Mansfield Press Conference

Mike Mansfield 1903-2001

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Mr. Mike-Thorpe (Far Eastern Economic Review): Mr. Ambassador, in your first few years in Japan, you used to emphasize that American exporters and businessmen should work harder to penetrate the Japanese market. Today you have not mentioned that at all and you mentioned several other things about opening access to this market. Could you explain the different approach or the different rationale between today and what you used to say?

Ambassador: Yes, I still say today what I said two, three, four, four-and-a-half years ago. The fault does not lie with any one country. The fault lies with all of us, and what we have got to do is to bring about a reorientation of our own economy which President Reagan at the present time is trying to bring about.

We have also got to bring about another look-see at the relations between American labor and business, all too often adversarial, and between American business and government, again all too often adversarial.

We have to learn to turn out quality products in the way we used to. We have to increase our productivity. We have to do a full day's work for a full day's pay. In
other words, I think in the United States we have to return to the old-time religion and do today what made the country great in the past. So there are things that we must do. We can't just point the finger at one country and place the blame on it entirely for its magnificent success.

If we are going to be competitive, we have got to make changes in our own system and we have got to recognize that pointing fingers alone will not be the answer, and we have got to make changes on the assembly lines and the factories and the board rooms of our country if we are going to once again become truly competitive in an international sense. My views remain the same.

MR. JON WORONOFS (Asia Business): Mr. Ambassador, I must admit that I am flabbergasted. I have been preparing a book on the trade crisis for the last few months and I looked in to all your speeches over the last few years, and I have looked at a number of interviews you had, and in all of those speeches and interviews the song ran roughly: Japan is more open than we give it credit for, and America is more closed than we claim.

Today you have given a complete list of the problems with the Japanese economy as faced by American and obviously other businessmen. There is none of this, zero, in any of the speeches I have heard from you over the last few years. I
would like first of all to know why you have changed your song and then, secondly, if there is a valid reason for changing your song, why weren't you singing it for the last one, two, three, four, five years?

We all know the Japanese have to be accustomed very gently to things, so that we should have started with this song very quietly and gently like the end of the Ninth Symphony which the Japanese play at this time of the year, until you build up with a crescendo. But here we have a crescendo but nothing before it.

AMBASSADOR: Well, I haven't changed my mind. I think that the Japanese market is still more open than we assume, and I think that the American market is more closed than we say. After all, I can refer, for example, just speaking about U.S.-Japan relations, to the complications covering the textile agreement in the early Seventies, the Orderly Marketing Agreement covering color TVs in the mid-Seventies, the trigger or reference price system which we entered into based on Japanese costs to control the flow of steel imports worldwide into the United States, and most recently the oral agreement reached between Japan and the United States calling for a reduction in Japanese auto exports to the United States by 7.7 percent last year, and the same figure
under a complicated procedure for this year and the next.

So I guess we have read the same speech from different angles, but I think I read them with 20-20 vision. (laughter)

MR. JIM ABRAMS (Associated Press): In the Wall Street Journal, which has been a strong supporter of free trade and usually accuses Japan of being an irresponsible trading partner, the Japanese Government has pledged to stimulate domestic demand, to reduce reliance on exports, and in view of the little or no growth in real income and no sign of insignificant tax break in this country, and labor acquiescence to strong wage increases, don't you think that the outlook for a change in Japan's economic policies is rather bleak?

AMBASSADOR: It could be. That's a decision which the Japanese will have to make. All we can do is lay out our arguments and suggestions. But I would say that, comparatively speaking, Japan alone among all the industrial democracies stands heads and shoulders above the rest of us. It has no recession. It has no inflation. It really has no high interest rates. It has a very small unemployed force. I think the figure is 2.1 percent, according to the latest government figures. So, comparatively speaking, Japan is
in pretty good shape. I believe I read the same Wall Street article that you read, the one by Bob Keetley a day or so ago. I hope that you will refer to one change which I have made. I used to talk about "free" trade but now I talk about "free and fairer" trade.

Ms. CHIBA (Asian Wall Street Journal): One area Japan has restricted imports very severely is meat and leather products. The government uses an excuse that it should protect burakumin who run these industries. As you know, to discuss this issue has been taboo, but if the U.S. challenges this taboo many think that it will certainly benefit American exporters as well as Japanese consumers. Do you have any prospects that the U.S. would challenge this taboo this year?

