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Record Group/Collection:	George H.W. Bush Presidential Records
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:	13598-003

Folder Title:
Japanese Welcoming Committee 1/9/92 [OA 6095] [2]

Stack:	Row:	Section:	Shelf:	Position:
G	26	17	5	6

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT		✓	HORNER		
SKINNER		✓	MCCLURE	✓	
SCOWCROFT	✓		PETERSMEYER		
DARMAN	✓		PORTER	✓	
BRADY		✓	ROGICH	✓	
BROMLEY	✓		SMITH	✓	
CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

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:

Good DS

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

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

91 DEC 27 A10:52

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT		✓	HORNER		
SKINNER		✓	MCCLURE	✓	
SCOWCROFT	✓		PETERSMEYER		
DARMAN	✓		PORTER	✓	
BRADY		✓	ROGICH	✓	
BROMLEY	✓		SMITH	✓	
CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

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:

Good! Suggest adding one sentence on page 4.

Dan Bromley.

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

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

91 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, <u>together</u>. 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

And working together, we have the responsibility and the opportunity to move forward the frontiers of technology — and of the science that underlies it.

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 <u>are</u> 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.

# # #

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT		✓	HORNER		
SKINNER		✓	MCCLURE	✓	
SCOWCROFT	✓		PETERSMEYER		
DARMAN	✓		PORTER	✓	
BRADY		✓	ROGICH	✓	
BROMLEY	✓		SMITH	✓	
CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

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: See comments attached.

Thanks,

EL

Elizabeth Luttig

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

OFFICE OF CABINET AFFAIRS STAFFING MEMORANDUM

Date: 12/26 Due By: 12/27 2:00 pm

Subject: PRESIDENTIAL ADDRESS : JAPANESE WELCOMING COMMITTEE

From: ELIZABETH

	ACTION	CONCUR	FYI		ACTION	CONCUR	FYI
HOLIDAY	☐	☐	☐	LEFKOWITZ	☐	☐	☐
BLUMENTHAL	☐	☐	☑	LUTTIG	☐	☐	☐
BUCHHOLZ	☐	☐	☐	PORTER	☐	☐	☐
CASSE	☑	☐	☐	SECHLER	☐	☐	☐
FARRAR	☐	☐	☐	SHANAHAN	☐	☐	☐
FITZHENRY	☐	☐	☐	_____	☐	☐	☐
FURCHTGOTT-ROTH	☐	☐	☐	_____	☐	☐	☐
HILL	☐	☐	☐	_____	☐	☐	☐
KUTCHINS	☐	☐	☐	_____	☐	☐	☐

Comments: by 12/27 at 2:00.

USTR
Commerce
Treasury
State

Thanks,
EL

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

91 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.]

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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, <u>together</u>. 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

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Please call Merit Janow re this page 395-5020 USTR

There is much for us to learn from you. We <u>are</u> 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.

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# # #

THE WHITE HOUSE OFFICE OF CABINET AFFAIRS
STAFFING MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Date: 12/26 **Due by:** Friday 12/27 1:00pm

Subject: Presidential Speeches

From: Elizabeth Luttig 456-6630 Fax 456-2223

	Action	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☐	☐
Agriculture	☐	☐
Commerce	☒	☐
Defense	☐	☐
Education	☐	☐
Energy	☐	☐
HHS	☐	☐
HUD	☐	☐
Interior	☐	☐
Justice	☐	☐
Labor	☐	☐
OMB	☐	☐
State	☒	☐
Transportation	☐	☐
Treasury	☒	☐
USTR	☒	☐
Veterans	☐	☐

	Action	FYI
CIA	☐	☐
CEA	☐	☐
CEQ	☐	☐
EPA	☐	☐
GSA	☐	☐
NASA	☐	☐
National Science Foundation	☐	☐
ONDCP	☐	☐
OPM	☐	☐
OSTP	☐	☐
SBA	☐	☐
UN	☐	☐
Cicconi *(For WH Staffing)*	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐

COMMENTS: Commerce, Treasury and USTR - please review and provide comments directly to me by Friday, 12/27 at 1:00 PM.

State only - Please review and provide comments to Bill Sittmann's office in NSC. His phone number is 246-2224

Office of Cabinet Affairs
Fax Transmission Cover

TO: **~~Bob Pearson~~** ~~Bob Godfrey~~ Lee O'Donnell

LOCATION: **Room 7224 S/S** Please deliver immediately to Lee O'Donnell

FAX NUMBER: **647-~~0464~~** 6434

FROM: **Elizabeth Luttig**

Number of pages to follow: 12

Office of Cabinet Affairs
Telephone: (202) 456-6630
Fax: (202) 456-2223

Comments:

Please review the attached item for Department of State clearance. Thanks.

