

suggest it's a product of short term economic

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factors that will take care of themselves." That isn't an adequate answer. And he says there that's been a kind of reversion to the old pattern of exporting their way out of the current recession. I sense a loss of momentum in the effort to deregulate the economy.

Now, many people have reduced the trade arguments to this effort to get fixed quotas, and the semiconductor agreement is the example of that. I think we dwell too much on the trade balance. We can be out of balance; we often are with certain trading partners. The issue is not per se the balance. The issue is what is creating that balance and what underlies it. And we talked when you visited and were kind enough to visit with me recently about the keiretsu, and there's really a different kind of capitalism being practiced in Japan, and we're playing by different rules.

In the past we struggled within our nation to set up certain kinds of rules, and the Supreme Court regulated it and we had the ICC and we kind of came to agreement. After World War II, we came to agreement; we had the Bretton Woods conference. It seems to me the Japanese have been far more capable than we and many of our other trading partners at understanding the inequities in the field and exploiting them. And the longer they can do that, the more to their advantage.

The question is, really, to what lengths you think we can go or ought to go to make it more clear to them that the playing field must be addressed. And it's the underlying problems, not the balance per se, that we are now concerned about and that this must truly change if we're to sort of play out the other friendship and very strong interests that we have.

VICE PRESIDENT MONDALE: Well, that's the issue. As you know, in the announcement in Tokyo dealing with this one definition of what the Japanese economy is about, the government of Japan said that they will promote global growth, open markets, and a vital world trading system. I take that to mean that they are committed to an opening of the Japanese domestic economy, and that's why they've followed that up with the five baskets with which you're familiar, calling for specific negotiations to open up their domestic economy.

The experience we've had is as you've described it. I was up in Boston the other day and I met with a very impressive group of scholars at MIT. And then I met with a very impressive, almost 20 scholars of one form or another at Harvard. And I would say that your interpretation of events there is pretty much now what the academic community is saying. I don't think that would have been true ten years ago. This relationship is so crucial for so many different reasons in addition to economics that we simply must make progress on these economic frustrations and irritations in order to go forward.

And the final point is that this is in Japan's interest. We -- there are many, many, many products where we can produce better and more cheaply than they can. There are some products the other way

around too; I don't want you to misunderstand that. But that's the whole idea of a free economy, that the consumer is going to benefit.

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There have been all kinds of studies about the -- I think the per capita GNP in Japan may be the highest in the world, something like 28 or 29 thousand dollars per person -- enormously impressive. But when you calculate what it costs the consumer in Japan for the same basket of consumer needs that an American consumer would buy, actually the much higher costs there, because of the closed market, disadvantages the consumer. That's a point that the president made in his Waseda speech.

A few years ago, I think it was Miyazawa said he wanted Japan to be the lifestyle power of the world. So I think what we're doing is not just for us; first of all, it's multilateral. Your point is well taken. We're not -- these negotiations through GATT and the ones that we're talking about here are designed to open up the global economy, and these are not bilateral alone by any means.

And so my hope is that this growing realization, the growing unanimity across the board in the United States in the Congress in the administration and elsewhere, the specificity of what has been agreed to be done here and the agreement at the highest levels of the Japanese government that this is the objective, that they're going to pursue together with their macroeconomic undertaking, may begin to form the basis of significant progress.

SENATOR KERRY: Well, I appreciate your answer. I know that there are some limits to what you can and want to say about it, but I do think that you are going to be greatly leveraged by whatever capacity the Congress has in bipartisan fashion to try to maximize our opportunities in this regard. I would just give you an example of one that will be coming down the pike very shortly, and that's the supercomputer --

VICE PRESIDENT MONDALE: Right.

SENATOR KERRY: -- decisions that will be made in Japan. And I want the Japanese press and others listening to take note that there are deep concerns already at this moment that the bidding process might not be fair, it might not necessarily give the fullest consideration to American products that it ought to, and this is sort of a classic, you know -- yes, we're going to open up and we're going to be open to X, Y, or Z processes; but when in fact the implementation occurs, there's some game played behind the scenes or some wrinkle that denies that to us. And I think that's the sophistication that I addressed. I think there's increasing awareness and consensus about those non-tariff barriers.

VICE PRESIDENT MONDALE: This is what I referred to in my meetings at MIT and Harvard. There are scholars now that have, instead of just

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studying macroeconomic issues, have become experts on this more difficult problem of the keiretsu and the rest; that Laura Tyson, the chairman of the CEA, has written a book along this line. There's a lot of leaders in the academic community now who understand that it's not just business people who that try to sell things, and the supercomputer is an example.

