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UNOFFICIAL TRANSCRIPT: AMB. MONDALE 9/4 REMARKS AT NPC LUNCHEON
(Corrected copy of EPF310 from 09/04/96) (7940)

(Editor's Note: Paragraph 35 of the transcript now reads "... called for enhanced defense cooperation ..." instead of "... called for an end to defense cooperation ...")

Washington -- The United States must remain actively engaged in the Asia-Pacific, according to U.S. Ambassador to Japan Walter Mondale.

"As a Pacific power, America cannot escape involvement in the region or isolate itself from the consequences of development there," Mondale said at a September 4 National Press Club luncheon.

Mondale stressed that the continued U.S. military presence in the Asia-Pacific is essential to maintaining regional stability.

"Lacking a regional peacekeeping structure like NATO, the region depends heavily on the U.S. security presence to sustain peace," he said. "If we weren't there, the chances for an arms race or unrest in Asia, I think, would be very, very serious."

"There is also a political imperative to our involvement in East Asia," Mondale added.

"Japan, China, Korea, and the ASEAN countries will be increasingly influential in the world. They will be heard on matters of economic, security, development, environment, and general political issues. We must make room for them at the table and be prepared to listen carefully to what they are saying," he said.

"With the support of Asian countries, particularly Japan, our ability to shape the course of the world's events is enhanced. But without it, we will have tremendous difficulty dealing with the awesome challenges confronting us in the next century. American policy must effectively engage Asian leaders across the entire spectrum of human endeavor if we are to succeed in building the kind of world that we need," he said.

Following is an unofficial transcript of Mondale's remarks:
(begin unofficial transcript)

**NATIONAL PRESS CLUB LUNCHEON ADDRESS BY:
THE HONORABLE WALTER MONDALE, US
AMBASSADOR TO JAPAN**

WEDNESDAY, SEPTEMBER 4, 1996

SONJA HILLGREN: Good afternoon. Welcome to the National Press Club. My name is Sonja Hillgren. I am president of the National Press Club and editor of "Farm Journal." I'd like to welcome our members and their guests in the audience today, as well as those of you watching on C-SPAN, listening on National Public Radio, and the Internet global computer network.

Before introducing our head table, I would like to remind our members of some upcoming speeches. On Thursday, September 15 (sic), that's tomorrow, Secretary of Education Richard Riley will address the Press Club audience. The speech is entitled "America's Youth: Education and Values," and he will release the results of the '96 youth indicators report.

Also this month, retiring Congresswoman Pat Schroeder of Colorado; Laura Tyson of the National Economic Council; Secretary of the Army Togo West (ph); and the chairman of Compaq Computers, Eckard Pfeifer (ph).

Transcripts and audio and videotapes of Press Club luncheons are available by calling 1-800-NPC-2334, and the

National Press Club Internet site is <http://npc.press.org>. (Laughter.) That's a new one.

If you have any questions for our speaker, please write them on the cards provided at your tables and pass them up to me. I will ask as many as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Janet Six, business reporter, "Detroit Free Press;" Greg Gordon, Washington correspondent, Minneapolis "Star-Tribune;" William Salisbury, Washington correspondent, St. Paul "Pioneer Press;" Kimitoshi Igarashi, bureau chief of NHK-TV; Naomichi Fujimoto, bureau chief of the Americas, "Yomiori Shimbun;" Peggy Roberson, freelance journalist and chairman of the National Press Club Speakers' Committee; Judith Serrin, assistant news editor, Knight-Ridder newspapers, and member of the Press Club Speakers' Committee who arranged today's luncheon; Mikio Haruna, bureau chief of Kyoto News Service; Paul Mann, executive editor of "Aviation Week;" Toshihiro Ikemura, Washington correspondent of "Yomiori Shimbun;" and Amy Borrus, trade correspondent of "Business Week." (Applause.)

When people speak about Walter Mondale, they often describe him in terms an archaeologist would use. (Laughter.) "One of the almost lost breeds, a true democratic liberal."

Take the words of Commerce Secretary Mickey Kantor last month when Mr. Mondale was honored for his domestic and international accomplishments. He has ardently pursued the cause of civil rights and civil liberties every day of his career. Thank goodness this country has produced a Fritz Mondale.

When people talk about Walter Mondale, they often describe him in terms of -- a geographer would use. Minnesota. The presumption is knowing that state explains much about Mondale. This may also be true.

As attorney general of Minnesota from 1960 to 1964, U.S. senator from 1964 to 1977, vice president of the United States from 1977 to 1981, presidential candidate, lawyer, and now ambassador to Japan, Mr. Mondale has figured in the nation's political life for nearly four decades. He has managed to do that while winning respect for his policies and his personal integrity.

He directed attention to areas such as labor, poverty, open housing, and family issues. That was what they used to call family values. (Laughter.)

With his vice presidential choice in 1984 of Geraldine Ferraro, he also opened the possibility of women as candidates for national office.

Since his diplomatic appointment in 1993, Mr. Mondale has been the most important American in Japan. The job has involved him deeply in trade issues as he pushes for open markets for automobiles and other products. He has also stressed close security ties between the two nations and called for an expansion of student exchange programs.

And one of the greatest advantages of his position, he has said, is that when he is awake, Washington is asleep. (Laughter.)

Ladies and gentlemen, please give a National Press Club welcome to Ambassador Walter Mondale. (Applause.)

AMB. MONDALE: Thank you. Thank you.

Thank you very much, Sonja, for that very kind introduction. It's always a special joy to be back again with the National Press Club. I don't know that I've got the record for the most speeches here, but I think I at least rated among those who've been here most frequently over the many, many years that I've been in public life, and I find the Press Club amazing. I think these luncheons started in the '30s. One of your guests was President Roosevelt, and for all of these years, the National Press Club has contributed enormously to the national discussion and the national dialogue. That continues today, and I want to congratulate and thank the club and its leaders for

continuing to provide this crucial service to the American people.

There are so many friends here today that I'm a little hesitant to start naming names, but I will name a couple. Bob Reese (ph), the director of the Japan desk, an example of the gifted career service that serves our nation; Curt Campbell (ph), deputy assistant secretary of Defense; Ira Shapiro, general counsel of the USTR; Jim Southway (ph), deputy assistant -- I mentioned him because he's gifted and he's from Minnesota -- (laughter) -- actually, those things always hang together -- (laughter) -- my old friend Bill Greenburg (ph), former DCM of our mission in Tokyo, and now the incoming chair of the Center for Strategic and International Studies, the Japan chair; and we have two interesting people that have served or will serve in a unique position in the embassy as independent economic advisers and counselors. One, Ed Lincoln, has just returned after two years to Washington and to Brookings, and served magnificently in that role; and soon to take his place is Kent Calder (ph), who is here from Princeton University, a well-recognized scholar who will be giving me advice, as well.

I want to recognize Max Isaac (ph), my news secretary, and one of our nation's recognized scholars in the field of presidential media politics.

And, finally, if I could recognize a dear friend of mine, Senator Gaylord Nelson. Gaylord listened to me every day, and as a result, he developed one of the strongest records in the United States Senate -- (laughter) -- and he's had the wisdom to come and listen to me once more, and I thank him for his presence. (Laughter and applause.)

Today I've been asked to talk about America's stake in Japan and Asia, and following what I hope will be brief remarks, I'll be glad to take your question.

You know, I've been ambassador now for a little over three years, and I can honestly say that on almost every day, something happens to remind me of the importance and the growing importance of Japan and Asia to the future of our nation and to the hopes of humanity for civility.

