not surrender a chance to help our agricultural industries, our manufacturing industries and our service industries by building greater bonds of trade and commerce.

And I certainly will not permit us to retreat into a kind of Fortress America, which will doom us to irrelevance and poverty. I remain deeply committed to building closer ties with ~~our~~ the Asia Pacific region. Although much of our Nation's heritage comes from Europe, our future points equally toward Asia.

Asia has transformed itself in the space of a generation into the most rapidly growing region on the face of the earth. Asia-Pacific nations enjoyed staggering real economic growth in the decade of the Eighties: The Australian economy grew 41 percent; Japan's grew nearly 52 percent; Malaysia almost 60 percent; Hong Kong, 89 percent; Singapore, 93 percent; Taiwan, 116 percent and South Korea, 150 percent.

The Asia-Pacific region has become our largest and fastest growing trade partner. We conduct more than 300 billion dollars worth of two-way trade annually. Together, we generate nearly half the world's GNP. American firms have invested more than 61 billion dollars in the region, and that figure will grow. Asians have invested more than 95 billion dollars in the United States. In everything from automobiles to microchips, from baseball to Australian rules football, our ^{ties of mutual interest} grow closer each day.

between America and Indochina, we soon will place an ambassador in Vientiane.

The government of South Korea has moved quietly to build better ties with its neighbor to the North, while boldly challenging the North to abandon its nuclear weapons program, which threatens regional peace.

We welcome bilateral efforts among the Japanese, Soviets, Chinese and Koreans to reduce the tensions caused by North Korea's unsafeguarded nuclear program, and we will continue our own efforts. But we also will deter aggression by maintaining a significant military presence in the South.

We have worked closely with Japan in the area of foreign aid: we are the world's two foremost providers of such aid. We also cooperate on matters of development assistance, environmental protection, trade, arms control, refugees and regional peace.

The Japanese have joined us in trying to lead the Soviet Union and Eastern Europe toward free enterprise. They have supported more than 50,000 U.S. military forces in Japan with 3 billion dollars in annual host nation contributions. Japan contributed nearly 13 billion dollars to the multinational forces for the Gulf War, 10 billion dollars of which went to the United States. This required new taxes, but Japan chose the right course in supporting the coalition against aggression.

Australia casts a shadow far larger than its population and size would suggest. It always has served as a trustworthy ally

A few years ago, it was a cliché to refer to the 20th Century as the American Century and the 21st as the Pacific Century. I don't have a crystal ball, but I'm willing to bet that the 21st Century will take a somewhat different form. I predict that America will remain the world's greatest economic, political, military and moral power. But at the same time the nations of the Asia Pacific region, having risen with our help, will join us as equal partners in building democracy and freedom.

We'd be here forever if I tried to tick off our interests and activities, country-by-country. So instead I will address the three central issues in our relationships with the nations of the region: security, democracy, and trade.

In the area of security, Asia's variety has spawned a diverse set of political and strategic alliances. Our custom-made agreements provide a strong foundation for future security.

Let me give you a few examples. The ASEAN Nations, Japan, Australia and the U.N. Security Council's permanent members forged a Cambodian peace process that promises free elections in a nation previously rent by tyranny and genocide.

This promise of peace opens the final chapter of the Indochina conflict. We envision normal relations with Vietnam as soon as we resolve our concerns about Cambodia and the problem of POW/MIAs. Today, I am happy to announce that we will upgrade our relations with Laos. In an apt sign of the healing process between America and Indochina, we soon will place an ambassador in Vientiane.

and defender of democracy, and it increasingly serves as an indispensable link to Asia and the Pacific.

We can help ensure future peace in the region and defend our interests through a range of military arrangements. Bilateral alliances, access agreements and Five-Power defense arrangements give us the flexibility we need.

While we must adjust our force structure in the region to reflect post Cold^W War realities, we must not ignore the important tensions that remain: in Korea; in Burma, where socialist despotism holds sway, despite the heroic efforts of freedom fighters like Nobel Laureate Aung San Suu Kyi; in China and other communist regimes that resist the worldwide movement toward political pluralism -- and that sometimes lend comfort, support and even dangerous weapons to our adversaries.

Fortunately, the key to future stability in the region lies not with arms, but with ballots. Democracy has swept across Asia, just as it has liberated other previously enslaved parts of our world. I have mentioned some of the exceptions: Burma, China, North Korea, Vietnam. Many, many others have accepted democracy's call.

The United States will support democracy wherever it can, understanding that nations adopt political freedom in their own ways, in manners consistent with their histories and cultures. After decades of uncertainty, the future seems full of hope, and even the intransigent few seem likely to join the rest of the world in building a commonwealth of freedom.

This brings us to the third focal point, and a crucial ingredient in a stable, free society: economic prosperity.

No nation can ignore the incredible vitality of this region -- or afford to. The United States will remain engaged with the Asia⁼ Pacific because we must -- and because we want to. Yes, we disagree on important trade issues, but the key players in the region have committed themselves to the cause of free and fair trade because our fates have become inextricably linked.

Contrary to the opinions of some in this country, free trade requires efforts by all parties involved. The Asia⁼ Pacific Economic Cooperation Group encourages growth and trade. The Uruguay Round of GATT talks remains the single most important vehicle for advancing the cause of free trade and fending off the scourge of protectionism. We call upon Japan to work with us in breaking down old barriers to trade and opening up markets in manufacturing, services and agriculture -- for all our benefit.

Too often, trade disputes bring out the worst in people. Japan-bashing has become a minor sport in the United States, and some in Japan have become equally scornful of the United States.

Both our nations must reject those who would rather seek scapegoats than pursue lasting prosperity.

The fact is that Japan, which nearly half a century ago became a focal point of American hatred, has become one of our closest and most treasured allies. We continue working with our Japanese allies to open agricultural, financial and manufacturing markets, and in creating opportunities for businesses of both

nations. I especially look forward to spending time with my old friend, Prime Minister Miyazawa -- significantly, a man steeped in Western and Eastern culture, and superbly equipped to build bridges of culture and trade between our two great Nations.

Our Structural Impediments Initiative talks have helped lower barriers to trade and investment, but we need to give those talks new life and advance the cause of liberalization.

The United States can no more afford to close its doors to the Asia-Pacific Region than Asian nations can afford to close their doors to us. Our regions have become the most powerful engines for economic growth on earth. Together, we can build an even more prosperous and spectacular future -- but only if we set aside petty pride and take up the tough, rewarding task of promoting worldwide economic liberty. We seek no trade blocs; we oppose new trade barriers. We seek a vibrant international economic system that unites markets on every continent.

We in the United States also must take a hard look at ourselves and pursue measures to improve our own economy. We levy an unacceptably high effective tax rate on capital gains. We subject our own entrepreneurs to incredible pressure. Our allies want us to unchain our innovators -- and so do I.

We run an enormous and growing budget deficit, which seems to serve no greater purpose than to inflame political divisions within our own country. We must take purposeful action to reduce that deficit, while nourishing the seeds of economic growth.

We must modernize our banking industry; strengthen the competitiveness of our industrial base. We must work with our allies to build a stable and sound monetary regime.

And perhaps most important of all, we must build human capital. We have an obligation to prepare future generations for life in the 21st Century. The integrated global economy will demand more of us than it ever has before, and our schools must meet that challenge.

We have seen in recent years that technological change can do much more than make our lives more comfortable. It can sweep away the debris of totalitarianism, and forge the foundation for lasting liberty. We live in an age of liberation technology, and no technology does more for the cause of freedom than the means of mass communications. We may carp about what we see on the evening news, but information media have done more to destroy despotism than weapons ever could. No nation can import high-tech conveniences but shut off information and ideas. No wall is high enough and no government sufficiently despotic to shut off what some call a revolution of electrons.

As we compete with our allies in this area, we must remember that information feeds intellect, and the better our children's educational preparation, the freer this world will become.

Let me close today by summarizing our general approach to relations with Asia. Our administration sees six keys to promoting lasting peace in the Asia-Pacific region:

Progressive trade liberalization / Security cooperation /
A shared commitment to democracy and human rights / Educational
and scientific innovation / Respect for the environment / And an
appreciation of our distinct cultural heritages.

Americans have always looked to the horizons for their
destiny, even from our earliest days. We have grown great
because we have welcomed people from every continent and country,
and we have tried to make use of their distinct talents, while
constructing a common culture.

As children, many of us traced our fingers along a globe, to
distant lands our ancestors called home. We felt special then,
feeling part of two worlds -- one, of an old and important
culture; the other, the American life of freedom and opportunity.

Today, our Asian population is growing more rapidly than any
other, and immigrants from every Asian island and country have
enriched all our lives. Our Administration is proud to have more
Asian-Americans than any previous administration, and two women
of Asian descent serve in top administration positions: Elaine
check Chao, as director of the Peace Corps, and Pat Saiki, the
administrator of the Small Business Administration.

America's genius lies in its openness, its tolerance, and
its diversity. Today, we celebrate that diversity, and celebrate
the prospect that in years to come, we will develop with our
Asian friends even greater ties of trade and culture. We will
teach them, and they shall teach us. And together, we will fight

to build a world united in its determination to help men and women make the most of themselves.

I look forward to traveling soon to Asia, to advance these important principles, and to create work opportunities for tens of thousands of American workers and businesses. The notion that we can separate domestic and foreign policy rests upon the stubborn fantasy that we can live as an isolated island surrounded by a changing and developing world. In that way lies national suicide and international chaos.

We tried isolationism once, and we ended up fighting two bloody world wars.

We tried economic isolationism -- protectionism -- and we helped set off a worldwide depression. As President, I will continue building ties with our allies, because those ties mean peace at home and jobs for American men and women.

I want to thank the Asia Society for its vital contributions to the cause of peace, prosperity and understanding. I look forward to your help as I seek to build closer bonds of affection and interest with the peoples of the vast, marvelous, varied Asia-Pacific region.

Thank you. May God bless our Asian-Pacific friends and the United States of America.

#

91 NOV 7 P1:34

OFFICE OF FINANCE & TRADE INFORMATION

U.S. Department of Commerce
International Trade Administration
Room 2815
Washington, D.C. 20230
TEL NO. (202) 377-5145
FAX NO. (202) 377-4614

Number of Pages (Including Cover Page) 7

Recipients Name MICHELLE NIX

Department/Firm Whitehouse Speech Writing Office

Phone 202/456-7750 Fax 202/456-6218

Comments _____

Sender Vera Hartman
Date 11/7/91
Senders Phone No 202/377-2211

Have A Nice Day

- 11 -

Table 2

U.S. Total Exports to Individual Countries, 1984-90
(Domestic and Foreign Merchandise, F.o.b.; Millions of Dollars)

	1984	1985	1986	1987	1988	1989	1990	1989/1990 Change	
								\$	%
WORLD 1/.....	223,999	218,828	227,159	254,122	322,426	363,812	393,893	30,082	8.3%
SPECIAL CATEGORY 6/.....	4,975	5,446	4,364	5,422	5,339	NA	NA		
UNDOCUMENTED EXPORTS TO CANADA.....	5,253	6,036	10,179	6,429	10,648	15,959	NA		
MISCELLANEOUS 7/.....	1,226	(116)	(231)	1,333	208	394	241		
DEVELOPED COUNTRIES 8/.....	141,274	140,126	151,693	165,429	206,915	234,669	256,885	22,216	9.5%
Canada.....	51,777	53,287	55,512	59,814	71,622	78,809	83,866	5,057	6.4%
Japan.....	23,575	22,631	26,882	28,249	37,725	44,494	48,585	4,091	9.2%
Australia 8/.....	4,793	5,441	5,551	5,495	6,973	8,331	8,535	204	2.4%
New Zealand 8/.....	708	727	881	819	940	1,117	1,133	16	1.4%
South Africa.....	2,265	1,205	1,158	1,281	1,688	1,659	1,732	73	4.4%
Western Europe.....	58,156	56,836	61,710	69,772	87,967	100,259	113,034	12,775	12.7%
European Community (EC-12) 8/...	50,635	49,067	53,222	60,629	75,864	86,424	98,086	11,661	13.5%
Belgium/Luxembourg.....	5,301	4,918	5,399	6,189	7,410	8,522	10,448	1,926	22.6%
Denmark.....	605	706	758	893	969	1,051	1,311	261	24.8%
France 8/.....	6,037	6,096	7,216	7,943	9,970	11,579	13,652	2,073	17.9%
Germany.....	9,221	9,123	10,628	11,802	14,457	16,956	18,752	1,796	10.6%
Greece.....	456	498	430	402	655	697	765	67	9.7%
Ireland.....	1,354	1,342	1,434	1,810	2,183	2,483	2,539	56	2.3%
Italy 8/.....	4,375	4,625	4,838	5,530	6,775	7,215	7,987	772	10.7%
Netherlands.....	7,554	7,269	7,847	8,217	10,117	11,364	13,016	1,652	14.5%
Portugal.....	961	695	638	581	749	925	922	(2)	-0.3%
Spain.....	2,561	2,524	2,615	3,148	4,215	4,796	5,208	413	8.6%
United Kingdom.....	12,210	11,273	11,418	14,114	18,364	20,837	23,484	2,647	12.7%
Non-EC Europe 8/.....	7,522	7,769	8,488	9,143	12,102	13,834	14,948	1,114	8.1%
Austria.....	375	441	464	549	746	873	873	1	0.1%
Cyprus.....	74	45	54	65	116	109	129	21	19.2%
Finland.....	350	438	381	514	761	969	1,126	157	16.2%
Gibraltar.....	4	13	32	4	6	2	32	30	...
Iceland.....	51	38	60	84	97	179	232	53	29.7%
Malta.....	23	26	24	97	101	48	45	(2)	-5.2%
Norway 8/.....	859	666	937	842	929	1,037	1,281	244	23.5%
Sweden.....	1,542	1,925	1,871	1,894	2,700	3,138	3,404	265	8.4%
Switzerland 8/.....	2,562	2,288	2,976	3,151	4,196	4,911	4,944	33	0.7%
Turkey.....	1,249	1,295	1,160	1,482	1,850	2,003	2,253	250	12.5%
Yugoslavia.....	432	595	528	461	530	499	566	67	13.4%
Other Non-EC Europe 8/.....	NA	NA	NA	NA	70	67	63	(4)	-5.5%
DEVELOPING COUNTRIES 2/ 8/.....	74,418	71,671	70,637	81,691	106,722	117,766	127,448	9,682	8.2%
Western Hemisphere 3/.....	29,683	31,019	31,077	34,979	43,859	49,080	54,077	4,997	10.2%
Mexico.....	11,992	13,635	12,392	14,582	20,628	24,982	28,375	3,393	13.6%
South America.....	11,050	11,022	11,950	13,036	15,112	14,479	15,612	1,133	7.8%
Argentina.....	900	721	944	1,090	1,054	1,039	1,179	140	13.5%
Bolivia.....	106	120	112	140	148	145	139	(6)	-4.4%
Brazil.....	2,640	3,140	3,885	4,040	4,266	4,804	5,062	258	5.4%
Chile.....	805	682	823	796	1,066	1,414	1,672	258	18.2%
Colombia.....	1,450	1,468	1,319	1,412	1,754	1,924	2,038	114	5.9%
Ecuador.....	655	591	601	621	681	643	680	38	5.8%
Falkland Islands.....	0	0	5	6	0	1	0	(0)	-64.6%
French Guiana.....	72	114	25	124	283	270	271	1	0.3%
Guyana.....	51	43	47	60	67	78	76	(2)	-2.8%
Paraguay.....	64	99	171	183	194	167	307	140	83.4%
Peru.....	751	496	693	814	795	695	778	83	12.0%
Suriname.....	100	86	84	72	93	140	157	17	12.3%
Uruguay.....	80	64	100	92	99	134	145	11	8.2%
Venezuela.....	3,377	3,399	3,141	3,586	4,612	3,025	3,107	82	2.7%

