

## Continuity and Change in U.S.-Japan Relations

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### Introduction

I have now been in Nagoya for a year, and I am very honored at this point in my assignment to have the privilege of addressing this distinguished audience of GARIOA/Fulbright Alumni. This is a group that has done a great deal to promote the U.S.-Japan relationship. The elements of continuity and change in the relationship will be the theme for my talk today. I intend to discuss points related to the Denver Summit, the new team at the State Department, the security, economic, political, and Common Agenda aspects of the relationship, and finally, the important role of the Chubu Region in U.S.-Japan relations.

### Denver Summit

Prime Minister Hashimoto's recent visit to the United States and the Denver Summit mark an important period in the U.S.-Japan relationship. President Clinton and Prime Minister Hashimoto met on June 19 and announced a new initiative on deregulation of the Japanese economy called the "enhanced initiative." Its aims are to increase market access for foreign producers of goods and services and to benefit consumers with greater choice and lower costs. An experts' group will work out the necessary concrete measures and report to a high-level officials' group that will resolve unsettled issues.

The leaders also discussed other economic issues. The President noted his concern there may be large trade surpluses on the not too distant horizon and expressed hope Japan would pursue domestic demand-led growth. On civil aviation, the President reaffirmed the value of the Open Skies approach and expressed willingness to discuss interim measures.

With regard to foreign policy, the leaders noted there has been real progress in the Defense Guidelines Review process. They expressed the hope that Four-Party Talks on Korea would move forward. As for China, the President explained how Most Favored Nation (MFN) status was part of a broader engagement strategy. The leaders agreed of the importance of the 1985 Basic Law for Hong Kong's future. They also emphasized the key role of market access issues in connection with China's WTO entry. Finally, the President reaffirmed U.S. support for Japan's bid to become a Permanent Member of the

U.N. Security Council.

### Department of State

At the same time as President Clinton and Prime Minister Hashimoto were holding meaningful discussions on the U.S.-Japan relationship, a new team at the State Department was taking shape. We will have a new Ambassador in Tokyo, and the President has already announced his intention to nominate former Speaker of the House Tom Foley for the post. The next step will be the State confirmation process. In the meantime, Secretary of State Madeleine Albright has already shown her commitment to U.S.-Japan relations by making sure Japan was on itinerary for her first overseas trip as Secretary of State. This was because there is no more important relationship to the United States than the relationship with Japan, the keystone for peace, security, and prosperity in the Asia-Pacific region.

### Elements of Continuity

The pillars of the U.S.-Japan relationship are its economic, security, political and Common Agenda dimensions. Of these elements, security is the most fundamental, but let us begin with the economic side of the relationship.

### Economic Relationship

The 1993 Framework Agreement reflected three main goals in the economic area. The first goal was to restore the global competitive position of the United States. The second was to reduce Japan's global trade surpluses. The third goal was to achieve market access in problem sectors. In the background was the reality that progress in the economic relationship strengthens the security relationship.

### U.S. Competitive Position

With regard to the first goal, compared to four years ago the United States economy is now more competitive than expected. In the early 1990's the U.S. economic model was seen as obsolete. Four years later, it is perceived as uniquely competitive. 12 million jobs have been created. Unemployment is under five percent, second only to Japan in the G-7. The United States experienced faster growth in 90's than Japan or Europe. U.S. inflation is at its lowest level in 30 years. The United States' economy was ranked most competitive in world 1993-97, according to International Institute for Management Development in Switzerland.

Finally, the U.S. economy is leading the way in post-industrial areas. These successes reflect a dynamic private sector and improved policies. The budget deficit, 4.7 percent of

GDP in 1992, is now only 1.1 percent.

#### Japan's Current Account Surplus

The second goal was to reduce Japan's global trade surpluses. Japan is America's second largest trading partner, after Canada. In 1996, the United States' bilateral trade deficit with Japan was higher than our deficit with any other country. The overall Japanese current account surplus has also long been a matter of concern. Both surpluses, bilateral and overall, declined in 1996, although they are projected to rise again in 1997, reflecting a weaker yen and the Japanese Government's budget deficit reduction policy. The President and the Prime Minister agreed in April that Japan would promote domestic demand-led growth and avoid any significant increase in Japan's external surplus. The problem with sustained surpluses is that they damage other economies and fuel protectionism. To head off sustained surpluses both macro- and micro-level approaches are needed. At the macro-level, increased domestic demand can reduce imbalances. At the micro-level, open markets allow imports to respond to demand.

#### Opening Markets

The third goal was to open markets. Deregulation should involve concrete measures to liberalize the economy and expand market access. The U.S. Government will continue to address sectors where U.S. firms are denied market access and to support an expanded presence in Japan by U.S. firms. In four years, the U.S. and Japanese Governments have concluded 23 trade agreements in areas ranging from autos and auto parts to cellular phones, insurance, and financial services. In the same four-year period, U.S. exports to Japan went up 41 percent. This was twice as fast as the rate of increase in U.S. exports to Europe. As for goods covered by the Framework Agreement, the increase was 85 percent. This translates into high-paying jobs for Americans, lower prices and more choice for Japanese consumers and companies, a better economic relationship, and a stronger strategic partnership.

#### Security Relationship

I would now like to move on from economic to security issues, emphasizing the point that the security relationship is the foundation of the overall U.S.-Japan relationship. I will start with Okinawa issues, which are the focus of so much attention, then cover broader matters like the Guidelines Review.