The reasons are many. Economically, Asia is the fastest growing area in the world. It's astounding. For some time, we've enjoyed more trade with that region than with Europe, and in just a few years, trade with that region and the United States will be double that of Europe. Japan is at the center of our interests in Asia. Our two countries represent the largest and most technologically advanced economies in the world, and together we constitute 40 percent of the world's economy.

Japan bought more than \$60 billion worth of American goods last year, making it second only to Canada as a trading partner. Japan is America's largest agriculture market, and that market will continue to grow.

America also has an enormous stake in the stability of Asia, an area that has been historically unstable. In my lifetime and in the lifetime of some of the rest of you, all of three major wars have broken out in that region.

And while the Cold War is over in Europe, vestiges of it are still in evidence in Asia. The largest massing of hostile forces in the world is found on the border between North and South Korea. Russia continues to occupy Japan's northern territories, and tensions linger in the Taiwan Straits.

In addition to these unresolved historical issues, there are some potentially disturbing trends for the future. Rapid economic growth has led to growing arms expenditures, which in turn could lead to an arms race. Increased confidence and thoughtless nationalism could sharpen commercial and political rivalries and exacerbate lingering territorial disputes.

Kent Calder (ph) has written about a phenomenon that deserves a lot of attention. With the growing wealth of East Asia and the ASEAN region, the demand for import of energy is soaring and will continue to soar, and this could well intensify competing claims over areas of the continental shelf thought to be rich in energy resources. We already see that happening.

The task of encouraging Asian countries to peacefully solve these problems must continue to be a major goal of our policy. Lacking a regional peacekeeping structure like NATO, the region depends heavily on the U.S. security presence to sustain the peace. Our significant military presence in Japan and Korea remain essential to the stability of that region.

There is also a political imperative to our involvement in Asia. Japan, China, Korea, and the ASEAN countries will be increasingly influential in the world. They will be heard on matters of economics, security, development, environment, and general political issues. We must make room for them at the table and be prepared to listen carefully to what they are saying.

As a Pacific power, America cannot escape involvement in the region or isolate itself from the consequences of developments there. With the support of Asian countries, particularly Japan, our ability to shape the course of the world's events is enhanced, but without it, we will have tremendous difficulty dealing with the awesome challenges confronting us in the next century.

American policy must effectively engage Asian leaders across the entire spectrum of human endeavor if we are to succeed in building the kind of world that we need.

So where do we stand now in our relations with our key Asian partner, Japan?

Over the last years, we've worked hard to build our bilateral ties in four areas. First, strengthening our critical security alliance, then correcting -- secondly, correcting imbalances in our trading relationship, enhancing our cooperation on regional issues, and putting together a common agenda to address global issues.

In all of these areas, I believe we have made good progress. Our security alliance is solid. The president's April visit, one of the most successful, I believe, summits ever held between our two nations, produced a very forward-looking declaration that reaffirmed our security ties, articulated our common defense interests, called for enhanced defense cooperation, and announced significant steps to consolidate our military presence on Okinawa. Both governments are now working hard to implement these agreements.

I think we've also seen significant progress in the economic arena. Three years ago, Japan's global and bilateral trade surplus was high and rising. Now it is falling rapidly. Over the past three years, we've signed 21 trade agreements covering a wide range of troublesome market access problems. U.S. exports to Japan have been rising rapidly, and this is especially the case in many of the areas in which we have reached agreements.

The financial services sector is opening up, with public and private pension funds becoming increasingly open to foreign investment advisers.

The cellular phone agreement has been a spectacular success. The semiconductor agreement has been very successful and, as you know, we've just reached a follow-on, transitional agreement.

The American auto and auto repair industries report they're finding new opportunities in this market, although the availability of new dealerships is still disappointing.

We are seeing progress in the opening of building-materials markets, so much so that we're holding a conference next week in Seattle to encourage American building-materials business leaders to become more engaged in the growing Japanese market.

There has been some deregulation in telecommunications. As I said before, agricultural sales are soaring -- largest in the world, 16 billion (dollars), going up 10 (percent) or 15 percent a year.

America's businesses with access to the consumers are doing much better. One of the big things happening in Japan is American catalogue sales. Over there, they pay for a catalogue, and I think L.L. Bean will hit about 200 million (dollars) this year, Lands' End is doing great, Toys R Us is doing well, the Gap, Tower Records, and all the rest, and

the entertainment giants, Disney and Warner Brothers, are coming in there, and there's a booming market for PC sales.

Overall, imports into Japan are rising faster than exports. While some of this is due to the strong yen, there've been important changes in market access, such as those listed, which have permitted market forces greater scope to operate.

With rising imports, Japan is moving toward a better balance. The current accounts surplus peaked in '93 at 130 billion (dollars), and analysts predict that it might be around 80 billion (dollars) annually at the end of this year.

The bilateral trade surplus once reached a high of 67 billion (dollars). This year, we think it will fall substantially under 60 billion (dollars).

Nevertheless, Japan is not yet back in equilibrium, and the surplus is still too high. We continue to face a variety of market barriers, which is very troubling regardless of the shrinking overall trade dispute -- trade progress. Despite the progress made and agreements signed, we continue to wrestle with a number of contentious issues, such as color film, civil aviation, and insurance.

I mention insurance because for me this is particularly troublesome because we have an agreement on insurance signed in 1994, and we've been wrestling for two years to get it implemented, and today Ambassador Shapiro met with Mr. Sakaki Bara (ph) from the Ministry of Finance, and I hope they made progress at that meeting.

We have a civil aviation agreement. We reached a generous resolution of the cargo issues, but we still confront opposition to the granting of routes authorized by the agreement.

On regional and global issues, our cooperation with Japan has advanced markedly. Our two countries, together with the Republic of Korea, created the Korean Peninsula Energy Development Organization, known as KEDO, that has frozen the North Korean nuclear program and averted a crisis on the peninsula, and nowhere is our cooperation more important and getting less attention than on the so-called common agenda. This is a spectacular program of U.S.-Japan cooperation that involves well over \$10 billion in which we work together cooperatively on environmental matters, on coral reef protection, on health matters, on AIDS. Now we've added the problem of resistant strands of infectious diseases, becoming a serious problem in the world. We've added the classroom of the 21st century to try to get more advanced instruction in the classrooms of our children, and we also added narcotics and anti-terrorism efforts at the April summit.

This is one of the most exciting things going on in the world, and I repeat it in every speech, because I've found one lesson about the news -- I don't want to shake the confidence of the reporters here -- (laughter) -- but one thing is, if you want news, by all means, start a fight, and we've been unable to see how we can get a fight in this field, because we agree on everything. But if one of you'd just like to try it one time, we'd be glad to sit down with you. (Laughter.) It'll be a first for both of us. (Laughter.)

Our ability to lead in Asia will be largely colored by what we do at home. I believe that our greatest gift to the world is America's commitment to human liberty and to the individual. Our society has flourished because we cherish the individual and his or her capacity to grow, to create, to learn, and to be heard in our society. I think it is the essence of America.

The strength of our moral authority abroad will flow not from our sermons, but from our examples. As Asian society struggles to redefine the boundaries between the individual and the state, they are always weighing the benefits of our individualism against their traditionally group-oriented systems. Many look at violence in America, especially the wanton availability of guns, and argue that our emphasis on the individual really means personal license at the expense of social stability. The importance of this issue has been brought home to me by the number of Japanese citizens who've been killed in America since I've been ambassador. I have met loving parents who have sent young and innocent

students to the United States only to have them lose their lives. You know, you apologize, but after a while, those apologies lose meaning.

