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Speech by  
Ambassador Walter F. Mondale

Japan National Press Club  
November 5, 1993

(as delivered)

Thank you very much Mr. Ishikawa for that very very kind introduction. I've learned a lot already since arriving in this hall. First of all, I discovered that we're eating American beef and drinking California wine and I've already been invited to next year's event where we've been promised American apple pie. So we're making progress. I also discovered that Mr. Ishikawa controls the tickets for the Royal Suite in the Tokyo Dome and so I intend to be the best friend he has in Tokyo.

Thank you for inviting me here today. I also learned one other thing. Joan and I visited Kyoto last weekend, that marvelous historic city which I've heard about -- a wonderful weekend. But on the way back we went to the Kyoto railroad depot where they have the book that honored guests sign and I looked through two books and I found the signature of my old friend Mike Mansfield in there and then suspiciously close to that on another page I saw the autograph of Audrey Hepburn and I have written Mike Mansfield and said, dear Mike I know you were a great ambassador but would you please explain the close proximity to your two signatures there in that railroad depot. I'll give you a report when he answers me.

Thank you for inviting me here today. This is my first speech before this press club and I'm honored to be here and I thank you for the invitation. Because one of my principal responsibilities as Ambassador is to communicate the views and positions of the American Government. The Japanese people are depending very much on the media here and I respect the job that you must do to fairly report and analyze the news and I pledge to you that I will continue my policy of being open and accessible to you.

In the short time that I've been here I have already had the privilege of meeting and talking with many impressive Japanese leaders in government, business, education and in other fields. And I look forward to many more opportunities along this line. I'm very glad to be here. I'm pleased to be my nation's Ambassador to Japan and I'm sure that my time here will be both professionally and personally rewarding.

I believe I've arrived at Japan at a time of momentous change in the world. Gone is the mortal standoff between the superpowers which dominated all of my public life until just a few years ago. It is truly astonishing how the world is changed. The Soviet Union has ceased to exist. The countries of Eastern Europe have been liberated from communist control. The bi-polar world of the Cold War is no more, and for America these changes provide an opportunity to focus our energy and our attention on domestic priorities which were neglected for far too long. Thus President Clinton has made the renewal of the American economy his foremost concern and he has already taken bold steps toward that end. He is now doing what our allies including Japan have been urging the United States to do for years. Yet we all know that the world, nevertheless, remains a dangerous and complex place. There will continue to be very real threats to international peace and security and the United States, along with other nations, must be prepared to respond. The long standing alliance between the United States and Japan remains vital to the interests of both of our countries. Recently, Secretary of Defense Aspin was in town as you know and he reaffirmed the centrality of the American-Japanese security relationship to our entire international posture. In turn, there should be no doubt about the American Government's broader commitment to our relationship with Japan. President Clinton's first overseas trip was to Tokyo in July. Moreover, the President and your Prime Minister will meet later this month in Seattle and they will meet again early next year in Washington as part of their commitment to the semi-annual meetings to review progress on the Framework Agreement. This unprecedented sequence of meetings between heads of government is almost without historic parallel and I think it underscores the deep commitment that our two nations have at the highest level to sustain this relationship and build upon it.

Nonetheless, given the size of our two economies and our increasing interdependence it is natural for frictions to develop between us. Right now these economic tensions are the most urgent item on the agenda between our two nations. And their importance goes beyond our bilateral relationship to the very health of the global economy. We need to address our economic problems in the spirit of statesmanship which befits

the seriousness of our relationship. For example, the recent decision by the Japanese Government taken on its own to adopt new principles for the construction industry permitted the American Government to defer sanctions. This demonstrates that we can work together with mutual trust and respect to resolve our differences. I think this was a very hopeful development, a precedent I hope reflecting the importance which each nation attaches to this relationship and the dignity, and I underscore the word dignity with which we hope to conduct it.

We should recall just how remarkable is this relationship between us. Ours is one of the great diplomatic success stories of this century. In a short time, once bitter enemies have become close allies, friends and partners. And our economic destinies have become inseparable. Although separated by geography, culture and language, our two nations have a great deal in common. Another thing I learned on my job which I like very much and that is that everybody that wants to talk to me in the United States is asleep while I'm awake. That's something else. Getting back to my point, we are free and open societies. We have democratically elected governments. We are prosperous, market-oriented economies and we are committed to international cooperation to secure a peaceful world. Because we are the world's two largest economies what we do literally affects every other country on earth. I'm convinced that our real relationship will only grow in importance in the future. More than ever, we must act as partners in international leadership. This is consistent with both America's changing role in the world and Japan's own aspirations for global responsibility.

With the end of the Cold War, we have a world in which power is diffuse and effective action increasingly depends upon multilateral efforts. Although the leadership of the United States will continue to be crucial and let there be no doubt about America's commitment to lead. We cannot be expected to do it all alone. It is only by working closely together that the United States and Japan, along with Europe will be able to build a world which can offer new levels of security and prosperity for everyone. The stakes are as high as they could be. Thus one of my foremost duties as Ambassador, will be to nurture this essential partnership between our two countries as world leaders.

