

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. In fact, the one area in the Framework where we did achieve clear success was on a "common agenda" for global cooperation.

C-1 *APEC; GATT; World Bank; AID; UN; Cambodia*
 We need to keep this broader set of security, political and global relationships with Japan in perspective — and we must prevent our economic differences from spilling over into these other areas. *(It is really not that hard to do)* For example, over the years, we have 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. It should not be any different with Japan.

I can assure you that the United States does not intend to drag economic disagreements into our security arrangements with Japan, or our political relationship, or our many efforts at global cooperation. Nor do we have any reason to expect that Japan will do so either. *HA*

Nonetheless, we cannot be complacent about the large, persistent economic imbalances between Japan and the United States — and between Japan and the rest of the world. ~~Nor can we accept Japan's unwillingness, or inability, to work with us in correcting these imbalances by opening its markets.~~

Now let's be clear: Some sectors of the Japanese economy are quite open, and many American businesses are doing very well in Japan.

But there are many sectors of the Japanese economy which American and other foreign businesses — and, in fact, many start-up Japanese companies — have found it almost impossible to enter. This is due to a whole range of formal regulations, informal "administrative guidance" and keiretsu-style business practices, which effectively lock out any new competitors in the market. *HA 1*

CIA 60 Billman; 13; Billman; Worsening; 2000
 Our economic relations should not be seen as a zero-sum game, where Japan must lose if the United States wins. It is a fundamental principle of modern economics — proven time and time again — that both sides win when markets are open.

Consider autos and auto parts — which happened to be one of the "baskets" in our Framework talks.

Because the American market is the most open in the world, Japanese car manufacturers have been able to come right in, set up plants, establish dealerships and sell directly to the American consumer — largely without interference. It is one of the great economic success stories in American history. Some 80 percent of the

dealerships in the United States sell both American and Japanese cars — and it has worked.

America's openness to auto imports has also forced our own companies to produce better cars. To survive the new competition, American car manufacturers had to innovate, rethink their designs and techniques, improve productivity — all in order to sell cars with the quality and price which consumers would accept.

For years, we went through that. Now we see that American car companies have regained their competitive edge. American consumers are benefiting, and so are American workers. In good part, that is because of our open markets. #2

But Japan's car market is largely closed — due to a combination of government interference and collusive business practices. I am convinced that, if Japan would open its markets in these areas, the same story would be repeated. Japan's economy would benefit from a more competitive and innovative environment; Japanese consumers would benefit from greater choice and lower prices; and Japan's global current account imbalance would improve.

During my first five months in Japan, I have already discovered a growing awareness — especially in the business community — that many of the traditional economic policies and business practices must be altered to reflect Japan's changing place in the world and its new international responsibilities.

In his inaugural policy speech to the parliament last August, Prime Minister Hosokawa stated his intention "to work vigorously for expanded domestic demand and improved market access and for such consumer-oriented policies as rectifying the disparity between domestic and international prices and promoting deregulation, and to strive to reduce our current account surplus, not just to maintain good economic relations, but also to improve the quality of Japanese life."

We explained these goals
~~So far, the Prime Minister has found it very difficult to deliver on his pledge.~~
~~But I believe this is the direction in which Japan must move.~~ The status quo is simply unsustainable. *— we can't live with it*

This is why many people in Japan now talk about the need for their country to undertake a "third opening" to the world — a continuation of the Meiji Restoration and the post-war reconstruction. The inescapable truth is that there is so much strength and vitality in being open to the world. Historically, this has been America's greatest strength; it has been Hawaii's strength, too.

The world is now looking to Japan for greater openness. And the world is looking to Japan to take on greater responsibilities for international leadership. Right now, we especially need Japan's economic leadership. A growing world economy depends on a growing Japanese economy. And an open and vital world

trading system depends on a Japan whose markets are open to imports and foreign investment.

I believe that Japan is capable of meeting these challenges. And despite our disappointment with the Framework negotiations, the United States remains committed to resolving our economic differences with Japan as we further strengthen our security, political and global partnership.

Center

James

John

John

Rebecca

Anthony

Wish this was
all good news

Unit of Respect

U.S.-JAPAN RELATIONS: TOWARD GREATER MUTUAL UNDERSTANDING
(SEATTLE SPEECH, JANUARY 13, 1995)

Thank you for allowing me to be here tonight to speak about my favorite topic: the need to greatly strengthen mutual understanding between Japan and the United States.

You know I have just come from Washington, D.C., where President Clinton and Prime Minister Murayama met to discuss the broad range of issues in our bilateral relationship. I was glad to see that President Clinton raised the issue of educational exchange with the Prime Minister at the summit. The President proposed that we work together to conceive and launch initiatives that will expand the number of students going to Japan. Prime Minister Murayama announced that as a first step, his government will offer a new scholarship program to increase the number of foreign students in Japan by one thousand. I am confident that in the days ahead together we will come up with many more such initiatives in this important area.

