

Nixon Favors Curb On Textile Imports

COLUMBIA, S.C. 8/25/68
Sen. Strom Thurmond said Wednesday Republican presidential candidate Richard M. Nixon has committed himself to restrict foreign textile imports if he is elected President.

Thurmond, at a news conference made public a telegram from Nixon which declared:

"The Johnson-Humphrey Administration has failed to carry out the program initiated by President John F. Kennedy and reaffirmed less than four years ago.

"It has permitted much of the rest of the world to establish or maintain barriers to the products of our industry while we have provided foreign textile producing nations virtually unlimited access to our markets.

"As President, my policy will be to rectify this unfair development and to insure prompt action to effectively administer the existing long-term international cotton textile arrangement."

Nixon also promised in the telegram to "take steps necessary to extend the concept of international trade agreements to all other textile articles involving wool, man-made fibers and blends."

10 The Japan Times Sunday, August 25, 1968

Protectionists Courted

Nixon Backs Quotas For Textile Imports

NEW YORK (UPI)—Textile industry protectionists were courted by the Republican Party last week through a pledge by Richard Nixon that he would extend the terms of the long-term cotton textile agreement, which sets

quotas on imports of cotton goods, to all other textile imports.

The pledge was made in a telegram sent to Republican Congressmen. For the textile industry, at least, it represents an elaboration of the clearly protectionist plank nailed down in the GOP platform that omitted mention of any particular industry or market.

Textile industry sources generally expected the Democratic Party platform would lean more toward free trade, but some were of the opinion that the Nixon telegram might force the Democratic candidate to modify it somewhat.

Textile industry leaders saw the GOP trade plank going far beyond what they had hoped for when they trekked down to Miami to place their case before the Platform Committee. Among other things, it pledges the use of "specific countermeasures," if such should prove necessary, until international agreements can be reached.

The GOP plank also leans toward the border tax device used in Europe to protect home industries. These usually combine an import tax and an export rebate.

Meanwhile, the latest tally on imports of cotton fabrics from Hongkong came in showing a 15 per cent rise to 77,100,000 square yards during the first half of 1968.

Imports of cotton gray goods were up 13 per cent at 73,200,000 square yards and finished goods were up 79 per cent at 3,900,000 square yards.

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Steel Import Cut Pledged by Nixon

JOHNSTOWN, Pa. (AP) — Republican presidential hopeful Richard Nixon pledged here Thursday he would act to deal with rising steel imports if he is elected President.

Nixon said the rising steel imports were injuring the domestic industry.

He said every million tons of new steel imports represents a loss of almost 8,000 job opportunities at a time when steelworkers are being laid off for lack of business.

"As President I will take prompt action to deal with this dangerous trend," he said.

JT 10-18-68

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October 22, 1968

Contents of U.S. Presidential Candidates' Answers to the Asahi Questionnaire;
Indicate Outline of Their Policies Toward Japan

(Washington, American General Bureau, October 21) The contents of the answers given by U.S. Presidential candidates NIXON and HUMPHREY to the questionnaire of the Asahi Shimbun's American General Bureau are as follows:

Become a Leader of Asia -- Candidate NIXON

Questions: 1. Okinawa question -- When Prime Minister SATO visited the U.S. last November, agreement was reached with President JOHNSON that consultations will be continued so that an agreement can be reached on the timetable for the reversion of Okinawa within two or three years. If you become President, will you honor this agreement?

2. On the future of Asia -- In the course of your election campaign, you have been advocating the fostering of "Asia's strength." Is that in a military meaning? Or, is it in the economic sense? What expectations do you have on the role of Japan? In connection with this, you said in an article you wrote for the October, 1967, issue of the Foreign Affairs magazine that a revision of the Japanese Constitution, which bans re-armament, will become necessary. Does that view of yours still remain unchanged?

Answer: The questions asked have delicate aspects, and they also have mutual connections. As these questions are extremely important for mutual trust and co-operation between the U.S. and Japan, I wish to answer them as completely and as frankly as possible.

1. As for your question as to whether I will honor the agreement of November 15, 1967, in regard to the reversion of Okinawa, if I am elected, I guarantee that I intend to move forward, standing on the basis which was established at the 1967 Conference.

I have made public already my position concerning the reversion of the Ryukyu Islands. On February 28, 1968, I pointed out that the U.S. foreign policy's long-range tackling of this question must be based on the idea that Okinawa can be returned to Japan, ultimately. My view is that the reversion of Okinawa is possible in correspondence with Japan's continuing its leadership in Asia, in the direction of mutual interdependence and regional co-operation.