Table 2--Continued

U.S. Total Exports to Individual Countries, 1984-90
(Domestic and Foreign Merchandise, F.a.s.; Millions of Dollars)

	1984	1985	1986	1987	1988	1989	1990	1989/1990 \$	Change %	
Caribbean Basin Initiative Ctry..	6,528	6,199	6,595	7,185	7,937	9,419	9,973	554	5.9%	
Bahamas.....	555	786	761	782	740	772	801	29	3.8%	Afr
Barbados.....	241	173	147	132	160	180	162	(18)	-10.1%	Al
Belize.....	53	56	59	72	103	101	106	5	5.1%	Am
Cayman Islands.....	78	75	83	127	104	204	185	(19)	-9.1%	Bo
Costa Rica.....	423	422	483	582	696	882	992	110	12.4%	Br
Dominican Republic.....	646	742	921	1,142	1,359	1,645	1,658	13	0.8%	Bu
El Salvador.....	426	445	518	390	483	520	556	36	6.9%	Bu
Guatemala.....	377	405	400	480	590	662	759	97	14.7%	Car
Guyana.....	51	43	47	60	67	78	76	(2)	-2.8%	Cen
Haiti.....	419	396	387	459	475	472	478	6	1.2%	Chi
Honduras.....	322	308	363	418	476	515	563	48	9.4%	Col
Jamaica.....	495	404	457	601	762	1,006	944	(62)	-6.2%	Col
Leeward & Windward Islands.....	209	199	225	238	297	372	390	18	4.9%	DJ
Netherlands Antilles.....	648	427	398	507	528	539	744	205	38.1%	Eg
Nicaragua.....	112	42	3	3	6	2	68	66	---	Eq
Panama.....	757	675	711	742	637	723	867	143	19.8%	Etl
Suriname.....	100	86	84	72	93	140	157	17	12.3%	Fr
Trinidad & Tobago.....	601	504	532	361	326	563	430	(133)	-23.7%	Gol
Turks & Caicos Islands.....	16	12	15	15	33	46	39	(7)	-14.2%	Gol
Other Western Hemisphere.....	264	292	272	309	341	417	349	(68)	-16.3%	Gh
Bermuda.....	225	258	236	261	281	354	255	(99)	-28.0%	Gu
French West Indies.....	38	28	34	44	57	59	88	29	49.0%	Iv
Greenland.....	2	6	2	3	4	4	6	2	40.5%	Ke
St. Pierre & Miquelon.....	0	0	0	0	0	0	0	0	158.2%	Le
East Asia NICs.....	17,723	16,918	18,290	23,547	34,816	38,429	40,741	2,312	6.0%	Li
Hong Kong.....	3,062	2,786	3,030	3,983	5,687	6,291	6,840	549	8.7%	Ma
Korea, South.....	5,983	5,956	6,355	8,099	11,232	13,459	14,399	940	7.0%	Ma
Singapore.....	3,675	3,476	3,380	4,053	5,768	7,344	8,019	675	9.2%	Mo
Taiwan.....	5,003	4,700	5,524	7,413	12,129	11,335	11,482	148	1.3%	Mo
Other Asia 4/.....	9,074	7,611	7,809	8,447	11,174	12,719	14,918	2,199	17.3%	Mo
Afghanistan.....	7	3	8	8	6	5	4	(1)	-10.9%	Na
Bangladesh.....	303	219	165	193	258	282	181	(100)	-35.9%	Ni
Brunei.....	34	51	202	93	74	63	143	80	126.3%	Ni
Burma.....	16	10	16	8	11	5	20	15	324.7%	Rv
India.....	1,570	1,642	1,536	1,463	2,500	2,458	2,486	29	1.2%	Se
Indonesia.....	1,216	795	946	767	1,059	1,247	1,897	650	52.1%	Se
Macao.....	2	1	3	5	7	11	8	(3)	-29.9%	Si
Malaysia.....	1,856	1,539	1,730	1,897	2,141	2,870	3,425	554	19.3%	So
Nepal.....	4	7	8	56	64	9	10	1	9.2%	St
Pakistan.....	1,092	1,042	830	733	1,090	1,134	1,143	9	0.8%	Su
Philippines.....	1,766	1,379	1,363	1,599	1,878	2,202	2,472	270	12.2%	Sw
South Asia NEG.....	3	2	1	4	1	3	1	(2)	-64.2%	Ta
Sri Lanka.....	92	73	66	77	122	143	137	(6)	-4.1%	Tc
Thailand.....	1,113	849	936	1,544	1,962	2,288	2,991	703	30.7%	Tc
Middle East.....	11,133	9,709	8,415	9,502	10,814	11,126	11,198	72	0.7%	Ug
Bahrain.....	145	107	194	205	280	489	718	230	47.0%	Ug
Iran.....	162	74	34	54	81	55	166	111	201.9%	Za
Iraq.....	664	427	527	683	1,157	1,169	732	(437)	-37.4%	Za
Israel (incl Gaza).....	2,194	2,580	2,239	3,130	3,244	2,828	3,201	373	13.2%	Zi
Jordan.....	299	377	332	365	368	380	309	(71)	-18.7%	
Kuwait.....	635	551	657	505	683	853	401	(453)	-53.0%	Oth
Lebanon.....	286	141	106	97	123	94	98	4	4.8%	Al
Neutral Zone B/.....	NA	NA	NA	NA	0	5	1	(4)	-80.4%	Fr
Oman.....	168	160	160	171	129	170	163	(7)	-4.2%	Nc
Qatar.....	84	64	62	76	98	100	115	14	14.3%	Pc
Saudi Arabia.....	5,564	4,474	3,449	3,373	3,776	3,574	4,035	461	12.9%	Sc
Syria.....	104	106	59	93	84	91	150	59	64.6%	Tr
United Arab Emirates.....	695	596	493	619	705	1,238	998	(240)	-19.4%	Ug
Yemen Arab Republic.....	131	51	101	131	86	80	111	31	38.5%	Or

33

U.S. BILATERAL TRADE WITH SELECTED COUNTRIES, 1982-84 (cont.)
(Domestic and Foreign Merchandise Exports, FAS; General Imports, CIF; Millions of Dollars)

	U.S. EXPORTS			U.S. IMPORTS			TRADE BALANCE 1/		
	1982	1983	1984	1982	1983	1984	1982	1983	1984
East Asian NICs	15,563	16,915	17,722	23,767	29,561	39,133	(8,204)	(12,646)	(21,413)
Hong Kong	2,453	2,564	3,062	3,895	6,825	8,899	(3,442)	(4,261)	(5,837)
Singapore	3,214	3,759	3,474	2,274	2,969	4,121	940	790	(447)
South Korea	5,529	5,925	5,983	6,011	7,657	10,027	(482)	(1,732)	(4,044)
Taiwan	4,347	4,667	5,003	9,587	12,110	16,088	(5,220)	(7,443)	(11,085)
Other Asia 4/	9,397	9,012	9,076	11,840	14,187	16,601	(2,443)	(5,175)	(7,525)
India	1,598	1,828	1,570	1,522	2,334	2,737	76	(506)	(1,167)
Indonesia	2,025	1,466	1,216	4,509	5,657	3,867	(2,484)	(4,191)	(4,651)
Malaysia	1,736	1,688	1,856	1,959	2,208	2,825	(223)	(521)	(969)
Pakistan	700	812	1,092	181	183	268	519	629	824
Philippines	1,854	1,807	1,766	1,956	2,159	2,622	(102)	(352)	(856)
Thailand	915	1,063	1,112	956	1,035	1,426	(41)	28	(314)
Middle East	15,950	13,796	11,133	12,437	7,492	8,555	3,513	6,304	2,578
Iran	122	190	162	612	1,167	730	(490)	(977)	(568)
Iraq	846	512	644	42	61	129	804	451	535
Israel	2,271	2,017	2,194	1,208	1,300	1,809	1,063	717	385
Saudi Arabia	9,026	7,903	5,564	7,860	3,840	4,009	1,166	4,063	1,553
United Arab Emirates	1,101	864	695	2,139	542	1,278	(1,038)	322	(583)
Africa	7,769	6,487	6,562	16,486	13,102	12,419	(8,717)	(6,615)	(5,857)
Algeria	909	594	520	2,792	3,815	3,771	(1,883)	(3,221)	(3,251)
Angola	158	91	103	724	948	1,053	(566)	(857)	(950)
Congo	69	16	12	676	859	1,054	(607)	(843)	(1,042)
Egypt	2,875	2,813	2,704	569	325	182	2,306	2,488	2,522
Ivory Coast	96	61	64	326	371	499	(230)	(310)	(435)
Kenya	98	69	74	77	70	69	21	(1)	5
Morocco	396	440	526	51	34	39	345	406	487
Nigeria	1,295	864	577	2,274	3,883	2,606	(3,979)	(3,019)	(2,029)
CENTRALLY PLANNED ECONOMIES 5/	6,557	5,088	7,216	3,671	3,955	5,738	2,886	1,133	1,478
China	2,912	2,173	3,004	2,502	2,477	3,381	410	(304)	(377)
USSR	2,587	2,003	3,284	247	374	600	2,340	1,629	2,684
Eastern Europe	1,017	888	904	915	1,100	1,752	102	(212)	(848)
Bulgaria	106	66	44	31	30	31	75	36	13
Czechoslovakia	84	59	58	68	68	96	16	(9)	(38)
Germany, East	223	139	137	59	64	167	164	75	(30)
Hungary	68	110	88	145	172	242	(77)	(62)	(154)
Poland	295	324	318	229	209	244	66	115	74
Roumania	224	186	249	380	553	969	(156)	(367)	(720)

NOTES: Export data include special category or military type goods for world, country, and regional aggregations. Because of rounding, country and regional aggregations in this table may differ slightly from values in other published sources. Adjustments to the export and import values for Spain, Portugal, and USSR (and the associated regional aggregations) have been made for 1982-1983 to agree with the 1984 Census definitions of these countries.

- 1/ Parentheses indicate negative entries.
 2/ Excluding Cuba, Laos, and Cambodia or Kampuchea.
 3/ Excluding Cuba.
 4/ Excluding Laos and Cambodia or Kampuchea.
 5/ Including Cuba, Laos, and Cambodia or Kampuchea.

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
World	4.9	4.0	4.2	3.7	1.9	1.6	-	2.4	4.7	3.7	2.9	3.5	4.3	3.2	2.3
Industrial Countries	4.7	3.5	4.2	3.3	1.1	1.4	-2.5	2.6	4.7	3.5	2.8	3.3	4.4	3.2	2.3
United States	4.9	4.7	4.6	3.9	-2.2	1.7	-3.2	3.6	6.6	3.5	2.8	3.4	4.4	2.5	1.0
Canada	6.2	3.6	4.6	3.9	1.5	2.7	-	3.2	6.3	4.8	3.3	4.0	4.4	3.0	.9
Australia	4.0	0	3.5	3.6	2.3	3.7	-1.4	5.6	7.4	4.8	2.4	4.3	3.5	4.5	1.2
Japan	4.2	4.8	3.0	2.6	3.5	4.9	3.4	2.9	5.0	5.1	2.5	5	6.3	1.3	5.7
New Zealand	1	-2.7	-3	2.6	1.1	4.9	4	2.9	3.0	1.2	2.5	4.3	1.3	4.0	4.6
Austria	1.4	4.5	1.8	4.7	3.9	-3	1.8	2.0	2.3	2.5	1.2	2.6	3.9	4.0	4.6
Belgium	5.8	1.6	1.5	1.7	3.7	-9	3.0	2.6	4.4	4.3	3.6	4.0	4.5	4.0	4.6
Denmark	6.9	1.6	1.2	1.5	4.3	-9	2.1	2.6	3.9	3.9	2.6	2.6	2.9	1.3	4.6
Finland	4.2	3.3	3.4	3.2	1.1	-1.2	-1.4	1.9	3.1	1.8	2.2	4.0	5.4	3.7	4.6
France	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Germany	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Greece	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Iceland	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Ireland	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Italy	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Luxembourg	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Netherlands	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Norway	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Portugal	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Spain	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Sweden	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Switzerland	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
United Kingdom	4.2	3.2	3.4	3.4	1.0	1.1	-1.1	1.9	1.3	1.9	2.2	2.5	3.7	3.7	4.3
Developing Countries	7.9	12.4	-1.1	12.0	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Africa	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Asia	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Bahrain	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Bangladesh	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Bhutan	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
China, People's Rep.**	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
India	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Indonesia	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Japan	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Korea	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Malaysia	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Mexico	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Nepal	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Pakistan	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Papua New Guinea	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Philippines	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Singapore	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Sri Lanka	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Thailand	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Tonga	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7
Zimbabwe	1.5	7.4	1.0	11.2	7.2	10.9	7.6	8.8	5.0	4.3	3.3	4.0	3.6	3.2	2.7

Table 25

U.S. Merchandise Trade with the East Asian NIC's, 1980-87
(Domestic and foreign exports, f.a.s.; General imports, c.i.f.)
(Millions of dollars)

EXPORTS						
	Total	Agri-cultural	Manufactured Products			
			Total	High Tech. 1/	Auto-motive	
1980.....	14,741	3,468	9,948	4,514	216	
1981.....	15,059	3,738	9,789	4,315	174	
1982.....	15,563	3,289	10,537	4,532	169	
1983.....	16,914	3,664	11,241	5,709	187	
1984.....	17,723	3,672	12,050	6,384	175	
1985.....	16,918	3,160	11,673	6,262	158	
1986.....	18,290	3,007	13,038	6,606	221	
1987.....	23,547	3,743	17,020	8,365	419	

IMPORTS						
	Total	Agri-cultural	Manufactured Products			Textiles, Apparel
			Total	High Tech.	Auto-motive	
1980.....	18,805	355	18,143	4,685	184	4,833
1981.....	22,057	356	21,293	5,486	205	5,634
1982.....	23,767	361	22,981	5,876	340	5,970
1983.....	29,561	404	28,713	8,191	508	6,927
1984.....	39,135	446	38,058	11,191	700	9,291
1985.....	41,880	449	40,487	11,134	837	9,777
1986.....	49,106	435	47,816	13,638	1,713	10,691
1987.....	61,283	460	59,768	17,676	3,309	12,261

BALANCE					
	Total	Agri-cultural	Manufactured Products		
			Total	High Tech.	Auto-motive
1980.....	-4,064	3,113	-8,195	-171	32
1981.....	-6,998	3,382	-11,503	-1,171	-31
1982.....	-8,204	2,928	-12,444	-1,344	-171
1983.....	-12,647	3,260	-17,472	-2,482	-321
1984.....	-21,412	3,225	-26,008	-4,807	-525
1985.....	-24,962	2,710	-28,814	-4,872	-679
1986.....	-30,816	2,572	-34,779	-7,022	-1,492
1987.....	37,735	3,283	-42,748	-9,311	-2,890

1/ Based on U.S. Department of Commerce DOC-3 definition; excludes special category exports.