There have been a lot of supercomputers sold in Japan in the private sector because they're excellent, their pricing is very competitive. But in the public procurement side of the Japanese economy, I think it's been almost zero. Now, it's interesting that one of the first preeminent priorities in this agreement reached in July between the President and the Prime Minister was to commence government procurement discussions to significantly expand Japanese government purchases of, among other things, supercomputers. So it's singled out specifically for progress in market opening, and that will be very shortly one of the key discussions.

SENATOR KERRY: My time is up. I have to go to another meeting. If I could just comment in the parting, there was an area of questioning and I don't know if I can get back, but I would enjoy at some point exploring with you and certainly watching how we leverage the mutual security concerns of the region, particularly with respect to Korea and nuclear weaponry and China and its emerging militarization, and I think there is a huge new role with respect to Japan and other countries in the region and our presence historically that could be leveraged much more significantly, in both the peacekeeping role as well as that regional security role, I think, are one of the great opportunities of this era, and I certainly look forward to exploring that with you.

SENATOR ROBB: Mr. Vice President, we'll now begin a second round which I suspect will be briefer, and hopefully we can conclude these hearings. I am assuming that no one is in critical need of a break at this point because I think we're getting pretty close to the end. In the absence of any request for one, we'll go ahead and proceed.

Let me follow up on a question that was raised implicitly by Senator Kerry in his remarks about the security situation and particularly some of the things that we can do in that capacity. One of the other recent developments was the fact that the Japanese had declined the expected and traditional indefinite extension of the nonproliferation treaty, and it got a number of people in the international community to at least sit up and take notice for a period of time, and I would ask if you believe that this represents any stepping up in its plutonium production specifically and whether or not you think that it was directly tied to the fact that North Korea in effect thumbed its nose or took a very different and contrary stance with respect to the NPT situation and whether or not you could envision Japan at some point pursuing a nuclear weapons program if indeed other northeast Asian nations, specifically North Korea, attained that potential?

VICE PRESIDENT MONDALE: I think that's a very important question. As you know, the government of Japan has for many, many years taken, I think they call it, the "three no positions" -- there



will be no manufacturing, no possession, no introduction of nuclear weapons in Japan, and I believe

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that that is still solidly the policy of the government and the people of Japan and of their military forces, and we enthusiastically support that position.

But, having done that, it tells us why that American presence is so crucial there. That military security treaty, the nuclear umbrella, is a thing that permits -- it permits us to cooperate in so many other areas. Now, we have a dictatorial, paranoid, isolated government in North Korea that is maybe trying to develop their own nuclear weapons and is said to have developed or in the process of developing delivery systems for those weapons that could bring Japan and much of that region within its reach.

These are not -- these are serious, very serious matters. As you know, our government has just completed discussions with the North Koreans in, I think it was, Geneva, and there was some hope in that. How much remains to be seen, but they have agreed to resume discussions with the IAEA, the international enforcement agency for such matters; they've agreed to resume discussions, as I understand it, with South Korea on some of those same matters -- similar security matters; and they are entertaining the possibility of changing the kinds of peaceful power plants they have there to light water reactors, which does not produce materials that are easily adaptable to weapons grade -- to nuclear weapons.

These are all beginning steps, but we have placed a very high priority on getting an alternative to the possibility of a nuclearly equipped North Korea, which is just an unacceptable development, and in all of this we've been talking very carefully and closely with the government of Japan, the government of Korea and other governments in that region. I think I better stop there at this point on it but I can assure you that this is very much in my mind when I go there, and I know that the -- and I look forward to working with the government of Japan on these matters.

SENATOR ROBB: Thank you, Mr. Vice President. And I might add that I chaired a hearing yesterday -- a classified briefing from Mr. Lucci -- and he updated us on the process of those specific negotiations in Geneva and the US position with respect to what happens from here on out. And I do think that probably any additional discussion in open session is --

VICE PRESIDENT MONDALE: There is --

SENATOR ROBB: -- perhaps not appropriate.

VICE PRESIDENT MONDALE: You either have or shortly will have the nominee for our ambassadorship to Korea; I think it's a superb choice. He's the president of Emory University in Atlanta and an expert in this field because that Korean assignment is very, very important in this whole context too.

