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Recommended Citation

Mansfield, Mike 1903-2001, "East-West Center, Honolulu" (1981). *Mike Mansfield Speeches, Statements and Interviews*. 1517. https://scholarworks.umt.edu/mansfield_speeches/1517

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ADDRESS BY AMBASSADOR MIKE MANSFIELD EAST-WEST CENTER, HONOLULU FEBRUARY 19, 1981

It is an honor and a pleasure to be speaking to you tonight as one of the participants in the East-West Center's Pacific Community Lecture Series. Since its establishment in 1960, the Center for Cultural and Technical Interchange between East and West has worked to promote better relations and understanding among the peoples of Asia, the Pacific, and the United States through cooperative study, training, and research. Those persons who take part in the Center's activities come from over forty countries amb the Asian continent and the Pacific. Financial support for the Center is provided by twenty-two nations. The East-West Center is truly an international enterprise guided by a spirit of cooperation among peoples of countries separated by great geographic distances and cultural differences.

It can be said that it is that spirit of cooperation which has inspired and kept alive the concept of a Pacific Basin Community. Most of you are at least as familiar as I am with the history of the interest in an Institution to encompass the nations of the Pacific Basin in an economic GROUPING TO PROMOTE THE COMMON GOOD. I WANT TO TAKE A FEW MOMENTS TO TALK ABOUT SOME OF ITS MAIN POINTS.

- 2 -

THE CONCEPT OF A COMMUNITY IS THE RESULT OF ECONOMIC REALITY. THE LEVEL OF ECONOMIC INTERDEPENDENCE AMONG THE NATIONS OF ASIA AND THE PACIFIC IS HIGH:

-- Most of the nations of the Pacific depend on regional markets for more than 50% of their exports.

- INDONESIA'S PACIFIC MARKETS ACCOUNT FOR 80% OF ITS EXPORTS, AND FOR SINGAPORE, THE PHILIPPINES, SOUTH KOREA, AND TAIWAN, THE FIGURE IS OVER 70%.

Moreover, the development strategies of many of the East and Southeast Asian countries concentrate on trade, and Japan's share of regional trade has been growing consistently. Recent developments in Japan's commercial relations with Mexico may well lead to greater involvement by that Pacific nation in the East Asian economy.

THE UNITED STATES IS ALSO A PACIFIC NATION. WE HAVE, HOWEVER, LONG DIRECTED OUR ATTENTION TOWARD EUROPE. BUT BEGINNING IN THE 70'S, AMERICAN TRADE ACROSS THE PACIFIC SURPASSED TRADE WITH EUROPE; JAPAN IS NOW THE UNITED STATES' LARGEST OVERSEAS TRADING PARTNER, WHILE FIVE OTHER ASIAN AND PACIFIC NATIONS ARE IN THE TOP TWENTY. AMERICAN INVESTMENT IN EAST ASIA HAS BEEN GROWING CONSISTENTLY, AND THE RETURNS ON THE INVESTMENTS HAVE BEEN MORE PROFITABLE THAN THE WORLD-WIDE AVERAGE. U.S. TRADE WITH THE EUROPEAN COMMON MARKET NATIONS TOTALED \$89.7 BILLION IN 1980 BUT THE FIGURE FOR EAST ASIAN TRADE WAS \$113.9 BILLION. OVER THE YEARS 1976-79, THE AGGREGATE RATE OF RETURN FOR U.S. INVESTMENTS IN EAST ASIA WAS 19.1%. THIS CAN BE COMPARED WITH 17.1% IN JAPAN AND 16.3% FOR INVESTMENTS OUTSIDE EAST ASIA. WITH SUCH A LEVEL OF ECONOMIC ACTIVITY, INTEREST IN ESTABLISHING AN INSTITUTIONAL FRAMEWORK TO PROMOTE AND REGULATE IT FOR THE COMMON ADVANTAGE WAS ONLY NATURAL.

- 3 -

I would like to look at what is the most detailed official proposal for a Community to date. The late Prime Minister of Japan, Masayoshi Ohira, in 1978 proposed a "Pacific Community" including Japan, the United States, Canada, Australia, New Zealand, the ASEAN nations and other East Asian countries. The purpose of the community would be to promote the region's economic growth. This proposal led to the establishment of a mixed government and private commission, headed by Mr. Saburo Okita, to study the concept and its implications. In its report, released in May of 1980, the Commission observes that "Remarkable progress in communication and transport technologies has turned the vast Pacific Ocean into an inland sea and ordered conditions so that the Pacific countries can create a regional community." The report maintains that the Japanese concept of a Pacific community does not close the region off from other international arrangements, but is rather a means to integrate the region more closely with the rest of the world. It also states that a Pacific Community would be an excellent forum for working on the North-South relationship. It would also complement the bilateral and multilateral relations Already in existence in the Area.

