Meeting with American Correspondents

Mike Mansfield 1903-2001
AMBASSADOR MANSFIELD'S MEETING WITH AMERICAN CORRESPONDENTS
February 28, 1980

AMBASSADOR: Well, lady and gentlemen, it was October 5th when we last met, and I had suggested this meeting because Maurine and I had planned leaving for the States, but an event occurred which affected her foot, so I won't be going to the States until later in the year, so take it from there.

Q: Mr. Ambassador, there have been, it seems to me, a number of trial balloons put up by the Japanese about increasing pressure particularly from the White House to spend more on military defense here in Japan. How do you see that? Is there pressure in the U.S. building up for this, or is it the same thing that has been going on for a long time?

A: I'd say it's the same thing that has been going on for a long time. Japan is a sovereign nation. It will have to carry out its responsibilities in both the fields of economics and defense as it sees fit. I would point out that, as I think I had before, that over the past ten years, including 1979, that the Japanese have increased their defense
expenditures at a yearly rate of 8 percent, NATO at a yearly rate of 2 percent, and the United States over the same period a yearly decrease of 2 percent, but next year it is going to be increased I think around 5 percent.

The Japanese I think have been moving at the right pace, doing the right thing, and what they're doing now is bringing about a modernization of their forces and an updating of the facilities they need in the air defense and anti-submarine fields. They had quite a difficult struggle getting the budget appropriation they desired this year, in spite of the fact that they were operating at about a 32 or 34 percent deficit. They got it. I would anticipate that they will live up to their responsibilities, that there will be reasonable additions made in the years ahead.

Q: Mr. Ambassador, you were reported as telling Mr. Ohira on February 21st that you understood the efforts Japan was making in the field of defense that that pressure was rising from Congress for Japan to spend more. Is that correct?

A: Not exactly, Sam. I did say that I understood Japan's position, and I hope my explanation will back that up, but I did indicate that I supported Brown's statement
which was not as far reaching as it was reported. He expressed satisfaction with what the Japanese did. He pointed out that there were changed conditions, but he made no demands, exerted no pressures.

I was referring also to the hearings, at which Bill Ginn and Admiral Long appeared before in the Senate Armed Services Committee, and the reactions on the part of some of the Senators at that time, very sparsely carried in the press here.

What I did say to him, as I have said publicly many times, is that I am very pleased with the cooperation of the Japanese, with the advances which they are making in spite of Article 9 and the difficulties they have had to overcome, and that I was satisfied.

Q: Is that the first time that you have pointed out congressional statements to the Japanese Government on defense spending?

A: I really didn't point them out. I just sort of indicated them. I'm sure they read the same statements I did.

Q: Is that the first time that you have indicated?
A: Yes.

Q: On Brown's statement I don't quite understand why you read that as an expression of satisfaction in Japan's defense spending. He said quite specifically in his defense report that Japan's plans to spend 14 billion dollars on procurement of weapons over the next few years was insufficient.

A: That isn't what he said out here when he met with Okita and Ohira because what he said then was that he was impressed and satisfied with the progress Japan had been making, but pointed out areas where they might give consideration to strengthen their defenses.

Q: Well, isn't the bottom line the conclusion that they should strengthen their defenses?

A: Well, yes, there was an indication of that, but it was done in a statesmanlike manner. It was a frank opinion on the part of the Secretary of Defense to the ranking members of another government, but he in no way implied that any pressure was being exerted, and he recognized I am sure that Japan is a sovereign nation.
Q: The statement by the State Department spokesman urging Japan to spend more on defense, could you give us some information as to what...

A: You mean the New York Times story? It was applied mostly to NATO?

Q: It was a response to a question about the New York Times story.

A: Yes. Well, that New York Times story was answered very accurately and succinctly by Mr. Reston that we had not discussed a raising of the percentage spent by Japan on its defense needs, and we did not intend to. After all, that is their concern, their business, and I wish we would get away from that less than 1 percent figure and recognize the reality of the 1.51 percent figure based on the same standards we use in setting up our budget and that NATO uses.

