

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0094

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Japanese Prime Minister Hashimoto

PARTICIPANTS: President Clinton
Japanese Prime Minister Hashimoto

Notetakers: Peter Huggins, Anthony Campanella,
Jeffrey Rathke, James Smith

Interpreter: Hiomi Chimo

DATE, TIME December 16, 1997, 2122-2133 EST
AND PLACE: The Residence

PRIME MINISTER HASHIMOTO: This is the Japanese Prime Minister speaking.

THE PRESIDENT: Hi, how are you?

PRIME MINISTER HASHIMOTO: Hi, Bill.

THE PRESIDENT: I know you're busy so I won't take a lot of your time.

PRIME MINISTER HASHIMOTO: Thank you.

THE PRESIDENT: First of all, I wanted to thank you for your magnificent leadership in Kyoto. I'm very grateful. I think it's a big first step and I think it's something you'll be proud of for the rest of your life.

PRIME MINISTER HASHIMOTO: Thank you very much for your kind words.

THE PRESIDENT: The second thing I wanted to do is congratulate you on the tax announcement you made today and the announcement you made yesterday on what you'll be doing on the banking issue. I know this is a very difficult moment for you and you showed great leadership both in Japan and throughout Asia. It is a very great thing you've done and I want to do whatever I can to support you.

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies

Reason: 1.5 (d)

Declassify on: 2007-07-07

DECLASSIFIED

PER E.O. 13526

VL 2016-1056-M (1.21)

11/24/2022

CLINTON LIBRARY PHOTOCOPY
~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

PRIME MINISTER HASHIMOTO: Thank you. Yesterday we already announced a reduction of the corporate tax and a reduction of one-half on security trades. And we stopped the imposition of the land tax. An hour ago, we announced the reduction of the special income tax, starting January 1st of 1998. This was done by a supplementary budget for this fiscal year.

THE PRESIDENT: I think that's very good. I hope you get good support in the Diet and ministries for implementing this in the most effective way, and if you do it will help, not only in Japan, but throughout Asia.

PRIME MINISTER HASHIMOTO: Well, after my discussions with ASEAN leaders, I decided personally to do this myself. When I made the announcement, the media was so surprised that they weren't able to ask too many questions.

THE PRESIDENT: Well, you need to keep them surprised.

PRIME MINISTER HASHIMOTO: Well, sometimes it's nice to have them very surprised. Taking advantage of this phone call, I would like to share with you the results of my discussions with the leaders of China, Japan, Korea, and ASEAN. Although there were very strong reservations on the part of ASEAN leaders on the activities of the IMF, I emphasized especially that we have to continue focusing on the assistance to South Korea and I repeatedly said to them that unless the conditions of IMF were implemented and abided by, no external resources would come from Europe or the U.S., both public and private. And I am relieved that in the final analysis, Mr. Mahathir and the other leaders finally were willing to accept this need. In any event, it is extremely important that our two countries cooperate and consult closely on this assistance to South Korea.

THE PRESIDENT: I really agree. I am concerned about Korea, but initially, I think strict adherence to the IMF plan and having all the presidential candidates telling Kim they will support it may turn the situation around for them.

PRIME MINISTER HASHIMOTO: Well, there was a proposal from some ASEAN countries that we should have regular meetings between the leaders of ASEAN and the leaders of China, Japan, and Korea. So there's some sentiment for meetings without the Americans present. I reiterated the need to be cautious about this approach, and I managed to somehow survive without answering the proposal so our ministers can discuss this further.

THE PRESIDENT: We ought to think about that; there might be some merit in it. But I think it is important that we should continue to coordinate our positions closely. And I want to be helpful. Some in Korea and ASEAN may think I was too strong in insisting

~~CONFIDENTIAL~~

CLINTON LIBRARY PHOTOCOPY

CONFIDENTIAL

~~CONFIDENTIAL~~

3

~~CONFIDENTIAL~~

on compliance with the IMF, but I know there is not enough money in U.S. and Japan combined to stop a run on their currencies unless they put their houses in order.

PRIME MINISTER HASHIMOTO: I agree. So we must convey our approach focusing on the package of the IMF.

THE PRESIDENT: I agree with you. We'll work with you however we can. I'm very proud of you for taking this brave step. I believe it will help, and I will do whatever I can to be supportive.

PRIME MINISTER HASHIMOTO: Thank you very much, and Merry Christmas. And please convey my best regards to Hillary.

THE PRESIDENT: I will, thank you very much, Ryu. Goodbye.

PRIME MINISTER HASHIMOTO: Goodbye.

~~CONFIDENTIAL~~

CLINTON LIBRARY PHOTOCOPY

~~CONFIDENTIAL~~