POSITING SUCH A PACIFIC COMMUNITY, THE COMMISSION GOES ON TO DESCRIBE SEVERAL TASKS FOR PACIFIC BASIN COOPERA-TION. SOME ARE "TO BE DEALT WITH JOINTLY BY THE COUNTRIES CONCERNED, WHILE ON OTHERS JAPAN SHOULD TAKE THE INITIATIVE FOR ITS OWN ACTION." THESE TASKS INCLUDE:

- -- VARIOUS CULTURAL EXCHANGE PROGRAMS; *
- -- THE "INTERNATIONALIZATION" OF JAPANESE UNIVERSITIES;
- -- THE ESTABLISHMENT OF A "TECHNICAL COOPERATION CENTER" TO FACILITATE TRANSFER OF TECHNOLOGY AND HUMAN RESOURCES; AND
- -- CREATION OF VARIOUS INSTITUTIONS TO PROMOTE REGIONAL COOPERATION IN THE DEVELOPMENT OF NATURAL RESOURCES.

REFLECTING THE CONSTANTLY GROWING ECONOMIC ACTIVITY IN THE AREA, THE COMMISSION'S REPORT RECOMMENDS THE DRAFTING OF A "PACIFIC DECLARATION ON TRADE AND INTERNATIONAL INVESTMENT." THE PURPOSE OF THE DECLARATION IS TO PROMOTE TRADE AND ENCOURAGE POSITIVE ADJUSTMENT OF THE INDUSTRIAL STRUCTURES OF THE NATIONS INVOLVED. A "PACIFIC INDUSTRIAL POLICY CONSULTATIVE FORUM" WOULD BE CREATED TO DISCUSS THE ACTUAL IMPLEMENTATION OF THE DECLARATION.

OTHER TASKS IN THE ECONOMIC AND FINANCIAL FIELD ENVISIONED FOR A PACIFIC COMMUNITY INCLUDE:

- -- THE ESTABLISHMENT OF INTERNATIONAL FINANCIAL MARKETS IN THE EAST ASIAN AREA;
- -- THE AMELIORATION OF THE INVESTMENT CLIMATE IN THE REGION; AND
- -- INCREASING OFFICIAL DEVELOPMENT ASSISTANCE TO THE DEVELOPING NATIONS.

As regards the concrete measures to be taken in order to accomplish these tasks, the Commission observes that "Pacific Basin cooperation should not be promoted hastily, but carefully and steadily through the gradual congealing of broad international consensus." It recommends the establishment of a <u>Non-governmental</u> committee of fifteen to twenty experts from the nations involved, to serve as the steering body for subsequent international conferences on the Pacific Basin Community concept. The Commission expresses the hope that this steering committee might become a permanent organization, expressing joint opinions or making recommendations to the governments involved on matters relating to Pacific Basin cooperation. Alongside this committee, working groups of specialists would be formed, at governmental or private levels, to promote cooperative projects in areas of specific concern.

THE COMMISSION'S REPORT CONCLUDES WITH THESE WORDS: "THE NEXT STEP MIGHT BE TO EXAMINE THE POSSIBILITY OF ESTABLISHING AN INTERNATIONAL ORGANIZATION FOR PACIFIC BASIN COOPERATION AMONG THE GOVERNMENTS OF THE COUNTRIES CONCERNED."

JAPAN HAS TAKEN THE LEAD IN PRESENTING A UNIFIED OFFICIAL VIEW ON THE PACIFIC BASIN COMMUNITY. IT HAS RECOMMENDED SUBSTANTIAL GOVERNMENTAL INVOLVEMENT IN A POSSIBLE INTERNATIONAL ORGANIZATION ENCOMPASSING THE PACIFIC NATIONS. I THINK THE PROPOSAL BY THE JAPANESE COMMISSION IS BASED ON AN ACCURATE ASSESSMENT OF THE ECONOMIC AND POLI-TICAL SITUATION IN THE PACIFIC BASIN. I ESPECIALLY WANT TO COMMEND ITS COMMITMENT TO INCREASE ASSISTANCE TO THE DEVELOP-ING COUNTRIES.

