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Mansfield Oral History Collection  
Ambassador at JNPC 7/15/85  
OH #22-397a

[SIDE A]

- 000-050 Someone is speaking in Japanese. MJM thanks the press club and for the introduction and begins his speech. MJM wishes the Emperor happy birthday. MJM says that the food was good and much of it came from the US. MJM mentions that the wine they had came from California and the beef from the US.
- 051-100 The oranges came from California, too. He notes that all of these still have pretty high tariffs. [Defect in master tape. Conversation is broken up and hard to listen to]. MJM talks about the great number of protectionist bills now in Congress. He says that the passage of some of them is likely to occur.
- 101-150 Many Congressmen are abandoning their long standing support of free trade and are opting for protectionist measures because they feel that the US is not getting the same things as the Japanese are getting in each others' markets. About one decade ago, US trade with Asia amounted to \$42 billion. In 1983 the US trade with Japan alone totalled \$64 billion. MJM continues to talk about the importance of the US-Japanese economic relationship by commenting that 23% of all Japanese exports go to the US.
- 151-200 By April of this year the US was taking 39.2% of Japan's exports. In 1984 Japan imported \$23.6 billion worth of American products. This makes Japan the largest market for US exports next to Canada. Around 1981 the US trade deficit was \$18 billion, in 1983 \$21 billion and in 1984 it was \$34 billion. The trade deficit this year with Japan could reach \$47 billion.
- 201-250 MJM continues to talk about the US trade deficit in the world. In 1984 the US had a world trade deficit of \$123 billion. Although the US trade deficit with Japan is increasing, the US trade deficit with the rest of the world is increasing even faster. In 1980 the US had a trade surplus of \$20.3 billion with Western Europe. By 1984 this surplus had changed to a \$16.9 billion deficit. In 1983 the US had a surplus of \$1.3 billion with Latin America. In 1984 this had changed to a deficit of almost \$18 billion.
- 251-300 MJM emphasizes that the problem is not bilateral but global, as can be seen from the huge deficit worldwide. Therefore, the US can't blame Japan for the US trade problem. MJM states that most of the US' trade problems are the fault of the US. The biggest obstacle

to US exports is the high value of the Dollar. MJM quotes former trade representative Bill Brock who stated that three quarters of the trade troubles that the US is having are do to mistakes made by the US.

- 301-350 In 1984 the US paid \$111 billion in interest payments on the national debt. Another major problem that hampers American trade is the high interest rate. It has dropped from 21% to about 9.5% in just over a year. MJM believes the interest rate will drop further, as it should. These high interest rates in turn attract large foreign investments and thus reinforcing the high value of the dollar.
- 351-400 MJM talks about the large Japanese investments in the US and that the yen is still at a low value compared to the dollar. MJM says that the Congress is beginning to move to correct the problem of the drastically increasing national debt. The Congress isn't moving fast enough, however. MJM thinks that the Congress ought to change some of its legislation to help correct the debt problem. As it stands now, the US cannot export its domestic oil reserves, in Alaska, out of the country. MJM proposes that we change our law so that we can sell the surplus Alaskan oil to Japan and the rest of Eastern Asia.
- 401-450 MJM talks about the outdated antitrust laws in the US and that the Congress should change them so that American business can get back into the world market. MJM says that American productivity must increase if we are to hold our own in the world market. In Japan last year productivity rose 9.5% and in the US only 3.5%. Besides productivity, the US needs to see better labor relations.
- 451-500 The US labor force needs to work with industry and industry in turn needs to work with government. The US needs to also have competitively priced products with follow through service like the Japanese have. MJM turns to talking about what Japan needs to do. Japan needs to realize that its economy is an integrated part of the world economy and that it has responsibilities to live up to.
- 501-550 MJM talks about the Japanese leadership and several statements made by high members of the government. Prime Minister Nakason~~e~~ said that Japan will act on its own initiative to open its markets. MJM says that this attitude is great. All the US wants is the same opportunity in Japanese markets as the Japanese get in US markets.
- 551-600 Most of Japan's economic growth is due to exports. Japan's trade surplus with the rest of the world was

\$44 billion in 1984 and in 1985 it could go over \$50 billion. MJM emphasizes that the main word Japan needs to work on is access, access to Japan's markets for the US. MJM comments that even if Japan's markets were all of the way open it would not reduce the deficit much.