AMBASSADOR: There are some domestic affairs in the lives of other countries that we think the other country should settle themselves. Generally speaking, we do not intervene or interfere in the domestic affairs of any country, but when you speak of leather you speak of a particular and special situation in Japan.

I would point out that over the past three years the purchases in leather, I never had the amounts, Bill, but
I do have the values, increased from one million dollars a year to somewhere between 4 and 4.5 million dollars a year. But leather is tied up with the uniquely Japanese political problem which the Japanese will have to solve in their own way and in which we can be, nor should we be, of assistance.

As far as beef is concerned, there has been a great deal of talk about the Japanese buying more beef, more citrus, and more grains. I would point out that Japan bought from the United States in calendar 1980 6.1 billion dollars' worth of agricultural produce, and over half of that was in grains, feed grains, wheat, soybeans and the like. It's not a bad percentage in the biggest single market we have, agriculturally speaking, in the world.

Insofar as citrus is concerned, in 1977 when I came out first the Japanese were allowing 15,000 metric tons of oranges a year into Japan, exclusive of the separate special agreement with Okinawa at the time of the conversion. Next year an agreement was worked out between Minister Nakagawa and Bob Strauss, and in 1978 the amount of Japanese imports amounted to 45,000 metric tons. An agreement was reached also that for the following years until 1982 there would be a progressive increase in Japanese orange imports. So that today the figure is around 76 or 77,000 metric tons of oranges imported. This year it will reach somewhere
about 82,000 tons, and this year we will start negotiations on renegotiating the Nakagawa-Strauss agreement, quite a sizable advance in a very short period of time.

As far as grapefruit is concerned, it comes mostly from Florida, and I think the figures for 1980, the last year I can recall, indicated that about 140,000 cases of grapefruit--perhaps it's larger, maybe it's in tons, I'm not certain--but anyway the figure 140,000 was shipped into Japan, and what we did was to supply Japan with about 95 percent of the market in grapefruit.

In lemons, the figure is less, 100,000 tons a year was shipped in in 1980, mostly from California, and that amounted again to in excess of 90 percent of the lemons used in the Japanese market.

So the citrus picture can be improved, but I think good progress has been made.

On the matter of beef, in 1979 the United States beef industry, which is not export oriented or export conscious, exported worldwide something on the order of 55,000 metric tons of beef, worldwide, and the Japanese bought 33,000 tons of that total, much more than half. In 1980 the figure was just under 60,000 tons of beef shipped by Americans worldwide, and that year the Japanese bought 34,000 tons of beef, most of it high grade.
very expensive stuff.

And so I think part of my job here is to lay out the facts as I see them, to report them to my government as I understand them, so that as fair a picture can be found as is possible, and both sides will be given, or both countries in this instance, will be given the recognition and the appreciation, if it deserves any, which should be forthcoming.

MR. JOHN RODERICK (Associated Press):— I feel I cannot ask this question without making one observation, and it is this: that it comes as somewhat of a surprise when we know what an accomplished singer you are.

AMBASSADOR: What?

MR. RODERICK: What an accomplished signer you have turned out to be. (laughter) My question is this. Over the years you have also often mentioned that one of the main reasons for the imbalance in trade perhaps lay in the fact that Americans were unwilling to make the sacrifices required by the energy crisis, that they had not tightened their belts, that they had not perhaps pursued as zealously as they ought other sources of energy from the American people.
My question is whether or not that situation remains, and also whether the situation might be affected by proposals to abolish the Energy Department.

AMBASSADOR: Well, let me say that the record of the United States over the past three years has been excellent in its reduction of petroleum throughout the world. It has faced up with that problem I think very nobly. Of course, we can supply 50 percent of our gas and oil needs from domestic sources, unlike Japan which is the second largest importer of oil, which has really nothing to fall back on.

But I would say that both countries have done quite well in conservation measures. As far as the Energy Department is concerned, that is an administrative matter within the Executive Branch of the government, and something which the President and the Congress must decide on.

But speaking of energy and petroleum, I would like to see a change in the Congress -- I am sure the President and his close advisors are in favor of it -- by means of which the law could be changed and that surplus Alaskan oil could be shipped to Japan. It would save us a lot of money, but we have the Jones Act and the labor unions to contend with. In the meantime, we keep on paying tremendous costs because the West Coast refineries cannot handle the surplus
Alaskan oil, so it goes down to the Panama Canal, through it, up into the Gulf, up along the East Coast, and the increased cost is tremendous.

