Finance, Trade and Development

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There was heavy security outside of the Ministry of Finance (MOF) when I first visited on a cold day in late 1995. Not long before, a man had driven his car into the Ministry of Justice believing it to be MOF. Why was he so upset? In 1995 Japan experienced a wave of credit cooperative insolvencies. For decades, Japan's financial institutions had formed the backbone of business conglomerates under a system known as *keiretsu*. The coordination between industrial companies, banks and government policymakers had served Japan extremely well for decades, as evidenced by the many books on "Japan Inc." This system was entering a difficult phase.

So, when I visited MOF that winter to secure my Mansfield Fellowship placement in MOF's Banking Bureau, the reception was understandably cautious. After all, I was requesting to work on banking policy at the time of an emerging financial crisis at the heart of an organization famous for its secrecy—one that had never hosted a non-Japanese. The discussion was brief and formal; the outcome remained unclear until I arrived at MOF to begin my assignment in the Banking Bureau's Research Division in the summer of 1996. When I was introduced to the Division Director, he presented me with three large books in Japanese filled with the laws and regulations governing Japan's diverse financial institutions. Smiling, he told me, "After you have read these you will be able to work here." And so began my year in Japan as a Mike Mansfield Fellow.

The Mike Mansfield Fellowship fundamentally changed my personal and professional life in ways that continue to unfold—joyfully. The Fellowship was born from the recognition that too few U.S. officials understood the inner workings of the Japanese government or had in-depth understanding of Japanese language and culture. The congressional intent was to create a cadre of U.S.-Japan experts.

When I joined MOF, it was conducting a comprehensive reconsideration of the legal structure governing Japan's financial sector. The Banking Bureau's Research Division functioned in part as an internal think-tank and managed an advisory

* The views expressed in this article are those of the author, and do not necessarily reflect those of the U.S. Department of State or the U.S. government.

council process that produced recommendations to the Finance Minister that later became law. There was no better place to witness the Japanese policymaking process.

The advisory council was comprised of government officials, academics, and members of the private sector. It debated key issues concerning the transformation of Japan's system of specialized banking entities. The ministry advanced critical reforms that included the creation of a new financial supervisory agency (FSA), the development of strengthened prudential regulations, and the introduction of bank holding companies that provided better risk management.

For every meeting, the Research Division prepared reports on Japanese, U.S., EU and other laws, together with recommendations for financial sector reforms. As a senior attorney seconded to MOF, under the Fellowship Program, from the Treasury Department's Office of the Comptroller of the Currency, I advised the division on U.S. and EU law, shared insights into the U.S. bank supervisory system, and participated in the Banking Bureau Director General's Study Group on Prompt Corrective Action (PCA). PCA is a bank supervisory tool requiring specific bank actions in response to reductions in capital. In the case of both of these policy review initiatives, I translated the final reports from Japanese into English so that they could be simultaneously released to the public in both languages.

My time in Japan was not limited to work on financial sector policy. I continued studying the "Way of Tea," or *chanoyu*. Tea was the perfect balance to work in MOF. It was refined in the late sixteenth century and was inspired by Zen Buddhist practitioners, both monks and laymen, as well as the key military leaders vying for political authority at that time. Japan's former political elite were simultaneously among the great cultural leaders. Five hundred years later, traditional arts practice is no longer a requirement of government leadership. However, since I first discovered Japan through studying history tea was an important part of my cultural immersion. I would visit my teacher's house once a week, prepare tea for others and receive the tea prepared by others. Through this study, I came to see how modern Japanese communication is influenced by traditional arts.

The Fellowship also introduced me to working with the Japanese media. I attended several MOF press conferences, and participated in newspaper, magazine and television interviews, including a one-hour NHK documentary. As a direct result of these experiences, I became interested in professionally working with the media. Now, as the spokesperson for the U.S. Consulate in Karachi, Pakistan, and future deputy press attaché for broadcast and electronic media at the U.S. Embassy in Tokyo, I feel that my professional experience has come full circle.

On return to the U.S., I continued working on U.S.-Japan banking issues for the Treasury Department before moving to the Federal Reserve Bank to lead an interdisciplinary team on U.S.-Japan relations. Later, I became the Executive Director of the Japan Society of Northern California. During my Mansfield training, I met many Foreign Service Officers (FSOs) and soon realized that running a nonprofit focused on building people-to-people ties was very similar to the duties of a public diplomacy practitioner, a job I am grateful to hold today. After serving in India, Colombia, and Pakistan, I look forward to returning to Japan as an FSO in August 2013.

Mike Mansfield was famous for saying that there is no relationship more important to the U.S. than Japan, "bar none". He was even reputed to offer visitors to his office chocolate bars to emphasize this point. As I prepare to return to Japan, I look forward to keeping a ready supply of Japanese sweets and utensils ready to serve tea to visitors to my office. Let us continue to deepen the ties between our countries, one person at a time. Let us drink from the same bowl and co-create a renewed world that reflects our common interests and friendship.

Richard Silver participated in the Mike Mansfield Fellowship Program as a representative of the U.S. Treasury Department from 1996–97. During his Fellowship year in Japan, he served in full-time placements in Japan's Ministry of Finance, the Bank of Japan, and the office of the Honorable Yasuhisa Shiozaki, LDP Member, House of Councillors. He currently serves as spokesperson at the U.S. Consulate General in Karachi, Pakistan.