SENATOR ROBB: We look forward to having a confirmation for him and for that particular post and recognize the importance of it. His papers have not been received as yet; so we will, as you and I discussed the importance of getting the papers in for this particular process.

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Let me focus back on the economic side for just a minute. Labor Secretary Robert Reich recently criticized US companies for raising prices here and in Japan because of the changed dollar-yen relationship rather than taking advantage of the competitive advantage that that might give them. I wonder if you would like to comment on that and whether or not that's a matter that would you expect to take up with US business representatives in Tokyo or elsewhere in Japan?

VICE PRESIDENT MONDALE: I have not studied particular pricing policies, but if I could make a general statement, we talk about the stimulation policies, domestic led policies that we want the government of Japan to pursue, and that's an important part of it. We talk about the opening up of these markets across these baskets as we described them. But there is another important issue which I do not deal with; it's dealt with by the Treasury, and that is currency valuations, and they're really, I guess, set by the market in any event over the long run.

But as you know, the yen now is substantially stronger than it was a year and a half ago. I think something like 20 percent -- I could be corrected -- and this gives US producers in competition with Japanese goods a chance to expand their markets. If they are prudent in their own pricing policies, if they use the increased costs of Japanese goods as an excuse to simply raise their own prices up to an equivalent amount, it can produce inflation at home and it can nullify or undermine a lot of the positive pro-trade benefits that ought to flow from the dollar-yen relationship.

So I think it's something that deserves to be discussed, and I hope our American producers will see their role in trying to correct these trade imbalances as well in that context.

SENATOR ROBB: I think any discussion with the new US Ambassador to Japan with some of those interests there and here certainly would contribute to that overall objective.

Let me ask you one other question that has been a perplexing matter with respect to Japanese-Russian relationships, and it has to do with the island dispute in the northern territories. Is there a role for the United States in any effort between Japan and Russia to resolve that particular issue?

VICE PRESIDENT MONDALE: I think there is, but it's not as a mediator or as an intermediary. These two nations have their own elected governments; they're quite capable of conducting their own affairs. And I don't think this is the sort of thing we ought to get into the middle of.

Having said that, I believe the resolution of the dispute over those islands and a closer, more cooperative relationship between Japan and Russia would be very beneficial in economic and other reasons. It is the position of our government, which I will maintain, that those islands belong to Japan. They were taken at the end of World War II, and that we believe they belong -- and that will be the position that we will take, and I think it's the correct position.

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It must be said for the government of Japan that, while they tie normalization, economic help and the rest to the resolution and the return of those islands, they have nevertheless been quite responsive to the requests of our government and the European governments to provide essential assistance to Russia, and I think they deserve to get a lot of credit for that. They've granted some -- I forget the -- it's three or four billion dollars, I think; I could be corrected on the figures -- despite the inability to resolve that issue, and I think they deserve credit for that.

SENATOR ROBB: Could you just comment very briefly on one other important regional relationship, the relationship between the United States and Japan's interests vis-a-vis China, the important competitive economic interests that are currently extant in that region, and whether or not you think that there is a role for any input into the question of human rights and what have you that continue to perplex us with respect to moving more rapidly into the full-blown relationship that many believe is in the long term interests of all of the parties in the region?

VICE PRESIDENT MONDALE: I think this is one of the reasons why this new Asian Pacific -- this new Pacific community is so important; it will have its next meeting in Seattle, hopefully at the head of state level. President Clinton says he's willing -- will be going because these are precisely the issues that ought to be at the center of our dialogue with Japan and with our other friends throughout the Asian Pacific region.

The Japanese government has accepted and been involved -- has undertaken a commitment to expand human rights and democracy. We have no disagreement at all on the need for that, but this is one of the areas where there's a shading in differences between how they think it's going to be accomplished. I think we tend to be more up front, more public, more legislated in that approach; they see -- they would like to approach it more subtly with you going in the same direction. And I happen to believe that our approach is the correct one; but I think -- you know, they live there; they know the region. I don't think that their approach should be dismissed. I think this is why that dialogue there and in the ASEAN environment, can be helpful to all of us.

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I think this is why that dialogue, there and in the ASEAN environment can be helpful to all of us.

SEN. ROBB: I share your hope that the APEC communications and certainly that the Seattle meeting will accomplish some of those goals, and I hope, as you do, for the high-level participation, and have urged our administration and others to participate, and I'm pleased that our President is going to.