Fortunately, we already have a very positive record of working together in many areas outside of a strictly bilateral context. We are working together in the United Nations and other international organizations including the G-7. We cooperate on security issues in Northeast Asia. We are working together in the Middle East process. We are partners in providing aid to developing countries and promoting a common agenda of global

issues. And increasingly we are cooperating on the regional level through the Asia-Pacific Economic Cooperation forum known as APEC and together with the leaders of the ASEAN countries in the annual post-ministerial conference. In sum, Japan and the United States enjoy a productive relationship across the spectrum of bilateral, regional and global issues. But it is in the economic arena where the world most urgently requires Japan and the United States to take the lead. First there is GATT. As you know we are up to that critical moment on that issue as we meet here today. December 15th is the deadline now looming for conclusion of the Uruguay Round of negotiations. This is a hard deadline which must be met. This Round will not succeed unless the members of the G-7 work together to ensure this outcome. We are encouraged by Japan's statements of support. It is in everyone's interest to strengthen the GATT because every country stands to gain from a more open international trading system. A recent World Bank-OECD study conservatively estimates by the year 2002 annual world income will increase by more than \$200 billion if the Uruguay Round negotiations are successful. The failure of GATT on the other hand would demoralize efforts to maintain and broaden our global trade and financial system. So much is at stake when nations open their markets, when they allow goods and services and investments to flow efficiently. When they must innovate and compete, the result is greater wealth for everyone. With more trade, more jobs, higher living standards and greater possibilities for peace through economic interdependence. APEC also is vital to this effort to open markets, expand trade and stimulate global growth. We look to APEC as a means to liberalize regional trade and investment, strengthen the multilateral system, anchor the United States firmly in the region. And we also hope it can serve as a bulwark against the development of exclusionary and protectionist trading blocs. Later this month the United States will host the fifth APEC ministerial meeting in Seattle. Immediately following these deliberations as you know, President Clinton and the other heads of government including Prime Minister Hosokawa will gather in a heads-of-government-only, no staff allowed, day-long private meeting where they can sit down and discuss the common problems and common hope of the leadership of this region. A first time in the history of the Asian-Pacific region.

Japan and the United States must also work together here to ensure the success -- in this environment and we must also work together to ensure the success of the Economic Framework agreed upon in July. As you know, American negotiators were here last month to meet with their Japanese counterparts to continue these talks. President Clinton and Prime Minister Hosokawa will review progress on the Framework when they meet in Seattle. We remain on schedule with these negotiations and we expect the



first specific agreements under the Framework to be ready by early next year. But our responsibilities go beyond the success of GATT and APEC and the Framework negotiations. For one of the great dangers we continue to face is the possibility that the world will disintegrate into beggar thy neighbor trading blocs. And history teaches us some pretty scary lessons about what can follow when this happens. A stagnant world economy is a breeding ground for protectionist pressure. At present the United States is the only major economy that is growing and there's further evidence that the U.S. economy is strengthening. Even though the recovery may not be as robust as we would like. The economic forecast however for Europe and Japan are pessimistic and are not at all encouraging. Thus one of the principal challenges which Japan and the United States confront is that of global economic growth. In my country we are moving to revitalize our economy. We have a plan in place to significantly reduce our budget, something that Japan and the G-7 has been urging upon our country for over a decade. Well, we're finally taking that essential and very tough step. President Clinton has also put forward a health care reform proposal which if passed will bolster our national competitiveness. That's another speech, but the cost of health care in America consumes between twelve and thirteen percent of our GNP. I think in Japan it's something like seven or eight percent but the rate of inflation on health care costs in the United States is nothing short of frightening and this is an issue that's been delayed and it goes directly to American competitiveness. And this is in many ways just as important as the deficit reduction in dealing with America's problems. Well, we are now seeking ratification of the North American Free Trade Agreement, NAFTA, as an important step toward more open markets consistent with GATT. And our industries and workers are taking steps to improve their productivity, and there is increasing evidence that American producers are enhancing their performance and becoming more competitive. These are all important initiatives but our nations must also coordinate our economic policies to lift the global economy. As you know Japan's current account surplus is massive, persistent and growing. I believe that is why we here so many Japanese business leaders and others calling for a real and substantial fiscal stimulus to the Japanese economy to boost domestic demand and reduce this large current account surplus. There's also a growing consensus that over the long term, Japan needs to move away from its traditional strategy of export-led growth to pursue a more consumer-oriented strategy of domestic demand-led growth which will contribute to global economic progress. By taking these steps, Japan will also bring the living standards of its own people in line with its wealth as a nation. Despite the collapse of the bubble economy and the lingering recession, Japan's economic fundamentals remain very very impressive. One

of the true phenomena in the world. These include a high savings rate, a modern efficient industrial base, a strong governmental fiscal position, a highly educated, productive and talented people. Japan is a modern mature developed economy. The second largest on earth. The effects of your policies are felt throughout the world. That is why the leaders of so many countries are watching Japan's policies so closely. Positive signs of Japan's leadership on these matters are already apparent. In many of the statements of the new Japanese Government and in the deliberations of the Economic Reform Research Council and the Tax System Research Council. We look forward to their recommendations.

Although I've just recently arrived in your wonderful country, I must say that I am already impressed by the many voices for reform that exist here. It seems to me that the real momentum for change in Japan is now coming from within Japanese society. From government, business, consumers and a broad cross section of the Japanese public. I believe these developments will help Japan and the United States to become increasingly full partners on the international scene. If we hope to build a new world with real promise of international security and prosperity, we will depend on Japan's best efforts.

Thank you very much.

