

Speech by Ambassador Walter F. Mondale
Japan National Press Club
November 5, 1993

Thank you for inviting me here today. This is my first speech to the Japan National Press Club, and I am honored to be here.

Because one of my principal responsibilities as Ambassador is to communicate the views and positions of the American government to the Japanese people, I depend very much on the media. I respect the job you must do to fairly report and analyze the news, and I will continue my policy of being open and accessible to you.

In my short time here, I have already had the privilege of meeting and talking with many impressive Japanese leaders in government, business, education and other fields. I look forward to many more opportunities along these lines. Joan and I also look forward to traveling throughout Japan to meet and make many new friends. Last weekend we visited Kyoto -- where we were delighted to learn more about the rich, fascinating history of this nation. I am sure that my time here will be both professionally and personally rewarding.

I have arrived in Japan at a time of momentous change in the world. Gone is the mortal stand-off between the superpowers which dominated my earlier service in public life. It is astonishing:

- the Soviet Union has ceased to exist;
- the countries of Eastern Europe have been liberated from communist control; and
- the bipolar world of the Cold War is no more.

For America, these changes provide an opportunity to focus our energy and attention on domestic priorities which were neglected for far too long. Thus, President Clinton has made the renewal of the American economy his foremost

concern, and he has already taken bold steps toward that end. He is doing what our allies, including Japan, have been urging us to do for years.

Yet, the world also remains a dangerous and complex place. There will continue to be very real threats to international peace and security, and the United States -- along with other nations -- must be prepared to respond. The long-standing alliance between the United States and Japan remains vital to the interests of both our countries. Defense Secretary Les Aspin's visit earlier this week reaffirmed our security guarantees to Japan and the region.

In turn, there should be no doubt about the American government's broader commitment to our relationship with Japan. President Clinton's first overseas trip was to Tokyo in July. Moreover, the President and your Prime Minister meet later this month in Seattle, and they will meet again early next year in Washington as part of their commitment to hold semi-annual meetings to review progress on the Framework agreement.

These meetings demonstrate our government's engagement at the highest levels with Japan.

Nonetheless, given the size of our two economies and our increasing interdependence, it is natural for frictions to develop between us. Right now, these economic tensions are the most urgent item on the agenda between our two nations -- and their importance goes beyond our bilateral relationship to the very health of the global economy.

We need to address our economic problems in the spirit of statesmanship which befits the seriousness of our relationship. For example, the recent decision by the Japanese government to adopt new principles for the construction industry permitted the American government to defer sanctions. This demonstrates that we can work together with mutual trust and respect to resolve our differences. I think this was a very hopeful development, reflecting the importance which each nation attaches to this relationship and the dignity with which we hope to conduct it.

We should recall just how remarkable is the relationship between the United States and Japan. Ours is one of the great diplomatic success stories of this century.

In a short time, once bitter enemies have become close allies and friends -- and our economic destinies have become inseparable.

Although separated by geography, culture and language, our two nations have a great deal in common:

- we are free and open societies;
- we have democratically-elected governments;
- we are prosperous, market-oriented economies; and
- we are committed to international cooperation to secure a peaceful world.

Because the United States and Japan are the world's two largest economies, what we do literally affects every other country. I am convinced that our relationship will only grow in importance in the future. More than ever, we will need to act as partners in international leadership. This is consistent with both America's changing role in the world and Japan's own aspirations for global responsibility.

With the end of the cold war, we have a world in which power is diffused and effective action increasingly depends on multilateral efforts. Although the leadership of the United States will continue to be crucial -- and let there be no doubt about America's commitment to lead -- we cannot be expected to do it alone. It is only by working closely together that the United States and Japan -- along with Europe -- will be able to build a world which can offer new levels of security and prosperity for everyone.

The stakes are as high as they can get. Thus, one of my foremost duties as Ambassador will be to nurture this essential partnership between the United States and Japan as world leaders.

Fortunately, Japan and the United States already have a very positive record of working together in many areas outside a strictly bilateral context:

- we are working together in the United Nations and other international organizations, including the G-7;

- we cooperate on security issues in northeast Asia (especially the Korean peninsula);

- we are working together in the Middle East peace process;

- we are partners in providing aid to developing nations and promoting a "common agenda" of global issues;

- and, increasingly, we are cooperating on the regional level through the Asia-Pacific Economic Cooperation forum (or "APEC") and, together with the leaders of the "ASEAN" countries, in the annual "ASEAN" post-ministerial conference.

In sum, Japan and the United States enjoy a productive relationship across the spectrum of bilateral, regional and global issues.

But it is in the economic arena where the world most urgently requires our two nations to take the lead.

First, there is the "GATT".

December 15 is the deadline now looming for conclusion of the Uruguay Round of negotiations. This is a hard deadline which we must meet.