If we could work out an arrangement, and there the responsibility lies with us, we could reduce our deficit with Japan anywhere between 2 to 3.5 billion dollars a year, and that isn't something we should sneeze at. But, as I say, that is something which the Congress and the President can make alone/the decision on, and the same applies to whether or not the Energy Department should be maintained. It looks like it hasn't got a long life ahead of it.

MR. JIM UPSHAW (NBC): First, about your comments on misplaced domestic priorities in the United States, I would like to hear more about those about you in the Senate in Washington and perhaps you were present at the creation of some of those priorities.

AMBASSADOR: Probably responsible for some of them for all I know. (laughter)

MR. UPSHAW: Secondly, your comments about the state of the economy perhaps approaching the disastrous state of the 1930s in some ways. What signs do you see, and are your views on that widely shared in the Administration?
AMBASSADOR: The views I have expressed are my own personal views based on an 8.4 percent unemployment rate for November which I think will increase considerably if what I read in the press is correct, relative to the huge auto layoffs and layoffs in other industries during the month of December and extending into the present month, maybe beyond in many instances.

But when you compare Japan with a 4.5 percent roughly inflation rate in our country of just under 10 percent, a decided decrease from the 13.4 percent of 1980, when you compare an unemployment rate of 2.1 percent according to the Government of Japan's statistics with at least 8.4 as of November, and as I have indicated a higher rate based on possible December statistics, you begin to get an idea of the things which are causing one concern.

For the first time in many, many years, heads of families in the United States are losing their jobs. It's going to create some dissention, perhaps some kind of a ferment among the younger generation, because as many of these people lose these jobs the older ones with seniority remain on and the younger ones are the ones who are laid off and they have no place to go because there are no other jobs for them.

So I am getting concerned when I look at the United
States and Japan, both sick economically speaking, the United States and Europe, rather. When I think of what might happen if this becomes a worldwide phenomenon, then I begin to see the possibility of a recurrence of events which occurred in the Thirties through which I lived and which I never want to see again, days when men and women crowded box-cars going across the United States, when the people of our country didn't have anything in the way of government to support if they were out of work or ill or in need, when people who were really hungry down here for a job and not depending upon anyone or anybody else or any other institution. Those days were bad, and I hope they never return, and that's why I speak today because I think that we have got to put the international trade issue on a stabilized level.

I think that countries like Japan have to recognize that if they do not become a full partner in international trade that they, too, might go under, and if that happens then we will all be in the soup.

So what I am doing is hopefully issuing a warning while there is still time before the clouds on the horizon become too ominous so that we can all work together, do the things which each of us has to do, and do them in a way which will redound to the common good.
The first part of your question I have forgotten.

MR. UPSHAW: About domestic priorities.

AMBASSADOR: The domestic priorities in 1973 at the time of the first oil crisis, the American industry and the American public refused to see the handwriting on the wall and to begin their changeover then to smaller, more fuel-efficient cars. It took them a long time. Not even the second one did it, but when in May 1979, I believe it was, the gas lines began to form in the United States, then they woke up, and now they have had a hard time because they have had to compete with the Japanese, the Europeans, the Japanese primarily. They haven't been able to turn out the kind of cars which many Americans think are competitive enough or priced in the proper range, and they are undergoing difficulties which will take them longer to overcome than anticipated.

Of course, the signs of the times there, to mention just one instance where we should have changed earlier, are shown in the unemployment lines in Detroit. There is even talk of bread lines in Detroit which would be a sure enough return to the Thirties.

So there are things which we should have done. Some of the things happened in the Congress. I'm quite sure I made
my share of mistakes, but one of the reasons I left the Congress was to have a chance to think. Too many pressures coming from all directions, too many single issue lobbies, too many lobbies as a whole, and out here I have had a chance to think, to arrive at considered judgments. They might be good, they might be bad, but at least I hope I haven't made as many mistakes here as I did during my years in the Congress.

MR. HENRY SCOTS: Mr. Ambassador, back to the thrust of your speech, the Japanese Government is at the moment preparing a program that would involve advance cuts in tariffs. It will also involve listing, cataloguing, describing and preparing to reduce non-tariff barriers.

At the same time, forecasts for next year's balance of payments for fiscal '82 show a perspective trade surplus locally, not just with the United States, of something of the order of 45 billion dollars, and a current account surplus of about 25.