## Question and Answer Period

Thank you very much Ambassador Mondale. Now ladies and gentlemen of the press I'd like to open the floor for discussion. Today we have the presence of Ambassador Mondale. The other day there was a press conference at the Embassy but this is the first press conference at the Japan National Press Club for the Japanese working press. We have the working Japanese press people here. I see many working press people. I'd like to hope that there will be many questions following the usual practice, please identify yourselves by telling us your name and affiliation and please state your question. Since this is simultaneously interpreted I hope that you will put your question in such a way that the interpreters will not encounter so much difficulty. I hope that you will make your questions succinctly and clearly.

Q: Takahama from Yomiuri Newspaper. Your Excellency I have many questions regarding the bilateral relations but since you are big shot Ambassador and since you are here in Japan and since then the Secretary of Defense came and many people came -- China, North Korea, Korea, Japan. You see the Northeastern Asian situation, how do you see the Northeastern Asian situation, that's the first question that I would like to ask you.

Ambassador Mondale:

I would like to do something before -- I intended to introduce to you the new Deputy Chief of Mission in the U.S. Embassy who has just arrived a few days ago. I think most of you knew Bill Breer the former DCM who has just returned to a very high position in the State Department. If I might I'd like to introduce Rust Deming, our new -- would you stand up so they can get a look at you.

The United States views, as I said in my speech, views the mutual security relationship between it and Japan as the lynch pin of our presence in this region. As you know that agreement essentially says that Japan will provide its own defense and for minor challenges and that we will provide the forward presence for regional security in the area and it's in that framework that for over forty years the United States and Japan have developed a highly sophisticated, coordinated and detailed cooperation and continuing dialogue on exactly the question you raised. The matter of greatest current concern is the challenge arising from North Korea which may be in the process of trying

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to build its own nuclear weapons and is developing delivery systems that might permit them to deliver such weapons hitting even targets in Japan. We have made it clear that we intend to stop that development. The President couldn't have been clearer in Korea in his visit there. And one of the reasons for Secretary Aspin's visit here and to Korea this past week was to meet with the leaders of your government and he met with your Prime Minister, your Foreign Minister, your Defense Minister and leaders of your defense forces is to review the current status of our efforts to cause North Korea to change course.

We have insisted that they live by the terms of the Nuclear Non-proliferation Treaty. That they allow the inspectors of the IAEA the International Atomic Energy inspection authority to re-enter North Korea and undertake the inspections permitted by the agreement and that they resume negotiations with the Government of South Korea. And only then will we agree to meet with the representatives. The United States will meet bilaterally with the leaders from the representatives of North Korea. That's the current status of the situation. You've read the reports this morning on the meetings in South Korea which Aspin held there and I think it's essentially the same situation, the same sense of perception that your government has. So it's a very difficult problem. I don't have anything new to report except to say that we are giving this very serious consideration. We're working very closely with your government and with the government of South Korea and we hope that the North Korean government which has caused this problem will have the good sense to take the steps to cure it. And I think it's in their interest as well as everyone else's. This is a good example of why even though the cold war is over, we need each other. It's that intense solid relationship that's matured over the years that has a certainty and a permanence that becomes a real credible force leading to stability in this region.

Q: As you said Japanese relations are very important. However, President Clinton the other day said unless NAFTA is ratified, Japan would take over the United States in getting into the Mexican market and he made a statement that sounded like he was permitting higher yen and these comments and statements having taken as offensive by Japanese people. So as U.S. Ambassador to Japan why do you think President Clinton has made such statements? His statement about NAFTA was objected to by Ambassador Kuriyama. How do you feel about it? Do you think his statement was fair? Your job is to explain the American position to Japan as you said, but President Clinton has anything to back up his statement, to justify his statement? I may sound too blunt, but since this is a very precious opportunity I wanted to raise this question? Japanese people have developed a strong sense of doubt about his statements and



President Clinton is very kind to Russians. Japanese-U.S. relations are very solid but still his statement leaves much room for doubt so I'd like to be enlightened by you. I think this point is very important. Japanese people will get angry if very inappropriate comments are made since Japan is a sovereign country so such statements are not very good for Japan-U.S. relationship what is the true intent of his statement? What does President Clinton think about Japan-U.S. relations?

Ambassador Mondale:

I was assured at some during this lunch I would pay for it. I thank you for the question because I think some description of what's going on and what's being said is needed because it's different than the assumptions in your question. As you know there is a very fierce and emotional debate in my nation over the adoption of NAFTA. The President has strongly supported it. The previous president, President Bush negotiated it and it is a very spirited and emotional struggle. The opponents to NAFTA have argued that its adoption would advantage America's companies foreign competitors and therefore U.S. producers would be disadvantaged and therefore NAFTA should be defeated. In fact, NAFTA is not a preferential trading block. It is consistent with GATT. It would be a free trade area and I think it would benefit all the companies in the world that are involved in international trade. The Administration is not denegrating Japan, it is arguing this. If after President Bush and then President Clinton has supported and proposed NAFTA and if after Mexico has made many concessions to win this agreement, if despite all of this NAFTA is nevertheless defeated the U.S. presence in the Mexican market could be damaged to the detriment of U.S. producers against their competitors around the world mentioning Japan, Europe and Taiwan. That's the case that the Administration is making and it should be viewed in those terms.

Q: Omarhan of Arab News. Ambassador, since you are the person who made history during the presidential election the candidate for the vice presidency was elected for a woman and you did not make it at that time. Now this time is there a possibility for a woman president or woman vice-president and if not what would be the reason? Look at the Japanese Prime Minister's, all men. So if Japanese Prime Minister were to be a woman would it be easier for you to talk about the economic issues like NAFTA and so forth? In the Islamic world we have three women prime ministers, in Turkey, Bangladesh and in Pakistan so how come we don't have women prime minister or women president?

