Southeast United States Japan Association

Mike Mansfield 1903-2001

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REMARKS BY AMBASSADOR MIKE MANSFIELD
BEFORE THE SOUTHEAST UNITED STATES JAPAN ASSOCIATION
TOKYO, JAPAN -- NOVEMBER 17, 1981

TESTING OUR COLLECTIVE WISDOM

Thank you, Mr. Hasegawa, for your kind introduction. I am delighted to have the opportunity to address the Sixth Annual Joint Conference and to welcome the largest United States delegation ever to attend this conference in Japan. Coming here today I have what we Americans, particularly Southern Americans, call "a down home feeling." That's a special sense of being back among good friends. And as many of you experienced last year at the conference held in Pinehurst, North Carolina, American hospitality comes pretty close to matching Japanese hospitality. There can be no doubt that increasingly stronger ties are being forged among the members of this dynamic association. Assisting that process is the hospitality, fellowship and good will shared during these annual get togethers, in the U.S. and Japan.

When I addressed this association in the past I spoke about the imperative to sustain a constructive and dynamic partnership between Japan and the United States--the most important bilateral relationship in the world. I emphasized the need for continued effort on the part of both our nations to overcome serious economic difficulties which can cast shadows over our political relationship.
I took note of the fact that the progress and well-being of all of East Asia depended, in no small way, on the success of our joint efforts. And I pointed out that the United States can not withdraw from Asia; our strategic, economic and political interests in the region would not permit us to do so. Nor do I believe those in Asia would welcome such a development. Let me reaffirm a prediction I made to you previously: The last two decades of the 20th Century will be the Pacific Decades; Asia is approaching center stage in world affairs.

Much of what we can achieve in Asia—both jointly and individually—depends on the degree of dynamic growth and prosperity not only in our own economies but globally. Thus it is that both of us have a stake in a reasonably smooth development of the world economy—for the fruits of economic prosperity feed peaceful political and social development. The North-South Summit at Cancun is the most recent attempt to address global economic structural problems. By all reports that meeting evoked a new spirit of cooperation—the "Spirit of Cancun"—which is characterized by a willingness to address frankly the realities of the economic issues which confront the world's leaders. We now have to translate that spirit into practical solutions. We can both take pride in the role our two leaders—President Reagan and Prime Minister Suzuki—played at the Cancun meeting. But this should not surprise us for it is just such a spirit of frankness and cooperation that has pervaded our bilateral relationship. It will now assume even greater importance in our multilateral endeavors. We both must act on the
RECOGNITION THAT INTERNATIONAL POLITICAL-ECONOMIC TURBULENCE COULD THREATEN US ALL. WE SHALL HAVE TO WORK TOGETHER EVEN MORE CLOSELY THAN BEFORE TO SEE THAT OUR COMMON INTERESTS ENDURE. IF WE ARE NOT SUCCESSFUL, THE IMPLICATIONS SHOULD BE CLEAR--WE WILL ALL BE WORSE OFF. I DO NOT SUGGEST THE ANSWERS WILL BE SIMPLE. IT WILL BE A TEST OF OUR LEADERSHIP AND OUR COLLECTIVE WISDOM.

THIS COLLECTIVE WISDOM SHOULD BE DRAWN FROM OUR GOVERNMENT, BUSINESS, PROFESSIONAL AND ACADEMIC CIRCLES. WE MUST HAVE A SO-CALLED "TECHNOLOGICAL BREAKTHROUGH" IN FOSTERING IMPROVED UNDERSTANDING, COMMUNICATION AND SHARED INTERESTS IN WHICH THE TWO LARGEST INDUSTRIAL DEMOCRACIES PLAY A LEADING ROLE.

