9-22-1981

Decade of Progress - Future of Promise

Mike Mansfield 1903-2001

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To: Jim Pierce

Today I asked Bill Mauer to give you a memo or other info on this speaking engagement. It will probably be another case in which I will be tasked to write this, but didn't think it had been tasked yet.

Al
Attached is an invitation to address the May meeting of the Research Institute of Japan. Since you already have a number of public statements scheduled for May, including a major speech in the Kansai, we suggested that they consider some later dates. They proposed the following days in September (in descending order of preference): September 14, 24 or 22. I realize that this is quite early to be locking in a speaking engagement for this autumn, but since their monthly meetings draw over 1,000 businessmen and journalists, the Institute needs to know which date is best for you in order to reserve a meeting room.

We recommend that you agree to speak to this prestigious group. As they point out in their letter, you attended one of their meetings as a guest speaker four years ago. If you approve, this will be your major speech for the fall.

Accept invitation 🆚 9/22
Decline __________
Let’s discuss __________

Attachment: a/s

ICA: PO: JTOhta: kk
Clearance: DPAO: RWGarrity

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
(Rev. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112
DATE: March 24, 1981

REPLY TO: PAO - Clifton B. Forster

ATTN: Address to the Research Institute of Japan

THRU: Acting DCM - Mr. Barraclough

TO: The Ambassador

Attached is an invitation to address the May meeting of the Research Institute of Japan. Since you already have a number of public statements scheduled for May, including a major speech in the Kansai, we suggested that they consider some later dates. They proposed the following days in September (in descending order of preference): September 14, 24 or 22. I realize that this is quite early to be locking in a speaking engagement for this autumn, but since their monthly meetings draw over 1,000 businessmen and journalists, the institute needs to know which date is best for you in order to reserve a meeting room.

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Let's discuss

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Mike Mansfield Papers, Series 32, Box 2, Folder 22, Mansfield Library, University of Montana
Dear Mr. Ambassador,

The Research Institute of Japan, owned and operated by the Jiji Press, is planning to hold its national monthly consultation meeting either on May 18th, 19th or 25th at the Imperial Hotel, Tokyo. Therefore, we wish to invite Your Excellency to this meeting as a guest speaker and hear your speech on how the new Japan-United States relationship should be. In case any of the above-mentioned date is inconvenient then it could be during June.

The Research Institute of Japan, for your information, has 162 branch offices in major cities throughout Japan besides its head office in Tokyo and also three overseas branches in New York, London and Hong Kong with a total 15,600 membership composed mainly of influential leaders of various Japanese circles and it is contributing to the development of justifiable public opinion.

In the past, we had the honor of having Dr. Edwin O. Reischauer, Mr. William P. Bundy, Ambassador U. Alexis Johnson, General Maxwell D. Taylor, Mr. George Ball, Mr. Eugene R. Black, Ambassador James D. Hodgeson and other distinguished personalities as guest speakers of such functions. Particularly, when Your Excellency spoke at the national meeting held on July 19, 1977, more than 1,000 persons including several Cabinet ministers attended and, as you may recall, your discourse was played up in front pages of Japan's national dailies and the Japanese people in general had the opportunity of learning the essence of Japan-U.S. relations through your explanations.

If Your Excellency kindly accepted our present invitation, it will be very timely as the timing of your speech will be

contd............
immediately after the first Japan-U.S. summit conference under President Reagan's administration and at a time when the new Japan-U.S. relationship has just started. Not only members of the Research Institute but all the Japanese people are expected to listen attentively to your speech. Moreover, the staff members of the Cabinet and the Foreign Ministry's Press Clubs as well as the Foreign Correspondents' Club of Japan will most likely be covering your discourse.