Ambassador Mondale:

I'm sorry I have to leave. I think your question deserves a

good answer. In my nation we have tried imperfectly but I think persistently and essentially effectively to open up our society to everyone and in the last thirty years or so I think there's been almost a revolution in the role of women in American life. We see it in politics, we see it in business, we see it in religion, we see it in academia. If you visit the United States and just look around you'd be astonished by how this has changed over this short interval. I asked Geraldine Ferrar to run with me as my running mate seeking the vice presidency because I thought she would be an excellent vice president but also I wanted to make a statement about my commitment to what I call opening doors in our society. I think this has made us stronger. I think this has greatly opened up life opportunities for my daughter and for the daughters of every parent in America and you can see it in our life and I'm proud of that. Very much so. But you give an example of three countries in the Islamic world that have heads of state that are women. We've never done that yet. That's why I say we've been imperfect.

Now I'm sure that President Clinton and Vice President Gore believe in having a woman at some time but not right now. And they are to be measured in part because of -- on that issue because they've had superb records on this same issue that I'm talking about. So the record is there. We're proud of it, it's not perfect but I think we're making a lot of progress and I think it's greatly strengthened our nation.

Q: Jeff Sterns from Reuters. I'd like to ask you a question about APEC. I was wondering, I'd like you to explain or tell us what the actual goal of the United States is for APEC in the future. I think talking here to Japanese officials they sort of see APEC as not becoming anything more than just a discussion meeting for Asian nations to talk together and would never have any kind of clout or any kind of power like the EC. I was wondering what view the U.S. has on APEC?

Ambassador Mondale:

The leaders of the United States and Japan have been working very carefully preparing for the upcoming APEC meeting in Seattle. It is a first. While there've been four previous APEC meetings this is the first one in which heads of government have been present and I think there's some fourteen or fifteen heads of government that are going to be there. And since it is a first meeting I think people are anxious not to spout out all kinds of specific guidelines and rules, and establish a big bureaucracy and so on. That's not the point. The point is to get together for the first time, discuss these issues but the center of the institution is economic and the clear objectives are to make certain that this most dynamic economic area in the

world the Pacific Basin is committed to opening markets, free flow of capital and to prevent protectionist blocks and zones so that we have this area of the world which continues to produce more wealth along those lines.

At the conference there will be a declaration of trade and investment framework developed that I think will express in general terms the shared commitment of all the participants to that end. There are several committees that have been established that are working forward on such things as transportation bottlenecks, standardized trade data, commercial exchanges, environmentally sound technologies, telecommunications guidelines. There'll be a meeting of custom officials from throughout the region to discuss common problems, not to make decisions but to discuss common problems and then they will hear the report of what's called an eminent person's group composed I think of some fourteen or fifteen economists and leaders drawn from throughout this region who have spent the better part of the year trying to set forth a framework, a set of objectives that the APEC institution should pursue.

That report is now public, I expect you've seen it already. It too is general, but it starts putting a little flesh on the bones. I believe that that's the way it should develop. I think that most everyone involved wants to see a sort of an evolutionary, careful step by step progress toward what APEC might eventually become but not to hurry it up with a big bureaucracy and the rest at this time. And I personally think that that's the way to go. There is a small secretariat officed in Singapore that will continue, may be expanded some but this will be the essential framework and then you have that second day where the heads of government meet in private and I think they'll talk about anything they want to talk about, which will be the first of its kind in the history of this region.

Q: Katsumata, NIKKEI. Your predecessor, Ambassador Armacost was nicknamed a tough negotiator, Mr. Gaiatsu, Mr. foreign pressure. He was nicknamed as such. Ambassador Mondale regarding your predecessor, regarding how he worked, how do you view his modality of working? As an Ambassador what kind of Ambassador would you like to be? And what is the preferred nickname that you want as Ambassador to Japan?

Ambassador Mondale:

Well, I think we've had a tradition of sending our best ambassadors to Japan until recently. But I think Mike Mansfield was one of the finest ambassadors that we've every had. Mike Armacost is similarly one of the most gifted career officers that I've known in my years in the State Department and I think

similarly he ranks among the very top. My wife's relative Ed Reischauer I think will be remembered in Japan as one of the most gifted and most respected ambassadors in the history of American Ambassadors here and each had their own approach. I tried to spell out in my remarks here the central themes, directions, tones and status of what I would like our relationship to be. And I've now been here, not a long time but I've been here about a month and a half and I've had a very intensive range of activities with your government and this community and I'm increasingly confident that what I describe as the way it not only should, but I hope will, and I think we'll proceed in that way at least I hope so. So I would like to be measured by what I do and judged by that.

Q: Bungei Shunju magazine. About Japanese politicians I have two questions. First before you came to Japan did you have political friends you personally dealt with and before you came to Japan about Japanese new leaders you must have done lots of homework on Japanese new leaders. Do you have any particular political leaders in Japan that you pin great hope on and in what way do you expect such a promising leader to act and behave? What are your specific expectations?