Do you feel that the kind of package which the government is preparing at the moment and is really trying to rush, as far as one can tell, will make much of a difference to figures of that size? Do you, at the same time, feel that it's necessary, and in fact the key may be for Japanese trading companies to change their strategy and to join in
the process with the government of opening up this market partly because simply a government package of measures concerning non-tariff barriers which are very hard to define probably would not make all that much of a difference to figures like 45 billion dollars?

AMBASSADOR: You may be right, but I think that the Prime Minister Mr. Suzuki is really making an all-out effort to face up to the problem which I think he sees quite clearly. The government can't do it alone. It will take the private sector which, generally speaking, is extremely well off compared to the government, and it will take a greater degree of understanding I think on the part of the media in all its aspects.

But I'm impressed by the fact that Suzuki is advancing the date for the reduction in tariffs under the GATT Agreement by two years to 4.9 percent. When that figure is achieved, among all the industrialized nations Japan will have the lowest average tariff rate of all.

I'm also impressed by the fact that the Prime Minister has appointed Mr. Esaki, former MITI Minister, to undertake a special mission and to report back to him by the end of the month on what can be done to face up to the suggestions, the
complaints and so forth made by Japan's customers outside, including the United States.

It's my feeling, well, let me put it this way. I have made inquiries among our agricultural people and I have asked them what would happen if all the non-tariff barriers and the like, quotas and so forth, were removed from all agricultural products. They number about 21 or 22 at the present time and include such things as fruit puree and other items which are really of little significance, and I have been told uniformly that over a five-year period it would mean an increase amounting to 500 million dollars in American agricultural exports to Japan in those particular areas.

So that wouldn't make much of a dent in the trade deficit. It is my belief, and this is only an assumption, that if Japan opened its markets entirely, it would still have a surplus with the United States, but at least the perception or the belief that we were being treated unfairly, as some of our American businessmen seem to imply and some even to say, that would be done away with.

But the point is this, that if the world keeps on in recession, North America and Europe, the Japanese aren't going to be able to reach those high surpluses which you estimated for the next year and the year after because the customers won't be there to buy, and then the issue itself
will fall back into Japan's lap, and that's why I have said that a large part of the answer to the problem which confronts us, while not necessarily Japan's fault, lies in Japan's responsibility to come up with the necessary reforms or the answers to the questions which are being raised.

MR. URBAN LEHNER (Wall-Street Journal): Mr. Ambassador, I would like to ask you questions about the timetable involved in all this. Just how much time does Japan have to take these measures to head off these warning clouds? Are we talking about weeks, months, years?

AMBASSADOR: That's an impossible question to answer, but I am sure that Mr. Suzuki is facing up to it quickly with the idea that it's urgent, but you can't put a time factor on the issues which we have been discussing.

MR. LEHNER: Secondly, the fact that you (will be) in the United States for six weeks suggest that you don't expect much progress during that period of time? (laughter)

AMBASSADOR: No. One thing about the U.S. Embassy in Japan is that it is manned by the best people in the Foreign Service, and they are much smarter than I am--I'm being honest--they know much more about Japan than I do, and if you try to pin
the responsibility on one person, I think you are turning the finger in the wrong direction. No, but I will be spending a week in Washington. I will be seeing members of Congress in both Houses. I will be engaging in this three-day symposium in Tennessee along with Bill Brock, Senate Majority Leader Howard Baker, and Ed Muskie. I will be kept very busy. I will always be on call, and I'm sure I will be called. I'm only hoping that I can get at least 10 days of R&R. (laughter)

MR. CHARLES SMITH (Financial Times): Mr. Mansfield, on page 4 of the text of your speech, you say that the fundamental problem is .... and foreign businessmen believe that the opportunities they have for access to the Japanese market are not equal to the opportunities the Japanese exporters have, (is) a question mark.

On page 5, you cite .... market shares for your Japanese exports of manufactured goods to the U.S. and U.S. exports to Japan. On page 6...

AMBASSADOR: Could we go a page at a time? I can't remember that long. Let's go back to page 4. (laughter) I can't remember all of it.
MR. SMITH: You start by saying that the fundamental problem is that Western or American businessmen perceive a difference of opportunity between Japan's freedom to export to the West and the relative lack of freedom for the West.

AMBASSADOR: That is correct. "Perceive" is the right word.

MR. SMITH: I haven't got to my question yet.

AMBASSADOR: Oh. On page 4? All right.

MR. SMITH: On page 5.

AMBASSADOR: No, no. All right, go ahead. (laughter) Let's turn to page 6, then, because you've been over page....

