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Interview by George Watson

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INTERVIEW WITH AMBASSADOR MANSFIELD by GEORGE WATSON
July 8, 1980

WATSON: Ambassador Mansfield, aside from the obvious courtesy and amenity of President Carter paying his respects to the late Prime Minister Ohira, what is the point and purpose of his coming to Japan at this time?

AMBASSADOR: Well, it emphasizes the importance of the relationship between the two countries, a bilateral relationship which I think is the most important in the world. It gives recognition to the Japanese that we are interested in what they are doing, that we want to pay honor to a Prime Minister who died in office, and that we want to make certain that we recognize the importance of this relationship and our intention to keep it strong and enduring.

WATSON: You said that the relationship with Japan was the most important bilateral relationship that we have. We think, though, Britain, West Germany, our Atlantic allies, as perhaps more important. I would think most Americans anyway. Why is the relationship with Japan in your view the most important?
AMBASSADOR: Well, in the first place, we pay too much attention to Western Europe and not enough attention to the Pacific, Japan and East Asia. I suppose that's understandable because most of our people come from across the Atlantic so the pull is there. But the push is out in this direction.

When George Washington was inaugurated as our first President, there were 13 American Clippers in Canton Harbor. Since that time the push has been ever westward—the Middle West, the Northwest, the Rocky Mountains, Texas, California, Alaska, Hawaii, the Philippines—and it is out here where our future lies.

The importance of the Pacific, Japan and East Asia I think is only gradually becoming recognized, and as far as business is concerned the best opportunities for our businessmen are out here. American business has about 168 billion dollars invested overseas—only 5 billion in Japan, 18 billion in East Asia, but here the returns over the past three years, for example, average 18 percent, the returns on investments, compared to a worldwide average of 14.5 percent, and the trend is up.

In 1975, there were only 42 billion dollars in two-way trade between Japan, East Asia and the United States. Last year, the figure was 93.6 billion dollars
and the trend is up. What you have out here are the friendly governments, the friendly people, the resources, the markets, people who want us to come in, people who are basically friendly to us, and it is out here, in my opinion, where it all is, what it's all about and where our future lies, and the future of the Pacific and East Asia and, to a large extent, our own country, is based on the cornerstone of Japanese-U.S. relations.

Japan is our number one friend, our number one ally, and together we can do much to stabilize this area, keep it prosperous, maintain the peace out here. Separate and apart I think the job would be much more difficult.

WATSON: Mr. Ambassador, that may well be true, but we seem at times to have more trouble with our allies than our adversaries, and at present the problem of Japanese automobile exports to the United States is very troubling, and I've heard people say that Japan and the United States are on a collision course. Do you share that view?

AMBASSADOR: Well, that may well be, but before we get to that particular question, let me enter this caveat. Of all our friends and allies, of all our friends and allies, Japan has been first and foremost in support of our
positions on Iran and Afghanistan, and at great cost to Japan itself. For example, when they refused to pay the extra 2.50 dollars a barrel for Iranian petroleum at our request, two days later the Iranians cut off all their shipments to Japan which amounted to 13 percent of their imports, and they are totally dependent upon outside oil.

Now, as far as the auto situation is concerned, I would say that in large part it is due to the fact that our auto industry in 1973, at the time of the first crisis, oil crisis, did not at that time begin to downsize their cars and make more compacts and sub-compacts. Now they are doing it, but they took their time about it. They are spending more than they would have had they acted in '73, and the result is that the American public is turning away from the bigger cars. It's looking to smaller cars, and the Japanese have established a reputation not only for quality but for competitive price, and also for all throughwork which we used to do on our cars, followup service, but which we don't do except in isolated instances any more.

So they built a reputation and created a demand, and they have had the cars which the American people wanted at the right time when our own industry should have had them if they had had enough foresight.
It is a very serious problem, one which we will have to find a way out of. Douglas Fraser, the President of the UAW, was over here at my request last January, and at that time he had two suggestions: one, that there be more Japanese investments in the United States; and, secondly, that they would roll back their imports to the 1977-78 level, I believe.

