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Japan-U.S. Security Relations: Maintaining the Momentum

A Conference Report

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Japan-U.S. Security Relations: Maintaining the Momentum

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The views expressed here do not necessarily represent the views of the U.S. or Japanese governments, the co-sponsoring institutes, or the group of workshop participants as a whole.

Foreword

The Japan Institute of International Affairs (JIIA) and the Pacific Forum CSIS were delighted in 2007 to once again co-host the 13th annual Japan-U.S. San Francisco Security Seminar on March 22-23, in the city where the alliance was established. We had much to discuss.

The U.S.-Japan security alliance continues to evolve. Changes in Japan, the U.S., and within the alliance, don't occur within a vacuum. They are a response to, and are affected by, changes in Asia and elsewhere. Political, economic, and military developments are reshaping relationships within the region; Northeast Asia, in particular, is being buffeted by these forces. Officials in both governments are working on ways to deal with those changes. Their ability to focus on the future is another departure from the past and another indicator of recent successes: problems that once threatened to cause crises have been deftly handled by alliance managers.

Our annual meetings continue to assist government officials in both countries to gain a greater appreciation of the changes and challenges that lie ahead. Our two countries must now maintain the momentum that has been established, overcome the obstacles that lie ahead, and strive to meet the rising expectations that have been created by our unprecedented cooperation.

We are grateful to all the participants and keynote speakers for taking time from their busy schedules to join us and share their thoughts. Their commitment, insights, and ideas for the future of the alliance made this conference a success. We also would like to thank Japan's Ministry of Foreign Affairs for their generous support for this project.

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Executive Summary

The Japan Institute of International Affairs, the Consulate General of Japan in San Francisco, and the Pacific Forum CSIS hosted the 13th annual Japan-U.S. security seminar on March 22-23, 2007 in San Francisco. Participants agreed that the bilateral alliance remains strong as the two countries cooperate to address the changing security environment in East Asia and confront difficult issues through candid dialogue and with mutual trust. Participants recognized the importance of expanding cooperative activities with other nations based on the shared values of freedom, mutual prosperity, and democracy. Recognizing the importance of multilateral cooperation, the two keynote speakers, Ambassador Kato Ryozo and former Deputy Secretary of State Richard Armitage, highlighted the importance of strategic analysis and effective bilateral coordination in managing the peaceful rise of all emerging powers in Asia rather than focus on the rise of any particular country or region.

The seminar aimed to share perspectives on the global and regional security environment, examine security strategies of the two countries and the role bilateral cooperation played in their implementation, and to offer visions on the future of the alliance. Tempered by the recognition that maintenance of strong bilateral ties was vital, the seminar was marked by frank dialogue and an open exchange of ideas.

Seminar participants agreed that while American attention over the past year had been focused on the Middle East, there were developments in Asia that had an important impact on the individual equities of both countries as well as the alliance relationship. Security trends that were emphasized during discussions centered on proliferation of weapons of mass destruction, the role of China in Asia, and uncertainty regarding the Korean Peninsula.

Some participants expressed concern that shifting policy toward North Korea's possession of nuclear weapons and the U.S.-India civilian nuclear cooperation agreement could weaken the global nonproliferation regime. This led to a discussion of the threat posed by unaccounted for nuclear materials and the importance of nuclear deterrence to the sustainability of the alliance.

Some participants expressed skepticism about Beijing's "peaceful intentions" while others expressed dismay over what they perceived as a pro-China sentiment in Korea and Southeast Asia. There was agreement that the way the alliance partners engaged China would be a central factor in shaping East Asia's future.

Korean security issues loomed large. A common theme was concern over the ability of the allies to harmonize their approach to the Six-Party Talks to ensure complete dismantlement of North Korea's nuclear facilities. There was concern that North Korea would work to exploit differences among the other parties to their advantage. Some U.S. participants expressed concern that Japanese insistence on addressing the abductee issue would create difficulties while some Japanese participants expressed concern over the possibility at the U.S. would acquiesce to North Korea's possession of nuclear weapons.

Three issues dominated the discussion of the respective security strategies of the alliance partners. First, there was general agreement that domestic politics played a significant role in shaping recent policy shifts in both countries over the past year. In Japan, the focus has been on taking a more active role in global security issues and the need for security policy reform and constitutional change to reflect that new role. In the U.S., the focus has been on the growing disenchantment with the Bush administration's Iraq policies and the impact they are having on the U.S. role in East Asia. Second, participants discussed the nature of deterrence, its relationship to the nuclear issue, and the role it plays in the alliance. All agreed this topic deserve more attention in alliance discussions. Third, there was an active exchange among participants regarding strategies for coordinating efforts to maximize Japan's increased involvement in global security issues.