Let me explain why I am so committed to this cause. One of the great success stories in modern political history is the story of how our two nations, who fought each other in some of the most bitter fighting in world history, now have shaped an enduring alliance. Today, we are partners in defending the peace and security of the region; in supporting democracy and respect for human rights, in Asia and elsewhere; in stemming the proliferation of weapons of mass destruction; in preserving the global environment; in improving the health of our citizens; in addressing over-population; and in advancing the frontiers of science.

How did we succeed in building the cooperative partnership that we have today? We did it by developing the human component of our relationship. As the U.S. occupation was coming to a close, American officials and academics on both sides of the Pacific had

the foresight to put in place a number of programs to strengthen the human ties underpinning the U.S. - Japan relationship.

Since those days, our relationship has grown. Today, we are more interdependent than ever. Some might argue that this means that we no longer need to actively promote exchange programs, but I disagree. In fact, precisely because of our interdependence, I believe that it is all the more urgent that we strive to understand each other.

With the end of the postwar order, I sense some uncertainty on both sides as to what we mean to each other and where we are going. We need to address this head on, by making America more understandable to Japan, and Japan more accessible to Americans. To do so, we need to tend to the human side of our relationship once again and it is with this in mind that I want to talk about U.S.-Japan educational ties tonight.

Seattle and the University of Washington are ideal for the purposes of this discussion -- Washington has deep ties with the Asian-Pacific region and with Japan in particular. It is no accident that Seattle hosted the historic first meeting of APEC leaders.

Washington is one of only a few states running a net trade surplus with Japan. Our largest exporter to Japan, Boeing, and many other businesses here have a strong commercial connection with that nation. Japan is the largest market for Washington logs and lumber, seafood, and a host of other agricultural products. This month, Washington state made history in our agricultural trade with Japan. For the first time ever, American apples -- Washington apples -- are on the shelves in stores in Japan. It took twenty-four years of negotiations to get these apples in, but we did it and it will mean future sales of up to \$100 million a year.

But it is not just on the economic front that Washington stands out. Some of the best education and scholarship in the nation on

Japan is to be found here and I am pleased to see many of our nation's top experts in the audience. Ken Pyle, the chair of the Japan-U.S. Friendship commission; Don Hellmann; Griffith Way, who may have the record tonight for length of service on U.S.-Japan affairs. Jim Doane, the President of this Japan-America society, and Susan Mochizuki, who has done a wonderful job in putting this program together tonight. And I have no doubt that more of you are here tonight.

This State is at the forefront when it comes to preparing our youth for the pacific century. You have some of the best Japanese language programs in the country. There are more high school students studying Japanese here than in any other state outside of Hawaii. Over 200 Washington high schools offer Japanese language classes, reaching thousands of students. Thousands more are enrolled in Japanese language classes at the college level. All of this is great news, and I hope that other states around the nation will take their cue from Washington and expand their Japanese language programs.

Though tonight I want to concentrate on our educational ties with Japan, this concern is part of a more broadly recognized need within the Asia-Pacific community to increase understanding among us. Here again, the State of Washington is in the lead. At last November's APEC summit in Jakarta, the 17 member countries agreed to launch the APEC Education Foundation, an umbrella organization for a host of regional education initiatives, including the APEC study center consortium to encourage advanced research by regional scholars. Don Hellmann of the University of Washington is spearheading this effort on the U.S. side and he has been named Executive Director of the consortium. Of the 12 institutions of higher learning belonging to this consortium, two are from Washington -- the University of Washington and Washington State University.

* * *

Let's start out with some good news. U.S. colleges and universities attract more Asian-Pacific students by far than any other nation -- in fact there are over 250,000 Asian-Pacific students in the U.S. About 47,000 of them are from Japan. These students come here to learn but they also help teach us about themselves and their culture.

Unfortunately, there are only about 6,000 American students studying in the Asia-Pacific region and only about 1,700 Americans studying in Japan. Recently the number going to Japan has been shrinking. I believe this is an unhealthy imbalance. The importance of the U.S.-Japan relationship requires a much greater presence of U.S. Students in Japan.

if, as I believe, the U.S.-Japan relationship is the most important relationship we have on earth, surely we need to underpin it with the deepening human relationships that flow from educational, cultural, and other experiences that lead to a broader understanding of our two very different cultures.

I am convinced that the best way for us to do so and at the same time to ready the next generation for the pacific century is by giving our young people the opportunity to experience Japan first hand.

The examples of the Japan experts here this evening prove the value of these early learning experiences. Dan and Griffith way, both came to Japan as young men during the occupation; ken ply first went to Japan on a ford foundation fellowship in the early sixties. Susan Mochizuki studied in Japan under grants from the Rockefellers and the Sumitomo corporation; and Jim Doane was once a student at Japan's prestigious Waseda university. And I am sure that many more of you in this audience would support my case.

in fact, nothing in the past fifty years has been more vital to the lasting success of our partnership with Japan than the commitment of individuals like these.