Q: Well, as Sam pointed out, after the New York Times story there was a statement from the State Department urging Japan, suggesting that Japan increase its defense
spending. Are you differing with that policy now?

A: Who made the statement?

Q: In the same press conference that you just cited, the statement from Tom Reston.

X: The statement that I recall, Sam, said that we would assume that Japan would continue to make steady and significant increases in its defense spending. This is precisely the same thing that had been stated in precisely the same language as in the past.

Q: I do recall that Mr. Reston had said that the United States would not ask Japan to spend X-percent. However, he did state, according to the newspaper reports that I read, that the United States was asking Japan to spend more.

A: What he was anticipating is what I'm anticipating, that the steady progression which has been evident over the past ten years will be continued this year as it is and into the future. But they're doing it on their own.
Q: In other words, the State Department will not ask Japan in official diplomatic context to increase defense spendings beyond its current plan?

A: It will not ask it in the words of Reston. It will not request anything connected with a percentage figure. The exact words were that we have not and will not. How does that go? Do you have that quote there?

X: I believe he said that we have not and will not in any case request a specific percentage increase.

A: That's right.

Q: What about a request for more defense spending?

A: They're spending more on defense every year.

Q: A request for more defense spending than they are planning to increase?

A: They are still spending more every year, and I think you've got to judge the whole picture on the cumulative
effect and recognize what they've done voluntarily on their own responsibility and do so in comparison with what we've done and our NATO allies have done.

Q: (inaudible)

A: Well, their statements are very few, so I wouldn't say there were so many.

Q: (inaudible)

A: No, no pressure.

Q: Mr. Ambassador, it has been suggested that when Mr. Okita goes to Washington that officials there will ask or present some programs where they would spend more on specific things such as air surveillance or anti-submarine warfare. That would in effect be more than they now plan to spend.

A: Well, those are the specifics which have been mentioned over the past several years, but I have heard nothing along the lines of your question.
Q: Is it not true that Brown's statement that the 14 billion dollar planned spending on military procurement over the next few years would be insufficient, that is the first time since the Carter Administration took office that the United States has specifically, officially and publicly complained that Japan is not spending enough?

A: Well, those are your words, Sam. I would say that the responsibility is Japan's and they will do what they think is right, and what they do I think will add to the common joint effort.

Q: Mr. Ambassador, it's certainly a perception of the Japanese that they are under some sort of pressure to increase defense spending. Are you saying that's not correct?

A: I can't speak for what the Japanese perceptions are.

Q: Could we describe this as a discrepancy of opinions between the U.S. Embassy in Tokyo and the American Government in Washington?

A: You're writing the story, Sam. (laughter)

Q: You don't feel that you're in conflict with any
move that has been made by Washington on this issue?

A: Not in the least.

Q: Do you see any dangers from any kind of congressional or political efforts in the United States to encourage more pressure on Japan to spend more on defense, dangers here?

A: I think if such a policy was adopted and carried too far, that results could well be counterproductive. The Japanese Government has to walk a very careful line, has to be aware of its other expenditures, has to be aware of public opinion, and they try to weigh all the factors involved and come up with a reasonable conclusion, and I think they've done very well.

Q: Do you think that the present state of Japan's equipment, the number of crews that it has for its airplanes, the munitions storage, the protection of aircraft on the ground, the protection of radar sites, is sufficient?

A: There are certain areas which could be strengthened, among them the factors which you have cited. The Japanese are very much aware of it, and I am sure that they will attend to those situations in time.
Q: Is "in time" sufficient?

A: I can't define what "in time" means because I don't know the thinking of the Japanese Government, and I'm sure that they are more aware of what their needs are than I am.

Q: What's going to happen to cars?

A: Well, as I said at the last meeting I attended, it's a situation which has a great potential for increased difficulties between Japan and the United States, and not as far as the government is concerned it seems to be very willing and eager to have Japanese invest in auto facilities in the United States. Not as far as Honda is concerned because it is going in, and I think that the visit of Fraser here was very worthwhile. There was an honest exchange of views, and while the auto companies who have not yet invested in the United States are still cautious I think the possibility of movement is there, and if we'll be patient and understanding I think progress can be made.