The significance of domestic politics was also evident in the discussion of future visions for the alliance. Specifically, constitutional change, security sector reform, and realignment of military forces in Japan will have a major impact on the role the alliance plays both globally and regionally. In addition, Japan's ability to deal with the "history" issue with its neighbors will continue to be a factor in shaping its role in the region. Looking ahead, participants returned to the themes of "getting Asia" right and effectively integrating the emerging powers, specifically China and India, into the regional security architecture. Some participants held out the hope of transforming the Six-Party Talks process into a regional security dialogue mechanism while others emphasized the importance of finding creative ways to build confidence in the region through the UN and other initiatives such as peace support and disaster relief operations. Finally, there was general agreement among participants that economic relations should be made more prominent on the bilateral agenda.

Conference Summary

Brad Glosserman, Rapporteur

As Japanese Ambassador Kato Ryozo explained in opening remarks prepared for the 13th annual Japan-U.S. security seminar, the "Japan-U.S. alliance is in better shape than ever." Despite ongoing transformation of the regional security environment and profound changes in political dynamics in Tokyo and Washington, Japan and the U.S. continue to expand cooperation and to modernize their alliance so that they can better deal with new security threats and old ones.

Ironically, however, at a time when officials and analysts in both countries are applauding efforts to adapt to new challenges, attention is also focusing on fundamental alliance issues – namely, the credibility of the U.S. extended deterrent. This year's meeting wove these two seemingly contradictory strands together: participants urged the two nations to seize the moment and further expand bilateral cooperation and coordination – including the politically sensitive issue of nuclear strategy and planning. It is a mark of the maturation of the alliance and its continuing evolution that the 55 participants and observers – including 15 Pacific Forum Young Leaders – can now tackle such issues openly.

In his comments, Ambassador Kato offered his perspective on the state of the alliance and anticipated much of the discussion that followed. Most important for him, Japan and the U.S. should view their relationship expansively. That means "there are and should be a growing number of activities conducted outside of the treaty and they can be considered as activities under our alliance." Such activities help ensure that the alliance is not exclusive. Other states can and should be invited to participate in some form or capacity: "Japan and the U.S. should be open to cooperation with any other third state in as many areas as possible." Kato noted that Japan has done just that in Prime Minister Abe Shinzo's speech to NATO at the beginning of the year, the joint security declaration signed with Australia in early March, and Foreign Minister Aso Taro's call for an "Arc of Freedom and Prosperity."

A common base for participation is shared values, which provide common ground with Australia, South Korea, and India, but can make cooperation with China (and Russia) a bit more problematic. It is difficult to fathom Chinese intentions, as evidenced by the anti-satellite test of early January. Dealing with China is the greatest challenge for Japan and the U.S., and those difficulties are compounded by Taiwan. North Korea is no less vexing; Seoul's inclination to play a "balancing" role in Northeast Asia – whatever that means – is yet another complication.

As Tokyo and Washington look ahead, Kato suggested they focus on strategic analysis – the purpose of the annual seminar – as well as planning for regional scenarios. The two governments must improve the military dimension of the alliance, which means continued efforts to implement the May 2006 roadmap on the realignment of U.S. forces in Japan. Japan must better protect classified information to encourage more confidence from its ally.

Former Deputy Secretary of State Richard Armitage, in his keynote speech, echoed and amplified upon Ambassador Kato's remarks, citing the recent study effort headed by himself and Dr. Joseph Nye, which laid out a series of specific recommendations for strengthening the alliance. Armitage argued that "the strategic center of gravity of the world is shifting to Asia." But, he cautioned, that "how do we get China right?" was the wrong question. The challenge is to get *Asia* right. Ensuring the harmonious rise of China was one part of the challenge, but so too was managing the peaceful development of India and the "reawakening" of Japan.

Armitage applauded the shared values and shared interests upon which the alliance and our mutual strategies for Asia are and should be based, noting that the promotion of democracy is a tradition that started with America's founding fathers. But he reminded us that democracy is more than just gaining a vote and that, "if you assume that democracy is an end point rather than a journey, you are making a serious, serious error." He also helped set the stage for our geopolitical dialogue by outlining the challenges that lie ahead in attempting to denuclearize the Korean Peninsula and the need to pay attention to the growing importance of Southeast Asia, even as we watch China, India, and Japan become more prominent players in Asia and globally.