Source: U.S. Department of Commerce, Bureau of the Census.

Table 24

U.S. Merchandise Trade with Mexico, 1980-87
(Domestic and Foreign exports, f.a.s.; General imports, c.i.f.)
(Millions of dollars)

	EXPORTS					
	Total	Agri- cultural	Manufactured Products			
			Total	High Tech. 1/	Auto- motive	
1980.....	15,145	2,503	11,668	3,016	1,527	
1981.....	17,789	2,438	14,421	3,858	2,050	
1982.....	11,817	1,159	9,189	2,440	1,254	
1983.....	9,082	1,945	6,496	2,229	835	
1984.....	11,992	2,039	9,082	2,965	1,496	
1985.....	13,635	1,692	10,846	3,308	2,030	
1986.....	12,392	1,098	10,424	3,267	1,907	
1987.....	14,582	1,212	12,245	3,826	2,212	
	IMPORTS					
	Total	Agri- cultural	Manufactured Products			Textiles, Apparel
			Total	High Tech.	Auto- motive	
1980.....	12,774	1,099	4,321	1,545	354	307
1981.....	14,013	1,143	5,259	1,776	490	313
1982.....	15,770	1,172	5,331	1,786	705	222
1983.....	17,019	1,269	6,328	2,186	1,322	251
1984.....	18,267	1,297	8,246	2,736	1,982	344
1985.....	19,392	1,456	9,163	2,895	2,840	370
1986.....	17,558	2,044	10,625	3,295	3,308	483
1987.....	20,520	1,899	13,861	4,153	4,723	603
	BALANCE					
	Total	Agri- cultural	Manufactured Products			
			Total	High Tech.	Auto- motive	
1980.....	2,371	1,404	7,347	1,471	1,173	
1981.....	3,776	1,295	9,162	2,082	1,560	
1982.....	-3,953	-13	3,858	654	549	
1983.....	-7,937	676	169	43	-487	
1984.....	-6,275	742	836	229	-406	
1985.....	-5,757	236	1,683	413	-810	
1986.....	-5,166	-946	-201	-28	-1,401	
1987.....	-5,938	-687	-1,616	-327	-2,511	

Note: Manufactured products include SITC 5-9.

1/ Based on U.S. Department of Commerce DOC-3 definition; excludes special category exports.

Source: U.S. Department of Commerce, Bureau of the Census.

Snow/Nix
Asia
Draft Two
November 8, 1991

PRESIDENTIAL ADDRESS: THE ASIA SOCIETY
WALDORF-ASTORIA HOTEL
NEW YORK, NEW YORK
TUESDAY, NOVEMBER 12, 1991
7:35 P.M.

[INTRODUCTORY ACKNOWLEDGMENTS -- Chairman John Whitehead and wife, Nancy; President Robert Oxnam; and Vice Chairman Peter Aaron]

As you know, I have just returned from a trip to Rome and the Hague. There, I worked and other Western leaders worked to build a post Cold-War world characterized by mutual security, democracy, individual liberty, free enterprise, and unfettered international trade. I want to talk about those same topics tonight, but with the accent on Asia.

But first, for audiences here and in Asia, I think it's important to discuss once again why we will not travel to the region later this month. As President, I must serve the entire nation in the domestic and foreign arenas. Sometimes those obligations clash. Congress could not complete its work on schedule this year, forcing me to remain in Washington indefinitely -- and also forcing us to postpone our important trip to the Asia Pacific region.

Make no mistake, however: I will not turn my back on my responsibility to do the nation's business here and abroad, and

in times of economic pain, I certainly will not give up an opportunity to work with our allies to create new markets, new jobs and new opportunities for American workers. I will not surrender a chance to help our agricultural industries, our manufacturing industries and our service industries by building greater bonds of trade and commerce.

And I certainly will not permit us to retreat into a kind of Fortress America, which will doom us to irrelevance and poverty. I remain deeply committed to building closer ties with the Asia Pacific region. Although much of our Nation's heritage comes from Europe, our future points equally toward Asia.

Asia has transformed itself in the space of a generation into the most rapidly growing region on the face of the earth. Asia-Pacific nations enjoyed staggering real economic growth in the decade of the Eighties: The Australian economy grew 41 percent; Japan's grew nearly 52 percent; Malaysia almost 60 percent; Hong Kong, 89 percent; Singapore, 93 percent; Taiwan, 116 percent and South Korea, 150 percent.

The Asia-Pacific region has become our largest and fastest growing trade partner. We conduct more than 300 billion dollars worth of two-way trade annually. Together, we generate nearly half the world's GNP. American firms have invested more than 61 billion dollars in the region, and that figure will grow. Asians have invested more than 95 billion dollars in the United States. In everything from automobiles to microchips, from baseball to

Australian rules football, our ties of mutual interest grow closer each day.

A few years ago, it was a cliché to refer to the 20th Century as the American Century and the 21st as the Pacific Century. I don't have a crystal ball, but I'm willing to bet that the 21st Century will take a somewhat different form. I predict that America will remain the world's greatest economic, political, military and moral power. But at the same time the nations of the Asia Pacific region, having risen with our help, will join us as equal partners in building democracy and freedom.

We'd be here forever if I tried to tick off our interests and activities, country-by-country. So instead I will address the three central issues in our relationships with the nations of the region: security, democracy, and trade.

In the area of security, Asia's variety has spawned a diverse set of political and strategic alliances. Our custom-made agreements provide a strong foundation for future security.

Let me give you a few examples. The ASEAN Nations, Japan, Australia and the U.N. Security Council's permanent members forged a Cambodian peace process that promises free elections in a nation previously rent by tyranny and genocide.

This promise of peace opens the final chapter of the Indochina conflict. We envision normal relations with Vietnam as soon as we resolve our concerns about Cambodia and the problem of POW/MIAs. Today, I am happy to announce that we will upgrade our relations with Laos. In an apt sign of the healing process

between America and Indochina, we soon will place an ambassador in Vientiane.

The government of South Korea has moved quietly to build better ties with its neighbor to the North, while boldly challenging the North to abandon its nuclear weapons program, which threatens regional peace.

We welcome bilateral efforts among the Japanese, Soviets, Chinese and Koreans to reduce the tensions caused by North Korea's unsafeguarded nuclear program, and we will continue our own efforts. But we also will deter aggression by maintaining a significant military presence in the South.

We have worked closely with Japan in the area of foreign aid: we are the world's two foremost providers of such aid. We also cooperate on matters of development assistance, environmental protection, trade, arms control, refugees and regional peace.

The Japanese have joined us in trying to lead the Soviet Union and Eastern Europe toward free enterprise. They have supported more than 50,000 U.S. military forces in Japan with 3 billion dollars in annual host nation contributions. Japan contributed nearly 13 billion dollars to the multinational forces for the Gulf War, 10 billion dollars of which went to the United States. This required new taxes, but Japan chose the right course in supporting the coalition against aggression.

Australia casts a shadow far larger than its population and size would suggest. It always has served as a trustworthy ally

and defender of democracy, and it increasingly serves as an indispensable link to Asia and the Pacific.

We can help ensure future peace in the region and defend our interests through a range of military arrangements. Bilateral alliances, access agreements and Five-Power defense arrangements give us the flexibility we need.

While we must adjust our force structure in the region to reflect post Cold-War realities, we must not ignore the important tensions that remain: in Korea; in Burma, where socialist despotism holds sway, despite the heroic efforts of freedom fighters like Nobel Laureate Aung San Suu Kyi; in China and other communist regimes that resist the worldwide movement toward political pluralism -- and that sometimes lend comfort, support and even dangerous weapons to our adversaries.

Fortunately, the key to future stability in the region lies not with arms, but with ballots. Democracy has swept across Asia, just as it has liberated other previously enslaved parts of our world. I have mentioned some of the exceptions: Burma, China, North Korea, Vietnam. Many, many others have accepted democracy's call.

The United States will support democracy wherever it can, understanding that nations adopt political freedom in their own ways, in manners consistent with their histories and cultures. After decades of uncertainty, the future seems full of hope, and even the intransigent few seem likely to join the rest of the world in building a commonwealth of freedom.

This brings us to the third focal point, and a crucial ingredient in a stable, free society: economic prosperity.

No nation can ignore the incredible vitality of this region -- or afford to. The United States will remain engaged with the Asia-Pacific because we must -- and because we want to. Yes, we disagree on important trade issues, but the key players in the region have committed themselves to the cause of free and fair trade because our fates have become inextricably linked.

Contrary to the opinions of some in this country, free trade requires efforts by all parties involved. The Asia-Pacific Economic Cooperation Group encourages growth and trade. The Uruguay Round of GATT talks remains the single most important vehicle for advancing the cause of free trade and fending off the scourge of protectionism. We call upon Japan to work with us in breaking down old barriers to trade and opening up markets in manufacturing, services and agriculture -- for all our benefit.

Too often, trade disputes bring out the worst in people. Japan-bashing has become a minor sport in the United States, and some in Japan have become equally scornful of the United States. Both our nations must reject those who would rather seek scapegoats than pursue lasting prosperity.

The fact is that Japan, which nearly half a century ago became a focal point of American hatred, has become one of our closest and most treasured allies. We continue working with our Japanese allies to open agricultural, financial and manufacturing markets, and in creating opportunities for businesses of both

nations. I especially look forward to spending time with my old friend, Prime Minister Miyazawa -- significantly, a man steeped in Western and Eastern culture, and superbly equipped to build bridges of culture and trade between our two great Nations.

Our Structural Impediments Initiative talks have helped lower barriers to trade and investment, but we need to give those talks new life and advance the cause of liberalization.

The United States can no more afford to close its doors to the Asia-Pacific Region than Asian nations can afford to close their doors to us. Our regions have become the most powerful engines for economic growth on earth. Together, we can build an even more prosperous and spectacular future -- but only if we set aside petty pride and take up the tough, rewarding task of promoting worldwide economic liberty. We seek no trade blocs; we oppose new trade barriers. We seek a vibrant international economic system that unites markets on every continent.

We in the United States also must take a hard look at ourselves and pursue measures to improve our own economy. We levy an unacceptably high effective tax rate on capital gains. We subject our own entrepreneurs to incredible pressure. Our allies want us to unchain our innovators -- and so do I.

We run an enormous and growing budget deficit, which seems to serve no greater purpose than to inflame political divisions within our own country. We must take purposeful action to reduce that deficit, while nourishing the seeds of economic growth.

We must modernize our banking industry; strengthen the competitiveness of our industrial base. We must work with our allies to build a stable and sound monetary regime.

And perhaps most important of all, we must build human capital. We have an obligation to prepare future generations for life in the 21st Century. The integrated global economy will demand more of us than it ever has before, and our schools must meet that challenge.

We have seen in recent years that technological change can do much more than make our lives more comfortable. It can sweep away the debris of totalitarianism, and forge the foundation for lasting liberty. We live in an age of liberation technology, and no technology does more for the cause of freedom than the means of mass communications. We may carp about what we see on the evening news, but information media have done more to destroy despotism than weapons ever could. No nation can import high-tech conveniences but shut off information and ideas. No wall is high enough and no government sufficiently despotic to shut off what some call a revolution of electrons.

As we compete with our allies in this area, we must remember that information feeds intellect, and the better our children's educational preparation, the freer this world will become.

Let me close today by summarizing our general approach to relations with Asia. Our administration sees six keys to promoting lasting peace in the Asia-Pacific region:

Progressive trade liberalization / Security cooperation /
A shared commitment to democracy and human rights / Educational
and scientific innovation / Respect for the environment / And an
appreciation of our distinct cultural heritages.

Americans have always looked to the horizons for their
destiny, even from our earliest days. We have grown great
because we have welcomed people from every continent and country,
and we have tried to make use of their distinct talents, while
constructing a common culture.

As children, many of us traced our fingers along a globe, to
distant lands our ancestors called home. We felt special then,
feeling part of two worlds -- one, of an old and important
culture; the other, the American life of freedom and opportunity.

Today, our Asian population is growing more rapidly than any
other, and immigrants from every Asian island and country have
enriched all our lives. Our Administration is proud to have more
Asian-Americans than any previous administration, and two women
of Asian descent serve in top administration positions: Elaine
Chao, as director of the Peace Corps, and Pat Saiki, the
administrator of the Small Business Administration.

America's genius lies in its openness, its tolerance, and
its diversity. Today, we celebrate that diversity, and celebrate
the prospect that in years to come, we will develop with our
Asian friends even greater ties of trade and culture. We will
teach them, and they shall teach us. And together, we will fight

to build a world united in its determination to help men and women make the most of themselves.

I look forward to traveling soon to Asia, to advance these important principles, and to create work opportunities for tens of thousands of American workers and businesses. The notion that we can separate domestic and foreign policy rests upon the stubborn fantasy that we can live as an isolated island surrounded by a changing and developing world. In that way lies national suicide and international chaos.