Since that time, Honda has announced that it will build a 10,000 a month auto facility in Marysville, Ohio. Nissan has announced--Nissan builds the Datsuns--that they will announce their location of a truck plant, 10,000 a month facility, somewhere in the Great Lakes region or Southeast United States within 90 days. I think we've got about 20 or 30 days to go before that announcement will be made, but when those plants are built it will not affect our unemployment problem, which is terrific as far as UAW and related auto industries are concerned, because it will take two and a half to three years to build those plants, and when they are completed they will employ no more, I understand, than 2,700 people.

So the only answer that I can see at the present time, and events seem to be moving in that direction, is for a reduction on the part of Japanese auto exports to the United States. There are indications that
that is just about to begin, but I have reached the stage where I think that what we ought to do is try and work out a voluntary restraint agreement between the two governments, or an orderly marketing agreement, which would roll back the exports of Japanese cars to the level advocated by Douglas Fraser, and in that way the situation would be ameliorated, but it would not be cured because it would have very little effect on the tremendous unemployment problem which confronts the UAW at the present time, some effect.

But no matter what they did, even if they did enter into these agreements between the two governments, the unemployment situation would still be vast, still be troublesome, and the net effects would be not as much as some people seem to think.

WATSON: Mr. Ambassador, the fact of the matter is, though, that the Japanese exports are now running about 20 percent ahead of what they were last year.

AMBASSADOR: More than that really.

WATSON: More than that?
AMBASSADOR: Yes, probably around 25 or 27 percent, about 26 percent.

WATSON: And aren't we entitled to a little relief from that now from the Japanese government? You talk about indications, they may do something in the future, but aren't we entitled to a little relief now to this...

AMBASSADOR: Yes, I agree with you. We are entitled to relief. Something should be done, and that's why I would hope that something in the way of a voluntary restraint agreement or an orderly marketing agreement could be worked out which would be as mutually satisfactory as possible to both sides.

WATSON: Will it be possible for President Carter to discuss those matters while he is here for the late Prime Minister's funeral?

AMBASSADOR: I don't know what the President's plans are, but I would not be surprised if he would because of his great interest in the unemployment caused by the situation which developed in our country that he would find ways and means to discuss this with the appropriate officials.
within the interim government. And may I repeat that he will be discussing it with people who are sort of caretakers, and the next government will not come into effect until about the 17th of July.

WATSON: Nevertheless it will be possible for him to speak with the leaders of the party that will name the next prime minister.

AMBASSADOR: Yes, and I would assume he would.

WATSON: Turning to another issue that troubles U.S.-Japanese relations, Mr. Ambassador, should Japan do more for its own security and the security of the free world?

AMBASSADOR: I think Japan is doing more for its own security and the security of the free world, and during the past decade, the ten years comprising the decade of the '70s, the Japanese have increased their defense expenditures at the rate of 8 percent a year, voluntarily, on their own responsibility. The NATO countries increased their defense expenditures at the rate of 2 percent a year, and during that same decade our defense expenditures decreased 2 percent a year in real dollars.
WATSON: But Japanese defense expenditures still remain approximately 1 percent of their gross national product, so it's a percentage of a miniscule percentage, isn't it?

AMBASSADOR: That is correct, but you must remember that General MacArthur had a great deal to do with seeing to it that Article 9 of the peace constitution, under which the Japanese foreswore war, foreswore the creation of an armed force, was put into effect, and so they have had to contend with that. They have been getting around Article 9 of the constitution. They have had to contend with the feelings on the part of the Japanese who were anti-militaristic, especially so after the end of the war. They had to contend with the memories still reminiscent in Southeast Asia of the Japanese occupation during the so-called Pacific War, and I think that they have done, all things considered, remarkably well.

It's true that their figure is around 1 percent. Most of our people say the Japanese are spending about 0.9 percent of their GNP, which was a tremendous figure last year--one trillion 19 billion dollars.

As a matter of fact, if the Japanese defense expenditures were based on the same factors that NATO and
the U.S. bases its defense budget, the figure would be between 1.1 and 1.2 percent of their GNP.

I would anticipate that the Japanese expenditures will increase significantly and steadily in the years ahead, and I would point out that at the present time they have entered into an agreement to purchase up to 123 F-15s from us, 45 Orions, anti-submarine patrol planes, and 8 AWACS, so they are modernizing and increasing the size of their navy and defense forces and, in my opinion, they will do more, but they will do it on their own responsibility and because of what they recognize as their own defense needs.