Failure to deal with violence in America, failure to restrict the use of guns as weapons of wanton bloodshed, is no longer just a domestic issue. It is costing us terribly as world leaders. It shatters our moral authority, and it arms the advocates of authoritarianism with their strongest case for oppression at home. As Americans, we simply must stop it.

Another fundamental challenge in Asia is to overcome the increasingly prevalent belief that expenditures in foreign aid in support of diplomatic service and for government programs to support American businesses abroad, can be foregone with no loss to the national interest. A sharp eye for efficiency is essential. Budget pressure has resulted in good savings, but we are now cutting muscle and bone. As our diplomatic budget shrinks, we are losing influence. We spend time urging Japan and others to fill the gap.

No case is more blatant than the House's failure to fully fund our relatively small financial commitment to the crucial KEDO project to move North Korea away from building nuclear weapons. While Japan and the Republic of Korea have agreed to spend almost \$5 billion to fund these light-water reactors in North Korea and we made a commitment to provide \$25 million for the start-up costs -- this was a commitment we made to them as part of the deal -- the House cut the 25 million (dollars) to 13 million (dollars), undermining our commitment to our friends, with whom we've worked to try to end a very dangerous problem in Korea.

Another area crucial to our economic success in the world that requires government support is science and technology. American leadership in science is the envy of the world. It's, in many ways, our most decisive advantage. However, we must remain vigilant to keep that edge. The Japanese government now spends more per capita than we do on science, and very soon they'll just be spending more than we are on science.

We welcome this increase in funding for basic research, but it should also caution us for cutting public support for similar work at our superb national institutes and our great research universities. Such cuts are not savings. They are serious assaults on the American advantage in scientific discovery and technological prowess, where much of our future lies.

Let me close with a note about education. I'm a firm believer in the importance of mutual understanding. Knowing more about Japan and Asia will solve all of our problems, but it's essential to a sensible approach to that region. It will help us focus on more constructive approaches. Without knowledge, we allow emotions, stereotypical images, to dominate our policies.

The United States and Japanese -- Japan constitute very different cultures with very different histories, languages, different ways of deciding things, different structures, different philosophies underpinning the societies. The only way we make it work is by having people who understand these differences, accept them, and know how to make the relationship continue to work. This is not easy. The language is difficult. It takes a long time to be comfortable and knowledgeable about the history and the rest of what I talked about, and there's been a serious shortage of Americans learning about Japan and Asia, about maybe 2,000 American students studying in Japan today. There's about 45,000 Japanese studying in the United States. We're glad to have them. I wish we had a hundred thousand.

But the Japanese have been trying to help with what they call the JET (ph) program. When the president was there, they announced a very exciting program to bring in hundreds of American high school students for a stay, to bring in several hundred undergraduates for a stay, to bring in a thousand teachers to Japan a year, to bring in school administrators from the United States to Japan, to bring in scientists, to bring in artists, and to try to increase the opportunity for Americans to learn about this unique society. We need to encourage this and build on it every way we can.

Let me close on this point: I think that relations with Japan are solid and improving. They are not without an occasional frustration, but I think that is to be accepted as a reality of relationships between two independent democracies. The relations between our two nations may very well be the most important on earth. If we are working well together, practically every serious problem in the world can be better managed or even solved, but a weakened or a ruptured relationship causes those same problems to become difficult to handle, if not insoluble.

The good news for our nation, for Japan, and for the world as we meet today is that Japan and the United States are working together as allies and friends in one of the most remarkable partnerships on earth.

Thank you very much. (Applause.)

MS. HILLGREN: Japanese Prime Minister Hashimoto's rapid, strong support of President Clinton's actions in Iraq is unusual for Japan. How will this impact his domestic situation, especially the Okinawa base dilemma? Does it reflect a more aggressive Japanese foreign policy in the future?

AMB. MONDALE: Historically, particularly after the war, Japan was called a minimalist foreign policy nation. They were hesitant to state their views and become involved in any kind of (urgent ?) way. I think that is slowly changing with time. Japan is learning more confidence in itself. It is more willing to speak out than before, even though there is still often pronounced reluctance. I think the statement by the prime minister yesterday is an example of the greater confidence that they are demonstrating in their own views of what is going on in the world. We've seen other examples of that in the last years, and I hope we'll see more of it. I don't think it has anything to do with the question of how we relocate and reposition our force structures in basing in Okinawa. I think those are separate questions. We have a what we call WACO, special action group, working on that. This is not a trade dispute, it is not a matter of contention. The Japanese specialists and ours are working together to develop a way of reducing the size of land holdings in Okinawa, reducing noise and other irritants, and trying to be a good neighbor to the citizens of Okinawa without reducing force capabilities. And that process is going forward now.

MS. HILLGREN: Do you expect to serve another term as U.S. ambassador to Japan? (Laughter.) Would you be willing to accept the job of U.S. secretary of state if it were offered? (Laughter.)

AMB. MONDALE: I am often asked that, and I often don't answer. (Laughter.) But let me be serious about it. I find the job in Japan challenging and important. We've got a very heavy plate of things to handle this fall, for example, in both the security and the trade side. What happens between the United States and Japan, as I said in my speech, is in many ways the most important event that the United States has in the world. And so I am not looking for another job. We've got a good secretary of state, and what happens after this election I'll have to talk to President Clinton before his inaugural. (Laughter.) (Applause.)

MS. HILLGREN: You not only spoke today about violence in America and the bad signals that sends to the rest of the world, but you spoke about that in a previous appearance before the National Press Club. Has the situation changed or gotten any worse or any better?

AMB. MONDALE: Well, we passed some helpful legislation to deal with guns, and I think with time that's going to start showing an effect. I don't know what the figures are the last year or so, and I think the president has asked for some more changes, which I hope will be adopted. I keep bringing it up, because I want to make the point to Americans that this is no longer just a domestic issue.

A nation's power -- you can look at the guns, you could -- and we're the world's only military superpower. You could look at the strength of the economy, and we've got the most productive economy in the world. You look at all those things. But the most important source that underpins it all is our moral authority. Are we an attractive nation? Do people like what they see? Does that example make us more

influential? And the rest. In many -- I think we're the most influential nation in the world. I think we are the example that -- you know, if you see the number of young people from around the world, where do they go to college when they have a chance? Most of them high-tail to the United States. And they like that. But there are certain things cutting across it, and nothing more than violence and this wanton use of guns.

I had to meet with those parents whose son was shot while he was doing tricks or treating in -- somewhere in Louisiana. I had to meet with another set of parents whose children were shot in a parking lot in Los Angeles. They were over there because they loved American movies and they wanted to be in the movie business. They were killed. And then you pick up the paper about that doctor and his 13-year-old daughter gunned down in front of their home. And this has a big impact I think in Asia, because, well particularly in Japan that's almost unheard of, that sort of thing. They have problems too, like Aum and so on. They wouldn't say that. But this is not only terrible for us, but it is imposing a cost on our stature in the world. It's blunting our message. And authoritarians who would rather not let their people have a full run in their lives -- excuse me, I've got a summer cold which I am enjoying. Japan is a democracy -- I'll include that country in this list. But they all use these examples as an argument as to why you need authoritarian government, why you can't have individualism, because it always leads to license and violence. And they use these examples in the United States to resist what I would hope would be a continuing momentum toward freedom and openness in those societies.

MS. HILLGREN: Now that the U.S.-Chinese trade deficit exceeds that of the United States and Japan, does that change the economic and geopolitical situation in Asia?

