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FOR: WILLIAMS SITTING  
FROM: MARK MINTON  
EAFJ

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PROPOSED REMARKS FOR THE DEPARTURE OF PRIME MINISTER KAIFU  
FRIDAY, SEPTEMBER 1, 1989

Mr. Prime Minister, Ladies and Gentlemen: I want to thank you again, Mr. Prime Minister, for coming such a long way so early in your tenure to be my guest here today.

I know that your visit represents a commitment -- by you and your government -- to the continued strength and success of the historic friendship between our two peoples. It is a commitment that I -- and the people of America -- share.

Although this was our first meeting, I'm sure you'll agree with me that our talks were characterized by collegiality, a sense of mutual understanding, and broad agreement on the major items on our bilateral and international agenda. I am happy we were able to discuss these issues like old friends.

This is the way things should be between the United States and Japan. Where there are differences--and let me say they are few--they are differences between friends.

That positive result, Mr. Prime Minister, is in large part due to the goodwill and broad perspective that you brought to these discussions. But it symbolizes, as well, that our two

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governments -- after many years of close, cooperative contact -- have developed a mature, effective working partnership. And we share a common belief that this partnership is a global force for peace and prosperity.

This "global partnership" works in several ways:

First, as has been the case in past meetings between leaders of our two countries, the Prime Minister and I affirmed that the Treaty of Mutual Security and Cooperation is the foundation of our relationship. We agreed that our alliance remains essential to the security of our two nations as well as to the stability of the entire Asia-Pacific region.

We recognized as well the need to make suitable plans for this alliance as our partnership evolves and matures. Accordingly, the Prime Minister and I agreed to provide a further impetus to the ongoing review of arrangements for sharing the burdens involved, including support for U.S. forces stationed in Japan.

We both acknowledged that our shared international responsibility for promoting peace and prosperity takes many forms. For that reason, we also reconfirmed our intention to work closely together -- as we have in supporting the

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Multilateral Assistance Initiative for the Philippines launched in Tokyo in July -- to encourage the worldwide trend to free and open economies and democratic government.

Our understanding to cooperate in this area specifically includes our common desire to support recent political and economic reform in Eastern Europe, notably in Poland and Hungary.

In this regard, we also discussed the situation in China. As I have said before, we must preserve our relations with China, while recognizing and supporting the legitimate aspirations of the Chinese people for political expression as well as economic and cultural communication with other nations.

And we remain in agreement to pursue diplomatic approaches to resolution of regional conflicts. An example of such U.S.-Japan cooperation has been our effort, with others, to secure a comprehensive settlement that gives the people of Cambodia both security and a chance to choose their own government.

We agreed on the need to engage actively in joint efforts aimed at deterring international terrorism. In particular, we

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underscored the mutual commitment to aviation security which we made at the Summit in Paris, and agreed to pool our respective technical and economic resources in the fight against all forms of terrorism affecting civil aviation.

Finally, we discussed our economic relationship at great length. We are mindful that the health of our partnership depends on bringing our economic relationship into better balance. To that end, the Prime Minister confirmed the agreement I reached with his predecessor at the Paris Summit to launch talks on structural impediments; these important discussions begin in a few days. I stressed to the Prime Minister the importance that we attach to the success of those talks, and the Trade Committee talks which also take place next week.

Japan is well-known as an exporting superpower; I believe the time has come for Japan to become known as a "import superpower" as well.

We pledged together to ensure that these discussions produce results which will allow for further strengthening of our economic relationship and of the open world trading system we both support.

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In pursuit of the same objective, we agreed to continue to work together for the success of the Uruguay Round and to continue our frequent consultations at all levels on other international economic and trade issues.

In sum, this was a highly productive meeting -- one I believe imparted significant forward momentum to the broad US-Japan agenda. As I said at the beginning of these remarks, Mr. Prime Minister, we have a mature, effective working partnership -- and with you at the helm, I know that it will continue to produce results.

Mr. Prime Minister, I look forward to seeing you again.

Thank you very much.

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(Smith/Dooley)  
August 28, 1989  
Draft Two  
JAPAN

PRESIDENTIAL REMARKS: KAIFU DEPARTURE  
DIPLOMATIC ENTRANCE  
FRIDAY, SEPTEMBER 1, 1989

Mr. Prime Minister, Ladies and gentlemen.

An old proverb says, "The foundations for a better tomorrow must be laid today." Mr. Prime Minister, three weeks into your office, you are here today to shape tomorrow -- and on America's behalf, let me welcome you to this country.

When I was in Japan earlier this year, I observed how ties -- national and personal -- bind our two peoples. Your visit reaffirms those ties. And underscores the commitment -- by you, and your government -- to the continued health of our historic friendship.

That friendship lives, and grows. As today's meeting evidenced. For while we met as new friends, our talks were conducted like old friends. They were characterized by civility, and understanding. And by broad agreement on the major items of our bilateral and international agenda.

For that, Mr. Prime Minister, I credit the goodwill and perspective you brought to these discussions. And the enduring partnership between our two governments. That partnership is based on shared interests and mutual respect. And rests on our belief that -- together -- we can be a global force for peace and prosperity.

This "global partnership" works in several ways.

First, as in past meetings between our Nations' leaders, the Prime Minister and I affirmed that the Treaty of Mutual Security and Cooperation is vital to joint security and the stability of the Asia-Pacific area. In that context, we agreed that this alliance will be crucial to the region's future. And we vowed to expedite the ongoing review of arrangements pertinent to shared responsibility, including support for U.S. forces stationed in Japan.

Second, the Prime Minister and I discussed how we can promote peace and prosperity through greater freedom -- economic and political. Already, we have joined to support the Multilateral Assistance Initiative for the Philippines launched in Tokyo in July. Today, we restated our intent to encourage still more open boundaries, markets, and elections. And specifically, to support recent political and economic reform in Eastern Europe, notably in Poland and Hungary.

We also discussed the situation in China. For as I have said before, we must seek to preserve our relations there -- while endorsing the legitimate aspirations of the Chinese people for political expression.

A third area of agreement concerns how diplomacy can help resolve regional conflicts. America and Japan, with others, will continue to urge a comprehensive settlement that gives the people of Cambodia both security and democracy. We agreed, too, to accelerate our fight against international terrorism. In

particular, we repeated the mutual commitment to aviation security we made at the Summit in Paris, and pledged to pool our technical and economic resources to combat all forms of terrorism affecting civil aviation.

Finally, the Prime Minister and I had the opportunity to discuss -- in detail, and at length -- U.S.-Japanese economic matters. Mindful that our economies are among the world's most robust. And knowing that the health of our relationship partly depends on bringing better balance to our Nations' ledger boards.

Both the Prime Minister and I endorse that goal. And I wish to thank him for supporting the agreement I reached with his predecessor at the Paris Summit to launch talks on structural impediments -- discussions which begin in a few days.

I explained to the Prime Minister the importance that we attach to those talks, and the Trade Committee talks which also occur next week. And I expressed my belief that while Japan is justly noted as an exporting superpower, the time has also come for Japan to be an import superpower.

Each of us desires that these discussions produce not cosmetics -- but results. Results which further strengthen our economic relationship) and the open world trading system. To advance that goal, we restated our commitment to the success of the Uruguay Round. We also vowed to continue our frequent consultations at all levels on other international economic and trade issues.

In sum, Mr. Prime Minister, ours has been a highly productive meeting. One which recognizes the values which link our peoples -- values like discipline, love of freedom, and the dignity of work. And one which will enhance the broad U.S.-Japanese agenda.

A writer once observed, "Friendship is a sheltering tree." Because of ties which prosper -- and a partnership which endures -- both Japan and the United States have been, I believe, and will remain, better for its shade.

Mr. Prime Minister, I look forward to seeing you again.  
Thank you very much.

# # # #

(Smith/Dooley)  
August 24, 1989  
Draft One  
JAPAN

PRESIDENTIAL REMARKS: KAIFU DEPARTURE  
DIPLOMATIC ENTRANCE  
FRIDAY, SEPTEMBER 1, 1989

Mr. Prime Minister, Ladies and gentlemen.

An old proverb says, "The foundations for a better tomorrow must be laid today." Mr. Prime Minister, three weeks into your office, you are here today to shape tomorrow -- and on America's behalf, I welcome you to this country.

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In this regard, we discussed the situation in China. For as I have said before, we must preserve our relations there -- while endorsing the legitimate aspirations of the Chinese people for political expression. And the economic and cultural dialogue with other Nations that can expand horizons, and minds.

A third area of agreement concerns how diplomacy can help resolve regional conflicts. America and Japan, with others, will continue to urge a comprehensive settlement that gives the people of Cambodia both security and democracy. And we agreed, too, to

jointly -- and actively -- accelerate our fight against international terrorism. In particular, we repeated the mutual commitment to aviation security we made at the Summit in Paris, and agreed to pool our technical and economic resources to combat all forms of terrorism affecting civil aviation.