WATSON: Are you satisfied with what they are doing now?

AMBASSADOR: I am satisfied with what they are doing, and I would anticipate in their own interests they will do more in the years ahead, because now you have increased Soviet strength in the so-called Northern Territories, the islands off Hokkaido, an increase in Soviet strength from 2,000 to about 10 to 12,000. You've got the Soviet invasion of Afghanistan to look at. You've got the situation of Japanese import of petroleum supplies. You've got the Southeast Indochinese situation and the Russian penetration
there, and so what they will do will be to modernize, improve and increase their defense expenditures on their own responsibilities in the years ahead.

WATSON: But doesn't that put your views slightly at variance with the Pentagon that seems to be urging Japan to spend increasingly more, significantly more, on defense than it is presently doing?

AMBASSADOR: I wouldn't be surprised that the public prints would convey that impression, but I think we are both moving in the right direction. It depends on what methods you use.

WATSON: Well, the public prints, though, that's an accurate impression, is it not, that you are pretty well satisfied that Japan is moving in the right direction at a proper pace, whereas the Pentagon is suggesting that they should do rather more quickly.

AMBASSADOR: That's true, and I've been making that statement since I've been out here a little over three years. The Pentagon suddenly seems to have gotten religion because of events in Iran, Afghanistan and elsewhere, and now they
are increasing or, rather, the Administration is increasing its defense expenditures tremendously. But don't lose sight of the fact over the past ten years the Japanese increased theirs by 8 percent a year, and we decreased ours by 2 percent a year in real dollars.

WATSON: But wasn't it true earlier this year that the government of the late Prime Minister had actually proposed a decrease in total military expenditure?

AMBASSADOR: Not the government, but the Minister of Finance did, and the government under Mr. Ohira as Prime Minister were able to bring about a change in the attitude of the Finance Ministry and, therefore, they increased their expenditures I think by about 6.75 percent.

WATSON: The Senate Subcommittee under Senator Glenn, before the invasion of Afghanistan and the Iranian crisis, had studied the issue and concluded that Japan's relatively light military prowess actually contributed to the stability of the Northeast Pacific area. Has that all changed now?

AMBASSADOR: It's in flux. Everything changes, nothing remains the same. We have a difficult and delicate
situation in South Korea at the present time, but we also have--and I don't think we recognize this--in my opinion the most important strategic area in the world in the North Pacific. The point is arguable, but you've got the People's Republic of China, the Soviet Union, the U.S., and Japan, with Korea in the middle. And, incidentally, our third nearest neighbor after Canada and Mexico just happens to be the Soviet Union.

Two little islands in the Bering Straits, Big Diomede and Little Diomede, separate us by about 15 miles from each other, but it's out here where you have to turn your eye if you want to look at the defensive picture because it's out here where the Soviet has a tremendous concentration of strength.

And in addition to all the other factors I have mentioned, they have increased the Soviet Pacific Fleet to such an extent that it is now no longer a defensive element but potentially a blue water offensive element. So the Soviet Union is getting stronger out here. It's taking advantage of situations as that which occurred because of the Vietnamese invasion of Cambodia, and it's a factor which ranks pretty high in the minds of the Japanese as well as our own people, and because the Japanese are aware of what's happening, I would anticipate that on
their own responsibility their defense expenditures would increase significantly in the future, and steadily.

WATSON: And the Chinese now appear not to be discouraging the development of Japanese military power.

AMBASSADOR: Oh, quite the contrary. The Japanese recognize the fact that Japan is our number one friend and ally, whereas before diplomatic relations were resumed with Beijing, they were against the Security Treaty. They felt it was an unsettling factor. Now they are all for the Security Treaty, plus the fact that the Japanese people, despite their early anti-militarism, and perhaps still latent anti-militarism, have now, according to polls, up to about 90 percent recognize the need for self defense forces and approve of the Japan-U.S. Mutual Security Treaty, the most important bilateral security treaty I think in the world.

WATSON: Mr. Ambassador, we'll be back in just a moment. We'll have to change the tape.

(Transcriber's note: End of Side A
Nothing recorded on Side B)