

4-24-1985

## Japanese National Diet

Mike Mansfield 1903-2001

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### Recommended Citation

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# PRESS RELEASE



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AMBASSADOR MANSFIELD REMARKS AT UPPER HOUSE COMMITTEE  
JAPANESE NATIONAL DIET  
APRIL 24, 1985

THE FOLLOWING IS THE TEXT OF AMBASSADOR MANSFIELD'S REMARKS  
BEFORE THE HOUSE OF COUNCILLORS INVESTIGATORY SPECIAL COMMITTEE  
ON FOREIGN AFFAIRS AND COMPREHENSIVE NATIONAL SECURITY, APRIL  
24, 1985

AMBASSADOR: Thank you, Mr. Chairman. First, let me say that I  
am delighted to have this unique opportunity and privilege to  
appear before Members of the Diet and to discuss with them on a  
person-to-person basis the situation which exists in the trade  
area between our two countries at the present time. It is most  
serious. It is most critical.

First, let me say that I am delighted with the great rate  
of progress made in coming to an agreement on the  
telecommunications measure placed on the statute books on April  
1.

Secondly, I am happy to note that negotiations are  
underway at the present time, or will be by tomorrow, covering

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electronics and also pharmaceuticals and medical devices. Later down the way, further meetings will take place covering lumber and wood products. I anticipate reasonably good progress in all these areas. I am delighted that the so-called litmus test, as it was described by Undersecretary of Commerce Olmer, the Telecommunications Bill has passed with flying colors and is now mutually agreeable to both sides.

Last week, one of the most provocative and statesmanlike speeches made by a businessman, Mr. Lee Iacocca, was given at the Okura Hotel before a "standing room only" crowd from the American Chamber of Commerce in Japan.

The speech was quite different from those which he is alleged to have made in the United States -- both in tone and in content. In his remarks he indicated that he had been in favor of a continuation of the voluntary restraint on Japanese auto exports, but that once the decision had been made he accepted it and not only resumed his relationship with Mitsubishi Motors but increased his participation in it and established a joint venture which will soon be in production for the making of small cars. In other words, he accepted the fact that there would be no voluntary extension of voluntary quotas, and he has looked to the future and worked out what he referred to as a "fair deal" or a "win-win deal" with Mitsubishi Motors -- win-win on both sides.

If anyone is unaware of who Mr. Lee Iacocca is, and I'm sure there are no such persons here, but just to play it safe, he is the Chairman of Chrysler and the American businessman most responsible for bringing Chrysler back from the ashes and making it a first-rate auto power in the United States at the present time, which is third in production capacity and it has increased its normal 8 percent of the auto market to somewhere around 12 percent plus.

In that speech, which impressed me greatly, he said, and I quote: "If Japan is protectionist (and people say that about me," Iacocca speaking of himself, "so I'm not throwing stones), then I think it's protecting the wrong market. It's protecting its market in Japan when it ought to be protecting its market in America. That's the market that's really in danger, and that's where it stands to take the biggest loss." Words of wisdom, words to remember, because they have meat in them and they mean something in understanding the economic relationship existing between our two countries at the present time.

As a result of three weeks in the United States the latter part of last month and the first part of this month, most of the time spent in Washington, I became aware of the fact that the Members of Congress, both the House and Senate, are becoming highly emotional, highly frustrated, and are venting their difficulties on one country especially, Japan. That is most unfair, uncalled for and unnecessary, but it is something which we have to face up to.

In addition to the congressional members, we find that outstanding members and institutions in the business community are likewise taking a hard stand. I refer, for example, to the statement issued by the Morgan Guaranty Trust Company of New York, one of our major banks, which recommends that a special tariff be imposed on Japanese imports.

I refer to a statement by David Packard, one of the Co-Chairmen of the Japan-U.S. Advisory Commission and a leading free trader, who says that on a temporary basis perhaps quotas should be imposed on goods from Japan.

I mention these only to indicate the breadth, the width and the depth of the feeling on the present economic situation between Japan and the United States caused by a deficit in trade on our part which is anywhere between 34 and 37 billion dollars.

It is a tremendous deficit, and all the estimates point to an increase in that deficit during this calendar year, but it is only part of the picture because our total deficit in calendar 1984 amounted to 123 billion dollars, and in addition to the deficit we have with Japan we had a deficit in excess of 20 billion dollars with Canada, in excess of 11 billion dollars with Taiwan, in excess of 16.9 billion dollars with Western Europe, so it's not a sector or an area approach we should consider.