We tried isolationism once, and we ended up fighting two bloody world wars.

We tried economic isolationism -- protectionism -- and we helped set off a worldwide depression. As President, I will continue building ties with our allies, because those ties mean peace at home and jobs for American men and women.

I want to thank the Asia Society for its vital contributions to the cause of peace, prosperity and understanding. I look forward to your help as I seek to build closer bonds of affection and interest with the peoples of the vast, marvelous, varied Asia-Pacific region.

Thank you. May God bless our Asian-Pacific friends and the United States of America.

#

31 NOV 8 AIO: 26

AUTOMATIC FACSIMILE TRANSMISSION

DATE: 11/7

TO: Michelle Nixon
(Name)

FROM: Mike Crosswell
(Name)

(Office Symbol)

(Office Symbol)

(Room, Building)

(Room, Building)

~~456 6218~~ 456 7750
(Telephone)

~~647 3517~~ 647 9933
(Telephone)

Destination Fax Telephone Number:
456 6218

Sender Fax Telephone Number:
647 3517

Total Pages (including this cover sheet): 4

MESSAGE:

World Development Report 1990

Table 3.7 Poverty, economic growth, and recession

Country and period	Length of period (years)	Observed reduction in poverty (percentage points) ^a	Simulated reduction in poverty (percentage points) ^b	Annual growth of mean income or expenditure (percent)
<i>Long-run growth</i>				
Indonesia (1970-87)	17	41	35	3.4
Thailand (1962-86)	24	33	30	2.7
Pakistan (1962-84)	22	31	26	2.2
Brazil (1960-80)	20	29	34	5.1
Malaysia (1973-87)	14	23	19	4.0
Singapore (1972-82)	10	21	19	6.4
Costa Rica (1971-86)	15	21	22	3.5
Colombia (1971-88)	17	16	8	1.1
India (1972-83)	11	11	10	1.0
Sri Lanka (1963-82)	19	10	8	0.9
Morocco (1970-84)	14	9	1	0.2
<i>Short-run recession</i>				
Costa Rica (1983-86)	3	12	13	10.9
Indonesia (1984-87)	3	11	9	5.0
India (1977-83)	6	7	2	0.8
Malaysia (1984-87)	3	1	-1	-0.7
Pakistan (1979-84)	5	1	4	1.2
Colombia (1978-88)	10	-1	-1	-1.2
Côte d'Ivoire (1985-86)	1	-1	-5	-5.4
China (1985-88) ^c	3	-4	5	6.7
Brazil (1981-87)	6	-5	1	0.9
Venezuela (1982-87)	5	-5	-6	-4.5
Thailand (1981-86)	5	-6	0	0.0
Costa Rica (1977-83)	6	-7	-8	-3.4
Yugoslavia (1978-87)	9	-7	-12	-2.9
Poland (1978-87)	9	-14	-17	-1.2

a. Absolute change in the headcount index on the basis of the definition of absolute poverty in the specific country.
 b. The simulation assumes that the inequality of income remains unchanged.
 c. Rural only.

of growth as well as its rate is thus an important determinant of changes in poverty.

As the lower part of Table 3.7 shows, in the 1980s the link between growth and poverty reduction is still there, but it is weaker than before. By and large, economic growth reduces poverty and economic decline increases it. Fluctuations in inequality, however, were larger in the 1980s. In Malaysia, for example, poverty decreased even though mean income also declined. This suggests that external shocks or important policy changes can alter the incidence of poverty by way of changes in the inequality of income, whereas in more stable periods economic growth is the dominant influence on poverty.

Would the conclusion that growth reduces poverty change if attention were shifted from the poor to the very poor? The country-specific poverty lines used in this analysis define 20 to 50 percent of the population as poor. If we turn to the poorest tenth of the population, we find that in periods of stable growth this group enjoyed a larger-than-

average percentage increase in income in all countries except Brazil and Costa Rica, where inequality worsened. In Brazil the poor nevertheless enjoyed a substantial increase in income; in Costa Rica they suffered a loss. In general, therefore, the poorest of the poor participated fully in economic growth.

No simple pattern emerged during the 1980s. In about half the countries the very poor suffered more, or advanced less, than the average citizen. In Colombia, for example, mean income for the entire population fell by 11 percent between 1978 and 1988, whereas for the poorest tenth it fell by more than 20 percent. In contrast, the poorest households in other countries did much better than the rest of the population. In Malaysia average incomes fell by 2 percent between 1984 and 1987, but the mean incomes of the poorest actually increased by 9 percent.

These conclusions shed some light on the differing experience of the countries identified in Table 3.5. Economic growth was clearly important—in the two countries that experienced the fastest re-

A weakness in this assessment is the lack of reliable data for Sub-Saharan Africa. The discussion of diverging trends in Chapter 1 and the evidence of stagnant consumption per capita in Figure 3.1

suggest that progress in reducing poverty has probably been slowest in that region. Even assuming that the distribution of income did not worsen between 1965 and 1985, the number of Africans in

Table 3.2 Changes in selected indicators of poverty

Country and period	Length of period (years)	Headcount index		Number of poor (millions)		Average income shortfall (percent)	
		First year	Last year	First year	Last year	First year	Last year
Brazil (1960-80) ^{a,b}	20	50	21	36.1	25.4	46	41
Colombia (1971-88) ^a	17	41	25	8.9	7.5	41	38
Costa Rica (1971-86) ^a	15	45	24	0.8	0.6	40	44
India (1972-83)	11	54	43	311.4	315.0	31	28
Indonesia (1970-87)	17	58	17	67.9	30.0	37	17
Malaysia (1973-87) ^a	14	37	15	4.1	2.2	40	24
Morocco (1970-84)	14	43	34	6.6	7.4	46	36
Pakistan (1962-84) ^{a,b}	22	54	23	26.5	21.3	39	26
Singapore (1972-82)	10	31	10	0.7	0.2	37	33
Sri Lanka (1963-82) ^a	19	37	27	3.9	4.1	35	29
Thailand (1962-86) ^{a,b}	24	59	26	16.7	13.6	..	35

Note: This table uses country-specific poverty lines. Official or commonly used poverty lines have been used when available. In other cases the poverty line has been set at 30 percent of mean income or expenditure. The range of poverty lines, expressed in terms of expenditure per household member and in PPP dollars, is approximately \$300-\$700 a year in 1985 except for Costa Rica (\$960), Malaysia (\$1,420), and Singapore (\$860). Unless otherwise indicated, the table is based on expenditure per household member. The headcount index is the percentage of the population below the poverty line. The average income shortfall is the mean distance of consumption or income of the poor below the poverty line, as a proportion of the poverty line.

- a. Measures for this entry use income rather than expenditure.
b. Measures for this entry are by household rather than by household member.

Box 3.1 Development in a Javanese village

The story of Balarjo, an East Javanese village of almost 4,000 people, shows what declining poverty means for individuals. The village is about eight kilometers from the town of Gondanglegi and is connected to the outside world by bumpy but passable dirt roads. Although Balarjo is still somewhat poorer than its neighbors, research conducted in 1953 and 1985 shows that the lives of its inhabitants improved greatly in the intervening years. Rice yields increased dramatically, from 2 tons to 6 tons of paddy per hectare for the wet season crop, and the wage for a day's work increased from 2 kilograms of rice in 1953 to nearly 4 kilograms in 1985.

In 1953 the village would have been considered poor by most definitions. Rice was available for only four months; the diet for the rest of the year consisted of corn and, when that ran out, cassava. Clothes were worn until they were in tatters, and few people had shoes. A typical house was made of thatch and bamboo, with an earthen floor. Furnishings were sparse and uncomfortable. Few villagers could read, and few had traveled any distance from the village. A daily paper brought from a nearby town supplied the only outside news.

By 1985 things had changed. Rice was available throughout the year. Clothing was much better, and

shoes were commonplace. Most villagers had radios, and some even had television sets. More than 90 percent of the houses were made of colorfully painted brick and stucco, with partial cement floors. Furnishings were more extensive and included chairs and tables bought from stores. Literacy had improved dramatically thanks to two primary schools, one financed by the village and the other by the central government. Travel outside the village was common, and knowledge of national events, provided through hourly radio broadcasts, was widespread. In 1953 villagers relied on homemade kerosene lamps that provided little illumination, but by 1982 electric power lines had reached Balarjo, and by 1985 many households had electric light.

Such burdensome activities as rice pounding and shoulder transport had disappeared, relieving women of some of their most exhausting tasks. Higher incomes had led to demands for new products and services and hence to more productive work, such as construction, trade, and small manufacturing. Growing specialization was also evident: houses in 1953 were constructed by the owners with the help of neighbors, but by 1985 most of the work was done (and done better) by full-time carpenters.

Saharan Africa) but that less progress had been made up to 1985 in extending health care to the poor. Further expansion in coverage will mainly benefit the poor.

Regional averages mask the tremendous achievements that some countries have made in providing social services to their populations. Colombia, where mortality for children under 5 fell from 135 per thousand in 1965 to 42 per thousand by 1985, and Costa Rica, where 95 percent of the population has access to primary health care, show what can be done. Even in regions with poor overall performance, some countries have managed to make great strides. Botswana, for example, has achieved universal primary enrollment, and its under 5 mortality rate fell from 165 to 70 per thousand during the past two decades. The sheer scale of the improvements in these countries suggests that the poor must have participated in the overall progress. At the other end of the spectrum are

countries that have done much worse than regional averages indicate. In Pakistan the net enrollment ratio has hardly improved in the past twenty years—it was only 43 percent in 1985—and an estimated 36 percent of the population lacks access to health care.

Recently, concern has centered on the effect of the recession of the early 1980s on the provision of social services to the poor. In Sub-Saharan Africa and Latin America, the two regions worst affected by recession, roughly half the countries for which information is available experienced substantial declines in real per capita spending on education and health. The social indicators for the early 1980s, however, tell a somewhat less gloomy story, at least in Latin America.

Figure 3.2 shows that progress in under 5 mortality and primary school enrollment rates continued into the 1980s in most of the developing world. Progress was least in the region with the

Table 3.3 Changes in poverty in the 1980s

Country and period	Length of period (years)	Headcount index		Number of poor (millions)		Average income shortfall (percent)	
		First year	Last year	First year	Last year	First year	Last year
Brazil (1981-87) ^a	6	19	24	23.1	33.2
China (1985-88) ^{a,b}	3	10	14	79.2	101.3	25	24
Colombia (1978-88) ^a	10	24	25	6.0	7.5	36	38
Costa Rica (1977-83) ^a	6	29	36	0.6	0.9	44	39
Costa Rica (1983-86) ^a	3	36	24	0.9	0.6	39	44
Côte d'Ivoire (1985-86)	1	30	31	3.1	3.3	33	26
India (1977-83)	6	50	43	324.9	315.0	29	28
Indonesia (1984-87)	3	28	17	45.4	30.0	24	17
Malaysia (1984-87) ^a	3	15	14	2.3	2.2	26	24
Pakistan (1979-84)	5	21	20	17.1	18.7	19	19
Poland (1978-87) ^a	9	9	23	3.3	8.6
Thailand (1981-86) ^{a,c}	5	20	26	9.5	13.6	27	35
Venezuela (1982-87) ^a	5	12	16	1.9	3.0	26	31
Yugoslavia (1978-87) ^a	9	17	25	3.8	5.7

Note: See note to Table 3.2 for definitions. The range of poverty lines, expressed in terms of expenditure per household member and in PPP dollars, is approximately \$300-\$700 a year in 1985 except for Costa Rica (\$960) and Malaysia (\$1,420).

a. Measures for this entry use income rather than expenditure.

b. Rural only.

c. Measures for this entry are by household rather than by household member.

Table 3.4 Have social services reached the poor in developing countries?

Indicator (1985)	Sub-Saharan Africa	East Asia	South Asia	Europe, Middle East, and North Africa	Latin America and the Caribbean	All developing countries
Percentage of nonpoor in population	53	79	49	75	81	67
Primary net enrollment rate (percent)	56	96	74	88	92	84
Percentage of children immunized	47	73	43	63	65	58

Asia Society Acknowledgements

ON STAGE WITH POTUS AND FLOTUS:

- Chairman John Whitehead and wife, Nancy
- President Robert Oxnam [OX-num]
- Vice Chairman Peter Aaron [AIR-un]

(Other Vice Chairman Ward Woods will not be there)

AMONG THE 800-900 AUDIENCE MEMBERS WILL BE:

- Ambassadors from approximately 30 Asia-Pacific countries

PER ADVANCE AND PER ASIA SOCIETY -- NO MEMBERS OF CONGRESS OR CABINET MEMBERS ATTENDING AT THIS POINT (11/8/91, 5:30 p.m.)

JOBNAME: UPDATE PAGE: 1 SESS: 3 OUTPUT: Thu Oct 24 13:36:31 1991
/bs1/303/team3/foreignaff/3184/baker

Handwritten notes:
Copies
Crawford
Paal
Patterson

OCT 25 1991

**FINAL
PROOF**

James A. Baker, III

*FYI
Don*

**AMERICA IN ASIA:
EMERGING ARCHITECTURE FOR
A PACIFIC COMMUNITY**

In Asia as in Europe we are in the midst of the first transformation of the international system this century that is not the direct result of global conflagration. This rare moment presents us with new possibilities for reshaping international relationships in Asia to meet the challenges of the post-Cold War world.

President Bush's trip to East Asia marks a point in time when disparate historical lines are intersecting: the commemoration of the fiftieth anniversary of the attack on Pearl Harbor; the end of the U.S.-Soviet confrontation; and the prospect of laying to rest the Vietnam War era. The end of 1991 should see the closing off of several tragic, defining episodes of the American experience in Asia and open a new chapter of U.S. engagement in the region as we approach the 21st century.

I have presented elsewhere the administration's ideas about the new post-Cold War architecture of the Euro-Atlantic community.¹ But America's destiny lies no less across the Pacific than the Atlantic. We have fought three major wars over the past half-century in the Asia-Pacific theater. U.S. economic involvement and defense commitments in the region have been—and remain—defining realities. We also have large and growing interests in the human and material development of the region, as well as in its security. Our success in forging a new international system will require sustained engagement in this diverse and dynamic part of the world, just as it does in Europe and the Americas.

The global trends that are reshaping Europe and the Soviet Union have also been at work in the Asia-Pacific region: the

¹See James A. Baker, III, "A New Europe, A New Atlanticism: Architecture for a New Era," speech to the Berlin Press Club, Dec. 12, 1989; and "The Euro-Atlantic Architecture: From West to East," speech to the Aspen Institute, Berlin, Germany, June 18, 1991.

