

# New Hand at the Helm

## Interview with Minister of International Trade & Industry Eiichi Nakao

**Journal:** Congratulations on your appointment as Minister of International Trade & Industry. Could you briefly outline your hopes and your plans as minister?

**Nakao:** I have long argued that Japan cannot afford to go it alone in the world and that our prosperity depends on cooperating with the rest of the international community. Trade relations with the rest of the world are a major part of MITI's portfolio. The Japanese people obviously have to do what they can in Japan's national interests, but we have to transcend narrow national interests and find new ways of living harmoniously with other nations.

Realizing this, I intend to make every effort to see that the GATT Uruguay Round is successfully concluded, that our trade relations with the other countries, particularly the United States, are smooth, and that we can contribute to a better world. I am also very interested in helping the countries that are making the painful shift to free-market economies.

Second is securing the stable development of the Japanese economy, which means working to ensure that we are able to sustain strong, inflation-free, domestic demand-led growth. At the same time, we are looking at ways to usher in new distribution patterns.

Third is the global environment issue. Given MITI's mandate, this means ways to prevent global warming, greater recycling of industrial waste, and other policies to make industry more earth-friendly.

And fourth are efforts to make sure that Japan has a vital small-business base, including improving the working environment at smaller companies.

**Journal:** You mentioned economic relations with the United States. Many people have forecast that the United States will

be increasingly strident in its demands of Japan now that the U.S. economy itself is in recession.

**Nakao:** The Japan-U.S. relationship is one of the most important bilateral relationships in the world, and it is imperative that the two countries develop this as a global partnership for promoting the GATT Uruguay Round, cleaning up the global environment, helping the developing countries, and dealing with all of the other global issues that we face.

In 1990, the two countries managed to settle a wide range of specific issues, including mainframe computers, satellites and amorphous metals, and even to agree on the Structural Impediments Initiative Final Reports. During the same period, Japan's trade surplus with the United States continued a decline started in 1988. Looking just at the preliminary figures for 1990, this was down 15.4% from 1989. We are clearly making progress in reducing the imbalance. All things considered, I believe the economic relationship is basically good.

**Journal:** You are well-known as a fluent English speaker and someone who has considerable experience in the field of Japan-U.S. relations—starting with your friendship with the Kennedys.

**Nakao:** Most of my English I learned from a Canadian missionary when I was in middle school (the equivalent of today's high school). It is amazing how those things stick. On the Kennedys, I knew them even before I was elected to the Diet in 1967, and I was sent as ambassador extraordinary to Robert Kennedy's funeral in 1968. This was a very sad occasion.

I have also worked hard to promote better understanding and friendship between Japanese and American legislators, including the U.S.-Japan Leadership Council last November, and I hope to draw on these friendships and this experience to rebuild the Japan-U.S. relationship. Of course, there will be times when I will speak out candidly to my American



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friends, but I trust they will understand that it is to clear the air for a better bilateral relationship.

**Journal:** You mentioned Japanese small business. This is one of the sectors that is being buffeted by the many economic changes that are under way. What are your thoughts about helping them?

**Nakao:** Small business always runs the risk of bankruptcy before the big companies do. Small business is where employment problems show up first. Yet they are the backbone of the Japanese economy—accounting for 99% of all companies and a little over 80% of all employment. It is impossible to have a healthy economy unless we also have a healthy small business sector. I know this from experience, since my parents had a little shop in Kofu (Yamanashi Prefecture) that sold clothing and textiles. Our store was burned out during the war, and I had to work my way through college and graduate school. So I know how people in small businesses feel and the problems they face.

At the same time, I have also worked closely with a number of big-business associations, and I am well aware of the painful sacrifices that executives at the big companies have made and the sleepless nights they have spent making the Japanese economy a global force to be reckoned with. So I see my mission as that of keeping economic policy fair and balanced.