We will greatly appreciate Your Excellency's kind acceptance of our invitation as it will highly contribute towards the promotion of mutual understandings between our two countries. Anticipating a favorable reply,

Yours respectfully,

Tatsuro Sato
President
THE RESEARCH INSTITUTE OF JAPAN
DECADE OF PROGRESS -- FUTURE OF PROMISE

I'm delighted to have the opportunity today to address the Research Institute of Japan once again and I wish to thank Chairman Sato for having extended your kind invitation to me. Your goal of furthering international relations through understanding is one which has occupied me throughout a long career in the public service of the United States. As most of you well know, I have attempted during my tenure as American Ambassador to Japan to focus principally on the deepening of mutual understanding between the U.S. and Japan, for I firmly believe that there is no more important relationship in the world today than that which exists between our two countries. Through economic, political and security cooperation, we can help insure a peaceful, free and diverse world in which all nations will benefit.

The first time I had the pleasure of addressing you was more than four years ago, shortly after my arrival as Ambassador. At that time America was just emerging from a long period of domestic political and social malaise brought about by the unfortunate concurrence of the Watergate crisis and an
unpopular and divisive military involvement in Vietnam. In my speech four years ago I stressed the need for America to put aside the shadow cast by our recent traumatic domestic and international experience and resume actively working toward new bases of cooperation with our friends and allies -- particularly Japan -- in creating a just and equitable world economic and political order appropriate to the new challenges of the 70's and 80's. I suggested that Japan and our European allies aid us in formulating policies and mechanisms to insure that free world leadership would not falter in responding to the increasingly complex and vital issues we were facing.

The American people have long since put those dark days of self-doubt and confusion behind them. The United States today is a country united under an administration whose bold, imaginative programs and leadership have restored to us a sense of pride in our country's history and purpose in our country's future.

Crucial to this new-found optimism is a renewed sense of cooperative partnership between the U.S. and the people and government of Japan in vital areas such as security, the international economic system and trade. Today I would like to reflect on the construction of that partnership, especially during the last decade.

Ten years ago, the United States and Japan were
experiencing a relationship that had all the ups and downs of a Montana horizon. The 1960 Security Treaty had just the year before reached the age when either side could give one year's notice of its abrogation. More than 700,000 people throughout Japan demonstrated against the Treaty on June 23 of that year. But our governments and the majorities they represented were able to weather that storm and reconfirm the value of the agreement which has meant so much to our mutual security.

And the day after the Security Treaty demonstrations, the first sharp trade conflict between our two nations -- a breakdown in the textile negotiations -- occurred in Washington. In that deadlock, the economic facts of the discussion were compounded by the threat of protectionist legislation from the Congress. After years of hard negotiating across the Pacific we achieved an acceptable agreement to limit Japanese exports of textiles to the United States.

During this same period, the reversion of Okinawa also became an issue of discussion between us. Although Prime Minister Sato and President Nixon had agreed, on November 21, 1969, that Okinawa would be restored to Japan in 1972, many technical problems had to be worked out. Those were difficult times. There were questions about whether the limitations of the 1960 Security Treaty should apply to Okinawa. However, we managed by working together on a basis of mutual respect for one another's domestic constraints and national
responsible to forge an agreement satisfactory to both sides.

All these landmark events of a decade ago changed the relationship between our two countries. Japan matured as it came to realize its position as a nation possessed of both significant international standing and a resultant increased share of international responsibility. The United States recognized that it was no longer dealing with a "little brother" but with an equal. Significantly, there was not a single demonstration against the security treaty on its twentieth anniversary last year and the United States and Japan now, concerning textiles, find themselves on the same side of the fence.

From the issues of a decade ago, from the experience of dealing with those issues, we have learned we have more in common than we have differences. We have learned to seek joint solutions as equal partners to problems that may appear at first to be insoluble. Perhaps even more importantly, in the process of learning to resolve difficult disputes between us, we have learned a great deal about the nature of each other's societies, political systems and economic structures. As a result, our understanding of each other and respect for differences between our two great nations, as well as the overall values and goals we both share, have vastly increased.
We learned from the textile negotiations, for example, a great deal about the political nature of our economies. We are both free market economies heavily dependent upon international trade. We both have considerable capital in foreign investments and depend on imports -- Japan to a greater degree -- of energy and raw materials.

