Year-End Press Conference

Mike Mansfield 1903-2001
1) ASSOCIATED PRESS: What is the state of U.S.-Japan relations as this year comes to an end, and what do you see for the future?

AMBASSADOR: The state of U.S.-Japan relations is very good, very solid, very stable. I look for an increase in the deficit in our trade, from just under $50 billion last year to around $57-58 billion this year. For a long while we anticipated somewhere around $65 billion, but there's been a beginning of a turnaround in the trade picture and things are looking up. Next year, I think the trend which seemingly has started will continue, and that the trade differential will be further reduced. But it will still leave a considerable trade surplus in Japan's favor.

2) CBS TELEVISION: Is the dollar going to stay steady?

AMB: Evidently, on the basis of the Miyazawa-Baker agreement in San Francisco several weeks ago, it seems to have steadied somewhere in the 160-162 yen-to-the-dollar area.

3) CHICAGO TRIBUNE: Are you satisfied with the progress that's been made by the Japanese in opening their markets, giving more access to American goods? Or do you think they should move faster?

AMB: No, I'm not satisfied. I'm anything but satisfied. I think they've been making reasonably good progress; they have to make much more. We want in general the same opportunities in this market that we give Japan in our market. And we hope that there will be a speed-up in implementing the Maekawa Report, which concentrates on the domestic economy. We recognize the fact that if the Japanese did everything we wanted them to do, that it would probably mean -- according to practically all economists -- a cut in the deficit of $10 billion. I would say $15 billion. But subtract $15 billion from $50 billion last year, $57-58 billion deficit this year, it still leaves a lot in the way of responsibility in our corner. We've got to do something about the (federal budget) deficit. We're still trying to avoid it. But the Administration and Congress have to get together, because we are now the world's biggest debtor nation. The figure is close to $200 billion in debt.
We have to recognize that we live in a changing world: that the glory days -- and I use that in a very strict sense -- following the second World War, when a void was created -- we didn't want to step in, but we had to, and we rode pretty high. In the process we became pretty self-complacent. We took alot of things for granted. We extended alot of foreign aid. And a good deal of that foreign aid has been used to develop other countries. And now they are becoming stiff competitors.

So it's a coin with two sides. The Japanese have to open their markets. That's the key word -- access. We have to do something about the (federal budget) deficit. We have to do something about a better relationship between labor and management. And I emphasize both, not one or the other. We have to develop a better relationship between industry and government. And we have to increase our productivity. We are at the bottom of all the industrialized nations as far as increase in productivity is concerned, although we are basically still the most productive people in the world -- industrially and agriculturally. We have to become more quality-conscious. We are making progress, but not anywhere near enough.

We have to become more price conscious. The Japanese have increased their prices because of the yen/dollar exchange rate -- in the year following the September 1985 Plaza Agreement in New York -- by 14-15 percent. Some of our auto companies went right along and raised their prices when they should have been holding them down and getting back part of the market that is rightfully theirs. We also have to pay more attention to the customer, the ultimate consumer. All too often we forget him. We throw out a product, forget about it, forget about the customer in the process. There are alot of things we have to do. It won't hurt us to look at the motes in our own eyes, face up to our own responsibilities, and do something about them.

4) UNITED PRESS INTERNATIONAL: Jim Wright is already promising a trade bill this year (1987). Now we've been hearing for the last couple years that there's going to be a trade bill. Do you think this is the year we'll have it?

AMB: Quite likely. Because both Jim Wright and Bob Byrd have indicated that one of their priorities would be trade legislation. And as you may recall, the House passed a trade bill last year. The Senate didn't get one out of committee. We made enough progress in the MOSS (market oriented sector selective) negotiations to help in that respect.

But a $50 billion deficit is intolerable, outrageous. And so is a $57-58 billion deficit. Something will have to be done. So I would not be in the least surprised if a trade bill is drawn up this year. And I read -- according to your newspapers and magazines -- that there is some indication that the Administration is working with the congressional leadership in that regard.
But I would point out that the two persons who have been responsible for holding the line against protectionist legislation are, first the President. He has done so successfully over the past six years. He has had to duck and dodge, bob and weave here and there. He had to increase the tariff rates on motorcycles for example, to protect our industry. Voluntary restraints agreements and the like. But it's a situation which has been held in check -- generally speaking -- the President has been responsible for, ably supported and abetted by Secretary Shultz. Both of them have shown an extremely active interest in the Pacific Basin and East Asia.

