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Collection/Office of Origin: Speechwriting, White House Office of

Series: Speech File Draft Files

Subseries: Chron File, 1989-1993

OA/ID Number: 13598

Folder ID Number: 13598-002

Folder Title:

Japanese Welcoming Committee 1/9/92 [OA 6095] [1]

Stack:

G

Row:

26

Section:

17

Shelf:

5

Position:

6

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/6/92 ACTION/CONCURRENCE/COMMENT DUE BY: ----

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
AKASAKA PRINCE HOTEL
TOKYO, JAPAN

SUBJECT: THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PORTER ROSE</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>SNOW</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Grossman
A:JAPAN Draft Seven
Jan. 5, 1992

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
AKASAKA PRINCE HOTEL
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of a great journey, at a turning point in history. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have tempered ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. A new respect for human rights is sweeping the globe. Democracy is struggling to set down roots even in such places as Cambodia.

Freedom was not reborn without pain. Its triumphs have been inscribed in blood and fire; its truths have been seared into our souls through pain and sacrifice. This century taught two crucial lessons: First -- that isolationism and protectionism lead to war and poverty, and second -- that political engagement and free trade lead to peace and prosperity.

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye carry the human spirit over barricades and barbed wire, and pull down walls designed to hold back the tide of truth. We

live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests and ambitions; propelled by people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building a new international order based upon the rule of law, respect for human rights, and political and economic freedoms. The Cold War is over and a new era beckons. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

Today, I ask Japan to join with the United States in building this new world -- one enriched by free trade and robust competition; a world that will create a better life for people everywhere. Our prosperity and yours are indivisible. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow; Japan's growth needs American markets open and growing. Let us move forward, together.

The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. Our two-way trade is now \$310 billion annually, one-third larger than that with Europe. Since 1975, the number of Americans of Asian origin has nearly quadrupled. There are more Laotians in the U.S. today than in the Laotian capital of Vientiane; as many Filipinos in California than in Cebu. These Americans, along

with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. But at the core of our continuing Asian engagement stands our alliance with Japan.

Rarely in history have two nations with such different historic and cultural roots nurtured such an enduring relationship. Our people are bound by democracy and bound by our deep economic ties; together we can help ensure the prosperity and security of the region and the world.

Consider the four key areas of our relationship.

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

I know the Persian Gulf spurred spirited debate here about Japan's global role. Let me say first that the American people appreciate deeply your contribution to the coalition effort in the Gulf. No nation outside the Gulf region provided more financial support than did Japan.

In the aftermath of the Gulf war, Japan has begun to define its emerging role. An active and engaged Japan is critical to an effective post-Cold War system. The system does not work unless leading powers lead.

This brings me to the second area of our relationship: we must enhance our foreign policy cooperation. We must fulfill the promise of our global partnership. Together we produce 40 percent of the world's GNP and 40 percent of all bilateral aid. We have the potential to marshal unrivaled resources for a better future --if our foreign policies are well-coordinated.

The upcoming conference on assistance to the Commonwealth of Independent Republics is a crucial example of such coordination. The demise of the Soviet Union confronts us both with ominous dangers, but also historic opportunities. The help Japan and other Asians provide in the transformation of a totalitarian empire into market-oriented and democratic states is key to future peace and stability in the world. Let me add that the United States will continue to support your efforts to regain the Northern Territories.

On issues from Cambodia and Korea to Central Europe, from the Uruguay Round to the Enterprise for the Americas, I cannot imagine meeting the challenges ahead without Japan by our side. That is why today, Prime Minister Miyazawa and I have issued the "Tokyo Declaration" setting out the basic principles and major aspects of our global partnership. Our renewed alliance will define the shape of the post-Cold War world.

Third, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe Fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell nearly \$50 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my fourth -- and most important -- point. We must expand our economic ties. And we must also face up to the economic tensions that threaten our relations. We must reduce those tensions now -- through opening markets and eliminating barriers to trade and investment.

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

than with any other region on earth. Our trans-Pacific trade now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to all of the countries in the former Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods and services, our industries more open to new competitive ideas, and an equal flow of technology on both sides.

American businesses learned during the past decade that the old ways no longer work in our changing international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to open markets, and

we will reduce our own trade barriers, as our allies cut away theirs.

Our two countries have embarked on a unique experiment in interdependence called the Structural Impediments Initiative. In it, each pinpoints the other's barriers to competitiveness and each commits to reduce them. We must reinvigorate this commitment to market access -- because the beneficiaries will be businessmen and consumers on both sides of the Pacific.

The United States and Japan also must lead the way to a successful conclusion of the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

Improving our economic relations means one thing: further opening your markets. It means greater openness in many sectors of the Japanese economy still biased against outside investment by complex and sometimes collusive business practices. These practices hurt American companies, but they also hurt Japanese consumers.

I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either. Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited

in Kyoto offers prices up to 30 percent lower than its Japanese competition. That's good for us and that's good for you.

Many of our Japanese friends argue that the United States must improve its competitiveness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- we can and will increase our rate of savings and investment. We must continue to boost our manufacturing excellence. We must reduce our budget deficit. To stimulate innovation, risk and a longer-term business outlook, I want investment credits, permanent R&D credits, and long-term equity capital gains tax cuts. It is no accident that Japan does not tax capital gains. It is an important ingredient of competitiveness.

And we must raise our educational standards. Our America 2000 education strategy will fuel a revolution in education. It challenges citizens to set high standards for their schools and

encourages all Americans to join forces in establishing world-class schools. This is the path to competitiveness.