VICE PRESIDENT MONDALE: And I think this is something where this committee can be very important because this is a big change, it's evolutionary, and we're feeling our way. But the profound economic and political changes in Asia sometimes are overlooked because we tend to Euro-centered. This is now our biggest market. There is real (yeast?) and dynamism throughout Asia. There has been a lot of advance in human rights throughout that area. You look at Korea today and 25 years ago, you look at many of those other societies, look at Thailand and the progress they have made. There are a lot of reasons to be inspired by what's going on there.

But we need to think more broadly of the bilateral relations that are the foundation. But we need to start thinking and working together in Asia toward that common -- toward the common objectives that you and others have described here.

SEN. ROBB: I think most folks would credit your distinguished predecessor with alerting the United States and most of this part of the Western world to the growing importance of that relationship and the fact that it was beginning to eclipse in overall importance some other relationships that had been historically sustained and remain important, certainly, to the United States.

VICE PRESIDENT MONDALE: And I think that -- pardon me for making one other point, but in your state you have some examples of Japanese investments there. They are good citizens, they are involved in the community, they are providing jobs, they are desired members of your community. And I talked with senators from Tennessee. They have a similar relationship. But as we talk about our problems, every once in while we ought to just take a minute and talk about the good part of this relationship. There are a lot of wonderful things going on between our two countries, our businesses, and our people, and we've got to keep building on that as well.

SEN. ROBB: Indeed, I -- and I will turn to Senator Murkowski here in just a second. I had several occasions to visit with then-Ambassador

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Mansfield during the time that I was governor of my state, and I know that for many states trade missions and encouragement of reverse investment remain a very high priority, and it certainly does remain so, and your characterization of your own experience with Japanese investment in our state and the additional investment that have flown from that original investment is certainly very encouraging in that regard.

Senator Murkowski?

SEN. MURKOWSKI: Thank you, Mr. Chairman. I'd like to go back to a line of questioning the chairman submitted relative to the return of the northern islands because it's my understanding that Yeltsin has not been to Japan, is that correct?

VICE PRESIDENT MONDALE: He was there just briefly --

SEN. MURKOWSKI: (Off mike) -- the last visit -- previously --

VICE PRESIDENT MONDALE: But there were a couple of earlier visits that were cancelled.

SEN. MURKOWSKI: Yeah. Gorbachev went early in his reign, and the general assumption was that Russia was looking for investment, the Japanese side was looking for some relief on the return of the northern islands. As a consequence of Gorbachev being an old Bolshevik, couldn't give up something won in conquest, so he was reluctant to give on the issue, and the Japanese looked at the Russians as a poor credit risk that was unworthy of long-term Japanese investment. And the nuances obviously came back to unresolved questions of the northern islands.

Since that time, however, we've seen Japanese going into the joint venture in Sakhalin for oil and gas exploration with (a facility ?) with Marathon.

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And we're seeing them now focus in again on opportunities in Russia as they look to sources of supply for raw materials and so forth. Recognizing this as a eternal problem between nations, the fact that we have taken a position which you restated, do you look for Yeltsin to be more aggressive in encouraging Japanese investment in Russia as we see Japan active in Vietnam, as an example, as they expand their interests around the world? And is it -- is this something that you feel is going to have to be resolved first or have the Japanese matured a little bit and said, "Well, there's business opportunities; we'll let this -- it's still a philosophical policy matter with us, but we're going to look at opportunities as well and not just be hung up on the issues we have in the past"?

VICE PRESIDENT MONDALE: As you know, Senator, the -- this region has traditionally been very unstable, and tensions between Japan and Russia once led to a serious war, and they've had other standdowns in that region. So I would say everybody's interest is served in resolving this dispute. Getting a normal relationship between Japan and Russia should be a part of that. As I said earlier, despite the northern islands dispute, the Japanese government has been quite cooperative, forthcoming, in joining with the Western world in providing economic aid and help to Russia in that package of -- more than one package. And so they've shown flexibility there.

But there is a -- nevertheless, you can't get around that dispute. It's difficult for, apparently, the Russians to move on this, and I think that -- and I don't want to go any further in this because I'm a million miles from being an expert on it, but I think it's very hard for the Russian government, which has a lot of other problems, to carry the burden of this issue as well. I hope that some progress can be made. I'm going to try to do what I can be of help. I don't think we should be a mediator or get in between. I don't think that's our role at all. But that is a problem, and if we can get US-Japanese-Russian relations on a sounder basis with that issue behind us, I think the whole world will benefit from it.