5) ABC TELEVISION: Mr. Ambassador, some Japanese are concerned that in view of "Irangate" -- or call it what you will -- the President's position, which you have just described, will be undercut in the next two years. Are you concerned that Mr. Reagan's position will be weakened to such a degree that he will not be able to stave off protectionist pressures?

AMB: I would hope not. That's why I believe the President, and what he has to say about the present situation. We can't afford a crippled presidency. I think we ought to give him what support we can to carry on for the next two years. I am very pleased to note that in his statements he is advocating "an open hearing" on the whole issues or issues, and that he approved the creation of a select committee that was recently announced in both houses. And I am personally very happy that Dan Inouye is going to be the chairman of the Senate committee, and that Lee Hamilton will be the chairman of the House committee.

Two or three times this week he (President Reagan) has made statements that have impressed me. Last Friday he wanted some of the people in question to go before Congress and "tell the full story, everything they know, and to do so in open session." And then later in the week he made another statement: "I'll not be satisfied until all the facts are before the American people." And according to today's Stars and Stripes, I think in an AP despatch, the White House issued another statement on the President's behalf: "Get the facts before the American people as quickly as possible, to get this matter behind us."

He's approved of a special counsel, special congressional committees. He has appointed the Tower Commission, which I think is a good commission. He was against a special session of Congress, which I think showed good judgment, because it could have turned into a circus, or something approximating it, in the short time between the outgoing and incoming Congresses. And I think he has made all the moves in the right direction, and is assuming his share of the responsibility in trying to get this thing out on the table.
6) ASSOCIATED PRESS: Sir, you are saying that you believe what the President has had to say about the present situation? You are accepting his statements at face value that he knew nothing about the contra connection and other mysterious goings-on that have been variously reported in this affair....Is that right?

AMB: I am.

7) CBS TELEVISION: What about his request for immunity for North and Poindexter?

AMB: That's something for the appropriate committees in the Congress to decide. I understand that the Senate Intelligence Committee has indicated that it wouldn't go for it. Sam Nunn of the Armed Services Committee has indicated that he would have to discuss the matter with qualified lawyers before he could make a decision. So that appears to me to be up in the air at the moment.

8) UNITED PRESS INTERNATIONAL: Have you had any read-out on whether President Reagan's call to Prime Minister Nakasone last July was in fact a request call for help in freeing the hostages, as several reports have said, or whether it was just a thank-you call?

AMB: No, I think you can take Nakasone's statement at face value. It's appeared in your newspapers. They do have those calls from time to time. There is the Ron-Yasu relationship in operation since Nakasone has been in office. The papers indicate that it was a question covering trade, and at the end some question was raised about how are things going with you. The President said he had the hostages on his mind.

As far as Nakasone and his predecessors are concerned, and on their own initiative, they have been trying to do what they can to bring about the release of American hostages in the Middle East. They did so during the time that the Embassy hostages were being held in Teheran -- on their (Japanese) own. They have been doing so for the past two years -- to my knowledge -- on their (Japanese) own. I think the position of Japan, as the only major nation in the world having diplomatic relations with Teheran and Baghdad, as well as with Damascus, has put them in a position where they -- if anybody -- could achieve something in the way of a favorable result.

9) ABC TELEVISION: When Mr. Rafsanjani was here in Tokyo, did you or your embassy have any contact with him?

AMB: None at all.

10) MCGRAW-HILL WORLD NEWS: To your knowledge, has the Iran affair raised any concern within the Japanese Government about the competence or direction of American foreign policy, as it seems to have done in Europe?
AMB: If they have, they haven't expressed it publicly. Nor to the best of my knowledge, privately. But I would assume that like all other countries -- and perhaps more than any other country -- it is interested in what is going on in the United States at the present time. After all, Japan has tied itself pretty firmly to the United States, established an excellent relationship, a certain degree of dependency as far as the trade picture is concerned. Five-sixths of all the Japanese surplus comes from the United States; that was the figure for 1985. And I would say, yes, they are concerned -- as all other countries are concerned.