IT IS OFTEN SAID THAT IN THE 1980's WE HAVE RADICALLY DIFFERENT EXPECTATIONS FROM THOSE OF THE PAST, CERTAINLY FROM THOSE THAT CARRIED US THROUGH THE LAST TWO DECADES. EARLIER TECHNOLOGICAL PROGRESS LED US TO EXPECT THAT THOSE OF US WHO ALREADY ENJOYED A SUFFICIENCY OF MATERIAL THINGS MIGHT GO ON TO EVER-INCREASING ABUNDANCE, WHILE EVEN THE POOREST MIGHT EVENTUALLY ACHIEVE MATERIAL SUFFICIENCY. WE ARE NOW CONFRONTED NOT ONLY BY OBSTACLES TO GROWTH, BUT ALSO BY LIMITS WHICH MAY PREVENT US FROM REALIZING THESE HOPES. THESE LIMITS WILL BEGET UNCERTAINTY AND REAL DANGERS. THUS, THERE IS A NEED FOR THE GROWING RECOGNITION THAT MANY OF THE MOST PRESSING CONTEMPORARY PROBLEMS ARE BEYOND THE CAPACITY OF ANY SINGLE NATION ACTING ALONE TO RESOLVE; THEY REQUIRE EFFECTIVE COORDINATED INTERNATIONAL ACTION. IN THESE MULTILATERAL ENDEAVORS, THE UNITED STATES AND JAPAN WILL ACT FROM A BASIS OF SHARED INTERESTS AND COMMON VALUES.
One of the main requirements of the world economy in this decade is the need for wise adjustment of the industrial structure both within and among nations. If we resist these adjustments we will only be compounding our economic difficulties and furthering social and political instability.

The advanced industrial nations recognized this fact in their declarations at the end of the Venice Summit in June, 1980, which said in part:

"We are also committed to encouraging investment and innovation, so as to increase productivity, to fostering the movement of resources from declining into expanding sectors so as to provide new job opportunities, and to promoting the most effective use of resources within and among countries."

In the past Japan has been eminently successful in making adjustments in various industrial sectors within a free trade framework without impacting adversely on imports or on its international obligations. The United States on its part has embarked on an ambitious re-directing of its economy which, given time, should place us once again on a secure road to economic regeneration. Both countries are committed to strengthening the free trade structure and have taken care to emphasize that exceptional cases such as the automobile trade issue were just that -- exceptions, not to be used as precedents.
IN THE FAST-CHANGING INTERNATIONAL ECONOMIC CLIMATE, GOVERNMENTS AND BUSINESSES ALIKE WILL NEED TO MAKE HARD DECISIONS TO MAINTAIN THEIR COMPETITIVENESS--OR, SHOULD THE OCCASION ARISE, TO ENCOURAGE OR MAKE NECESSARY ADJUSTMENTS. AND THEY WILL HAVE TO DO SO WITHOUT THE VISION OF AN INDEFINITELY EXPANDABLE RESOURCE BASE, WHICH HAS INSPIRED AND CONSOLED ECONOMIC DECISION-MAKERS EVER SINCE THE POST-WAR PERIOD. THE DYNAMIC AND UNEVEN CHARACTER OF CONTEMPORARY ECONOMIC DEVELOPMENT MEANS THAT THESE DECISIONS MUST BE BOLD. THE DIFFICULT PROBLEMS OF RESOURCE AND FINANCIAL MANAGEMENT WHICH THE WORLD FACES WILL REQUIRE, AT THE SAME TIME, CLOSE COOPERATION AMONG GOVERNMENTS.

At Cancun President Reagan outlined the United States' thinking on development issues and pointed out what I think are basic truths: first, that the United States has a demonstrated record of achievement in promoting growth and development throughout the world both in a bilateral and multilateral context. For example, we disbursed over 7 billion dollars in aid during calendar year 1980 alone. At the same time, the President pointed to the enormous contribution to development which is made through open free market mechanisms. The United States recognizes and fully supports existing international institutions--the GATT, the World Bank, the IMF and others--which have already done so much to promote economic well-being. That the existing international economic system, as represented by such institutions, has demonstrated flexibility to ensure that the benefits of international commerce flow increasingly to all countries should not be derogated. The United States will
WORK TO STIMULATE WORLD TRADE BY KEEPING OUR HUGE MARKET AS OPEN AS POSSIBLE AND BY WORKING WITH OTHERS TO ENCOURAGE GREATER MARKET ACCESS. WE WILL SEEK TO TAILOR PARTICULAR DEVELOPMENT STRATEGIES TO THE SPECIFIC NEEDS AND POTENTIAL OF INDIVIDUAL COUNTRIES AND REGIONS. AND, PERHAPS MOST IMPORTANTLY, THE UNITED STATES WILL WORK WITH OTHER LIKE-MINDED COUNTRIES TO CREATE THE NECESSARY POLITICAL ATMOSPHERE IN WHICH PRACTICAL SOLUTIONS CAN MOVE FORWARD.