SEN. MURKOWSKI: I would agree. I'm going to move into a line of questioning here that is just going to be kind of a preamble for something that you're going to be faced with. I mentioned it in my opening statement. What it concerns is the renovation of the ambassador's residence. And I recognize that you bear no responsibility of any consequence on the status current, but as you are aware by the newspaper articles, there is a protest that filed by one of the bidders regarding the award to Obayashi (ph). The protest states specifically that under the terms of Section 11 of the Foreign Service Building Act of 1924, the state

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should never have pre-qualified Obayashi because Japan does not permit equal access to American bidders for comparable projects.

Now, the chairman made a note previously, Senator Pell, relative to the fact that Obayashi was low bidder at \$7 million compared to about nearly 11 million dollars for the American firm.

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That on the surface would appear to be sufficient to suggest that it should go to the low bidder.

However, my understanding is that under the Foreign -- Foreign Service Building Act, companies soliciting bids are subject to what is known as a three-year rule. The three-year rule is that they must certify that they have within the three year period preceding the offer been -- not -- not had a civil judgment nor had a conviction rendered against them. Now, I -- I'm not asking you, but I would ask for the record, and if there's anyone from the State Department that could come forward, it would be appreciated. If not, I would ask the chairman that it be included in the record as part of the hearing.

VICE PRESIDENT MONDALE: We'll -- we'll get a response on that.

SEN. MURKOWSKI: Okay. My question then --

SEN. ROBB: We -- we'll leave the record open for that response.

SEN. MURKOWSKI: Okay.

The State -- I would ask that the State Department tell me whether they knew if the Obayashi (ph) Company, complied with this rule, and press releases of the judgment are dated December 22nd, 1989. The petition filed on behalf of the American company who lost the bid states that they -- the American company -- submitted their prequalification bids back in 1992. So as you read it, the three-year would apply to Obayashi (ph) until December 22nd, 1992. The unanswered question is, did Obayashi (ph) qualify for the prebid prior to 1992, because if they did, then clearly they would be in violation of the three-year prohibition against any company who had had a civil judgment or been convicted, and this is clearly the case of -- of the Obayashi (ph) company.

It's kind of interesting to reflect on some of the comments that are available to -- as a consequence of the media's research on this. Mr. Hylie (sp), a former chairman of the New York State's Metropolitan Transportation Authority, suggested that Obayashi (ph) could not do the job for \$7.1 million, it was done simply to keep American construction companies out of Japan. And another gentleman by the name of Carl Negel (sp), manager of the J.A. Jones International Division, who was a second US bidder, stated that there was no way it could have gotten down to the price of Obayashi (ph).

And then we hear from Clyde Prestowitz (sp), president of the Economic Strategy Institute, and he views the action by the State Department as part

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of its continuing indifference to trade issues. He says that these things are read by the Japanese as evidence that the United States is not serious -- Mr. Prestowitz (sp), of course, is well known in US-Japan trade circles. He says further when Mickey Kantor goes over there, our US Trade Representative, and hammers them to open up their construction markets, and then the State Department gives a contract to a Japanese company who has been guilty of fraud and paid \$600,000 to the US government back in '89 as a consequence of that, it just destroys the Trade Representative's position. He says we do it time and time again.

I wonder if you have any comment on this -- this dilemma that we're faced with and the fact that it's going to be your new residence. (Laughs)

VICE PRESIDENT MONDALE: Well, I -- I -- I was impressed by the fact that they took my term there --

SEN. MURKOWSKI: Yeah, I thought that was rather --

VICE PRESIDENT MONDALE: -- because for two years I'm going to be living in a tent out there -- (laughter) -- and I appreciate that high honor.

SEN. MURKOWSKI: Well, it was done under your administration.

VICE PRESIDENT MONDALE: (Laughs)

SEN. MURKOWSKI: No, it -- clearly, it was done some time ago. That's the problem.

SEN. ROBB: When did -- when did it occur?

VICE PRESIDENT MONDALE: Oh, I talked to the ambassador, Mr. Mansfield, and he said that it -- it's -- for years it's needed -- it was built, I guess, 1931 or something. He said the wiring inside it was a firetrap, so it had to be rebuilt.