The educational achievements of Japan and others in the Asia-Pacific region can inspire us to move quickly down this path. That is why I've invited the countries of the Pacific Rim to send their education ministers to Washington for a conference next spring to seek new ways to cooperate.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best basic anywhere. We boast of the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is the most diverse, energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But the persistence and magnitude of our trade deficit with Japan is truly the exception. Let me say

this: We've shown a lot of forbearance. Now we want equal access. We want fair play. //

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. About one-third of our economic growth between 1985 and 1990 was attributable to merchandise exports. New exports abroad mean jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in merchandise exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people believe very, very strongly in creating a level playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade -- that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. Open markets have launched Japan toward economic prominence. Japan now must join the ranks of world leadership in

strengthening the very institutions that have made us great: free markets and free people.

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our nations, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

* * *

Grant / Grossman
A:JAPAN Draft Seven
Jan. 5, 1992

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
AKASAKA PRINCE HOTEL
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

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#

Grant / Grossman
A:JAPAN Draft six
December 28, 1991

**PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
AKASAKA PRINCE HOTEL
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991**

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of a great journey, at a turning point in history. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have tempered ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. A new respect for human rights is sweeping the globe. [Democracy is struggling to set down roots even in such places as Cambodia.]

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In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye carry the human spirit over barricades and barbed wire, and pull down walls designed to hold back the tide of truth. We live in a world transformed by these liberation technologies -- a

world shrunken by swift travel and instant communication; drawn closer by common interests, ambitions and needs; propelled by the strength of people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building a new international order based upon the rule of law, respect for individual freedoms and economic liberty and dedication to democracy. The Cold War is over and a new era beckons. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

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Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. Our two-way trade is now \$310 billion annually, one-third larger than that with Europe. Since 1975, the number of Americans of Asian origin has nearly quadrupled. There are more Laotians in the U.S. today than in the Laotian

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Rarely in history have two nations with such different historic and cultural roots nurtured such an enduring relationship. Our people are bound by our commitment to democracy and by our deep economic ties; together we can help ensure the prosperity and security of the region and the world.

Consider the four key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance. We enjoy a strong security link with Japan. [Duggan insert?] Japan's generous support for U.S. forces stationed here is an important demonstration of sharing responsibilities. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation enhances our security, and build even stronger political ties between us.

I know the Persian Gulf spurred spirited debate here about Japan's global role. Let me say first that the American people appreciate deeply your contribution to the coalition effort in

the Gulf. No nation outside the Gulf region provided more financial support than Japan.

In the aftermath of the Gulf war, Japan has begun to define its emerging role. An active and engaged Japan is critical to an effective post-Cold War system. The system does not work unless leading powers lead.

This brings me to the second area of our relationship: foreign policy cooperation. We must fulfill the promise of our global partnership. Together we produce 40 percent of the world's GNP and 40 percent of all bilateral aid. We have the potential to marshal unrivaled resources for a better future -- if our foreign policies are [well-coordinated.]

The upcoming conference on assistance to the Commonwealth of Independent Republics is a crucial example of such coordination. The demise of the Soviet Union poses ominous dangers and historic opportunities. The help Japan and other Asians provide in the transformation of a totalitarian empire into market-oriented and democratic states is key to future peace and stability in the world. Let me add that the United States will continue to support your efforts to regain the Northern Territories.

On issues from Cambodia and Korea, reform in Mongolia and Central Europe, the Uruguay Round and Enterprise for the Americas, to protecting the environment, I cannot imagine meeting the challenges ahead without Japan by our side. That is why today, Prime Minister Miyazawa and I have issued the "Tokyo Declaration" setting out the basic principles and major aspects

of our global partnership. Our renewed alliance will define the shape of the post-Cold War world.

Third, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe Fund [mention Abe personally] to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell nearly \$50 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my fourth -- and most important -- point. We must expand our economic ties. And we must also face up to the economic tensions that threaten our relations. We must reduce those tensions now -- through opening markets and eliminating barriers to trade and investment.

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia than with any other region on earth. Our trans-Pacific trade now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to all of the countries in the former Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods and services, our industries more open to new competitive ideas, and an equal flow of technology on both sides.

American businesses learned during the past decade that the old ways no longer work in our changing international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our

companies just want a chance to compete fairly in markets around the world. Our government remains committed to open markets, and we will reduce our own trade barriers, as our allies cut away theirs.

Our two countries have embarked on a unique experiment in interdependence called the Structural Impediments Initiative. In it, each pinpoints the other's barriers to competitiveness and commits each to reduce them. We must reinvigorate this commitment to market access -- because the beneficiaries will be businessmen and consumers on both sides of the Pacific.

The United States and Japan also must lead the way to a successful conclusion of the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

Improving our economic relations means one thing: further opening your markets. It means greater openness in many sectors of the Japanese economy still biassed against outside investment by complex and sometimes collusive business practices. These practices hurt American companies, but they also hurt Japanese consumers.

I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't

say that, either. Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices up to 30 percent lower than its Japanese competition. That's good for us and that's good for you.

Many of our Japanese friends argue that the United States must improve its competitiveness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- we can and will increase our rate of savings and investment. We will continue to boost our manufacturing excellence. We will reduce our budget deficit. To stimulate innovation, risk and a longer-term business outlook, I want investment credits, permanent R&D credits, and capital gains tax cuts. It is no accident that Japan does not tax capital gains. It is an important ingredient of competitiveness.

And we must raise our educational standards. Our America 2000 education strategy will mount a revolution in education. It challenges citizens to set high standards for their schools and

encourages all Americans to join forces in increasing world-class schools. This is the path to competitiveness.

The education achievements of Japan and others in the Asia-Pacific region can inspire us to move quickly down this path. That is why I've invited the countries of the Pacific Rim to send their education ministers to Washington for a conference next spring to seek new ways to cooperate.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. They've come not to plead -- but to explore new business opportunities in all the nations we've visited. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best basic anywhere. We can boast of the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is the most diverse, energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade

surplus with Europe. But the persistence and magnitude of our trade deficit with Japan is truly the exception. Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play. //

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. About one-third of our economic growth between 1985 and 1990 was attributable to merchandise exports. New exports abroad mean jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in merchandise exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people believe very, very strongly in creating a level playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade -- that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. Open markets have launched Japan toward economic prominence.

Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people.

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

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THE WHITE HOUSE
WASHINGTON

December 27, 1991

MEMORANDUM FOR TONY SNOW

FROM: ROGER B. PORTER *RBP*
SUBJECT: Presidential Address: Japanese Welcoming
Committee

These remarks skillfully combine a history of U.S.-Japan relations as well as a vision of where the relationship is heading and how the President wants to shape the relationship in the years ahead. The remarks properly focus on both international security and economic and trade related concerns.

We have no suggested changes and compliment you for the fine effort on this speech.

This is an excellent speech.

cc: Phillip D. Brady

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/26/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, FRIDAY, DEC. 27

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE

HOTEL NEW OTANI

SUBJECT: TOKYO, JAPAN

THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER ROSE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 3:00PM, FRIDAY, DECEMBER 27. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Grossman
A:JAPAN Draft four
December 26, 1991

31 DEC 26 P1: 47

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of an historic journey, at a turning point in world events. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have set aside ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. Democracy has set down fragile roots even in such places as tiny Cambodia.

Freedom was not reborn without pain. Its triumphs have been inscribed by blood and fire; its truths have been seared into our souls through pain and sacrifice. This Century teaches us two crucial lessons: First -- that protection and isolationism lead to war and poverty, and second -- that engagement and free trade lead to peace and prosperity.

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye give people the power to surmount barricades, elude barbed wire and pull down walls designed to hold back the tide of truth. We live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests,

ambitions and needs; propelled by the strength of people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building economic freedom, individual liberty and free markets. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

Today, I ask you to help build a new world -- one enriched by free trade and robust competition; a world that will support good jobs for workers everywhere.

I come here to create opportunities for good American jobs, But let there be no misunderstanding -- American growth is in your best interest. And Asian growth is in ours. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow.

Here in Japan, you have a saying: "The lantern-bearer should go ahead." My friends, we are the lantern-bearers of our age. We must light the way to a world of peace and prosperity for generations to come.

Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. In the last fifteen years, the number of Americans of Southeast Asian origin has quadrupled. There are

more Laotians in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. **But at the core of our continuing Asian engagement stands our alliance with Japan.**

Rarely in history have two nations with such different geographic and cultural roots nurtured such an enduring relationship. Our people are brothers and sisters in democracy; together, we can help ensure the prosperity and security of the region. More broadly, our association will define the shape of the post-Cold War world.

Consider the three key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance. We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation will enhance our security, and build even stronger political ties between us.

In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security. Let me say first that the American people appreciate deeply the support you gave us during the Gulf War. We also understand that Japan

has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.

Second, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell more than \$40 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my third -- and most important -- point. We must acknowledge the economic tensions between us, and we must reduce those tensions now.

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

than with any other region on earth. Our trans-Pacific trade now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to the entire Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas.

American businesses learned during the past decade that the old ways no longer work in our changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

we will reduce our own trade barriers, as our allies cut away theirs.

The United States and Japan can light the way to a world of free trade by concluding the Structural Impediments Initiative. This agreement plays a pivotal role in our on-going efforts to improve market access and remove non-tariff barriers to foreign investment.

The United States and Japan also must lead the way to a successful conclusion for the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

Improving our trade relations means one thing: opening your markets. Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices. These practices hurt American companies, but they also hurt Japanese consumers.

I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either. Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices thirty percent lower than its Japanese competition. That's good for us and that's good for you.

Many of our Japanese friends argue that the United States must improve its competitive fitness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- improving education, cutting taxes and regulations that hurt our economy; fighting the hidden tax of crime; stimulating innovation and risk; and recognizing companies that enhance productivity while improving product quality.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best basic anywhere. We can boast of the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is the most diverse,

energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But our trade deficit with Japan is truly the exception. Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play. //

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. Nearly half of our GNP growth between 1985 and 1990 was attributable to exports. New exports abroad mean new jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in manufactured exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people feel very, very strongly in the necessity of creating a level

playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade --that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. Free markets have launched Japan toward economic prominence. Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people.

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

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NATIONAL SECURITY COUNCIL

EXECUTIVE SECRETARIAT STAFFING DOCUMENT

TIME STAMP: 32

SYSTEM LOG NUMBER: 9432

ACTION OFFICER: PAALST

DUE: 3 PM FRI 27 DEC

Prepare Memo For Scowcroft/Howe

Appropriate Action

Prepare Memo For Brady

Prepare Memo For Sittmann

Prepare Memo SCOWCROFT

to: SNOW cc: BRADY

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext.

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INFORMATION

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- Scowcroft (advance)
- Howe (advance)
- Exec Sec Desk
- Secretariat

COMMENTS

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Return to Secretariat
379 OEOB

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Free trade has propelled Japan toward world leadership. *greater trade volume*
^{Open} ~~Free~~ markets have launched Japan toward economic prominence.

Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people. *I challenge Japan to become the world's most open market by the year 2000.*

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

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*Advanced
copy - Snow*

Document No. 295/3155

9432

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/26/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, FRIDAY, DEC. 27

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE

HOTEL NEW OTANI

TOKYO, JAPAN

SUBJECT: THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
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BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 3:00PM, FRIDAY, DECEMBER 27. Thank you.