I agree completely that "the Governments of Japan and the United States should keep under joint and continuous review the status of the Ryukyu Islands, guided by the aim of returning the administrative rights over these Islands to Japan and in the light of these discussions (between JOHNSON and SATO)." It is welcome that the U.S. and Japan have set up the Advisory Committee for the High Commissioner for the Ryukyus, in Naha, and are making preparations for the easing of problems entailing the reversion of the administrative rights.

I can understand the wishes of the Japanese people. In the same way, the fact that United States bases located on these Islands are fulfilling an important role in the ensuring of the security of Japan and the free nations of Asia, as stated by Prime Minister SATO and President JOHNSON, must also be recognized. My Administration will pay attention so that no agreement will be permitted to weaken in any way the position or the security of free Asia.

In this respect, I feel greatly encouraged that the Japanese Government has the intention of gradually taking charge of many of the responsibilities for regional defense, as stated by Prime Minister SATO.

In the same way, I highly evaluate Prime Minister SATO's words that Japan is prepared to make positive contributions to the peace and stability of Asia, commensurate with its national ability. Japan is already showing welcome moves in the direction of making constructive contributions, as shown by its participation in the Asian Development Bank and ASPAC.

2. As is clear also in the agreement of 1967, the question of the reversion of Okinawa is not unrelated to the question of Japan's role for the collective security of Asia. In connection with the second question, I think that it is certain that, as Japan becomes an economic big power of a leadership position, it will come to play still bigger roles, diplomatically, economically, politically, and also in the military aspects, for the maintenance of a sound balance in Asia.

I know that participation in a collective security arrangement is now a great target of debates. The security of free Asia depends greatly on the solidarity relationship between the Asian region and Japan. Also, the interests of Japan and the U.S. are in accord in regard to free and independent Asian nations. I welcome and also support the tendency in Japan for its joining arrangements for the peace and security of this region.

As I said in my treatise titled "Asia After Vietnam" (Foreign Affairs, October, 1967, issue), I think that, on viewing the future, it is not realistic to forecast a situation where a nation, which is reaching the state of a first-rank big power, is totally dependent on another power -- no matter how close their relationship may be -- for its security. Total dependence is not in the interests of either the Japanese people or the American people.

It is my firm belief that no matter what arrangements or what revisions may become necessary, they can be attained with the spirit of mutual trust and co-operation. The attainment of the long-range interests of Japan and the U.S. and the peaceful changes in Asia in the future will depend very greatly on this spirit.

The firm establishment of mutual trust as the foundation has always been my desire and the basic principle of the Republican Party. At the time John Foster DULLES (former Secretary of State) negotiated the Peace Treaty around the middle of this century, he prophesized that the future of peaceful change, security and prosperity will depend on whether the U.S. will be able to enter an age of pure co-operation and understanding or not. My Administration's motto will be the forming of mutual trust and the bonds of mutual interests, and regional co-operation for peaceful changes.

Will Endeavor for Normalization with China -- Candidate HUMPHREY

Question: There are observations that after the Vietnam war is ended, the U.S. may strengthen its isolationist tendency. How do you think the United States' future role in the international community should be?

Answer: I do not think that it is slated that the U.S. will lean in the direction of becoming more isolationist. It is true that internal pressure that the U.S. should retrench its overseas commitments, especially its military commitments, is increasing. What the extent of this pressure will be will be determined by what the arrangements for Vietnam peace will be, and also by the results of the U.S. Presidential election.

I have been asserting that the U.S. must continue to shoulder responsibility for the maintenance of world peace. However, the way we shoulder this responsibility must change. It is not possible to continue forever the policy of the U.S. alone being responsible for security in all regions of the world.

The U.S. has no intention of withdrawing from Asia, but its Asian policy in the future must firmly uphold the three basic principles of self-help, regional sharing of responsibility, and the United States' selective providing of aid. This means that the U.S. will avoid intervention by itself alone, either militarily or economically, and that it will tackle Asian problems through organizations which are participated in by a large number of nations.

Question: What do you think of the U.S. role in "post-Vietnam" Asia?

Answer: The fate of "post-Vietnam" Asia will be determined largely by the Asian nations themselves. Especially, the four big nations, that is, Japan, India, Indonesia and China, will play a big role in deciding the future of Asia. As the biggest industrial nation in Asia, Japan can contribute greatly to the stabilization of the Asian region. I attach expectations on Japan's developing its role further, in the aspects of economic aid, trade, and technical aid, in co-operation with the U.S. and other friendly nations, through such organizations as the World Bank and the Asian Development Bank.

Question: If you are elected President, what policy will you take toward China?

