

Kyoto Speech -- April, 1994
U.S.-Japan Relations at the Crossroads?

Thank you for inviting me to participate in this conference. I believe that these kinds of meeting are very important. The long-term strength of U.S.-Japan relations ultimately depends on mutual understanding between our people. This can happen only if we have opportunities like this to actually meet and talk with one another. In addition, these discussions are a good way to highlight the many common interests and values shared by the American and Japanese people at a time when the headlines are full of all the difficulties we are having in our economic relationship.

The end of the Cold War and our recent trade tensions have led some people to ask whether U.S.-Japan relations might now be at a "crossroads." In particular, this reflects a concern, even alarm, about the possibility that our strategic and political cooperation might begin to weaken and deteriorate.

These questions are legitimate. Times are changing, and we cannot assume that the future will simply be a continuation of the past. But it is important that we put current events in the proper context.

The relationship between Japan and the United States continues to be one of the great international success stories of the past half century. Once bitter enemies, our two nations are now close allies, partners, and friends. This success remains the fundamental, defining reality of U.S.-Japan relations. Obviously, our relations will change as the world itself changes — and as our two nations change along with it. But even in such times, we must continue to recognize the enduring strength of our shared interests and the mutual benefits of our cooperation.

In fact, anxieties about the future of U.S.-Japan relations are nothing new. At other times in the post-war period, it has been thought that U.S.-Japan relations might be at a "crossroads":

- The first of these episodes was in 1960, when the U.S.-Japan Security Treaty came up for renewal. This became the flash point for a heated debate within Japan not only about the nation's security posture, but about its post-war identity and

status. The ensuing controversy included major riots that forced the cancellation of President Eisenhower's visit to Tokyo in June 1960. This episode was, and remains, (in the words of Edwin Reischauer) "Japan's greatest postwar crisis." Nonetheless, by keeping our shared interests in perspective, we managed to move ahead and beyond this crossroad. Japan renewed the Security Treaty with us and — with revisions — it continues to be the foundation of our security partnership to this day.

- We encountered the next crossroad in the early 1970s, when U.S.-Japan relations were hit by the "triple shocks" of America's withdrawal of the dollar from the gold standard, the U.S. opening to China, and the international crisis over the OPEC oil embargo. Each of these touched on sensitive areas of U.S.-Japan relations. The first two aroused alarm within Japan about the depth of America's commitments to Japan, while the third caused concern in the United States about the depth of Japan's commitments to America. The energy crisis also heightened each nation's sense of economic vulnerability. But, by keeping our shared interests in perspective, we again managed to move ahead and beyond the crossroads.

- In the 1980s, we came upon yet another crossroads with a series of bitter trade disputes in one sector after another — steel, cars, semiconductors, beef and citrus (to name a few). Of course, we had had trade disputes with Japan prior to this time. But trade issues gained altogether new prominence — and intensity — during the course of the 1980s. The phrase "trade war," for example, entered the vocabulary of U.S.-Japan relations — and, unfortunately, many people seemed to understand it only in the literal sense.

-In 1990 and 1991, during the Persian Gulf war, U.S.-Japan relations seemed to reach yet another crisis point. In the minds of many people — in Japan, the United States and elsewhere — the Japanese government had acted too slowly in offering help during this international crisis where Japan's fundamental interests were at stake. Japan did eventually make a generous financial contribution to the coalition effort. But this episode reinforced pre-existing doubts about Japan's ability to carry out international leadership responsibilities commensurate with its stake in the world and its ability to contribute. While these questions have not disappeared entirely, Japan's participation in peacekeeping in Cambodia and its contribution to the successful conclusion of the Uruguay Round have been widely welcomed as signs of a more active Japanese international role.

- Now, with economic frictions again dominating the news, there are people in both countries who question the ability of our alliance relationship to endure.

In the midst of change, it can sometimes be hard to see the basic principles that still provide a firm anchor for U.S.-Japan relations. It is ironic to observe the extent to which doubts and insecurities persist even when this relationship has proven to be so strong and so successful for so many years. We are perhaps a bit like nervous passengers on a jet who keep mistaking the occasional pocket of turbulence for the start of a nose-dive and crash.

Let me examine what I see as some of the enduring strengths of our relationship.

First, there is our security partnership. Despite the end of the Cold War, our alliance with Japan remains the foundation of peace and stability throughout the Asia-Pacific region. America's continuing presence serves the interests of both the United States and Japan, as well as every other nation in the region.

Asia occupies a unique place in the post-Cold War world. On the one hand, this is today possibly the most stable region in the world. There are no significant military conflicts, and most of the countries in the region are experiencing economic growth at an unprecedented pace. On the other hand, the North Korean nuclear program reminds us of the continuing potential for instability in the Asia-Pacific.