AMB. MONDALE: No, it doesn't. It's troublesome, to be sure. The trade problems we have with Japan are bilateral in nature by and large, and our negotiations will continue to go forward on that. We're also trying to make progress regionally through APEC, the Asian-Pacific Economic Conference, and in other ways -- and we will continue with that. But the -- just as with Japan, we have these bilateral concerns, so we will have and are having continuing negotiations with China.

MS. HILLGREN: You have stated in Japan that Japan does not need to either revise or reinterpret its constitution to respond jointly with the United States to an Asian military contingency, such as an armed conflict in Korea. Your statement has been interpreted by many in Japan as a position that the United States does not wish for any Japanese constitutional alteration. In your view, would Japan revising or reinterpreting its Constitution be detrimental to the U.S.-Japanese alliance?

AMB. MONDALE: I always say, and other American officials always say, we will work out our security relations with Japan based on their law and their constitution. That is a matter explicitly for Japan's determination. We demand the right to set our own Constitution, our own laws -- so do other nations -- and this is a case where it is up to them. We agreed in the April summit that we would develop revised guidelines for cooperation between our forces in case of regional trouble that threatened Japan's security, and that discussion is going forward to see how we can enhance cooperation between our forces consistent with Japan's laws and constitution. But we also say that if Japan goes forward with a debate and decides to alter its constitution, that's for them to decide. We are not trying to take a position either for or against any provisions of the constitution, and we are trying very hard to make it clear that we do not consider that our business. This is Japan's business.

MS. HILLGREN: Despite a two-year-old insurance agreement with Japan, the Ministry of Finance has restricted access for U.S. firms while expanding Japanese insurer's access to the small markets served by U.S. insurers. Will the U.S. be able to enforce this agreement properly?

AMB. MONDALE: I mentioned that in my remarks. I'm really worried about the insurance issue, because we have

an agreement, and those agreements should mean something when they're signed. They normally do, but this one is proving to be very difficult.

Bear in mind that Japan has a huge insurance market, but it is almost entirely served by Japanese insurers. The only presence of foreign insurers is found in the third sector -- that's not specialized products. And of -- it's about just under five percent of the market where all foreign insurers are found. And of that five percent, foreign insurers only have 35 or 40 percent of the market. So the foreign presence in Japan is very minimal.

This insurance agreement was designed to open up the primary sector -- 95 percent of the market, where the life insurance and so on is to be found -- in a way that would permit differentiated products -- different risk assessments, different rates, premiums, and the rest. And then after three years of an open market then the third sector would open up to full competition. In the meantime there could not be what the agreement calls radical change. Unfortunately what appears to be possible now is that the Ministry of Finance is going to permit these huge insurance companies to develop subsidiaries to go into the third sector and then swamp the third sector with the army of insurance agents that they have, without opening up the primary sector. And what we would see is that little presence of foreign insurance companies under pressure. And I think many of them would be driven out. So you would have almost a total Japanese-only insurance business. This is not good for the Japanese insurance consumers. Today Japanese insurance tends to carry the same rates, the same term -- there is no competition throughout -- in many of these areas. Our insurance industry is much different, and I think many Europeans have much more competition. And that's -- we think it's in the interests of the Japanese to open that market up. But right now we are having substantial difficulty in that area.

MS. HILLGREN: Further on this question, some industry voices in Japan assert that a unilateral violation is acceptable because the United States lacks the will and the leverage to stop it in this insurance area. Is this true?

AMB. MONDALE: No hard feelings, but I didn't understand the question. (Laughter.)

MS. HILLGREN: Some insurance industry voices in Japan assert that unilateral violation of this insurance agreement is acceptable because the U.S. lacks the will and leverage to stop it.

AMB. MONDALE: Well, of course that -- I incidentally haven't heard it put that way. But an agreement is an agreement. It's not just the Americans, but the European insurers and others, would like to get into this market if we're opened up. And there's a lot of will and desire to do so. The small American and foreign presence now in the Japanese market are in there working very hard, very effectively. So I don't think there's a question of passivity of American or European or other insurance interests.

MS. HILLGREN: You mentioned a disappointment on the auto dealer issue. Big Three auto makers have been able to sign up about half of the 200 dealers expected by the end of this year as a result of a U.S.-Japanese agreement, and of those dealers signed since the agreement, very few are directly affiliated with Japanese auto makers. What will the administration request of Japan on the dealer issue in the upcoming review of the auto trade agreement?

AMB. MONDALE: You know, whenever you get into these meetings you start dwelling on the irritants until you finally decide all there are is the irritants. The fact of it is there has been a big change in the auto and auto repair markets, and all of it -- much of it to the good. Now American business manufacturers are over there with several cars designed specifically for the Japanese market -- right-hand drive, smaller cars so they can fit in those markets, very attractive cars -- and all of the majors -- GM, Ford, Chrysler and so on -- are doing better and better. Now, it's a small base. But the difference -- you can almost see it on the streets now of Tokyo, the difference between what it looked like four years ago and what it looks like today you're beginning to see. And I think that progress is going

to continue, and the heads of the American companies over there tell me that they think that's going to continue.

The slowness in getting new dealerships is a problem, and we are continuing to work on that. But there are other aspects of this agreement too. Some parts of the auto parts business has been deregulated. I met with the CEO of Tenneco the other day. They are in there moving with shock absorbers and so on, and they are very excited about this new market -- and I've heard that from many other people in the repair parts field. And now we have a much heightened interest on the part of our major manufacturers and our auto parts manufacturers than we did before. And that's also part of a strategy for success in Japan. Most of the companies that have succeeded there have done so because they got over there and got on the ground and worked hard and invested money to penetrate that market. Of course there has got to be some openness to the market or it can't succeed. But the drive of the individual company is still a factor in the Japanese market, and I'm glad to say in the auto industry you are seeing a big change, even from the time I first got there.

I think in a few years this is going to become quite tangible -- and it's one of the more hopeful things that's happened in our economic relationship. So while we have these irritants like dealerships, we also -- if you look at the full picture, we're also making some pretty good progress.

MS. HILLGREN: You mentioned Japanese imports of U.S. food products. Are U.S. companies keeping up with the competition, or do the Chinese and other countries in Asia and Australians threaten to erode our market share? And will Japan continue to open up to high value food products?

AMB. MONDALE: We're doing very well, as I mentioned in my remarks -- over \$16 billion in sales to Japan. It used to be some years back just grain. But now we're getting a lot of processed foods, and that market is expanding for us 10 or 15 percent a year, and it's the number one market now for American exports.

Look, we can't complain about other countries competing with us -- that's what we want. And our products have to carry the day in the eyes of independent consumers. And I'm glad to say we're doing very well.

MS. HILLGREN: There's a new scare in Japan about possible contaminated U.S. meat and vegetables. Is this likely to dampen sales to Japan?

AMB. MONDALE: For the time being, beef sales are down, and I think pork sales are off a little bit too. This is something that the Japanese and the American authorities and experts are working on together. America has, I think by almost everybody's standards, the best meat inspection system in the world. It's the most thorough, it's the most demanding. It's a very distinguished part of the Agriculture Department. They're really very, very good. And so this E. coli -- what's the number? -- we'll fill in some of the details later. This has been a tragedy in Japan, because several children died, and it really deeply concerns the Japanese government. And our experts from our meat inspection services and our scientists and theirs have been meeting together to see how we can deal with that problem. And I'm sure we will continue to make progress on it, but it's a tough problem.

MS. HILLGREN: The Japanese have made it clear that they desire to move trade issues with the United States to the World Trade Organization rather than trying to resolve them bilaterally. What is the administration's response to this?