601-650 In Japan's new trade agreement they have agreed to reduce the tariffs on all industrial products. MJM says that this announcement by Japan, on reducing tariffs, is a welcome step but it still only affects some products. He would like to see tariffs on all Japanese products either lowered or abolished. MJM would like to see the Japanese get rid of the tariffs on agricultural products.

651-700 MJM mentions other areas that the US would like to see the reduction or elimination of tariffs. Most of these areas are ones where the Japanese don't produce the product or foreign countries simply couldn't take enough of the market away from the Japanese if they wanted to. MJM calls these Japanese tariffs a form of protectionism.

701-750 MJM says that Japan needs to forget the idea that Japanese companies buy only from Japanese suppliers. MJM says that the Japanese government needs to accept more foreign products because Japan has a strong industrial base and can stand the competition. Japan has the world's second largest free world economy and they should begin to shoulder more of the responsibility.

751-800 MJM talks about a high ranking Japanese government official who supports the notion that Japanese people should invest more in housing and the environment and nonresidential investment. MJM likes this idea because it would not only benefit Japan but her trading partners throughout the world.

801-825 MJM comments that Japan has not yet done what is necessary to correct the trade imbalance, namely opening its markets. The time to do it is now, however. MJM concludes his speech.

825-937 [Translation of MJM's speech].

[END OF SIDE A]

[SIDE B]

000-050 [Continued translation of MJM's speech]. Someone else is speaking in Japanese.

051-100 [Translation of the question] The guy says that the EC and AUSIAN countries are only thinking of the US in

taking marketing opening measures in Japan. He wants to know if MJM thinks that it should be Japan's position in the relationship with the US to put its first priority into opening its markets. MJM says that it should be only in special cases. MJM feels that Japan should treat all countries the same. Certain situations like autos or color TVs might warrant bilateral talks but for the most part the US would like to see that the policies directed toward the US are the same as those for the other countries of the world.

- 101-155 [Translation of MJM's comments into Japanese]. Someone hands the translator a question. The question notes that MJM feels that as long as the US can compete on equal terms with the Japanese, trade friction will subside. The Japanese don't feel this way. They think that the US could go to protectionism even after the Japanese have opened their markets all of the way. He wants to hear MJM opinion on this. [The translator reads the question to the audience].
- 156-190 MJM says that anything is possible anymore. MJM recalls that he used the word subside and not stop, in referring to the trade deficit. Even if the Japanese opened their markets all of the way the US would still have a sizable deficit with Japan. MJM says that there is so much trade between the US and Japan that we can't expect everything to go off smoothly. We will have to continue to deal with this problem for decades to come. The US and Japan need to learn how to anticipate the trade difficulties that might occur.
- 191-240 [Translation of MJM's comments into Japanese].
- 241-300 Someone else is speaking in Japanese. [Translation] The guy says that Japan is often criticized for being unfair. The word unfair may mean something different in Japanese than it does in English and he wants to know how it is being applied. MJM says that unfair is being applied quite often and if American companies think that the Japanese are dumping products on the market then they can take their appeals to a government agency.
- 301-350 If there is dumping of products by Japanese companies then it can be handled by the law and both countries should accept this. [Translation of MJM's comments into Japanese].
- 351-400 Someone else is speaking in Japanese. [Translation] The guy doesn't think that MJM understood the previous question. The guy wonders if the word unfair has a very serious connotation. MJM says that he doesn't know what the differences are in translating the word unfair but if people are confused then the US and Japan

should get together to work out what the word means so that we can understand one another. [Translation of MJM's comments into Japanese].