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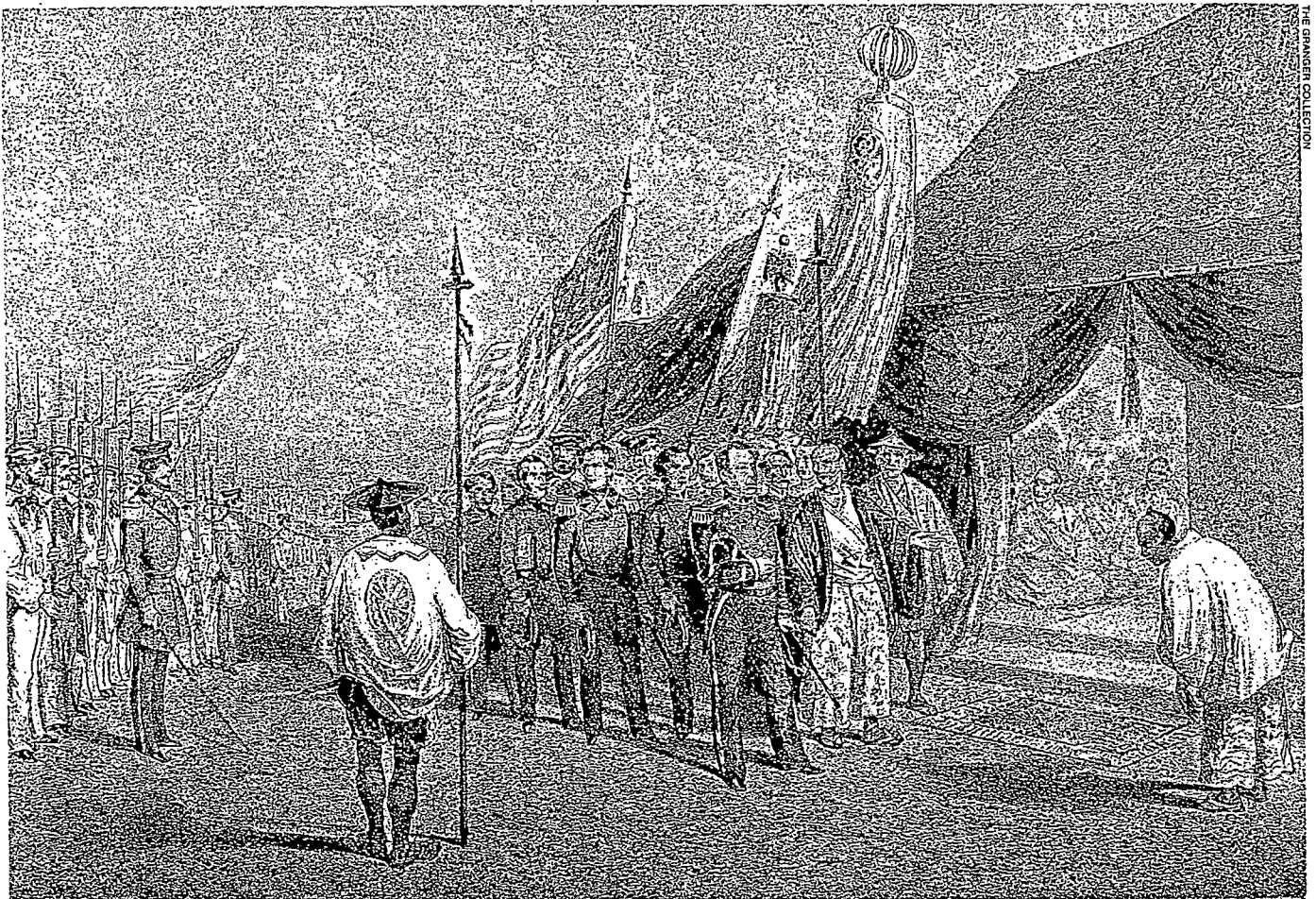
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A writer once observed, "Friendship is a sweltering tree." Because of ties which prosper -- and a partnership which endures -- both Japan and the United States have been, I believe, and will remain, better for its shade.

Mr. Prime Minister, I look forward to seeing you again.  
Thank you very much.

# # # #



Western techniques. Commodore Perry's arrival persuaded Japan to learn from the West—but preserve the essence of its society

## Rediscovering the American spirit

BY JAMES FALLOWS

The Millard Fillmore era may have lost its luster in America, but not in Japan. It was a personal letter from President Fillmore, addressed to the Japanese Emperor and encased in a rosewood box with fittings of solid gold, that Matthew Perry brought with him to Edo Bay 135 years ago. The Japanese politely admired the box's elegance, but they were more deeply impressed by the indications of American industrial power that Perry displayed: A scale-model locomotive bigger than the typical palanquin in which Japanese noblemen were carried, telegraph equipment, revolvers and, of course, the steam engines and mighty cannons of his Black Ships.

This hardware exposition became the last straw for the Shogun's Japan. Combined with earlier hints of Western technical superiority that the Japanese had received from British, Dutch and Russian traders, it forced Japan's feudal leaders toward one of the bleakest conclusions a society can face, the realization that it had been completely surpassed.

The aftereffects of Japan's encounter with Millard Fillmore's America are still being felt, and they offer an intriguing lesson for Americans in the George Bush era. We now face a task like Japan faced then, of figuring out which parts of our culture we need to alter and which we should retain in order to catch up with our competitors.

Some Japanese thinkers clearly went overboard in their eagerness to "learn from the West." Linguists contended that tender Japanese brains had been ruined by the torture of

memorizing Chinese characters (which themselves had been imported centuries earlier in an effort to "catch up" with China). Therefore, Japan could never be truly modern or influential until it switched to the Roman alphabet or adopted English as its mother tongue. The big, strapping sailors on Perry's ships devoured slabs of beef; therefore, the Japanese should force more animal flesh down their throats. Michio Kitahara points out in his new book, *Children of the Sun*, that one Meiji-era intellectual urged Japan to turn to Christ in order to strengthen its economy; ideally, the Emperor himself would be baptized and become a kind of local Pope. A scientist named Yoshio Takahashi, who had done preliminary research on goldfish, proposed organized interbreeding between Japanese and Westerners, to broaden the Japanese gene pool.

**Guarding the spirit.** These were the oddballs, however. Japan's leaders were generally very shrewd about separating the trappings of Westernism from the traits that had helped the West advance. The distinction was summed up in the famous Meiji-era slogan *wakon yosai*. This means "Japanese spirit, Western techniques," and it encapsulates Japan's approach to this day. Although Japan's factories and its research-and-development centers are often the most advanced in the

world, the people within them live by values largely unchanged since long before the Shogun's day. As George Sansom wrote in his classic history *The Western World and Japan*, what happened after Perry's arrival "should

■ Contributing editor James Fallows is the author of the new book *More Like Us: Making America Great Again*

be studied as evidence of the way a society can decay and renew itself without changing its essence."

Now the national roles are reversed. Noburu Takeshita, Japan's Prime Minister, is about as unexciting a figure as Millard Fillmore. But the achievements of Takeshita's Japan should be shocking America the way the Black Ships once shocked Japan.

The Japanese economy, like its cousins in South Korea and Taiwan, is theoretically a "capitalist" system much like America's, but its building blocks are all very different from ours. Government steers industries through different incentives, students are coaxed to develop different values and skills, consumers view their rights in different ways. The entire economic and political system is tipped toward export rather than import, toward savings rather than consumption, toward a centrally coordinated and homogenized national culture, rather than diversity and individual preference.

The Japanese system is, in a Darwinian sense, fitter to survive. In competition for share of the market and for industrial dominance, the Japanese approach (which Prof. Chalmers Johnson of the University of California at San Diego has named the "capitalist developmental state") will eventually prevail. It is easy to think of industries in which Japanese or Korean producers have dislodged Americans and Europeans. It is almost impossible to think of any that have gone the other way.

This accomplishment does not make Japanese society "superior," any more than Perry's sailors, with their rough manners and offensive smell, seemed truly superior to the people of old Edo. Few Westerners would willingly trade places with today's "victorious" Japanese. Japan's industrial achievement has been built on the suppression of consumer welfare and the denial of individual choice. There is only one proper way to be educated in Japan, one proper role for women in society, one proper party to run the government. Most Japanese apparently find this bargain acceptable; most Americans would not. Still, the reality of Japan's achievement is as undeniable as Perry's cannons were. Our job, in confronting it, is to distinguish the mere trappings of Japanese-style success from the lessons we can really apply.

One response would be to try to imitate Japan across the board. We could run our schools six days a week, encourage workers to stay with one company throughout their careers, steer women out of the work force so they could concentrate exclusively on their children's schooling and their husbands' careers. But this would be about as realistic, and about as effective, as making the Emperor into a Pope would have been a century ago.

The real solution lies in a reversal of the Meiji slogan: American spirit, (some) Asian techniques. The useful Asian techniques are mainly institutional—shifts in the tax code to

encourage savings and long-term investment, ways to divide the pie more equitably within a company, so that blue and white-collar workers all have a stake in its future success, incentives to help companies commercialize the scientific discoveries that come from American labs.

**Human energy.** These techniques will work only if they are harnessed to the American spirit. This country's ultimate strength is not its natural resources, impressive as they may seem to the land-poor Japanese. After all, Argentina and the Soviet Union also have vast plains and fertile fields. The ultimate source of America's wealth, like Japan's, is its human energy. But while Japan's has been mobilized by the world's most smoothly coordinated organizations, America's has been unleashed in a way that is unique.

The force that motivates this country is a vision of people always in motion, always able to make something different out of themselves, ready for another chance until the day they die. This vision begins with the act of immigration—choosing to become Americans—and it continues through the choices and changes that for 200 years have made America more disorderly but more open to talent and innovation than other societies.

Japan is strong because each person knows his place—in the family, in the company and in the national pecking order. America is strong because its people do *not* know their proper places and are free to invent new roles for themselves. The most vigorous and productive periods in U.S. history have been times of relentless social change: Large-scale immigration from Western Europe, then from Eastern Europe, Ireland and the Mediterranean, and now from Asia and Latin America; the settlement of the frontier; the post-World War II migration from state to state and from the farm to the city; the constant ups and downs in social status.