AMB. MONDALE: Well, in the correspondence and discussion, and in the statement at the April summit, Japan and the United States agreed that there would be matters involving bilateral negotiations. The so-called Japanese framework -- U.S.-Japan framework, which handles most -- many of the trade issues -- is based on a bilateral resolution of these disputes. So I don't think Japan has said there won't be bilateral negotiations. There are and there will be. But, at the same time, there are some issues that can be taken to the World Trade Organization. Recently a case was taken on liquor taxes, and the decision was adverse to the Japanese position. And now we have a case on color

firm that has begun before the World Trade Organization. And we think that was the appropriate step in this case. But we also say that America reserves the right under our laws, as we must, to pursue our remedies where a bilateral route is the preferred route to go.

MS. HILLGREN: As vice president to President Carter, who tried to withdraw U.S. forces in Korea, do you honestly think it's necessary to keep 100,000 U.S. troops in Asia?

AMB. MONDALE: I feel very strongly about it. There is no other source of security in that region. There isn't NATO, there aren't other military forces. Our presence there, which is accepted by I think almost every country in the region, is the single source that guarantees that the shipping lanes will remain open, that the countries can avoid an arms race, can stay away from nuclear weapons, and try to find other ways of resolving their differences and move ahead in a peaceful way.

The growth -- the spectacular growth in Asia in their economies principally flows from the fact that they have pursued for the first time an economic course rather than the military course, and this region has been beset by military disputes for so many, many years. Finally it's gotten on a course that is hopeful. This is in our benefit, it's in their benefit. But I think they would all say, as Prime Minister Hashimoto said so clearly -- Hashimoto said so clearly in April that so much of this depends on the United States and its presence. What should the numbers be? We've had -- we go to this all the time -- we think 100,000 is about right. The government of Japan essentially agrees with that figure. You know, you can never put a price-tag on what it's worth to avoid war. It always seems so expensive to have them there -- incidentally, the Japanese provide more support for our troops in Japan than does any other nation. But if we weren't there, the chances for an arms race for the rest in Asia, I think would be very, very serious. And I know it's remote to the lives of a lot of Americans, but I just hope we understand the crucial role that America plays in guaranteeing the security for that region.

MS. HILLGREN: In 1980, American analysts were predicting that by 1995 the Japanese economy would be as dominant in aerospace as it already had become in automobiles and electronics. Do you think Japan will still become a world power in aerospace in the next 15 years?

AMB. MONDALE: Japan is continuing to invest heavily in science. They are constantly trying to move their confidence across technological areas, including aeronautics, as forward as fast as they can. They do many things in that field now that are impressive. Perhaps the highest point is the new F-2 fighter that we will be working on together. And in other areas -- I think they build their F-15s there and so on. So there's -- but I think here again it depends on what we do in the United States. I think the American airplane manufacture industry here is very healthy here. I think I read the other day that sales are soaring.

And so if we would just keep our own scientific system going, our system of individual creativity, of entrepreneurship, of support for sciences in our colleges and universities, and realize that in many ways one of the most indispensable advantages that America has in the world is that we keep staying out ahead of the great scientific and technological advances. Since that is essentially a public investment, very little pure science will be or can be paid for by private business. It has to be a result of our foundations and our universities, institutes and the rest. That's the way to deal with this. And then Japan and the rest of us can come up together without being a threat to each other.

MS. HILLGREN: Mr. Ambassador, I would like to thank you very much for appearing here today, and give you a certificate of appreciation. I am certain you have too many things like this, but you know another one doesn't hurt, right?

AMB. MONDALE: That's right.

MS. HILLGREN: Good wall paper. But you can probably make better use of the mug, because there are really times when those folks are awake in Washington and they want you to be awake too. (Laughter.)

And so our last question: In the context of your own experience, running against a Republican tax cut strategy, what will be the impact of the Dole-Kemp 15 percent tax cut proposal? And one more: If you could do a rerun of your 1984 presidential race, would you still promise to raise taxes? (Laughter.)

AMB. MONDALE: You know, I'm an ambassador. I'm not supposed to have any views. (Laughter.) They told me, you know, the ambassadors weren't permitted to go to the conventions, because they don't want to get that mixed up. But I said in my case that's like trying to get the military out of the Pentagon -- (laughter) -- they're inseparable.

What do I say? I believe that large deficits not only add -- contribute to huge rises in interest rates in a form -- it's an indirect tax -- you're paying for the debt that way. It also, if our experience in the '80s is correct, because the interest rates are so high it attracts capital into American currency, raises the -- Bob, I didn't mean that. (Laughter.) It raises the value of the dollar and chokes off exports and subsidizes in an indirect way imports, which is what happened in the '80s. And, finally, I think it goes directly against American power. If the United States gets into a severe position of being a borrower to cover debt, you're going to find money flowing in from all over the world, and a debtor nation goes around asking for help. A nation that has got its fiscal affairs in order is much stronger than one that doesn't, in very often and often indirect and subtle ways. To be a massive debtor nation is to go and strike a direct blow at the strength of your nation. There has got to be some balance, some sense. I'm not trying to be heard here that we don't have to try to cut waste -- because we do -- but you've got to keep that fiscal house in healthy order I think. Thank you very much. (Applause.)

MS. HILLGREN: Thank you very much. I thank all of you for coming today. And I would like to thank our staff members, my brand-new executive assistant Kate Gaugin (ph) and Chad Taylor and Melanie Abdo-Dermott (ph), and Howard Rothman for helping with today's lunch. Good day. (Sounds gavel.)

(end unofficial transcript)

EPF504 09/06/96

TEXT: INS DEPORTING RECORD NUMBER OF ILLEGAL ALIENS
(Martin testifies before congressional subcommittee) (4710)

Washington -- The U.S. Immigration and Naturalization Service (INS) says that it has reformed and mobilized itself "after years of neglect" and is now deporting record numbers of illegal aliens.

David Martin, INS general counsel, told a subcommittee of the U.S. House of Representatives that formal hearings and judicial orders will result in more than 62,000 aliens being deported or excluded from the United States in the year that ends September 30.

"This represents a major increase, of some 25 percent, over the record totals achieved in 1995," he testified September 5.

Another 1.3 million aliens were caught the past year by the INS at U.S. borders or inside the country and agreed to leave voluntarily, without formal hearings, he said.

Martin said that the stepped up efforts to find, detain and deport illegal aliens "will encourage" those caught by the INS to voluntarily leave the country, thus bypassing costly and time consuming formal deportation proceedings.

His optimism and assertions, in this presidential election year, that this Democratic administration was doing far better than previous Republican administrations in deporting illegal aliens was challenged by the Republican leaders of the subcommittee.

Representative Lamar Smith, chairman of the Immigration Subcommittee, argued that there has been little progress in deporting illegal aliens, particularly those imprisoned for criminal offenses.

He argued that there are more than 4 million illegal aliens in the United States and another 300,000 to 400,000 getting into the country each year. "We deport only about 1 percent of the illegal aliens who've taken up residence in the United States," he said.

Immigration is a hot issue in several key states in the presidential and congressional races where large numbers of Mexicans and Central Americans have settled after slipping across the border with Mexico. Resentment against illegal aliens has led to laws at the federal level and in some states that have limited the welfare and educational benefits that legal and illegal immigrants may receive.

Following is the text of Martin's remarks as prepared for delivery:

(begin text)

Mr. Chairman and members of the Subcommittee, I am pleased to be here today to speak with you about the detention and removal of deportable aliens from the United States. Greatly improving this country's capacity to remove aliens who have broken our laws, especially criminal aliens, has been a key priority of this Administration. This initiative has received strong support from Congress and from the public. The Department of Justice has taken several important steps this year, which I will outline, and we have built a solid record of accomplishment. The central indicator is the bottom-line statistic: an expected increase of 25 percent over the number of removals achieved during fiscal year 1995. We project a total for FY 1996 of at least 62,000 aliens removed as a result of formal orders of deportation or exclusion. As of the end of July, we have already removed over 54,000 aliens -- more in 10 months than the 50,180 removed in all of FY 1995.

