

A Stronger Sense of Community

By William Clark, Jr.

In an address to The Mid-America Committee in Chicago on December 4, 1992, William Clark, Jr., assistant secretary of state for East Asian and Pacific affairs, said the best way to meet the challenges of the post-Cold War era in the Asia-Pacific region is to forge a stronger sense of community, and that the process is already under way. Economic interdependence and the emergence of the Asia-Pacific Economic Cooperation (APEC) process have begun to forge a sense of cohesion across the Pacific, he stated. The following is an edited version of his speech.

We are in the midst of a period of historic change, a transformation of international relations marked by uncertainty and unpredictability. In these uncharted waters, we are all trying to shape the economic, political and security structures of the post-Cold War international system. So, let me take a moment to sketch the new political environment which is characterized by:

- global trends toward market-oriented economics, global economic integration sparked by rapid technological change, political pluralism, and the bankruptcy of communism;

- instantaneous flows of communications and capital are eroding national boundaries. We now take for granted these aspects of the information revolution: the rise of jumbo jets, satellites, fiber-optics—ours is now a world of faxes and CNN. They have created a web of interaction, of commerce, people and ideas that are integrating the Pacific Rim;

- combined with transnational problems such as environmental degradation, the proliferation of weapons of mass destruction, narcotics, refugees and the AIDS epidemic, these realities require a transformation of national sovereignty to a world where technological and commercial capabilities as much or more than military strength are the defining

elements of national power, influence and well-being;

- as these forces are pulling the nation-state from above, the centrifugal forces of a renascent ethno-nationalism are tugging in the other direction.

Much of East Asia—Japan, China, South Korea, the ASEAN countries—is at the cutting edge of these economic and technological trends. Together, the economies of East Asia are now roughly the same size as that of the United States. Japan is a financial superpower at the forefront of technological innovation.

Militarily, Asia includes two of the five declared nuclear powers, five of our treaty allies, and some of the world's largest military establishments. Our security alliance with Japan and South Korea, as well as our defense treaties with Australia, the Philippines and Thailand, provide balance and stability in the region.

Over the past quarter century, the transformations evident in Asia illuminate the new Asia of the 1990s and mirror global trends that guide U.S. policy. These are remarkable signs of change, new patterns of economic and political relations are unfolding. At the same time, the heavy legacy of the past gives much continuity to the region.

Pacific Rim economics

Politically, the end of the Cold War brings the possibility of Russia as a partner across the board. In Asia it has spurred: Sino-Russian rapprochement; Russian and Chinese normalization with South Korea, a democratic Mongolia, the two Koreas in the United Nations and making unprecedented strides toward North-South reconciliation, U.N. cooperation on Cambodia and greater cooperation from Vietnam.

Economically, developments are remarkable. The explosive growth of trans-Pacific and intra-Asian trade and investment—helped by the information revolution—deepens regional integration.

Some is in the form of “growth clusters”—intra-regional economic ties forming without regard to national borders.

The integration of Hong Kong-Taiwan-southern China is a dramatic example. Hong Kong has invested some \$27 billion in China; Taiwan-mainland trade now exceeds \$6 billion annually. Chinese trade with South Korea will approach \$10 billion this year.

Intra-Asian trade—now almost 50% of Asia's total trade—and trans-Pacific trade have grown markedly over the past decade. Last year our trans-Pacific two-way trade was \$315 billion.

What do these trends mean for the U.S.? Broadly, East Asia's economic dynamism suggests that as we revitalize the U.S. economy, Asia must loom ever larger in our future. It is where the largest markets, capital and technology are.

Economic and political realities in the Asia-Pacific region hold the promise of forging new mechanisms and institutions for sustained economic growth, enhanced security and a structure of peace. In short, a new Asia-Pacific community. We are a part of that community and our continued engagement is vital.

The U.S. stabilizing and balancing security role and our leadership remain critical. In our East Asia Strategy Initiative, we have begun this process. It outlines a post-Cold War strategic framework for the region and a measured restructuring of our forward deployed forces in this new environment.

We all face multiple economic challenges: global, regional and bilateral. Creating a more open system of trade and investment is a major challenge we face in shaping a post-Cold War international system. The Asia-Pacific region will play a leading role in how this system evolves. We need to pursue a regional trade liberalization agenda that will enhance Asia-Pacific integration. The APEC initiative provides an excellent vehicle for achieving these goals.

Last September in Bangkok, the 15

APEC economies—who together account for almost half the world's GNP—transformed APEC from a trans-Pacific dialogue into a new international organization. An APEC Secretariat was established in Singapore in January 1993.