Please Rush

THE WHITE HOUSE

WASHINGTON

Office of Cabinet Affairs
Fax Transmission Cover

TO: **Tom Collamore**

LOCATION: **Room 5422 -- Department of Commerce**

FAX NUMBER: **377-2741**

FROM: **Elizabeth Luttig**

Number of pages to follow: 12

Office of Cabinet Affairs
Telephone: (202) 456-6630
Fax: (202) 456-2223

Comments:

Please review the attached item for Department of Commerce clearance. Thanks.

Please Rush

THE WHITE HOUSE

WASHINGTON

Office of Cabinet Affairs
Fax Transmission Cover

TO: **Blair Downing**

FAX NUMBER: **786-8422**

FROM: ***Elizabeth Luttig***

Number of pages to follow: 1

Office of Cabinet Affairs
Telephone: *(202) 456-6630*
Fax: *(202) 456-2223*

Comments:

Please review the attached item for Treasury clearance. Thanks.

THE WHITE HOUSE

WASHINGTON

Office of Cabinet Affairs
Fax Transmission Cover

TO: **David Weiss**

LOCATION: **Room 216 -- United States Trade Representative**

FAX NUMBER: **395-3640**

FROM: **Elizabeth Luttig**

Number of pages to follow: 12

Office of Cabinet Affairs
Telephone: (202) 456-6630
Fax: (202) 456-2223

Comments:

Please review the attached item for USTR clearance. Thanks.

Please Rush

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT		✓	HORNER		
SKINNER		✓	MCCLURE	✓	
SCOWCROFT	✓		PETERSMEYER		
DARMAN	✓		PORTER	✓	
BRADY		✓	ROGICH	✓	
BROMLEY	✓		SMITH	✓	
CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

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:

OK - S.R.

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

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

91 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, <u>together</u>. 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: <u>opening your markets</u>. 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 <u>are</u> 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.

# # #

THE WHITE HOUSE

WASHINGTON

December 27, 1991

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

FROM: Chester Paul Beach Jr.
CHESTER PAUL BEACH, JR.
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Draft Presidential Address - Japanese Welcoming Committee, Hotel New Otani, Tokyo, Japan, Thursday, January 9, 1992

This responds to Phil Brady's memorandum of December 26, 1991, requesting comments on these proposed Presidential remarks.

This Office has no legal objection to the address as proposed.

Two minor style/tone suggestions are offered for your consideration:

-- At page 1, the assertion that Arabs and Israelis have "set aside" ancient hatreds to pursue peace may strike some as overly sanguine. This might be avoided, without implying pessimism, by saying instead that they have "tempered" those hatreds.

-- At pages 8-9, the phrase "feel very, very strongly in the necessity of" is jarring. This might be better phrased as "believe ... in" -- which I think is stronger -- or "feel ... about."

Thank you for the opportunity to comment.

cc:
Phil Brady

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

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CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

REMARKS:

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RESPONSE:

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

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# # #

Advance copy - Snow.

Document No. 295131 55

9432

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SCOWCROFT	☑	☐	PETERSMEYER	☐	☐
DARMAN	☑	☐	PORTER	☑	☐
BRADY	☐	☑	ROGICH	☑	☐
BROMLEY	☑	☐	SMITH	☑	☐
CARD	☐	☑	FINDLAY	☐	☑
DEMAREST	☑	☐	SNOW	☐	☑
FITZWATER	☐	☑	PORTER ROSE	☐	☑
GRAY	☑	☐	BOSKIN	☑	☐
HOLIDAY	☑	☐		☐	☐

REMARKS:

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RESPONSE:

NSC concurs with changes as noted.

Brent Scowcroft

cc: Phillip Brady

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

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

I come to Japan at the culmination of an ~~historic~~ important journey, at a ~~turning point in world events~~ rare moment in history. The Soviet Union has vanished, and with it, the ~~delusions~~ menace 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. A new respect for human rights is on the move

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~~ hard work and sacrifice. This Century teaches us two crucial lessons: First -- that ~~protection and~~ isolationism lead to war, ~~and~~ poverty and despair, and second -- that engagement and free trade lead to peace, ~~and~~ prosperity and hope.

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,

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~~ 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.

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.