We ought to put the bits and pieces together, look at the picture as a whole, and on that basis begin to find ways and means to alleviate a very delicate and difficult situation. We will not do so by scapegoating one country or one area. We will do so only by looking at the mote in our own eyes and recognizing that what must be done in Japan in Japan's best interest is a further opening of its markets so that in Japan we have the same opportunity, generally speaking, that Japan has in the U.S. market.

That's what we mean by fair play. That's what we mean by true reciprocity. But, by the same token, there are things which we must do, and only we can do. I'll mention them in a few minutes.

I have mentioned that some of our difficulties are of our own making. We are responsible for the overvalued dollar, no one else. We are responsible for high interest rates, no one else. We are responsible for our own huge deficit, no one else, and it's up to us to bring about the solutions to those difficulties, and to do so as expeditiously as possible.

I was interested to read in the past several weeks a statement by Ambassador William Brock, the President's Personal Trade Representative, (he still is until he becomes Secretary of Labor), who said that up to three-quarters of the 37 billion dollar deficit with Japan is the responsibility of the U.S., and he places that responsibility on the three factors I have

mentioned; an overvalued dollar which has increased in worth by 60 percent over the past five years; high interest rates which draw in capital; and a huge deficit. So we have to keep a balance in mind, recognize that the fault is no one country's alone, that it calls for united efforts, and we must do things which entail sacrifices for our mutual benefit and for the benefit of the whole world community as well.

The key word for Japan is access, access to your markets, the opening of your markets and the same opportunities offered to us that we offer to you in our own markets, generally speaking.

As far as we are concerned in the United States, the key words are the dollar--too high, interest rates--too high, and a deficit--too deep. We have got to face up to them and to cure them. No one else can do it for us.

I would hope in the process that there would be a greater degree of cooperation between the President and the Congress in facing up to problems which affect all of us, and if not faced up to will affect all of us that much more, and if I may be so presumptuous as to say so, a greater degree of cooperation between the Prime Minister of Japan and the Diet, because I think the times are crucial. I think we have to forget politics, and we have to do what we can so that we will not hand down to our children and grandchildren the debts and difficulties which they should not have to bear and which we

are creating to impose on them at the present time.

That's all I have to say. If you have any questions, shoot.

Chairman: Your Excellency, thank you very much for your views from which we have gained many impressions and suggestions. Due to time constraints, I would take the liberty of asking Your Excellency a few questions on behalf of the members of the committee.

Q.: (Inaudible.)

AMBASSADOR: Mr. Chairman, first let me say that the 92-0 vote which passed the Senate about a month ago was a measure of the frustration felt by the members of the Senate. It was a sense of the Senate resolution which had no validity in law but was an expression of opinion which I think that the Japanese as a whole, both in and out of government, took notice of. Since that time, that sense of the Senate resolution has been reported legislatively out of the Finance Committee and is now on the Senate calendar. It is my understanding, after talking with Senator Dole, the Majority Leader, that it would not be called up for some time.

I think some of the heat has been taken out of the situation because of the very satisfactory agreement reached on the Telecommunications Bill. I think further heat will be



over the next three years. I'm not at all certain that in its present form that bill will pass, because there are too many special interests, and both the Diet and the Congress have special interests to contend with -- the farm bloc, the aged, you name it -- and there is a good deal of similarity between our two countries. But at least they are facing up to the problem -- not in a big enough way, in my opinion -- but they are facing up to it after a fashion.

As to what we can do to bring about a change in the deficit, there really isn't much because the deficit, according to all estimates, is going to increase considerably this year from 37 billion dollars to somewhere around 45 to 50 billion dollars. That means that no matter what each country does, it will take several years to bring about an alleviation in the present differential covering the balance of payments, trade payments figure.

Unfortunately, that is something which cannot be faced up to immediately and it certainly cannot be solved at once. It will take years to solve.

The best we can do is to talk about big ticket items like telecommunications. We ought to do something, and this is up to the Congress to repeal the appropriate law by means of which we could ship surplus Alaskan oil to Japan and East Asia, thereby diversifying your sources of supply and, at the same time being able to reduce our deficit by something on the order

of 5 billion dollars. But that's something which the Congress seems loathe to face up to so, as I said, we are going to have to make sacrifices on both sides, and if we fail in the process then we're just passing the burden on to our children and our grandchildren and ducking the responsibility we should be facing up to today. The disparity in trade will remain with us for a long time, and Japan's factor will be one of surplus and America's will be one of deficit. The only possibility is to decrease that deficit on our part and thereby decrease the surplus on your part.