Q: Fraser when he was here was talking about an orderly marketing agreement to restrict Japanese exports to the
United States. An orderly marketing agreement requires negotiations between the two governments. Is there any such move?

A: None.

Q: In other words, that was a statement to prevent prosecution under the Anti-Monopoly Act with restraint of trade and an appeal to the Japanese to voluntarily restrict exports?

A: Even that could be troublesome. They have to be careful, but nothing has been done on an OMA. Statements have been made about a voluntary restriction of autos at least on the part of one company, but that's about it as far as I recall.

Q: Could you give us a little detail as to your personal role in Fraser's decision to visit Japan?

A: Well, among others, I sent a letter to Fraser in December suggesting that he come to Japan in January or February to meet with the Japanese auto officials and union leaders. I said "among others" because Shioji, the head of the Auto Workers, also wrote to him. Some organization,
I forget which one, maybe several organizations. John, what were they?

X: ...

A: So we had a number of invitations, and it was on the basis of these invitations collectively I believe that he agreed to come here.

Q: But it was technically Mr. Shioji's personal invitation that he accepted, was it not?

A: Very likely.

Q: Did Mr. Shioji make all of the arrangements for all of his appointments?

A: I believe so. I don't believe the Embassy was involved in any of the meetings.

Q: Nor in any of the arrangements for the appointments?

A: Correct.
Q: Back on the defense thing, are you satisfied that the next Japanese defense budget represents a steady and significant increase in spending?

A: Yes.

Q: Now that Afghanistan has broken out, is there any indication from the American Government that they might be more responsive to your past calls for another carrier for the Seventh Fleet?

A: None, but we do have two carriers out there as a reaction to Afghanistan and Iran. I would hope that out of this would come at least the addition of one carrier and an appropriate escort, battle group, for permanent stationing in the Indian Ocean, and perhaps the importance of this area, along with Southwest Asia, may bring that about, but I'm just giving you the views I have. What the views of the Administration are I don't know. They're asking for a lot more money this coming fiscal year, and out of that may come what some of us desire, but I think that's a little too long to wait.

Q: Mr. Ambassador, referring back to the previous question, you said you're satisfied that the next defense
budget represents a reasonable increase. Is the Administration satisfied?

A: That I couldn't say. I assume that it is because they really had to sweat a lot to get what they're getting in this next budget which begins April 1st.

Q: You're speaking of the Japanese Administration. I'm speaking of the Carter Administration.

A: Oh! What was the question again, then?

Q: You said you were satisfied. Is the Carter Administration satisfied with the defense budget?

A: Well, I think they are satisfied with it, but it's quite possible that the Congress will accede what the President has requested, and that's another horse.

Q: I think he means is the Carter Administration satisfied with the Japanese defense budget. Is that your question?

Q: Yes.
A: I answered that the first time, the Japanese budget, then somebody came in and said it was our budget, so I'll go back to my original answer and you can get it from there. (laughter)

Q: Mr. Ambassador, have you felt any concern from the Japanese that because of the Afghanistan situation most of the Seventh Fleet ships are out there in the Indian Ocean leaving very little here?

A: "Concern" is about as strong a word as I'd use, but understanding as well.

Q: Is it helping the domestic debate about defense spending?

A: I think it's bringing home to the Japanese the kind of a world in which we all live and the need for us to be on our guard at all times.

Q: How do you evaluate the statement made by Mr. Hyuga, the head of the Kankeiren, that Japan ought to increase its present level of defense spending by an additional 1 percent of GNP?
A: That's up to the Japanese.

Q: I would like to ask you a question about a statement which you made in your appearance at the Japan National Press Club. It was my understanding that you were speaking of Japan's actions from the beginning of the incident until that day when you said that Japan had acted correctly on Iran. Is that what you meant to say?

A: Yes, and I'll say it again. Japan has acted as well as any other of our allies, and probably on a comparative basis it would be right in the forefront. It has been a good supporter of ours, a good partner, and when they had been criticized the facts had not been looked into thoroughly enough, in my opinion.

Q: What other ally of ours refrained from criticizing the taking of hostages for more than a month?