Most other societies would be shattered by such major disruptions. Modern Japan cannot even begin to contemplate the prospect of accepting immigrants. The resilience of American society, by contrast, has converted the shocks into healthy stimuli.

Building on the "American spirit" means looking on our openness as our principal asset and removing the barriers that impede our mobility. These include racial prejudice, class snobbery, separate and unequal education, anything that makes it hard for Americans to work their way out of the niche into which they were born. One hundred years ago, the first Japanese who toured America were astonished, as the French aristocrat Alexis de Tocqueville had been, by the confidence and forthrightness of the people they met. The Americans addressed each other as equals; most did not feel they were divided into rigid classes. If we restore our openness, our society, too, can "renew itself without changing its essence," and it can astonish the world again. ■



There. Strength through coordination



Here. Strength through openness?

neighborhood where the apartment we don't have is located, costs about \$350 a month. Not renting all five of them gives us an extra \$1,750 a month, or \$21,000 a year, which is really just mad money for people in our bracket.

Wait, there's more. Next year those friends of ours in New York are going to send their five-year-old son to The Dalton School, where tuition for kindergartners is just under \$9,000. Not us. Our daughter will be going to kindergarten right here, in the town where we live. Tuition at the school in our town is free. That means we'll have an extra nine thou to spend on non-education next year, and there'll be a lot more where that came from each year after that. We also intend not to send our son, as soon as he's old enough not to go.

The really great thing is, the rich real-

ly do keep getting richer. Just recently my wife and I celebrated our tenth wedding anniversary by forgetting it for several days and then, unlike certain people we know, not spending a couple of weeks alone on a fabulous exotic tropical island. A trip like that could easily cost \$10,000—money we simply added to our pile. I also didn't give my wife one of those diamond eternity rings that say you'd marry her all over again, and she didn't give me one either.

I hate to rub it in, but my wife and I are terrifically loaded at this point. If we keep raking in the dough we might even decide to splurge on something we've always dreamed of having but never felt we could afford, like a second honeymoon, or a fancy car, or a snazzy little pied-à-terre in New York.

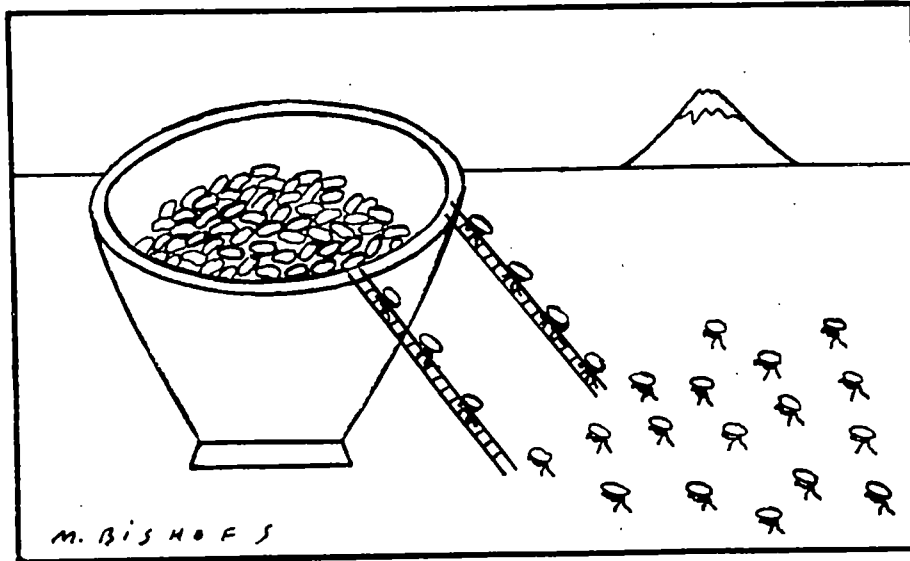
—David Owen

are long, and material rewards and chances for recreation are slight compared with those in the rest of the industrialized world. One friend from New York, on his first visit to Japan, walked through our neighborhood in Yokohama on a sunny day and saw laundry flapping from every window and porch. "You mean no one has dryers?" he asked. "This is how I expected Seoul to look." Japan now has enough money to do anything it wants. Why do rich people keep living this way?

The answer to this question is crucial, because it essentially determines whether the world's trade battles with Japan will ever end. If most Japanese people agree with the outside view—that Japanese life is needlessly hard—then trade imbalances will start working themselves out. The Japanese government may try to keep markets closed, but the people themselves will eventually rebel. They will find ways to buy cheaper imports, they will take more time off, they will get tired of tightening their belts in order to increase world market share. They will complain about, and finally change, the regulations and government-sanctioned cartels that thwart the consumer's interests in Japan. But if, for whatever reason, the Japanese public feels that its material desires have been satisfied, then trade problems might never solve themselves. Japanese workers and consumers will have little incentive to behave the way market theory says they should, by using their ever increasing wealth to live in ever more comfortable style.

My impression is that, unfortunately, the second hypothesis is the correct one: the Japanese public is already quite content, or, more precisely, is not unhappy enough to demand a substantial change. Contentment is a plus for any country, but in this case it practically guarantees continued trade friction.

Now a few definitions: In many non-material ways Japan's standard of living is certainly very high. Crime exists, but its rarity is a luxury for which many Americans would gladly exchange loads of material wealth. Although class divisions also exist—and, in fact, seem to be widening, as it becomes more and more expensive to get children into the right private schools, which lead to the right universities, which lead to the right jobs—the divisions are muted compared with the United States or Europe. And Japanese society suffers none of the emotional or physical strain imposed on



## TOKYO THE HARD LIFE

*Japanese stoicism seems to be a guarantee of continued trade imbalances*

FOREIGNERS IN JAPAN SOON work up lists of "Why on earth . . ." questions. Why is pachinko, a mindless pinball game that you "play" by watching metal balls bounce around, the most popular pastime among some of the world's best-educated people? Why is a person's blood type—A, B, O, or whatever—supposed to reveal his character, like an astrological sign? Why do men cruise through neighborhoods twice a week, in trucks equipped with loudspeakers, in-

cessantly announcing that poles for hanging laundry are for sale? (Can there be that much repeat business?) Why do the generally fastidious Japanese leave their lurid, phone-book-sized comics, known as *manga*, on train seats, on sidewalks, or wherever else they happen to finish reading them? Why have I gotten the urge to read *manga* on the train?

One question is even more compelling than this last one: Why is life in Japan so hard? I don't mean hard for me, with my battered dollars, but hard for the Japanese, who have supposedly won the world's economic wars. Japan, as everyone knows, now has the highest per capita income of any country, apart from, perhaps, a couple of oil baronies. Yet few Europeans or North Americans would willingly trade places in daily life with the average Japanese, whose living conditions are cramped, working hours



**“Knowledge is of two kinds.  
We know a subject  
ourselves, or we know  
where we can find  
information upon it.”**

Boswell, *Life of Johnson* (1775)

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America by its underclass. From the Japanese perspective, the homeless and the derelicts of New York represent an incomprehensible social failure, giving the city more in common with Manila than with Tokyo. “Compared with when I first came here, in 1964, life in Tokyo is much better,” Clyde Prestowitz, the author of *Trading Places: How We Allowed Japan to Take the Lead*, told me late last year. “Life in New York and Washington is worse.” Not everyone in Japan is well educated or competent, but at most levels of society most people throw themselves into doing their jobs as well as they can. The effect is contagious: after watching gas-station attendants race out to greet each arriving car, or seeing construction workers sweep up around their building site, I feel as if I should rush to my desk, polish my computer, and sit down to work. In practice Japanese politics is not very democratic—seats in the Diet are heavily gerrymandered, and one party is in permanent control—but legally the society is impeccably free.

In the strictly material sense, too, Japan’s standard of living is higher than many countries’, and is on the way up. Twenty years ago many streets in Tokyo were unpaved. Now they are not only paved but full of modern cars. Not all Japanese-made products are as well designed as the country’s exports would indicate—ready-to-wear clothing, for instance, is generally unappealing—but at least once a day I am forced to stop and admire the delicacy and skill with which something has been made. Japan’s department stores are bursting with elegant and super-expensive goods. The riot of advertisements on television, billboards, and subway placards makes this society seem anything but frugal or abstemious. The excitement of Tokyo’s biggest, most bustling districts—Shinjuku, Shibuya, Aoyama, as well as the more famous Ginza—is a kind of materialistic frenzy. Endless streams of people surge down the streets and into the stores, gigantic open-air TV screens run nonstop commercials that look like music videos, and neon signs flash on and off, urging the cash-rich Japanese to buy, buy, buy.

How, then, can anyone call Japanese life mean or hard? Many Japanese have replied with semi-offended astonishment when I’ve raised my “low living standards” question with them; they’ve taken the very premise of the question as a sneer at what they have achieved. In attempting to explain why it’s not a

sneer, I've come up with three ways in which this ever more affluent country still seems pointlessly austere.

The first is crowded housing, and daily crowding in general. The typical Japanese dwelling is much smaller, much more expensive, and somewhat worse made than its counterpart in Europe or, especially, the United States. The typical Japanese also spends more of his day fighting for survival space in unending crowds. The second is purchasing power. Japanese factories make many products very efficiently, and Japanese exports are famous for giving overseas consumers more for their money. When they spend their yen at home, however, Japanese consumers are shortchanged no matter what they buy. The third is leisure. Certain categories of Japanese—namely, white-collar salarymen and public-school students—have essentially no free time.