Answer: I have been asserting that it is not possible to discuss world progress or peace, without taking China into consideration. There is little prospect that co-operative relations with China will be established in the next ten years, but the U.S. should make clear that it is prepared to change from conflict to co-operation at any time, if so desired by China.

Even though we should be rebuffed or insulted by the Chinese side, the U.S. should continue efforts for the greater normalization of relations with China. In order to deepen contacts with the Chinese people, such measures should be taken by the U.S. as (1) the lifting of the ban on exports of non-strategic goods, (2) the promotion of exchange of scholars, journalists and technicians, and (3) the clarification of the U.S. intention to welcome China's participation in the international community.

Question: There are some people who hold the view that Japan should revise the war-renouncing clause of Article 9 of the Japanese Constitution so that it will become able to fulfill a bigger role ...

Answer: I think it is not proper to discuss at this stage the necessity of revising Article 9 of the Japanese Constitution.

Question: In November of last year, an understanding was reached between Prime Minister SATO and President JOHNSON that efforts should be made for arriving at an agreement on the time for the reversion of Okinawa in two or three years. Will you respect this understanding in the case you are elected President?

Answer: Concerning the reversion of Okinawa, I will fully respect the understanding reached between President JOHNSON and the Japanese Government on its early reversion. I myself have discussed this question several times with Prime Minister SATO and Foreign Minister MIKI. I think that both Mr. SATO and Mr. MIKI understand my impartial attitude toward this question and my feelings of desiring a realistic and early settlement of this question.

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NIHON KEIZAI (Full)

October 22, 1968

Soviet Leaders Arrive in Japan for Conclusion of a Long-Term Marine Product Trade Agreement

Ataka Industry Co. revealed on the 21st that Director GUSHCHAN of the Foreign Trade Bureau of the Soviet Ministry of Fisheries and President KUZNETSOV of the Soviet Food Export and Import Corporation will arrive in Japan on the 22nd, to start negotiations with the May Society (Representative Secretaries: President NAKABE of Taiyo Fisheries, and Board Chairman IZAKI of Ataka Industry), which previously was formed by Ataka Industry, Taiyo Fisheries and other firms, about conclusion of a long-term export and import agreement. According to the proposed agreement, Japan is to import marine products from the Soviet Union and co-operate, in return, in the development of fisheries in the Nakhodka region and export implements necessary for such development. Sources concerned revealed that GUSHCHAN and KUZNETSOV want to stay in Japan until early November in order to conclude an agreement with the Japanese side. If the agreement is implemented, a long-term project based on Japan-Soviet economic co-operation at the private level, which is second in scale only to that for development of the forest resources in Siberia, will be started.

Moves for conclusion of a long-term agreement started in May this year when about 40 Japanese firms, including Ataka Industry, Taiyo Fisheries, Mitsubishi Heavy Industries and Ishikawajima-Harima Heavy Industries, held a fisheries sample fair in Nakhodka. On that occasion, talks were held between Japanese and Soviet leaders concerned about co-operation for development of the Nakhodka region and closer economic interchange between the two countries. Also it was agreed upon between Soviet Fisheries Minister ISHKOV and the May Society that the two countries should conclude a long-term agreement between them according to the formula which had been established for joint development of Siberia. As a result of the preliminary negotiations started between the two sides according to this basic policy, a basic agreement was reached on the outline of the agreement to be concluded. The two Soviet leaders are coming to Japan to negotiate with the Japanese side about the details of the long-term agreement.

The contents of the agreement will be determined by negotiations hereafter. According to sources concerned, however, the main points of the agreement are as follows: (1) The agreement shall run for three years; (2) The annual volume of trade, including both exports and imports, shall be \$8,000,000 to \$10,000,000; (3) The Soviet Union shall export whale meat, salmon, fish meal and other marine products to Japan and import from Japan fishing implements and marine product processing equipment and machines; (4) The agreement shall be serviceable to the expansion of Japan-Soviet trade and the development of the Nakhodka region, and the Japanese side (May Society) shall give technological guidance and co-operation to the Soviet side.

The May Society has been endeavoring for conclusion of a long-term agreement with the Soviet side because the Nakhodka region, where special emphasis is laid on the development of fisheries and related facilities, is a promising market for Japanese fishing implements and because the Soviet side strongly wants Japanese co-operation in the development of this region. The May Society wants to answer the Soviet demand for co-operation on a lasting, stabilized basis. If a long-term agreement is concluded, not only a new project based on Japan-Soviet economic co-operation will start on the heels of the project for development of forest resources, but also a new trade route will open between the two countries.