INTEREST IN A PACIFIC BASIN COMMUNITY HAS CERTAINLY NOT BEEN LACKING IN THE UNITED STATES. IT IS TRUE, HOWEVER, THAT THIS INTEREST HAS BEEN CONCENTRADED IN GROUPS OR INDIVIDUALS WITH A GREAT DEGREE OF INVOLVEMENT IN THE PACIFIC REGION. AT THE SAME TIME THE FOCUS OF THIS INTEREST IS VARIED. IT HAS ALSO TENDED TO REFLECT THE PARTICULAR INTERESTS AND FIELDS OF COMPETENCE OF THE PERSONS OR INSTITUTIONS WHO HAVE PROMOTED THE CONCEPT.

THE REASONS FOR AMERICAN INTEREST IN THE CONCEPT ARE, OF COURSE, MANY. SOME OF THESE ARE:

- -- THE GROWING IMPORTANCE OF EAST ASIA AND THE PACIFIC NATIONS AS TRADING PARTNERS OF THE UNITED STATES;
- -- THE POPULATION SHIFT TO THE "SUN BELT", INCLUDING STATES OF THE PACIFIC ETTORAL:
- -- DISSATISFACTION WITH PREVIOUS AMERICAN POLICY TOWARD ASIAN AND PACIFIC NATIONS;
- -- FINALLY, A PROFOUND CHANGE IN THE POLITICAL CLIMATE IN THE PACIFIC, WHICH MADE AMERICAN PARTICIPATION IN A PACIFIC COMMUNITY BOTH DESIRABLE AND FEASIBLE.

This change certainly includes the establishment of full diplomatic relations between the U.S. and the People's Republic of China. This removed the fear that ANY American Interest in an organization for Pacific cooperation would ONLY EVOKE A HARSHLY CRITICAL REACTION FROM THE PRC. AT THE SAME TIME, CLEAR EVIDENCE OF THE DESIRE BY ASEAN AND OTHER EAST ASIAN NATIONS FOR A HIGHER AMERICAN PROFILE IN THE REGION HAS PROVIDED ADDED IMPETUS TO AMERICAN INTEREST IN PARTICIPATION IN A PACIFIC BASIN COMMUNITY.

The creation of such organizations as the privatesector Pacific Basin Economic Council (PBEC) and the Pacific Trade and Development Conference kept the interest in the concept very much alive. One of the most active groups in this context has been the U.S. National Committee of the PBEC. It has been promoting broader public understanding of the Pacific basin economic issues and greater governmental attention to the potential of Pacific cooperation.

As tonight's forum shows, the academic community has been at the forefront of promoting consideration of the Pacific Basin community in the United States. The East-West Center has been one of the central points for activities related to the concept in this country. The Center's work can be used as a model for a gradual approach to the establishment of a Community, building on workshops, conferences, and meetings of small groups of specialists.

WILLIAM WATTS HAS WRITTEN THAT THE FIRST STEP IN FORM-ING A PACIFIC BASIN COMMUNITY IS TO CORRECT WHAT HE CONSIDERS A GRAVE LEVEL OF IGNORANCE ABOUT EAST ASIA AMONG AMERICANS. HE SUGGESTS CREATING A NON-GOVERNMENTAL "COUNCIL OF THE PACIFIC", WITH PARTICIPATION BY NATIONAL GROUPS COMPOSED OF INDIVIDUALS FROM BUSINESS, LABOR, ACADEMIA, AND GOVERNMENT, TO EXCHANGE INFORMATION AND IDEAS ON PACIFIC BASIN COOPERATION.

IN SEVERAL STUDIES PROMOTED IN PART BY CONGRESSIONAL INTEREST, PARTICULARLY THAT OF SENATORS GLENN AND ROTH AND FORMER REPRESENTATIVE WOLFF, AMERICAN SPECIALISTS WITH A COMMON INTEREST IN PACIFIC AND EAST ASIAN AFFAIRS HAVE MADE SUGGESTIONS FOR THE INSTITUTIONALIZATION OF A PACIFIC BASIN COMMUNITY, AMBASSADOR RICHARD SNEIDER HAS RECOMMENDED THE ESTABLISHMENT OF AN INTERGOVERNMENTAL CONSULTATIVE INSTITUTION, ORGANIZED LOOSELY ALONG THE LINES OF ASEAN, WHICH WOULD CONCENTRATE ON ECONOMIC ISSUES, IN SEPARATE PAPERS PRESENTED TO CONGRESS, LAWRENCE KRAUSE, HUGH PATRICK AND PETER DRYSDALE INTRODUCED TO THE UNITED STATES THE IDEA. WHICH ORIGINATED IN JAPAN AND AUSTRALIA, OF AN "ORGANIZATION FOR PACIFIC TRADE AND DEVELOPMENT" (OPTAD), RESEMBLING OECD IN STRUCTURE. OPTAD IS SEEN AS AN INTERGOVERNMENTAL CONSULTA-TIVE FORUM WITH A SMALL SECRETARIAT AND TASK FORCES FOR SPE-CIFIC ECONOMIC ISSUES.