While we each may place different nuances on solutions to these problems we both have fundamentally similar interests in preserving a free trade system and a stable international political order. Based on this shared recognition, Japan has recognized the various aspects of political, economic and social interdependence that exists today on a global scale. Japan is being expected by other members of the international community to play economic and political roles befitting its international status as an economic power. And Japan is responding:

--JAPAN IS THE CORNERSTONE FOR U.S. STRATEGIC INTERESTS IN ASIA. JAPAN SHOULD, CAN AND WILL DO MORE IN ITS CONTRIBUTIONS TO ITS OWN DEFENSE BUT IT WILL DO SO WITHIN ESTABLISHED CONSTITUTIONAL CONSTRAINTS AND TAKING INTO ACCOUNT JAPANESE DOMESTIC REALITIES;
--Japan promotes global political and regional stability through its economic assistance program. On its part Japan disbursed 3.3 billion dollars in aid in 1980 and expects to become second to the U.S. in 1981 in giving aid to developing countries. The nations of ASEAN, Egypt, Turkey, Pakistan, Jamaica and others have received substantial amounts of aid. These contributions have been characterized as a "cost for contributing to the creation of an international order..." and Japan plans to give more;

--of all of our allies on the Iranian and Afghan issues, Japan was without question the most supportive. Japan was willing to bear costs to its economic interests in order to demonstrate its support for our own political objectives;

The over riding importance of these shared interests should never be allowed to be overwhelmed by the occasional bilateral conflicts of interest that are inherent in the close relations of any two large, industrially competitive nations. Let me refer for a minute to recommendations made by the U.S.-Japan Economic Relations Group.
This group, known unofficially as the "Wisemen's Group", was disbanded on September 30 after two and one half years of deliberation. The group included bankers, businessmen, scholars, and former diplomats from Japan and the United States. It was created to study, and propose remedies for problems that had long remained outside the day to day involvement of either government. Its recommendations, already submitted to Washington and Tokyo leaders, are sensible and well-reasoned. There is little question that the Reagan and Suzuki Administrations are philosophically in accord with most of the panel's proposals.

Yet doubts remain as to how much of this collective wisdom will take root among the general population of both countries. This is where groups such as yours come in. The contribution of governments can be magnified by private sector involvement. Your contribution could provide a valuable boost to the efforts of the "Wisemen" and government leaders on both sides.

We must act in lively awareness not only of our own economic problems, but also of each other's. Only in this way can we avoid courses of action which could have the effect of sharpening differences unnecessarily and ultimately worsening relations. The problems and challenges we face will require continuous learning from each other to insure the survival of industrialized economies.

In this respect may I cite the welcome and increasing awareness in Japan, that Japan's increasing trade surplus with the United States has the potential of inflaming protectionist forces within the U.S. and elsewhere. Japan's export position toward the
UNITED STATES REMAINS A QUESTION INVITING CAREFUL CONSIDERATION--EVEN THOUGH THE GLOBAL CURRENT ACCOUNT BALANCE, RATHER THAN ANY BILATERAL TRADE BALANCE, ORDINARILY IS THE BEST MEASURE OF APPROXIMATION TO THE STABLE INTERNATIONAL FINANCIAL POSITIONS WE ALL SEEK.