The most interesting thing about such "hardships" is the sharply differing conclusions that Japanese and foreign observers draw from them. To me they look like totally unnecessary burdens, and to most outside economists they are all symptoms of an economy biased toward "underconsumption." To many Japanese, however, they're part of the broadly accepted social contract that has allowed the nation to succeed.

**T**HE HIGH COST and poor quality of housing are the best-known Japanese problems, and the ones that Japanese themselves are most likely to grumble about. But the grumbling does not appear to be the kind that would lead to a change in behavior. Most Japanese seem to view the tight quarters and high prices as part of their fate, since they live (in the boiler-plate phrase that I have heard times without number) in a "small island nation lacking natural resources."

Japan's home-building industry has never had serious foreign competition in Japan itself and does not try to compete seriously overseas; probably as a result, its slipshod quality standards are miles below those of the well-known Japanese exporters who have been toughened in the international marketplace. Houses spring up in established neighborhoods quickly and almost noiselessly: only three or four weeks may go by between the demolition of the old house, with a miniature bulldozer, and putting the finishing touches on the new one—a job done by workers wearing medieval clo-

ven-toed booties. The finished product is not exactly built for the ages. The walls are virtually uninsulated (I deduced this merely by living in our own house, which is newly built and much admired by our neighbors, and I confirmed it as I watched others going up). Wind whistles through many of the window frames. I feel as if I could ram my hand through the typical interior walls of a Japanese house, and I am not famous for my strength. Houses are almost never centrally heated. Newly built ones have individual heating and cooling units in the bedrooms and dining room, with entryways and halls left unheated. Public schools are heated with large, throbbing-hot kerosene heaters in the middle of each room. (This is one of a million indications that the tyranny of product-safety legislation has not yet extended to Japan. On a parents' visiting day at the neighborhood elementary school I walked into my son's sixth-grade class and saw children cutting plywood with a high-speed, unshielded electric saw that would have drawn a throng of tort lawyers in the United States.) In these close quarters privacy becomes a stylized concept. I sometimes look up from my desk late at night to see the salaryman in the next-door apartment stepping into his *ofuro*, or deep bathtub. Newly built houses are connected to sewers, but two thirds of Japanese houses still aren't. In old neighborhoods it is common to see a vehicle that looks like a fuel-oil truck but has a worse smell. It prowls the narrow streets sucking up the contents of individual sewage cisterns.

Some people contend that the quick, light Japanese building style reflects historical and cultural forces. This is, after all, the land of earthquakes, which shake down any rigid structure; and in the pursuit of freshness and purity some famous shrines are torn down and rebuilt every twenty years. I have trouble swallowing this theory, which implies that Japanese homeowners waste their heating money every winter because of a cultural preference for thin walls.

In actuality, a variety of commercial and political forces leave them with very little choice but to live in expensive, inelegant houses on small plots. Japan's determination to subsidize its high-cost rice farmers means that tiny, inefficient paddies occupy about a quarter of the nation's nonmountainous land. Tax laws discourage the sale and development of land, and further inflate the price of any



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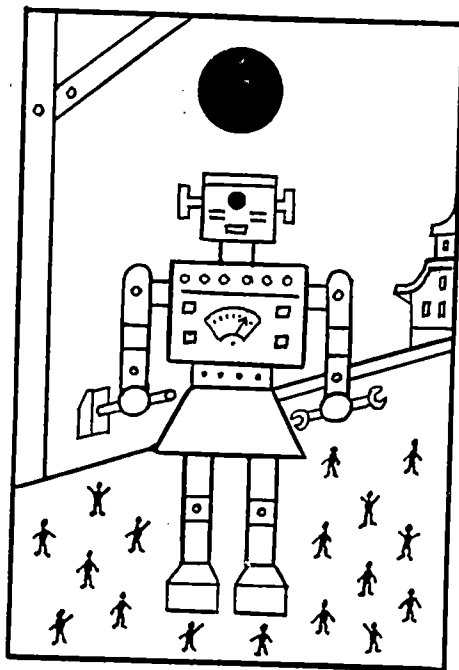
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land that reaches the market. The cost of land makes the dwelling itself seem a trivial, consumable item. In greater Tokyo the value of a house is typically only a tenth of the value of the land it's built on. This means that many houses are built to be torn down in a decade or two, which discourages heavy investment in sturdiness or finishing touches. One neighborhood near our house exemplifies the modern "Japanese dream": brand-new single-family homes, tastefully landscaped on a small scale, many even with carports to hold the meticulously shined Toyotas and BMWs. It would be obvious to any Japanese that these houses represent a tremendous concentration of wealth; a typical house in the neighborhood, with its land, costs several million dollars. Yet most foreigners, passing by, would think the houses attractive but unexceptional. To me, the neighborhood looks like a new development in Silicon Valley, with much smaller lots.

Even the state-corporate partnership that undergirds Japan's economic success indirectly leads to small, cramped houses. Because face-to-face consultation and coordination with the government are more important in Japan than in the United States, there is much more pressure on a Japanese company to have its headquarters in Tokyo than on an American company to be in New York, Washington, or any other given city. The few major Japanese companies that aren't based in Tokyo are well known precisely as exceptions. The housing problem is therefore atypically acute in Tokyo and its environs—as it is in Manhattan. The difference is that not even one percent of Americans live in Manhattan, and they are surrounded by much-lower-cost places to live relatively close by. Nearly a quarter of all Japanese live in the Tokyo-Yokohama conurbation, and even with a commute of two hours or more each way it's hard for them to escape the distortions of the world's highest-cost land market.

Besides the housing shortage; there is the general atmosphere of crowding that throws outsiders like me into a panic and must wear down even people who have been used to it all their lives. Nanjing Road, the main street of Shanghai, is celebrated by the Chinese as an extremely crowded thoroughfare, but to me it can't compare in claustrophobic density to any of Tokyo's big train stations or major shopping streets. Each morning between 7:15 and 8:45 the plat-

forms at my neighborhood train station are patrolled by "packers," ready to cram extra riders into each passing commuter train. Every train that pulls in is already full, but commuters who need to make a certain train take their places in specified areas on the platform. As the doors open, the first dozen or so people in each line push their way in under their own power, often entering backward and digging with their heels for extra traction. Then the packers take over and wedge in anyone else in line. Two or three times a week I make the half-hour trip to Tokyo on one of these trains. As I stand with my arms immobilized against my chest, someone's hip jammed into my groin and odd appendages pressed against my other surfaces, I alternately



boil with anger and rejoice that I don't have to undergo this indignity every day. When I get off the train, after giving thanks for my survival and trying to smooth out my jacket and tie, I wonder why no one except foreigners seems to think that a rich country should find a less degrading way for its citizens to get to work.

My intention is not to examine the roots of Tokyo's housing and crowding problems but simply to say that they're not likely to change. All the remedies would involve making frontal assaults on the strongest interests in Japanese politics: changing the tax laws to encourage residential development, driving out the rice farmers, moving the central government away from Tokyo. (Prime Minister Noboru Takeshita often talks about

moving government offices to the hinterland, but this seems more like a dream than an actual plan.) If ordinary Japanese had more room to live and play in, they might behave more like consumers in the rest of the world. "I can honestly say there's nothing I want that I don't have," a Japanese journalist friend of mine said one night when we were discussing the Japanese contentment with low living standards. "Oh, come on," said another friend, a professor. "You mean there's nothing you want that will fit in your house." They agreed on one thing: neither will ever have a bigger house.

**T**HE SECOND PROBLEM, Japan's high prices, is usually misunderstood. Most Western reports about high prices focus on changes in the dollar-yen exchange rate. The typical message is that at 125 yen to the dollar it is very hard for tourists and foreigners to make ends meet in Japan. That is true, but it's less important than the fact that the Japanese consumer is in exactly the same bind. With the shift in exchange rates, average Japanese and American salaries are now about equal. (Japan's per capita gross national product is higher, but proportionately less of it is paid out in personal income; the corporations keep more in profit.) The Japanese may not feel the emotional pain that Americans here do as the dollar dwindles in buying power, but the buying power of the yen in Japan has always been pathetically low.

Before my family moved from Malaysia to Japan, last summer, we bought all the supplies we could think of for the upcoming year: tubs of peanut butter, big sacks of rice, new sofas and a dining-room table, bicycles, and clothes. Even after paying for the packing and sea freight, it was all much cheaper than if we had bought it in Japan. (This is a simple bit of prima facie evidence that something other than normal market forces is setting consumer prices in Japan. Our small-scale shipment naturally cost us more than volume importers would pay, but even so our shipped-in goods were well under the local price.) The Organization for Economic Cooperation and Development recently released a report saying that Japanese retail prices were, on average, 70 percent higher than American prices for similar products. The average Japanese spends more on consumption than the average American does (about \$13,500 a year in Japan, and \$12,500 in America) but ends

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up with much less. For his money, according to the OECD, he gets goods that would cost an American only \$7,800. After four uninterrupted months in Japan last fall, my family made a brief trip to California at Christmastime. We walked through grocery stores and shopping malls first in a stupor and then in a buying binge; it seemed to us that the merchants were giving everything away free.