Some fishery enterprises and related circles are strongly opposed to the proposed agreement on the ground that the importation of Soviet marine products will exert unfavorable effects upon the prices of marine products at home, although they are not opposed to the promotion of Japan-Soviet co-operation. The May Society, however, is planning such steps as to re-export Soviet marine products to Southeast Asia or other regions. It wants to conclude an agreement with the visiting Soviet leaders as early as possible.

ASAHI (Full)

October 23, 1968

Operation of Agreed Items to Be Watched: Statement by Atomic Energy Commission Chairman NABESHIMA on U.S. Reply

The Atomic Energy Commission deliberated for about an hour on October 22 on the U.S. reply concerning the Sasebo abnormal radioactivity incident. After the meeting, Science and Technology Agency Director General and Atomic Energy Commission Chairman NABESHIMA announced the following statement before the press:

1. The U.S. side promised not only to observe the hitherto-followed Note Verbale but also to do its best to dispel uneasiness on the part of the Japanese people in general in the light of the views of the Atomic Energy Commission.

2. The U.S. side says that primary coolant water shall not be discharged at ordinary times and that discharge of primary coolant water is an exceptional case. Regarding the interpretation of "an exceptional case," we fully heard about the progress of the negotiations between the Foreign Ministry and the U.S. Embassy. As a result, they said that such a case is extremely rare and that they will make their utmost efforts to avoid such a case. We rather think that this expression shows a theoretical reservation in consideration of an unforeseeable case.

3. The Science and Technology Agency has strengthened the consolidation of the radioactivity monitoring setup with the use of reserve funds and has also established the radioactivity monitoring guide within the Government circles. We are ready to notify the American side immediately and make clear the situation, if an abnormal case should be discovered. We understand that we will be notified, as a matter of course, in such a case.

4. Calls at ports by U.S. N-powered warships will be carried out in the future on the basis of the items agreed upon through the negotiations this time, in addition to the Note Verbale followed to this date. The Atomic Energy Commission wishes to watch operation thereof fully and to express its opinion to the Prime Minister whenever necessary.

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NIKKAN KOGYO (Full)

October 23, 1968

U.S. Minister BARGER Stresses Abolition of Restrictions on Liberalization of Automobiles

The Kansai Keizai Rengokai (Kansai Employers' Association) held a luncheon party at Club Kansai in Kita-ku, Osaka, in honor of U.S. Minister Herman H. BARGER, who was visiting Osaka for the first time, since he assumed his post, on the 22nd, and conferred with him on U.S.-Japan economic questions.

At this meeting, U.S. Minister BARGER made a speech on important economic questions between Japan and the U.S., and he especially urged strongly the easing of import restrictions and the promotion of capital liberalization, first saying as a preface that "the U.S. is now placed in a grave position in endeavoring to balance its international payments accounts, and for this reason, it has come to a stage where the U.S. cannot accept, from the standpoint of settling its international payments problem, trade restriction measures on the part of its trading partners," and then emphasizing that "as one of the main trading partners of the U.S., Japan should also ease its restrictions on the advance of American products and capital, and especially, the abolition of restrictions against the liberalization of automobile capital is desired."

KH

ASAHI (Full)

October 22, 1968

Interview with NIXON on Stumping Plane

(Special Correspondent KAWAMURA -- Washington, October 21)

U.S. Presidential Candidate NIXON accepted a proposed interview when his plane, chartered for his stumping from state to state throughout the United States, approached the skies over Connecticut.

The special cabin for NIXON is at the part where there are first-class seats. This reporter (Special Correspondent KAWAMURA) was introduced to NIXON there in the special cabin. NIXON introduced the reporter to Mrs. NIXON who was seated by his side, and then sat down on a sofa and began to speak. Not a sign of fatigue, in spite of the everyday election campaigns. He looked healthy with a sunburnt face. His attitude was vividly descriptive of his conviction of victory in the election.

A questionnaire had been sent to him on the political problems between Japan and the United States, and it was the promise that NIXON would give his reply after studying the data in detail. NIXON opened his mouth with "I have deep relations with Japan and have many acquaintances." He said that he visited Japan six times after retiring from the Vice-Presidency in 1961, and met Prime Minister SATO, former Prime Minister KISHI, and others. As he spoke, he gave the impression that he has Japanese affairs well fixed in his mind. It was clearly perceived that he was paying consideration even on wording concerning the points which are liable to pose political problems in Japan.

NIXON came to Japan in the capacity of the Vice-President in November 1953, and on that occasion, his biggest aim was to judge the Japanese sentiments toward the United States. In 1960, he experienced as the Vice-President the serious question of the cancellation of President EISENHOWER's projected visit to Japan. In addition, he came to Japan six times after his retirement.... It may be natural that he deeply understands Japan.

