

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. HUTCHINSON). Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12 noon, with the time equally divided between the two leaders.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana, Mr. BAUCUS, is recognized.

RELATIONS WITH JAPAN AND TO HONOR MIKE MANSFIELD'S 95TH BIRTHDAY

Mr. BAUCUS. Mr. President, in a few days, Washington's cherry trees will come into bloom by the Tidal Basin. As you may know, the Empire of Japan gave us these trees in the year 1912, as a gesture of thanks for President Theodore Roosevelt's role in ending the Russo-Japanese War.

But with due regard for TR, no one in this century has done more for our relations with Japan than Montana's most accomplished and honored son: Mike Mansfield.

Today Mike celebrates his 95th birthday. To honor this occasion, and with thanks for all that Mike has taught me and all of us over the years, I would like to offer some thoughts on our relationship with Japan as we approach the next century.

THE UNITED STATES-JAPAN ALLIANCE

In the past fifty years, America and Japan built an enduring alliance. It is the work of statesmen like Douglas MacArthur and Yoshida Shigeru after the Second World War; Dwight Eisenhower and Kishi Nobusuke, who steered the US-Japan Security Treaty through the Senate and the Diet in 1960; and Mansfield himself in his years of service as Ambassador to Japan.

It has weathered the Chinese Revolution and the Korean War. Crises in the Taiwan Strait, Vietnam and forty years of Cold War confrontation. Through it all, this alliance has helped prevent another broad Asian war. That in turn has helped all the nations of the Pacific—from the lonely islands in sight of the Antarctic coast across the equator to the snows of Manchuria—to grow, live peacefully with one another, and give their people better lives. And as we look to the new century, we must recognize that preserving and strengthening this alliance is our single most important foreign policy task in Asia.

THE CONVENTIONAL WISDOM

We must begin by understanding, to use Mansfield's famous phrase, that our relationship with Japan remains "the most important bilateral relationship in the world, bar none."

To many Americans today—and perhaps many Japanese—that may seem less than obvious. Many of us look at Japan as powerful but helpless and fad-

ing; much like the "things that have lost their power" Sei Shonagon describes in the "Makura no Soshi":

A large boat high and dry in a creek at ebb-tide; a large tree blown down in a gale, lying on its side with its roots in the air; the retreating figure of a sumo wrestler who has been defeated in a match.

The perception is easy to understand. At home, since 1991 Japan's economy has grown by an average of just 1% a year. Japan's political system has responded only with a series of minor spending and regulatory shifts, punctuated by a massive error in nearly doubling the consumption tax on a nation that already consumes far too little.

The Nikkei Index is down 60% from its peak and shows no signs of recovery.

Japan's banks are adrift in a sea of bad debts, claimed by the Finance Ministry to be 79 trillion yen and by others three times that much. It has taken eight years to revise banking regulations in the "Big Bang," and serious action on failed banks is still entirely absent.

Abroad, Japan's Asian neighbors are enduring their worst crisis since the Vietnam War. Japan's government has responded with a—praiseworthy—will- ingness to contribute to the IMF's rescue packages for these countries. But its trade surplus with Thailand and Korea; its refusal to open its markets to imports; and its failure to improve its growth and consumption rates; helped create the crisis last year and now threaten to prolong it.

THE TRUTH

But as serious as this may be, we must not inflate it into something even worse. And some of us do just that. A Wall Street Journal column a couple months back—headlined "Japan's Model Has Failed"—is a typical piece of conventional wisdom. Typical and forgivable, but dead wrong.

As Maeda Katsunosuke, Vice Chairman of Keidanren, says: "Japan is not experiencing an 'economic crisis,' but a 'financial crisis.'"

I would add to that a crisis of governance, which I will discuss later. But otherwise Japan is strong and healthy.

This year, Japan's manufacturing industries will produce as much as ours, in a country with half our population. Japan's great companies—Sony, Toyota, Mitsubishi, NEC—are as dynamic and competitive as ever. Japan builds nearly half the ships in the world. It doubles our annual production of machine tools. Filed more patents here in America than ever before. And, in an economy three fifths our size, will invest as much money as we do in state-of-the-art research and development.

Japan's social indicators are even better. Its citizens have the world's longest average lifespan. Its unemployment rate is the lowest in the developed world. Its crime rate is trivial—so low that two violent incidents in Tokyo high schools this year appeared to Japan as a national epidemic. Its students rate at the top of inter-

national science and math surveys. And, not least, Japan's poor live much better lives than America's.

So to say that Japan's economy—much less its "model"—has "failed" is to say something foolish. Japan's problems are serious. But they are soluble. And there is no reason to conclude that in the first decades of the next century, we and Japan will be less than the world's two leading economies; its technological leaders; and, at least in potential, its strongest military powers.

And thus, as the 21st century opens, our relationship with Japan will remain the most important in the world. Nothing will do more to keep the peace in Asia; to build prosperity in every Pacific nation; and to make the world a better, cleaner, healthier place—than preserving our alliance.

SHARED VALUES

How do we do it? We need five things. And the first and most important of them is summed up in a comment Mansfield made to the Japan-America Society a few years ago:

Remember that we are two of the world's greatest democracies, and that we share basic values—respect for political and economic freedom and a common desire for peace.

Some alliances are marriages of convenience against common threat, in which the partners have irreconcilable differences they can put aside but not solve. The classic case is our alliance with the Soviet Union in the Second World War. It did not survive the war; nor, probably, did its authors on either side intend that it should.

But alliances based on common values, with proper care, can outlive the threats they were created to address. And our alliance with Japan is one of those.

Our people share a reverence for democracy. We share the freedoms to travel and to speak our minds. And we share something that may appear superficial, but really is profound: an appreciation for one another's way of life.

You can see that on a walk down any big Tokyo street, as you pass the Body Shop, Condomania, McDonald's, Wendy's, and dozens of other commonplaces of modern life. And you can see it here in America with karaoke bars, teenagers wearing tamagotchi, sushi bars, Banana Yoshimoto in bookstores and the Teenage Mutant Ninja Turtles on Saturday morning TV.

These things may sound trivial—fads and consumerism at worst, a taste for one another's popular culture at best. But they are important. They show that ordinary people in both countries—salarymen, high school kids, soccer moms—understand that what is important in life is not national crusades, military glory and foreign wars, but the good life and the quest for peace.

SHARED VIEW OF SECURITY

That is a solid foundation for the second thing we need: a united policy to