This has been a rather superficial overview of the idea of the Pacific Basin Community concept in Japan and AND THE UNITED STATES. I HAVE SPOKEN OF THESE TWO COUNTRIES BECAUSE FOR A LONG TIME IT HAS BEEN THE INDUSTRIALIZED NATIONS THAT HAVE BEEN PROMOTING THE CONCEPT OF PACIFIC COOPERATION.

This is no longer the case. The developing nations have begun to make their voices heard ever more loudly in international forums where the matter has been discussed. The ASEAN nations have generated many productive ideas about a Pacific Basin Community. From the very beginning, the ASEAN nations have been seen as <u>indispensable</u> members of any such arrangement, because of their outstanding economic potential, rapid growth, and their successful regional association. ASEAN is a purely voluntary association which fully respects each member country's sovereignty and existing bilateral agreements, and which exists exclusively for the promotion of the common interests of the member nations.

ASEAN SPOKESMEN, BOTH FROM THE GOVERNMENT AND PRIVATE SECTORS, HAVE VOICED VARIOUS CAUTIONS ABOUT AN INSTITUTIONALIZED PACIFIC BASIN COMMUNITY. IN THE FIRST PLACE, THERE IS THE CONCERN THAT ANY NEW INTERNATIONAL ORGANIZATION MIGHT OVERSHADOW ASEAN AND WEAKEN IT, DEPRIVING IT OF THE OPPORTUNITY TO ATTAIN ITS FULL POTENTIAL AS AN INTERNATIONAL BODY.

ALSO, SOME ASEAN SPOKESMEN FEAR THAT A PACIFIC COMMUNITY ORGANIZATION MIGHT BE USED TO MAINTAIN THE DIFFERENCES IN WEALTH BETWEEN THE DEVELOPED COUNTRIES OF THE PACIFIC BASIN AND ASEAN, KEEPING THE LATTER IN A DEPENDENT RELATION-SHIP. ON THE OTHER HAND, ASEAN'S PACIFIC COMMUNITY SUPPORTERS DO NOT WANT IT TO BE ONLY A CONSULTATIVE FORUM, BUT AN ORGANIZATION WITH A FULL GOVERNMENTAL PARTICIPATION AND COMMITMENTS. THE DEVELOPING NATIONS MIGHT EMPLOY SUCH AN ORGANIZATION TO PROMOTE ACCELERATED TRANSFER OF TECHNOLOGY AND KNOWLEDGE.

OF COURSE, OVERCOMING THESE CONCERNS OF THE DEVELOPING NATIONS IS NOT THE ONLY OBSTACLE FACING THE PROPONENTS OF A PACIFIC BASIN COMMUNITY. THE MOST OBVIOUS OBSTACLE IS THE SCOPE OF THE COMMUNITY. DESPITE THE ASSERTION OF THE JAPANESE COMMISSION'S REPORT, IT IS A LITTLE PREMATURE TO CALL THE PACIFIC OCEAN AN "INLAND SEA." THE PACIFIC BASIN IS IMMENSE GEOGRAPHICALLY, AND ITS NATIONS ARE TRE-MENDOUSLY DIVERSE IN TERMS OF LANGUAGE, CULTURE, POLITICAL INSTITUTIONS, AND ECONOMIC ARRANGEMENTS, WHILE MOST PRO-POSALS FOR A COMMUNITY HAVE CENTERED ON THE UNITED STATES, CANADA, JAPAN, AUSTRALIA, NEW ZEALAND, ASEAN, AND SOUTH KOREA, WE CANNOT OVERLOOK THE FACT THAT VERY MANY ASIAN AND PACIFIC NATIONS ARE LEFT OUT OF THAT ACCOUNTING, OR THAT FOUR SOUTH AMERICAN NATIONS, SIX CENTRAL AMERICAN COUNTRIES, AND ANOTHER NORTH AMERICAN GIANT, MEXICO, FORM PART OF THE PACIFIC BASIN. THE MANY ISLAND GROUPS OF THE PACIFIC

WHICH ARE NOW MAKING THEIR TRANSITION TO INDEPENDENCE ALSO DESERVE FULL CONSIDERATION IN ANY MODEL OF AN INSTITUTIONALIZED PACIFIC BASIN COMMUNITY.