Ambassador Mondale:

I have been privileged to know Japanese leaders over the better part of twenty-five years. Your prime ministers many of them, most of your ambassadors. I'm amazed when I go around how many members of the DIET and so on have said they've come to see me in the White House or in the Senate and so on over the years because I've always had an interest in U.S.-Japanese relations. And before I came over you're quite right I spent a lot of time going to what we call our think tanks in the United States. Harvard, MIT, Stanford, Berkely, Washington State, the U.S.-Japan Society, the Asian Society these sorts of institutions to talk to the best minds I could find in the United States to help prepare me for this assignment. I also spent a lot of time reading what I thought were some crucial books that would help me better to do my job. So and since I've been here I've had an intensive range of meetings with political leaders of all political parties and of the leaders of your government. And I think at this point I have to say my job is not to be involved in the internal politics of Japan. I don't think that's why I'm received here. I am here to represent my country and to honorably report the views of the citizens of this country, of its government and it seems to me that just as we expect your ambassador to work with the duly elected Government of the United States so I think you have every right to expect me to work for the duly elected Government of Japan. And I think I'll have to leave it at that because I don't think



it would be proper for me to speculate on personal views.

Q: Ando of Fuji Television. Regarding domestic question I have a question. Many days Los Angeles fire has been widely reported these days. Indeed the beautiful town, beautiful coast, beautiful houses were turned into ashes in an instant. I was stunned to see the picture. And some report says that it was based upon arson. It was not a simple arsonary. Was there any serious message behind the alleged arsonary? That's at least how I feel about it. What do you think Ambassador? What would be the reason for instigating this such a big fire? Now the Mayor of Los Angeles has changed to Republican mayor, New York city again the Mayor changed to Republican mayor. Do you think everything is kind of connected behind all these?

Ambassador Mondale:

You mean a connection between arson and the Republican Party? I would say probably not. It was a good question. I'll try to answer it. There is a -- this is a tragedy because this beautiful area, and I've been there, near Los Angeles maybe you've been there too. It's just dreadful to watch the devastation. And while I have no reports other than I think we've read the same papers there is speculation that there may have been arson involved. If so, I hope they are quickly discovered, apprehended, arrested, tried and convicted because this is a -- there have been lives lost. This is despicable, offensive and totally unacceptable behavior.

It is true that that we've had some recent bi-elections and some Republicans have won. People are drawing all kinds of conclusions. I would say talk to the reporters here who have covered Washington and you'll find that the cycle we're going through is very common in the political life of our country. When a new President gets elected these what we call bi-elections, the early elections for governors, mayors and so on almost always go against the newly elected President. I think for Americans the idea that the President would have a decent night's sleep is just unbelievable. So they like to keep him up and one of the best ways to do it is to defeat some of his supporters. I think it would be wrong to draw all kinds of massive, long term conclusions. I think what I've just described is what's happening. It's a very common phenomenon in the history of American politics and the strength of this Administration will be determined over the long run on how it deals on the central issues. That will be a matter we'll see later.

Q: Tanaka, Japanese representative of C-span. I'd like to ask you about the trends in the U.S. Congress. How do you see the

trends in the U.S. Congress for two reasons? The first reason has to do with the Congressional vote on NAFTA which will come about soon. I understand that situation is very difficult. Unless NAFTA is ratified by the Congress, Clinton's leadership will dramatically decline. So how do you see this movement here? The second has to do with economic negotiations early next year in the Japan-U.S. Summit there may be a political decision made on the Japan-U.S. economic issues but before that in the U.S. Congress in connection with economic negotiations there may be related movements like action on super 301 which may restrict Japan-U.S. economic negotiations. So this will have a major impact on the future of Japan-U.S. economic relationship. On these two fronts how do you see the movements in the U.S. Congress? The trends or the moves in the U.S. Congress?

Ambassador Mondale:

I think that the -- as I said earlier the NAFTA vote is going to be very close. I'm hopeful that it will be adopted. I think it would be a very sad day if it were defeated. I think NAFTA is a -- has become a symbol of whether our nation believes in open trade or not. I think it's related to whether our nation wants to take its chances on the values of international competition or whether it is tilting somewhat in the other direction. So I think it's a very important vote and I'm very hopeful that it will be approved. I don't want to speculate but I'm hopeful that it will be adopted. The question of 301 that was proposed and adopted on the Senate bill passing on NAFTA it was not in the House bill and my information is that that will be knocked out on a rule of order and will not be a part of this measure. I would say as we've said before we hope that we never have to use 301 or sanctions. One of the good things about the construction resolution here is that we could avoid that. And the way to stay away from such things is to make certain that we implement the agreements we've already made in the Framework. If we move forward in that in a positive way then we can avoid any need for such instruments.

Q: Fujita, Kyodo press. Ambassador I have a question regarding the China policy of Clinton Administration. Very recently Assistant Undersecretary of State went to China and they reached an agreement for the reopening of the military exchange between China and the United States. Up until now the American policy on China is becoming more flexible. There were some indications to that effect but now the Assistant Secretary went to China and maybe it is the turning point of the American policy to China to more softer direction. Am I correct in interpreting in that way. If my interpretation is right then the reason for cold relations between the two countries like human rights issue or

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the export of weapons of mass destruction by China to other countries. On these problems what will be the attitude taken by the Clinton Administration hence forward?

Ambassador Mondale:

We have signaled in several ways for several months now our desire to get the U.S.-China relationship on a firmer basis. It was pretty rocky at first. And I think there's some sign now that the dialogue is beginning in a more positive way. Secretary Espy who was here then went to China, the Secretary of Agriculture, he was very well received and had discussions at that level. Charlene Barshefsky the Deputy Special Trade Representative went there having come from Japan and similarly was well received and now Chas Freeman the Deputy Secretary of Defense who deals with such matters has just come out of China and I will be seeing him tomorrow morning. I saw him but I haven't had a chance to talk with him. That'll be tomorrow morning and he is talking with some of the leaders of your government today. So I think that there's some hopeful signs there. However, we are not abandoning our belief that human rights progress is important there and to discourage weapons proliferation is still very much a part of our agenda. But we hope to put that in a context where we can have the dialogue that's necessary to -- well I was reading into your question necessary for progress and I think it's a little early to say so but I think there's some hopeful signs here now.