Above all, we at the Immigration and Naturalization Service (INS), in close cooperation with the Executive Office for Immigration Review (EOIR), are working hard to build an effective and durable structure that will support a systematic removal strategy for years to come. For many years the capacity and the credibility of our deportation and removal process have been in question. That picture cannot be wholly changed in the span of one or two years. Increasing the removal of criminal and other deportable aliens has been one of the Attorney General's and the Commissioner's top priorities over the past two years, and I have served as lead official in that effort since I joined the Service a year ago. We have resolutely worked to keep our eye on the long-term needs of the system; we know we are involved in a multi-year effort.

Background

At the beginning of Commissioner Meissner's tenure, before the introduction of our current method of strategic planning and management by priorities, INS's operations reflected the effects of years of neglect and underfunding. This situation had greatly hampered the fulfillment of the agency's basic mandates, including importantly our capacity to deter unlawful migration to the United States and to enforce the law's provisions against those who violated them. Those whom INS did apprehend were often released due to a lack of detention space, many subsequently absconded when ordered to surrender for deportation. Public confidence in the integrity of the immigration system was undermined, and many openly questioned the government's commitment to the enforcement of the nation's immigration laws. Indeed, it is important to remember that not very long ago there was a far weaker consensus in our nation about the need to enforce our immigration laws resolutely. The 1980s witnessed declarations by certain city councils that they were "sanctuary cities"; other localities adopted explicit resolutions of noncooperation with INS.

To change this situation, the Clinton Administration embarked on a systematic, phased effort to secure the necessary resources and rebuild, step-by-step, the necessary enforcement capability. Our initial efforts, with strong bipartisan support from the Congress, focused on improving border enforcement and on reforming the asylum system to reduce a significant enforcement vulnerability there (while still retaining a genuine opportunity for bona fide asylum seekers to present their claims). Next came a focus on the

removal of deportable aliens, which has remained high on the list of INS priorities under the structured system we use to guide our annual initiatives. Principal emphasis, quite appropriately, has been placed on the removal of criminal aliens, but we also are working to restore credibility to the deportation process that applies to noncriminals as well. The initiatives regarding criminal aliens focused primarily on the expanded identification, location, and removal of criminal aliens through initiatives such as the Institutional Hearing Program (IHP) in federal and state penal facilities, systematic county jail removal projects, and the apprehension of criminal absconders through the National Crime Information Center (NCIC) lookout database. Efforts to remove noncriminal aliens have focused particularly on aliens who absconded after being ordered deported, failed asylum seekers, and illegal aliens apprehended at the work-site. We have also begun work on new initiatives that will minimize the chances that an alien will become an absconder, making more strategic use of enhanced detention capacities.

With strong support from the Administration and the Congress, INS has substantially increased the resources devoted to the removal effort. This commitment has begun to pay off. Detention levels, in particular, have increased dramatically. In FY 95, INS maintained an average of approximately 6,600 beds, and in FY 96 the average has climbed to 8,100. In the fourth quarter of this year, detention levels have risen to over 9,000 beds. This increased detention space does much more than ensure the removal of a given alien. It also helps restore the overall credibility of the deportation process. In the long run -- and this will take many years of sustained effort -- it should change the psychology and behavior of persons caught up in the deportation process and bring about a higher level of early compliance once a deportable alien is located. Consistent, prompt, and visible enforcement of this kind will encourage voluntary departure and voluntary surrender for deportation. Several measures in H.R. 2202, the pending immigration reform legislation, many of them based on proposals put forward in the Administration's bill, would also assist greatly in sending the vital message that delay is unacceptable and unavailing, and we greatly appreciate the good working relationship we have had with the Congress in crafting and refining these non-flashy but highly useful changes to the law. I am referring, for example, to the provisions imposing civil penalties of up to \$500 per day on those who fail to surrender for deportation, requiring voluntary departure bonds in many circumstances, and eliminating the accrual of time toward certain forms of relief after a charging document has been issued.

Mr. Chairman, the FY 1993-96 statistics on removals attached to this testimony show a solid record of achievement. Removals in FY 96 are up in every category. In the first ten months of the fiscal year (October to July), INS removed over 54,000 aliens--surpassing the roughly 50,000 aliens INS removed in all of FY 95. By fiscal year's end, we will have removed over 62,000 deportable aliens, a 25% increase over FY 95 and a 36% increase over FY 94. Criminal alien removals are up 12% over last year's record pace. From January of 1993 through July of this year, INS removed approximately 113,000 criminal aliens from the United States -- nearly twice the number removed in the previous four years.

It is important to note that the removal figures you have before you reflect only a portion of the removal-related work INS accomplishes each year. Consistent with long-standing practice, the removal figures that INS reports publicly, and that I have just reviewed, include only those aliens removed from the United States pursuant to a formal order of deportation or exclusion. They do not include the nearly 1.3 million aliens who, after being apprehended by the INS, agree to return voluntarily under safeguards to their home country without formal immigration proceedings. Most of these apprehensions and returns occur at the border, but a significant number also take place from the interior and therefore fall within the basic subject matter of this hearing. The fact is that those who are returned to their home countries under safeguards, even if without formal deportation or exclusion proceedings, represent a significant accomplishment by the men and women of INS who are involved in enforcement. We have not previously

tracked these returns from the interior systematically, but we are now developing a comprehensive tracking system to provide a complete, timely count of them. We are now pilot-testing the method that we will use, and we expect that it will give us a far more complete picture of the actual removals that result from INS enforcement efforts and the use of the resources that Congress has provided. These additional removals under safeguards ran to approximately 100,000 in FY 1995, based on a somewhat rougher estimation method that we have employed to give an idea of the baseline against which we will measure future such efforts. We expect to include precise reports of these interior voluntary returns under safeguards, based on the new methodology, with our monthly removal statistics beginning in FY 1997, taking care to continue to distinguish between these removals and the core removals, based on exclusion and deportation orders. This new reporting initiative, I emphasize, is meant to give a more complete picture of the removal efforts undertaken by the Department. Our focus will still remain on the central removals category, however, and the 93,000 target for FY 1997 encompasses only removals based on formal orders of exclusion or deportation.

While our numbers have increased across the board, our most significant growth in FY 1996 has come in the form of non-criminal exclusions. This growth is primarily due to our Port Court initiative designed to deter the illegal entry of impostors and aliens with fraudulent documents at ports-of-entry. First launched in San Diego in FY 1995, the Port Court is a logical and vital outgrowth of our overall border control strategy; it was not developed as part of our removals priority. When illegal border crossings between the ports-of-entry became more and more difficult as we expanded the Border Patrol and undertook new and more effective deployment, we found larger numbers of aliens attempting to enter by pretense or fraud at the ports-of-entry. Prior to Port Court, these aliens faced little prospect of serious consequences for their actions. If discovered they were often simply refused entry and turned back into Mexico. Many made repeated attempts to enter. In response, the Department adopted a strategy that brings about more effective deterrence of such fraud and enables us to increase the penalties in graduated fashion if such persons repeat their efforts at illegal entry. Now these aliens are formally charged and held for exclusion proceedings before an immigration judge. This action sends an unmistakable message about our seriousness in enforcing the laws against attempted fraud. Moreover, an alien formally excluded, unlike one simply turned around at the border, is subject to more serious criminal penalties if apprehended again. INS has been working with the U.S. Attorneys to make much more systematic use of prosecutions under section 276 of the Immigration and Nationality Act (INA) against those who reenter after being excluded or deported. In the San Diego district, for example, 210 aliens were convicted of unlawful re-entry after deportation in the first eight months of this fiscal year.