MR. SMITH: On page 6,...... people to invest in Japan.... inability of a foreign bank to buy a Japanese bank. But as far as I can see, in many points of your speech, you cite specific obstacles for exporters to the Japanese market or the lack of access to the Japanese market appears to be a problem which..... Could you, therefore, list for us some specific obstacles in the Japanese market to imports of Western manufactured goods, the kind of obstacles that you are asking the Japanese to remove?
AMBASSADOR: I thought I did that, but maybe I just thought I did. I am referring to such things as customs procedures, delays, postponements, tests and the like, all of which are being, I think I indicated, corrected in part. I have also pointed out how hard it was, at least through implication, for American products to get into Japan in comparison with the way Japanese products get into our country.

Getting down to your pages 4, 5 and 6, if I can recall what you have said, we must see fundamental changes in conditions governing access to the Japanese market if we are to avoid those perceptions because, after all, it is those perceptions which have indicated how difficult it is for us to break into the Japanese market in certain areas compared with how relatively easy it is for them to break into our market in certain other areas, as I tried to point out on page 5 by giving certain specifics as to how much of the American market certain Japanese products had, some of them very high—motorcycles 90 percent.

And then the last part of your question I believe I answered or tried to answer at the beginning. If you wish to repeat it again I will try and answer it again, 4, 5 and 6.

MR. SMITH: I'm sorry, my point simply is that I would like some examples or a list of specific obstacles for entry into the Japanese market.
AMBASSADOR: Yes, I endeavored to answer that in the first place when I pointed out customs procedures, postponements, non-acceptance of tests, the distribution system which through each hand increases in price so that some articles cost twice as much when they get at the end of the line to the dealers than they did at the time that they landed at a Japanese port, the question of trying to get into a joint venture, the amount of time it takes. I think that Mike Thorpe in an article in the Far Eastern Economic Review three or four weeks ago indicated that it's almost like a mating dance to try and get through to the guy to really sell him a box of chocolates after six months. (laughter)

THARP

I would like to take credit for that, but I don't think I can do that. (laughter) I don't know how to dance.

AMBASSADOR: Do you have a Jonathan somebody with you? Well, he'll eat it then. (laughter)

... Proper attribution. (laughter)

Mr. SEGURO (NHK): Going back to defense matters, a Japan-U.S. Security Meeting is to be held the day after tomorrow. The first question is why should a meeting of the kind be held
at this time after an interval of three years, possibly by the initiative of the United States?

The second question is would you clarify some of the U.S. positions you are going to present at the meeting?

AMBASSADOR: The first question can be answered by the very question which you raised. It has been three years and two months since the last meeting took place, so it's about time that we met to assess what we have done and where we are going.

As far as the second question is concerned, we will discuss those matters beginning tomorrow, I believe, and then there will be a press conference on Friday by the DCM Mr. Clark and the Commander of U.S. Forces in Japan General Donnally, and at that time your questions will be answered in better detail. (laughter)

MR. ALAN MURRAY (Japan Economic Journal): You said earlier that even if the Japanese market were completely open, there would still be a surplus, but you said that the surplus is a political fact which must be reckoned with. In your estimate, given the current structure of the world economy, roughly how large a surplus would exist if the Japanese economy were as open to American companies as the American economy is to Japanese companies, and how large of a deficit
is politically acceptable in the United States?

AMBASSADOR: No kind of a deficit is acceptable, but a big deficit is politically unacceptable. As far as what surplus Japan would have if it removed all its barriers, I just would have no idea. It would have a surplus, that's all I could say.

MR Mr. Ambassador, according to Asahi Shimbun, the United States is asking Japan to buy 125 P3C planes... is around 5 billion dollars. My question is what is the main purpose of such a deal? Is it military or economic to help correct the trade imbalance? Thank you.

AMBASSADOR: Military primarily, but the economic factor of course is quite important because most of those planes will be built in the United States and some will be jointly produced by the two countries and built in Japan. But the purpose behind it is to suggest to the Japanese that they do more in their own defense, in defense of their own waters, air and land areas, not that it become a regional power, not that it become a world military power, but that it take up some of the slack in its own defense, and I can't repeat those words too often.
Two and a half years ago, the Japanese did agree in principle to buy up to 123 F-15s and up to 45 Orions, the anti-submarine patrol planes, up to 10 command and control planes, something on the order of the AWACS in Saudi Arabia but much smaller and much less expensive, and that recently it has agreed to buy up to 10 C-130s for which funds for 2 have already been budgeted.