This year the U.S. will hold the chair of APEC, and our principal focus will be regional trade liberalization. APEC is an important mechanism for sustaining market-oriented growth, for advancing regional and global trade liberalization, and for meeting other new challenges of interdependence.

But governments can only open the door: it is the private sector that must march through it for APEC to achieve results. We are committed to working closely with the private sector to realize new opportunities. The active involvement of the U.S. business, particularly in key growth areas where U.S. firms are very competitive, is critical to Asia-Pacific integration and to sustaining U.S. engagement in the region over the longer term.

Global role for Japan

Strengthening our bilateral relationships is another key challenge, and none is more important than that with Japan. The U.S.-Japan relationship is a fundamental underpinning of stability in Asia.

Together the U.S. and Japan represent nearly 40% of the world's GNP—two highly interdependent economies. We, thus, have a rare opportunity to marshal our unparalleled resources to meet the challenges of the 21st century. But we are competitors as well as partners. Our challenge is to forge an equitable framework for partnership with Tokyo based on a more reciprocal economic relationship.

Japan's leaders and its people are grappling with the difficult task of crafting a global role for Japan, one commensurate with its economic status. Japan's dispatch of peacekeeping forces to Cambodia after a stormy internal debate is an important move beyond "checkbook diplomacy." To sustain and strengthen these ties, we must have an economic relationship with openness in both directions. Through SII, sectoral market opening talks and macroeconomic policy

adjustments we have worked to redress the unsustainable imbalance in trade. Despite past progress, our trade deficit with Japan will be about \$50 billion this year. Japan must still do more to remove obstacles to trade and investment.

Japan's trade tensions are as much with the EC and the rest of Asia as with the U.S. No country has benefited more from the open global trading system than Japan. The system can only work when all leading powers lead.

Future challenges

Our relationship with China is of critical importance. Yet China's future role is one of the region's major uncertainties. How that role develops will be greatly influenced for good or bad by the state of Sino-American relations. The Tiananmen massacre shattered the bipartisan consensus that sustained our China policy following the Nixon opening two decades ago. With 23% of humanity, a permanent seat on the U.N. Security Council, nuclear weapons, and significant regional and global influence, China simply cannot be ignored or isolated. We must find a new equilibrium in Sino-American relations.

While China's human rights performance remains woefully inadequate, we make both formal and informal representations to Beijing officials on a regular basis concerning human rights issues.

Another challenge is the Korean Peninsula. We are making progress toward ending the threat from North Korea of nuclear proliferation. In managing the nuclear issue over the past two years, an impressive pattern of consultation has taken shape: bilaterally, our close coordination with our South Korean allies is the core of our efforts. And this endeavor has helped move us toward the more reciprocal political, defense, and economic partnership. We have also developed a trilateral pattern of coordination with Japan that has been instrumental in pressing North Korea to be responsive. This trilateral coordination has been key to forging a broader consensus on the nuclear issue—with China, Russia and in the international community.

ASEAN is another important partner and has become an increasingly respected voice in regional and global affairs. It played a leading role in launching the Uruguay Round, in the search for peace in Cambodia, and in initiating regional dialogue on political and security matters.

On Cambodia, where we face substantial obstacles in achieving a just, durable peace, we are committed to full implementation of the Paris Agreements. We have helped shape the consensus that the Khmer Rouge cannot be allowed to sabotage the Paris Agreements. We are moving toward opening a new chapter in our relations with Hanoi at a pace that allows us to address all of our interests—economic, political, POW/MIA, and human rights.

Central to meeting the challenges now upon us is forging a stronger sense of community in the Asia-Pacific. APEC's emergence provides an institution with the potential to manage many of the challenges of interdependence, to bring more cohesion to the region.

While our bilateral ties are key elements in the architecture of the region, new patterns of political and economic relations require a more comprehensive view and more cooperative means to meet these challenges.

I have sketched the changes under way in the Asia-Pacific and pointed to how our policies in this dynamic new economic and political environment are taking shape. There are several challenges ahead:

First, creating an open system of trade and investment to ensure sustained, market-oriented growth and an environment where Asia-Pacific integration can flourish.

Second, resolution of the problems of the past—notably moving from confrontation to reconciliation on the Korean Peninsula; resolving the Cambodia conflict and beginning a new era in Indochina; resolutions transcending the residual political psychology of distrust which still exists among various players in East Asia.

Third, strengthening our bilateral relations and complementing them with multilateral mechanisms designed to build trust, confidence and a structure of peace. ■