Q: Nihon Keizai Shimbun. Prime Minister Hosokawa last month in September at the General Assembly gave a speech and I think you were there. He didn't make it quite clear whether Japan wanted to be on the permanent seat of the Security Council. What do you think about conditions for Japan to become a permanent member of the Security Council and if Japan clearly indicates that Japan wants to be on that seat as a permanent member of the Security Council, what would be your reaction to that?

Ambassador Mondale:

We strongly support inclusion of Japan as a member of the Security Council and the inclusion of Germany and I think that's been our position for some years. Before I came here I visited your Ambassador in New York and spent some time with him and with our Ambassador to become better briefed on what the situation is. The President at the UN and during the meetings with Hosokawa and others made clear that that was still our position and we wanted to be helpful. I think this is still in the discussion stage in New York. We're not asking Japan to change itself. We think you're ready for membership now. And we hope that the UN will agree with that.

Q: Naitou, I used to belong to NHK. When I was a small boy I was fascinated by American movies and I grew up with American movies so to say so I have a very close sense of affinity to the United States. I have a question exchange rate. The reason why I say exchange rate is this. One sheep comes out of the flock and then he gets scared and the whole group is scared and the whole flock will follow that one sheep which jumps away. I think that the situation becomes very unstable during the Reagan Administration at that time Secretary Regan said that higher dollar is a good thing and he led the policy for appreciated dollar as a result industrial competitiveness of U.S. was lost and the situation became very pathetic for the American industries for certain company for thirty years they were doing very well but in a short period of three years a company disappeared. I think it was really pathetic regarding industrial competitiveness at that time.

Now today in Japan we live under the appreciated yen. I think this yen appreciation is really depriving the competitiveness of Japanese industry and Japanese industry is becoming hollowing out because of the yen appreciation. Now considering these factors Japanese recession may not recover even next year. There are many factors for my saying this but Japanese recession could go on longer. Then President Clinton and other important people of the United States made some remarks to the effect welcoming higher yen then within the exchange market one little lamb jumped out of the flock and then the rate will over shoot. The situation very volatile. The exchange rate would move beyond the rationale rate it will disturb and it will confuse the Japanese economy extending the recession and it is giving an adverse affect on the U.S.-Japanese bilateral economic relation so that's how I see the situation. Now American politicians I think that it is better for these people not to make any comments with respect to the exchange rate between U.S. dollar and yen that is my point. How do you react to my position? I think the yen is too much appreciated in my personal opinion what is your reaction? What is you opinion if you can comment I would like to hear your view as to the rate of yen against the dollar.

Ambassador Mondale:

When the yen was approaching 100 the Government of Japan and the Government of the United States intervened to try to curb what they thought was an excessive swing. But I think both your government and mine believed that the basic rate of currency relationship as set by the market and cannot be effectively set by government. If you try to set a price that is different than what the market thinks its worth they'll bet against you and



bankrupt you. So what we need to do is to have underlying policies that rely on the world to be funded and it drew in enormous amounts of billions of dollars of foreign currency into our debt and the result was to cause the American dollar to soar in value and it almost flattened our nation. But I think that was a case of fiscal policies that just had disastrous effects and that was the worst and we talked at one time about coastal economies there was a little business on the east coast and a little business on the west and nothing in between and then in 85 they had the famous plaza agreement and because they realized they couldn't continue that way but the fundamental problem was the deficit that we permitted to occur in our country was unprecedented. And the one thing that Clinton is trying to do is to get that deficit down so we don't have that kind of problem again.

Q: Suzuki of TV Asahi. About the construction talks you made some according to some reports you yourself have worked to prevent the imposition of sanctions are those reports true? Did you talk with Japanese Government leaders on this issue? In the future there will be lots of negotiations when such negotiations face difficulties you yourself do you think will play some role in averting or ameliorating such difficulties.

Ambassador Mondale:

Well as I've said before I think the actions by the Japanese Government on the construction reforms is something for which they should receive complete credit. This is something they did to reform their own industry and I was in an happy position as an Ambassador to see these reforms take place. And it was my opinion that in light of them the impositions of the sanctions scheduled for November 1st were inappropriate and I so advised my government and they agreed. But the genesis of the reform and the credit for it is to be found in this government.

Q: NHK. In connection with this last question about Japanese economic negotiations. Since your arrival in Japan have you talked to the President about setting deadline for negotiations and setting up numerical targets and if possible threaten sanctions? I understand that such suggestion has been made by you to the President, is this true? If so, do you intend to follow the same line in the future?

Ambassador Mondale:

I read that article. I was encouraged to see that the press here operates the same way our does. There was no basis for it at all. What we're doing is to be seen by all. We have an agreement between our two governments called the Framework.

There are baskets in there describing certain areas for discussion and for agreement. The agreement calls for highly substantial reductions in the current account balance over the mid-term and for significant progress in each of these baskets under a schedule that's set forth there. So the terms of the conditions there are pretty clear and I hope sanctions are never needed. If we can move ahead as the two governments have agreed I think there's good reason to believe that there'll never be used. I don't like sanctions. I'd much prefer the other and I've made that clear. I don't know where this story comes from -- it's just not accurate.