Q.: (Inaudible.)

AMBASSADOR: In the first place, we're going to have difficulties based on trade differentials for years, if not decades, to come. Two years ago our two-way trade with Japan amounted to 63 billion dollars plus. Last year the figure was close to 87 billion dollars plus, and this year that figure is going to increase considerably more. So I think we ought to anticipate that there will be an uneven relationship based on the fact that our two-way trade is of such tremendous proportions.

As far as the trade packages are concerned, it's true that 7 have been released. Unfortunately, by and large, they looked good on paper but they looked pretty thin in substance, and while the bone looked good the flesh was lacking except to a minor degree.

What I would like to see is all of those previous trade packages, so-called, fleshed out so that they would really mean something in the consideration of opening the market and expanding trade, and that's something which is up to the Government of Japan to attend to, but as long as you've asked the question, I'm delighted to give you my answer.

So the only thing of real value that a Congreese or a Diet can do is wherever in good conscience they can support the President or the Prime Minister in this particular field -- of the trade area -- it ought to be forthcoming because the stakes are pretty high. And as far as benefits are concerned I think that Japan has been the chief beneficiary of the international trading system, and if it doesn't face up to its responsibilities -- and it's trying awfully hard to, I'll give Japan credit for that -- it will be the big loser in the long run because it is so vulnerable and so dependent upon the rest of the world for its survival.

Q.: (Inaudible.)

AMBASSADOR: Mr. Chairman, you are right in your assumption. Foreign Minister Abe and Secretary Shultz did have a productive meeting on the 13th, I believe, a week or so ago, and the matter of savings did come up and what was in the Secretary's mind was that perhaps those savings could be diverted into the domestic sector to accelerate that, and thereby accelerate the market for the import of goods. The Secretary also realized

that that was a decision which the Japanese would have to make themselves. It was their responsibility. The Secretary was just making a suggestion and not telling Japan what to do but suggesting, as an economist of note and stature, what he thought might be one of the ways to help alleviate the situation.

Incidentally, that was the 16th meeting between Shultz and Abe. Extraordinary! And the meetings between the Prime Minister and the President, I think, now number 5, and shortly will number 6. Again, an extraordinary amount, which indicates the extremely close relationship on a personal basis between the Prime Minister and the President and the Foreign Minister and the Secretary of State. That's all to the good.

One thing I might have mentioned earlier, but I forgot in the course of answering the questions, was that relative to the overvalued dollar, an increase of 60 percent in five years, perhaps some consideration should be given by the Government of Japan to a proposal suggested by Secretary of the Treasury Baker that sometime in the future some sort of a monetary conference might be considered to bring about a leavening of the disparity between the dollar and the rest of the world's currencies. That is a matter which I hope may well be taken up at Bonn, and I am pleased to note that Secretary Baker has indicated an interest in such a monetary conference, the kind to be determined, being held.

CHAIRMAN: I would like at this time to express words of appreciation. Mr. Ambassador, thank you very much for devoting so much of your time to offer us lucid and candid view as well as to extend to us a thorough response to the questions that we have asked of you. I am convinced that we had a lot to gain which would be reflected favorably in the deliberations we will be having in the future. On behalf of the members of this committee, I extend my heartfelt appreciation.

I realize that the trade friction problem between Japan and the United States is a very difficult issue which cannot be solved overnight. However, I am also convinced that putting the wisdom of the peoples of the two nations to work, we can overcome this very difficult issue, and I also sincerely hope that in the process of overcoming this issue the amicable relations between the two nations will be further reinforced.

Lastly, I would like to conclude my words of appreciation by wishing Your Excellency health and prosperity.

AMBASSADOR: Mr. Chairman, thank you very much for your kind words. Let me say again I am deeply appreciative of the fact that I have been invited here by the members of this committee and this Diet, that I consider it a unique privilege and a great opportunity to discuss matters of mutual interest.

If at any time in the future you would wish me to come before you again, please let me know. The more we can get

together, the more we'll understand each other, and the better our relationship will be.