NIXON spoke without end: there was hardly room for this reporter to ask him questions. When he finished talking, NIXON offered the reporter his hand, saying with a smile, "At any rate, I will win." The gist of NIXON's statements is as follows:

1. The peace and stability of Asia depend greatly upon Japan-U.S. relations. What role Japan will play in it is, of course, a matter which Japan should decide. I think Japan can play a role of a leader as a great industrial nation in Asia and should play such a role. That was impossible ten years ago, judging from the Asian nations' sentiments toward Japan. In Asia, however, new generations have been rising and they welcome Japanese brains and planning ability.
2. I will make it an important policy target to maintain as close relations with Japan as possible. That will be on all aspects, including politics, economics, and even the problem of Japan's self-defense. I think Japan-U.S. relations are entering a new era.
3. In the first half of this century, the moves of the international political situation were centered on Europe, but the Pacific will be the center in the future. And the co-operative relationship between Japan and the United States will be the key to peace in the Pacific areas.
4. From a long-range view of the future, Japan can become a bridge linking the Chinese continent. Whoever may be a leader of China in the future or when we think of the time point of 2000 A.D., for example, we will have to have dialogues with the Chinese continent. Everybody will have to admit this. And Japan can be the bridge.

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October 21, 1968

Financial and Business Circles Hastening Re-Study of U.S.-Japan Relations,
Flustered by Reports of NIXON's Lead in U.S. Presidential Election

Worrying over Possible Change in Policy, Including Protectionist
Trade and Liberalization Offensive

As the campaign for the U.S. Presidential election on November 5 is progressing in a direction advantageous for NIXON, financial and business circles are hastening a re-study of U.S.-Japan relations, so as to be prepared for the advent of a Republican Administration. The leaders of the financial and business circles are worried that there is a possibility of delicate changes appearing in the U.S.-Japan policy line, such as the appearing of protectionist trade, increase in pressure for capital liberalization, a request to take over the burden of economic aid measures toward Southeast Asia, and on the question of Okinawa reversion, in the case of candidate NIXON's being inaugurated the 37th U.S. President, taking over from the Democratic Administration which has been in power for the past eight years. For this reason, they are anxiously working to ease any undesirable effects which may be brought about by the advent of a new Administration, by promoting interchange with U.S. Congressional circles and private financial and business circles, and by stabilizing firmly the U.S.-Japan co-operative setup through mutual understanding through dialogues.

At the initial stage of the Presidential election campaign, the financial and business circles had been judging that Vice President HUMPHREY is in the lead, and they held the optimistic view that, in that case, there would be no change in the basic keynote of relations between Washington and Tokyo, which had taken root in the past eight years, since 1961, under the Democratic Administration of KENNEDY and JOHNSON. However, with the armed invasion of Czechoslovakia by the armies of the Soviet Union and four East European nations on August 20 as the turning point, the view that NIXON will win a landslide victory has become very strong. These circles are deeply flustered, as it is feared that there may appear various minus aspects arising from a change in the U.S. policy line.

A large group of 25 influential leaders of the financial and business circles, including such persons as Fuji Bank President Yoshizane Iwasa, who acted as the leader of the group, so to speak, Fuji Iron Works President Shigeo NAGANO, Toshiba President Toshio DOKO, Yawata Iron and Steel President Yoshihiro INAYAMA, and Showa Denko President Masao AKIZAI, attended the 4th U.S.-Japan California Conference, held in the latter part of September, in Del Monte, California, hoping to grasp a clue to the prospects of the U.S. Presidential election, the direction of U.S.-Japan relations and U.S. world policy, under a new Administration, and possible changes in its Asia-Pacific policies.

At the Del Monte Conference, when the Japanese side sounded out the predictions of U.S. financial and business circles' representatives as to whether NIXON or HUMPHREY was more likely to win in the Presidential election, all of the 25 American delegates, including President PETERSON of the Bank of America and President ASHE of Lytton Industries, raised their hands for "an overwhelming victory for NIXON." The financial and business circles take the view that even if President JOHNSON were to decide on overall suspension of the bombings against the North and for Vietnam peace, as the last trump card to lead the Democratic Party to victory, it would not be possible to upset NIXON's lead, even when viewed in the light of the public's having becoming tired of the Democratic Party and in the sense of renovating the public mind."