SECRETARY BALDRIGE, IN HIS RECENT VISIT TO JAPAN, STRESSED THAT IT IS IN BOTH COUNTRIES' INTERESTS FOR JAPAN TO INTENSIFY EFFORTS TO FURTHER OPEN ITS MARKETS AND INCREASE IMPORTS, PARTICULARLY IN THE HIGH-TECHNOLOGY AND SERVICE SECTORS. HIS STATEMENTS REINFORCE THE "WISEMEN'S" REPORT WHICH IN PART SAID "JAPAN SHOULD CONTINUE TO LIBERALIZE ACCESS TO ITS MARKET AND WORK TO CHANGE FOREIGN PERCEPTIONS THAT ITS MARKET IS CLOSED." THE "WISEMEN" ADDED THAT GOVERNMENT SHOULD PLAY AN "ACTIVE AND SUSTAINED ROLE IN INCREASING AWARENESS OF THE PUBLIC AND POLICY-MAKING GROUPS IN BOTH COUNTRIES OF THE IMPORTANCE OF FREE TRADE AND THE HARMFUL EFFECTS OF PROTECTIONISM." IF YOU LOOK AT IT REALISTICALLY, YOU WILL FIND THAT WHILE THE JAPANESE MARKET DOES HAVE ITS HINDRANCES, IT IS NOT AS CLOSED AS AMERICA THINKS NOR IS OUR MARKET AS OPEN AS WE ASSUME. EVEN SO, THE UNITED STATES IS STILL THE FREEST MARKET IN THE WORLD. I'D LIKE TO SEE RECIPROCITY--WHAT WE DO FOR JAPAN, I'D LIKE TO SEE JAPAN DO FOR US. IN PARTICULAR I WOULD LIKE TO SEE JAPAN BUYING MORE OF OUR MANUFACTURED PRODUCTS.
There's an old American saying that "you don't miss your water till the well runs dry" and unless Japan counters its growing trade surplus with the U.S. and European Community we may find a virulent form of protectionism has indeed dried up the waters of free trade. In this regard, the private sector in Japan shoulders a large responsibility.

Increasingly the role of businessmen as leaders of society itself has become internationalized. I want to call upon all groups--this association in particular given its unique composition of business and government--to do its share to raise perceptions. This association has had successes; for example, Japanese direct investment in the Southeastern states is now over one billion dollars, this type of investment helps preserve the fabric of international relationships on which continued prosperity depends.

The United States for its part has attempted to preserve a hospitable climate for foreign, including Japanese, businesses, and we look to Japan to welcome our investments in a similar spirit.

Some private sector circles in the U.S., Japan, and the European Community have focused on industrial cooperation as a way to expand world trade and minimize protectionist sentiments to restrict exports. In industrial cooperation, the focus is on private industry -- not government. All businesses involved in cooperation projects have to be equally motivated and equally active. Such cooperative ventures do not have to be solely on a bilateral basis but can be used to invest in third countries. I welcome innovative ideas premised on collaboration with less emphasis on competition.
Meanwhile, as the developing nations pursue their respective programs of rapid economic development despite the various global economic problems they share with the industrialized nations, it will be important, as noted at Cancun, for the industrialized markets to remain open to the goods they can use from the developing world and to continue to provide the overseas capital which LDCs need.

Let me conclude by stating that both American and Japanese government and business leaders need to constantly bear in mind our common interests in widespread and stable economic growth. We need to marshal all our collective wisdom in pursuit of this goal. Competition will remain; but we can and should compete without losing sight of our ultimate shared objectives. The future of the international economic order may depend on U.S.-Japan cooperation and collective action.
Testing Our Collective Wisdom

Thank you, Mr. Hasegawa, for your kind introduction. I am delighted to have the opportunity to address the Sixth Annual Joint Conference and to welcome the largest United States delegation ever to attend this conference in Japan. Coming here today I have what we Americans, particularly Southern Americans, call "a down home feeling". That's a special sense of being back among good friends. And as many of you experienced last year at the conference held in Pinehurst, North Carolina, American hospitality comes pretty close to matching Japanese hospitality. There can be no doubt that increasingly stronger ties are being forged among the members of this dynamic association. Assisting that process is the hospitality, fellowship and good-will shared during these annual get togethers, in the United States and Japan.

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to overcome serious economic difficulties which can cast shadows over our political relationship. I took note of the fact that the progress and well-being of all of East Asia depended, in no small way, on the success of our joint efforts. And I pointed out that the United States can not withdraw from Asia; our strategic, economic and political interests in the region would not permit us to do so. Nor do I believe those in Asia would welcome such a development. Let me reaffirm a prediction I made to you previously: The last two decades of the 20th Century will be the Pacific Decades; Asia is approaching center stage in world affairs.