So, once again, thank you for your kindness. Thank you for inviting me. It was a privilege and an honor.

\* \* \*



EMBASSY OF THE  
UNITED STATES OF AMERICA

April 23, 1985

TO : The Ambassador  
THRU : DCM - William Clark *let*  
FROM : POL - William Breen *WMB*  
SUBJECT : Your Meeting with the Upper House Special  
Committee on Foreign Affairs and Comprehensive  
National Security, Wednesday, April 24,  
2:15 to 3:30 pm

Although the Committee will be holding its regularly scheduled meeting, it will recess during your visit to discuss current international economic frictions with you informally. The Committee would welcome your making about 20 minutes of remarks (40 minutes with consecutive interpretation), followed by discussion. The press will be present throughout. Mr. Ishii of USIS will interpret and Don Westmore will meet you at the entrance to the Upper House Committee Annex.

Attached: Biography of Committee Chairman Ueki  
List of Committee Members

Drafted: POL: DWestmore *DW*

Mitsunori UEKI  
Chairman  
Upper House Special Committee on  
Foreign Affairs and Comprehensive Security



Chairman Ueki is serving in his fifth six-year term in the Upper House, representing Kyoto Prefecture. In addition to chairing the Special Committee on Foreign Affairs and Comprehensive Security, Mr. Ueki is a member of the Construction Committee. He has previously held a number of important positions in the Upper House, including Chairman of the Budget and Steering Committees. In 1975 he was appointed Director General of the Prime Minister's office and concurrently Okinawa Development Agency Director General. 47 years of age at that time, Ueki had the distinction of being the youngest member of the Miki Cabinet.

While attending college during the mid-1940's (Ueki graduated from the law department of Tokyo University), Ueki joined "Zengakuren", a major leftist student organization, but his experience soon led to his disenchantment with Communism and leftist ideology. After graduating in 1950, Ueki briefly worked for NHK radio, but soon left to take a position in the office of the Governor of Hokkaido, eventually rising to become director of the Governor's office. Ueki won his first term in the Upper House in 1963, having based his campaign on the image of a youthful and progressive candidate.

During the time he worked in Hokkaido, our Consuls found him to be able and most cooperative, particularly in the Japan-America Rural Cooperative Society, in which he was an active member. Ueki and his wife have one son and one daughter. Soft-spoken and relaxed, Ueki speaks some English.

POL:4/23/85



Special Committee on  
Foreign Affairs and Comprehensive National Security

Chairman	Mr. Mitsunori Ueki	(LDP)
Director	Mrs. Yoshiko Otaka	(LDP)
"	Mr. Kenichiro Otsubo	(LDP)
"	Mr. Ichiro Nakanishi	(LDP)
"	Mr. Shogo Oki	(JSP)
"	Mr. Akira Kuroyanagi	(Komeito)
"	Mr. Koichiro Ueda	(JCP)
"	Mr. Yoshihiko Seki	(DSP)
Member	Mr. Tokichi Abiko	(LDP)
	Mr. Michiyuki Isurugi	(LDP)
	Mr. Ichiji Ishii	(LDP)
	Mr. Hiroshi Oki	(LDP)
	Mr. Hiroyuki Kurata	(LDP)
	Mr. Minoru Genda	(LDP)
	Mr. Eisaku Sato	(LDP)
	Mr. Tsuneo Sugimoto	(LDP)
	Mr. Ikuo Soneda	(LDP)
	Mr. Kimitomo Takahira	(LDP)
	Mr. Iichiro Hatoyama	(LDP)
	Mr. Masao Horie	(LDP)
	Mr. Hiroshi Miyazawa	(LDP)
	Miss Manae Kubota	(JSP)
	Mr. Yutaka Shitoma	(JSP)
	Mr. Tetsu Noda	(JSP)
	Mr. Tatsuro Matsumae	(JSP)
	Mrs. Tamako Nakanishi	(Komeito)
	Mr. Takayoshi Wada	(Komeito)
	Mr. Hiroshi Tachiki	(JCP)
	Mr. Renzo Yanagisawa	(DSP)
	Mr. Yutaka Hata	(Sangiin-no-kai)

Note: LDP ... The Liberal Democratic Party  
 JSP ... The Japan Socialist Party  
 Komeito.. Komeito-National Council  
 JCP ... Japan Communist Party  
 DSP ... Japan Democratic Socialist Party