RESPONSE:

NSC concurs with changes as noted

Brent Scowcroft

cc: Phillip Brady

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

Grant / Grossman
A: JAPAN Draft four
December 26, 1991

31 DEC 26 P1: 47

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of an ^{important} [historic] journey, at a ^{rare moment in history} ~~turning point in world events~~. The Soviet Union has vanished, and with it, the ^{menace} delusions of communism. Arabs and Israelis in the Middle East have set aside ancient hatreds in order to pursue the ideal of peace. [Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings. ~~across nations from Latin America to Eastern Europe~~. Democracy has set down fragile roots even in such places as [tiny] Cambodia. ^{respect for human rights is on the move} A new Freedom was ^{with? in?} not reborn without pain. Its triumphs have been inscribed ^{hand work} by blood and fire; its truths have been seared into our souls through ^{it has established itself with startling bursts of} [pain] and sacrifice. ^{production and reconstruction} This Century teaches us two crucial lessons: First -- that ^{and its economic accompaniment} [protection and] isolationism lead to war, ^{and despair} and poverty, and second -- that ^{and hope} engagement and free trade lead to peace, ^{political} and prosperity.

Journey is not history

Irrelevant to audience
Timidity

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye give people the power to surmount barricades, elude barbed wire and pull down walls designed to hold back the tide of truth. We live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests,

①

In this century, we learned anew that ideas matter. Technologies that transmit volumes of information in the blink of an eye can liberate nations with astonishing speed. Liberating armies cannot accomplish through force what liberation technologies can accomplish by appealing to people's imaginations and dreams.

We live in a world transformed -- shrunken by swift travel and communication; drawn closer by common interests, ambitions and needs. As the two largest economies and as leaders of this world, the United States and Japan must face the challenge of building a new international order based on the rule of law, respect for human rights and democracy and open markets. The Cold War is over and a new era beckons. We must construct a new commonwealth of freedom -- and ensure that isolation and protectionism never victimize our peoples again.

Today, I ask Japan to join with the United States in building this new world -- one enriched by free trade and robust competition; a world that will create a good life for people everywhere. Our prosperity and yours are indivisible. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow; Japan's growth needs American markets open and growing.

Here in Japan, you have a saying: "The wind blows even in the depths of mountains." My friends, we can not escape our destiny as partners. We must light the way to a world of peace and prosperity for generations to come.

The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily; our two-way trade is now \$310 billion annually, one-third larger than that with Europe. In the last fifteen years, the number of Americans of Asian origin had quadrupled. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, and Thailand -- enrich our society. They strengthen our mutuality of interests.

① America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here affects our fundamental economic, moral and political interests.

The keystone of our continuing Asian engagement is our alliance with Japan. Rarely in history have two nations with such different historic and cultural roots nurtured such an enduring relationship. Our people ~~bound by geography;~~ bound by democracy; and we are bound by our deep economic ties; together, we can help ensure the prosperity and security of the region and the world.

I can not imagine meeting the challenges ahead without U.S.-Japan cooperation, cooperation that we must deepen worldwide. This is why today, Prime Minister Miyazawa and I have issued the "Tokyo Declaration" setting out the basic principles and major aspects of our global partnership. Our renewed alliance will define the shape of the post-Cold War world.

①

more ~~Laotians~~ in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. But at the core of our continuing Asian engagement stands our alliance with Japan.

Rarely in history have two nations with such different geographic and cultural roots nurtured such an enduring relationship. Our people are brothers and sisters in democracy; together, we can help ensure the prosperity and security of the region. More broadly, our association will define the shape of the post-Cold War world.

Consider the ^{four} ~~three~~ key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance.

We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. ² Such cooperation ~~will~~ enhance our security, and build even stronger political ties between us.

I know the Persian Gulf opened spirited debate here about Japan's global role.
~~In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security.~~ Let me ^{your contribution} say first that the American people appreciate deeply ~~the support~~ ^{to the coalition effort in the Gulf.} you gave us during the Gulf War. ~~[We also understand that Japan~~

No nation outside the Gulf region provided more financial support than did Japan.

① insert

Japan's generous support for U.S. forces stationed here -- it will soon amount to 73% of all non-salary costs of those forces -- is an important demonstration of sharing responsibilities.

2

~~has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.~~

③ >

Third

Second, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

That fourth, and most important, we must work to broaden and expand our economic ties through opening markets and reducing barriers to investment.
~~As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage.~~ We are

now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell ^{nearly \$50} ~~more than \$40~~ billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my ~~third~~ ^{fourth} -- and most important -- ~~point.~~ ^{final}

We must ^{face up to} ~~acknowledge~~ the economic tensions ^{that threaten our relations} ~~between us~~ and we must reduce those tensions now ^{through opening markets and eliminating barriers to trade and investment.}

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

In the aftermath of the Cold War, we must begin to define its emerging role. As we emerged as a global power earlier this century, our country went through a similarly agonizing debate. Indeed, the forces of

isolationism defeated President Wilson's own internationalist vision of the League of Nations after World War I. And such destructive forces are with us still.

Building a national consensus for an active global role can be a very difficult affair, particularly in a post-Cold war world where threats are unclear. We are confident, though, that given the broad convergence of U.S. and Japanese interests, internationalism will prevail. An active and engaged Japan is critical to the effectiveness of the post-Cold War system. The system does not work unless leading powers lead.

This brings me to the second area of our relationship: foreign policy cooperation. We must fulfill the promise of our global partnership. Together we produce 40% of the world's GNP and 40% of all bilateral aid. We have the potential to marshal unrivaled resources for a better future -- if our foreign policies are well coordinated.

The upcoming conference on assistance to the former Soviet republics is a crucial example of the importance of such coordination. The demise of the Soviet Union confronts us both with ominous dangers, but also historic opportunities. The help Japan and other Asians provide in the transformation of a totalitarian empire into market-oriented and democratic states is key to future peace and stability across the Eurasian continent.