The basic reason for this imbalance, of course, is the orientation of the Japanese economy toward exports and away from the Japanese consumer's welfare. Kenneth Curtis, an economist with Deutsche Bank in Tokyo, has illustrated exactly what this bias means. Since 1985 the yen has more than doubled in value against the dollar. If life worked the way economics books say it should, American customers would have to pay much more for Japanese-made products, and Japanese customers would be able to buy American-made goods for much less. But in fact, Curtis showed, neither country's retail prices have changed nearly as much as they should have, and the extreme shift in exchange rates has made little difference in the trade imbalance. The retail price of Japanese cars and cameras has barely gone up in America, and the price of American products in Japan has barely gone down. The explanation is that Japanese corporations, acting as middlemen, have penalized Japanese consumers in order to preserve their low prices (and therefore market shares) overseas.

This pattern of penalizing the Japanese consumer, through tariffs and cartel-based prices, shows up in hundreds of ways. Because the price of oil in dollars and the value of dollars in yen have both plummeted, Middle Eastern oil costs Japanese importers about a quarter as much as it did five years ago. Very little of this reduction has been passed on to the Japanese consumer who buys gas at the pump. Japanese banks are famous for the low cost of their capital, with which they bankroll Japanese manufacturers and encourage the long-term perspective on building market share. (If your capital costs are lower, you don't have to worry as much about quick profits.) How do the banks do it? Part of the mystery is explained once you become a bank customer. Japanese banks pay ordinary depositors next to no interest—the local Mitsubishi branch where I reluctantly bank offers slightly over three percent on six-month certificates of depos-

it—and charge heavily for their services. The equivalent of one personal check can cost from \$3.20 to \$4.80. It is hard to pass a travel agency in Japan without gritting your teeth in rage. Flying from Tokyo to any destination typically costs almost twice as much as the same trip going the other way. The difference is that flights originating in Japan require tickets bought in Japan, which are priced at deliberately extortionate rates. As ordered by Japanese government regulation, the carriers start with the International Airline Tariff Association fare in U.S. dollars and then convert it to yen at a rate about twice the normal exchange.

The essential fact about this anti-consumer social arrangement, however, is that it has at least the tacit consent of most Japanese. Some analysts argue that the Japanese consuming public has finally had enough, and is about to demand changes in the tariffs and cartel agreements that keep prices so high. Recently I've seen two op-ed pieces (translated by the Asia Foundation's translation service) that were written by Japanese professionals who had served overseas and were shocked by the high prices and bad housing when they returned to Japan. New chains of "NICs shops," which sell cut-price imports from "newly industrializing countries," like Taiwan and Korea, have been big hits. Editorialists and occasionally politicians have started to suggest that the Japanese public could enjoy the same low prices that Japanese producers offer customers overseas.

I am more skeptical. It's not that Japanese consumers are eager to throw their money away: to judge by the way shoppers prowl through the neighborhood supermarket and electronics stores, they are extremely cost-conscious. But there are two major impediments to a more consumer-oriented economy.

One, as with land, is the main force of Japanese politics. Almost all existing moneyed interests, except consumers, benefit from the current system. Corporations get larger profits and are sheltered from foreign competition, because it's hard for imports to retain any price advantage after they have fought their way through the middlemen and the markups. The full-employment economy, which rests on a featherbedded service sector, is preserved. Japanese manufacturing plants are more efficient than their American counterparts, but Japanese department stores, banks, and shops are heavily overstaffed and ineffi-

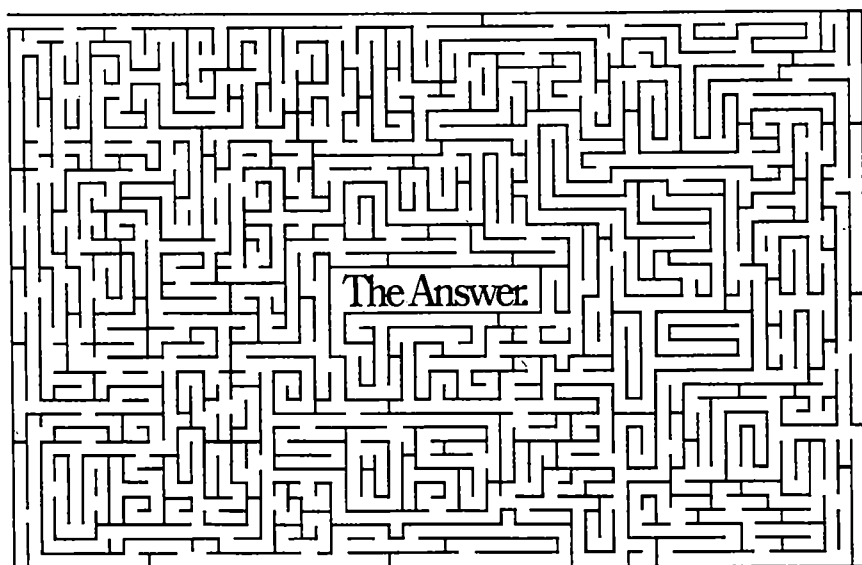
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The other impediment is in the hearts of Japanese consumers. The great majority of them don't realize what a bad deal they are getting for their money, but I think that even if they were fully informed, most would still support an anti-consumer system like the one they have now. Americans take it for granted that people around the world want basically the same things we do. Let the Russians see Bloomingdale's and they'll all want to defect. It is hard for Americans to see the built-in costs of our mobile, capitalist society, which even other capitalists, like the Japanese, may not want to pay. If they had a more open economy, with fewer tariffs and middlemen, the Japanese would enjoy a higher material standard of living, and the world's trade problems would start to go away. But they would also have to live with the tumultuous effects of real capitalism: frequent layoffs, business turmoil, and similar disruptions that they now generally avoid. In a free choice between that system and one of high prices, full employment, and great stability, Japanese consumers would, I think, choose the anti-consumer social compact, which in turn guarantees an imbalance in trade.

**T**HE THIRD HARDSHIP of Japanese life is the lack of free time. But this is even less likely than the other two to bring about a major change in behavior.

To most outsiders, the air of drudgery and joylessness is the very worst aspect of Japanese life. Being a Japanese employee essentially means turning your entire life over to the firm during your working career. (If you're a woman, it usually means working for a few years in your mid-twenties and then finding a nice young man and settling down. After that you raise the children and run the house, maybe taking a part-time job later on. This is a subject for another day, but I'm coming to think that Japanese women, severely "oppressed" by Western standards, actually have fuller and more enjoyable lives than most Japanese men do.) The typical salaryman takes the train into Tokyo at seven or eight in the morning, rushes out for a quick lunch at noon, stays in the office till at least six and often nine or ten, and then is out eating or drinking with workmates for the rest of the evening. He takes the

late train home, falls asleep, and begins all over again the next day. This pattern prevails on weekdays and Saturdays; on Sundays, according to opinion polls, the salaryman's favorite pastime is "sleep." The way I've put this is partly stereotypical and is no doubt unfair to many individuals. For instance, one of our neighbors is home every night for dinner with his wife and children. Most other men on the street, however, rarely arrive before midnight. Many families in the neighborhood lack a father on even this lodging-house basis. The fathers have been posted to Osaka or Nagoya as "geographical bachelors" for months or years at a time, returning for visits perhaps once a month.

Once or twice a week I take the late train home myself, and feel as if I'm in the middle of Japan's most depressing tableau. Half the salarymen are red-faced from their beer and whiskey. As many as can rest their heads against the train windows or their neighbors' shoulders are passed out cold. "Drunk, stunned, slack-jawed, slumped boneless in their seats as though flung there by a mighty hand," a recent magazine story called "White Collar Zombies," said about the late train. "Hair like clumps of greasy lichens, arms and legs like canned asparagus, breath like death . . . these are typical Tokyo salarymen."

Junior high and high school students are broken in to the salaryman's life with an apprentice version of the same routine. Even my son's sixth-grade classmates are already in organized activities during most of the day and night. Week-day school hours are about the same as in America, but there's also a half day on Saturday, and typically, long hours at *juku* (pre-examination cram school) several nights a week. Our house adjoins a *juku*, and no matter when I come home from the train station, I can see students through the window, bent over their desks.

To most Americans, all this sacrifice and sweat might seem to be the obvious explanation for Japan's economic success. With five days of school a week we have an enormous trade deficit; with six they have a huge surplus. I understand this view, since I interpreted Japanese work patterns in a similar way when I first arrived. But I think it is wrong.

In some areas the extra time that Japanese workers put in can be directly converted to extra output. The factory is the outstanding example: Japanese blue-collar workers not only spend more

time on the job than Americans do (eight extra hours a week) but also, I think, typically work with more dedication and care. As a result of this human difference, plus more-modern equipment, Japanese factories are the most efficient in the world. By extension the same would seem to be true of Japanese schools and offices, but I don't think it is. The Japanese white-collar world is significantly less efficient than its Western counterpart, and succeeds only because of the brute-force investment of time. Japanese schools and offices finally get a slightly higher performance out of their students and workers than do American schools and offices, by forcing them to commit dramatically greater amounts of time.

In most Japanese offices people are busy-looking but are often engaged in busywork. Office ladies bustle back and forth carrying tea, groups of men sit through two-hour meetings to resolve a minor point, and of course there are the long evenings in the restaurants and bars. Something similar is true of the schools. The children are at school for more hours each week than American children, but in any given hour they may be horsing around, entertaining themselves while the teachers take one of their (surprisingly frequent) breaks, conducting "self-improvement" meetings, or scrubbing the floors during *dai soji*—literally, "big clean-up." (Most schools have no hired janitorial staff.)