A: Talk doesn't amount to a great deal. It's the actions that count, and that's what I'm discussing.

Q: What actions did Japan take during that month?

A: They went into Iran without any dissent from us to
buy some of the oil which became available because of our boycott of Iranian oil. The trading companies did, and as soon as the government got wind of that they laid the law down to the trading companies and refused to allow some of that spot price purchased fuel when they got wind of it to come into Japan. It had to be sold elsewhere, and it is my understanding it was sold at a loss. They were among the first nations to come out in favor of an Olympic boycott.

They have been with us shoulder to shoulder as far as the Afghan situation is concerned, and I think that Japan should be given credit for what it does, and I'm glad to do so.

Q: I don't understand why you don't consider at least moral support in the form of a vocal criticism of taking of hostages unnecessary.

A: Well, I think you are aware as much as I am that the Japanese did not approve of this from the beginning in any way, shape or form, and if we go on statements, that statement would be the short end of the stick, in my opinion. It's what's done that really counts, and the Japanese have acted in accord with us, in support of us, and they have been I think good partners.
Q: Do you find much thinking among top level Japanese officials that the U.S. public and Administration might be overreacting to the Afghan situation?

A: No.

Q: Do you personally?

A: So far so good. I hope we don't overreact. I don't think we will. I think Carter has played it pretty well all the way through. I think what he has done has the support of the American people, and I think the returns in the recent state elections indicate that.

Q: On Afghanistan, Prime Minister Ohira did say in the Diet speech in late January that Japan was willing to abide by whatever restraints on exports of technological goods, COCOM was willing to set up. Has COCOM taken any action so far?

A: To the best of my knowledge none. Have they, Bill? Does anybody recall?

X: They are having discussions...
A: No proposals have been advanced yet. COCOM has taken no action on its own. The Japanese have also said that they would go as far in their support of us as the Western Europeans would.

Q: What does that mean?

A: That that's the bench mark, that they will do as much as the Western European nations are considering.

Q: Is that not also a way of hiding under the skirts of the Western European nations to allow them to veto any actions?

A: Not at all. Would you expect the Japanese to get out and lead the charge all the time, or would you expect our allies in NATO, allies of many years' standing, to be out in front? I would expect the West Europeans to be out in front. Then, of course, some of those are saying that they are for us, that they will do what we want done, providing the United Nations passes the necessary resolution.

Q: Is there any American interest in seeing Japan stop the use of Export-Import Bank credits to Siberian development?

A: Some interest, but that's about as far as I'd go.
Q: Japan has indicated in no way whatsoever that it is willing to do that, though.

A: All I can say is that to the best of my knowledge they have not extended any new credits.

Q: But they have announced no plans to end any of the present credit.

A: Not that I know of.

Q: Another question about the American bases in Japan, probably about the American bases in the Philippines. Is there now an understanding by the Japanese that these bases are now being used not merely for a mutual defense format but also on a global security dimension, in other words, Midway can operate in the Indian Ocean, and so forth. In other words, do the Japanese accept this? I think this also goes for the so-called RBF stationed in Okinawa.

A: So far as I know they have rendered no dissent.

Q: How about the Philippines as far as you know?

A: As I recall, President Marcos some days ago
praised us for the attitude which we have assumed in recent months, so I would assume that what we do there meets with no dissent from the Philippine Government, either.

Q: Returning to automobiles, if either Toyota or Nissan announces any intention or plans to build manufacturing plants in the U.S., would you personally be in favor of any import restraints on Japanese automobiles?

X: ...

A: I don't think that's the answer.

Q: Is there some other means to persuade them to invest?

A: The way Fraser laid it out, what he wants is Japanese investment and a curtailment of Japanese exports.

Q: Would curtailment of Japanese exports mean anything to the UAW at the present moment?

A: They have asked for it.

Q: But the problem is that the Americans do not produce small cars. Does Mr. Fraser presume that Americans will suddenly start buying large cars again if they can't buy small Japanese cars?
A: No, he has stated that they will not return to the big cars, as I understand.

Q: This particular aspect of his field, in other words, does not have your personal support?