Port Court therefore is a logical and vital element in our border control strategy. Because it generates removals based on formal exclusion orders issued by immigration judges, its results are included in the removals statistics, consistent with long-established ground rules for the way that removals are tracked and reported. But I emphasize that the increases in this particular category -- dictated by operational necessity -- have not come at the expense of other elements of removals. Our figures are up in every category that you see on the accompanying chart. And as I will explain in a moment, these increases are precursors of much greater increases that will be seen in FY 1997.

Fiscal Year 1996 Efforts

In FY 1996, Congress increased the budget for removals this fiscal year by \$140 million (including construction funds), and provided an additional 1,400 positions, of which 1,000 were officer positions. This is undeniably a major and much needed increase, and it has generated high expectations for quick changes in the removals picture. We have in fact made major strides -- as indicated, a 25 percent increase in overall removals and solid gains in each subcategory, including, to date, a 12 percent increase in criminal alien removals over the same month one year ago.

And these figures, as I pointed out, count only removals under a formal order of exclusion or deportation.

Funding in this category goes essentially for two key components: (1) alien detention, transportation and related expenses (including medical), and (2) added personnel -- including the investigative agents needed to locate, process, and/or charge deportable aliens; attorneys to present the case in immigration court; detention officers to handle custody, transportation escort, and similar duties; deportation officers to manage the detention and removal dockets, secure the necessary travel documents and make the actual transportation arrangements; and the needed support staff for all these functions. Despite the late start with this fiscal year's funding, we are making full use of the detention and transportation funds, and we are now regularly holding over 9100 aliens in custody during deportation and removal processing -- our highest detention levels ever. This use of such funds has contributed greatly to the 25 percent increase in removals we are seeing this year, despite the unavoidable delays in personnel deployment that I will now describe.

New personnel are hired, trained and deployed over a period of months. They therefore have a delayed impact on our removals efforts, and the full effect of the 1996 personnel enhancement will not be felt until FY 1997. In the first place, we lost roughly four productive months of hiring, training and deployment owing to the budget impasse, which was not clarified for INS until January of this year. After the FY 96 budget was resolved, the ambitious hiring plans mapped out for INS, in many program areas, posed major challenges to train the officers that are new hires. I want to emphasize that these officers are undertaking highly sensitive law-enforcement duties; they must undergo rigorous training before deployment to the field.

Under the FY 1996 budget enhancements for all of the initiatives in which the agency is involved, INS is adding 3,500 officers and support staff on a base of approximately 21,000 employees. In addition to the 1,000 officers for the removals initiative, this includes nearly 800 added Border Patrol agents, about 400 new immigration inspectors and 180 previously authorized immigration inspectors, and approximately 360 investigators for other initiatives such as improved worksite enforcement. Recognizing that training on this magnitude was beyond the capacity of existing INS academies in Glynnco, Georgia and Artesia, New Mexico, INS worked closely with the Appropriations Committees to make the needed arrangements for an additional training academy in Charleston, S.C. That facility opened in April 1996. It has been widely known that these factors would contribute to the stretching out of the schedule for full deployment of the personnel provided for in the 1996 enhancements. The Appropriations Committees have specifically recognized this expanded timetable and have permitted INS to carry over \$36.3 million of our personnel funds to FY 1997. But the key point is that by bringing the Charleston facility into operation, we are now solidly equipped for future growth in our officer corps, and the training will fully catch up with projected needs in FY 1997.

INS immigration officer training takes roughly four months at the academy, approximately two months for detention enforcement officers. Thus deportation officers, special agents, and immigration agents who began their training in late April are only now graduating from the academy and becoming available for posting to their assigned duty stations. And it is clear that newly trained officers will take many months to reach full productivity. Moreover, we must assign many of our highly experienced officers to the academies to participate as trainers -- at some short-term cost to our removals efforts. Again, however, I emphasize that we are building for the long term, and this kind of patience is clearly worthwhile. We do not want to rush this process, especially in a realm of government endeavor that has substantial implications for the basic rights and civil liberties of both citizens and aliens, where errors may lead to unnecessary appeals that slow down the process.

The early training classes during this fiscal year have given priority to officers involved in border control. This has meant, of course, a steady flow of our new Border Patrol agents through the academies, and also many early classes

of immigration inspectors, because effective border control is also dependent on efficient regulation of our ports-of-entry. As a result, we are only now, in September, beginning to deploy to the field in any significant numbers the deportation-officers and investigators dedicated to the removals priority. A great many, however, are in the training pipeline, and we will soon begin seeing the effects of these added deployments. Nevertheless, the major impact of these additional officers will really only be felt in FY 1997. I am confident, based on the training schedules and deployments, that we are well positioned to make our 1997 goal of 93,000 removals. That total will amount to a 50 percent increase over the number we expect for FY 1996.

I recognize, Mr. Chairman, that testimony in spring 1995 spoke of removal totals for FY 1996 above 100,000. Those projections were requested only very late in the process of developing the FY 1996 budget, and they were based on the best workload studies available -- but the best available were themselves based only on a rather limited study of the productivity of experienced officers and did not account either for training delays or the expectable lower efficiency of newer officers. The projections also assumed an average of six months on-board in FY 1996 for the new positions.

When the budget impasse forced us to recalculate our 1996 projections, including taking into account the stretched out training schedule I have described earlier, we looked more closely at all our assumptions. That led us to a downsizing of the FY 1996 and 1997 removals targets, which we then discussed with congressional staffs during the late winter and spring. We have done our best in this process to factor in all that we have learned during the course of managing the unprecedented growth INS has been experiencing, and to allow more fully for the novelty of many of the initiatives we are pursuing. We do not undertake lightly such a revision in projections, and I made it a special point to satisfy myself that the new projections were fully realistic. I am quite confident in these revised targets. Evidence of their solidity may be found, for example, in the progress made toward the revised 1996 projection; we will meet and exceed the target of 62,000. This represents a major increase, of some 25 percent, over the record totals achieved in 1995. And we fully expect to meet a 1997 target that is 50 percent above the 1996 accomplishment. On the usual scale of changes we see in Washington, these are truly major increments, and they represent a great deal of hard work and smart strategy on the part of hundreds of highly dedicated INS staff.

In short, Mr. Chairman, INS has been a good steward of rapidly enhanced resources under uniquely difficult conditions. The biggest impact of this long-term effort will be felt in 1997 and beyond. We are keeping our focus on the need to build a durable and effective removals structure for the long term.

AEDPA Implementation

As you know, in the Antiterrorism and Effective Death Penalty Act (AEDPA), Congress made significant changes in the legal provisions that govern the removal of criminal aliens. INS took prompt steps to begin implementing those measures that had immediate effect, and we have been analyzing the most efficient steps that can be taken to hasten our progress toward maximum removals of criminal aliens. We are also heavily involved now in preparing for the expedited exclusion responsibilities that devolve upon INS and the Department under provisions that take effect November 1 -- unless modified, as we have urged, in the immigration reform bill -- as well as developing the procedures and documents needed for the special removal court.

