

For Walter Mondale, it has been three years of fruitful, stressful and sometimes frustrating work as ambassador to Japan. Now some of his friends expect him to diplomatically call it a day after the '96 presidential election.

Sundown for Mondale in Japan?

Despite progress on trade, frustrations have taken a toll

By Mike Meyers

Star Tribune Economics Correspondent

TOKYO — Walter Mondale is not a smoker. But aides know when the U.S. ambassador to Japan is feeling tense.

Mondale trudges purposefully across the street from the U.S. Embassy to the Okura Hotel to buy a long, thick, expensive cigar imported from the Canary Islands. Not Cuba, alas. That would be undiplomatic.

Without lingering, Mondale returns to his office on a hill overlooking Tokyo's financial district and chews on his executive pacifier while he works the rest of the day.

Three years into the job, the ambassador has learned to cope with stress in a place where agreements are slow in coming and often hard to enforce.

"We've had some that have really been bummers," Mondale said.

Yet the victories have outnumbered the losses and draws. Judging from his record, he could sit back and relax. But Mondale doesn't coast, and speculation persists that he will close the Tokyo chapter of his life after the presidential election. Stay or go — and he's not saying which it will be — he can point to progress on his watch.

During his tenure, the United States and Japan have reached more than 20 trade accords, in areas ranging from apples and autos to cellular phones and copper. That's more than in any comparable span of time since Japan became a world industrial power.

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— There have been blessings and disappointments for Minnesota firms in Japan during the Mondale years.



Associated Press

Walter Mondale relaxes in the living room of the ambassador's residence in Tokyo.

Diplomacy's less-rewarding moments

By Mike Meyers

Star Tribune Economics Correspondent

TOKYO — In Asia's richest and most influential nation, humility remains a virtue. Walter Mondale, from time to time, has had humility thrust upon him.

Take the evening the U.S. ambassador to Japan attended a black-tie award ceremony in a Tokyo assembly hall that has seen a lot of history. Mondale was seated next to a Japanese woman he'd never met but who spoke English and seemed interested in having a conversation.

Seizing the moment, Mondale saw his

chance to enlighten the woman on some of the important moments the building had witnessed — the opening of Japan to the West, the creation of the nation's constitution and other dramatic events over the last century.

The woman smiled, nodded and listened attentively. At the end of the evening, Mondale felt proud of himself, having disgorged mountains of details from the scores of books he'd read about Japanese politics, customs and social history.

Mondale's ego boost didn't last long, however.

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MOMENTS from A1

Mondale has a few humbling Tokyo moments to remember

Joan Mondale, who had been seated out of earshot, came over and said, "Do you know who that woman is?"

"No," Mondale admitted. "She's the sister of the empress," said Joan Mondale.

Recalling that moment, Mondale's face reddened, and he burst into laughter at the thought of lecturing on Japan to a member of the imperial family. "She seemed totally engrossed," he said. "She probably heard more junk than she could have corrected."

Walter and Joan each have made their marks on life at the embassy.

Casual Fridays

The ambassador introduced "casual Fridays," allowing diplomats and other employees to wear jeans and sport shirts to work one day a week. Japanese employees didn't know what to make of the idea. At first, they continued to wear formal clothing. Gradually, they began to dress down with the rest.

"I'm not sure they were comfortable being comfortable," Mondale said.

Joan Mondale has played her part by making the diplomats feel more at ease than have the wives of some other ambassadors. She invites them to parties, for business and pleasure. The Mondales also invited Japanese construction workers and their wives — about 350, in all — to a party to celebrate the opening of the newly remodeled ambassador's residence last year.

"I loved it," Joan Mondale said. "They were quite boisterous and proud of their work. I especially liked shaking their hands. Their hands were rough from the work they do. It felt good to shake hands that do work."