Overview of the Global and Regional Security Environment

While few participants at the U.S.-Japan Security Seminar would challenge the portrait of the relationship put forth by Kato or Armitage, the truth is U.S. foreign policy is focused elsewhere: this simple fact, rather the equities inherent in bilateral relations, tends to shape U.S. policy toward Japan. As Michael Armacost, former U.S. ambassador to Japan, explained, security planners in Washington are first and foremost preoccupied with the Middle East, with attention shifting from the moribund Israel-Palestine situation to the strife in Iraq and the resurgence of the Taliban in Afghanistan. Progress on all major problems is elusive, and the U.S. image in the region continues to deteriorate.

The proliferation of weapons of mass destruction (WMD) is also a Middle Eastern problem, but North Korea's nuclear ambitions demonstrate this is a global concern. There is little indication that Pyongyang has made the strategic decision to give up its nuclear arsenal and the seeming progress in the Six-Party Talks may prove fleeting. Nuclear negotiations are complicated by the U.S.-India civilian nuclear cooperation agreement, which critics – many of whom are in Japan – see as undermining the foundations of the Nuclear Nonproliferation Treaty (NPT) and the global nonproliferation regime.

Foreign policy makers in Washington are also grappling with Russia's reappearance as a global player, courtesy of the leverage afforded by soaring oil revenues. Relations with Moscow have deteriorated as Russia adopts a more assertive foreign policy and demands more consideration for its national prerogatives – a step that Washington seems disinclined to take.

Looming yet larger in U.S. strategic calculations in Asia is China. That country's rise continues apace, but Beijing's insistence on its peaceful intentions has not won over doubters. Growing national wealth will permit it to comfortably finance rising military spending – the most recent budget calls for a more than 17 percent increase – but reassurance of its neighbors is essential: Beijing needs a peaceful and stable international environment to continue the economic development that is the cornerstone of the ruling Communist Party's legitimacy.

Fortunately, relations across the Taiwan Strait have been stable. Both the U.S. and China seem to have reached a modus vivendi on how to deal with Taiwan President Chen Shui-bian: the U.S. stresses that it favors no unilateral changes to the status quo while Beijing is now focused on winning the hearts and minds of Taiwanese.

U.S. relations with South Korea are less sanguine. Divergent perspectives on how to deal with North Korea threaten to drive a wedge between the two allies, despite their success in transforming the U.S. presence in that country and agreeing on a Korea-U.S. free trade agreement.

Underlying these changes is the rise of nationalism throughout Asia, a force that Armacost warned trumps all ideologies and has extraordinary popular appeal among politicians. Nationalism is a powerful tool to mobilize domestic constituencies – especially against neighbors. Ironically, nationalism is rising as East Asia pursues with renewed vigor dreams of a regional community. Washington has to be attentive to this process given the competition between trans-Pacific institutions, in which the U.S. is a member, and Asian ones, in which it is only a spectator. The integration of the global economy and the fact that virtually all regions are growing – despite rising energy prices – lends hope that inclusive regionalism will prevail over closed alternatives. Armacost closed by observing that the U.S. seems to be taking note of these forces and paying more attention to Asia, even if the region is eclipsed by more immediate and pressing concerns.

From a Japanese perspective, the most important development in the regional security outlook is the Japan-China rapprochement launched by the coming to power of Prime Minister Abe. Takahara Akio of Tokyo University argued that the resumption of high-level meetings – Abe visited Beijing upon taking office in October, he met Chinese President Hu Jintao at the East Asian Summit, and Prime Minister Wen Jiabao was scheduled to visit Tokyo in April (a visit that was successfully realized) – was achieved as a result of compromises on both sides. Both governments have realized that the two countries have important common security and economic interests.

Takahara credits domestic political dynamics in both countries for the policy changes. China's daunting internal problems make more pressing a peaceful international environment that will permit it to develop the "harmonious society" its leaders have identified as the national priority. In Tokyo, rising criticism of former Prime Minister Koizumi Junichiro's Asia diplomacy gave Abe a platform to push for change. Both Abe and Hu have consolidated power, which gives them more leeway to pursue new policies.