2 FOREIGN AFFAIRS

bankruptcy of communism as an economic and political system; a movement toward democracy and market-oriented economics; global economic integration of markets for trade, capital and information; and the emerging recognition that transnational challenges in such areas as narcotics, the environment and migration are important components of a comprehensive approach to security. At the same time the dark countertrends that President Bush pointed to in his September 1991 speech to the U.N. General Assembly are also evident in Asia: the reemergence of ethnic rivalries, nationalist aspirations and territorial or political disputes which were suppressed during the Cold War years.

II

These global factors for change are playing themselves out in Asia amid the region's particular historical, cultural and political circumstances. In contrast to central and eastern Europe and the U.S.S.R., where change has been driven by the failure of a system of political economy, much of the ferment in Asia is a product of the region's unique and dramatic economic success. Barely twenty years ago East Asia was engulfed in war and great-power confrontation, burdened with poverty and challenged by insurgent communist movements. Our trade with the region in the early 1970s was less than that with Latin America.

But the subsequent two decades brought unrivaled progress. Throughout the 1980s East Asia led the world in the innovations of a new economic age. Japan emerged as an economic superpower. New industrial economies of South Korea, Taiwan, Hong Kong and Singapore achieved rapid high-technology growth. China opened economically. And the Philippines, Korea and Taiwan each took strides toward democracy. As a result the combined economies of East Asia are now roughly equal in size to that of the United States.

International political developments have also contributed to a more positive environment. These include the Sino-Soviet rapprochement, the opening of Soviet relations with the Republic of Korea, the admission to the United Nations of both Korean states, the birth of a democratic Mongolia and a political resolution of the Cambodia conflict based on a U.N. settlement plan. The latter, if realized, will bring a new era of peace to Indochina.

AMERICA IN ASIA 3

For all the region's progress, however, some legacies of the past could impede a promising future. The heavily armed standoff on the Korean peninsula is still one of the world's most dangerous flashpoints, a confrontation now intensified by the ominous threat of nuclear proliferation. In Burma the tyranny of a brutal military dictatorship endures, despite the clear expression of popular will in the elections of 1990 for civilian democratic government. China, along with the other residual communist regimes in Asia, continues to resist democratic political reform. And despite President Gorbachev's historic visit to Tokyo last April, the dispute over Japan's Northern Territories remains an impediment to a major improvement in Soviet-Japanese relations.

These Asian realities—the elements of a promising future and the difficult remnants of times past—now shape the challenges before us. The successes of our policies and those of our friends in the region mean that many of our partners have also become robust economic competitors. Allies such as Japan, South Korea and Australia have become important political and economic players in the emerging international system.

Given the challenges and opportunities we now face in Asia, a viable architecture for a stable and prosperous Pacific community needs to be founded on three pillars. First, we need a framework for economic integration that will support an open global trading system in order to sustain the region's economic dynamism and avoid regional economic fragmentation. Second, we must foster the trend toward democratization so as to deepen the shared values that will reinforce a sense of community, enhance economic vitality and minimize prospects for dictatorial adventures. Third, we need to define a renewed defense structure for the Asia-Pacific theater that reflects the region's diverse security concerns and mitigates intra-regional fears and suspicions—a prerequisite for maintaining the stability required for continuing economic and political progress.

III

In formulating American policy toward the Asia-Pacific region, we should recognize our historical and continuing interests. Since 1784, when the merchant ship *Empress of China* sailed for Canton from New York, the United States has consistently pursued an open door approach to the Asia-Pacific region. Our interest has resided in maintaining com-

4 FOREIGN AFFAIRS

mercial access and preventing the rise of any single hegemonic power or coalition hostile to the United States and its allies and friends. In today's world a shared focus and the development of an active partnership among the nations of the Pacific Rim are essential to the success of the emerging global system.

The Asia-Pacific region is now America's largest trading partner. America's trans-Pacific commerce is now more than \$300 billion in annual two-way trade—nearly one-third larger than that across the Atlantic. The United States exports more to Thailand than to the Soviet Union, more to Indonesia than to central and eastern Europe and more to Singapore than to Spain or Italy. Moreover, U.S. firms have invested more than \$61 billion in the region, with over \$95 billion of Asian investments in the United States.

Our closest bond to Asia is the growing number of Asian-Americans, some seven million strong, who are America's fastest growing group of immigrants. There are more Laotians today in the United States than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These people, along with hundreds of thousands of other Asian-Americans—Chinese, Japanese, Vietnamese, Cambodians, Koreans, Thai and Samoans among them—enrich our society, strengthen our engagement with the region and give us a growing mutuality of interests in an emerging Asia-Pacific community.

What has fostered stability and secured economic dynamism in East Asia for the past four decades is a loose network of bilateral alliances with the United States at its core. Our military presence, our commitment, our reassurance has constituted the balancing wheel of an informal, yet highly effective, security structure that emerged after World War II and endured throughout the Cold War years.

To visualize the architecture of U.S. engagement in the region, imagine a fan spread wide, with its base in North America and radiating west across the Pacific. The central support is the U.S.-Japan alliance, the key connection for the security structure and the new Pacific partnership we are seeking. To the north, one spoke represents our alliance with the Republic of Korea. To the south, others extend to our treaty allies—the Association of Southeast Asian (ASEAN) countries of the Philippines and Thailand. Further south a spoke extends to Australia—an important, staunch economic, political and security partner. Connecting these spokes is the fabric

AMERICA IN ASIA 5

of shared economic interests now given form by the Asia-Pacific Economic Cooperation (APEC) process. Within this construct, new political and economic relationships offer additional support for a system of cooperative action by groups of Pacific nations to address both residual problems and emerging challenges.

This system has been successful precisely because its flexibility has respected the vast geographic expanse, political and cultural diversity, as well as the geopolitical realities of East Asia and the Pacific. Unlike Europe there has been no single threat commonly perceived throughout the region. Instead, there is a multiplicity of security concerns that differ from country to country and within the subregions of this vast area.

Today the overlay of U.S.-Soviet competition has been removed from Asia, so the enduring diversity of regional interests and security concerns stand out with even greater clarity. What was a secondary aspect of our Cold War-era security presence is becoming the primary rationale for our defense engagement in the region: to provide geopolitical balance, to be an honest broker, to reassure against uncertainty.

Our forward-deployed military presence and bilateral defense ties to Japan, South Korea, the allies within ASEAN and Australia are widely accepted as the foundation of Asia's security structure. Yet in the post-Cold War world, the enhanced capabilities of our allies and friends—and new security challenges—require adjustments in our force structure, defense activities and in the means of sustaining regional stability.

Asian security increasingly is derived from a flexible, ad hoc set of political and defense interactions. Multilateral approaches to security are slowly emerging. As we have seen in the Cambodian peace process, the combined efforts of the ASEAN countries, Japan, Australia and the U.N. Security Council's Permanent Five have tailor-made a conflict-resolution process. A semiofficial forum on the contested islands of the South China Sea, hosted recently by Indonesia, also reflects such an ad hoc, multilateral approach. Guaranteeing stability on the Korean peninsula may increasingly assume a multilateral form—a solution suited to the character of the problem. At this stage of a new era we should be attentive to the possibilities for such multilateral action without locking our-

6 FOREIGN AFFAIRS

selves in to an overly structured approach. In the Asia-Pacific community, form should follow function.

IV

While Asian security concerns have a diverse, decentralized character, burgeoning intra- and trans-Pacific trade and investment provide areas of broad common interest. Commerce offers the most natural approach to fostering greater regional cohesion. This is why the United States and 11 other Pacific basin economies came together two years ago to initiate the APEC process. We see APEC as an important mechanism for sustaining market-oriented growth, for advancing global and regional trade liberalization and for meeting the new challenges of interdependence. The APEC agenda is expansive. It includes, for example, assessment of regional needs in telecommunications, human resource development, energy, trade and investment, marine resources and tourism, among others.

APEC is as much the hallmark of American engagement in the region as are U.S. security ties. Indeed, one could draw a 21st-century Pacific analogy from a nineteenth-century experience: the development of the American continent. As the pattern of expansion and influence in the American West was determined by the location of telegraph lines and railroads, so the infrastructural links we are building across the Pacific in areas such as telecommunications and transportation will shape the economic and political character of the region and our ties to it.

With the anticipated addition to APEC's membership of China, Hong Kong and Taiwan at November's third ministerial meeting in Seoul, APEC's potential as a major trans-Pacific forum is becoming a reality. The efforts of APEC's ten working groups are laying a solid foundation of economic cooperation on a broad range of issues.² APEC is ready to emerge as a key forum that can forge the greater sense of Asia-Pacific community needed to meet the challenges of the post-Cold War world.

Let me also leave no doubt about what APEC is not: it is not a regional economic bloc. To the contrary, it is a product

²APEC's ten working groups are: trade promotion, expansion of investment and technology transfers, human resource development, regional energy cooperation, marine resource conservation, telecommunications, transportation, data, tourism and fisheries. In addition APEC has begun regional trade liberalization discussions.

AMERICA IN ASIA 7

of—and catalyst for—economic integration and trade liberalization. These developments will not cut off the Asia-Pacific community from the rest of the globe. In fact, by stressing the gains that have been made from open multilateral policies, and by enhancing economic efficiency, APEC should help the Pacific region contribute to a more open trading system. APEC's outlook is inclusive, not exclusive. APEC's members include a number of the great trading nations and offer excellent investment opportunities. The intent of the APEC participants is to overcome barriers and inefficiencies within the region while working for a more open global system.

Similarly, the emerging North American Free Trade Area will support both APEC and the global, multilateral systems for trade and financial flows. Unlike a customs union, NAFTA will not establish common barriers to those outside. Rather it will lower barriers among its participants—a governmental response to the accelerating economic integration already taking place among neighbors. Heightened integration and efficiency will increase the productivity of the U.S., Mexican and Canadian economies. Growth will bring expanding markets for Asian traders and investors, thus strengthening, not weakening, trans-Pacific economic links. Indeed, I believe Mexico views the NAFTA as a vehicle for better integrating its formerly autarkic economy into the global system; more efficient patterns of trade and investment with the United States and Canada will strengthen Mexico's ties with a competitive world economy, not weaken them. This view is supported by Mexico's recent membership in the Pacific Economic Cooperation Council (PECC) and its interest in participating in both APEC and the Organization for Economic Cooperation and Development.

Of course the logic of regional integration is more widely applicable. Indeed, Thailand's proposal for an ASEAN free trade area is a welcome initiative that could strengthen ASEAN and, by stimulating ASEAN growth, also reinforce U.S.-ASEAN economic relations.

The economic future of the United States depends on strong ties with all the regions of the world. As a nation generating some 24 percent of the world's GNP, we cannot operate effectively or efficiently through any other strategy. This is why the United States has demonstrated an unwavering commitment to advancing the General Agreement on Tariffs and Trade (GATT) through the Uruguay Round. It is also why

8 FOREIGN AFFAIRS

we are seeking to complement that effort through a network of initiatives designed to reduce market barriers and support a more open, competitive and growth-oriented system. The NAFTA, the Enterprise for the Americas Initiative, the U.S.-European Community declaration, our trade enhancement initiative for the emerging central and east European democracies, our agreements with ASEAN and APEC each reflect our customized attempts to reach out to all major markets, not to exclude any of them.

Each initiative is tailored to meet special circumstances and to maintain momentum for liberalization by pressing forward simultaneously on a large number of fronts. Our logic is that gains from increasing trade and investment are not calculated according to any zero-sum formula—instead, greater competition leads to efficiencies and growth that benefit the system as a whole. This is a logic that will profit the dynamic economies of Asia, especially if they join with us to reduce barriers that threaten political support for a liberalized global trading system.

The natural partner of market-oriented economics is political pluralism. The public accountability that is the hallmark of democratic political systems is also the best check against tyranny and aggression. As the history of the past two centuries demonstrates, democratic nations rarely engage in armed conflict against each other. Not long ago some argued that democratic politics were unsuited to Asian cultures and traditions. Yet the political developments of the past decade in the Philippines, South Korea and Taiwan demonstrate that economic growth naturally tends to promote democratization.

Perhaps most remarkably, the powerful appeal of the democratic ideal is evident in Mongolia's rejection of its Leninist past and its turn to political pluralism and economic reform. Once the oldest communist government in Asia, Mongolia is the first Asian communist state to purposefully undertake the challenge of a democratic transition.

In sharp contrast, the democratic ideal has been brutally thwarted in Burma. The socialist military regime, by suppressing the results of its own 1990 election, has betrayed the people in their quest for representative government. This denial of the expressed will of the Burmese people will leave Burma mired in isolation and stagnation until the military leadership reverses its repressive policies and transfers authority to the elected civilian leaders of the country. The awarding

AMERICA IN ASIA 9

of this year's Nobel Peace Prize to Aung San Suu Kyi will give the Burmese people hope that the world is not ignoring their plight.

China, Vietnam and Laos have embarked on a course of market-oriented economic reform while retaining a Leninist monopoly of political power. But economic reform can be sustained only when it is accompanied by political reform. The tragic violence at Tiananmen Square in 1989 was a reflection of the social and political pressures generated by a decade of rapid economic expansion unaccompanied by concurrent political transformation.

Democratic reform in China and Vietnam, as well as in North Korea, would have a major impact on the character of international relations in Asia. As generational change unfolds in all three of what might be called "Confucian-Leninist" societies, the interplay between economic expansion and the striving for political reform can only become more pronounced.

v

Our ability to help realize the economic and security architecture of the Asia-Pacific community we envisage will rest in no small measure on the successful management of a number of critical relationships with our allies, friends and regional groups. Our ties with Japan, South Korea, ASEAN and Australia are the stabilizing and strengthening spokes in the fan.

U.S.-Japan Relations

The keystone of our engagement in East Asia and the Pacific is our relationship with Japan. Nothing is more basic to the prosperity and security of the region, and indeed to the effectiveness of the post-Cold War system, than a harmonious and productive U.S.-Japan relationship.

But U.S.-Japan relations have changed profoundly over the past decade. Our dealings have become more equal, and their form and substance must now be adjusted to reflect this reality if we are to address the sources of tension. I see four basic, interrelated elements as necessary to accomplish this adjustment.

First, the foundation of our relationship—the U.S.-Japan security alliance—must be strengthened. We have been pleased with our growing security cooperation with Japan. Japan is continuing to progress toward fulfilling our agreed-

10 FOREIGN AFFAIRS

upon division of defense roles and missions. Japan's ability to secure its air and sea lanes out to 1,000 miles from its shores, the growing interoperability and joint training of our forces—along with generous host nation support, which will increase to 73 percent of the non-salary costs for our forward-deployed forces—are a major contribution to the stability of the region. One area which requires greater cooperation, however, is the goal of a more balanced two-way flow of defense-related technology, as codified by our 1983 Memorandum of Understanding.