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.

more ~~Laotians~~ Laotian 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~~ four 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~~ enhances our security, and builds 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~~ I know the Persian Gulf spurred spirited debate here about Japan's global role. Let me say first that the American people appreciate deeply ~~the support you gave us during the Gulf War~~ your contribution to the coalition effort in the Gulf. ~~We also understand that Japan~~ No nation outside the Gulf region provided more financial support than did Japan.

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.

~~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.

~~Third~~ 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 ~~more than $40~~ 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 ~~third -- and most important --~~ fourth and final point. We must ~~acknowledge~~ face up to 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 Gulf conflict, Japan has begun 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 marshall 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 trans-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 -- ~~except in~~ including 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 [complete] real 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~~ 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.

NSAC

(4) For your part, improving our trade relations means ~~one thing:~~ further 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. In it, each pinpoints the others' 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.

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

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 <u>are</u> 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 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,

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, c Tony Snow)

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.

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.

Document No. 295131 55

9432

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT		✓	HORNER		
SKINNER		✓	MCCLURE	✓	
SCOWCROFT	✓		PETERSMEYER		
DARMAN	✓		PORTER	✓	
BRADY		✓	ROGICH	✓	
BROMLEY	✓		SMITH	✓	
CARD		✓	FINDLAY		✓
DEMAREST	✓		SNOW		✓
FITZWATER		✓	PORTER ROSE		✓
GRAY	✓		BOSKIN	✓	
HOLIDAY	✓				

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.

for Brent Scowcroft Need to see another draft. Smyth?

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

cc: Phillip Brady

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

91 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,

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.

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.

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Consider the ~~three~~ four 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~~ enhances our security, and builds even stronger political ties between us.

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(2)

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(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.

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 billion to Japan. Our economies -- the world's two largest and most technologically advanced -- have become increasingly intertwined.

This brings me to my fourth **third -- and most important --** final **point. 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 Gulf conflict, Japan has begun 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 marshall unrivaled resources for a better future -- if our foreign policies are well coordinated.

The upcoming conference on assistance to the former ~~Soviet republics~~ Commonwealth of Independent States 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.

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than with any other region on earth. Our trans-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.

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The United States and Japan also must lead the way to a successful conclusion ~~for~~ 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.

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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.

There is much for us to learn from you. We <u>are</u> 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.

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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.

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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.**

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~~ 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. 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.

# # #

MASTER

Document No. 295131 55

WHITE HOUSE STAFFING MEMORANDUM

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

SUBJECT: PRESIDENTIAL ADDRESS: JAPANESE WELCOMING COMMITTEE
HOTEL NEW OTANI
TOKYO, JAPAN
THURSDAY, JANUARY 9, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☑	HORNER	☐	☐
SKINNER	☐	☑	MCCLURE	☑	☐
SCOWCROFT	☑	☐	PETERSMEYER	☐	☐
DARMAN	☑	☐	PORTER	☑	☐
BRADY	☐	☑	ROGICH N/C	☑	☐
BROMLEY	☑	☐	SMITH	☑	☐
CARD	☐	☑	FINDLAY	☐	☑
DEMAREST	☑	☐	SNOW	☐	☑
FITZWATER	☐	☑	PORTER ROSE	☐	☑
GRAY	☑	☐	BOSKIN	☑	☐
HOLIDAY	☑	☐		☐	☐

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

91 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~~ important journey, (NSC) at a turning point in ~~world events~~ history. The Soviet Union has vanished, and with it, the delusions of communism. Arabs and Israelis in the Middle East have ~~set aside~~ tempered (Counsel) 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~~ is struggling to set down roots even in such places as ~~tiny~~ Cambodia.] A new respect for human rights is ~~on the march~~ sweeping the globe. (NSC)

Freedom was not reborn without pain. Its triumphs have been inscribed ~~by~~ with blood and fire; its truths have been seared into our souls through pain and sacrifice. This century ~~teaches~~ taught (JAG) 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. political (NSC)

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~~ carry the human spirit over (JAG) barricades and ~~elude~~ through 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~~ a new international order based upon the rule of law, respect for human rts., and political + economic freedoms. (NSC) 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 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, <u>together</u>. 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~~ Since 1975, the number of Americans of ~~Southeast~~ (NSC) Asian origin has nearly quadrupled. (JAG) There are

more Laotians in the U.S. today than in the Laotian capital of Vientiane; ~~more~~ as many (JAF) 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~~ historic (NSC) and cultural roots nurtured such an enduring relationship. Our people are ~~brothers and sisters in democracy;~~ bound by democracy, and bound by our deep economic ties; ~~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.~~ and the world. (C) (NSC)

Consider the ~~three~~ four 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. (D) (NSC) Such cooperation ~~will~~ enhances 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~~. I know the Persian Gulf spurred spirited debate here about Japan's global role. Let me say first that the American people appreciate deeply ~~the support you gave us during the Gulf War~~. your contribution to the coalition effort in the Gulf. No nation outside the Gulf region ~~We also understand that Japan~~ provided more financial support than did Japan.

