

Maureen and Mike

Mansfield Library

UNIVERSITY OF MONTANA

Archives and Special Collections

Mansfield Library, University of Montana

Missoula MT 59812-9936

Email: library.archives@umontana.edu

Telephone: (406) 243-2053

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MANSFIELD ORAL HISTORY COLLECTION
AMBASSADOR AT ASIA SOCIETY 5/20/85
OH #22-406B

SIDE A
000-049

MJM begins talking. He is glad for the opportunity to discuss matters of mutual interest between Japan and the U.S. Chief difficulty with Japan and U.S. has to do with the imbalance of trade. MJM has been concerned by what he has heard in Congress, by members of the business community and others. He mentions going to Washington in March. Congressional resolutions. On return from Congressional Easter recess, members were dealing with other concerns besides the Japanese trade issue. Yet the trade issue is still an active one. Congress needs to see the trade imbalance with Japan in a global context. He details trade deficits the U.S. has with other countries. There is no questions that Japan must open its markets much more than it has. The key word in this issue is access. The U.S. wants the same opportunities in Japanese markets that Japan has in U.S. markets. Nakasone is moving in that direction.

050-099

MJM would like Japan to move more quickly. The U.S. must recognize the importance of this region. The four other Japans: Hong Kong, Singapore, Taiwan and Korea. There has been sustained prosperity in this area. They have been turning out quality products at competitive prices. The U.S. has been increasing its productivity. It is turning out better quality products. It hasn't been competitively pricing its goods. Competitive prices is one of the basic tenets of capitalism. Needs more follow-through service on the goods it sells. He details the two-way trade between the U.S. and East Asia in recent years. Substantial increases. MJM claims there has never been an overseas trading relationship like that between Japan and the U.S. Many of the faults which are responsible for the trade imbalance have been made by the U.S. Over-valued dollar. High interest rates. Huge budget deficit.

100-149

The U.S. is responsible for these things. There needs to be more cooperation between the Administration and Congress in dealing with these issues. U.S. is on verge of becoming a debtor nation. Mentions the call for an international conference on exchange rates by Secretary of the Treasury Baker. Foreign capital flowing into the U.S. This money is vitally needed in order to pay the interest on the national debt. Responsibility for trade imbalance is a two-way street. Japan must open its markets much more. It has been the chief beneficiary of the international trading system. If that system breaks down, Japan will be the chief loser. MJM hopes Congress will face up to

amending the law which now prohibits the shipment of surplus Alaskan oil to other countries. Using this oil to export to Japan would make a large dent in the trade deficit.

- 150-199 The U.S. has been unwilling to accept its own responsibilities. Problems in the trade between the two countries will exist for decades. MJM says the defense relationship between the U.S. and Japan is excellent. Japan is a full-fledged member of a security treaty with the U.S. The bases the U.S. uses in Japan and the Philippines form the outermost limit of the U.S.'s defense perimeter. He wants to talk now about the future of the Pacific Basin area. There is the fact of increases in two-way trade. There is American investment in this region. Returns on these investments are some the highest in the world. He mentions the ASEAN countries. Demographic trends and changes in the U.S.
- 200-249 Two-way trade between separate West coast states and East Asia. He details California, Washington and Oregon. Visits by governors to East Asia and Japan in search of business and business investments. For the U.S. there has always been a pull from the Atlantic and Europe. But there has always been a westward push across the country, the Pacific. 58% of the world's population live in the Pacific basin. Four continents impinge on it. The countries involved. Tremendous natural resources. Great potential markets. Friendly people and government.
- 250-299 It is in the Pacific Basin where all our futures lie. [END OF AMBASSADOR'S SPEECH. APPLAUSE.] Questioner asks MJM to comment on the feelings and attitudes of the Japanese people towards the U.S. MJM says the Japanese are very concerned because they have tied their future to that of the U.S. It is the largest market for Japan. Japanese like the Americans very much and that feeling is reciprocated by Americans. He mentions a recent Potomac Associates Gallup Poll. Japanese have been learning about the U.S. for decades. The U.S. has not been trying hard enough to learn about Japan and the Japanese. There is a need for more interchanges between the peoples of both countries.
- 300-349 MJM hopes the mutual regard between the two countries continues to grow. The most important bilateral relationship in the world is that between the U.S. and Japan. The development of the Pacific Basin depends on the U.S. and Japan working in partnership. ASEAN could be a good model on which the future concept of the Basin could be built. He hopes the next time there is a meeting of the summit seven, Australia will attend.

Japan is now the only Pacific nation represented at the summit. Questioner asks MJM to explain the difference in attitude between American people and Congress on the subject of Japan and the Japanese.

350-397 MJM says it's not easy to say what the reason is. He thinks it is probably tied to the amount of the trade deficit figure. He mentions the suggestion of Morgan Guarantee Trust to place a surcharge on Japanese goods only. He mentions Dave Packard's suggestion to place a quota on Japanese products. For MJM this represents Senatorial frustration and deep business concern. Nakasone has been given a bit more room to maneuver and more flexibility to do what he can. Hopefully he will be able to do something similar in the areas of pharmaceuticals and medical devices, electronics, and lumber and wood products, to what he was able to work out in the area of telecommunications.

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