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I'm not familiar with this. I read the story and I've had -- I asked some questions because I thought it would come up, but what I would prefer to do is to get a response from the State Department to you on your specific questions. And I would point out that these agreements in Tokyo in early July elevate -- public procurement is almost the preeminent emphasis, along with auto parts and autos and insurance, for the first wave of negotiations leading to these -- hopefully, these opening in their markets.

So, I will be supportive of that effort, and I hope next time we have more progress to report.

SEN. MURKOWSKI: You handled the question very diplomatically, as I suspected you would, and I think what we have to ascertain, Mr. Chairman, is whether or not this three-year period includes the pre-qualification because the US bidders say in sworn statements that they were involved in meeting the qualifications as early as 1992, and the three years would start from there, which would clearly eliminate Obayashi (ph.) Now, the accuracy of that the record will reflect. We'll look forward to hearing from the State Department because I think this is a matter that is important because appearances are very much a reality that you live with particularly in your position.

And the last thing I would say, recognizing that Ambassador Mansfield is still with us, that you get Mike's recipe for his instant coffee which he serves each morning and brews himself on the spot, because it's an experience. And --

VICE PRESIDENT MONDALE: I've been through it.

SEN. MURKOWSKI: -- it gives you a good constitutional start for the day when you are about to attend his briefings in Tokyo.

VICE PRESIDENT MONDALE: I've been through that two or three times. I want to try to avoid inflicting that on the American citizens.

SEN. MURKOWSKI: You are a diplomat.

Thank you, Mr. Chairman.

VICE PRESIDENT MONDALE: We will get the answers you want. One of the things I heard --

SEN. MURKOWSKI: I hope it's the one I want, now. (Laughter.)

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VICE PRESIDENT MONDALE: Well, you asked a specific question; you're entitled to a specific answer.

SEN. MURKOWSKI: Thank you.

VICE PRESIDENT MONDALE: I understand that the State Department when they made their estimates of the cost -- this is before bids were received -- estimated that it would cost something like \$7.5 million.

SEN. MURKOWSKI: That's correct.

VICE PRESIDENT MONDALE: And so, although others are saying that that's unrealistic, the early estimates by our people over there, I understood, was \$7.5 million. So whether that's -- but I think that should be in the -- thrown in the --

SEN. MURKOWSKI: Sometime it would be interesting to go back and see the State Department estimates and actual costs. If the estimate of the embassy in Moscow is any evaluation, why, there's a little room for fudge. But nevertheless, let's find out --

VICE PRESIDENT MONDALE: I understand. And then -- and I think that figure ought to be thrown out because that's what the officials in the State Department are saying.

The second thing is, as you pointed out, the Japanese bid came in about \$3 million under the other bids, and the third point is that there is -- a complaint has been filed with the GAO. That will be given -- that will go through the process, and they're entitled to that, and the determination will be made based on that complaint.

SEN. ROBB: Thank you, Senator Murkowski. We can follow through on that matter, and we can bring that to resolution. I think you would agree, however, that that would not bear directly on the confirmation process, and we would not intend to hold up the confirmation pending the outcome of that particular matter.

SEN. MURKOWSKI: Absolutely.

SEN. ROBB: Thank you, Senator Murkowski.

To complete the round off questioning, Senator Sarbanes.

SEN. PAUL S. SARBANES (D-MD): Thank you very much, Mr. Chairman. I'll be very brief, and I apologize. I've not been able to be here throughout the morning, but I have another hearing that I'm also paying attention to. In fact, I'll have to return there.

First of all, I want to commend the nominee for this very thoughtful, sensitive and perceptive statement. I wasn't here.

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I don't know whether you read the whole thing or put it in the --

VICE PRESIDENT MONDALE: I read about half of it, but I thank you for bringing it up because I asked that it be -- that statement was very carefully prepared to reflect presidential policy which I'll be implementing, and I hope that the -- it'll be read here and in Japan as an important statement of that policy and of my mission there.

SEN. SARBANES: Well, I assume that in reading it because it's obviously been very carefully done and a great deal of thought has gone into it. And the fact you anticipated a point I wanted to make, which I think this is a statement that does deserve to be printed for broader circulation, for people to read and think about both in this country and in Japan -- because I think it addresses a number of very important issues, and it does them in a very balanced and sensitive and thoughtful way, and we very much appreciate it.