~~has become a key player in the global order. Your foreign policy should reflect your larger responsibilities.~~ (E) (C) (NSC)

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.

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 partners. Japan will sell about $90 billion worth of goods and services to the United States this year; we will sell ~~more than $40~~ nearly $50 (NSC) 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. We must ~~acknowledge~~ also face up to the economic tensions ~~between us, and~~ that threaten our relations. We must broaden + expand our econ ties. ~~through opening markets~~. And. (NSC) reduce those tensions now. -- through opening markets + eliminating barriers to trade + investment.

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

And working together, we have the opportunity & the responsibility to move forward the frontiers of technology and of the science that underlies it. (Bromley)

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~~ lead the way to a world of free trade by ~~concluding~~ reinvigorating (Commerce + USTR) the Structural Impediments Initiative. ~~This agreement plays~~ These joint undertakings play (" ") a pivotal role in our on-going ~~efforts~~ commitments (" ") to improve market access and remove non-tariff barriers to foreign investment and reduce trade imbalances. (Treasury) NSC says cut (F)

The United States and Japan also must lead the way to a successful conclusion ~~for~~ 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 ~~trade~~ economic (CEA) relations means one thing: further opening your markets. It means greater openness in (NSC) Many sectors of the Japanese economy ~~remain closed to~~ still biassed against (NSC) outside investment by complex and ~~even unfair~~ sometimes collusive (NSC) Competition and (Treasury) foreign goods and (CEA) 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 (JAG) 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 ~~fit~~ness -- 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 <u>are</u> 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~~ have 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 + magnitude of (CEA) 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. //**

USTR concerned too strong NSC cut

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~~ over $1 billion new jobs for every billion dollars in ~~manufactured~~ merchandise exports, and nearly ~~25,000~~ jobs for every billion dollars in agricultural exports.

1/3 of our GDP (Treasury) or about 1/3 of our economic growth (CEA) (USTR) use this (JAG)

Over 40% of our GDP growth ~~from~~ between 86-90 was attrib to merchandise exports.

85 merchandise

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~~ believe **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~~ 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.

# # #

ra and I are honored to be here. I
d to join you in welcoming the sea-
ne new year and to look ahead with
and understanding to the era of a
tury.

rime Minister, let me offer my very
congratulation on your election. I
look forward to the work that lies
before us. As you remarked earlier
, the United States and Japan share
values and bear a heavy responsibil-
orld order. It is my conviction that
ed States and Japan must move for-
ether as partners.

nare a common vision for the post-
world, a world knitted together by
trading system with common rules
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, so perhaps we should think of this
rld in this spirit. You called your
a team player, a description I would
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rime Minister, I hear you are fond
hrase "large trees with deep roots."
ard the growing tree of our friend-
hat it may shelter all the generations

is friendship, I raise my glass.

*he dinner was held in the Small Din-
m at the Prime Minister's residence
). The President became ill at the din-
l he returned to the Akasaka Palace.
sh's remarks began at 8:55 p.m. Gen.
owcroft, Assistant to the President
lonal Security Affairs, delivered the*

Text of Remarks at the Japanese Welcoming Committee Luncheon in Tokyo

January 9, 1992

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

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

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

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

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

These last few years we again learned of

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

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

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

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

At each stop during his visit to the region the President has stressed the challenges we must face, addressing the new security requirements of our transforming world, promoting democracy, and generating world economic growth and prosperity. Let me expand upon that by focusing on the special relationship that the United States enjoys with Japan.

Rarely in history have two nations with such different and differing historic cultural roots developed such an extraordinary relationship. Our people are bound by shared security, by democracy, and by our deep economic ties. There are those who doubt the future of this relationship. There are reasons for tension. Here in Japan you have a saying, "Some rain must fall to prepare the ground for building." We can all see that without progress we may be in for some rough weather. And I must be frank in saying that there are problems in our economic relationship. Speaking not only for the United States but for many developed countries, Japan's trade surplus is too high, and its market access too restricted.