On issues from Cambodia and Korea, reform in Mongolia and Central Europe, the Uruguay Round and Enterprise for

the Americas, to protecting the environment, we must engage together globally. Prime Minister Miyazawa and I have outlined the areas for cooperation in the Global Partnership plan of action we have issued.

two-way trade now accounts for more than 40% of our total

than with any other region on earth. Our ^Vtrans-Pacific trade, ^{which} now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to the entire Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas, *and an equal flow of technology on both sides.*

American businesses learned during the past decade that the old ways no longer work in our changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- *including* ~~except in~~ Japan. *But we can and must do better.*

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining ^{real} [complete] access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

we will reduce our own trade barriers, as our allies cut away theirs.

The United States and Japan can light the way to a world of free trade by concluding the Structural Impediments Initiative. This agreement plays a pivotal role in our on-going efforts to improve market access and remove non-tariff barriers to foreign investment.

The United States and Japan also must lead the way to a successful conclusion ^{of} for the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

4) > ^{for your part} Improving our trade relations means ^{further} ~~one thing~~ opening your markets. ~~Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices.]~~

5) > These practices hurt American companies, but they also hurt Japanese consumers.

[I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either.] Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices thirty percent lower than its Japanese competition. That's good for us and that's good for you.

Our two countries have embarked on a unique experiment in interdependence called the Structural Impediments Initiative. This process allows each to pinpoint the others barriers to competitiveness and commits each to reduce them. We must reinvigorate this commitment to market access. The beneficiaries of our success in this effort will be businessmen and consumers on both sides of the Pacific.

(4)

It means greater openness in many sectors of the Japanese economy still biased against outside investment by complex and sometimes collusive business practices.

(5)

Many of our Japanese friends argue that the United States must improve its competitive fitness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- improving education, cutting taxes and regulations that hurt our economy; fighting the hidden tax of crime; stimulating innovation and risk; and recognizing companies that enhance productivity while improving product quality.

must >
 I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best [~~basic~~] anywhere. We ^{have} ~~can boast of~~ the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is [~~the most~~] diverse,

6

We can and will increase our rate of savings and investment. We must continue to boost our manufacturing excellence. We must reduce our budget deficit. To stimulate innovation, risk and a longer-term business outlook, I want investment credits, permanent R&D credits, and long-term equity capital gains tax cuts. It is no accident that Japan does not tax capital gains. It is an important ingredient of competitiveness.

And we must raise our educational standards. Americans understand that no nation will prosper long without a first-rate educational system. In recent years our primary and secondary educational system has not kept pace with the world. ~~While Japanese children spend 240 hours a month (?) in the classroom ours spend far fewer, and too much time glued to the T.V.]~~ (Interesting data can be found in H-Stevenson's Paper, & Tony Snow)

6

Our America 2000 education plan is our strategy to mount a revolution in education. It challenges citizens to set high standards for their schools and encourages all Americans to join forces in increasing world-class schools. This is the path to competitiveness. 6

The education achievements of Japan and others in the Asia-Pacific region can inspire us to help us move quickly down this path. This is why I've invited the countries of the Pacific Rim to send their education ministers to Washington for a conference next Spring to seek new ways to cooperate.

energetic, creative and talented ~~(in the world)~~. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But our trade deficit with Japan is truly the exception. Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play! (11)

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. Nearly half of our GNP growth between 1985 and 1990 was attributable to exports. New exports abroad mean new jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in manufactured exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people feel very, very strongly in the necessity of creating a level

playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade -that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. *greater trade volume*
^{Open} Free markets have launched Japan toward economic prominence.

Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people. *I challenge Japan to become the world's most open market by the year 2000.*

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

#

URGENT

NATIONAL SECURITY COUNCIL

TIME STAMP **ELVED**

EXECUTIVE SECRETARIAT STAFFING DOCUMENT

SYSTEM LOG NUMBER: **9432**

ACTION OFFICER: **32**

PARSONS

DUE: **3 PM FRI 27 DEC**

Prepare Memo For Scowcroft/Howe

Appropriate Action

Prepare Memo For Brady

Prepare Memo For Sittmann

Prepare Memo **SCOWCROFT**

to **SNO WJ** cc: **BRADY**

CONCURRENCES/COMMENTS:

PHONE: to action officer at ext. _____

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INFORMATION

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Scowcroft (advance)

Howe (advance)

Secretariat

COMMENTS

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Grant / Grossman
A:JAPAN Draft four
December 26, 1991

**PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991**

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of an historic journey, at a turning point in world events. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have set aside ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. Democracy has set down fragile roots even in such places as tiny Cambodia.

Freedom was not reborn without pain. Its triumphs have been inscribed by blood and fire; its truths have been seared into our souls through pain and sacrifice. This Century teaches us two crucial lessons: First -- that protection and isolationism lead to war and poverty, and second -- that engagement and free trade lead to peace and prosperity.

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye give people the power to surmount barricades, elude barbed wire and pull down walls designed to hold back the tide of truth. We live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests,

ambitions and needs; propelled by the strength of people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building economic freedom, individual liberty and free markets. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

Today, I ask you to help build a new world -- one enriched by free trade and robust competition; a world that will support good jobs for workers everywhere.

I come here to create opportunities for good American jobs, But let there be no misunderstanding -- American growth is in your best interest. And Asian growth is in ours. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow.

Here in Japan, you have a saying: "The lantern-bearer should go ahead." My friends, we are the lantern-bearers of our age. We must light the way to a world of peace and prosperity for generations to come.

Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. In the last fifteen years, the number of Americans of Southeast Asian origin has quadrupled. There are

more Laotians in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. **But at the core of our continuing Asian engagement stands our alliance with Japan.**

Rarely in history have two nations with such different geographic and cultural roots nurtured such an enduring relationship. Our people are brothers and sisters in democracy; together, we can help ensure the prosperity and security of the region. More broadly, our association will define the shape of the post-Cold War world.

Consider the three key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance. We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation will enhance our security, and build even stronger political ties between us.

In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security. Let me say first that the American people appreciate deeply the support you gave us during the Gulf War. We also understand that Japan

has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.