The AEDPA provides that the Attorney General shall take into custody a far wider class of criminal aliens than earlier law covered, and it eliminates the discretion formerly vested in the Attorney General to release such persons if they had been lawfully admitted and were determined not to pose a flight risk or a danger to the community if released. The mandate extends beyond aggravated felons, the class formerly covered, to include all violators of controlled substance laws, most persons convicted of firearms offenses, and most persons convicted of two crimes involving moral turpitude. The definition of a deportable crime involving

moral turpitude is also expanded. Under prior law aliens usually had to be sentenced to confinement for one year or more; now they need only be convicted of a crime for which a sentence of one year or longer could be imposed. Obviously this class can include persons who were not sentenced to serve any jail time by the judge who heard the individual case, even if they have been lawful permanent residents for many years.

These provisions have generated abundant litigation which the Department has defended. Nevertheless, as we have discussed with Subcommittee staff and many of the members, we strongly believe that a better enforcement strategy would restore at least some of the flexibility previously granted to the Attorney General. We are especially concerned that we have the discretion to reserve a minimum number of detention spaces for noncriminal enforcement, to assure a fully balanced and comprehensive enforcement regime, and that the law restore the discretion to release certain aliens cooperating with law enforcement authorities and others who cannot, despite INS's best efforts, be removed -- provided they meet the earlier tests regarding dangerousness and flight risk. The INS fully intends to hold in custody, for as long as necessary, those who are dangerous to the community. We have provided language to amend the AEDPA provisions which we hope will be included in the conference report on the immigration reform bill, H.R. 2202.

Pending such recommended statutory changes, the Department has acted to implement the detention provisions of the AEDPA. Shortly after AEDPA's enactment in April, INS issued guidance instructing our field offices to give priority for the use of all detention spaces that became available to criminals who fell within this detention mandate. And we have been working hard to make additional detention spaces available to meet the detention mandate and still continue with needed noncriminal enforcement. Our latest weekly custody figures reflect these combined efforts. As of April 23, 1996, the day before AEDPA became effective, we had a total of 8,245 aliens in custody. As of August 22, we held 9,244 -- 999 additional detainees, and almost all of the additional detainees are criminal aliens (4,431 in April vs. 5,375 on August 22). Because not all our detention spaces are suitable for criminal detainees (juvenile facilities, for example, or beds funded by the airline user fee which must be reserved for qualifying exclusion cases), the 5,375 figure represents use of over 71 percent of eligible beds (7,551) for criminal detainees.

Our next steps in achieving full implementation of these AEDPA provisions must be to accelerate our implementation of systematic county jail programs, along the lines of the Los Angeles County Jail program commenced in FY 1995 or the Rikers Island program in New York. I emphasize that such county jail programs have been part of our plan under the Commissioner's Removals Priority for quite some time, and additional programs have already been added during 1996 in the Boston area, in Dade County and West Palm Beach, Florida, and in Dallas County, Texas.

The AEDPA mandatory detention provisions underscore the need to accelerate our implementation, concentrating on those county jails holding the highest percentages or numbers of criminal aliens, and with an emphasis on those aliens having more serious criminal records. (The most serious offenders are generally held in state and federal prisons, where we are improving our capacity to obtain final orders before release under the IHP program mentioned above.) Plans for FY 1997 now include new county jail programs in Orange County and San Diego County, California, and Harris County in Texas. We are in the process of reviewing additional county jail project proposals from the field for addition to the priority list. We will then implement them as the necessary investigative resources become available, largely as a result of completion of officer training at the academies.

Additional investigative resources (special agents and immigration agents) are crucial to this effort. Criminal aliens do not come prepackaged to INS. An agent must interview persons who are foreign-born or suspected of being non-U.S. citizens, to determine whether they are in fact U.S. citizens and, if not, whether they are deportable.

This may require additional work to help establish identity and then further steps to secure the necessary records to be able to prove a deportable conviction in immigration court. The process can take several hours of work per case. INS investigators are heavily involved in numerous other vital enforcement efforts, including antismuggling, antifraud, worksite enforcement, task forces dealing with drugs or violent gangs, and the like. Additional resources and personnel to expand the removal of criminal aliens from local jails were requested in the President's FY 97 budget. Such resources are needed to accomplish a major expansion of criminal alien removals.

As those deployments occur, however, we will steadily fill up additional detention space with criminals who come within the detention mandate of the AEDPA. We therefore urge that some greater flexibility be restored for the Attorney General in implementing that mandate -- to be sure that the full enforcement job can be accomplished in the face of an ever-changing enforcement environment.

Thank you for this opportunity to describe INS's efforts to remove criminal and other deportable aliens. I will be happy to respond to your questions.

(end text)

EPF505 09/06/96

TEXT: STIGLITZ ON U.S. EMPLOYMENT SITUATION
(Unemployment rate down to lowest level since 1980s) (310)

Washington --The U.S. unemployment rate plunged to 5.1 percent in August and total nonfarm employment climbed by 250,000 signaling continued strength in the current economic expansion, says Joseph Stiglitz.

In a statement released September 6, Stiglitz, chairman of President Clinton's Council of Economic Advisers, said that despite continued strong employment growth, labor costs remain moderate and corporate profits are growing strongly.

Following is the text of Stiglitz's statement:

(begin text)

The economy generated another strong employment report. In August, nonfarm employment rose 250,000 and July's numbers were revised up 35,000. This brings total new jobs created since January 1993 to 10.5 million -- the largest number of new jobs created over a comparable period during any postwar administration. Almost all major industries gained; the manufacturing sector alone produced 25,000 new jobs.

The continued strong job growth pushed the unemployment rate down to 5.1 percent; the economy has not operated at such a high level of utilization since the late 1980s.

With strong job growth and low unemployment, workers are increasingly sharing in the economy's bounty through higher wages. Average hourly earnings rose 0.5 percent in August, bringing the increase over the last year to 3.6 percent. This good news for workers, however, does not threaten inflation: corporate profits remain strong -- last Thursday's GDP (gross domestic product) report showed the share of profits is as high as it has been in 28 years; and, the increase in trend labor costs remains below current rates of price increase.

This is the seventh outstanding employment report in a row. It underlines the robustness of the current expansion and the increasing gains to workers of operating the economy at high levels of capacity.

(end text)

EPF506 09/06/96

CONGRESSIONAL REPORT, FRIDAY, SEPTEMBER 6
(Iraq) (290)

SENATE APPROVES RESOLUTION COMMENDING U.S. MILITARY ACTIONS IN IRAQ

The Senate September 5 by a vote of 96-1 approved a bipartisan resolution commending the performance this week of United States Armed Forces in response to Iraqi aggression. It says the Senate "commends the military actions taken by and the performance of the United States Armed Forces, under the direction of the Commander-in-Chief, for carrying out this military mission in a highly professional, efficient and effective manner."

The resolution was offered by Senate Majority Leader Trent Lott and Senate Minority Leader Tom Daschle.

Republican Senator Slade Gorton of Washington was the only Senator voting against it.

Following is the full text of the resolution:

(begin text)

Whereas the United States and its allies have vital interests in ensuring regional stability in the Persian Gulf;

Whereas on August 31, 1996, Saddam Hussein, despite warnings from the United States, began an unprovoked, unjustified, and brutal attack on the civilian population in and around Irbil in northern Iraq, aligning himself with one Kurdish faction to assault another, thereby causing the deaths of hundreds of innocent civilians; and

Whereas the United States responded to Saddam Hussein's aggression on September 3, 1996, by destroying some of the Iraqi air defense installations and announcing the expansion of the southern no-fly zone over Iraq.

Now, therefore be it resolved by the United States Senate that:

The Senate commends the military actions taken by and the performance of the United States Armed Forces, under the direction of the Commander-in-Chief, for carrying out this military mission in a highly professional, efficient and effective manner.

(end text)

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