Q: Yomiuri. Short question. North Korea. Nuclear question. Related question. In the United States there are views to the effect that the real cause of worry is the possible nuclear armament of Japan in the future. Some experts write articles in the newspaper and sometimes at the Congress hearings such opinions are heard. Mr. Ambassador how about for yourself are you sharing with this kind of concern.

Ambassador Mondale:

As you may know I was asked that question at my Senate confirmation hearings and I think that there's no question that Japan more than any nation on earth knows what these weapons are and never wants them ever used anywhere on earth. And that ought to be the aspirations of every decent human being everywhere and that's why we have the NPT and all these other measures and one of the hopes is that the end of the cold war would give us some chance to walk away from that abyss that would have destroyed all of mankind but in Japan consistent with what I said this government like all previous governments remains committed to the three nos, no production, no use, no deployment. I think that's essentially the three nos and it has called for a signature to the permanent extension of a nuclear non-proliferation treaty. So I think that Japan has given a very clear answer to that and it's a very positive one.

Moderator: Thank you very much Your Excellency. That brings us to the end of the press conference.

# PRESS RELEASE



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Speech by  
Ambassador Walter F. Mondale

Japan National Press Club  
Tokyo, November 5, 1993

(as delivered)

Thank you for inviting me here today. This is my first speech before this press club and I'm honored to be here and I thank you for the invitation -- because one of my principal responsibilities as Ambassador is to communicate the views and positions of the American Government. The Japanese people are depending very much on the media here and I respect the job that you must do to fairly report and analyze the news and I pledge to you that I will continue my policy of being open and accessible to you.

In the short time that I've been here I have already had the privilege of meeting and talking with many impressive Japanese leaders in government, business, education and in other fields. And I look forward to many more opportunities along this line. I'm very glad to be here. I'm pleased to be my nation's Ambassador to Japan and I'm sure that my time here will be both professionally and personally rewarding.

I believe I've arrived in Japan at a time of momentous change in the world. Gone is the mortal standoff between the superpowers which dominated all of my public life until just a few years ago. It is truly astonishing how the world is changed. The Soviet Union has ceased to exist. The countries of Eastern Europe have been liberated from communist control. The bi-polar world of the Cold War is no more, and for America these changes provide an opportunity to focus our energy and our attention on domestic priorities which were neglected for far too long. Thus President Clinton has made the renewal of the American economy his foremost concern and he has already taken bold steps toward that end. He is now doing what our allies including Japan have been urging the United States to do for years. Yet we all know that the world, nevertheless, remains a dangerous and complex place. There will continue to be very real threats to international peace and security and

the United States, along with other nations, must be prepared to respond. The long standing alliance between the United States and Japan remains vital to the interests of both of our countries. Recently, Secretary of Defense Aspin was in town as you know and he reaffirmed the centrality of the American-Japanese security relationship to our entire international posture. In turn, there should be no doubt about the American Government's broader commitment to our relationship with Japan. President Clinton's first overseas trip was to Tokyo in July. Moreover, the President and your Prime Minister will meet later this month in Seattle and they will meet again early next year in Washington as part of their commitment to the semi-annual meetings to review progress on the Framework Agreement. This unprecedented sequence of meetings between heads of government is almost without historic parallel and I think it underscores the deep commitment that our two nations have at the highest level to sustain this relationship and build upon it.

Nonetheless, given the size of our two economies and our increasing interdependence it is natural for frictions to develop between us. Right now these economic tensions are the most urgent item on the agenda between our two nations. And their importance goes beyond our bilateral relationship to the very health of the global economy. We need to address our economic problems in the spirit of statesmanship which befits the seriousness of our relationship. For example, the recent decision by the Japanese Government taken on its own to adopt new principles for the construction industry, permitted the American Government to defer sanctions. This demonstrates that we can work together with mutual trust and respect to resolve our differences. I think this was a very hopeful development, a precedent I hope reflecting the importance which each nation attaches to this relationship and the dignity -- and I underscore the word dignity -- with which we hope to conduct it.

We should recall just how remarkable is this relationship between us. Ours is one of the great diplomatic success stories of this century. In a short time, once bitter enemies have become close allies, friends and partners. And our economic destinies have become inseparable. Although separated by geography, culture and language, our two nations have a great deal in common. Another thing I learned on my job which I like very much and that is that everybody that wants to talk to me in the United States is asleep while I'm awake. That's something else. Getting back to my point, we are free and open societies. We have democratically elected governments. We are prosperous, market-oriented economies and we are committed to international cooperation to secure a peaceful world. Because we are the world's two largest economies what we do literally affects every other country on earth. I'm convinced that our real relationship will only grow in importance in the future. More than ever, we must act as partners in international leadership. This is consistent with both America's changing role in the world and Japan's own aspirations for global responsibility.



With the end of the Cold War, we have a world in which power is diffuse and effective action increasingly depends upon multilateral efforts. Although the leadership of the United States will continue to be crucial -- and let there be no doubt about America's commitment to lead -- we cannot be expected to do it all alone. It is only by working closely together that the United States and Japan, along with Europe will be able to build a world which can offer new levels of security and prosperity for everyone. The stakes are as high as they could be. Thus one of my foremost duties as Ambassador, will be to nurture this essential partnership between our two countries as world leaders.