THERE IS ALSO CONCERN THAT THE COMMUNITY WOULD BECOME TOO NARROWLY REGIONAL DISTRACTING THE NATIONS INVOLVED FROM THE REALITIES AND OBLIGATIONS OF GLOBAL INTERDEPENDENCE.

The question of the scope of the Community is probably central to the chances of the Community's becoming a reality. Since the Community has been seen almost universally as an economic grouping, the question of economic orientation of prospective member nations is a fundamental concern. Specifically, what would the Community's position be on the inclusion of centrally-directed economies, and in what way would the centrally-directed economies interact with the market economies in the Community? Any Pacific Basin economic grouping which does not make some 'provision for dealing with the centrally-directed economies would run the risk of being perceived by those nations as more political than economic.

Such a danger must be given serious consideration, especially when we look at the present political situation in Asia. Vietnam appears to be in control of all of Indochina, a condition which China as well as ASEAN perceives as destabilizing. The PRC, which has made its opposition to Vietnam's policies Quite clear, is experiencing THE STABILITY NOT ONLY OF THE ASIAN MAINLAND BUT ALSO OF EUROPE. UNDER SUCH POLITICAL CONDITIONS, THE SUCCESS OF AN INTERGOVERNMENTAL PACIFIC BASIN COMMUNITY IS UNCERTAIN NOW.

Leaving aside the question of whether the United States supports any specific design for a Pacific Community, there can be no doubt that we support an international atmosphere in Asia and the Pacific that would be a prerequisite for the success of the Community. Such an atmosphere would require stability both internally and regionally, a trend of continued economic development, and a recognition of growing interdependence. The indispensable foundations for economic cooperation and growth are peace and stability, and the United States is dedicated to those fundamentals.

As we work to achieve the goals of stability and economic growth, we can see that the present situation in the economies of the Pacific Basin -- continued growth, a high level of regional trade and investment, and great awareness of interdependence -- has established an appreciation of common interests and concerns, and a framework of governmental and non-governmental arrangements to deal with these issues. In fact, many observers claim that a Pacific Basin Community already exists.

I BELIEVE THAT IT WOULD BE TOO HASTY TO MOVE NOW FOR A PACIFIC COMMUNITY ORGANIZATION ON THE GOVERNMENTAL LEVEL. THE COMMUNITY, BY ITS VERY NATURE, CANNOT BE PRO-MOTED ONLY BY ONE OR TWO COUNTRIES. IF IT IS TO BE SUCCESSFUL A GREAT NUMBER OF ITS LIKELY MEMBER NATIONS MUST PERCEIVE THAT IT IS NEEDED. PROPONENTS OF THE COMMUNITY CONCEPT HAVE TO INVOLVE AS MANY OF PROSPECTIVE MEMBERS AS POSSIBLE IN THE ELABORATIONS OF THE IDEA. PRIVATE ORGANIZATIONS, SUCH AS THE PBEC AND THE EAST-WEST CENTER, HAVE DONE THE GREATEST AMOUNT OF WORK IN DEFINING THE OBJECTIVES AND POSSIBLE STRUCTURES OF AN INSTITUTIONALIZED COMMUNITY. THEY ARE THE BEST VENUES FOR THE CONTINUED DISCUSSION AND ELABORATION OF DESIGNS OF THE COMMUNITY. NON-GOVERNMENTAL ACTIVITY IS LESS LIKELY TO AROUSE FEARS OF DIMINISHED SOVEREIGNTY WHICH SEVERAL NATIONS HAVE VOICED, IT IS ALSO FREE TO CON-SIDER A WIDER RANGE OF POSSIBILITIES.

- 14 -

IN THE MEANTIME, IT IS UP TO US WHO ARE IN THE SERVICE OF OUR GOVERNMENTS TO PURSUE AND PROMOTE POLICIES WHICH WILL LEAD TO GREATER INTERNATIONAL STABILITY AND INCREASED PROSPERITY FOR THE NATIONS OF THE PACIFIC BASIN.