- 401-450 Someone else is speaking in Japanese. [Translation] Recently the Chairman of the Senate Finance Committee, Bob Packwood, presented a retaliatory bill to the Senate. In view of this fact, has there been a change in the Reagan administration's policy for preventing protectionist measures.
- 451-500 MJM says that it is true that many members of Congress are introducing protectionist legislation but this is mostly to get the President to start acting by enforcing the trade laws. For the most part the President has been able to avoid protectionist measures but he has had to impose high tariffs on motorcycles. The President was also able to work out deals on autos and steel but he is beginning to feel he heat now.
- 501-620 MJM notes that the Congressmen, who are proposing protectionist legislation, are basically free traders but they are becoming worried. [Translation of MJM's comments into Japanese].
- 621-690 Someone else is speaking in Japanese. [Translation] Mr. Ioccoca of Chrysler proposes that people in Japan and the US meet to work out the trade difficulties. He asks MJM if he thinks that this will work. MJM says that is would be interesting.
- 691-750 The other guy is speaking in Japanese again. [Translation] The guy says that members of the Japanese government and the LDP think that export surcharges should be imposed on Japanese exports. He wants to know how MJM views this kind of thinking among members of the government. MJM says that it would be self defeating. The consumers would be the ones who would pay in the end. [Translation of MJM's comments into Japanese].
- 751-800 Another guy is speaking in Japanese. [Translation] The Congress passed a resolution asking Japan to increase its defense spending efforts. He asks MJM whether he thinks that this was unexpected or not.
- 801-835 MJM thinks that the Senate's action in passing the resolution was a surprise. The second part of the guys question is: did the resolution pass because the Congress has changed, or because the American people wanted it passed and would have it passed if MJM was still in the Senate.
- 836-870 MJM says that the vote was brought up suddenly and passed very quickly. Secondly, the resolution has no

expression or validity with the law. Third, the resolution is an expression of what the Congress is feeling. The Congress is very concerned about what is happening in US-Japanese relations. Fourth, they tied the defense issue with trade and he doesn't think that should be done.

[END OF TAPE]



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[SIDE A]

- 000-055 Someone is speaking in Japanese. Sam Jameson of the LA Times notes that MJM said the time for action on trade difficulties is now but the "action" program, to be announced by the Japanese on July 30, will be implemented over a period of three years. Jameson wonders if the three years is a large enough period of time to operate over. [Translation of Jameson's question into Japanese].
- 056-070 MJM says that it could be enough time but it would depend on the amount of substance in the "action" package. [Translation of MJM's comments into Japanese]. MJM says that the question really can't be answered until we see what the package is.
- 071-190 Someone is speaking in Japanese. [Translation] The reporter thinks that one of the most important points in MJM's speech is that not all of the trade problems are the fault of the Japanese but many are the result of US economic troubles. Although many of the trade problems are the fault of the US, a retaliatory bill has been introduced in the Senate. He says that the US ought to introduce legislation that will lower the US deficit. He says that a lot of faults are with the US government and he realizes that MJM has been doing a lot to mediate these problems. He says that the US Congress certainly isn't very gentlemenly about the situation and he hopes that MJM will take action to tell the Congress where they have gone wrong.
- 191-225 MJM starts by telling them that the President doesn't have any more power than a lot of Japanese think the Prime Minister has. MJM says that there is a bill in Congress that is seeking to decrease the debt by \$56 billion but there is a lot of squabbling going on. MJM notes that the politicians are also looking to get reelected and they do strange things when election time roles around.
- 226-285 [Translation of MJM's comments into Japanese].
- 286-390 MJM says that the important thing to remember is that the Congress and the administration are both working to correct the problems that are facing both the US and Japan at the present time. MJM says that sacrifices may have to be made on both sides because this is the most important bilateral relationship in the world and it must be preserved. [Translation of MJM's comments into Japanese]. They thank MJM for attending the



meeting and the meeting ends.

[END OF TAPE]