Second, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell more than \$40 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my third -- and most important -- point. We must acknowledge the economic tensions between us, and we must reduce those tensions now.

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

than with any other region on earth. Our trans-Pacific trade now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to the entire Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas.

American businesses learned during the past decade that the old ways no longer work in our changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

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Improving our trade relations means one thing: opening your markets. Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices. These practices hurt American companies, but they also hurt Japanese consumers.

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energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

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Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: **the American people feel very, very strongly in the necessity of creating a level**

playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade -that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

Free trade has propelled Japan toward world leadership. Free markets have launched Japan toward economic prominence. Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free markets and free people.

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

#

Grant / Grossman
A:JAPAN Draft four
December 26, 1991

**PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991**

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of an historic journey, at a turning point in world events. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have set aside ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. Democracy has set down fragile roots even in such places as tiny Cambodia.

Freedom was not reborn without pain. Its triumphs have been inscribed by blood and fire; its truths have been seared into our souls through pain and sacrifice. This Century teaches us two crucial lessons: First -- that protection and isolationism lead to war and poverty, and second -- that engagement and free trade lead to peace and prosperity.

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye give people the power to surmount barricades, elude barbed wire and pull down walls designed to hold back the tide of truth. We live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests,

ambitions and needs; propelled by the strength of people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building economic freedom, individual liberty and free markets. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

Today, I ask you to help build a new world -- one enriched by free trade and robust competition; a world that will support good jobs for workers everywhere.

I come here to create opportunities for good American jobs, But let there be no misunderstanding -- American growth is in your best interest. And Asian growth is in ours. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow.

Here in Japan, you have a saying: "The lantern-bearer should go ahead." My friends, we are the lantern-bearers of our age. We must light the way to a world of peace and prosperity for generations to come.

Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. In the last fifteen years, the number of Americans of Southeast Asian origin has quadrupled. There are

more Laotians in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

America has fought three major wars in the last half-century in the Asia-Pacific theater. What happens here matters very much to us. **But at the core of our continuing Asian engagement stands our alliance with Japan.**

Rarely in history have two nations with such different geographic and cultural roots nurtured such an enduring relationship. Our people are brothers and sisters in democracy; together, we can help ensure the prosperity and security of the region. More broadly, our association will define the shape of the post-Cold War world.

Consider the three key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance. We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation will enhance our security, and build even stronger political ties between us.

In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security. Let me say first that the American people appreciate deeply the support you gave us during the Gulf War. We also understand that Japan

has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.

Second, we must deepen our understanding of each other. For all of our interaction politically and economically, our people know very little of the other's history, traditions and language. We welcome the work of the Abe fund to expand exchanges and interactions -- intellectual, scientific and cultural. Thanks to it and programs like it, by the end of the century our two nations will have a much larger group of people who have lived in each other's country, speak each other's language and understand more fully how important we are to each other. Although more than 200,000 Asian students now study in American colleges and universities, more Americans must immerse themselves in Asian societies and cultures.

As the exchange of free people and ideas flows between our nations, our economic relations have taken center stage. We are now each other's largest overseas trading partner. Japan will sell about \$90 billion worth of goods and services to the United States this year; we will sell more than \$40 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my third -- and most important -- point. We must acknowledge the economic tensions between us, and we must reduce those tensions now.

The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

than with any other region on earth. Our trans-Pacific trade now exceeds 300 billion dollars a year. The United States exports more to Singapore than to Italy or Spain; more to Malaysia than to the entire Soviet Union; and more to Indonesia than to all of Eastern Europe put together. We will not support efforts to carve our planet into trading blocs. We cannot afford it, and we must not allow it.

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas.

American businesses learned during the past decade that the old ways no longer work in our changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

we will reduce our own trade barriers, as our allies cut away theirs.

The United States and Japan can light the way to a world of free trade by concluding the Structural Impediments Initiative. This agreement plays a pivotal role in our on-going efforts to improve market access and remove non-tariff barriers to foreign investment.

The United States and Japan also must lead the way to a successful conclusion for the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

Improving our trade relations means one thing: opening your markets. Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices. These practices hurt American companies, but they also hurt Japanese consumers.

I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either. Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices thirty percent lower than its Japanese competition. That's good for us and that's good for you.

Many of our Japanese friends argue that the United States must improve its competitive fitness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

There is much for us to learn from you. We are taking steps to boost our competitiveness -- improving education, cutting taxes and regulations that hurt our economy; fighting the hidden tax of crime; stimulating innovation and risk; and recognizing companies that enhance productivity while improving product quality.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

Our basic research is still the best basic anywhere. We can boast of the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is the most diverse,

energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But our trade deficit with Japan is truly the exception. **Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play. //**

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. Nearly half of our GNP growth between 1985 and 1990 was attributable to exports. New exports abroad mean new jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in manufactured exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

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~~Here~~ in Japan, you have a saying: "The lantern-bearer should go ahead." My friends, ^{together (chochi ni mochi wa saki ni tate)} we are the lantern-bearers of our age.

We must light the way to a world of peace and prosperity for generations to come.

Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. ^{Since 1975} ~~In the last fifteen years~~, the number of Americans of Southeast Asian origin has ^{nearly} quadrupled. There are

LOC
Mr.
Odeh

since 75

Kenneth
Quinn
Dep Asst
see for
E. Asia &
Pacific
Atlas

more Laotians in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade. GM, USIA

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*David
Hitchcock*

*Gregory
Monsi
David
Hitchcock*

(yes, bearing in mind that "overseas" excludes Canada)

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DW, USTR

*NSE
draft*

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The Asia-Pacific region has become the world's most rapidly growing economic dynamo. We now conduct more trade with Asia

DW, USTR

*developps the JAPAN: 30
IMF book
EPI to asia 165 billion dollars
Australia adds 12
but canada
mexico together 233, trade w/ Amc*

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DW,
JSTR
all correct!