The leaders of the financial and business circles hold the judgment that, regardless of whether NIXON wins or HUMPHREY wins, "there is no decisive difference in policies between the Republican Party and the Democratic Party, and there will probably be no change in the United States'

basic policy and foreign policy. Concerning trade protectionism, too, both Parties will have no choice but to take import restriction measures, to some extent, though there may be differences in degree, judging from the present climate in the U.S." (Keidanren - Federation of Economic Organizations - President Kogoro UEMURA, Keidanren Councillors' Conference Chairman Kiichiro SATO, Fuji Iron Works President NAGANO, Shinetsu Chemicals President Tokusaburo KOSAKA, and Nissan Motors President Katsuji KAWANATA).

Fuji Bank President IWASA points out that "It is the Congress which enacts protectionist trade laws, and the key to the question lies more in the extent of power the liberal trade factions of the two Parties will secure in the House and Senate elections (re-election of one-half the number in the Senate and re-election of all members in the House), which will be held at the same time as the Presidential election, than in the question of who will be elected President." Shinetsu Chemicals President KOSAKA, who has good knowledge of U.S. political circles, also attaches more importance to the new composition of the Legislature, saying: "I am anxious about the retreat of the Democratic Party strength, but even if NIXON were to be elected President this time, I think that the Ruling Party (the Republican Party) in the Congress will be in the minority."

However, as an undercurrent of the financial and business circles, many of the leaders are guarded, noting that "if the Republican Party, which is closely connected with the U.S. financial and business circles, and which has a strong leaning for protecting industries, were to seize the reins of government, there is the danger of import restriction measures being further strengthened" (Keidanren Vice President Teizo HORIKOSHI, Sanwa Bank President Kazuo UEDA, Mitsubishi Kasei President Hideo SHINOJIMA, and Yokohama Bank President Takashi IHARA).

Through this, there is the danger of such import restriction actions as voluntary restriction of exports to the U.S., which is now being adopted by iron and steel and textiles (synthetic fiber), spreading to various other commodities. Sanwa Bank President UEDA predicts: "Japanese-made small-size cars are flooding the West Coast. If this were to spread to the East Coast, too, automobiles will also be restricted." Bank of Japan Governor USAMI also rings a warning bell, saying: "There is hardly any fear of a retreat in the U.S. business trend. The economy will continue its powerful expansion next year, too, but there is the danger of its feet being dragged by trade protectionism."

Tendency for Import Restrictions by Each State Likely to Increase

Candidate NIXON is pledging the rectification of the Democratic Administration's policy for the centralization of power, for the strengthening of the Federal Government, and the reviving of the regional de-centralization of power system. In connection with this move, independent import restriction moves being taken by each individual state, such as California, Maryland, Pennsylvania, Massachusetts, and Texas, are recently coming into the limelight. It is considered that the strengthening of restrictions under a state Buy American law, accompanying the "restoration of state power," will be further stepped up under a Republican Administration. Financial and business leaders, who are knowledgeable about the U.S., are racking their brains, worrying that, in such a case, it will not be possible to settle problems through negotiations with the Federal Government in Washington alone.

The financial and business circles are also turning wary eyes on the possible advent of a Republican Administration not only because of their fear of the rising of trade protectionism, but also in connection with the possible intensification of the capital liberalization offensive. Bank of Japan Governor USAMI, who visited the U.S. to attend the IMF General Meeting as the Japanese Government Delegate, conferred with U.S. political, business and financial leaders on that occasion. He sighs and says: "The U.S. offensive against our capital liberalization policy is very strong. They question us sharply, charging that Japan talks plausibly but is sabotaging liberalization. No matter what explanations we make, they refuse to listen, saying that it is useless for one of the world's three biggest economic powers, with a high growth rate, to make such complaints."

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If a Republican Administration, which is the representative of the interests of the financial, business and industrial circles, emerges, the capital liberalization offensive against Japan by world enterprises, with the Detroit automobile capital at the top, will become still more intense. The circles concerned point out the stern change in the environment, saying: "The handling of the capital liberalization question has become the biggest point at issue in U.S.-Japan relations. Japan is now being pressed to make an important choice of whether to reject capital liberalization and acquiesce to import restrictions, or to open the nation to capital, and demand trade expansion" (Yokohama Bank President IHARA).

Fuji Bank President IWASA emphasizes the "complicated equal partnership," saying: "The U.S. is now starting to think of Japan as a rival. The U.S. is criticizing Japan which is not carrying out its international pledge for capital liberalization, while Japan is criticizing the U.S. for its protectionist trade, which runs counter to its trade expansion policy, including the KENNEDY Round. This mutual criticism between the two nations should be understood fully. U.S.-Japan relations from now on will enter a new age of 'co-operation and competition.' Special efforts on the part of both nations are needed for co-operation."

Shifting to "Age of Conflict of Interests"?