But these similarities do not mean we have learned enough to prevent the recurrence of bilateral trade disputes throughout this last decade. Part of the problem has been the turnaround of the flow of products. The United States had traditionally sold more to Japan than it bought. But in the mid 1960s the balance changed, and ever since Japan has enjoyed a trade surplus.

During the early 1970s the U.S. economy suffered from slow growth, inflation and balance of payment deficits which were partly the result of the Vietnam conflict and partly industrial maturation. At the same time, Japan's economy was growing robustly and the country enjoyed a substantial boom in the American market. Thus, in addition to the problem over Japan's textile exports, there were bilateral disagreements over exchange rates and Japan's domestic market, closed to many of our exports.

Later in the decade, when Japan was more successful than the United States in adjusting to soaring oil prices, Japan's
large global current account surplus and bilateral trade surplus with the United States again strained relations.

I am not surprised -- I think it is simply inevitable -- that there is occasional stress between the two largest economies in the free world. Economic relations as close as ours must now and then collide. This was the case in 1977 and 1978 when the large Japanese global current account surplus, the U.S. global current account deficit, a heavy imbalance in bilateral trade, the Multilateral Trade Negotiations, the color TV dumping charge, the steel issue and a number of other trade problems clashed together, resulting in a period of almost constant negotiation. We have emerged from this period with only a few dents and with our trade ties -- and our friendship -- intact and flourishing.

There is no doubt that the cooperation of the Japanese Government has been instrumental in resolving the economic issues between our two countries. In 1978 and 1979, it used fiscal policy to stimulate the economy and induce increased consumption of imports. At the same time, it unilaterally cut tariffs on 318 items, removed quota controls on 12 products and increased beef, citrus juice, and orange quotas. Japan ratified the codes negotiated in the MTN and agreed to tariff reductions. Since the end of the MTN, the United States and Japan have agreed, in effect, to extend the coverage of the government procurement code to telecommunication equipment.
purchases by NTT and Japan has entered into an understanding with us on product standards.

Just this past spring, Japan successfully defused protectionist sentiment in the United States over the automobile problem by voluntarily restraining its exports under a three-year program. Although neither Government, as a basic policy, wants constraints on free trade, this agreement recognized the explosive nature of the automobile problem. President Reagan has made it clear, as has Secretary Regan of the Treasury, that the principle of free trade will be strongly defended by the Reagan administration. Yet the American auto industry found itself in a situation which, while not the fault of Japanese automakers, generated understandable concern with many members of the U.S. Congress. The decision by Japan to slow exports lessened that concern. The breathing spell provided by Japan's cooperation should go a long way toward ensuring that the American auto industry will be able to commence the restructuring necessary to get itself back on its feet and start on the path to economic recovery.

During my tenure as Ambassador to Japan a number of difficult bilateral trade problems have been dealt with successfully by our two countries. When one considers the magnitude of the problems we have faced and the willingness of both sides to make real sacrifices to achieve mutually acceptable solutions, we can honestly say that the strength of
our relationship has been truly tested. Without doubt it has been made stronger in the process.

For example, we have established a series of bridge-building mechanisms to deal with future problems:

-- A prestigious group of Japanese and Americans, led by Ambassadors Ingersoll and Ushiba, was formed to assess our expanding economic relationship in the larger context of our shared global responsibilities and to make recommendations. Known as the Wisemen, this group, through its reports and recommendations, better informed both governments about the manifold aspects -- political, business, agricultural, labor, academic and bureaucratic -- of our economic relationship.

-- The United States-Japan Trade Study Group is a voluntary group of Japanese and American businessmen and government officials who together identify and analyze measures in Japan which inhibit the sales of U.S. products and who monitor implementation of the MTN agreements.

-- The United States-Japan Trade Facilitation Committee, formed in September 1977, to help expand our trade to Japan by identifying and dealing with specific problems encountered by individual American businessmen when dealing with Japanese laws or regulations. It has reviewed 22 cases of individual trade problems and satisfactorily resolved 19.
However, it would be naive to think that trade frictions between the U.S. and Japan are only a problem of the past. We shall need to exert our best and most imaginative efforts to deal with both the economic realities and political ramifications of the growing trade imbalance between our two countries.