~~Japan 300 billion~~
~~US exports 300 billion~~
~~trans-Pacific trade 300 billion~~
~~more to Singapore 3 billion~~
~~more to Malaysia 3 billion~~
~~more to Indonesia 1.9 billion~~
~~more to Italy 3 billion~~
~~more to Spain 3 billion~~
~~more to Soviet Union 3 billion~~
~~more to Eastern Europe 1.9 billion~~
5

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*201
UST 12*

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*(or "substantially")
10-30% better
-Price checks
Larry Bont
Pres of Internal
Division,
TOYS R US
(201) 599-
4440*

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*DW
VSTR*
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*DW
VSTR*
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playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade² -- that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500



December 27, 1991

MEMORANDUM FOR TONY SNOW, DEPUTY ASSISTANT TO THE PRESIDENT FOR
COMMUNICATIONS AND DIRECTOR OF SPEECHWRITING, WHO

FROM: CATHERINE MANN *CM*

SUBJECT: Comments on Presidential Address: Japanese
Welcoming Committee

general
comment:

The phrase "free trade" is used liberally. Where the flow of the speech would be unharmed, we would prefer the phrase "open markets". For example, on page 1, second paragraph, rewrite as "... that engagement and open markets lead to peace and prosperity." On page 5, last sentence, "Our government remains committed to open markets, and" There are several occurrences on page 6.

page 6: Third full paragraph beginning "Improving our trade relations...". This paragraph begins with trade relations and market access. The next sentence, while accurate, does not support the topic sentence since it opens the new subject of foreign investment. It would help the speech to clarify the theme that open markets means open markets for goods and capital.

Rewrite as follows: "Improving our economic relations means one thing: opening your markets. Many sectors of the Japanese economy remain closed to foreign goods and investment by complex and even unfair business practices. These practices hurt American companies, but they also hurt Japanese consumers".

page 8: Second full paragraph beginning: "Indeed, our export business..." It is not accurate to say "But our trade deficit with Japan is truly the exception." The U.S. continues to be in deficit with a number of countries, including China.

Rewrite as follows: "But the persistence and magnitude of our trade deficit with Japan is truly the exception."

page 8: Third full paragraph beginning: "The American economy and American jobs...." It is not accurate to say "Nearly half of our GNP growth between 1985 and 1990 was attributable to exports." This calculation is based on unrevised data and faulty methodology.

Rewrite as follows: "About one-third of our economic growth between 1985 and 1990 was attributable to exports."

Acton, Cathy Mann
WHITE HOUSE STAFFING MEMORANDUM

DATE: 12/26/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, FRIDAY, DEC. 27

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE

HOTEL NEW OTANI

SUBJECT: TOKYO, JAPAN

THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER ROSE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 3:00PM, FRIDAY, DECEMBER 27. Thank you.

RESPONSE:

Sent down comments per attached memo re above

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

Grant / Grossman
A:JAPAN Draft four
December 26, 1991

31 DEC 26 P1: 47

PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1991

[Acknowledgements: Mr. Prime Minister; Members of the Diet; distinguished guests.]

I come to Japan at the culmination of an historic journey, at a turning point in world events. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have set aside ancient hatreds in order to pursue the ideal of peace. Totalitarianism's tyranny has died, and freedom's phoenix is spreading its wings across nations from Latin America to Eastern Europe. Democracy has set down fragile roots even in such places as tiny Cambodia.

Freedom was not reborn without pain. Its triumphs have been inscribed by blood and fire; its truths have been seared into our souls through pain and sacrifice. This Century teaches us two crucial lessons: First -- that protection and isolationism lead to war and poverty, and second -- that engagement and free trade ^{open markets.} lead to peace and prosperity.

In this century, we learned anew that ideas have consequences. Technologies that transmit ideas in the blink of an eye give people the power to surmount barricades, elude barbed wire and pull down walls designed to hold back the tide of truth. We live in a world transformed -- shrunken by swift travel and instant communication; drawn closer by common interests,

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ambitions and needs; propelled by the strength of people's imaginations and dreams.

As leaders of this world, the United States and Japan must face the challenge of building economic freedom, individual liberty and free markets. History demands that we honor the sacrifice of our fathers by constructing a new commonwealth of freedom -- and by ensuring that isolation and protectionism remain the sleeping ghosts of the past, not the waking nightmares of the future.

Today, I ask you to help build a new world -- one enriched by free trade and robust competition; a world that will support good jobs for workers everywhere.

I come here to create opportunities for good American jobs, But let there be no misunderstanding -- American growth is in your best interest. And Asian growth is in ours. American businesses cannot flourish in Asia unless the economies of Asia thrive and grow.

Here in Japan, you have a saying: "The lantern-bearer should go ahead." My friends, we are the lantern-bearers of our age. We must light the way to a world of peace and prosperity for generations to come.

Let us move forward, together. The United States straddles two great oceans, the Atlantic and Pacific. We are an Atlantic nation, but we also are a Pacific nation. Our ties to the Asia-Pacific region grow daily. In the last fifteen years, the number of Americans of Southeast Asian origin has quadrupled. There are

more Laotians in the U.S. today than in the Laotian capital of Vientiane; more Filipinos in California than in Cebu. These Americans, along with hundreds of thousands from China, Japan, Vietnam, Cambodia, Korea, Thailand and Samoa -- enrich our society. They strengthen our bonds of kinship and trade.

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Consider the three key areas of our relationship.

First, we must reinforce the U.S.-Japan security alliance.

We enjoy a strong security link with Japan. Let us make the most efficient use of our defense resources by building greater coordination of our military forces and by promoting the two-way flow of defense technology. Such cooperation will enhance our security, and build even stronger political ties between us.