Obviously, this approach cannot be ridiculed, considering the results that Japanese schools and corporations finally achieve. But the Japanese institutions are effective rather than efficient in terms of output per hour. The human costs of their effectiveness are very high. An obvious cost is fatigue: when I take the night train, I often think of Tokyo as one mammoth ward of battle-fatigue victims. Even on midday trains half the passengers are asleep; in my wife's English classes, at a public junior high school, two or three of the forty-odd students regularly pass out with their heads on the desk. Before sending my children to Japanese public school, I vaguely thought that six-day-a-week schooling would be a good idea for America, too. Now, after watching their classmates drag themselves through the endless school week, I think Japanese education succeeds despite this policy, not because of it. Working life in America has the same tone only in extreme circumstances: during medical intern-



Liza Minnelli

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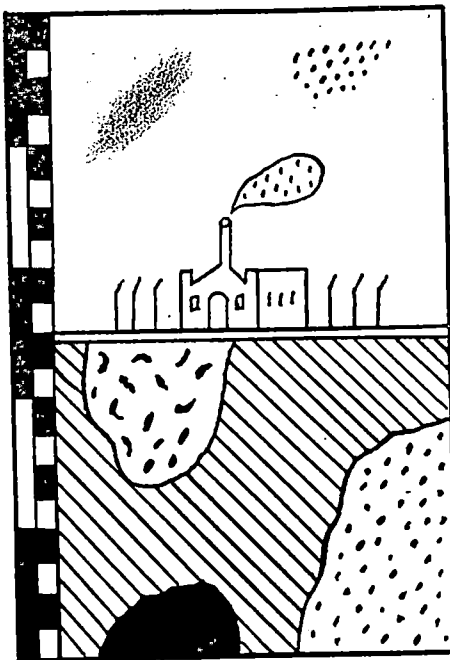
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Not even fatigue would be the hardest part of this bargain for most Americans. Rather, the greatest sacrifice in the salaryman's life seems to be the "opportunity cost": the near-total lack of time away from work, to do as he pleases. The salaryman's life is successful to the extent that he sees the company's (and the nation's) successes as his own, but he has at most a few hours each week to spend with his family or, as we would think of it, to enjoy himself. If America had the same economic success, at the same cost, Americans would start taking it easy. (This is, in fact, what happens in America, when frugal first-generation immigrants give way to more confident, easygoing children.) I know that many Japanese deeply resent the salaryman's life. But I don't think that the overall hard-life bargain is about to change.

There is one practical factor that keeps the salaryman from rebelling: the physical circumstances of his working life. The office is bigger, brighter, and better furnished, cooled, and heated than his house. He can eat in a restaurant and drink in a bar each night, often on an expense account, rather than sit in the kitchen at home. (Several Japanese officials have told me that Japan, with half as many people as America, spends more money on business entertainment.) He has also invested more of his time and perhaps more of his emotion in his officemates than in his wife, and has at least as strong a sense of family at work. Moreover—and this is the important part—by devoting himself to his company he is doing what all his previous life has trained him to do. He is finding satisfaction through the success of his tightly integrated group, and he feels less regret about his lack of free time than a typical American would. From their first days at school, children are taught that the deepest satisfactions come from harmonious participation in a group, not knocking around on their own.

In short, life in Japan is bad in several ways—for non-Japanese. But very little about their predicament makes the Japanese themselves feel that they must change—buy more, sell less, take it easier, behave like consumers in the United States. This illustrates the robustness of their society, but it is another reason to doubt that trade imbalances will be corrected through free trade.

—James Fallows



## THE ENVIRONMENT TOXIC RESPONSIBILITY

*The U.S. military's problems of toxic-waste disposal are as great as those of industry, and when finally acted on will cost taxpayers billions*

**B**ENEATH THE PEACEFUL majesty of the snowcapped Rocky Mountains an ungainly foothill has arisen. The newly constructed mound is sixteen acres across and several stories tall, built of the solid residue of a lagoon of toxic sludge called Basin F. In contrast to the striking beauty of the surroundings, the land around the Basin F site is the centerpiece of what many experts claim is the most toxic square mile on earth. The owner of this hopelessly polluted real estate and the twenty-six square miles that surround it is the U.S. Army.

David Strang, who has worked at the Army's Rocky Mountain Arsenal for sixteen years, now presides over the technical-operations division of the Army's cleanup program for the site. The cleanup of Basin F began last summer, when workers pumped 4 million gallons of deadly aquamarine liquid from the lagoon into three vast tanks on the edge of the basin and piled the remaining contaminated residue into the new mound, to be topped with clay. Both the tanks and the mound will remain as they are until 1993, when a decision

will be reached on how to decontaminate them. According to Strang, the mixture of toxic chemicals in Basin F makes decontamination costly and complex. Perhaps an even bigger obstacle, however, is a continuing legal battle over how the cleanup will proceed, fought by the Army, the State of Colorado, and the Shell Oil Company, which leased the arsenal's facilities from the early 1950s to the early 1980s to make pesticides. As we drove past Basin F not long ago, Strang made a sweeping motion out the window and said that it is "not really the level of contamination so much as the quantity involved" that earns the arsenal its place among the world's most contaminated properties.

In fact, the arsenal is home to about 16 million cubic yards of contaminated soil—four decades' worth of dumping of some of the most toxic substances known, including byproducts from the production of mustard gas and nerve gas. Colonel Wallace Quintrell, the head of the cleanup program and Strang's boss, acknowledges that "there are contaminants found at the arsenal that are not found anywhere else."

Strang says that no military activity is under way at the arsenal, nor has any been for years. "Nothing's happening here," he said as we passed the faded factory complex where the nerve gas GB was produced in the 1950s, and again as we made our way past the crusty, burnt-looking land that stretches for acres in the now empty Basin A (adjacent to Basin F), where millions of gallons of toxic wastes were dumped in the 1940s. Unfortunately, Strang's refrain doesn't hold true belowground. There a toxic plume almost the size of the arsenal itself seeps inexorably northwest, contaminating the groundwater of towns just outside Denver.

Most people associate the problem of toxic waste with multinational industrial giants like Union Carbide, Exxon, and Monsanto. But with thousands of toxic sites around the country and around the world, the U.S. military ranks among the world's largest generators of toxic waste. Recent disclosures of environmental contamination and neglect at the Department of Energy's domestic nuclear-fuel production facilities have brought attention to the problems posed by the construction and maintenance of nuclear weapons. Less well known is the extent and unruly nature of the military's non-nuclear toxic-waste problem. Military nuclear toxic waste, serious as it

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Mr. Prime Minister, Ladies and gentlemen.

An old proverb says, "The foundations for a better tomorrow must be laid today." Mr. Prime Minister, three weeks into your office, you are here today to shape tomorrow -- and on America's behalf, let me welcome you to this country.

When I was in Japan earlier this year, I observed how ties -- national and personal -- bind our two peoples. Your visit reaffirms those ties. And underscores the commitment -- by you, and your government -- to the continued health of our historic friendship.

That friendship lives, and grows. As today's meeting evidenced. For while we met as new friends, our talks were conducted like old friends. They were characterized by civility, and understanding. And by broad agreement on the major items of our bilateral and international agenda.

For that, Mr. Prime Minister, I credit the goodwill and perspective you brought to these discussions. And the enduring partnership between our two governments. That partnership is based on shared interests and mutual respect. And rests on our belief that -- together -- we can be a global force for peace and prosperity.

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This "global partnership" works in several ways.

First, as in past meetings between our Nations' leaders, the Prime Minister and I affirmed that the Treaty of Mutual Security and Cooperation is vital to joint security and the stability of the Asia-Pacific area. In that context, we agreed that this alliance will be crucial to the region's future. And we vowed to expedite the ongoing review of arrangements pertinent to shared responsibility, including support for U.S. forces stationed in Japan.

Second, the Prime Minister and I discussed how we can promote peace and prosperity through greater freedom -- economic and political. Already, we have joined to support the Multilateral Assistance Initiative for the Philippines launched in Tokyo in July. Today, we restated our intent to encourage still more open boundaries, markets, and elections. And specifically, to support recent political and economic reform in Eastern Europe, notably in Poland and Hungary.

We also discussed the situation in China. For as I have said before, we must seek to preserve our relations there -- while endorsing the legitimate aspirations of the Chinese people for political expression.

A third area of agreement concerns how diplomacy can help resolve regional conflicts. America and Japan, with others, will continue to urge a comprehensive settlement that gives the people of Cambodia both security and democracy. We agreed, too, to accelerate our fight against international terrorism. In

particular, we repeated the mutual commitment to aviation security we made at the Summit in Paris, and pledged to pool our technical and economic resources to combat all forms of terrorism affecting civil aviation.

Finally, the Prime Minister and I had the opportunity to discuss -- in detail, and at length -- U.S.-Japanese economic matters. Mindful that our economies are among the world's most robust. And knowing that the health of our relationship partly depends on bringing better balance to our Nations' ledger boards.

Both the Prime Minister and I endorse that goal. And I wish to thank him for supporting the agreement I reached with his predecessor at the Paris Summit to launch talks on structural impediments -- discussions which begin in a few days.

I explained to the Prime Minister the importance that we attach to those talks, and the Trade Committee talks which also occur next week. And I expressed my belief that while Japan is justly noted as an exporting superpower, the time has also come for Japan to be an import superpower.

Each of us desires that these discussions produce not cosmetics -- but results. Results which further strengthen our economic relationship and the open world trading system. To advance that goal, we restated our commitment to the success of the Uruguay Round. We also vowed to continue our frequent consultations at all levels on other international economic and trade issues.