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

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

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

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

This brings us to the second area of our relationship, our foreign policy cooperation. We must fulfill the bright promise of our global partnership. Together, we produce 40 percent of the world's gross national product. We contribute together 40 percent of all bilateral aid. We have the ability to marshal unrivaled resources to build a better future if our foreign policies are well coordinated.

America has a responsibility here, but it is a responsibility we share with Japan. The

upcoming conference on assistance to the nations of the former U.S.S.R., not the Commonwealth of Independent States, is a timely example of such foreign policy coordination.

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

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

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

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

Third, we must deepen our understanding of each other. For all of our interaction politically and economically, our peoples know too little of the other's history, traditions, and language. We welcome the work of the Center for Global Partnership in expanding exchanges and interactions, intellectual, scientific, and cultural. Thanks to such programs, our two nations will have an ever-increasing number of people who have lived in each other's country, speak each other's language, and understand more fully how im-

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

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

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

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

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

Our two countries share a special responsibility to strengthen the world economy. Yesterday the President and the Prime Minister announced a strategy for world growth, which commits both our countries to domestic policies to stimulate growth. Expanded domestic demand in Japan translates into additional exports to Japan for American products and jobs at home. And we are seeking broad support for growth policies among other industrialized countries as well.

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work in our changing international marketplace. Our companies have cut costs, improved quality, and championed innovation. As a result, our products sell in markets everywhere they have access. And candidly, such access is still limited in Japan.

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

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

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

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

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

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

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

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

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

Yes, all of us have problems with portions of the so-called Dunkel draft, but we cannot let the progress it represents slip through our fingers. If we allow that draft to be picked apart by special interests, who wins? Not our people, not yours, not the less-developed nations. No one.

The GATT round is the world's best hope for expanding trade for all countries. Men and women from all walks of life and all parts of America constantly tell the President this. They believe very, very strongly in creating

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

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

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

And America must raise its educational standards. Our America 2000 education strategy will fuel a revolution for better quality schools. This is another path to competitiveness. The education achievements of Japan and others in the Asia-Pacific region inspire us. That is why President Bush has invited the countries of the Pacific Rim to send their education ministers to Washington for a conference this spring to seek new ways to cooperate and to learn from each other's accomplishments.

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

Our society is energetic, creative, and talented. It has the added advantage of drawing upon the strengths and insights of many cultures, including Japan's.

The chief executive officers accompanying the President will also tell you that they care about American jobs. They care about American exports; obviously, so does the President. We know that the Asian-Pacific market offers enormous potential to those American businesses that will accept the challenge of competition. That same competition has propelled Japan toward world leadership. Open markets around the world has provided Japan with economic prominence. Japan must now join the ranks of world leadership in strengthening free markets and freedom.

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

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

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

Thank you very much.

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DECL:OADR

SPEECH TO JAPANESE AND AMERICAN POLITICAL/BUSINESS LEADERS AT LUNCHEON HOSTED BY OFFICIAL WELCOMING COMMITTEE

SCENESETTER

PURPOSE

To give a major policy speech setting out your vision of the U.S.-Japan relationship, emphasizing the importance we attach to our bilateral relationship, to the need for a more equitable economic relationship, and to the opportunities facing the global partnership.

THE SETTING

The official welcoming committee, chaired by former Prime Minister Kaifu, will be hosting a luncheon for you in the Crystal Room at the Akasaka Prince Hotel, a large, relatively new, luxury-class hotel in close proximity to the Akasaka Detached Palace. There will be between 500-600 guests, including the cream of the political, business, academic and cultural communities in Tokyo and approximately 80 Americans from embassy, military and business circles. While the audience will include distinguished Japanese men and women, spouses will not be invited in keeping with customary Japanese practice. This will be the premier public event of the visit, and there will be extensive media coverage. The speech will be widely viewed and read in Japan, and will help set the tone of the relationship through the 1990's.

DECLASSIFIED
Department of State Guidelines, July 21, 1997
By lt NARA, Date 05/30/23

SCENESETTER: SPEECH AT OFFICIAL WELCOMING COMMITTEE LUNCH FOR JAPANESE AND AMERICAN POLITICAL/BUSINESS LEADERS -- JANUARY 9 (12:30-14:00)

LOCATION: CRYSTAL ROOM, AKASAKA PRINCE HOTEL

Draft: EAP/J:JFScott
SEJPOL 8590 11/26/91

Clearance:
EAP:RHSolomon
EAP:DAnderson
EAP/J:RDeming
EAP/P:EYamauchi
P:MMcMillion
C:RWilson
S/P:LKeene
E:WWhyman