According to figures released by the U.S. Department of Commerce, in the first seven months of calendar year 1981 the value of United States exports to Japan totalled 12 billion, 717 million dollars, while during that same period U.S. imports from Japan were valued at 21 billion, 306 million dollars -- a trade deficit in Japan's favor amounting to 8 billion, 589 million dollars. The Commerce department projects that if these trade figures continue at about the same pace for the remainder of 1981, the U.S.-Japan trade gap for this year alone will reach a staggering 14 billion dollars.

It is true that much of the increase in this trade deficit is due to factors largely out of the control of the Japanese government -- such as the dollar's recent appreciation in relation to the yen, the continuing strength of U.S. consumer spending versus the relative weakness of consumer spending in Japan, and the rise in Japanese steel and machinery exports to a reindustrializing America at a time when U.S. exports of lumber and coal to Japan have slowed for a variety of reasons.
However, whatever the causes, Japan’s soaring trade surplus with the U.S. is bound to have serious political repercussions within the U.S. and provide ammunition to those voices calling for protectionist measures.

We must work together in our efforts to preserve the free-trade system, so important to both of our countries. The U.S. must reinvigorate its industry, produce the quality and type of goods you desire, and market aggressively. At the same time, I am confident Japan will take steps to counter the belief, still strong in the United States, that Japan’s market is closed to our most competitive products. Most, not yet all, of the formal barriers to trade have been removed. Yet Japan remains a difficult market for foreign firms. It will be up to Japan, its government, its business community and its people, to create an atmosphere where foreign competition is welcomed as the only way to keep the domestic industry truly strong. This is not an easy task, but it is essential that our trade relationship be seen by all as a major two-way highway. If we fail to do this, the results could be serious indeed.

Our ongoing discussions on the defense issue are being pursued in the same spirit of cooperation which has characterized our approach to economic problems. We respect the accomplishments Japan has already made in the defense area. In light of the current international situation, Japan, together with ourselves and our European allies, recognizes the
need to further strengthen its defense capabilities to meet common security challenges, particularly the unprecedented Soviet worldwide military buildup. The United States will continue to encourage Japan to make steady and significant improvements in its defense forces, while bearing in mind Japan's constitutional constraints. Japan has already taken measures to strengthen its self-defense capability, including decisions to purchase the F-15, P-3C and E-2C, as well as other modern weapons systems. Japan's increasing contribution to the cost of maintaining our forces in this country -- amounting to almost $1 billion a year -- is most welcome, and we hope Japan will do even more. In addition, American and Japanese uniformed services are working together to develop more detailed contingency plans in accordance with the planning guidelines adopted by our two governments in 1978.

These developments enhance the credibility of Japan's self-defense capability, and thereby add strength to the U.S.-Japan security relationship and its contribution to the peace and stability of North-East Asia. Although the United States favors continued progress in this area and recognizes that this will require increases in Japanese defense spending, we will not presume to tell Japan how to spend the money it budgets for defense. We will maintain a continuing dialogue between governments on all of these issues, as is proper and necessary in an alliance. However, the United States recognizes and respects the fact that the pace, the extent and
the direction of any increase in Japan's defense effort remains, as it always has been, a sovereign decision for Japan to make.

In addition, over the past decade there has been a visible increase in the scope and activism of Japanese diplomacy. Some argue that Japan's political influence in the world, and its diplomatic reach, have not expanded as rapidly as has its economic power and the scope of its economic interests. But in the past few years Japan has taken on major political responsibilities in a number of areas.

Japan is taking on greater responsibilities for foreign economic development. From 1976 to 1980 Japan doubled its foreign assistance. In 1981 Japan expects to spend 889 billion yen and from 1981 to 1985 it intends to again double the amount it spent on foreign assistance during the five previous years. Through economic assistance to such strategically important nations as Thailand, Turkey, Pakistan and Egypt, Japan makes a very valuable contribution to our common world interests.