Mark  
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In sum, Mr. Prime Minister, ours has been a highly productive meeting. One which recognizes the values which link our peoples -- values like discipline, love of freedom, and the dignity of work. And one which will enhance the broad U.S.-Japanese agenda.

*Curt*  
A writer once observed, "Friendship is a sheltering tree." Because of ties which prosper -- and a partnership which endures -- both Japan and the United States have been, I believe, and will remain, better for its shade.

Mr. Prime Minister, I look forward to seeing you again.  
Thank you very much.

# # # #

FOR: WILLIAMS ITTNER  
FROM: MARK MINTON  
EAFJ

DRAFT

PROPOSED REMARKS FOR THE DEPARTURE OF PRIME MINISTER KAIFU  
FRIDAY, SEPTEMBER 1, 1989

*move to  
another quote*

Mr. Prime Minister, Ladies and Gentlemen: I want to thank you again, Mr. Prime Minister, for coming such a long way so early in your tenure to be my guest here today.

I know that your visit represents a commitment -- by you and your government -- to the continued strength and success of the historic friendship between our two peoples. It is a commitment that I -- and the people of America -- share.

Although this was our first meeting, I'm sure you'll agree with me that our talks were characterized by collegiality, a sense of mutual understanding, and broad agreement on the major items on our bilateral and international agenda. I am happy we were able to discuss these issues like old friends.

This is the way things should be between the United States and Japan. Where there are differences--and let me say they are few--they are differences between friends.

That positive result, Mr. Prime Minister, is in large part due to the goodwill and broad perspective that you brought to these discussions. But it symbolizes, as well, that our two

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governments -- after many years of close, cooperative contact -- have developed a mature, effective working partnership. And we share a common belief that this partnership is a global force for peace and prosperity.

This "global partnership" works in several ways:

First, as has been the case in past meetings between leaders of our two countries, the Prime Minister and I affirmed that the Treaty of Mutual Security and Cooperation is the foundation of our relationship. We agreed that our alliance remains essential to the security of our two nations as well as to the stability of the entire Asia-Pacific region.

We recognized as well the need to make suitable plans for this alliance as our partnership evolves and matures. Accordingly, the Prime Minister and I agreed to provide a further impetus to the ongoing review of arrangements for sharing the burdens involved, including support for U.S. forces stationed in Japan.

We both acknowledged that our shared international responsibility for promoting peace and prosperity takes many forms. For that reason, we also reconfirmed our intention to work closely together -- as we have in supporting the

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Multilateral Assistance Initiative for the Philippines launched in Tokyo in July -- to encourage the worldwide trend to free and open economies and democratic government.

Our understanding to cooperate in this area specifically includes our common desire to support recent political and economic reform in Eastern Europe, notably in Poland and Hungary.

In this regard, we also discussed the situation in China. As I have said before, we must preserve our relations with China, while recognizing and supporting the legitimate aspirations of the Chinese people for political expression as well as economic and cultural communication with other nations.

And we remain in agreement to pursue diplomatic approaches to resolution of regional conflicts. An example of such U.S.-Japan cooperation has been our effort, with others, to secure a comprehensive settlement that gives the people of Cambodia both security and a chance to choose their own government.

We agreed on the need to engage actively in joint efforts aimed at deterring international terrorism. In particular, we

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underscored the mutual commitment to aviation security which we made at the Summit in Paris, and agreed to pool our respective technical and economic resources in the fight against all forms of terrorism affecting civil aviation.

Finally, we discussed our economic relationship at great length. We are mindful that the health of our partnership depends on bringing our economic relationship into better balance. To that end, the Prime Minister confirmed the agreement I reached with his predecessor at the Paris Summit to launch talks on structural impediments; these important discussions begin in a few days. I stressed to the Prime Minister the importance that we attach to the success of those talks, and the Trade Committee talks which also take place next week.

Japan is well-known as an exporting superpower; I believe the time has come for Japan to become known as a "import superpower" as well.

We pledged together to ensure that these discussions produce results which will allow for further strengthening of our economic relationship and of the open world trading system we both support.

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In pursuit of the same objective, we agreed to continue to work together for the success of the Uruguay Round and to continue our frequent consultations at all levels on other international economic and trade issues.

In sum, this was a highly productive meeting -- one I believe imparted significant forward momentum to the broad US-Japan agenda. As I said at the beginning of these remarks, Mr. Prime Minister, we have a mature, effective working partnership -- and with you at the helm, I know that it will continue to produce results.

Mr. Prime Minister, I look forward to seeing you again.

Thank you very much.

Drafted: EAP/J:MMinton *(initials)*  
2314 8/21/89 X71185

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C:JSour  
PA:RBoucher  
S/P:FFukuyama  
S/CT:AWayne  
EAP/CM:JBader  
EAP/VLC:MMarine  
EUR/EEY:MHornblow  
EB/DCT:MPlatt  
PM/ISP:MSlack

*mya*

# To Our Own Selves Be True

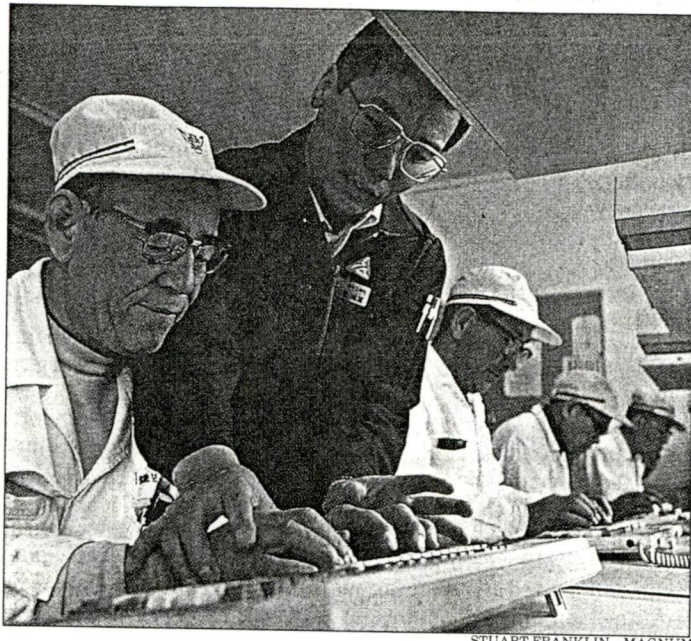
Should America copy Japan? No, says a new book

James Fallows has always been farsighted. In 1976, as a young reporter starting to make a big name for himself in Washington, he landed a job as Jimmy Carter's speechwriter. Two years later he quit and wrote two articles on the "passionless presidency" that defined the conventional wisdom on the failings of the Carter presidency. In the early '80s he published a book called "National Defense" that summarized the less-is-more theories of military readiness that are still shaping the debate over defense spending. Three years ago Fallows made a surprising new career move: he transported his family halfway across the world so he could chronicle the rising power of Asia. Fallows lived first in Tokyo, then moved to Malaysia for a while, and last year returned to Japan. Now comes "More Like Us,"\* a book about how the United States should compete with the region that is challenging us for global economic supremacy.

The book's title is its premise. For at least two decades, a growing number of economists, journalists and politicians have argued that to compete better with the Japanese, Americans should become more like them. They say we need to mimic Japan's management practices, industrial planning, emphasis on consensus and national willingness to suck it up and endure hardship for the benefit of the tribe. Fallows disagrees. He believes America can retain pre-eminence only by recapturing the features that made it great in the first place: borders open to ambitious immigrants; an ethic of opportunity that rewards competence more than fancy credentials or good breeding; an individualism sans greed, rooted in what Fallows calls an expanded "radius of trust."

The best chapter in the book describes how closely linked culture (national habits and attitudes toward work, family life and leisure) is to economic performance. Most economists don't acknowledge this. They assume that "economic man" behaves more or less rationally, trying to maximize gain by, in part, minimizing cost. You don't need to spend much time in Asia to understand

\*245 pages. Houghton Mifflin. \$18.95.



STUART FRANKLIN—MAGNUM

**A culture of personal sacrifice: Retraining Japanese steelworkers**

that things don't work that way in Japan, or South Korea or Taiwan. The Japanese government favors producers over consumers. Prices for everything from land to lunch boxes are absurdly high. Yet few complain, in part, because that would violate the taboo against putting the interests of the individual

above the group (a taboo that has only been reinforced by the collective commitment to overcoming the devastation of World War II). Fallows argues convincingly that Western efforts to get Japan to change pricing and consumption patterns may be futile because they are so

rooted in Japanese culture.

Yet it's simply not enough to say that America and Japan should pursue different paths because our habits and histories are different. As difficult as it may be, each country can benefit by becoming more like the other in some respects. The Japanese could certainly stand to adopt more of our openness and flexibility. And we'd be a lot better off if we started to save as much as the Japanese. American workers may never come to see their companies as paternalistic havens that offer security for life. Even so, an increasing number of U.S. companies have usefully adopted certain Japanese management techniques: soliciting ideas from workers and customers on how to improve everything from product quality to inventory control, for example.

After the chapter on the cultural traits that make "them" so different, Fallows spends most of the rest of the book talking about "us." In one chapter he draws from his own life. He recalls how his family moved from Philadelphia to California

when he was young, and what a liberating experience it was for his father. The point of that and many other stories is that America needs to remain true to its traditions of geographical mobility and economic opportunity. In principle, Fallows is right. Yet, even as we try to bolster these traits, there are things we can learn from Japan and Japan can learn from us.

