

thy for America?

The Prime Minister. Well, you use the words “sympathy” or “compassion,” and I would not claim that these are inaccurate. What I really tried to say was that we have to understand the other person’s position. When you say “favored,” and there is the antonym “disfavor,” well, what I’m trying to say is that we have to try and understand the other’s position. And it is with that in mind that I’ve tried to address these series of issues.

And at the very base of all that is the longstanding relations, friendship between our two countries. But for various reasons, U.S. society—and I might say I believe U.S. society is a great society, but there are homeless people; there is the problem of AIDS and so on. And for various reasons, education is not as high as in the past. And U.S. industries are not as competitive as in the past for various reasons.

Americans are pointing to these problems. And since Americans themselves are aware of these problems, I am convinced they will overcome these problems because I believe that United States is a great country. But until those problems are cured, those problems will continue to exist. And we have to understand the position of United States, and with that understanding we have to address the issues between our two countries because these problems appear in the form of trade imbalance between our two countries as well. So, it is with that sort of understanding I think we ought to approach the problems.

I wonder if there is a Japanese press reporter who wishes to ask a question. If not, then we’ll move over to the foreign press.

The Economy

Q. Since you are talking about your State of the Union in which you’re going to propose some things that you hope from the U.S. side will help stimulate the economy, I imagine you might have heard something about that from some of the CEO’s on this trip. Can you tell us if a payroll tax cut that would be an instant increase for businesses’ bottom line and in individual taxpayers’ pockets is on the short list of any possible tax changes under consideration?

The President. No, I can’t tell you that

because I’m not prepared to say what’s on the short list of what we are considering. We will have a sound growth package that is sound enough that it will not adversely affect the long-term interest rates that will get to investment and job creation at home.

And that’s what’s needed in our economy right now. And I will be working with the Congress to try to get that done. I will try to avoid some of the ideas that I’ve seen out there that would shoot the interest rates right through the roof, would take too long to do anything, and would in the long run be counterproductive. But I just do not want to go into detailing what’s on a possible short list, although we are narrowing down now to, just since I’ve been on this trip, to what our final proposal will include.

Japan-U.S. Relations

Q. Mr. President, in your summit meeting yesterday, Mr. President, you have said now that the cold war is over, the Japan-U.S. relations are at a turning point or a crossroads. And I think instead of confrontation, what do you think we must do for cooperation?

A question for the Prime Minister. You mentioned that we were very much touched by the President’s speech in Pearl Harbor. Now, bearing that in mind, I wonder how you would respond to the question raised by the President yesterday, Mr. Prime Minister?

The President. Well, I would say cooperation, the successful conclusion of the GATT round, although that’s multilateral. I would say that Japan and the United States continue to be in such close touch that when it comes to helping other countries, be it in South America as democracy starts moving there or be it in Eastern Europe or, indeed, in the Commonwealth, that it’s the U.S. and Japan that stay in very close touch on those things. I had a chance today, with Prime Minister Miyazawa, to take a *tour d’horizon* around the world.

I would also say that it includes cooperation in trading in Asia itself, outside of Japan. Neither he nor I want to see the world divided up into trading blocs. And so, as I was assuring him that the NAFTA, the North American free trade agreement