11) ABC TELEVISION: Mr. Ambassador, in addition to Poindexter and North, the Administration has one other former member in trouble, and that's Mr. Michael Deaver. Can you tell us about the correspondence Mr. Deaver had with this embassy, and what advice the State Department gave you in dealing with Mr. Deaver's approaches to this embassy?

AMB: It's all a matter of open record. The correspondence between this embassy and Deaver, I think has been laid out for anyone who wants to see it at the State Department in Washington.

And as far as I'm concerned, Deaver's relations here were not extraordinary in any way I can recall. He did come over, and he did show an active interest -- although he was out of the White House -- in discussing plans for the upcoming (Tokyo Economic) Summit with the Prime Minister. I attended the meeting with him. He was interested in an agreement of sorts between Japan and Puerto Rico, covering investments there. It was a matter that we referred to the State Department for guidance. And they raised questions about it, and that was the end of it.

12) ASSOCIATED PRESS: Mr. Ambassador, may I go back to Irangate for a moment.....Do you feel that now that we have a Democratic-controlled Congress again, is the Irangate brouhaha and the attention given that, likely to distract congressional attention from the protectionist issue, and thereby prove of some benefit to Japan?

AMB: No. I think the Democratic-controlled Congress will act responsibly. I think they realize that after being out of power for six years in the Senate, that with that goes a certain amount of responsibility and accommodation between the Congress and the Administration. And while these hearings are being held, the rest of the Congress -- both House and Senate -- will carry on their normal, everyday activities. It will not be lost in the shuffle.

13) CHICAGO TRIBUNE: You are now the longest-lived ambassador to Japan. You've surpassed Mr. Grew, who was here from 1933 to 1941 or 1942. In the years that you have been here at the embassy, it would be interesting to know how you
have seen or perceived the relationship between Japan and the United States, the changes that have occurred over the years. For example, the relationship now in 1986, must be quite different from when you came in 1976 (sic: should be 1977). What kinds of changes have you seen -- have they been for the better or for the worse?

AMB: They've been almost ten years of increasing difficulties in the trade area. They've been ten years in which we have worked out an excellent relationship with the Japanese in the defense area. They've been ten years -- beginning with the Soviet invasion of Afghanistan -- when Japan for the first time firmly aligned itself with the West and gave up its equi-distant, omni-directional foreign policy.

As far as the record (as Ambassador to Japan) is concerned, it's immaterial. What counts is results. And while we've had our problems, and will have them -- not for years, but perhaps for decades to come -- I think the relationship has solidified, become more understandable, and become more of a relationship between equals. As it should be. So I'm upbeat about this relationship, which -- as everyone in this room knows -- I think is the most important bilateral relationship in the world, bar none.

And I think the idea is getting around about the importance of this relationship, our dependence on each other, the importance of this region, the fact that the next century will be the Century of the Pacific -- without question -- that the development of that Basin will depend on the strength and the reliability and the durability of that bilateral relationship. And when you look at the trade figures -- not just for Japan, but for the rest of the region as well, the Pacific Basin as a whole -- you begin to get an idea of what's been happening out here. In 1975, ten years ago, our total two-way trade with all of East Asia, including Japan, was $42 billion. Last year, it was just under $200 billion. And that trend is going to continue.

So I'm satisfied; I am frustrated that we haven't been able to achieve more. But as I've said, the trade issue -- the big issue -- is a two-way street. And there is a responsibility on the part of each of us to do what we can and must do to save a system which has been good to us, especially to Japan.

14) PACIFIC STARS AND STRIPES: Mr. Ambassador, is there an agreement imminent between the U.S. and Japan that has the Japan Defense Agency assuming a greater percentage of the costs of Japanese national employees on U.S. bases?

AMB: In my opinion, yes.

15) CABLE NEWS NETWORK: Among all the trade issues, now the question is about to come to the rice issue. Japan has sent the Minister of Agriculture, its rice attache, on a
three-day mission to Washington, D.C. I'd like to have your comments about the specific issues of rice.

AMB: That's a Japanese problem in which we have an active interest.

16) UNITED PRESS INTERNATIONAL: I'd like to follow-up on the base question. Will the U.S. get the whole 16 billion yen, or $100 million dollars? I understand there are negotiations going on as to how much of that.....