After his serving as U.S. senator from Minnesota from 1964 to 1977 and as vice president from 1977 to 1981, Walter and Joan sometimes have the tables turned in Japan. Here, they are outsiders, not insiders. Here, Joan some-

times gets to be more the center of attention than Walter.

A Mondale aide reports that on a trip to Kyoto, the ancient Japanese capital, hundreds of miles from Tokyo, he visited a renowned artist he'd never met. The American mentioned he worked at the U.S. Embassy.

"Oh, do you know Joan Mondale?" the artist said, his eyes lighting up. They talked for several minutes about Joan Mondale, renowned in Japan for her interest in paintings, sculpture and, especially, pottery.

"The guy never asked a word about the ambassador," the aide said.

Joan gets the publicity

Joan Mondale sometimes gets more extended TV time than her husband, as well. She's been on national Japanese TV twice, giving tours of the ambassador's residence, a 65-year-old relic that was refurbished and reopened about a year ago.

U.S. taxpayers were victim to the kind of imposed inefficiencies that plague the Japanese every day. The remodeling cost \$8.1 million, a price that soared because of construction trade rules that require every worker on a construction site to practice his specialty and no other. Pipe fitters only carry pipe. Pipe fitters only install fixtures.

The remodeling was only the latest chapter in the story of a house that's seen more than its share of woes, according to a history produced by the embassy at the Mondales' behest.

Groundbreaking for the residence began in November 1929, only days after the Wall Street stock market crash. Finished at a cost of \$1.25 million, the mansion was known as "Hoover's Folly."

The first ambassador to live in the house, a Boston aristocrat named W. Cameron Forbes, was not impressed with the hodgepodge of styles and a shortage of natural light in the original design. In a letter to his predecessor,



Joan Mondale tours the gardens surrounding the ambassador's residence in Tokyo.

Forbes wrote, "I wish you would have a careful physiologist make a thorough examination and find out whether the person who designed this building was an architect or a mole."

The residence later was where Ambassador Joseph Grew and his staff were under house arrest for several months after the bombing of Pearl Harbor. While Grew and others in the embassy were waiting to be exchanged for Japanese diplomats in U.S. hands, he and the staff used the formal garden to practice their chip shots and putts.

The residence has had an impact on the lives of the Mondales. Suddenly, their quarters are a public curiosity: Japanese tour

groups traipse through the historic mansion as often as twice a week.

What those visitors see is part Foggy Bottom fussy and Minnesota casual.

Lots of modern art

Joan Mondale persuaded the Los Angeles Museum of Contemporary Art to provide modern art to adorn the walls — adding a somewhat hip tone to a 20-room mansion that is an eclectic blend of 30-foot marble columns in the living room and spaces so vast that the place seems less a home than a museum with furniture visitors can sit on.

Some of the art is of the you-love-it-or-hate-it variety. For in-

stance, above the fireplace in the dining room hangs a 4-by-6-foot image of a skyline silhouetted against the background of a scarlet sky. Is it Tokyo? Hong Kong? Singapore? No. It's "Gotham City," a painting that appeared in one of the "Batman" movies.

The embassy art is on loan, but one Joan Mondale idea will linger long beyond the Mondales' tenure in Japan.

On a visit to a new subway line under construction, Joan Mondale learned that the largest station in the project will be near the U.S. Embassy. She asked a Japanese construction official whether anyone had considered installing "public art" to brighten the lives of harried commuters.

The construction official smiled and produced Japanese newspaper clippings of Joan Mondale's many speeches given in the last three years on the virtues of public art adorning the Boston subway system.

After many more talks, the Japanese agreed to donate a large wall for public art — amounting to \$1 million in lost revenue on advertising that would have covered the space. McDonald's restaurants agreed to finance the purchase of an art work. Now a committee of art experts is studying whether to choose ceramic tile, stainless steel or some other material that will endure for decades in a place where millions of people will pass each month.

