

Ambassador's message for Forbes - January 97 supplement:

Globalization and the US-Japan Corporate Alliance
Toward the 21st Century

Powerful commercial and technological forces are driving world-wide economic integration and interdependence, bringing us closer together than at any other time in human history. Globalization presents great opportunities, combining resources from various economies in new and innovative ways that will help us all grow faster, be more productive and create more jobs. It also poses formidable challenges as traditional business and social structures come under pressure to adapt to a fast-changing environment.

As the world's two largest economies, the U.S. and Japan have a special responsibility to help shape this vast transformation. Our security alliance undergirds the stability that has made possible an era of unprecedented prosperity in the Asia-Pacific region. We are working hard to keep that security partnership vital and strong. Economically, our two countries have joined hands to facilitate the free flow of goods, services and capital in the region and the world. Bilaterally, we have resolved a myriad of serious trade disputes and are committed to resolving new problems that arise. Multilaterally, we are cooperating to strengthen the world trading system and to promote trade and investment liberalization through the activities of APEC.

American and Japanese business are joining forces in a wide range of sectors, bringing their respective strengths to a number of successful joint ventures. For example, Texas Instruments has joined with Hitachi, and Motorola with Toshiba, to make semiconductors in Japan; GE and Yokogawa together produce and sell medical equipment; Time Warner and US West are partnering with Japanese firms to offer cable telephone services; Hughes and its Japanese partners are bringing multi-channel TV to Japan; and Microsoft has ventures with a host of Japanese firms, including one of Japan's top entrepreneurs, Masayoshi Son. I commend these and the many, many more American and Japanese firms which are using their respective talents to create jobs, meet consumer

needs, and contribute to the continued economic growth of our two countries, the region and the world.

Our job, as governments, is to continue the hard work of supporting policies that promote macro-economic stability, trade and investment. We must also respond to new demands on trade diplomacy imposed by technological change. Copyright infringement in on-line communications and software piracy are just a few of the problems emerging. Also, infrastructure bottlenecks -- ports too small to handle growing volumes of cargo, or power grids that are inadequate and unreliable -- pose a serious threat to growth. We need to look beyond the narrow confines of traditional trade policy at the bigger economic picture. A comprehensive attack on the full array of barriers to free trade and growth must be the desideratum of policy.

As we lead the transformation into the 21st century, the U.S. and Japan will confront common challenges at home: reforming industrial structures, aging populations and a changing political landscape, to name a few. Coping with these changes will not keep us from the enormous tasks abroad: integrating the economies in transition into the global fold, engendering a culture of trust in a world that spent much of this century deeply divided by ideology, and convincing rogue nations that the negotiating table is an effective means of settling disputes. Together, we will address these problems and make globalization work. As an ardent supporter of the U.S.-Japan corporate and government alliances, I take special pleasure in contributing to this issue of Forbes. We can look confidently ahead to a prosperous future of peace and opportunity for us all.



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