Will the situation continue? A visit by Abe to Yasukuni Shrine –forbearance of which is the *sine qua non* of reconciliation in Chinese eyes – is still possible, but overwhelming public approval of the new policy toward China would make that a very costly choice. "Abe's determination to improve relations with China seems very firm," reported Takahara. The profits Japanese companies reap in China no doubt strengthen his resolve. The relationship remains fragile, however. If the Japanese public mood changed – a possible trigger would be another anti-Japan incident – then Abe might have to respond. Some worry that Chinese leaders may need a distraction if domestic problems grow too big.

At its base, however, the bilateral relationship is plagued by a basic flaw: the two countries do not share an image of their future relationship. They need to reach some agreement on common values, on shared history, and on a vision of regional integration that centers on the two countries. Takahara insisted this vision has to be democratic and based on freedom, equality, and fraternity.

One promising sign is increasing convergence between Tokyo and Beijing on how to deal with North Korea and its nuclear weapons program. Japan took note that China for the first time condemned Pyongyang after the July 2006 missile tests. Takahara argued that Pyongyang now seems focused on dealing with Washington, but in comments that anticipated much of the discussion of the next day, he warned of a perception gap between Tokyo and Washington regarding North Korean nuclear weapons.

Tokyo seems to share U.S. views of cross-Strait relations. While there is some concern that President Chen will try to stir things up one last time before his term expires, Chen has dwindling influence over Taiwanese politics. Both the U.S. and China have made their intentions clear and few politicians on Taiwan appear prepared to challenge either country.

Takahara also flagged the situation in Pakistan. The central government's control of the border provinces is weakening and the rise of Islamic fundamentalism is worrying Islamabad's friends. Concerned governments need to work to prevent the collapse of the Musharraf administration and hold off the Islamists.

While most participants endorsed the rosy picture of Japan-U.S. relations, one Japanese – perhaps playing the contrarian – suggested that the alliance is facing its most serious crisis ever. For him, U.S. willingness to proceed with the Feb. 13, 2007 agreement at the Six-Party Talks is evidence of a profound split with Japan. It demonstrates a "lost sense of strategic unity" and has generated considerable frustration in Japan. While this is a minority view – another Japanese countered that there is no serious public concern about North Korean nuclear capabilities – the credibility of the nuclear deterrent was, as will be evident, the subject of considerable discussion.

The six-party negotiations will be long and North Korea will do its best to drive wedges between the other five parties. A U.S. participant warned there is the "absolute danger" that the abductee issue will divide Tokyo and Washington. But, he cautioned, no party can afford to demand a solution that is unrealizable. Negotiators must be realistic to reach the best possible solution; coordinating and consulting on policy is the best way to ensure that happens.

Equally troubling is the prospect of a growing gap between the U.S. and Japan on one hand and South Korea on the other. Roh Moo-hyun has not hesitated to play the nationalist card, using both the U.S. and Japan to whip up public sentiment. Americans were dismayed by opinion polls that show South Koreans consider the U.S. a greater threat than North Korea. Fortunately, Korean politicians have recognized the limits of the anti-U.S. ploy; credit Roh's unpopularity (approval ratings at the time of our meeting were in single digits) and North Korean obstreperousness. A shift in Seoul's position in the Six-Party Talks signals an opportunity for policy makers in Japan and the U.S. to close the gap with South Korea; seizing it will be a test for the alliance.

Korea specialists cautioned against over-dramatizing the mood in South Korea. Anti-U.S. sentiment is not new. Public demonstrations are more a test of organizational skills than a real indicator of anti-U.S. or anti-Japan sentiment, and, sadly, anti-Americanism is PC (politically correct) these days. (Several participants reminded the group that many government decisions in Seoul these days are not anti-American, pointing to the agreement on the Korea-U.S. FTA and the transfer of wartime operational command.) Koreans are struggling with an uncertain international environment and trying to find their place in the region. A new generation is coming to power that is simultaneously insecure and proud of their country's accomplishments. The "386 generation" is giving way to another group that is less cynical about politics and is demanding results from its leaders. The Feb. 13 agreement is seen in Seoul as sign of a shift in U.S. policy toward North Korea, which helps mitigate some tensions in bilateral relations with Washington.