There are now even appearing voices which fear a shifting to an "age of conflict of interests," which is already appearing on the other side of the U.S.-Japan co-operative setup, and which note that "the 'centrifugal force seems to be becoming a little stronger than the centripetal force" (UEDA and SHINOJIMA), in U.S.-Japan relations, which had been linked together firmly in the political, military, diplomatic and economic (trade, capital and techniques) fields, with the dollar as the bond, due to Japan's making a leap-forward advance to a big power, with the second highest GNP in the world, through the high growth of the Japanese economy.

All the more for the reason that U.S.-Japan relations are coming to a delicate stage, Tokyo Electric Power Company President Kazutaka KIKAWADA hopes for the continued maintenance of the Democratic Administration, saying: "In point of flexibility, President HUMPHREY will be a bigger plus for U.S.-Japan relations. The weight of the policy toward Communist China will become bigger for putting a new theory for a peaceful economy on the right track, centering on the Asia-Pacific region, including the settling of the aftermath of the Vietnam war and policies toward Communist China, and in this respect, HUMPHREY of the dove faction can take a more flexible posture than NIXON."

The financial and business circles are also closely watching the changes which may appear in the U.S. Asian policy after a Vietnam peace, and they observe that the taking over of economic aid, under a de-Americanization policy (retreat of the U.S.), will come to lie on the shoulders of Japan as a heavy burden, noting as follows: "Whichever Administration is inaugurated, the 'star player' of the Southeast Asia economic co-operation and aid policy, centering on the economic development of Indonesia, Vietnam reconstruction demands, and the overall development of the Mekong, will shift from the U.S. to Japan" (KIKAWADA and MAGANO).

Shift to Stabilization in Economic Policy

In the aspect of economic policies, candidate NIXON is severely criticizing the Democratic Party's new economics, saying that "the eight years of Democratic Administration only left to the U.S. citizens the burden of inflation, the dollar crisis and deficits in national finances." Moreover, in view of the fact that candidate NIXON's brains are members of the classic Chicago school of economics, such as Dr. Arthur BURNS (Chairman of the Council of Economic Advisors to the President under the EISENHOWER Administration) and Chicago University Professor Milton FRIEDMAN, who is an advocate of the devaluation of the dollar, there is the danger of drastic economic stabilization measures, such as the curbing of inflation, the retrenchment of deficit finances and the strengthening of dollar defense measures, being taken.

Especially, in the fight against inflation, it is viewed that "the high interest rate policy for the calming down of excessive demand, will probably be continued, in view of the fact that the statements of Chairman MARTIN of the Board of Directors of the Federal Reserve Banks will be strengthened more than under the present Administration" (Tokyo Bank President Sumio HARA, UEDA), and there is guardedness as it is feared that, with a shift from the growth type to the stabilization type of economy, there may appear delicate effects on our country's exports to the U.S. and in the short-term capital aspect of our country, which has been enjoying the benefits of the new economics fully.

Approaching the Republican Party Through Various Routes

As "Japan as a whole has tended to incline a little too strongly to the Democratic Administration ever since the advent of President KENNEDY" (KOSAKA), the financial and business circles are slightly in a flutter over the report that NIXON is leading, and they are trying to approach the Republican Party, through various routes. The top elders of the economic circles, such as Keidanren President UEMURA, Chairman of Keidanren's Councillors Conference SATO, and Japan Chamber of Commerce and Industry President Tadashi ADACHI say that "they know NIXON very well, although they do not know HUMPHREY too well," and there are also groups such as the Mitsui Group, which have contact routes with NIXON. However, the financial and business circles, as a whole, have actually been turning their eyes more to the Democratic Party than to the Republican Party, which had come to deepen the coloring of a permanent opposition party.

For this reason, they are now pushing forward an approach to NIXON, through Californian business circles, which is the home base for NIXON, and through Wall Street, which favors the Republican Party. It is for this same reason that the financial and business circles are watching the Japan-California Association and the U.S.-Japan Businessmen's Conference slated to be held toward the end of the year, after the U.S. Presidential election, with close attention. Also, Shinetsu Chemicals President KOSAKA will invite influential Senators of both Parties, such as MANSFIELD, PERCY, MUSKIE, Edward KENNEDY, JAVITTS and BROOK, to Japan next spring, hold a Japan-U.S. Diet Members Conference or a conference of private persons, and re-study U.S.-Japan relations, after the advent of a new President and after SATO's re-election for a third term.