AMB: It looks reasonably good -- the $100 million.

17) UNITED PRESS INTERNATIONAL: Will that figure put the Japanese defense budget over one percent of the GNP? That's a convenient excuse, if they.....

AMB: As a matter of fact, the figure is over the one percent figure of GNP. If you were to factor in the same matters that we and NATO do, the figure is already about 1.6 percent. I am referring to pensions and survivors benefits and things of that sort. So I would say that we have gotten away from the percentage and gotten down to the substance, and it is my understanding that Japan at the present time ranks sixth among the nations of the world in defense expenditures.

I would point out also that Japan is paying approximately one-third of the upkeep of U.S. forces in Japan, numbering 55,000. The figure for 1984 was $1.113 billion; and for last year $1.124 billion. And this year, the figure will be in the same range. That covers housing, labor cost-sharing, and the like. So with the negotiations now going on, we would very much appreciate that figure being increased. If they don't do it, we'll have to pay it ourselves.

18) CHRISTIAN SCIENCE MONITOR: Sir, if I could come back to the subject of Iran again.....Were there any contacts between the White House and the Prime Minister, or the Prime Minister's Office, regarding Iran that you were not informed of?

AMB: Just the telephone conversations, as far as I know. And those (conversations) are private. They have a hot line.

19) CHRISTIAN SCIENCE MONITOR: Has it not been subsequently that it's been revealed, that is something you were not aware of at the time?

AMB: In general, yes. I'm saying "in general", because I have to leave myself a little loophole in case something is recalled.

20) ASSOCIATED PRESS: Hot line -- what sort of hot line do they have?
AMB: Well, they just have a line where they call each other up from time to time -- like we have with the Kremlin, with Margaret Thatcher.

21) ASSOCIATED PRESS: That's a teletype system between Moscow and the Pentagon.....

AMB: Well, I don't know about the technicalities of it, but they have a communications relationship of some sort, by which they can get each other immediately. At no cost.

22) WASHINGTON POST: Mr. Ambassador, did you say you were not aware of the phone call at the time? If so, when did you become aware of it?

AMB: When I read the (news)papers here. Read about Nakasone's meeting with the press yesterday, based I think on the story you did for the Washington Post.

23) WASHINGTON POST: Is that the normal procedure -- that you're not aware of when the President talks to the Prime Minister?

AMB: It is. The normal procedure.

24) CBS TELEVISION: Mr. Ambassador, not to suggest that you might be leaving, but if someone were to ask you what would Mike Mansfield like to be remembered for in Japan, how would you answer that?

AMB: If I can just achieve a better understanding between the two countries and a more solid relationship, I'll be more than satisfied.

25) ASSOCIATED PRESS: How much longer are you going to be here? Just thought I'd try....

AMB: Indefinitely.

26) WASHINGTON POST: Mr. Ambassador, you said before that the Japanese had helped on the issue of U.S. hostages in Teheran in 1980 and 1979. Could you expand on that? What did they do exactly?

AMB: Used their good offices, tried to be sort of an umpire. They were very much concerned about the American hostages held there, and on their own initiative, they carried out activities and reported back the results to us -- which were negligible.

27) WASHINGTON POST: Do you recall exactly who they talked with, or who they.....

AMB: No.
28) UNITED PRESS INTERNATIONAL: I'd like to come back to defense spending for a minute. What is your read-out as to what they're going to do this year. Are they going to swallow the pill and say they'll go over one percent, or are they just going to do it, and next year at this time when they do the accounting somebody will pop up and say guess what, we went over one percent? And does Nakasone have the clout to push it through now?

AMB: Well, I don't know. All I can do is reiterate is that using the same factors that we and NATO do, they are spending about 1.6 percent of their GNP on defense at the present time. All it would take is an increase in the wages of government employees to put it over the mythical line. There is no legislation saying it has to be less than one percent. During former Prime Minister Miki's term, that was the sort of informal agreement reached in the Diet.