Much of what we can achieve in Asia -- both jointly and individually -- depends on the degree of dynamic growth and prosperity not only in our own economies but globally. Thus it is that both of us have a stake in a reasonably smooth development of the world economy -- for the fruits of economic prosperity feed peaceful political and social development. The North-South Summit at Cancun is the most recent attempt to address global economic structural problems. By all reports that meeting evoked a new spirit of cooperation -- the "spirit of Cancun" -- which is characterized by a willingness to address frankly the realities of the economic issues which confront the world's leaders. We now have to translate that spirit into practical solutions. We can both take pride in the role our two leaders -- President Reagan and Prime Minister Suzuki -- played at the Cancun meeting. But this should not
surprise us for it is just such a spirit of frankness and cooperation that has pervaded our bilateral relationship. It will now assume even greater importance in our multilateral endeavors. We both must act on the recognition that international political-economic turbulence could threaten us all. We shall have to work together even more closely than before to see that our common interests endure. If we are not successful, the implications should be clear -- we will all be worse off. I do not suggest the answers will be simple. It will be a test of our leadership and our collective wisdom.

This collective wisdom should be drawn from our government, business, professional and academic circles. We must have a so-called "technological breakthrough" in fostering improved understanding, communication and shared interests in which the two largest industrial democracies play a leading role.

It is often said that in the 1980's we have radically different expectations from those of the past, certainly from those that carried us through the last two decades. Earlier technological progress led us to expect that those of us who already enjoyed a sufficiency of material things might go on to ever-increasing abundance, while even the poorest might eventually achieve material sufficiency. we are now confronted not only by obstacles to growth, but also by limits which may prevent us from realizing these hopes. These limits will beget
uncertainty and real dangers. Thus, there is a need for the growing recognition that many of the most pressing contemporary problems are beyond the capacity of any single nation acting alone to resolve; they require effective coordinated international action. In these multilateral endeavors, the United States and Japan will act from a basis of shared interests and common values.

One of the main requirements of the world economy in this decade is the need for wise adjustment of the industrial structure both within and among nations. If we resist these adjustments we will only be compounding our economic difficulties and furthering social and political instability.

The advanced industrial nations recognized this fact in their declarations at the end of the Venice Summit in June, 1980, which said in part:

"We are also committed to encouraging investment and innovation, so as to increase productivity, to fostering the movement of resources from declining into expanding sectors so as to provide new job opportunities, and to promoting the most effective use of resources within and among countries."

In the past Japan has been eminently successful in making adjustments in various industrial sectors within a free trade framework without impacting adversely on imports or on its international obligations. The United States on its part has
embarked on an ambitious re-directing of its economy which, given time, should place us once again on a secure road to economic regeneration. Both countries are committed to strengthening the free trade structure and have taken care to emphasize that exceptional cases such as the automobile trade issue were just that -- exceptions, not to be used as precedents.

In the fast-changing international economic climate, governments and businesses alike will need to make hard decisions to maintain their competitiveness -- or, should the occasion arise, to encourage or make necessary adjustments. And they will have to do so without the vision of an indefinitely expandable resource base, which has inspired and consoled economic decision-makers ever since the post-war period. The dynamic and uneven character of contemporary economic development means that these decisions must be bold. The difficult problems of resource and financial management which the world faces will require, at the same time, close cooperation among governments.

At Cancun President Reagan outlined the United States' thinking on development issues and pointed out what I think are basic truths: first, that the United States has a demonstrated record of achievement in promoting growth and development throughout the world both in a bilateral and multilateral context. For example, we disbursed over 7 billion dollars in
aid during calendar year 1980 alone. At the same time, the President pointed to the enormous contribution to development which is made through open free market mechanisms. The United States recognizes and fully supports existing international institutions -- the GATT, the World Bank, the IMF and others -- which have already done so much to promote economic well-being. That the existing international economic system, as represented by such institutions, has demonstrated flexibility to ensure that the benefits of international commerce flow increasingly to all countries should not be derogated. The United States will work to stimulate world trade by keeping our huge market as open as possible and by working with others to encourage greater market access. We will seek to tailor particular development strategies to the specific needs and potential of individual countries and regions. And, perhaps most importantly, the United States will work with other like-minded countries to create the necessary political atmosphere in which practical solutions can move forward.