In fact, I want to pick up on just a couple of things in it. First, you talk towards the end of what you see as your responsibilities, and one of them is a broad -- participate in a broad-ranging defense and security policy dialogue with Japan. And I just want to throw -- send some thought into that. I am not one of those who thinks we should be pressing the Japanese to become a rearmed nation, a major military power. In fact, you know, with the implosion of the Soviet Union, the objective actually around the world should be -- people should decelerate their commitment to arms and military force to the extent that that's achievable. I know we continue to have regional conflicts that you have to address, but they don't rise to the magnitude of what we were confronting when we faced the Soviet Union, the Warsaw Pact, and so forth. And it seems to me that particularly since Japan has been picking up more of the economic and financial costs connected with security concerns, and hopefully they can continue to do even more, that's a very divisive issue in Japanese society as I understand it on many issues. Now, they've undertaken now to do a peacekeeping role, which, it seems to me, is appropriate for a major national power on the world scene, and of course one that is looking now at permanent membership in the Security Council at the United Nations. But I'm not one of those who -- and there are many in this country who want to press them to become a fully rearmed power, and I just want to register that for the purpose of dialogue.

Secondly, I think this statement you make about the trade imbalance is very -- you say it is also important because constant trade friction weakens public support in both the United States and Japan for alliance and it threatens our ability to cooperate on the broader agenda. I think

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that's a very important point. There's a tendency to see the trade balance problem only within its own terms, but we need to understand that we need, I think, to resolve it, move it to a more sustainable basis because it does impede and affect our ability to have, I think, the kind of relationship with Japan that we certainly want and I think the Japanese want. I would hope that putting that, as you have done here, in a broader perspective in terms of its implications might be helpful in making some advances on that problem.

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VICE PRESIDENT MONDALE: This morning as we listened to the questions, you could see that being played out, the frustrations that are generated in the United States about these enormous trade and current account imbalances tend to skew all the discussions toward the frustrations; and there are many, and they have to be resolved. I don't want to be misunderstood at all.

But there's a lot of very good things happening between our two countries; we should not forget -- there's a lot of, they call them transplants -- but there are a lot of Japanese investment in the United States in communities, and, generally speaking, it's been very well received. That is to be encouraged.

You brought up a point in support of American troops. Shortly in a year or two they will be supporting our presence in Japan to the tune of some 75 percent of costs. That's the most generous of any support in the world for US involvement, and we're now in the position where it's much cheaper to keep US forces in Japan than in the United States. This also helps us -- and it helps on your first point about the evolution or the possible evolution of Japanese military policy. I think our presence there, the military security treaty, the continuing discussion and cooperation between us and Japanese forces, the presence of the nuclear umbrella, all of this helps Japan deal with the concern that you're talking about, and they, of course, are deeply concerned about it as well.

On the other hand, we're encouraging Japan and they're beginning to do it now -- to participate more in the peacekeeping functions around the world. The forces in Cambodia, some 600 Japanese personnel, they're in a noncombatant role there but, under a Japanese commander, performed very well. And, while we have to knock on wood, yet it looks like there's a chance that this Cambodian policy is working out a lot better than a lot of people suggested. I don't want to predict that it's going to end up that way, but at least the first couple of chapters on that are quite impressive, and the Japanese have to be given a lot of credit for that. Two of their people were killed, I believe; they were in harm's way.

Their law does not permit them to be in a combat position; they have to be peacekeeping forces only. They were the biggest contributor -- outside contributor to the Somalian effort in terms of financial support. They were the largest -- almost the largest contributor, I think, to the Gulf War, over \$13 billion. And so there's an evolution there of Japan's role in the world and a positive peacekeeping role that I think needs to be -- first they need to be thanked for what they've done and encouraged in the pursuit of that approach.

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SENATOR SARBANES: Mr. Chairman, I think real actually that the committee ought to send a copy of this statement to each member of the Senate sort of saying that Vice President Mondale appeared here; he made this very careful and thoughtful statement, and it ought to be brought to our colleagues' specific attention, worthy of their review in terms of discussion the US-Japanese relationship.

SENATOR ROBB: Senator Sarbanes, I agree with your assessment of the importance of the statement. I commented using almost the same language you did in terms of my own reaction to it earlier, and I will see that each member of the Senate receives a copy of the statement for their perusal and future reference.

SENATOR SARBANES: I just -- I wish you well. As I said at the outset, this is a splendid nomination; we're delighted with it. I think you're going to do a very effective job. We know of your own longstanding interest in Japan, even more of Joan's longstanding interest, and you're going to be a terrific representatives of our country there, and we wish you well.