For this fiscal year, they have fully funded the first year of a five-year plan, which will: expand their activities, increase their joint exercises with us, and pave the way for their gradually assuming control of the sea lanes. The sea lanes -- extending 1000 nautical miles from the Bay of Tokyo to the area of Guam, alot of Japanese islands along the way, so it's a home defense factor, and extending another 1000 miles from the Bay of Osaka southwest, which would take them to the Bashi Channel between the northern Philippines and southern Taiwan, again alot of Japanese islands on the way -- Kyushu, the Ryukyus. It fits entirely within the concept of self-defense.

We'd like the Japanese to do more -- not that we'd do less -- but so we could have a greater degree of flexibility and freedom of movement for what we have out in this part of the world. As you all know, our chief defensive arm out here is the Seventh Fleet -- in addition of course to the forces in Korea, Japan, the Philippines and Guam -- which has an average of 70-80 ships at its disposal. In my opinion, it isn't enough. Because you've got a tremendous area of responsibility: extending from the Arctic, across the Pacific and Indian Oceans, to the Antarctic. That's 70 percent of the water surface of the globe, and 50 percent of the combined water and land surface of the globe.

So we have asked our friends and allies all over the world to do a little more and we would appreciate it. We do not want Japan to become a regional military power. Japan doesn't want to become one, and its neighbors -- all of whom were occupied wholly or in part during the Pacific War -- do not want it to become one. But the more they can do in their own self-defense, the greater flexibility and freedom of movement we will have with what we've got out here.
29) ASSOCIATED PRESS: How many years, sir, has this basic fiction about the one percent of GNP been true, when the other factors of the equation are put in? It's been true for some years, has it not?

AMB: Yes, because Miki was the Prime Minister in office just before I came out. I had met him in 1976, my last year in the Senate. It was at that time -- during the Lockheed scandal, not that there was any connection between the two -- that this was brought up, just as an indicator. So I think that the use of a percentage factor is a misnomer. It's really unreliable because it is the substance that counts, and how you tie that substance to the GNP, which has been increasing year by year, gives you a better idea. As I've indicated, Japan is sixth among the nations of the world in defense expenditures.

30) TIME MAGAZINE: When do you expect the Japanese to actually have operational control over these two 1000-mile zones?

AMB: Oh, way down the line....I would hope before the end of the century.

31) WASHINGTON POST: Mr. Ambassador, to go back to Iran once more. Former Justice Minister Hatano says he was in touch with an American intelligence officer -- I presume in Tokyo -- and conveyed to him Prime Minister Nakasone's willingness to do something on the hostages. And the next day President Reagan called Prime Minister Nakasone. Can you make any comment on that account?

AMB: As far as intelligence (matters) are concerned, I can make no comment. But as far as sending Mr. Nakayama to Teheran is concerned, that was just a continuation of previous initiatives that had been undertaken by this government and previous Japanese governments.

32) KYOTO RADIO: Given the publicly stated position of not negotiating directly or indirectly with those terrorists who have taken hostages, and given the now apparent gap between the public and private policies that we know about, what is our approach now to getting hostages released? And what does this do to our whole global strategy against terrorism and hostage-taking generally?

AMB: That's a question I think you'll have to direct to the State Department. I have no comment.

33) CHICAGO TRIBUNE: You've seen a rather impressive array of congressmen, mayors, governors, and would-be elected officials -- an inordinately high number have come through Tokyo. Have you been either impressed or unimpressed with their knowledge/lack of knowledge about Japan? Are some better informed than others?
AMB: Neither unimpressed nor impressed. They have come out here with very little personal knowledge of just what the situation is, but I am pleased with the way they have done their homework, the way they conduct themselves out here. Incidentally, I have met with 46 American governors, including the territories, since I've been here. All of them have received a degree of encouragement, in varying degrees. We have about 24 state offices, with two or three in the offing. I am delighted when these governors groups or state groups come out, and when these congressional groups come out. Because it gives them a better understanding of just what this country is, who its people are, what makes it tick. And the more we can bring about cross-investment between our two countries, the better off I think it will be for both of us in the long-run.

34) NEWSWEEK MAGAZINE: Isn't it true that the American Embassy is turning into sort of babysitting service for the visiting delegations, often to the detriment of its reporting and other functions?