MONDALE from A1

Will Mondale leave Japan? That moment could be near

There are disappointments, too. The Japanese appear to have reneged on a pledge to open the insurance market to competition, and resistance to hiring foreign contractors to build homes and offices is as familiar a fixture on the negotiating table as cups of tea.

Rumors continue to swirl in and around the embassy that Mondale has grown restless in the subtle, sometimes stultifying world of diplomacy and may be about to head for the exit.

It could be a perfect moment for him to pack his bags. U.S. and Japanese forecasters predict that the Japanese economy's recovery will be short-lived. If hard times return, they say, Japan may be more inclined than ever to raise barriers to foreign goods and services, even if the strategy is self-defeating in the long run.

Some bet he's leaving

Mondale ducks questions about his plans. A typical reply: "After the election, I'm going to have a private conversation about the future with the president."

Still, there have been hints that Mondale, 68, feels suited to more action than the ambassador's job provides. He has told friends the post might better fit "someone with a lower metabolism."

Americans who've known him in his earlier incarnations as senator and vice president are picking up the same vibrations.

"I sort of get the feeling he may want to go home," said Robert M. Orr Jr., director of the Tokyo office of Nippon Motor.

"I've heard him use some very, very colorful expressions in times of frustration," Orr said. "I think I see in him some frustration, a little bit with both sides."

Both sides, in this case, refers to the leadership in Tokyo and in Washington.

Mondale shuns questions about whether he feels his mission to Japan has been handicapped by a White House that sometimes seemed to make U.S. relations with Japan a priority only when trade or political crises erupted.

The hills are full of U.S. executives — and Japanese business and government officials — with praise for Mondale that rings louder than their regard for the

White House that picked him for the post. Americans complain that the Clinton administration has been slow to recruit experts on Japan in the State and Commerce departments and even in the office of the U.S. trade representative.

Glen S. Fukushima, vice president of the American Chamber of Commerce in Japan, is among those who are betting Mondale will leave soon and wishing he would stay.

"I'd give him an A-minus," Fukushima said. "The minus comes from anything Mondale has done, but from the lack of focus he's had to deal with in Washington. He gets better marks than the Clinton administration."

Ties have broadened

Whatever the case, the commercial ties between the United States and Japan have grown stronger in the Mondale years at the embassy. Japan's huge trade surplus has narrowed considerably. Japan has cracked open its doors to imports of more U.S. autos, chemicals, agriculture products, telecommunications equipment and other goods and services.

To Minnesota companies doing business in Japan, the Mondale years have been seeded with blessings and disappointments.

In a land where beef imports once were so restricted that a steak cost \$30 or more at the few neighborhood markets that sold beef, prices are falling, and the Dai-ichi chain of 370 "superstores" now imports 11,000 tons of Kansas beef with the help of Cargill Inc.

Northwest Airlines has profited handsomely, sending planes packed with people and cargo across the Pacific, but it remains troubled by Japanese bureaucrats blocking flights beyond Tokyo to such places as Jakarta, Indonesia.

Mondale, a former Northwest director, has stayed away from such negotiations.

Medtronic, the Fridley maker of pacemakers and other medical devices, has enjoyed annual sales growth of 20 percent or better in recent years. Yet in Japan, a country with national health insurance and a cost-conscious government as the chief buyer, Medtronic remains plagued by



Ambassador Walter Mondale chats with C. Lawrence Greenwood Jr., junior counselor for economic affairs, on the walk outside the ambassador's residence. Mondale has hinted to friends that he might be leaving the Tokyo post soon. But for now, the ambassador is ducking questions about his plans.

bureaucratic rules that keep leading-edge products out.

On the issue of introducing new products, I think we've made no progress at all," says Lowell Jacobsen, former head of Medtronic's Japan operations and now senior vice president/corporate affairs.

Last year, total U.S. exports to Japan topped \$64 billion, a record, with gains in goods and services targeted in trade talks leading the way. The Japanese and Big Three U.S. automakers last year exported a record 140,000 vehicles from the United States to Japan, up 40 percent from the year before. But the change in the value of the yen — and political

pressure to move jobs home to Japan — could reduce that number in the months ahead.