A: That's what you're saying, not me.

Q: Well, it does have your support.

A: Again, that's what you're saying, not me.

Q: No, I'm not saying. I'm asking.

A: No. I think that Fraser did a good job over here, laid the cards on the table, tried to bring home the difficult situation which confronts him and his union and the auto industry, and we'll see what happens.

Q: (inaudible)

A: I think he had very frank, candid discussions with Toyota and Nissan.

Q: (inaudible)
A: I wasn't at the meetings with Mr. Fraser and the auto manufacturers.

Q: (inaudible)

A: No, we had a lunch here for him, but then he saw the manufacturers again I believe, and I didn't see him except at that lunch.

Q: Could you give us some ideas as to where we are on the government procurement issue at the moment and where we will be going?

A: Only what I've read in the papers this morning that at a meeting of the so-called Wisemen's Group with the Prime Minister, I believe, and perhaps Okita, it was agreed they would speed up negotiations on NTT and try and come to a conclusion, I believe, or an agreement by May. They have, as you know, the rest of this year under the initial agreement between Straus and Ushiba to carry on negotiations, so I was encouraged when I read that, and it fitted in very well with the thinking of our government.

Q: You mentioned only NTT. Has an agreement been reached as to how much of ATT is open to outside bidding.
A: No, that will be part of the continuing negotiations. I believe there have only been three meetings on government procurement. What's happened up to this date I don't know, but I feel certain that one of the factors involved is based on reciprocity which is embodied in the initial agreement that AT&T has been a subject of discussion.

Q: Is the American Government prepared to wind up the talks ...

A: We would like very much to wind up the talks as quickly as possible, provided of course that we can get a mutually satisfactory agreement.

Q: Could I throw in a political question? Do you think Senator Kennedy is finished?

A: No. He'll be in there.

Q: Where?

A: The race. (laughter)

Q: ...Japanese newspaper editorial...
A: I think we're all aware of Japan's responsibilities, and those responsibilities are attached to the archipelago, the home islands. All I have read of consequence is some Brown said something about them taking over the defense of the three straits. That will take a little doing. I had always assumed that the defense of those straits would be done in accord by Japan with the United States, to wit the Seventh Fleet. I think that the fact that they have gone beyond their home frontiers and become a part of RimPac is very significant. It's a natural outward trend of further U.S.-Japanese cooperation, and I think will be beneficial to both countries and both navies.

Q: What are the problems in taking over the defense of the three straits?

A: I don't think that the Japanese as yet have the necessary wherewithal to undertake the burden by itself, and I think it's really a matter which should be considered on a joint Japanese-American basis.

Q: I think there were reports the Japanese will equip a squadron of CI for minelaying capabilities sometime in the next few years.

A: You're ahead of me. I've got no information on that.
Q: Do you see anything in the Japanese defense buildup plan that will give them that capability?

A: I'm not enough of a military analyst to answer that question. I just don't know.

Q: (inaudible)

A: No. The Japanese still have to feel their way in their relations with other nations in East Asia, and that time may come, but certainly it's not now.

Q: Mr. Ambassador, you serve as a weather vane of essential trouble on automobiles. What does your weather vane say about steel?

A: I was under the impression that steel had increased its exports to the United States for the first eleven months of last year by about 2.9 percent over 1978, which had a decline of 21 percent approximately in exports over 1977. I have just got some figures today which I must check again to make sure because it indicates that steel for the year increased its exports to the United States by 0.7 percent which, considering the huge drop in exports last year, is not at all bad. Even a 2.9 percent increase isn't bad
in relation to the previous year, and textiles are down to about 25 percent, 26 percent, below last year. Color TVs are down to about 54 or 55 percent last year compared with the year before, and the only really strong upswing is in automobiles which for 1979 increased by 9.5 percent over 1978, which increased by 10.1 percent over 1977, if you're able to follow me.

So autos are the big factor, steel seems to be in relatively good shape, all things considered.

Q: In other words, the U.S. steel industry rumblings are directed only toward Europe and third nations, not Japan?