The government of Japan also has begun to realize the importance of getting more young Americans over to Japan:

- the government of Japan recently proposed a 33.5 percent increase in its fy 1995 budget for international exchanges;

- Japan's ministry of education is helping to fund a major new initiative to establish junior year abroad programs at Japanese national universities. University of Washington students are participating in this program, and I recently met with some of them at Kyushu university;

- the Fulbright program in Japan, funded largely by the Japanese government and with generous inputs from Japanese Fulbright alumni, provides grants for American students and researchers;

- as I mentioned at the outset, prime minister Murayama has just announced that Japan is launching a new scholarship program to increase the number of foreign students in Japan by a thousand;

- and about 2000 young Americans each year still go to Japan under the government of Japan's "JET" program to teach English in Japanese high schools.

I want to take a minute to talk about the tremendous success of the "jet" program. This program is only eight years old, yet through it, over ten thousand young Americans, as well as young people from many other countries, have been able to go over to Japan to teach in every Japanese prefecture. Many students now enrolled in Japan-related graduate programs throughout America -- including

the university of Washington, as I found out earlier today -- are former "JET" program participants.

I think the "jet" program is one of the most important contributions over the last decade to strengthening our ties with Japan on an individual level, and I hope to see more such innovations in the coming years.

I've given you some of the good news. Now I want to point out some areas in which we will need to see progress if we are to increase the number of U.S. Students and faculty in Japan.

A recent joint study by U.S. And Japanese educational leaders from widely-respected organizations including the Asia foundation, the Japan center for global partnership, the Fulbright commission and others identified many serious regulatory impediments to increasing the number of U.S. Students, lecturers and others in Japan -- restrictions that are not found in the U.S.

For example:

(1) regulations are such that no American student -- or other foreign student, for that matter, can receive a visa to study in Japan without a personal financial guarantee from a Japanese sponsor. This means that even a student's parents back home cannot provide this guarantee;

(2) despite years of frustrating efforts, virtually all of our non-profit exchange organizations are found ineligible to receive Japanese tax exempt status. Because of this bureaucratic impediment, contributions to these organizations are not tax deductible, severely limiting their ability to survive financially;

(3) without solid legal status in Japan, these same organizations cannot serve as financial guarantors for prospective

American students and face numerous visa difficulties for both staff and program participants;

(4) our students attending U.S. Branch campuses in Japan or at well-established educational institutions such as the Stanford Japan center in Kyoto cannot receive the standard student visa. The work of students attending these schools is not recognized by other educational institutions in Japan and the students are not accorded standard benefits, like rail passes, available to other students;

(5) although this is beginning to change, Japan's national universities have very few programs in place that address the needs of American students and scholars and as a result, there are very few Americans enrolled in Japan's most prestigious schools;

(6) when you look at the figures for Americans teaching at Japanese colleges and universities, the numbers are even more stark. Japan's 98 national universities employ about 37,000 faculty members, almost all of whom have full time status. Yet, we have heard of fewer than ten American professors with such permanent status. Even the number of non-permanent English teachers on one year contracts is low at the national universities. The figures are only slightly higher for Americans teaching at Japan's private colleges and universities;

(7) symptomatic of Japan's out-of-date regulatory environment for educational exchanges is the treatment of Sam Shepherd, a former member of this society whom many of you know, who last year went over to Japan to head the Fulbright program there. After several months of wrangling, he still was accorded only a one year visa as a "business manager, investor."

We are urging the ministry of education and the other agencies involved to find ways to overcome these problems. it has been slow and frustrating but we are beginning to see progress.

For our part, we too need to do more if we are to increase the number of young Americans going to Japan -- like language training, better educational focus on Japan, and more support for students. Our government recently initiated a national security education program to offer grants to American students of Japanese, and many other private institutions have long-standing educational exchange programs that allow American students to get to Japan.

We need more such ideas and greater commitment from the American business community, from American foundations, and from interested citizens like you who are here tonight.

Education is an area that presents tremendous opportunities for collaborative initiatives between the U.S. And Japan. We must avoid turning our effort to build mutual understanding into another point of contention between us. This is not an area for U.S.-Japan confrontation; it is an area for cooperation.

There are a lot of possibilities. Recently, a top diet member suggested that we should set a goal of sending a group of students from Washington and every other state in the union to attend a Japanese high school for a year, and we could receive the same number from each of Japan's 47 prefectures. The student interest is there. I think we can muster government support on both sides. He estimated that we might get up to 5000 students enrolled in this way.

And as I mentioned earlier, there has been good news recently from Washington, D.C.

in closing, let me just say this: the pacific century is upon us and the U.S.-Japan relationship is at its core. I am convinced that our relationship with this great country, more than any other of our bilateral ties, will shape our nation's future and the future of the Asia-pacific region and the world. I want our youth, both American and Japanese, to succeed together in this new era. I know that they

can. But we must do our part by giving them the chance, early on, to experience each other's culture and to come to understand each other. I am committed to this, our governments are committed to this, and I am hopeful that you too will support us in meeting this goal.

Thank you.



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