Second, we must work to reduce the economic tensions in our increasingly interdependent relationship. The \$140 billion in annual two-way trade, the investment and the burgeoning network of private sector linkages between the world's two largest and most technologically advanced economies underscore the importance of this aspect of our relations.

A solid, balanced economic foundation, with open markets on both sides, is needed if we are to sustain and advance our partnership—one now of truly global dimensions. This requires greater market-opening efforts by Japan, a more competitive U.S. economy and an intensification of the detailed economic dialogue we have begun in the Structural Impediments Initiative. Removing the impediments to external adjustment and building more balanced economic ties—thus creating fair opportunities for traders and investors—are essential to the new harmony we seek.

The SII talks could assume a particularly important role in this process of economic adjustment. Two nations, recognizing the extensive interconnection of their respective economies, have agreed to analyze and pursue microeconomic adjustments in order to harmonize an economic relationship vital to each other and to global economic growth. This makes the SII a microeconomic complement to the Group of Seven leading industrialized nations (G-7), which is designed to improve the coordination of macroeconomic policies among highly interdependent economies.

For its part, the United States is enhancing its competitiveness, as is evident in an 87 percent increase in its exports to Japan since 1987. This export expansion reflects, in part, Japan's removal of structural barriers to market access for goods, services and investment. But many aspects of the Japanese economy are still constricted by exclusionary business practices, to the detriment of new players in the market-

AMERICA IN ASIA 11

place—both foreign and Japanese—and of the Japanese consumer. And at home we still have much work to do—from further reducing the cost of capital to American business to encouraging more aggressive marketing of U.S. products abroad—if we are to carry out our part of the SII equation.

Third, we must fulfill the promise of the global partnership called for by the president at the Palm Springs summit last year. As democracies and market-oriented economies that together generate nearly 40 percent of the world's GNP, the United States and Japan have the potential to marshal unrivaled resources in support of a better future—if our foreign policies are effectively coordinated. On issues from the Uruguay Round to reform in central and eastern Europe, from preserving the environment to Third World debt relief, we must engage together globally.

For the international system to work, leading powers must lead. This is the lesson we learned from our own reluctance to play an active role in world affairs in the period between the two world wars. This is why today we seek to build a global partnership with Japan—with Tokyo assuming a greater leadership role in a system from which it derives significant benefits. Our broadly convergent interests have already led us to pursue similar policies on many issues. We are committed to developing better consultative mechanisms in order to give greater synergy to our foreign policies.

Finally, we must deepen our understanding of each other's culture. Japanese youth must be introduced to more about American life and values. Fast-food, rock and rap music and Hollywood style are one image we project in the modern world, but America has much else to offer. Similarly, more Americans must gain knowledge of, and appreciation for, Japan's rich history and traditions—in particular, they should learn the Japanese language. The recently created Abe Fund offers one important opportunity to expand a host of exchanges and interactions—intellectual, scientific, cultural and people-to-people—needed to deepen our mutual appreciation and ability to work together.

U.S.-Korean Relations

Another pillar of our engagement in the Pacific is our alliance with the Republic of Korea. South Korea's economic and political achievements rival those of Japan. Economically the R.O.K. has converted itself from a poor agricultural society

12 FOREIGN AFFAIRS

devastated by the war into the world's thirteenth largest economy. Its industry is now on the cutting edge of high-tech growth. Within a generation South Korea's per-capita income has trebled. And its success in building democratic institutions and the accomplishments of *Nordpolitik* in forging new international relationships underscore the significance of our firm support for the R.O.K. over the past four decades.

South Korea's dynamism helps us meet the challenge of transforming what has been primarily a military alliance into a more equal political, defense and economic partnership. This is the logic of the U.S. force restructuring now under way, of Seoul's increased support of our defense presence there, of our economic dialogue and enhanced political consultations.

South Korea's success is all the more remarkable as it has been achieved in the face of unrelenting military and political confrontation with North Korea. Indeed the very real danger of nuclear proliferation on the Korean peninsula is now the number one threat to stability in the Asia-Pacific community.

North Korea's repeated failure to meet its international obligations under the Nuclear Nonproliferation Treaty—requiring it to implement full-scope International Atomic Energy Agency safeguards inspection of its nuclear facilities—has raised serious questions about its intentions. Widespread suspicions about a nuclear weapons program cannot enhance North Korea's security. President Bush's recent initiative in withdrawing worldwide U.S. tactical nuclear weapons renders Pyongyang's preconditions for fulfilling its NPT obligations more specious than ever.

Yet, as important as the NPT regime is, we have seen in the case of Iraq that even IAEA safeguards cannot ensure that a maverick regime will not seek to acquire a nuclear weapons capability. The only firm assurance against nuclear proliferation in Korea is a credible agreement by both Seoul and Pyongyang to abstain from the production or acquisition of any weapons-grade nuclear material on the Korean peninsula.

The key to reducing tensions on the peninsula—and ultimately to the reunification of Korea—is an active North-South dialogue. The Koreans themselves must traverse the road to peace and reunification. President Roh Tae Woo's initiatives to advance the free flow of trade, people and communications between North and South are important steps in this direction. For real progress to occur, a climate of trust and confidence must be established. The recent admission of both Koreas to

AMERICA IN ASIA 13

the United Nations and the ongoing prime ministerial talks are hopeful signs that the last glacier of the Cold War in Asia is at last beginning to melt. For our part, we are prepared to enhance our dealings with Pyongyang as the Democratic People's Republic meets its responsibilities as a global citizen.

There is potential for European-style confidence-building measures and, ultimately, Conventional-Forces-in-Europe-type arms reduction on the Korean peninsula. As in Europe, large and heavily armed ground forces confront each other across a clearly demarcated demilitarized zone. Korea is a place in East Asia where arms control initiatives seem particularly timely.

The process of reconciliation and, eventually, reunification on the Korean peninsula need to be based on Korean initiatives; yet the four major powers—the United States, Soviet Union, China and Japan—have important interests that intersect there. As the North-South dialogue progresses, we will explore the possibilities for a ~~forum~~ *formula* for the two Koreas and the four major powers in Northeast Asia that will support the dialogue, help in the easing of tensions, facilitate discussion of common security concerns and possibly guarantee outcomes negotiated between the two Koreas.

U.S.-Southeast Asian Relations

Our relations with the countries of the Association of Southeast Asian Nations are at the core of our engagement in this dynamic subregion. Over the last fifteen years, we have built an impressive structure of economic, political and security cooperation with our ASEAN colleagues. Indeed, just fifteen years ago many feared that countries such as Thailand, Malaysia and Indonesia would become "dominoes" in a communist assault on Southeast Asia. Today the talented, industrious people and market-oriented economies of the ASEAN states are setting global standards for development.

ASEAN today is America's fifth largest trading partner, rivaling U.S. commerce with Germany; and America is ASEAN's largest export market. ASEAN was a leader in launching the Uruguay Round of the GATT, and we look to ASEAN for support in successfully completing the current negotiations. We have worked hard to keep ASEAN at the core of our efforts at regional economic integration, and we will continue to do so.

In the political realm a decade of cooperative efforts with ASEAN has led to the successful conclusion of a comprehensive

14 FOREIGN AFFAIRS

agreement to end the conflict in Cambodia. In the wake of the Paris Conference we look to the building—under U.N. auspices—of a just and durable peace in Cambodia. This should make possible a new era in Southeast Asia, including the integration of Cambodia, Vietnam and Laos into the mainstream of the region.

The culmination of the Cambodian peace process—free and fair elections, the installation of a legitimate government in Phnom Penh, along with substantial resolution of our POW/MIA concerns—will finally provide a durable basis for the United States to normalize relations with Vietnam, Cambodia and Laos.

Two of ASEAN's members, the Philippines and Thailand, are also bilateral treaty allies. Today there is much uncertainty about the future of our military presence in the Philippines. I want to emphasize two points in this regard: our overriding concern is to sustain good relations with a democratic and economically resurgent Philippines. And second, regardless of the future of our military presence at Subic Bay, our security engagement in Southeast Asia will remain undiminished, even if realized through other arrangements.

We are exploring ways to enhance defense cooperation with our friends throughout the subregion in order to sustain an adequate security presence on a more diversified basis. The base-access agreement reached earlier this year with Singapore is a reflection of our commitment to sustaining a defense capability in Southeast Asia—as well as of the region's widespread desire for an active U.S. security presence.

U.S. Australian Relations

Australia is the southernmost spoke in the fan I described earlier, serving as the southern anchor for our links across the Pacific. Moreover, Australia is a bridge between Southeast Asia and the South Pacific island states. Canberra's activism in both global and regional affairs—from efforts to rid the world of chemical weapons to elimination of agricultural subsidies via the Cairns group in the GATT—demonstrates its importance as an ally. In its contributions to the Cambodian peace process, and in its role of honest broker and catalyst for development in the South Pacific, Australia plays a vital part in regional affairs.

In addition, Canberra has been an important bridge to New Zealand, as we have sought to encourage policy changes in Wellington that will make possible a reactivation of the ANZUS

AMERICA IN ASIA 15

alliance. President Bush's nuclear disarmament initiative has created a favorable context that we hope will elicit a positive response from New Zealand.

China

The tragic violence at Tiananmen Square in the summer of 1989 shattered the bipartisan consensus in the United States—carefully constructed over two decades by five administrations—for engagement with China. Rebuilding that consensus is in our national interest, but it is proving to be a daunting task.

Looking back over more than 150 years of American contacts with China—since the time of the first missionaries and traders—our views of China have oscillated between extremes of fascination and confrontation. Indeed the influence of the missionary experience in China—evident in the work of novelists, scholars and diplomats—has shaped our romantic perception of this land and its people. We have admired China's exotic culture and its hard-working and long-suffering people.

When the Chinese seemed to adopt our principles—either religious or secular—we enthusiastically welcomed them into the fold. But when periodic upheavals led to disappointment and frequently bloodshed, Americans felt the anger of rejection—of a conversion that failed.

Even in recent years, no foreign event seemed to capture the American public's interest and excitement more than the effort in the 1980s to reform China's Soviet-style economy and to open up the country to the modern world. And then, overnight, our hopes for a new, democratic China turned to revulsion at the sight of tanks crushing unarmed students. The subsequent advance of political reform in the Soviet Union has made China's setback all the more poignant.

We cannot forget those who were halted by a backlash of fear, but we will not help the eventual success of their cause by again turning our backs on China. **The pendulum of U.S. relations with China must stop its sharp swings. China is home for almost a quarter of mankind. We cannot simply wish away their problems.**

That is why President Bush has pursued a policy of engagement toward the People's Republic. We can eventually solve our problems with China only if we maintain the ability to make our case to the Chinese. **Our agenda is open for all, Chinese and American, to see. We want to protect human**

16 FOREIGN AFFAIRS

rights and advance liberty. We want to counter the threat of nuclear and missile proliferation. We want free and fair trade that benefits both countries and the region.

Our ideals and values must be an essential part of our engagement with China. We will fight against political repression and religious persecution. Yet political liberty is not easily or long separated from economic freedom. As President Bush pointed out at Yale University in June, no nation has yet discovered a way to import the world's goods and services while stopping foreign ideas at the border. It is in our interest that the next generation in China be engaged by the Information Age, not isolated from global trends shaping the future.

That is why we believe it is important to maintain China's most-favored-nation trading status. MFN has been a critical catalyst in the growth of our bilateral ties and in the overall expansion of China's foreign trade during the 1980s to more than \$100 billion annually. MFN has also facilitated development of a large market-oriented sector—in Guangdong province it now exceeds the state sector. This engagement has led to the integration of China's coastal provinces with Hong Kong, Taiwan and the global economy.

Of course, if China is to become fully drawn into the world economic system it must further deregulate its economy, adopt the transparency needed to enter the GATT and protect foreign intellectual property rights. Resolving these issues—and additional ones on our bilateral economic agenda, such as market access and the export of prison-labor products—can only be pursued through a policy of active engagement.

Finally, China's international role spans a growing range of global and regional issues affecting our interests: from concerns about missile and nuclear proliferation, to cooperation in the gulf crisis, to resolving regional conflicts. This underscores the need for sustained engagement with China on issues of common concern. Our recent experiences in working with Beijing on the Cambodian peace process and in reducing tensions on the Korean peninsula suggest that our engagement can produce results.

In sum we need to recognize that China is in a time of transition. An anachronistic regime has alienated us by lashing out, by seeking to repress an irrepressible spirit. A return to hostile confrontation will not help the people of China nor serve our national interests. The only sensible course is to move ahead with our agenda, secure improvements where

AMERICA IN ASIA 17

possible and create the context for managing the change that will come some day.

The U.S.S.R. in Asia

Any discussions of the future of the Asia-Pacific region would be incomplete without mention of the Soviet Union and Russia, which have interests in Asia as well as in Europe. Increasingly we see the Russian Republic taking a more active role in the Asia-Pacific region. And despite the turmoil in the U.S.S.R, Moscow has been playing an increasingly positive role in the region. Soviet cooperation on Cambodia and in the Persian Gulf, as well as the normalization of relations with South Korea, illustrate the potential for new forms of cooperation on Asian issues between Washington and Moscow.

Yet Soviet forces in the Far East still remain large, and market reforms that are the prerequisite for participation in the Asian economic miracle have yet to be implemented in the Soviet Union. No nation that spends 20 percent or more of its GNP on the military can expect to compete economically in the dynamic Asian region.

We welcome the growing interest in forging new economic ties between Soviet Asia and the nations of the Pacific Rim. The opening of Vladivostok, the establishment of a free trade zone at Nakhodka and resolution of the Northern Territories issue are important steps that can pave the way for greater participation in the Asia-Pacific community. As Soviet market reforms take shape, the potential for economic exchange with the market-oriented economies of the Pacific Rim will undoubtedly grow. In this regard I am pleased to welcome Soviet membership in the semi-official Pacific Economic Cooperation Council.

VI

President Bush's trip to East Asia and the Pacific highlights our hopes for the future of this promising region. Sustaining American engagement in East Asia and the Pacific is vital to U.S. interests—not just in the region, but to the international system we are trying to forge. Our defense commitments remain at the core of the Asia-Pacific security structure, but they will evolve to reflect new circumstances and partnerships based on the enhanced capabilities of our allies and friends. Supporting democratic trends and helping to shape a frame-

18 FOREIGN AFFAIRS

work for economic integration are key policy goals which will enhance the sense of Asian-Pacific community.