We also need to be aware that the process of regional cooperation in Asia remains much less advanced than in Europe. There is no European Union, no NATO, no CSCE, reflecting the complex history of this region with its economic, political and cultural diversity. We are beginning to build such institutions through APEC, the ASEAN Post-Ministerial Conference and the Asian Regional Forum. But this process will take time. For the foreseeable future, the American presence — based on the U.S.-Japan Security Treaty — will remain essential to the stability and prosperity of the region.

Last year, President Clinton submitted to Congress our Bottom-Up Review and a revised East Asia Strategic Initiative. These call for maintaining American

military capabilities in the Pacific at current levels. We will adjust our forces only to match changes in the regional security situation.

The cooperation provided by Japan, especially in the form of Host Nation Support, is essential for America's forward-deployed strategy in the region. Japan's generous contributions to the common defense helps demonstrate to the American public that our alliance is truly an equal partnership.

One of the great virtues of our alliance has always been its adaptability. The fact that it is as relevant today as it was in the midst of the Cold War shows the deep interdependence of American and Japanese national interests. In fact, Defense Secretary William Perry is in Tokyo today to meet with Japan's leaders to discuss ways in which we can further strengthen our security partnership.

Yet there are challenges ahead. The international security environment is today more complex and unpredictable, but perhaps no less dangerous, than during the Cold War. It is natural that some people might yearn for the simplicity of a time not long ago when our common enemy was obvious. Today, with no clear and singular enemy, it may be more difficult to maintain public support for our existing levels of defense spending and our traditional military alliances.

Moreover, among the American public, there is a growing preoccupation with a crowded agenda of domestic issues like economic renewal, health care reform, and the fight against crime. And among the Japanese public, we are beginning to hear more serious questions raised about the desirability of a long-term reliance on the American military presence here. Therefore, in the future, leaders in both the United States and Japan will need to make extra efforts to explain to our citizens the purposes and benefits of our security arrangements.

Second, both countries continue to benefit from our political cooperation. Here, our record together is very impressive. We have been partners on a vast array of issues which literally span the globe.

In Asia, we are working together to ensure stability on the Korean peninsula, to support economic and political reform in China, to encourage the integration of

Indochina into Asia, and to promote further development of the Asia-Pacific Economic Cooperation (APEC) forum.

There has been a significant shift in America's interest toward the Asia-Pacific region. Today, no region is more important to the United States. Forty percent of our trade is this region, and almost two and a half million American jobs are directly related to our exports here. In the years ahead, this region will be the world's center of economic growth, trade, jobs, and prosperity. You know this better than anyone.

The United States and Japan also have a shared interest in strengthening multilateral institutions, most notably the United Nations. The American government welcomes Japan's steps toward a greater role in the maintenance of international security. The people of Japan have every reason to be proud of the contributions to peace that Japan made in Cambodia and is now making in Mozambique. International peacekeeping offers an entirely new field for cooperation between us, and the United States stands ready to work with Japan in future operations. We strongly support a permanent seat for Japan on the UN Security Council — and we are working with other members to move this along.

The United States and Japan are also cooperating on a full range of what are called "global issues" — environmental protection, health, AIDS, population control, science and aid to developing countries. These programs are literally saving lives as well as improving the living conditions of people around the world. It is unfortunate that these efforts do not capture even a fraction of the newspaper headlines that are devoted to our trade conflicts.

Nonetheless, it has become clear that we need to rethink many of the traditional foreign policy concepts and priorities we inherited from the Cold War period. New realities create new challenges — and these, in turn, require new responses. But whether it is geographic areas as different as Russia and Africa, or whether it is issues as different as human rights and weapons proliferation, the answers will require the cooperation of the United States and Japan.

Many people hope that we will be able to turn increasingly to multilateral institutions like the UN and the new World Trade Organization. While these

institutions are important (and while their importance will almost certainly grow), it is still apparent that the leadership of the United States and Japan is crucial to the success of most multilateral efforts.

The world is counting on us. That is why we must be on guard against isolationist tendencies in the United States, as well as against tendencies within Japan to pursue a more Asia-centered foreign policy which would be potentially at odds with America and Europe.

Third, there is the economic dimension of U.S.-Japan relations.

While this is obviously an area where our two nations have some tensions, we must understand our differences within the larger context of our shared economic interests. The United States and Japan have a common stake in a free and open world trading system. That is why we were able to work together to bring the Uruguay Round of the GATT to a successful conclusion. Together, our two economies account for almost 40 percent of global output. Our economic interdependence is deep and fundamental — and we continue to be among the largest markets for each other's goods, services and investment.