A: No. What the steel industry has said is that they are considering dumping suits against a number of European companies and that about 60 days later they might bring a dumping suit against a Japanese company. I think the Japanese companies have been very circumspect. They have adhered very closely to the trigger price mechanism. My guess is that they will come out pretty good if a suit is filed against them.

Q: What about semi-conductors?
A: Well, at the present time I think we have about 22 percent of the Japanese market, and the Japanese have a lesser percent of the U.S. market, and our lead is big worldwide, and I notice that some of the American companies are now joining up with the Japanese companies in that particular area. Anyway, we have the biggest share of the market. We can keep it if we keep up our research and development, and there is no reason why we shouldn't remain ahead of the Japanese in this particular area.

In 1978, the sales of U.S. semi-conductors were up 25 percent over 1977, and the best estimate we could get for 1979 was that their sales were up 30 percent above 1977. The U.S. commands 67 percent of the world market, and the Japanese command about 22 percent of the world market. The U.S. has 10 percent of the Japanese market, and Japan at the present time has 2 percent of the U.S. market. So that's something down the road. We've got a big lead, and if we don't maintain that lead through research and development we have no one to blame but ourselves. In the meantime, I think some small companies are becoming tied up to some of the big companies, IBM ad the like, and that should add to their R&D prospects and help to ensure our lead.

Q: Besides automobiles and government procurements, do you foresee any other specific items as potential causes for trade restrictions?
A: Well, I would hope that the government procurement would not prove to be a barrier, that we could work out a reasonable agreement which would be beneficial to both countries. But at the moment autos are the ones which create the shadows on the horizon. Communications equipment ought to be taken care of I would think through the government procurement negotiations now going on. Computers, not at the moment may be down the road, and semi-conductors down the road, autos sort of stand off by themselves at the present time.

Q: Sir, on the automobiles, you mentioned earlier that you do not think import restraints were the answer to the question if the Japanese Nissan and Toyota do not build in the U.S. Could you tell us what you think is the answer?

A: The only answer I can think of is a little give and take on both sides, resulting in as mutually agreeable solution as possible.

Q: ... 

A: Oh, I think that Charlie Vanik will show reason and understanding. I think that Mr. Fraser, who feels the most pressure from his members, will be much more aware of the situation, and I would hope that on both sides, in addition to understanding, there would be a little patience because I
seem to be able to see some movement and some progress, but still a long way to go.

Q: When Mr. Fraser was here, he indicated that legislation could come about in six to eight weeks. Do you think things will move that rapidly?

A: No, no, that's a little fast. I think he was probably referring to the fact that he did have in his possession I believe a letter from Mr. Vanik which indicated that committee hearings would start on the 7th of March, and they will, but it's a long way to going from a subcommittee of the full committee, to the full committee to the House in that instance. There is no action being contemplated in the Senate that I know of, and I could not know about it and it could be. These things just don't happen that way, and I would hope that they wouldn't be allowed to go too far and that some reasonable mutually satisfactory arrangement could be worked out.

The important factor is the totality of our relations with Japan, and that takes in the whole spectrum. It is the most important bilateral relationship in the world, and I would hope that we would not be unaware of the fact that what is important is the parts which make the whole, and not a part of a whole.
Q: Fraser's meeting with Japanese car companies...

A: Well, he's the President of the Auto Workers Union. His job is to protect his members, and he's doing the very best he can vigorously, candidly and honestly to carry out his responsibilities. As far as the two nations are concerned, it would mean a tremendous investment on the part of the Japanese to build the kind of facilities which Fraser would like to see.

They have to look at it from a business point of view. They are the ones who will make whatever decisions are to be made because it's their money which will be used to go into any kind of a new venture.

On the other side, you've got Fraser faced with 220,000 unemployed, auto facilities closing down, and he is expected to do something, and he's doing the very best he can. He is exerting all the efforts he can, but maybe out of what's happened to date will come another meeting of the minds, so to speak, and out of it will come a better understanding.

Q: Is it fair to ask the Japanese car companies to worry about those 220,000 auto workers?