Japanese were less worried than Americans about tension between Tokyo and Seoul. While there is a feeling that Seoul uses the U.S.-Japan alliance as a benchmark for its relations with the U.S., there is little sign that policymakers in Korea are worried about Japan, hot rhetoric notwithstanding. Japanese participants credited strong grassroots ties between the two countries and mid-level exchanges (including, significantly, military and defense personnel) that act as shock absorbers when politicians try to use the other for their own purposes.

Similarly, fears that South Korea might "tilt" toward China were resoundingly dismissed. Participants from both Japan and the U.S. emphasized that their meetings and discussions with Koreans revealed a profound distrust of China. After all, as one American noted, China invaded Korea 200 plus times; Japan less frequently but unfortunately, most recently. Koreans emphasize that their relationship with China is based on mutual interests, not shared values – and that the business and economic relationship includes an encroachment on Korean interests (in the North and the South) that makes Koreans increasingly uncomfortable. Long-term historical realities will reassert themselves and the U.S. will again be seen as the "honest broker," far enough away to balance the looming land power and the maritime power.

If there is little concern about South Korea's long-term intentions, the outlook is not as sanguine when it comes to China. There was widely shared skepticism about Beijing's "peaceful intentions": the January ASAT test raised questions for just about all participants. (One U.S. participant cautioned against exaggerating the significance of the test; it demonstrates a new capability, but really says nothing about Chinese intentions. It is another Chinese attempt to find asymmetric capabilities if it ever faces the U.S. in a conflict.)

There was general unease about pro-China sentiment in Asia. A Japanese participant complained that his government only reacted to Chinese initiatives and had to do more diplomatically. Most ominous is the perception in Southeast Asia that Tokyo was largely responsible for the tensions in that bilateral relationship. He warned that Japan-China rapprochement is only skin deep; there has been no resolution of outstanding issues. Zero-sum thinking still dominates thinking in both capitals.

Echoing Ambassador Kato's advice to reach out to third parties, all participants applauded efforts to engage India. It is common sense to seek common cause with the world's largest democracy. And Delhi has been receptive, agreeing to join four-way discussions with Japan, the U.S., and Australia. But, it would be a mistake to try to use India as a "pawn" in dealing with China. Delhi is a confident and assertive diplomatic partner and will not be manipulated by any other state.

While agreeing that outreach to India makes sense, several Japanese participants cautioned against over-reliance on "values" as a basis for Japanese foreign policy. It was acknowledged that such talk is usually aimed at China, although it can be used to bind South Korea more tightly to the U.S. and Japan. One said that Abe's comments on the "comfort women" exposed a rift between Japan and other countries on precisely this issue. Moreover, he continued, Japan's commitment to those values has never been tested. Finally, he noted that Southeast Asians don't put democracy at the top of their list of priorities: they are more concerned with good governance and social justice.

Here too the alliance can contribute. A common theme throughout our meeting was the need to bring economics back to the forefront of alliance discussions – not as a problem as in the past, but as an opportunity to work together. Japan and the U.S. should be working together to push the Doha Round of international trade negotiations, setting an example for bilateral trade relations (by, say, establishing benchmark agreements on secure trade), and helping regional governments implement policies that better promote peace and stability. Both Washington and Tokyo should be leading by example, adopting economic reforms that promote openness and transparency.

Plainly, the U.S.-Japan alliance has been transformed. Japan is taking on a more assertive and prominent security role in the region and the world. Both parties are redistributing burdens. This is both the result of change within the alliance and the catalyst for still more changes. Both governments have to look at their partnership in new ways and think more creatively about future policies. The central issue for the alliance is how Tokyo and Washington will engage Beijing: the two countries' relationships with China – bilateral and trilateral – will shape, if not determine, East Asia's future.

Japan's Security Strategy

There has been political turbulence in both Tokyo and Washington since the security seminar last met**.** In Tokyo, Prime Minister Koizumi stepped down as anticipated and Abe Shinzo succeeded him as prime minister. In Washington, Democrats won control of the Congress, and promised to provide sharp oversight of – if not outright challenges to – President George W. Bush's policies.

Kawakami Takashi of Takushoku University argued that Abe's government has pursued the same general foreign policy line as it predecessor, while seeking better relations with China and adopting a more proactive diplomacy, evidenced by considerable foreign visits and outreach to new security partners. Domestically, he has upgraded the Japan Defense Agency to the Ministry of Defense and is working to create a Japanese National Security Council. Both moves are designed to make the security planning process more flexible, more transparent, and more responsive to the nation's needs. Key to this is developing a global intelligence gathering capacity.