That's implicit in parts of his discussion of education. In Japan, a child's future is basically determined by whether he passes or fails a standardized test after high school. No single test should carry so much power, and Japan would be better off if, like America, it offered different ways for talented people to get ahead. Yet if tests are too important, at least schools across the country are consistently good enough that most everyone believes he has a decent

chance of passing. That's one reason why so many students cram like crazy for the exam. In America, Fallows argues, the educational testing process only tends to ratify inequities. Most of the best elementary and high schools are either private or in expensive suburbs. Most of the students who go to these schools are middle class and white. Because these kids get the best education, they get the best test scores. That means they go on to the best colleges and get shots at the best jobs. In that sense, we have something to learn from Japan about equal opportunity.

**Familiar stuff:** Fallows's riffs on America are all well taken. But they're pretty familiar stuff, and they don't really hang together as a book. They work better as separate magazine pieces (which some of them were). Fallows tries to bring everything together by ending with a prescriptive section on "making America great again." His agenda consists of repeating the case for immigration and mobility, and against the "credentialist" stress on degrees and résumés. Then he joins the already long list of pundits who say the United States needs to apply a means test to entitlement spending and increase workfare instead of welfare. That's all well and good, but Fallows didn't need to spend three years abroad to tell us that. There's another, better book in him, more firmly rooted in his experiences in Asia. Let's hope he writes it.

BILL POWELL

Peggy

**REMARKS: KAIFU DEPARTURE  
DIPLOMATIC ENTRANCE  
FRIDAY, SEPTEMBER 1, 1989  
1:10 P.M.**

**MR. PRIME MINISTER, LADIES AND GENTLEMEN.**

**AN OLD PROVERB SAYS, "THE FOUNDATIONS FOR A BETTER TOMORROW MUST BE LAID TODAY." MR. PRIME MINISTER, YOU AND I ARE HERE TODAY TO SHAPE TOMORROW -- AND ON AMERICA'S BEHALF, LET ME WELCOME YOU TO THIS COUNTRY.**

**- 2 -**

**WHEN I WAS IN JAPAN EARLIER THIS YEAR, I OBSERVED HOW TIES -- NATIONAL AND PERSONAL -- BIND OUR TWO PEOPLES. YOUR VISIT REAFFIRMS THOSE TIES AND UNDERSCORES THE COMMITMENT -- BY YOU, AND YOUR GOVERNMENT -- TO THE CONTINUED HEALTH OF OUR HISTORIC FRIENDSHIP.**

**THAT FRIENDSHIP LIVES, AND GROWS, AS TODAY'S MEETING EVIDENCED. FOR WHILE WE MET AS NEW FRIENDS, OUR TALKS WERE CONDUCTED LIKE OLD FRIENDS.**

- 3 -

THEY WERE CHARACTERIZED BY CORDIALITY, A POSITIVE ATMOSPHERE, AND UNDERSTANDING. AND BY BROAD AGREEMENT ON THE MAJOR ITEMS OF OUR BILATERAL AND INTERNATIONAL AGENDA.

FOR THAT, MR. PRIME MINISTER, I CREDIT THE GOODWILL AND PERSPECTIVE YOU BROUGHT TO THESE DISCUSSIONS AND THE ENDURING PARTNERSHIP BETWEEN OUR TWO GOVERNMENTS.

- 4 -

THAT PARTNERSHIP IS BASED ON SHARED INTERESTS AND MUTUAL RESPECT AND RESTS ON OUR BELIEF THAT -- TOGETHER -- WE CAN BE A GLOBAL FORCE FOR PEACE AND PROSPERITY.

THIS "GLOBAL PARTNERSHIP" WORKS IN SEVERAL WAYS.

- 5 -

**FIRST, AS IN PAST MEETINGS BETWEEN OUR NATIONS' LEADERS, THE PRIME MINISTER AND I AFFIRMED THAT THE TREATY OF COOPERATION AND MUTUAL SECURITY IS VITAL NOT ONLY TO OUR JOINT SECURITY BUT TO THE STABILITY OF THE ENTIRE ASIA-PACIFIC AREA. IN THAT CONTEXT, WE AGREED THAT THIS ALLIANCE WILL CONTINUE TO BE CRUCIAL TO THE REGION'S FUTURE.**

- 6 -

**AND WE VOWED TO CONTINUE TO CONSULT CLOSELY ON ALL ASPECTS AND ARRANGEMENTS OF OUR SECURITY PARTNERSHIP AND SHARED RESPONSIBILITY FOR PEACE AND STABILITY.**

**SECOND, THE PRIME MINISTER AND I DISCUSSED HOW WE CAN PROMOTE PEACE AND PROSPERITY THROUGH GREATER FREEDOM -- ECONOMIC AND POLITICAL -- AROUND THE WORLD. ALREADY, WE HAVE JOINED TO SUPPORT THE MULTILATERAL ASSISTANCE INITIATIVE FOR THE PHILIPPINES LAUNCHED IN TOKYO IN JULY.**

- 7 -

TODAY, WE RESTATED OUR INTENT TO ENCOURAGE STILL MORE OPEN ECONOMIC AND POLITICAL SYSTEMS. AND SPECIFICALLY, TO SUPPORT RECENT POLITICAL AND ECONOMIC REFORM IN EASTERN EUROPE, NOTABLY IN POLAND AND HUNGARY.

WE ALSO DISCUSSED THE SITUATION IN CHINA. FOR AS I HAVE SAID BEFORE, WE MUST SEEK TO PRESERVE OUR RELATIONS THERE -- WHILE ENDORSING THE LEGITIMATE ASPIRATIONS OF THE CHINESE PEOPLE FOR POLITICAL EXPRESSION.

- 8 -

A THIRD AREA OF AGREEMENT CONCERNS HOW DIPLOMACY CAN HELP RESOLVE REGIONAL CONFLICTS. AMERICA AND JAPAN, WITH OTHERS, WILL CONTINUE TO URGE A COMPREHENSIVE SETTLEMENT THAT GIVES THE PEOPLE OF CAMBODIA BOTH SECURITY AND THE ABILITY TO CHOOSE THEIR OWN GOVERNMENT. WE AGREED, TOO, TO ACCELERATE OUR EFFORTS TO PROTECT OUR CITIZENS AGAINST INTERNATIONAL TERRORISM.

**IN PARTICULAR, WE REPEATED THE MUTUAL COMMITMENT TO AVIATION SECURITY WE MADE AT THE SUMMIT IN PARIS, AND PLEDGED TO POOL OUR TECHNICAL AND ECONOMIC RESOURCES TO COMBAT ALL FORMS OF TERRORISM AFFECTING CIVIL AVIATION.**

**FINALLY, THE PRIME MINISTER AND I DISCUSSED OUR ECONOMIC RELATIONSHIP AT GREAT LENGTH. WE ARE MINDFUL THAT OUR ECONOMIES ARE THE WORLD'S LARGEST.**

**AND WE KNOW THAT THE HEALTH OF OUR RELATIONSHIP PARTLY DEPENDS ON BRINGING OUR ECONOMIC RELATIONSHIP INTO BETTER BALANCE.**

**THE PRIME MINISTER CONFIRMED THE AGREEMENT I REACHED WITH HIS PREDECESSOR AT THE PARIS SUMMIT TO LAUNCH TALKS ON STRUCTURAL IMPEDIMENTS -- AND THESE DISCUSSIONS WILL BEGIN IN A FEW DAYS.**

- 11 -

I STRESSED TO THE PRIME MINISTER THE IMPORTANCE THAT WE ATTACH TO THE SUCCESS OF THOSE TALKS, AND TO THE TRADE COMMITTEE TALKS WHICH ALSO OCCUR NEXT WEEK. AND I SHARE THE PRIME MINISTER'S BELIEF THAT WHILE JAPAN IS JUSTLY NOTED AS AN EXPORTING SUPERPOWER, THE TIME HAS ALSO COME FOR JAPAN TO BE AN IMPORT SUPERPOWER.

- 12 -

EACH OF US DESIRES THAT THESE DISCUSSIONS PRODUCE RESULTS WHICH FURTHER STRENGTHEN OUR ECONOMIC RELATIONSHIP AND THE OPEN WORLD TRADING SYSTEM. TO ADVANCE THAT GOAL, WE RESTATED OUR COMMITMENT TO THE SUCCESS OF THE URUGUAY ROUND. WE ALSO VOWED TO CONTINUE OUR FREQUENT CONSULTATIONS AT ALL LEVELS ON OTHER INTERNATIONAL ECONOMIC AND TRADE ISSUES.

- 13 -

IN SUM, MR. PRIME MINISTER, OURS HAS BEEN A HIGHLY PRODUCTIVE MEETING. ONE WHICH WILL ENHANCE THE BROAD U.S.-JAPANESE AGENDA.

A WRITER ONCE OBSERVED, "FRIENDSHIP IS A SHELTERING TREE." BECAUSE OF TIES WHICH PROSPER -- AND A PARTNERSHIP WHICH ENDURES -- BOTH JAPAN AND THE UNITED STATES HAVE BEEN, I BELIEVE, AND WILL REMAIN, BETTER FOR ITS SHADE.

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MR. PRIME MINISTER, WE HAVE A MATURE, EFFECTIVE WORKING PARTNERSHIP -- AND WITH YOU AT THE HELM, I KNOW THE PARTNERSHIP BETWEEN JAPAN AND THE UNITED STATES WILL PRODUCE POSITIVE RESULTS. I LOOK FORWARD TO SEEING YOU AGAIN. THANK YOU VERY MUCH.

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