AMB: No, we try to do both. We don't babysit them. We tell them the truth. We hope we make some progress, but sometimes when the congressment go back I wonder how effective we were. But they get the same story you do, and the Japanese get the same story the Americans do. It's true that the position of an ambassador has declined in recent years. That's partly your fault, because of rapid -- instantaneous -- communications, because of the shortening of distance through air transportation and the like. It takes less than a day to come out from Washington to participate in bilateral affairs. But that's the way the world goes. You have to accommodate yourself to it and make the best of it.

35) KTYO RADIO: There's been alot of saber-rattling about if the U.S. doesn't get to participate in this Kansai Airport project, that it could have a serious impact on promoting protectionist legislation. What kind of progress do you expect about getting more U.S. participation in that project?

AMB: So far, we haven't been very successful. But we are going to keep trying to become involved more and more. You all know that Senator Murkowski was out here last week, Senator Stevens yesterday, and the Rostenkowski group was out just after the elections. And the big factor on their minds was trying to get American participation in the Kansai Airport consortium. They're going to keep trying. We're going to keep trying.

36) GLOBENET: Mr. Ambassador, about construction, it seems that the Japanese are building our new consulate in Osaka. Is this defensible?

AMB: Well, it's a better way than bringing over the workmen from the United States, unless you wanted to pay the additional costs. The Japanese had approximately $2 billion of
construction work in 1985. We'd like the same opportunities, generally speaking, in this country that we give them in ours.

37) GLOBENET: But not just the construction workers. I mean the plumbing. Someone at the consulate complained that even the toilets could not be bought in the U.S. That they were told to buy everything in Japan.

AMB: You're getting too technical for me.

38) NEWSDAY: Mr. Ambassador, what do you tell a Michigan congressman when he comes out and it turns out that the new auto import figures are in, and even with all the barriers down and alot of pressure on Japanese importers to help sell American cars, the Japanese just don't want to buy them. They want to buy German cars. What response do we have to that?

AMB: The response is that the American auto industry has never made a concerted, a really determined, effort to penetrate the Japanese market. What they've done is to tie up with Japanese concerns. Ford has a 25 percent interest in Mazda. General Motors has about a 45-46 percent interest in Isuzu, plus 5.8 percent interest in Suzuki. Chrysler has a 23-24 percent interest in Mitsubishi; it used to be 15 percent. And you've also got Ford and GM tying up with up and coming Korean concerns. So you're looking at a very changeable automotive picture. What it'll mean in the long run, I don't know. But it's a situation that's worth our study, and certainly one we should be aware of.

39) NEWSDAY: Has anyone ever developed a figure suggesting how much of the American trade deficit is actually the result of the overseas operations of American companies? How much -- whether it's autos or computer components sold in the U.S. as American products, but largely made overseas -- is responsible for....

AMB: For the last two years, the trade deficit with Japan was almost exactly 50 percent due to auto exports. I know what you mean. A study was put out by Mr. Omae of the McKinsey Group, which plays it up pretty heavily, and indicates -- if the figures hold up -- that the trade deficit would not be as difficult as it is at the present time, based on the usual calculations.

40) NBC RADIO: When Senator Murkowski was here, he suggested that the U.S. might shut Japan out of alot of U.S. contracts for airports, if the market wasn't opened. Do you expect that kind of legislation in Congress -- freeze them out there until we can get in here. Something along that line....

AMB: It would be pretty difficult. You've got a single issue to contend with, and if you're going to get action in Congress you've got to have a combination of interests involved.
41) **CHICAGO TRIBUNE:** It has been suggested by some Japanese scholars that maybe the only thing that might work here would be reciprocal discrimination against Japanese products in the States. That kind of tough approach is taking root among the Japanese themselves, who have spent a long time studying the trade psychology here. Do you that's a valid approach? Or is it detrimental?

**AMB:** I think it's questionable. Because nobody has to buy a Japanese product. We buy them because they're good, they're reasonably priced, there's follow-through service attached to most of the items they sell. It's up to the customer, and after all, the customer is the vital element in anybody's economy. I think it's questionable.

42) **KTYO RADIO:** The Japanese are going to become more involved in the Strategic Defense Initiative. What do you think are the implications for the Japanese in terms of this, and whether or not it generates some tension in this part of the world, say between the Russians and the Japanese? Could you discuss the possible negative and/or positive consequences of their participation for regional stability here?

