James A. Baker, III

AMERICA IN ASIA:
EMERGING ARCHITECTURE FOR
A PACIFIC COMMUNITY

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

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

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

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

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

II

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

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

International political developments have also contributed to a more positive environment. These include the Sino-Soviet rapprochement, the opening of Soviet relations with the Republic of Korea, the admission to the United Nations of both Korean states, the birth of a democratic Mongolia and a political resolution of the Cambodia conflict based on a U.N. settlement plan. The latter, if realized, will bring a new era of peace to Indochina.
For all the region’s progress, however, some legacies of the past could impede a promising future. The heavily armed standoff on the Korean peninsula is still one of the world’s most dangerous flashpoints, a confrontation now intensified by the ominous threat of nuclear proliferation. In Burma the tyranny of a brutal military dictatorship endures, despite the clear expression of popular will in the elections of 1990 for civilian democratic government. China, along with the other residual communist regimes in Asia, continues to resist democratic political reform. And despite President Gorbachev’s historic visit to Tokyo last April, the dispute over Japan’s Northern Territories remains an impediment to a major improvement in Soviet-Japanese relations.

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

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

III

In formulating American policy toward the Asia-Pacific region, we should recognize our historical and continuing interests. Since 1784, when the merchant ship *Empress of China* sailed for Canton from New York, the United States has consistently pursued an open door approach to the Asia-Pacific region. Our interest has resided in maintaining com-
mmercial access and preventing the rise of any single hegemonic power or coalition hostile to the United States and its allies and friends. In today's world a shared focus and the development of an active partnership among the nations of the Pacific Rim are essential to the success of the emerging global system.

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

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

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

To visualize the architecture of U.S. engagement in the region, imagine a fan spread wide, with its base in North America and radiating west across the Pacific. The central support is the U.S.-Japan alliance, the key connection for the security structure and the new Pacific partnership we are seeking. To the north, one spoke represents our alliance with the Republic of Korea. To the south, others extend to our treaty allies—the Association of Southeast Asian (ASEAN) countries of the Philippines and Thailand. Further south a spoke extends to Australia—an important, staunch economic, political and security partner. Connecting these spokes is the fabric
of shared economic interests now given form by the Asia-Pacific Economic Cooperation (APEC) process. Within this construct, new political and economic relationships offer additional support for a system of cooperative action by groups of Pacific nations to address both residual problems and emerging challenges.

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

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

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

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

IV

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

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

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

Let me also leave no doubt about what APEC is not: it is not a regional economic bloc. To the contrary, it is a product
of—and catalyst for—economic integration and trade liberalization. These developments will not cut off the Asia-Pacific community from the rest of the globe. In fact, by stressing the gains that have been made from open multilateral policies, and by enhancing economic efficiency, APEC should help the Pacific region contribute to a more open trading system. APEC's outlook is inclusive, not exclusive. APEC's members include a number of the great trading nations and offer excellent investment opportunities. The intent of the APEC participants is to overcome barriers and inefficiencies within the region while working for a more open global system.

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

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

The economic future of the United States depends on strong ties with all the regions of the world. As a nation generating some 24 percent of the world's GNP, we cannot operate effectively or efficiently through any other strategy. This is why the United States has demonstrated an unwavering commitment to advancing the General Agreement on Tariffs and Trade (GATT) through the Uruguay Round. It is also why
we are seeking to complement that effort through a network of initiatives designed to reduce market barriers and support a more open, competitive and growth-oriented system. The NAFTA, the Enterprise for the Americas Initiative, the U.S.-European Community declaration, our trade enhancement initiative for the emerging central and east European democracies, our agreements with ASEAN and APEC each reflect our customized attempts to reach out to all major markets, not to exclude any of them.

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

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

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

In sharp contrast, the democratic ideal has been brutally thwarted in Burma. The socialist military regime, by suppressing the results of its own 1990 election, has betrayed the people in their quest for representative government. This denial of the expressed will of the Burmese people will leave Burma mired in isolation and stagnation until the military leadership reverses its repressive policies and transfers authority to the elected civilian leaders of the country. The awarding
of this year's Nobel Peace Prize to Aung San Suu Kyi will give the Burmese people hope that the world is not ignoring their plight.

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

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

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

U.S.-Japan Relations

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

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

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

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

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

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

For its part, the United States is enhancing its competitiveness, as is evident in an 87 percent increase in its exports to Japan since 1987. This export expansion reflects, in part, Japan's removal of structural barriers to market access for goods, services and investment. But many aspects of the Japanese economy are still constricted by exclusionary business practices, to the detriment of new players in the market-
place—both foreign and Japanese—and of the Japanese consumer. And at home we still have much work to do—from further reducing the cost of capital to American business to encouraging more aggressive marketing of U.S. products abroad—if we are to carry out our part of the sum equation.

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

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

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

U.S.-Korean Relations

Another pillar of our engagement in the Pacific is our alliance with the Republic of Korea. South Korea's economic and political achievements rival those of Japan. Economically the R.O.K. has converted itself from a poor agricultural society
devastated by the war into the world’s thirteenth largest economy. Its industry is now on the cutting edge of high-tech growth. Within a generation South Korea’s per-capita income has trebled. And its success in building democratic institutions and the accomplishments of Nordpolitik in forging new international relationships underscore the significance of our firm support for the R.O.K. over the past four decades.

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

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

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

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

The key to reducing tensions on the peninsula—and ultimately to the reunification of Korea—is an active North-South dialogue. The Koreans themselves must traverse the road to peace and reunification. President Roh Tae Woo’s initiatives to advance the free flow of trade, people and communications between North and South are important steps in this direction. For real progress to occur, a climate of trust and confidence must be established. The recent admission of both Koreas to
the United Nations and the ongoing prime ministerial talks are hopeful signs that the last glacier of the Cold War in Asia is at last beginning to melt. For our part, we are prepared to enhance our dealings with Pyongyang as the Democratic People's Republic meets its responsibilities as a global citizen.

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

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

U.S.-Southeast Asian Relations

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

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

In the political realm a decade of cooperative efforts with ASEAN has led to the successful conclusion of a comprehensive
agreement to end the conflict in Cambodia. In the wake of the Paris Conference we look to the building—under U.N. auspices—of a just and durable peace in Cambodia. This should make possible a new era in Southeast Asia, including the integration of Cambodia, Vietnam and Laos into the mainstream of the region.

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

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

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

U.S.-Australian Relations

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

In addition, Canberra has been an important bridge to New Zealand, as we have sought to encourage policy changes in Wellington that will make possible a reactivation of the ANZUS
alliance. President Bush’s nuclear disarmament initiative has created a favorable context that we hope will elicit a positive response from New Zealand.

**China**

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

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

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

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

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

That is why President Bush has pursued a policy of engagement toward the People’s Republic. We can eventually solve our problems with China only if we maintain the ability to make our case to the Chinese. Our agenda is open for all, Chinese and American, to see. We want to protect human
rights and advance liberty. We want to counter the threat of nuclear and missile proliferation. We want free and fair trade that benefits both countries and the region.

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

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

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

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

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

The U.S.S.R. in Asia

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

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

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

VI

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

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

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