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# An Arch Across the Pacific

Mike Mansfield 1903-2001

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by Mike Mansfield

The historian Henry Brooks Adams wrote in 1907 that "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 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.

I want to reflect on the construction of that partnership, especially during the past decade. When this magazine, Trends, was first published in the fall of 1971, just one decade 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. A good deal of attention was given that fact. More than 700,000 people throughout Japan demonstrated against the Treaty on June 23 of that year. But our governments and the majorities they reprensented 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 there was, in Washington, D.C., a breakdown in the textile negotiations. This was the first sharp trade conflict between our two nations. The deadlock in the negotiations was fixed on the time limit that voluntary quotas would remain in effect. The Japanese negotiators pressed for a one year limit while our side insisted on three. The economic facts of the discussion were confused by threats of protectionist legislation from the Congress. After years of offers and counter-offers across the Pacific both sides groped their way to an acceptable agreement to limit Japanese exports of textiles to the United States.

Then there were the discussions regarding the reversion of Okinawa. 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. The time was difficult. We were ending our involvement in the Vietnam conflict. There were questions about whether the limitations of the 1960 Security Treaty should apply to Okinawa. Together, in spite of the difficult times and

difficult questions, we came to satisfactory agreements.

But all these events, landmarks of the early 1970s, changed the relationship between the two countries. Japan matured and entered "the age of choice." The United States became aware it was dealing 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, looking at textile exports from Korea and Taiwan.

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 to what apparently appears to many of those in the news business as irreconcilable conflicts.

We learned from the textile negotiations, for example, a great deal about one another and the political nature of our economies. We are both free market economies heavily dependent upon international trade, both have considerable capital in foreign investments, both 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 markets. The disputes began. In addition to the problem over Japan's textile exports, there were bilateral disagreements over exchange rates and Japan's domestic market, apparently closed to our exports.

And 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 bilateral relations.

While I have served as Ambassador to Japan we have had to come to grips with a number of difficult bilateral trade problems. 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 say that the strength of the relationship was truly tested. And made strong in the process.

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. But we have emerged from this period with only a few dents and our trade ties, and our friendship, intact.

The Japanese Government cooperated greatly 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 entered into an understanding with us on product standards.

Most recently, Japan successfully defused protectionist sentiment in the United States over the automobile problem by voluntarily restraining its exports under a three year

program. No one is completely satisfied with constraints on free trade, but perhaps that is an indication of how fairly everyone has been asked to sacrifice. President Reagan has made it clear, as has Mr. Regan of the Treasury, that the principle of free trade will be defended by this administration. Yet the situation in which the American auto industry found itself -- and the situation was not essentially the fault of Japanese automakers -- generated understandable concern within many members of the U.S. Congress. The decision by Japan to slow exports has lessened that concern. The American auto industry has a great deal of work to do before it can get back on its feet, and this short breathing spell will go a long way in ensuring that recovery.

This is the history of our relationship then: We recognize, as we did with the auto issue, that we are faced with common problems. A common chasm to cross and we are together using our shared experience to construct the arch aross that chasm. We have contructed, for example:

--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. This group, called the Wisemen, was unofficial and independent, but its reports and recommendations meant that both sides are now better informed about the varying perspectives -- the

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 to monitor the implementations of the MTN agreements.

--The United States-Japan Trade Facilitation Committee was formed in September, 1977. It has helped 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, of which it has satisfactorily resolved 19.

We have learned that trade missions in both directions can help to assuage protectionist pressures. The Ikeda Mission, in the spring of 1978, followed by the Export Development Missions to Japan and the Shin Sakura Maru, all have served to facilitate the flow of American goods to Japan.

These examples are evidence of the mechanism we have put in place to identify problems at an early stage and solve them before they become unmanageable. We have been successful in most cases because we have dealt with problems together. Our shared experiences have made us sensitive to the need to pay the closest attention to our economic ties and has also given

us greater confidence in our ability to control events and influence the directions in which our economies move.