Indeed, economists caution that some of the good news on trade was less a product of canny trade negotiations than of a sharp rise in the international buying power of the Japanese yen — making U.S. goods and services as much as a third cheaper than two or three years ago. But that trend appears over.

In the past six months, the value of the yen has declined more than 25 percent, and economists in Japan say Japanese automakers with U.S. plants are cutting back on plans to ship U.S.-built cars back to Japan.

And economists say that the level of government spending to stimulate the Japanese economy — about \$80 billion last year on roads, ports and other public projects — is unsustainable.

The Japanese government lately has turned its attention to huge financial shortfalls expected in the national health care system. Local governments, to the degree that their budgets come from property taxes, have other worries. After soaring to stratospheric heights in the 1970s and 1980s, residential real estate prices have plunged 80 percent since 1993, a recent survey found. With property values down, taxes have nowhere to go but up, sapping consumer purchasing power.

Appetite may be waning

Monetary policy cannot pump up the Japanese economy, either. The discount rate, the price of loans made to central banks by the Japanese central banks, stands at 0.5 percent. But even with the cost of money almost free, the Japanese are not inclined to borrow for projects in Japan, an economy struggling with government and industrial rules that make the country one of the most expensive places to do business.

All that suggests to economists such as Robert Allen Feldman at Salomon Brothers in Tokyo that Japan may show a weaker appetite for imported goods in 1997 and beyond.

"The momentum that fiscal and monetary expansion of 1995 brought to the Japanese economy is now beginning to wane," Feldman warned. He said the recent elections, which reaffirmed the ruling party's 40-year hold on power, indicated that Japan isn't going to race to deregulate the economy.

Looking back, Mondale cites the Clinton summit in Tokyo in April as a peak.

"It was a welling up of good feeling between the two countries," he said.

The Japanese mention other events.

Against the advice of some diplomats at the embassy, Mondale accepted an invitation to attend a Japanese ceremony marking the anniversary of the U.S. bombing of Tokyo in World War II, which set off a blaze that claimed more than 100,000 casualties.

Akiya Nomura, deputy chair of the editorial board of the Asahi Shimbun, a Japanese newspaper with a circulation of more than 8

million, said Mondale time and again has shown more sympathy to Japanese feelings than a boatload of diplomats — U.S. or Japanese — who are trained to be cautious.

"I think he knows he's not just another ambassador," Nomura said. "Whatever he says, he knows it doesn't endanger his post here."

Mondale is quick to credit others at the embassy and in Washington with contributing to progress on trade, but he's clearly proud of the favorable response he's gotten from the Japanese press and people.

"We got through the 50th anniversary of the war with a positive feeling — not easily done, but we did it," Mondale said.

Well, almost. The low for Mondale in Japan came last year, when two U.S. Marines and a U.S. seaman were accused and found guilty of raping a 12-year-old Japanese girl in Okinawa.

Japanese politicians, at first, were silent on news of the incident.

In contrast, Mondale was quick to express shock and promise action.

"It was about as obnoxious as anything could be," Mondale said. "There was no conceivable defense, to put it mildly."

Apologies — in person

He apologized to the Japanese prime minister, the foreign minister and the girl's family — in person, not on paper — and vowed to respond to waves of protests from Okinawa residents demanding that U.S. military presence on the island end or be reduced dramatically.

The promise prompted long rounds of negotiations that led to the U.S. military finding ways to cast a shorter shadow without reducing military strength.

"We did more work on the structure of U.S. forces in Okinawa in four months than we did in 20 years," Mondale said.

Said Nomura: "It was a very humane response. It touched the Japanese. In fact, I think he was ahead of the Japanese politicians in understanding how deep feelings were about the incident and about U.S. military presence in this country."

— Star Tribune librarian Roberta Hovde contributed research to this report.



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