We have been out here and not in the kind of strength we would like to be, but we have had to do with what we could place here. When the Iranian and Afghan issues broke, we had to shift some of our operations from this part of the world in Japan's defense and our own defense at the same time, and that created voids and vacancies which we hope the Japanese would consider filling because we think that the primary responsibility for the defense of Japan lies with Japan.

**MR. FURUKAWA:** After all this barrage of economic questions, maybe a question which concerns a more fundamental and long term trend in America may be important. You briefly touched on unemployment and bread lines in the United States.

**AMBASSADOR:** The possible bread lines, not bread lines yet. (laughter)
MR. FURUKAWA: Perhaps just one mobilized aspect of American life. Now, it seems to me two different images of America are presently projected to the Japanese public. One image of America is that of a country where prime rates are increasing and the growing number of divorces are destroying many millions of American homes, etc., etc., etc. In other words, it is an image of an ailing America which is going downhill and toppling.

On the other hand, there are many, many Japanese who seek in revitalizing America, and in fact many of the businessmen I have talked to feel that America is in greater prosperity now than before. And since America, which no longer has any foreign war on hand, many billions of funds are now being panelled into internal development of American industry, economy and life.

Now, will you, as a statesman, former statesman, of the greatest stature and as a diplomat and as an American, enlighten us with your view or assessment of America today and its future, or do we have to wait until you come back from America? (laughter)

AMBASSADOR: Well, there are many faces to America because we are made up of many peoples. If I can become personal, my father and father were Irish immigrants, and I was the
first in my family born in the United States, and what I apply to myself you can apply a thousand and millionfold to others.

So we are going through a process which has its ups and downs. Crime has been increasing. It is unfortunate, but it's a fact of life and we will have to find ways and means to cope with it, and it looks all the worse when you compare it with a country like Japan where you can walk any street in any city any hour of the day or night and feel perfectly safe, where people will find a pocketbook containing all kinds of yen in the back of a taxicab, and two hours later it's handed back to you through the police station.

That's the way we used to be, but times change. Maybe we are growing too fast and maybe we don't know how to face up to the problems which have been confronting us. Maybe we rose too high at the end of the World War, and maybe we took on too much responsibilities. So now we are down to bed-rock again. We are trying to bring about a reorientation in our structure.

The Japanese over the last two years have been telling me they wanted America to show leadership in the economic field. President Reagan is showing leadership. He is reducing taxes, increasing defense expenditures to take on more of the burden of defense of the free world, a defense
which we really no longer can undertake alone, and that's why we like our friends and allies to undertake their portions of the defensive structure in their own behalf and not in behalf of other countries necessarily.

But we are a country which is stymied at the moment. We are a country which will recover, but it is going to take a reorientation in our thinking. It is going to take a new outlook on the part of labor, industry and business, and we are being given a new outlook on the part of the government. We ought to allow it a reasonable amount of time to see whether or not it will succeed instead of criticizing it even before it is put into effect.

The President has kept his campaign promises. He has tried to exert leadership throughout the world, and the Europeans were always yapping about an American leader's role. They didn't think President Carter could do it, and now they have a President who is in endeavoring to be the leader and he asked them to follow him, and they just dragged their feet or moved off to one side.

He can't lead alone because he just isn't that powerful, and we have reached the stage where we depend upon friends, and the one friend we depend upon in this part of the world is Japan, and a most important bilateral
relationship, bar none. I repeat, and I believe this wholeheartedly, is that between our two countries, and it's time for each of us to come to each other's aid when the times call for it.

Japan did in the Iranian crisis when it refused to pay the 2.50 a barrel extra which the Iranians were demanding in March 1980, at the time of the hostage situation. Two days later Iran cut off all its petroleum shipments to Japan, and that was 13 percent of your imports.

In Afghanistan you followed us right down the line in support of us there, too, and the result was that our European allies, the French and the Germans specifically, got a 500 million to 600 million steel aluminum contract which the Japanese could easily have had.

So of all our friends and allies, you've been the most, the best, the most supportive, and we are appreciative. And it's only because we are such close friends that I feel that I can come to a place like this and speak to you as I have because my job is not to tell you what you want to hear. My job is to lay before you the facts as I see them and hope that on the basis of equality and mutual understanding, mutual trust and confidence, we can arrive at a mutually acceptable solution.

But getting back to America, what we need is a return to the oldtime religion. Thank you very much.