While we each may place different nuances on solutions to these problems we both have fundamentally similar interests in preserving a free trade system and a stable international political order. Based on this shared recognition, Japan has recognized the various aspects of political, economic and social interdependence that exists today on a global scale. Japan is being expected by other members of the international
community to play economic and political roles befitting its international status as an economic power. And Japan is responding:

--Japan is the cornerstone for U.S. strategic interests in Asia. Japan should, can and will do more in its contributions to its own defense but it will do so within established constitutional constraints and taking into account Japanese domestic realities;

--Japan promotes global political and regional stability through its economic assistance program. On its part Japan disbursed 3.3 billion dollars in aid in 1980 and expects to become second to the U.S. in 1981 in giving aid to developing countries. The nations of ASEAN, Egypt, Turkey, Pakistan, Jamaica and others have received substantial amounts of aid. These contributions have been characterized as a "cost for contributing to the creation of an international order..." and Japan plans to give more;

--Of all of our allies on the Iranian and Afghan issues, Japan was without question the most supportive. Japan was willing to bear costs to its economic interests in order to demonstrate its support for our own political objectives;
The overriding importance of these shared interests should never be allowed to be overwhelmed by the occasional bilateral conflicts of interest that are inherent in the close relations of any two large, industrially competitive nations. Let me refer for a minute to recommendations made by the U.S.-Japan Economic Relations Group.

This group, known unofficially as the "Wisemen's Group", was disbanded on September 30 after two and one half years of deliberation. The group included bankers, businessmen, scholars, and former diplomats from Japan and the United States. It was created to study, and propose remedies for problems that had long remained outside the day to day involvement of either government. Its recommendations, already submitted to Washington and Tokyo leaders, are sensible and well-reasoned. There is little question that the Reagan and Suzuki Administrations are philosophically in accord with most of the panel's proposals.

Yet doubts remain as to how much of this collective wisdom will take root among the general population of both countries. This is where groups such as yours come in. The contribution of governments can be magnified by private sector involvement. Your contribution could provide a valuable boost to the efforts of the "Wisemen" and government leaders on both sides.

We must act in lively awareness not only of our own
economic problems, but also of each other's. Only in this way can we avoid courses of action which could have the effect of sharpening differences unnecessarily and ultimately worsening relations. The problems and challenges we face will require continuous learning from each other to insure the survival of industrialized economies.

In this respect may I cite the welcome and increasing awareness in Japan, that Japan's increasing trade surplus with the United States has the potential of inflaming protectionist forces within the U.S. and elsewhere. Japan's export position toward the United States remains a question inviting careful consideration -- even though the global current account balance, rather than any bilateral trade balance, ordinarily is the best measure of approximation to the stable international financial positions we all seek.

Secretary Baldrige, in his recent visit to Japan, stressed that it is in both countries' interests for Japan to intensify efforts to further open its markets and increase imports, particularly in the high-technology and service sectors. His statements reinforce the "Wisemen's" report which in part said "Japan should continue to liberalize access to its market and work to change foreign perceptions that its market is closed." The "Wisemen" added that government should play an "active and sustained role in increasing awareness of the public and policy-making groups in both countries of the importance of
free trade and the harmful effects of protectionism." If you look at it realistically, you will find that while the Japanese market does have its hindrances, it is not as closed as America thinks nor is our market as open as we assume. Even so, the United States is still the freest market in the world. I would like to see reciprocity -- what we do for Japan, I would like to see Japan do for us. In particular I would like to see Japan buying more of our manufactured products.

There is an old American saying that "you don't miss your water till the well runs dry" and unless Japan counters its growing trade surplus with the U.S. and European Community we may find a virulent form of protectionism has indeed dried up the waters of free trade. In this regard, the private sector in Japan shoulders a large responsibility.

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our investments in a similar spirit.

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