Nonetheless, there are economic issues that require our urgent attention. During the Cold War, the United States was often willing to subordinate our economic concerns (with Japan and other nations) to strategic objectives which we considered more pressing. But trade is now a much higher priority for us, as exports have become a major source of growth in the American economy. This means the United States is giving even greater emphasis to our traditional emphasis on opening overseas markets. As President Clinton likes to say, "America wants to compete — not retreat or protect."

Our immediate challenge is to move ahead with the "Framework for a New Economic Partnership" which was agreed upon by our two governments last July. The Framework Agreement reflects an understanding of our shared responsibilities in the global economy. The United States promised to reduce its deficit and to improve its international competitiveness — and we have already made progress on both. For its part, Japan promised to improve market access for imports and foreign investment and to stimulate its economy to reduce the current account

surplus. Although we understand that Japan's domestic political situation has not been conducive to decisive action, we are still waiting for the Japanese government to follow through on these commitments.

We want to prevent our economic differences from spilling over into the other areas of our bilateral relationship. Over the years, the United States has had fractious trade disputes with Canada, Europe, South Korea and many other nations. Yet, in no instance have these disputes ruptured our broader relationship with these countries. There is no reason why it should be any different with Japan.

In any case, Japan's economic problems are not simply bilateral ones with the United States. The other members of the G-7 — and, in fact, most of Japan's trading partners — are growing impatient with Japan's inability (or unwillingness) to step up to its global economic responsibilities. The fact is that a growing world economy depends on a growing Japanese economy. And an open world trading system depends on a Japan whose own markets are more open.

Finally, there are the human connections between our two countries.

There continues to be a deep reservoir of goodwill between our citizens. A recent poll found that 72 percent of Americans rate Japan positively as a "close ally" or as "friendly" toward the United States. Eighty-eight percent believe the United States has a "vital interest" in Japan; no other country ranks as high. The fact that former Vice President Mondale was appointed to serve as Ambassador to Japan is a clear signal of how important this relationship continues to be for the United States.

Among the Japanese public, the United States consistently ranks as the number one or two "best liked" country. By a wide margin, the Japanese people continue to identify the United States as the nation most important to its well-being. Japanese public support for our security alliance also remains strong.

Helping to build this goodwill and mutual understanding is the fact that more than three and a half million Japanese travel to America each year — almost 50,000 of them students. Unfortunately, we do not have a comparable number of Americans visiting Japan. But we are especially working to increase the number of young Americans who come here to study.

These opportunities for personal contact are all the more important because there seems to be a new mistrust and sour mood emerging in both countries. Polls on both sides of the Pacific show a gradual, but distinct, weakening of favorable public opinion on key bilateral issues. Trade tensions also take their toll. They exacerbate the natural human tendency to see others through stereotype and exaggeration. Many Americans see Japan as selfish, closed, unfair and incapable of making decisions or exercising leadership. Many Japanese see the United States as overbearing, violent, both moralistic and hedonistic. The tragic deaths last month in Los Angeles of two Japanese exchange students did not help matters.

So, in concluding this tour d' horizon, is it possible for us to answer the question of whether U.S.-Japan relations are yet again at a crossroads?

U.S.-Japan relations are changing. About that, there can be no doubt. In many ways, I think we are seeing a natural evolution toward greater equality and maturity in our relations. But there are bound to be growing pains in the process. And we should not be afraid to acknowledge the areas, like economics, where we each have work to do.

As Secretary of State Christopher said last month in Tokyo, "The vitality of our partnership depends on our capacity to adapt to a changing world. Our security and diplomatic partnership is already evolving to meet new challenges. Now our economic partnership must adapt as well. . . . We must make our economic and trade links as mutually beneficial as our political and security bonds."

We must not lose sight of the fundamental reality that the United States and Japan have diplomatic, security, and political relations which are alive and perfectly healthy — and that our overall relationship is sound. Moreover, the profound economic interdependence between our two countries remains a basic fact of life.

Of course, we are two independent, sovereign nations. We each have our own national interests. These will sometimes diverge. In itself, this is no cause for alarm. What we need is leadership in both countries that can help to strengthen our many areas of cooperation and to work through our differences. Above all, we

need to treat each other with the dignity, respect, and statesmanship befitting two great nations.

So, despite our current trade tensions, I am fundamentally optimistic and positive about where Japan and the United States are headed. I believe we have many opportunities to build even further on the successes and strengths of our relationship. But it won't happen automatically. It still requires care and tending from all of us.

That is why meetings like this one are so important. I commend each of you for your leadership and for your concern to help advance this most important relationship in the world. I can assure you that what you do is making a difference.



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