Abe's vision of Japan is that of a country with a global security role. He aims to strengthen the Prime Minister's Office so that it can better direct security policy, which will be used to better forge a multidimensional approach to issues. He understands that this will demand a new role for the Self-Defense Forces, which in turn obligates the country to face longstanding constitutional issues. At its core, Japan must re-examine its policy regarding collective self defense; in Kawakami's view – and he is not alone – constitutional revision is inevitable.

As Japan debates security reform, a central issue is preventing threats from reaching its shores. Traditionally, Tokyo has relied on the U.S. to deter nuclear aggression. If Japan faces North Korea's nuclear threat in the future, Japan must have more nuclear reassurance from the U.S. While Tokyo focused on physical defense and pressed for disarmament and efforts to counter WMD proliferation, more voices in Japan are arguing that Japan needs to do more to counter the threat of WMD proliferation and use.

This debate is part of a larger discussion about rebalancing alliance roles and missions. The Japanese government is working with the 55 host communities affected by the May 2006 2+2 statement that establishes the roadmap for the realignment of U.S. forces in Japan. The Diet is studying a special realignment law that provides a subsidy for host communities; ¥5.1 billion is already in the 2007 budget, and Tokyo will provide $6.09 billion to move Ⅲ Marine Expeditionary Force(ⅢMEF) personnel and their dependants from Okinawa to Guam. Overall, Kawakami argues that Japan is becoming a co-manager of the alliance; to play that role, Japan has to establish its own strategy.

Discussion was dominated by the nuclear issue. Some Japanese participants worried that the U.S. decision to move forward in the Six-Party Talks signaled some rift in the bilateral relationship, that the U.S. would acquiesce to the possession of a North Korean nuclear capacity and that these weapons would then be used to threaten Japan – and the U.S. would not respond. This argument was hard for Americans to fathom. Several U.S. participants reiterated that Washington was committed to the complete denuclearization of the Korean Peninsula (as are all parties to the Six-Party Talks; that is made explicit in the Sept. 19, 2005 Joint Declaration). Even more puzzling are suggestions that North Korea could decouple Washington from Tokyo in ways that the Soviet Union could not during the Cold War. North Korea has no second-strike capability (even its first strike capabilities against the U.S. are subject to question), so the prospect of retaliation against the U.S. is not an option – and hence there is no reason for Washington to stay its hand in the event of a conflict. There is no possible tradeoff of Los Angeles for Tokyo. In short, as several U.S. participants argued, the U.S. extended deterrent is as robust as ever.

Of course, Pyongyang may not think that way. If so, the unambiguous statement by Secretary of State Condoleezza Rice following the Oct. 9, 2006 North Korean nuclear test should dispel any doubts. The May Security Consultative Committee (“2+2”) statement makes the same point. One U.S. participant noted that the European experience provides another option: the U.S. could base nuclear weapons in Japan to dispel any doubts about its commitment to defend Japan. That raises a host of psycho-political issues that Japan may not be prepared to confront, however.

The credibility of the extended deterrent is the heart of the U.S.-Japan alliance. But credibility runs two ways: potential adversaries must be aware of the U.S. determination to defend its allies and those allies, must also be confident that the U.S. will come to their defense.

The first issue depends on clear and unambiguous statements of the U.S. readiness to honor alliance obligations. That means responding to an outright attack or a terrorist attack with WMD. As one American said, Iran and North Korea should be told “they are playing with fire”: if terrorists explode a nuclear device, the presumption is that those two governments are responsible.

Soothing Japanese concerns can be more difficult; indeed, one Japanese participant argued the credibility of the extended deterrent depends more on Japan. Japanese see a gap in threat perceptions between the U.S. and Japan: as one explained, “if the U.S. goal remains the total denuclearization of the Korean Peninsula, then there are no doubts about the credibility of its deterrent; if the U.S. waffles, then we have problems.” Another Japanese participant echoed that sentiment, saying developments in the Six-Party Talks and the decision on Banco Delta Asia “surprised, disappointed, and frustrated Japanese.” (Opinion polls show some difference in Japanese and U.S. views of the threat posed by North Korea, but it is marginal: only about 5 percentage points.)

While statements by the president and secretary of state are "very reassuring," Japan needs a better understanding of how deterrence works. This is, said one Japanese participant, "a core issue for the alliance." Another Japanese participant endorsed the creation of a Nuclear Consultative Group Committee, like that of NATO.