Japan's relations with ASEAN countries are no longer defined solely in economic terms. Japan's political and diplomatic support for those nations, no less than its large and indispensable contribution to the Indochina refugee relief effort, has added new depth to its role in that region. The United States and Japan continue to pursue similar goals in our
relations with the peaceful nations of Southeast Asia. We both seek to contribute to the resilience and the independence of those nations. Our policies are in basic agreement, even though in some respects we remain economic competitors. But our competition is healthy and our approaches -- as exemplified by our participation in the ASEAN meeting in Manila this past June -- are complementary.

There has been a growing political dimension to Japan's ties with Canada and the nations of Western Europe. Two factors contributing to this process are Japan's active participation in the OECD and Japan's key role in the annual economic summit meetings of the major industrialized countries. Close trilateral coordination was evident in the development of a common response to the Iranian hostage situation and the Soviet invasion of Afghanistan. Japan now plays an increasingly important and varied role in the world.

During the period when our Embassy in Iran was seized, Japan spoke out vigorously on behalf of legal and humanitarian principles, denounced the hostage seizure and called for the release of those innocent people. It joined with our European friends and others around the world in imposing economic sanctions against Iran which helped lead to the release of the hostages. Japan's actions were by no means risk free. Indeed, among our allies, Japan paid a high price to stand by us, and for that we are grateful.
In respect to Afghanistan as well, Japan worked closely with the United States and our other allies to impose penalties upon the Soviet Union for its invasion of that country and to insure that the Soviets understand that such actions cannot be taken without grave risk. Japan spoke out early against the aggression, joined the United States and other nations in boycotting the Moscow Olympic games, and participated in a framework of sanctions which we still hope will have an important cumulative effect. Japan also paid a price for its willingness to stand with us on this very important principle.

The challenges posed by events in Iran and Afghanistan, like some of the economic and trade problems we have grappled with in the past few years, have imposed strains on our relations. Difficult decisions have been made. Hard choices were in order. Although a satisfactory solution to the Soviet occupation of Afghanistan remains elusive, the degree of unity and coordination in the actions of Japan, the United States and the other industrialized democracies is most heartening. We have occasionally differed on tactics, on emphasis or on timing, but we have remained united and are determined to stay the course.

As I have traveled throughout Japan, I have spoken often and in many places about the steady progress of our two nations
toward a more equal partnership and about Japan's assumption of international responsibilities commensurate with its economic power. The crises in Iran and Afghanistan in particular have contributed to a greater understanding of this phenomenon by the Japanese people. These events threatened the interests of the international community as a whole and required a united response by peace-loving nations. Japan responded to those needs, demonstrating in the process -- for its own people, for Americans and for the world -- that Japan is a factor to be reckoned with on the international scene, and that the bridge of our partnership is firm in more than just matters of trade.

Japan's increasingly important role in the world has implications for all nations. For the United States it means that the ties with Japan, already the most important bilateral relationship we have, take on even greater significance.

As historian Henry Brooks Adams wrote in 1907, "all experience is an arch to build upon." He was writing about his own education, but it is an apt thought about the experience of nations as well. I have in mind, for example, the experience of Japan and the United States. In the years since the end of the Second World War Japan has emerged as a major economic power. Its relations with the world and especially with the United States have broadened and become increasingly complex. During the past ten years alone, there has been a significant strengthening of the relationship between our two nations. We
have used the raw materials of our past experience as an arch to bridge the occasional troubled waters in our trade relations or to reach agreements on the issue of regional security. And today our partnership across the Pacific is stronger and our relations more interwoven than ever before.

Therefore it is essential that we consult closely with each other and try to coordinate our policies as much as we can. The general orientation of our foreign policies will continue to rest on a foundation of similar values, interests and objectives. There is no reason to expect any diminution in Japanese and American cooperation on major international issues, be they political, economic, scientific or security-related. On the contrary, I believe our partnership will deepen and produce major benefits, not only for Japan and the United States, but for the world as a whole.

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