The financial and business circles are also trying to ease the shock from a U.S. policy change and the vacuum in Asia, following a Vietnam peace, through an international co-operation setup to be participated in by multiple nations, such as the Pacific Economic Committee and the Asian Private Investment Company. It is considered that Keizai Doyukai's (Japan Committee for Economic Development) holding a private businessmen's conference among Japanese, American and West German businessmen, as the second round of international co-operation and aiming at the establishment of a new international order, is also another such move to put down in place a stone to cope with these delicate changes in the United States' world policy.

KH

Japan Times, October 30, 1968

Nixon to Review Trade Agreements

PITTSBURGH (K y o d o
F e u t e r) — Republican presi-
dential candidate Richard M.
Nixon Monday night pro-
mised to take a new look at
America's reciprocal trade
agreements to "protect Ameri-
ca's jobs and America's stand-
ard of living."

Nixon's statement made in
the heart of the nation's steel
producing center, got tumultu-
ous applause from an audi-
ence of 13,000. The industry
has been one of the hardest
hit by imports, mostly from
Japan.

Preservation Copy



EMBASSY
OF THE
UNITED STATES OF AMERICA

Tokyo, Japan

October 31, 1968

The Honorable
Ogden R. Reid
Purchase, New York 10577

Dear Brownie:

There is enclosed herewith for your information several articles translated from the Japanese press covering recent interviews with Mr. Nixon. You may be interested in these accounts and you may wish to share them with your friends. I think Mr. Nixon came off quite well on the Okinawa question; however, most Japanese business people are worrying over possible changes in U.S. foreign economic policy, including the adoption of more protectionist trade measures if the Republicans succeed.

Clippings from the English language press covering Nixon's remarks on textile and steel imports, together with his latest statement on taking a new look at the reciprocal trade agreements program are also enclosed. These reports are stirring up considerable discussion and give rise to speculation that Japan's trade with the U.S. is to be restricted. From a purely domestic point of view, the frustration which is so prevalent in many sectors of American business over rising imports is thoroughly understandable; however, I am sure that the thoughtful businessman is impressed with the importance of the U.S. following liberal trade principles and maintaining a framework for the maximum flow of goods and services within the Free World community on as favorable terms as possible. I, for one, and I am expressing merely a personal opinion, would deplore a situation in which the U.S. might return to a position of isolation and the protectionist policy of the Hawley-Smoot Act of 1930. Japan is our largest overseas market and, in turn, we are Japan's largest customer. If the U.S., as a result of protectionist policies, brings about a

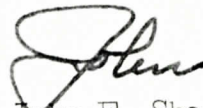
business recession in Japan, we will be contributing to political instability in this country and to encouraging Japan to once again turn to the adventurous policies which led up to the second World War. I am sure no American would like to see this happen.

Japan today is the one bright spot of the Free World in Asia. If it is to live it must trade.

I am sorry this letter is coming too late to have any measurable effect in terms of the immediate election, but I do feel some concern for the future and wanted to share these thoughts with you as a friend and as a concerned citizen.

Dorothy and I hope you and Mary Louise will be successful in being re-elected and that you will continue to influence policies in the Republican Party. Our children have appreciated your role and involvement in the racial problems of the past year.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "John F. Shaw". The signature is fluid and cursive, with the first name "John" being more prominent.

John F. Shaw



OGDEN R. REID
TWENTY-SIXTH DISTRICT
NEW YORK

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

November 19, 1968

Dear Bryce:

As of possible interest to you and the President-elect, I am taking the liberty of enclosing a copy of a letter and press reports sent to me by John Shaw, the economic officer at our embassy in Tokyo.

John served with me, in Israel and I highly value his judgment.

If I may be of assistance on this or other matters in the days ahead, please let me know.

With best regards.

Sincerely yours,

Ogden R. Reid

Mr. Bryce Harlow
Office of President-elect
Nixon
The Pierre Hotel
Fifth Avenue at 61 Street
New York, New York

ORR:cjt

JAPAN

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12/10

December 9, 1968

Worship

Honorable Ogden R. Reid
United States House of Representatives
Washington, D. C. 20515

Dear Brownie:

Thank you very much for your nice letter of November 19 and the enclosed communication from John F. Shaw.

I appreciate your bringing this correspondence to my attention. In light of the sensitive situation in our national relations with Japan I shall bring this matter before the attention of the President-Elect at the first opportunity. Obviously, the new Administration will have to establish a clear policy regarding this and other trade questions in order to balance the interests of American industry with the necessity of assuring harmonious relations with our allies.

I look forward with a great deal of optimism to reverting to the White House and know that there will be many occasions when we will work together for good causes during the 91st Congress.

With cordial regard, I am

Sincerely,

Bryce N. Harlow
Assistant to the
President-Elect

BNH:kmb

Dr. Kissinger