A: Well, it's a factor in Fraser's thinking, and if I were in Fraser's shoes I would be thinking the same way. I'm not in Fraser's shoes.
Q: (inaudible)

A: That's the shadow on the horizon. It could become a factor in the campaign. I sincerely hope it will not, and I'm sure that Mr. Fraser would be open to reasonable argument. I would not be surprised if in time the Japanese auto people might likewise be open to reasonable argument. They both got a case. One is based on pragmatism and practicality, the other is based on a situation which has caused emotions to rise, tremendous unemployment, and it comes at a most inopportune time. I think we're all concerned, a political year.

Q: (inaudible)

A: I can't say, and if I could say I wouldn't say it. I've been away too long.

Q: You said that in the semi-conductor market, that if we lose that we have only ourselves to blame. Whom do we have to blame for what has happened in the auto industry? Is that our fault?

A: Well, I do think that the big three should have seen the signs on the horizon years ago, instead of catering to
what they considered to be an American appetite for a big sized gas-guzzling car. They should have seen the handwriting and they should have downsized their cars then. Now it's going to take them some time to put themselves into a competitive position. It's going to take billions of dollars, tens of billions of dollars, and that's the way it shapes up.

Q: (inaudible)

A: I don't know. George is still playing golf, I understand. (laughter) You know how he plays golf, 16 holes a day, same four holes four times. (laughter)

Q: Is that true or a political attack? (laughter)

A: That's what I heard.

Q: Oh, I see. (laughter)

A: A high source. (laughter)

Q: Just to summarize some of the things you said earlier, would you agree that Asia as a whole, countries like Singapore and the Philippines, and perhaps even Japan,
has given more support to the Carter Administration's policies in Southeast Asia than the Western European countries where there is a split between...

A: I would say that the Asian countries generally have, yes.

Q: And are there any long-term implications that will arise from this?

A: As far as this area is concerned, it's just another indication of our increasing interdependence and dependence upon one another in that aspect.

Q: Just to reconfirm one aspect of Japan's recorded support, you are convinced that they will not participate in the Moscow Olympics?

A: That is the government's position, but as in the case in our own country it's up to the Japanese Olympic Committee to decide. I can speak personally. As I said before, I was against the Olympics not because of what has happened this year, not because of Afghanistan, but because I think that the Olympics have outlived their usefulness in the ideals which
used to make it worthwhile, have in some respects gone by the wayside. I refer to the assassination of the Israeli athletes at Munich I believe in 1972. I don't like terrorism in any shape or form, and certainly not in a sport.

I think that it has become too commercialized. You've got the athletes out there advertising this outfit and that outfit and, believe me, the newspapers and cameras don't miss the trademarks, and you've got it too politicized. So my feelings on the Olympics go back really to the murder of the Israeli athletes, and what's happened since that time has not made me any more amenable to the idea of continuing it. So my feelings go beyond Afghanistan.

Q: Besides Malaysia and China, what other countries in this region are staying out of the Olympics as far as you know?

A: I don't know. I didn't bring my list with me. South Korea, is it going in?

Q: I think Taiwan isn't.

A: Taiwan isn't, but that's a different facet. I think South Korea announced a day or so ago that it was not going
to participate. What European countries have indicated they will not participate?

X: Just U.K....

A: And the Prime Minister can tell the U.K. Olympic Committee what it will do or not do?

Q: I don't think she can.

Q: Mr. Ambassador, embassies have been under attack. The most recent of course came yesterday. What are your feelings on the role of embassy security guards? How do you feel about them?

A: Well, it appears to me that U.S. embassies are becoming a danger area in too many parts of the world. It's a job, I think, which if it keeps on at the present pace, these incidents, ought to at the very least call for hardship pay. But it's a part of the way things develop in this turbulent and difficult world in which we live, and I would say that as far as our own people are concerned they acted superbly. That includes the ambassadors, all career ambassadors, I would say.

(End of side A)
It's a hard question to answer when you say how should they handle mobs and the like. You do have some respect, or at least we did have some respect, for international law, for the fact that our embassy in another country is American territory, that certain immunities and privileges go with it.