Yet we cannot fully enter the future while still burdened by legacies of the Cold War era, particularly the military confrontation on the Korean peninsula and the dispute over the Northern Territories. Moving from the Korean armistice to a stable peace and advancing Soviet-Japanese bilateral ties to make possible a peace treaty would be major steps in transcending those legacies. Only when true peace comes to Cambodia, when all the states of Indochina have normal relations with the rest of the world, when Korea is unified on terms acceptable to all Koreans and when the Northern Territories are returned to Japan can we finally turn a new page in the history of the Asia-Pacific region.

For the next millennium to be one of the Pacific, a strong sense of community must emerge based on shared prosperity and common values. The agenda and architecture I have discussed here hold the promise of building that sense of community. By accommodating Asia's diversity in security, uniting around shared principles and interests, and forging the economic ties that bind the region, our vision can be realized and a new trans-Pacific partnership achieved.

ASIA SOCIETY CONTACTS

- NSC Doug Paal x5746
- Trade -- DOC
Christina Lucyk 377-5527 (China); Kevin Boyd (speechwriter for Dr. Dustenberger 377-5853; Ed Leslie (Japan) 377-2425; Peter Cashman, 377-5853
- Asia Society (212) 288-6400 Heather Steliga Chen, Janet Gilman
- Census Bureau, Vern Jarvis 514-2648 re immigration stats



1ST STORY of Level 2 printed in FULL format.

Copyright 1991 American Demographics, Inc.
American Demographics

October, 1991

SECTION: Pg. 26

LENGTH: 3090 words

HEADLINE: We're All Minorities Now

BYLINE: by Martha Farnsworth Riche; Martha Farnsworth Riche is director of policy studies at the Population Reference Bureau in Washington, D.C.

BODY:

* Racial and ethnic diversity increases the differences between urban, rural, rich, and poor Americans. Children are most likely to be nonwhite or Hispanic, but the aging of diversity will have profound effects on consumer markets in the 1990s. Businesses can respond by using consumer information to unite diverse niches into profitable markets.

The United States is undergoing a new demographic transition: it is becoming a multicultural society. During the 1990s, it will shift from a society dominated by whites and rooted in Western culture to a world society characterized by three large racial and ethnic minorities. All three minorities will grow both in size and share, while the still-significant white majority will continue its relative decline.

Whites represent eight in ten Americans, the 1990 census found, down from nine in ten as recently as 1960. Subtract white Hispanics, and you discover that only about three out of four Americans are non-Hispanic whites.

During the 1980s, the U.S. received 6 million legal immigrants, up from 4.2 million during the 1970s and 3.2 million during the 1960s. Few immigrants now are of European origin. Immigrants also tend to have more children than the non-Hispanic white population, as do Hispanics and blacks. Together, these two factors are boosting the share of minorities in the population.

These trends are also creating diversity within the minority population. According to the Census Bureau, the 1990 census missed 1 in 20 blacks and Hispanics. Nevertheless, it gives an accurate picture of the rapid growth in their numbers. In 1990, 12 percent of Americans identified themselves as black, 9 percent as Hispanic origin (some of whom are also black), 8 percent as Asian or Pacific Islander, 1 percent Native Americans, and 4 percent "other." The first three groups will continue to grow faster than the white population. As each group grows, diversity within them will grow too.

These trends signal a transition to a multicultural society. If you count men and women as separate groups, all Americans are now members of at least one minority group. Without fully realizing it, we have left the time when the nonwhite, non-Western part of our population could be expected to assimilate to the dominant majority. In the future, the white Western majority will have to do some assimilation of its own.



1991 American Demographics, Inc., October, 1991

Government will find that as minority groups grow in size relative to one another, and as the minority population gains on the dwindling majority, no single group will command the power to dictate solutions. The debate over almost any public issue is likely to become more confrontational. Reaching a consensus will require more cooperation than it has in the past.

The new demographic transition may be particularly difficult for business because it parallels an equally momentous economic transition. As the economy moves away from manufacturing and physical skills and toward services and knowledge skills, a real danger emerges. The economic transition is increasing inequality in both incomes and opportunities. This inequality happens within and across racial and ethnic groups, and it has the potential to polarize both consumers and employees.

DIVERSITY DIFFERENCES

Immigration will add more Americans in the 1990s than it did in the 1980s, due to legislation enacted in 1990. The Immigration and Naturalization Service projects that legal immigration will exceed 700,000 per year starting in 1992. That compares with 600,000 immigrants per year as recently as the late 1980s. Illegal immigration will push the total even higher.

The 1990 law will also increase diversity among immigrants -- notably at the upper end of the income scale. It allows people who have no family here to immigrate if they have highly prized work skills, or if they are ready to make a significant business investment. The law nearly tripled the number of visas (to 140,000 a year) for engineers and scientists, multinational executives and managers, and other people with skills in demand. This includes 10,000 visas a year for investor immigrants who will put at least \$ 1 million into the economy and create ten jobs. (The entrance fee drops to \$ 500,000 in rural areas and areas of high unemployment.)

Immigrants tend to join their peers, and their peers tend to live in large coastal cities. California, New York, Texas, Florida, Illinois, and New Jersey are expected to get three of every four new immigrants, who will be joining already-large minority populations in those states. In California, non-Hispanic whites will become a minority within the next two decades.

Central cities are still the front line for processing immigrants into society, and native-born minorities and older immigrants are also moving into suburban areas. Asians are most likely to integrate into white suburbs. Suburban blacks are still relatively segregated, according to research by Richard D. Alba and John R. Logan of the State University of New York at Albany. Hispanics fall somewhere in between.

These locational patterns ensure that multiculturalism will evolve unevenly across the country. As a result, many states and cities will become increasingly unlike the rest of the country.

Multiculturalism is not monolithic, either. The difference among Hispanic subgroups has been well documented; Cuban Americans are an economic and political dynasty in Miami, but no similar clout exists for Puerto Ricans in New York or Chicanos in Texas and California. One-quarter of the Hispanic population in 1990 was the product of immigration during the 1980s, if you include the children of immigrants. And 43 percent of Hispanics are

LEXIS® NEXIS® LEXIS® NEXIS®



1991 American Demographics, Inc., October, 1991

immigrants from the 1970s and 1980s, according to Jeffrey Passel and Barry Edmonston of the Washington, D.C.-based Urban Institute.

Differences are even more pronounced in the fast-growing Asian American population. Passel and Edmonston report that 43 percent of the Asian American population in 1990 came from immigration during the 1980s, and 70 percent from immigration during the 1970s and 1980s. In 1970, the Asian American population was dominated by the Japanese. In 1980, the top group was the Chinese. Thanks to new immigration, the 1990 census found the Filipino American population had grown almost as large as the Chinese American population, and both grew far beyond Americans of Japanese origin. Both the Asian Indian and the Korean populations now rival the Japanese population in size.

Different patterns of childbearing also play a role in creating a more diverse society. Fertility rates are still higher for minority groups than they are for non-Hispanic whites. In 1988, Hispanic women had the highest rate, with 96 children per 1,000 women aged 15 to 44. Black women had a rate of 87 per 1,000, compared with 63 per 1,000 for white women. As a result, two-thirds of minority families had children in 1990, compared with fewer than half on non-Hispanic white families.

Hispanic and nonwhite women will still have higher fertility rates in the 1990s, primarily because they come from younger populations, according to Juanita Tamayo Lott, president of a Washington, D.C. consulting firm. But these rates should diminish as these populations age. Nonwhite and Hispanic fertility rates should resemble white rates by the mid-21st century, she says.

The trend is clear. If current conditions continue, the United States will become a nation with no racial or ethnic majority during the 21st century. This may happen as early as 2060, according to demographer Leon Bouvier of the Center for Immigration Studies.

THE AGING OF DIVERSITY

The engine driving the diversity trend is the relative youth of minority populations. In 1988, non-Hispanic whites were older than any minority group, with a median age of 31.4 years. Hispanics were the youngest, with a median age of 24 years. Blacks were second youngest, at 25.6, while "other" races (mainly Asians) had a median age of 27.

The median age is increasing for all racial and ethnic groups, but Hispanics and blacks will remain younger than non-Hispanic whites. According to Census Bureau projections, non-Hispanic whites will have a median age of 41.4 years in 2010. That's ten years older than the median age for blacks is 2010 (31.4 years) and 12 years older than for Hispanics (29.3). "Other" races will have a median age of 35.6.

As a result, different age groups are becoming multicultural at different rates. In 2000, 72 percent of Americans will be non-Hispanic white, according to Decision Demographics, a Washington, D.C. consulting firm. But fewer than two in three children will be non-Hispanic white. Non-Hispanic whites will account for 63 percent of children under age 8, 65 percent of children aged 8 to 13, and 66 percent of children aged 14 to 17. In contrast, nearly 80 percent of Americans aged 45 or older will be non-Hispanic white. Multicultural milestones show up first in the youngest ages.



1991 American Demographics, Inc., October, 1991

These differences in the composition of age groups combine with differences in life expectancy to make the elderly population disproportionately white. However, with the notable exception of black men, the gap in life expectancy between whites and nonwhites has been narrowing. All these trends will eventually increase the multicultural character of the older population.

Multiculturalism is seeping into every aspect of American society, including language. The battle to make English the official language of the United States seems to have fizzled out, as Spanish-speaking Americans make it clear that they intend to retain their native language. As a result, many English-speaking Americans are discovering with a shock that they cannot communicate when visiting certain sections of California, Florida, or Texas. Bilingual signs and forms are becoming commonplace in many parts of the country.

Next spring, the Census Bureau will release the first data on "linguistically isolated" households. These are households in which no member aged 5 or older reported speaking English "very well." The numbers of such households did not merit a separate tabulation in previous censuses. But the 1990 census found 23 million households that spoke a language other than English at home. It also found 10 million households that had a less-than-adequate command of English. These numbers will be considerably larger in the 1990 count, thanks to immigration, according to Census Bureau demographer Paul Siegel.

Other factors are influencing the evolution of racial and ethnic identities. More and more Americans are of mixed parent-age, and they are demanding to be recognized as multiracial.

Communications technologies are also changing the way people identify with their ethnic roots. For example, African films are gaining a significant audience here, particularly among African Americans. VCRs, fax machines, and other new technologies create important opportunities for cultural exchange in both directions. At the same time, it reduces the impetus for immigrants to assimilate into the "mainstream."

More than ever, the way for minorities to gain broader opportunities in American society is to get a college education. But relative to whites, college enrollment rates actually declined for blacks and Hispanics during the 1980s.

As educational attainment becomes increasingly important to individual success, differences in educational attainment will produce sharply different socioeconomic profiles for different racial and ethnic groups. This trend could create a population polarized by both race and economic opportunity. Whites and Asians could increasingly dominate high-income high-status occupations, leaving blacks and Hispanics with low-income low-status occupations.

Even if employment discrimination suddenly ceased to exist, the lower educational attainment of minorities would keep many of them from entering newly opened doors. Poorly educated young black men are already shut out of the broader society; nearly one in four of those aged 20 to 29 is behind bars or on probation or parole.

As America participates increasingly in the world economy, business leaders could use a multicultural work force as a powerful competitive edge. But the opportunities will not be distributed equally among different racial and ethnic groups. The challenge is to maximize our comparative advantage in the world

LEXIS® NEXIS® LEXIS® NEXIS®



1991 American Demographics, Inc., October, 1991

economy while still offering upward mobility to all Americans.

	white	black	Hispanic	Asian/ Pacific Islander	American Indian	other races
0 to 9	74.8%	15.0%	12.6%	3.3%	1.1%	5.9%
10 to 19	75.1	15.1	11.6	3.3	1.1	5.9
20 to 29	77.3	13.1	11.5	3.3	0.8	5.5
30 to 39	79.9	12.0	8.9	3.3	0.8	4.0
40 to 49	82.9	10.4	7.1	3.1	0.7	2.9
50 to 59	84.4	10.1	6.4	2.6	0.6	2.3
60 to 69	87.4	8.8	4.8	1.9	0.5	1.5
70 to 79	89.3	7.9	3.5	1.4	0.4	0.9
80 or older	90.4	7.5	3.2	1.0	0.3	0.8
All ages	80.3	12.1	9.0	2.9	0.8	3.9

Note: Hispanics may be of any race: therefore, the percentages do not total to 100.

Source: 1990 census data

HOW BUSINESS CAN RESPOND

"The typical consumer-citizen of California in the late 1990s may be a 38-year-old professional who does Zen meditation. At home, she listens to Celtic folk music because her grandparents were Scottish. But she spends her vacations in northern Mexico to study Tarahumara culture, after picking up a taste for rancho music," says Paul Saffo, who follows technology for the Institute for the Future in Menlo Park, California.

In a multicultural society, businesses thrive by finding common ground across racial and ethnic groups. Businesses that try to target each group separately will be stunted by prohibitive marketing costs. Others will meet this challenge by helping multicultural consumers mix and match their lifestyles. Multicultural consumers will take discrete cultural pieces and mix them into custom-tailored wholes.

Another common need is information and entertainment that explains the world to multicultural consumers from their point of view. Last year, a widely publicized journalism study faulted young Americans for their ignorance of important news figures and news events. But given their increasingly multicultural nature, it's no surprise that today's youth had little interest or knowledge in what was going on in Eastern Europe, but were up-to-the-minute on developments in South Africa. * Consumer information and entertainment businesses are going to have to reposition both their content and their advertising to appeal to today's multicultural youth as they become tomorrow's multicultural adults.

* See. "What's News with You," American Demographics, November 1990, page 2.

Education is a major common need. The educational establishment has not adequately responded to the multicultural challenge, and that creates an opportunity for business.

Communications technology is building a new common ground for an increasingly multicultural population. We saw this during recent events in China and in Eastern Europe. We are going to see more of it as technological evolution lets our most recent arrivals keep close contact with their roots instead of

LEXIS® NEXIS® LEXIS® NEXIS®



1991 American Demographics, Inc., October, 1991

cutting them off.

These developments create new opportunities for consumer businesses that can unlock culture from its origin and allow others to share in it. One example is the Japanese adoption of the Wild West, as Tokyo executives import log cabins from Montana and vacation on American dude ranches. As the world's first multicultural society, the United States is uniquely positioned to both understand and profit from the emerging global culture.

All this means that consumers are becoming simultaneously part of a global culture and a local community. It also means that these ties are based on common interests. Moreover, technology increasingly allows Americans to switch readily and frequently from one viewpoint to another. The marketer's new challenge is to find not only the right person with the right message but also to find them at the right moment.