VICE PRESIDENT MONDALE: Let me -- and if we're closed -- when Senator Kerry said he was glad to see us go back into public life and it was a contribution to the country, I don't see it that way at all. I love public life; I'm a public man. I wanted to get back into public service. My best years have always been that, and this chance to contribute again to our nation and to this most crucial of all relationships is something that I'm thrilled to do, and Joan is, and we go there, if confirmed, with a lot of joy and happiness.

SENATOR ROBB: Mr. Vice President, those sentiments don't surprise any of us who know you, and that's certainly a very significant part of the incentive for so many members to turn out here for what would otherwise be a very routine confirmation and for so many distinguished leaders in the Congress today and in the past to appear at your confirmation hearing.

I would conclude by say that we do look forward to your return visits to this committee. Some of the questions that were raised today and certainly the importance of the relationship make your testimony before the committee after you've had a chance to work in the environment for a period of time, would be most useful, and I will extend to you now a standing invitation that when you return, at a time that you find convenient, to get together because I think it would be important for the committee and for our understanding of the special concerns and the special opportunities that exist between our two countries.

I would say that my last trip to Japan was back in April. It was my first trip, although I had made quite a number of trips previously, I think I was probably the only visitor that had a few minutes with Deputy Foreign Minister Owada, who talked only about US-Japanese relations, and I didn't even query him about the then upcoming marriage of his daughter which seems to have occupied a great deal of time and attention during that particular period.

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And I would also say that the new ambassador to the United States from Japan, Ambassador Kuriyama, the visits that I've had with him have been very useful, and we hope to continue those. But your presence before this committee at some future date which is convenient, I think, will be greatly appreciated and we will look forward to it.

VICE PRESIDENT MONDALE: We've talked about the traditions of strong ambassadors from our country to Japan -- Mike Mansfield's a classic example -- but the Japanese, too, have sent their best people to the United States as their Ambassador. Mr. Kuriyama is a good example, and I think it shows this underlying profound sense of our interrelationship and interdependence. That's the best news of all, because if we build on that, everything is going to get better.

I want to thank the committee for its generosity today and for the time it has spent, and I will be glad to come back. I hope -- I would like to see more members of the Congress kind of get engaged in -- I realize how busy you are -- but in this US-Japanese relationship. You're starting to do it; I think Senator Sarbanes has done some of it; Bill Bradley has been back and forth many times; Senator Lugar has been back many times, and Senator -- I'd like to see more of that because this is -- we tend to be Euro-centered, and I don't mean to diminish that, but we need to see how this world is changing over there and we need an American response that's appropriate too.

We are -- and we sometimes forget it -- we are an Asian and a Pacific nation as much as we are an Atlantic nation, and we need our institutions, including the Congress, to reflect that new reality.

SENATOR ROBB: Mr. Vice President, we thank you. I share your assessment of the representatives that Japan has sent the United States. The last several ambassadors I've had occasion to get to know personally -- even have played golf with at least two of those ambassadors -- of the last four or five --

VICE PRESIDENT MONDALE: Can you put your scores in the record?

SENATOR ROBB: I don't believe that was formally included, although they always look a little better with time; that tends to improve both the score and the opportunity of playing. But playing -- and I don't get a chance to do that very often any more certainly since coming to the Senate but --

VICE PRESIDENT MONDALE: Well, I'm sure you remember Ambassador Matsunaga (phonetic) who was here for some years and now heads a foreign relations think tank; Ambassador Sokoara (phonetic) and several --

SENATOR ROBB: Both of those ambassadors are ambassadors that I've played golf with both here and in Japan.

VICE PRESIDENT MONDALE: There's the story for today.



SENATOR ROBB: That's right. I would add parenthetically that was before I came to the United States Senate in any event, lest anyone in Virginia is worried about I'm taking too much time for the pursuit of those pleasures and amenities.

Mr. Vice President, we thank you for coming. I think it is reasonable to say, although of course I have only one vote and the Senate colleagues who have appeared here today have one vote each, that I would be very much surprised if you were not unanimously recommended by this committee at a markup tomorrow and confirmed on the same basis by the full United States Senate, perhaps as early as tomorrow night depending on whether or not -- or sometime very soon so that you and Joan can begin packing and making preparation to move to Tokyo.

And with you go our best wishes, and we look forward to a continuing dialogue about this very important relationship. But with that, this portion of the subcommittee meeting will come to a close.

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