In the wake of the Persian Gulf war, many nations have called upon Japan to share the burdens of world security. Let me say first that the American people appreciate deeply the support you gave us during the Gulf War. We also understand that Japan

*reach out to
1/2A?*

do we really want to do this? what commerce says?

has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.

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where from.?

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Where does this sentence come from

Instead, we must ensure a strong, two-way economic relationship between Japan and the United States -- with our markets more open to new goods, and our industries more open to new competitive ideas.

American businesses learned during the past decade that the old ways no longer work in our ^{redundant} changing, dynamic international marketplace. Our companies have cut costs, improved quality and fostered innovation. As a result, our products sell in markets everywhere -- except in Japan.

We want to reduce the trade imbalance between us -- not through gimmicks or artificial devices, but simply by gaining complete access to your markets.

We want to create fair opportunities for traders and investors -- both buyers and sellers -- by removing the road blocks, both seen and unseen, to free and fair trade. American business doesn't need a hand-out and doesn't want one. Our companies just want a chance to compete fairly in markets around the world. Our government remains committed to free trade, and

we will reduce our own trade barriers, as our allies cut away theirs.

The United States and Japan can light the way to a world of free trade by concluding the Structural Impediments Initiative. This agreement plays a pivotal role in our on-going efforts to improve market access and remove non-tariff barriers to foreign investment.

Accurate characterization

The United States and Japan also must lead the way to a successful conclusion ^{to} for the Uruguay Round. Because of the benefits we derive from free trade, Japan and the United States bear a special responsibility for tackling the remaining difficult issues -- quickly and decisively. This is not a matter of charity: Free trade serves both our interests, and gives both our nations an opportunity to grow stronger, to assert even greater leadership in the Post Cold War world.

Improving our trade relations means one thing: opening your markets. Many sectors of the Japanese economy remain closed to outside investment by complex and even unfair business practices. These practices hurt American companies, but they also hurt Japanese consumers.

many issues

I've never had one American say to me: "Mr. President, please raise prices in this country." And I bet Japanese don't say that, either. Economic competition brings more consumer choices and lower prices. In fact, the Toys R Us that I visited in Kyoto offers prices thirty percent lower than its Japanese competition. That's good for us and that's good for you.

Many of our Japanese friends argue that the United States must improve its competitive fitness -- and they are right. We recognize that some of our bilateral trade imbalance stems from issues other than market access.

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Japan's products are competitive around the world because Japan has saved and invested at a rate double that of the United States. You have focused on applied research and development and new manufacturing technologies. Your companies have established the world's finest quality control systems. You have developed a highly educated labor force, and taken the long view to developing markets abroad.

OK. need econ outlook

There is much for us to learn from you. We ^{have been} ~~are~~ taking steps to boost our competitiveness -- improving education, cutting taxes and regulations that hurt our economy; fighting the hidden tax of crime; stimulating innovation and risk; and recognizing companies that enhance productivity while improving product quality.

I've brought with me a delegation of America's top business leaders, the first time in history that a U.S. President has done so. Every one of them can tell you that despite the fact that our economy is in some trouble right now, America still can draw upon tremendous strengths.

tone ? OK says JK!

Our basic research is still the best basic anywhere. We can boast of the world's finest universities. American technology remains on the cutting edge in such advanced fields as computers and biotechnology. Our society is the most diverse,

energetic, creative and talented in the world. It draws upon the strengths and insights of many cultures -- including yours.

These businessmen will also tell you that they care about American jobs. They care about American exports. They know that the Asian-Pacific market offers enormous potential to American businesses that will accept the challenge of competition.

Indeed, our export business is stronger than ever. We sold more exports last year than ever before. We enjoy a trade surplus with Europe. But our trade deficit with Japan is truly the exception. Let me say this: We've shown a lot of forbearance. Now we want equal access. We want fair play. //

magnitude
yes
persistence
yes.
but existence
no.
(China is pretty bad too).

The American economy and American jobs -- like the Japanese economy and Japanese jobs -- increasingly depend on free trade and open markets. Nearly half of our GNP growth between 1985 and 1990 was attributable to exports. New exports abroad mean new jobs at home -- good jobs -- 19,000 new jobs for every billion dollars in manufactured exports, and nearly 25,000 jobs for every billion dollars in agricultural exports.

about one-third of our economic growth.

check John K.

discussed already in Tony's notes.
new commerce etc.

Every American knows that economic engagement can ensure a better quality of life for themselves and their families. Free and fair trade gives people access to high quality at low prices. It enables societies to benefit from the best other societies have to offer. It produces good jobs for everyone.

I've met with men and women from all walks of life in almost every state of the Union and let me say this: the American people feel very, very strongly in the necessity of creating a level

about the need to create

AKW. 200/320

1987 operating components. %AC %ΔG %ΔX %ΔM(-) %ΔI(-)

200/360/0. spending 1987 base.

1 real GNP₈₂ base 1985-1990 = 49%
real X₈₂ 1985-1990

playing field for everyone. We want our trading partners to give U.S. companies the same kind of opportunities that their firms enjoy in the United States. That's not just free trade -that's fair trade -- and it creates a basis for even greater freedom and greater prosperity for all.

open? Free trade has propelled Japan toward world leadership. Free markets have launched Japan ^{to?} toward economic prominence. Japan now must join the ranks of world leadership in strengthening the very institutions that have made us great: free *open* markets and free people.

Today marks a turning point for us in many ways. Together, we face the next millennium -- a new order for the ages, a new world of freedom and democracy. We stand as world powers, with the future presenting us with a decision. The United States has made its choice: against isolationism and in favor of engagement; against protectionism, and for free and fair trade. Today, I bid Japan to do the same -- because engagement and free trade are in your best interests. //

Together, let us shape a new and open world, a world of vigorous competition and furious innovation; a world of greater peace, prosperity and hope than ever before. Let's join together for the sake of our workers, for the sake of world peace, and most importantly, for the sake of the generations to follow us.

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