Some of those moments will be global moments, as everyone in the world watches a soccer match, or a war. Some will be culturally specific moments, as Muslims or other groups share a moment that is invisible to everyone else. Some will be purely and simply local. But in every case, the common ground will be interests, concerns, and lifestyles.

Without necessarily realizing it, businesses have been preparing to meet this challenge by building detailed consumer information systems. Combined with attitude and behavior research, these systems can efficiently unite niches into markets. The systems' geographic specificity will extend marketing efficiency by allowing marketers to pay attention to the geographic variations in diversity.

For example, a Nissan television campaign featured a multicultural design team engineering cars "for the human race." The tag line made sense nationally, because it was broadly targeted image advertising. More directly targeted messages have to identify their audiences more closely. An ad that takes a multicultural society as a given is right for Los Angeles, but it might strike a strange note in rural Indiana.

Retailers can use locally based information systems to efficiently target specific demographic and market segments. Mark London is president and CEO of Equity Properties in Chicago, a firm that remodels and re-leases shopping centers whose trade areas have changed significantly. He recently analyzed an anchor store that was doing badly in a repositioned Miami mall. The store managers hadn't understood two crucial concepts. First, upscale Hispanic women don't have the same fashion preferences as other upscale women. Second, they don't have the same preferences as other Hispanic women. When the store learned to feature upscale Hispanic fashions, sales rebounded.

On every dollar bill is the phrase E pluribus unum, "from diversity comes unity." If this fundamental American belief can survive, our country will become a microcosm of an increasingly interdependent world. America can still offer hope to other countries, and to all of its citizens. But it can only work if we meet the multicultural challenge.

GRAPHIC: Photo, no caption, JON REIS (PHOTOP ROBERT ACETO (HAND COLORING)

LEXIS® NEXIS® LEXIS® NEXIS®

Snow/Nix
Asia
Draft Three
November 11, 1991

PRESIDENTIAL ADDRESS: THE ASIA SOCIETY
WALDORF-ASTORIA HOTEL
NEW YORK, NEW YORK
TUESDAY, NOVEMBER 12, 1991
7:35 P.M.

Thank you very much, John [Whitehead]. John has served this country with great distinction over the years, and it's great to join him -- and his wife Nancy -- this evening. It's also a pleasure to see Asia Society President Robert Oxnam, and vice Chairman, Peter Aaron. To you, and to the distinguished men and women in this audience, greetings -- and my thanks for this opportunity to speak with you on topics of great concern to us all.

*Called
Justin
Message
given
11/12* 5:08 As you know, I have just returned from Rome and the Hague. There, I worked and other Western leaders ^{worked} to build a post Cold-War world characterized by mutual security, democracy, individual liberty, free enterprise, and unfettered international trade. I want to talk about those topics tonight, with the accent on Asia.

But first, for audiences here and in Asia, I think it's important to discuss once again why I will not travel to the region later this month. As President, I must serve the entire nation in the domestic and foreign arenas. Sometimes those obligations clash. When we planned our trip, Congress had planned to adjourn early in this month. Now the members say they

will wrap up by November 22, but who knows? We will reschedule the trip, but I will not leave while Congress is wrapping up a session: It can commit too much mischief in times like that.

Frankly, I don't mind telling you that I just don't feel comfortable leaving Congress home alone. //

Make no mistake, however: I will not turn my back on my responsibility to do the nation's business here and abroad, and in times of economic pain, I certainly will not give up an opportunity to work with our allies to create new markets, new jobs and new opportunities for American workers -- in agriculture, in manufacturing and in service industries.

And I certainly will not permit us to retreat into a kind of Fortress America, which will doom us to irrelevance and poverty. The notion that we can separate domestic and foreign policy rests upon the stubborn fantasy that we can live as an isolated island surrounded by a changing and developing world. We tried isolationism, and we ended up fighting two bloody world wars.

We tried economic isolationism -- protectionism -- and we helped set off a worldwide depression. I remain deeply committed to building closer ties with the Asia Pacific region. Although much of our Nation's heritage comes from Europe, our future points equally toward Asia.

Asia has transformed itself in the space of a generation into the most rapidly growing region on the face of the earth. Asia-Pacific nations enjoyed staggering real economic growth in the decade of the Eighties: The Australian economy grew 41

percent; Japan's grew nearly 52 percent; Malaysia almost 60 percent; Hong Kong, 89 percent; Singapore, 93 percent; Taiwan, 116 percent and South Korea, 150 percent.

The Asia-Pacific region has become our largest and fastest growing trade partner. We conduct more than 300 billion dollars worth of two-way trade annually. Together, we generate nearly half the world's GNP. American firms have invested more than 61 billion dollars in the region, and that figure will grow. Asians have invested more than 95 billion dollars in the United States. In everything from automobiles to microchips, from baseball to Australian rules football, we grow closer each day.

A few years ago, it was fashionable to refer to the 20th Century as the American Century and the 21st as the Pacific Century, as if we were engaged in some long-term competition with our Asian allies. I don't see it that way. The United States will remain large and powerful, but in years to come, we will deepen our partnership with our Asian friends in building democracy and freedom.

We'd be here forever if I tried to tick off our interests and activities, country-by-country. So instead I will address the three central issues in our relationships with the nations of the region: security, democracy, and trade.

In the area of security, Asia's variety has spawned a diverse pattern of political and strategic cooperation. Our custom-made agreements and relationships provide a strong foundation for future security.

Let me give you a few examples of how we seek to build the peace. The ASEAN Nations, Japan, Australia and the U.N. Security Council's permanent members recently forged a Cambodian peace process that promises free elections in a nation previously rent by tyranny and genocide. Just yesterday, for the first time in 16 years, we sent an accredited diplomat to Cambodia, to participate in the peacemaking arrangements.

The conflict in Indochina has preoccupied this nation for years. Finally, we have entered into a period of healing and constructive cooperation. We will work step-by-step to resolve the painful issues left by that war. We envision normal relations with Vietnam as the logical conclusion of a step-by-step process that begins by resolving the problems in Cambodia and by addressing thoroughly, openly and conclusively the status of American POW-MIAs.

Today, I am happy to announce that we will upgrade our relations with Laos, and that, we soon will place an ambassador in Vientiane.

The Republic of Korea has moved to build better ties with North Korea while boldly challenging the North to abandon its menacing nuclear weapons program, which threatens regional peace.

We welcome recently organized efforts involving us, the Japanese, Soviets, Chinese and Koreans to bring North Korea's nuclear program under international supervision. Meanwhile, we will maintain our conventional military presence in the South as long as the people want or need us.

In laying the foundation for peace through our global partnership, we have worked closely with Japan in the area of foreign aid: we are the world's two foremost providers of such aid. We also cooperate on development assistance, environmental protection, trade, arms control, refugees and regional peace.

The Japanese have joined us in trying to lead the Soviet Union and Eastern Europe toward free enterprise. They support more than 50,000 U.S. military forces in Japan with 3 billion dollars in annual host nation contributions. Japan contributed nearly 13 billion dollars to the multinational forces for the Gulf War, 10 billion dollars of which went to the United States. This required new taxes -- a very tough thing for any politician to ask of working people -- but Japan deserves praise for choosing the right course.

To the South, Australia casts a shadow far larger than its population and size would suggest. It takes justifiable pride in its long tradition of defending democracy, and its economic, political and cultural presence helps unite the Asia-Pacific region with the rest of the world.

We can help ensure future peace in the region and defend our interests through a range of military arrangements. Bilateral alliances, access agreements and Five-Power defense arrangements give us the flexibility we need.

While we must adjust our force structure to reflect post-Cold-War realities, we also must protect our interests and allies. In this light, we cannot afford to ignore the important

sources of instability: in North Korea; in Burma, where socialist despotism holds sway, despite the heroic efforts of freedom fighters like Nobel Laureate Aung San Suu Kyi; in China and other states that resist the worldwide movement toward political pluralism -- and that sometimes support our adversaries, even by contributing to the proliferation of dangerous weapons.

Fortunately, the key to future stability in the region lies not with arms, but with ballots. Democracy has swept across Asia -- with some notable exceptions, such as Burma, China, North Korea, and Vietnam. Yet we remain engaged in the region, and especially in China. If we retreat from the challenge of building democracy, we will have failed many who have worked hard, even died, for the cause.

The United States will support democracy wherever it can, understanding that nations adopt political freedom in their own ways, in manners consistent with their histories and cultures. After decades of uncertainty, the future seems full of hope, and even the intransigent few seem likely to join the rest of the world in building a commonwealth of freedom.

This brings us to the third focal point, and a crucial ingredient in a stable, free society: economic prosperity.

No nation can ignore the incredible vitality of this region -- or afford to. Yes, we disagree on some important trade issues, but we also recognize a more important fact: Our fates and values have become linked forever.

Contrary to the opinions of American protectionists, free trade requires efforts by all parties involved. Too often, trade disputes bring out the worst in people. Japan-bashing has become a minor sport in the United States, and some in Japan have become equally scornful of the United States. Both our nations must reject those who would rather seek scapegoats than tackle their own problems. We've made a good start: The Asia-Pacific Economic Cooperation Group encourages growth and trade. The Uruguay Round of GATT talks remains the single most important vehicle for advancing the cause of free trade and fending off the scourge of protectionism. We call upon Japan and Korea to work with us in breaking down old barriers to trade and opening up markets in manufacturing, services and agriculture. Our Structural Impediments Initiative talks have helped lower barriers to trade and investment, but we need to give those talks new life and create a better climate in Japan for U.S. businesses.

The fact is that Japan, which nearly half a century ago became a focal point of American hatred, has become one of our closest and most treasured allies. I enjoyed a warm and constructive relationship working with Prime Minister Kaifu, and I look forward to spending time with my old friend, Prime Minister Miyazawa -- significantly, a man steeped in Western and Eastern culture, and superbly equipped to build bridges of culture and trade between our two great Nations.

Together, we can build an even more prosperous and spectacular future -- but only if we take up the tough, rewarding

task of promoting worldwide economic liberty: no trade blocs; no new trade barriers. We seek a vibrant international economic system that unites markets on every continent.

We in the United States also must strengthen our economy. We levy an unacceptably high effective tax rate on capital gains. Germany levies no capital gains tax. The complicated Japanese tax averages about 1 percent. This puts our own entrepreneurs and venture capitalists at a huge and shameful disadvantage.

We run an enormous and growing budget deficit, which seems to serve no greater purpose than to inflame political divisions within our own country. We must take purposeful action to reduce that deficit, while nourishing economic growth.

To compete internationally we must modernize our banking industry and make our industrial base more competitive. We must work with our allies to build a stable and sound monetary regime.

Perhaps most important, we must build human capital. We have an obligation to prepare future generations for life in the 21st Century. The integrated global economy will demand more of us than ever before, and our schools must meet that challenge.

Technological change can do much more than make our lives more comfortable. It can sweep away totalitarianism and forge the foundation for lasting liberty. We live in an age of liberation technology, and no technology does more for the cause of freedom than the means of mass communications. No wall is high enough and no government sufficiently despotic to shut off what some call a revolution of electrons. As we compete with our

allies in this area, we must remember that information feeds intellect, and good information fosters freedom.

Let me close by summarizing our general approach to relations with Asia. Our administration sees six keys to promoting lasting peace in the Asia-Pacific region:

Progressive trade liberalization / Security cooperation /
A shared commitment to democracy and human rights / Educational
and scientific innovation / Respect for the environment / And an
appreciation of our distinct cultural heritages.

Americans have always looked to the horizons for their destiny, even from our earliest days. We have grown great because we have welcomed people from every continent and country, and we have tried to make use of their distinct talents, while constructing a common culture.

Today, we celebrate that diversity, and celebrate the prospect that in years to come, we will develop with our Asian friends even greater ties of trade and culture.

I look forward to traveling soon to Asia, to advance these important principles, and to expand market opportunities for tens of thousands of American workers and businesses. As President, I will continue building ties with our allies, because those ties mean peace at home and jobs for American men and women.

I want to thank the Asia Society for its vital contributions to the cause of peace, prosperity and understanding. I look forward to your help as I seek to build closer bonds of affection

and interest with the peoples of the vast, marvelous, varied
Asia-Pacific region.

Thank you. May God bless our Asian-Pacific friends and the
United States of America.

#



November 6, 1991

MEMORANDUM FOR: Mr. Robert A. Snow
Deputy Assistant to the President
for Communications and Director of
Speechwriting

FROM: David I. Hitchcock *DIH*
Director
Office of East Asian and Pacific
Affairs

SUBJECT: Public Affairs Background for the
President's Visit to East Asia

Greta Morris and I appreciated the opportunity to meet with you and members of your staff last Monday to discuss the President's upcoming visit to East Asia. As promised during that meeting, I am enclosing the following background material which may be useful to you and your colleagues in preparing the President's public remarks:

1. A memo on the Public Affairs Aspects of the President's Visit to East Asia which was originally sent to Richard Solomon on September 20. The memo lists themes to be addressed in public fora and program suggestions for the visits to Japan, Korea and Australia.
2. A memorandum prepared by the Counselor for Public Affairs of our embassy in Tokyo discussing public affairs issues for the President's visit (especially the comments on page one).
3. Telegrams from our embassies in Seoul and Canberra outlining public affairs themes and activities for the visit. These cables and the Tokyo memo formed the basis of the September 20 paper (item number 1) and provide additional background.
4. A cable from our embassy in Singapore with themes and a notional schedule for the President's visit.
5. A list of previous speakers, including Bob Hawke and Brian Mulroney, in the Singapore Lecture Series which the President is scheduled to address.

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

TRAC 11/01/04

6. A cable from Manila suggesting that the President's remarks at Pearl Harbor mention the attack on U.S. forces (including Filipinos) in the Philippines which occurred the same day as the attack on Pearl Harbor.

7. Some "local color" suggestions for the President's remarks in Japan, including a Haiku by Japan's most famous, 17th century poet, Basho.

8. A cable on East Asian perceptions of the U.S. as seen by PAOs at our October regional conference in Singapore.

If you have questions on any of the enclosed material, or need additional information, please do not hesitate to call me (619-4829) or East Asia Policy Officer Greta Morris. We welcome the opportunity to assist you on this important visit.

Despite the postponement of the President's trip we are sending you these papers now, since they should eventually be useful to your staff.

In addition here are two excellent opinion cables just in from Seoul and Tokyo which may also be of interest to you.

CONFIDENTIAL ATTACHMENT