It's a hard thing to contend with because what develops is an international contempt for international law, and what happens to one country, our own, for example, could happen to other countries as well, and I would hope that all nations would be aware of the dangers which could potentially confront them, and understand the position in which we find ourselves where, because we want to save the lives of the hostages--and that is number one in our thinking--we are unable to do anything really to get them out physically without placing their lives in danger.

I think Carter has done the right thing all the way down as far as the hostages in Teheran are concerned. I don't know what else he could have done except what he did.

Q: You don't think he should continue his announced sanctions idea?

A: I have an idea that what he is doing there, he's sort
of holding back on it. I believe as far as we are concerned our economic sanctions are in effect, but as far as other nations are concerned I believe they are in abeyance, and in the hope, and he's grasping at every straw that something could be done to bring about the release of these hostages.

Q: (inaudible)

A: That's right, but then you could go back to Cyprus and the Sudan and Lebanon, if you want to stretch at a point, Guatemala and elsewhere. It's the same. We're involved, either directly or indirectly, as in the case of the present situation in Bogota.

Q: (inaudible)

A: No, no, and we haven't been the chief targets because if my memory serves me right I believe more Turkish ambassadors and diplomatic officials have been killed by terrorists than have Americans.

Q: Have you given much thought on how much longer you want to keep this job?
A: At least through Carter's first term.

Q: That's a double prediction of Carter's victory and a second appointment?

A: I'm a Carter man. I am concerned, though, if I may just get on another course, with conditions at home, with a 16 percent prime rate, 13 percent discount rate, 14 percent mortgage rate, with voluntary wage guidelines somewhere between 7.5 and 9.5 percent, with inflation at 13.3 percent for all of 1979, and what would seem to be an adjusted rate based on the 1.4 percent for January last month reaching a 16 percent figure or more. I don't know what all the answers are.

I suppose that Volker and those others who are increasing the interest rates are doing so to tighten up on the monetary supply or to control it in some way, but it's kind of hard to see a situation developing which has such a drastic potential for all of us. Coupled with the fact that what affects us will affect large parts of the Western world, the picture becomes more menacing.

Carter said two days ago that as far as energy and inflation are concerned that we are at a crisis point, and he's right. I don't know what the answers are, but I am
concerned deeply. I don't know how long labor will stand still as it has by and large in 1979 with the great disparity between the voluntary wage guidelines and the actuality of inflation. I think a part of it of course, a large part, is due to oil imports, and there are some things we have to do. We have to reduce our oil imports. I just checked some figures yesterday which indicated that we have.

In the United States we reduced our oil imports by 9.7 percent since 1977. We've got to conserve more and we have a lot to conserve because we can supply roughly 50 percent of our gas and oil needs domestically. We've got to develop our alternative sources of energy, and we have plenty to fall back on, especially in coal, and I think we are also going to have to face up to gasoline rationing because while there is not a shortage of oil now, there will be down the line, and the sooner we acclimate ourselves to it, accommodate ourselves to a changed situation, the better off we will be.

So I do have my concerns about what's happening at home, and I hope that we will recognize that we have domestic problems as well as problems in the foreign field.

Q: In the foreign field, though, we are ending this
period of international fuel cycle evaluation, which thereby ends the period of agreement between the United States and Japan on Tokaimura. Where do we go next?

A: Well, I hope at the very least we will be able to extend the present agreement for a year.

Q: Have moves towards that direction been made?

A: Suggestions to that effect have been made.

Q: From which side to which side?

A: From this side.

Q: Meaning the Japanese side or the American Embassy?

A: My eyes are still round. (laughter)

Q: What response did you get from that suggestion?

A: It's in abeyance.

Q: And that would satisfy the Japanese?
A: I don't know.

Q: A part of that agreement, if I am correct, is that the Japanese are supposed to hold up our new development of a fast breeder reactor. Would that be included in the one year extension?

A: I would hope that if an extension is agreed to, it would be carried out under present terms. The extension I think expires in April. There is a six-month shutdown I believe at Tokaimura. That accounts for the extension term.

Q: ...negotiations are likely to start. You've only got a few more months.

A: Well, sometime between now and then.

Q: Thank you very much.

A: Next time, Sam, sit down there, will you? (laughter)