So I am confident that our partnership will be able to withstand future challenges and help to solve one of the most fundamental issues facing the industrial nations -- the question of energy supplies. At the advanced nations economic summit in Tokyo in 1979, our countries made an important step toward reducing consumption of oil and speeding production of alternative sources. The United States is still the world's largest user of oil, but we have made significant progress in our energy conservation program. Oil consumption peaked in 1978. Last year gasoline demand was down 8.5 percent and total oil consumption down 10 percent from 1978 levels. The United States and Japan have joined together in a major cooperative program to accelerate research and development. The OPEC member countries were faced with an apparent glut of oil during mid-1981, and this has allowed us to replenish our reserves of petroleum stocks. But this does not mean an end to the energy problem. The problem will exist as long as we must depend on that one politically exploitable fuel.

We are approaching our ongoing discussions of defense in the same spirit that we have sought solutions to the 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, must further strengthen our defense capabilities to meet common security challenges. The United States will continue to encourage Japan to make steady and significant improvements in their 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 contributions to the cost of maintaining our forces in this country are most welcome and amount to almost $1 billion a year. 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.

All of these developments enhance the credibility of Japan's self-defense capability, and in so doing add strength to the U.S.-Japan security relationship and the contribution it makes to the peace and stability of East Asia. Although the United States favors continued progress in this area and recognizes that this would entail commensurate increases in Japanese defense spending, we will not presume to tell Japan how to spend the money it budgets for defense. Our countries maintain a continuing dialogue on all of these isssues, 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 efforts remain, as they have always been, sovereign decisions for Japan to make.

Japan is showing more self-confidence in international affairs. Over the past years there has been 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 worldwide network of economic interests. But even they would have to agree that in the past few years that anomaly has been significantly reduced as Japan has taken on major political responsibilities in a number of areas.

First of all, 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 Y889 billion 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 valuable contributions to our common security interests.

Secondly, Japan's relations with ASEAN countries can no longer be 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 along parallel lines (trans: note) in our relations with the non-communist nations of Southeast Asia. We share similar interests there, both seeking to contribute to the resilience and the independence of those nations. Our policies are not coordinated, and indeed we are in some respect competitors there. But our competition is healthy and our approaches--as exemplified by our participation in the ASEAN meeting in Manila this past June--are complementary.

In addition, there has been a growing political dimension to Japan's ties with the nations of Western Europe. Two factors that have encouraged this process have been Japan's active participation in the OECD and its key role in the annual economic summit meetings of the major industrialized countries. The development of close trilateral coordination was seen in the need to develop a common response to the Iranian hostage situation and the Soviet invasion of Afghanistan. While its full impact may not be felt for a number of years, its meaning is clear--Japan is going to play 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.

And, in respect to Afghanistan as well, Japan worked closely with the United States and our other allies to impose penalities upon the Soviet Union for its invasion of that country and to insure that the Soviets understand that such actions can 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.

The challenges posed by events in Iran and Afghanistan, like some of the economic and trade problems we have had to grapple with in the past few years, have imposed some strains on our relations. Difficult decisions have been made. Hard choices were in order. Although a satisfactory solution to the Soviet occupation of Afghanistan appears elusive, the degree of unity and coordinated action of Japan, the United States and our other friends 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 a result of joint action in response to the situations in Iran

and Afghanistan there more understanding of the multilateral responsibilities inherent in the phrase, U.S.-Japan relations. And there is now a stronger commitment, on both sides of the Pacific, to mutual goals and joint action in achieving them.

I have traveled throughout Japan and I have spoken often in many places about the steady progress of our two nations toward a more equal partnership, about Japan assuming international responsibilities commensurate with its economic power. But only recently has this concept begun to be accepted by the Japanese people. The crises in Iran and Afghanistan in particular have contributed to this phenomenon. Clearly, during the situation in Iran the United States needed the support of its friends -- in Japan, in Europe and elsewhere. Events in both Iran and Afghanistan threatened the interests of the international community as 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 arch of our partnership is firm in more than just matters of trade.

Japan's increasingly important role in the world has implication for all nations. For the United States it means that the ties with Japan, already the most important bilateral reltionship we have, will take on even greater significance. It is even more 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 no doubt remain parallel (trans: note), resting as they do on a foundation of similar values, intersts and objectives. Thus there is no reason to expect any diminution in Japanese and American cooperation vis-a-vis 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.

I believe that is so because I have personally experienced our growing relationship and as historian Henry Brooks Adams said, experience is the "arch to build upon."

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