Fortunately, we already have a very positive record of working together in many areas outside of a strictly bilateral context. We are working together in the United Nations and other international organizations including the G-7. We cooperate on security issues in Northeast Asia. We are working together in the Middle East process. We are partners in providing aid to developing countries and promoting a common agenda of global issues. And increasingly we are cooperating on the regional level through the Asia-Pacific Economic Cooperation forum known as APEC, and together with the leaders of the ASEAN countries in the annual post-ministerial conference. In sum, Japan and the United States enjoy a productive relationship across the spectrum of bilateral, regional and global issues. But it is in the economic arena where the world most urgently requires Japan and the United States to take the lead. First, there is GATT. As you know we are up to that critical moment on that issue as we meet here today. December 15th is the deadline now looming for conclusion of the Uruguay Round of negotiations. This is a hard deadline which must be met. This Round will not succeed unless the members of the G-7 work together to ensure this outcome. We are encouraged by Japan's statements of support.

It is in everyone's interest to strengthen the GATT because every country stands to gain from a more open international trading system. A recent World Bank-OECD study conservatively estimates by the year 2002 annual world income will increase by more than \$200 billion if the Uruguay Round negotiations are successful. The failure of GATT on the other hand would demoralize efforts to maintain and broaden our global trade and financial system. So much is at stake. When nations open their markets, when they allow goods and services and investments to flow efficiently, when they must innovate and compete, the result is greater wealth for everyone -- with more trade, more jobs, higher living standards and greater possibilities for peace through economic interdependence. APEC also is vital to this effort to open markets, expand trade and stimulate global growth. We look to APEC as a means to liberalize regional trade and investment, strengthen the multilateral system, anchor the United States firmly in the region. And we also hope it can serve as a bulwark against the

development of exclusionary and protectionist trading blocs. Later this month the United States will host the fifth APEC ministerial meeting in Seattle. Immediately following these deliberations as you know, President Clinton and the other heads of government including Prime Minister Hosokawa will gather in a heads-of-government-only, no-staff-allowed, day-long private meeting where they can sit down and discuss the common problems and common hope of the leadership of this region. A first time in the history of the Asian-Pacific region.

Japan and the United States must also work together here to ensure the success, in this environment, and we must also work together to ensure the success of the Economic Framework agreed upon in July. As you know, American negotiators were here last month to meet with their Japanese counterparts to continue these talks. President Clinton and Prime Minister Hosokawa will review progress on the Framework when they meet in Seattle. We remain on schedule with these negotiations and we expect the first specific agreements under the Framework to be ready by early next year. But our responsibilities go beyond the success of GATT and APEC and the Framework negotiations. For one of the great dangers we continue to face is the possibility that the world will disintegrate into beggar-thy-neighbor trading blocs. And history teaches us some pretty scary lessons about what can follow when this happens. A stagnant world economy is a breeding ground for protectionist pressure. At present the United States is the only major economy that is growing, and there's further evidence that the U.S. economy is strengthening, even though the recovery may not be as robust as we would like.

The economic forecasts, however, for Europe and Japan are pessimistic and are not at all encouraging. Thus one of the principal challenges which Japan and the United States confront is that of global economic growth. In my country we are moving to revitalize our economy. We have a plan in place to significantly reduce our budget, something that Japan and the G-7 has been urging upon our country for over a decade. Well, we're finally taking that essential and very tough step. President Clinton has also put forward a health care reform proposal which, if passed, will bolster our national competitiveness. That's another speech; but the cost of health care in America consumes between twelve and thirteen percent of our GNP. I think in Japan it's something like seven or eight percent but the rate of inflation on health care costs in the United States is nothing short of frightening and this is an issue that's been delayed and it goes directly to American competitiveness. And this is in many ways just as important as the deficit reduction in dealing with America's problems.

We are now seeking ratification of the North American Free Trade Agreement, NAFTA, as an important step toward more open markets consistent with GATT. And our industries and workers

are taking steps to improve their productivity, and there is increasing evidence that American producers are enhancing their performance and becoming more competitive. These are all important initiatives but our nations must also coordinate our economic policies to lift the global economy.

As you know Japan's current account surplus is massive, persistent and growing. I believe that is why we hear so many Japanese business leaders and others calling for a real and substantial fiscal stimulus to the Japanese economy to boost domestic demand and reduce this large current account surplus. There's also a growing consensus that over the long term, Japan needs to move away from its traditional strategy of export-led growth to pursue a more consumer-oriented strategy of domestic demand-led growth which will contribute to global economic progress. By taking these steps, Japan will also bring the living standards of its own people in line with its wealth as a nation. Despite the collapse of the bubble economy and the lingering recession, Japan's economic fundamentals remain very very impressive. One of the true phenomena in the world. These include a high savings rate, a modern efficient industrial base, a strong governmental fiscal position, a highly educated, productive and talented people. Japan is a modern mature developed economy. The second largest on earth. The effects of your policies are felt throughout the world. That is why the leaders of so many countries are watching Japan's policies so closely. Positive signs of Japan's leadership on these matters are already apparent: in many of the statements of the new Japanese Government and in the deliberations of the Economic Reform Research Council and the Tax System Research Council. We look forward to their recommendations.

Although I've just recently arrived in your wonderful country, I must say that I am already impressed by the many voices for reform that exist here. It seems to me that the real momentum for change in Japan is now coming from within Japanese society. From government, business, consumers and a broad cross section of the Japanese public. I believe these developments will help Japan and the United States to become increasingly full partners on the international scene. If we hope to build a new world with real promise of international security and prosperity, we will depend on Japan's best efforts.

Thank you very much.

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