The Uruguay Round will not succeed unless the members of the G-7 work together to ensure this outcome. We are encouraged by Japan's statements of support. It is in everyone's interests to strengthen the "GATT", because every country stands to gain from a more open international trading system. A recent World Bank-"OECD" study conservatively estimates that, by the year 2002, annual world income will increase more than two hundred billion dollars if the Uruguay Round negotiations are successful.

The failure of these "GATT" negotiations would demoralize efforts to maintain and broaden our global trade and financial system.

So much is at stake. When nations open their markets . . . when they allow goods, services and investments to flow efficiently . . . when they must innovate and compete . . . the result is greater wealth for everyone -- with more trade, more jobs, higher living standards and greater possibilities for peace through economic interdependence.

"APEC" is also vital to this effort to open markets, expand trade and stimulate global growth.

"APEC" has become the most promising vehicle for greater economic cooperation in the Pacific rim. We look to "APEC" as a means to:

- liberalize regional trade and investment,
- strengthen the multilateral trading system, and
- anchor the United States firmly in this region.

We also hope it can serve as a bulwark against the development of exclusionary and protectionist trading blocs.

Later this month, the United States will host the fifth "APEC" ministerial meeting in Seattle. Immediately following these deliberations, President Clinton will host an historic informal meeting of "APEC" leaders to discuss long-term economic trends and issues facing the Asia-Pacific region.

Japan and the United States must also ensure the success of the Economic Framework that was agreed upon in July.

As you know, American negotiators were here last month to meet with their Japanese counterparts to continue these Framework talks. President Clinton and Prime Minister Hosokawa will review progress on the framework when they meet in Seattle on November 19. We remain on schedule with these negotiations, and we expect the first specific agreements under the Framework to be ready by early next year.

But our responsibilities go beyond the success of the "GATT" and "APEC" and the Framework negotiations.

One of the great dangers we continue to face is the possibility that the world will disintegrate into beggar-thy-neighbor trading blocs. History teaches us some pretty scary lessons about what follows when this happens. A stagnant world economy is a breeding ground for protectionist pressures.

At present, the United States is the only major economy that is growing -- even though the recovery is not as robust as we would like. The economic forecasts for Europe and Japan, by contrast, are pessimistic and not at all encouraging.

Thus, one of the principal challenges which Japan and the United States confront is that of global economic growth.

In the United States, we are moving to revitalize our economy:

- we have a plan in place to significantly reduce our budget deficit;
 - President Clinton has put forward a health care reform proposal which, if passed, will bolster our national competitiveness;
 - we are seeking ratification of the North American Free Trade Agreement ("NAFTA") as an important step toward more open markets, consistent with the GATT; and
 - our industries and workers are taking steps to improve their productivity.
- In fact, there is increasing evidence that American producers are enhancing their performance and becoming more competitive.

These are important initiatives. But our nations must also coordinate our economic policies to lift the global economy.

As you know, Japan's current account surplus is massive, persistent and growing. I believe that is why we hear so many Japanese business leaders, and

others, calling for a real and substantial fiscal stimulus to the Japanese economy to boost domestic demand and reduce this large current account surplus. Many Japanese and foreign experts agree that the most effective policy would be a sizable income tax cut to put more money in the hands of consumers -- with a significant delay in any offsetting increases of other taxes.

There is also a growing consensus that, over the long term, Japan needs to move away from its traditional strategy of export-led growth to pursue a consumer-oriented strategy of domestic demand-led growth which will contribute to global economic growth. By taking these steps, Japan will also bring the living standards of its own people in line with its wealth as a nation.

Despite the collapse of the "bubble economy" and the lingering recession, Japan's economic fundamentals remain very impressive. These include:

- a high savings rate;
- a modern, efficient industrial base;
- a strong government fiscal position; and
- a highly-educated and talented people.

Japan's is a modern, mature, developed economy -- the second largest on earth. The effects of Japan's economic policies are felt worldwide. That is why the leaders of so many countries are watching Japan's policies so closely.

Positive signs of Japan's leadership on these matters are already apparent -- in many of the statements of the new government and in the deliberations of the Economic Reform Research Council (the Hiraiwa Commission) and the Tax System Research Council. We look forward to their recommendations.

Although I have just recently arrived in your wonderful country, I must say that I am already impressed by the many voices for reform that exist here. It seems to me that the real momentum for change in Japan is now coming from within

Japanese society -- from government, business, consumers and a broad cross-section of the Japanese public.

I believe these developments will help Japan and the United States to become, increasingly, full partners in international leadership. If we hope to build a new world -- with a real promise of international security and prosperity -- we will depend on Japan's best efforts.

In the years ahead, we in the United States look forward to working even more closely with Japan on the full range of bilateral, regional and global issues where we have common interests.

When we have differences and disagreements -- as sovereign nations inevitably will -- we look forward to resolving them with civility, never losing sight of the fact that the interests which unite us far outweigh those which divide us.

Above all, we look forward to a relationship based on dignity, respect and mutual responsibilities. As two great nations, we should expect nothing less. It is no exaggeration to say that the world is counting on us.

Thank you.



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