**AMB:** Hard to say. I really don't know. All I know is that the Japanese sent over three missions of business people to look into the SDI; that they have reached an understanding, agreed in principle, but I think it's tied mostly to research and development. I just don't know anymore.

43) **MCGRAW-HILL WORLD NEWS:** Mr. Ambassador, what will be the hot trade topics in 1987?

**AMB:** We're having a hard time picking out items. This year it's auto parts. I was going to say -- I'm not sure if it's accurate or not -- that semiconductors may be included in the negotiations covering electronics... I think perhaps the best way to face up to these difficulties is not on an issue-by-issue basis or a product-by-product basis, because you can keep on that road ad infinitum. You can have matters to discuss going into the next century.

One of my thoughts is -- and I don't know what the position is of the U.S. government, and I don't think the Japanese look on it very kindly -- maybe we ought to give consideration to a possible free trade treaty between our two countries, based of course on reciprocity. That way you face up to the whole picture, rather than bits and pieces. You face up to the big issues -- tariffs and quotas -- and maybe if we would face up to it on that basis we could accomplish more, if both nations agree, than we are at the present time.

44) **KTYO RADIO:** In 1987, there will be a successor to Nakasone. In the last election, everyone talked about a new generation of leaders in Japan. Do you really think there is a new generation of leaders following Nakasone? And if so, would
that auger well for more accelerated progress in the trade area, or should we expect more of the same regardless of who succeeds Nakasone?

AMB: Well, you're getting me involved in Japanese domestic affairs. Nakasone is in (office) at least until next October. There are people who are interested in his job, just as there are people who are interested in the presidency in our country. They're all good men. All of his (Nakasone's) predecessors that I have served with since I've been out here are good men. They've all made contributions to the relationship, which has in effect come into fruition at the present time.

But the kind of relationship that you're talking about is based on age. And whether or not the chief contenders at the present time could be considered among the "old boys" or the up and comers, the new generation -- I think their ages make it difficult to state. They're sort of in between.

45) NEW YORK TIMES: Mr. Ambassador, does that mean that you don't expect Nakasone to step down early -- after the (Venice Economic) Summit or after whatever unfinished business he says he has.....

AMB: That statement will have to stand as is. Because he was extended for a year by the LDP (Liberal Democratic Party), and he is at least in until that time, unless he wants to step down before or unless the LDP changes its party rules. Told you you shouldn't get me involved in domestic politics. You'll get me in trouble.

46) NEWSWEEK MAGAZINE: How about domestic politics back where you come from....In your Democratic Party, who do you like for President in 1988?

AMB: They're all good people.....On both sides. When I left the Senate, I left politics.

47) CHICAGO TRIBUNE: Could we go back to the free trade treaty....Is that something that is being seriously considered or thought about here in the embassy or back in Washington?

AMB: No, as I thought I stated, it's just a personal view of mine. We do have a free trade treaty with Israel, which I understand is working out pretty well. And we are in the process of negotiating a free trade treaty with Canada, which seems to be encountering alot of obstacles. But the point is, look at the whole picture, not the bits and pieces, and maybe that way we can bring about a better and more mutually satisfactory solution.

48) CHICAGO TRIBUNE: Has there been any kind of feedback from the Japanese side on that? I know you haven't presented it to them in a formal way, but informally has there been any feedback?
AMB: I detect no approval. And I hear nothing from Washington. So I'm sort of out by myself.

49) ASSOCIATED PRESS: How hard have you kicked this around with the Japanese? Have you really brought it up and discussed it in any detail?

AMB: Not in detail. Just thrown in out in answers to questions or in speeches or things of that sort. I've waited for results and there ain't been any.

50) ASSOCIATED PRESS: When you mentioned "all the good men" as possible successors to Nakasone, were you including Takako Doi (chairwoman of the Japan Socialist Party)?

AMB: Incidentally, there have two events of historic significance happen this year. One was Aquino becoming the president of the Philippines; the other was Doi becoming the head of the JSP, the chief opposition party. I think it's the first time that that's happened in East Asia. Very historic. I hope it grows and continues -- and that more women assume more positions of trust and responsibility.

Is that it? O.K. Well, Merry Christmas and a Happy and Peaceful New year.

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