All participants (American and Japanese) agreed that Japan should not pursue the nuclear option; it is not in the country's national interest. (Nor is there popular support for such a step.) Americans argued that deterrence could continue to be achieved without basing such weapons on Japanese soil; one suggested that home porting a U.S. carrier in Yokosuka "greatly increased the credibility" of the U.S. deterrent. Yet another American noted that Japan's "virtual deterrent" – its capability to go nuclear if threatened – is another key pillar of Japan's defense and should not be underestimated. A decision to take that route would have profound implications for the region's security architecture and this would also shape other countries' thinking.

One Japanese argued that an umbrella that includes a deterrent and a defense shield might not suffice. Japan should balance offensive and defensive capabilities. By this logic, Tokyo should think about acquiring conventional capabilities that allow it to strike missiles that threaten Japan.

Participants from both countries warned against taking too narrow a view of deterrence issues. For example, while reassurance is important, the U.S. shouldn't reaffirm the nuclear umbrella too often or it risks driving up regional tensions and looking like a warmonger. A focus of concern is China: policy makers need to be cognizant of how decisions by Tokyo or Washington will affect calculations in Beijing, especially regarding a conflict over Taiwan. One Japanese suggested that a key consideration for the two allies is how to make Chinese military modernization more difficult and less attractive. Another Japanese speaker said extended deterrence should be a priority in the next "2+2" statement. (It was; the May 1, 2007 Joint Statement from the Security Consultative Committee, more popularly known as the "2+2," says "U.S. extended deterrence underpins the defense of Japan and regional security. The U.S. reaffirmed that the full range of U.S. military capabilities -both nuclear and non-nuclear strike forces and defensive capabilities-form the core of extended deterrence and support U.S. commitments to the defense of Japan.")

Questions about the credibility of the U.S. commitment to Japan's defense also surfaced in another context: the controversy over Prime Minister Abe's remarks about comfort women. The tempest was seen as highlighting the gap in values between Japan and the U.S. and reflecting other perception gaps between the two countries. Several Japanese observed frustration in the U.S. over the prime minister's handling of the issue; that frustration was matched by other Japanese who expected Washington to be more sympathetic to Abe's position. This latter group argues that he was speaking in a purely domestic context. Several Americans warned that there is no longer any such thing as speech "just for internal consumption." Moreover, the U.S. cannot overlook or defend Japan on this issue. (One American warned that U.S. involvement in the controversy would cause more problems than the Abe statements.) The prevailing view is that all politicians should steer clear of this issue: it is best left to scholars and journalists. Leaders need to look forward; focusing on the past makes that impossible.

A final topic concerned Okinawa and the ability to implement the roadmap laid out in the May 2006 "2+2" statement. Most Japanese agreed that difficulties can be overcome. A critical indicator will be the April gubernatorial elections; an LDP victory in Okinawa will indicate support for the Futenma relocation, the biggest obstacle. (The LDP candidate won that vote.)

Most participants agreed that a significant shift in security policy requires constitutional revision. It is unclear whether the public supports such a step. In one series of polls cited by a Japanese participant, a majority favored revision for the first time in 1998, and the number of supporters of change peaked (at 65 percent) in 2004; support for constitutional change – including Article 9 – has decreased for three years, however. And only 39 percent favored rewriting Article 9 in 2004; a Japanese participant argued that as the possibility of such change has become more real, Japanese more seriously considered the consequences and have become more hesitant as a result.

U.S. Overview

The most important change in U.S. politics in the year since the seminar last convened was the coming to power of a Democratic majority in Congress. Kurt Campbell of the Project for a New American Security explained the transformation of politics of Washington. He sees both Democrats and Republicans struggling to keep pace with a rapid and dramatically changing political environment and both are having difficulty.

Campbell agreed that the war in Iraq is dominating U.S. foreign policy. He called it the "single most serious mistake in the history of U.S. foreign policy," with bigger consequences for Japan than generally realized. The all-consuming focus on Iraq could result in Asia passing; with the prospect of the U.S. being bogged down in the region for years, the damage could be sustained.

The many dimensions of the Iraq imbroglio provide ready opportunities for Democrats, but the party's leadership is not yet sure where to focus their energies. While Congressional heads are trying to figure out how to position the party for the 2008 elections, an angry base is demanding more extreme policies. Warning of increasingly confrontational politics, Campbell recalled a Russian proverb: "the thinnest ice is in the center of the lake."