#### Okinawa

Following the brutal rape in September 1995, the Special Action Committee on

Okinawa (SACO) began work on a wide range of issues. 26 areas of agreement were reached, including a return of 22 percent of the land used by U.S. bases, reduction of noise and irritants, and improvement of practices under the Status of Forces Agreement (SOFA). These steps must and will be taken in a manner that will not reduce military readiness. Futenma is the centerpiece of this effort, which plans to shift helicopter operations to an offshore facility.

#### Outside Okinawa

Outside Okinawa, there have been quite a few important developments, including the Review of Guidelines for U.S.-Japan Security Cooperation. Another key to the security relationship is the Host Nation Support Agreement, under which Japan pays 70 percent of non-salary expenses connected with the U.S. military presence here. The United States and Japan have concluded an Acquisition and Cross Servicing Agreement. Finally, as you are all well aware, Japanese and U.S. firms are working closely together here in Nagoya on projects including the XF-2 Fighter.

#### Political Relationship

In addition to the security and economic aspects to the U.S.-Japan relationship, a third significant dimension is the political relationship. The two governments are cooperating to help ensure peace and stability on the Korean Peninsula through efforts like the Korean Energy Development Organization (KEDO.) We are working together to engage China and to develop a plus-sum game in which improving relations between, for example, the United States and China, contribute to better relations between Japan and China.

#### Common Agenda

A fourth element of the U.S.-Japan relationship is the Common Agenda, through which the United States and Japan are cooperating on education, environment, technology, and health issues around the world. At the same time we are working together to combat narcotics, terrorism, and disasters. We are carrying out exchange programs, not only the Fulbright program, the importance of which this group understands as well as anyone, but also the JET, Mansfield, and other programs.

#### U.S.-Japan Relations and Chubu

Before I conclude my remarks I would like to make a final point: that the United States Government is paying attention to the important role of the Chubu Region in the

U.S.-Japan relationship. Chubu accounts for 15 percent of Japan's economy, and two percent of world GDP. The region is Japan's industrial hub, particularly in industries like autos and aerospace. It is the home of many advanced technologies, and of infrastructure projects like the multi-billion-dollar Chubu New International Airport (CNIA.)

Unfortunately, American awareness of Chubu is still too low. For too long too many Americans have thought of Chubu one-dimensionally as an excellent place from which to buy products. It is that, but it is much more, and Expo 2005 represents a fine chance to update the old perception and change for the better the relationship between Chubu and the United States, which is too important to leave to Washington and Tokyo. This is an area where change, not continuity, is needed.

It is well known that the members of the Chubu GARIOA/Fulbright Association are quite influential in a wide range of areas. I urge all of you here tonight to continue to use that influence to meet the challenge of further strengthening ties between Chubu and the United States. Specifically, I would like to work with you to help build a Chubu:

--where the citizens understand and support the U.S.-Japan security cooperation relationship, essential to peace and stability throughout Asia and the Pacific;

--where the citizens are aware of and engaged in the Common Agenda, through which our countries can do so much together in areas such as education, environment, technology, health, narcotics, terrorism, and dealing with disasters;

--where government, business, and academic and media leaders take the lead in freeing the economy from burdensome regulations;

--where American companies are full partners in the economy and have the chance to use their unique skills and expertise to help build world class infrastructure at reasonable prices through projects like the Chubu New International Airport;

--where many auto dealers and parts stores offer a wide range of competitive American products;

--where cultural exchanges flourish and more and more American students build the framework for an even stronger U.S. Japan partnership by studying in the universities.

This is the Chubu I would like to see, and I hope those of you who share this view, or even part of it, will work with me to meet the challenge of strengthening ties between Chubu and the United States.

## 随 想

### 留学生昔話

高仲 顕



なんでガリオア留学で渡米したのか、後からはどのようなリクツをつけられようが、『山があったから登った』と言うのが一番ピッタリしているように思える。まぐれ当たりで難関(?)を突破し、軍用船コリンズ号の蚕棚に押しこまれた。待遇が悪くとして『将来、Prime Ministerになるかもしれぬワレワレに何たることぞ』と代表を以てかみついたら、答えは2つ。

- i) U.S. Tax Payersのお陰で行くのに、ツベコベ言うな。
- ii) Future Presidentたる水兵たちは、文句を言わずにやっておるぞよ。
  - i) は説得力に欠けるが、二つ目の返事は気に入った。

上陸第一夜は Mills College で、前夜まで女子学生の泊まっていたベットに寝て、翌朝の食堂では、可愛子ちゃんの“Yes, Sir”の応対をうけて軍用船との大きな違いにルンルンとなった。養を負って学を求めるのとは、程遠い心構えである。かかる不逞の輩は、その後留眠生と称し、あまつさえ仲間と、『英語をシャベったら1日1ドルのペナルティ』などとやっていた。専攻は Industrial Engineering だが、和訳がないので、「要領工学」なる造語をものにした位だから心底の程が窺い知れる次第である。

教室ではいくつかの科目をとったが、留学前に実務に携わっていた事もあって、総じて I E 関係の新しい手法に感心し、管理システムでは、こんなものかいなと言う所で帰って来た。

機械工場長に復職して、教わった事を実務にとり入れて見たが、客観性の高いと言う人事考課方式では労組に反撃される反面、模型とテンプレットを使用したプラントレイアウト方式は、大歓迎された。

その後コンサルタントに転職して年を重ねると共に、留学中は目新しい手法のみを追いかけ Principles of Scientific Management ≡ Mental Revolution とか Scientific Approach に殆ど思いを致さなかった事を反省するようになった。

戦争中、ドイツの有名な飛行機設計者ハインケルが、主任設計者は『大学で哲