At the same time, the White House is proving to be less than nimble as it experiences heightened scrutiny from Congress, and its impulse is to fight rather than compromise. The administration is losing staff – as usually happens at the end of a term, but the process is accelerating as problems emerge – and this compounds the sense of an embattled and defensive leadership.

Campbell argued that Asia is separate from the larger body of U.S. foreign policy. There are less than 300 people interested in Asia policy, and in his estimation they aren't very influential. While the 2008 presidential campaign already seems to be in full swing – considerably earlier than any time in the past – there has been little thinking about Asia in the various camps. To the degree that there are distinctions, the interesting lines, said Campbell, are within parties, not between them. He suggested that foreign observers rethink many assumptions about U.S. parties. For example, there are factions for and against engaging China in both camps; the primary difference is how they envision the China threat. Democrats focus on the economic threat to U.S. jobs; Republicans see China as a real security threat and a rival to U.S. regional predominance. Campbell suggested that the Japanese fear that Democrats will make China a priority over Japan should be abandoned. Both parties are ready to question the wisdom and merit of free trade. But, he added, there should be no fear of abandoning Asia. The consensus view is that Asia has been largely ignored during the last five-seven years and that the U.S. role in Asia is extremely important.

Most of our discussion focused on the state of the alliance. While Japanese may worry that the alliance doesn't get the attention it deserves, most Americans felt that no news is good news. Staying out of the headlines is an indication of good health. Several U.S. speakers reminded the group that front-line alliance managers have a lot to keep them busy.

If there was a complaint, it was that the two sides are not seizing the moment. Japan's growing global activism provides many opportunities to cooperate bilaterally and in institutions. Several Americans suggested that more attention be paid to economic issues; Japan has more to contribute on this front. It was also noted that the Korea-U.S. trade agreement (among other things) was intended to send a message to Tokyo about what it can and should be doing.

Dealing with North Korea surfaced here, too. It was suggested that Pyongyang might try to wait out the current U.S. administration in the hope that a Democratic president would be willing to strike a better deal than would President Bush. While that is likely to be a misreading of U.S. politics, there are no good options if North Korea decides to stall the current negotiations. The consensus view was that Pyongyang will "slice the salami" as thin as possible to extract every possible concession from the talks. That tactic is likely to win approval from Beijing: it avoids a diplomatic breakdown and continues a diplomatic process at which China is at the center. A U.S. participant explained that this is the first time in U.S.-China relations that Beijing has something Washington really wants – leverage over Pyongyang (although several people cautioned that China's influence may not be as great as believed). The U.S.-China relationship must be handled carefully as it could cause unease in Tokyo and Seoul – some worry that it already has. To remedy this, a Japanese suggested that Washington and Tokyo begin discussing possible scenarios that involve North Korea, such as its collapse, or the breakdown of talks.

While there was agreement that there is little chance that the U.S. will raise tensions in Northeast Asia – blame Iraq – worst-case planning would help ease concerns among allies about being left out. Americans warned that it would be a mistake to underestimate the readiness of U.S. forces in the theater or to think that the alliance doesn't have coercive options short of military operations. Participants urged policymakers in both capitals to think creatively about multilateral options, such as using the six-party framework (or five party) if North Korea proves recalcitrant, or a four-party approach that is built upon the rising frustration with Pyongyang.

Several Japanese called the U.S. to task for its nonproliferation policy. They noted that the Japanese sense of security rests on extended deterrence and the Nuclear Nonproliferation Treaty (NPT) regime. They criticized the U.S. approach to the NPT as "looser and looser"; the deal with India was characterized as "rewarding" India for breaking the treaty. In this light, accepting a nuclear-armed North Korea would be seen as "walking away from the NPT." While disagreeing with the characterization of U.S. policy, Americans conceded that the stakes in dealing with Pyongyang are high: it was estimated that 10-12 states could reconsider nuclear options.

Future Visions of the Alliance

Attempts to anticipate how the alliance will develop must increasingly factor in domestic politics. Koji Murata of Doshisha University argued that the evolution of Japanese security policy may slow in the near future. He anticipates Liberal Democratic Party (LDP) losses in the July Upper House election that will give Komei, its coalition partner, more influence over government deliberations. Komei does not share the Abe government's conservative stand on many defense issues, which will make policy formulation and coordination more difficult. The creation of the Japan National Security Council (JNSC) should help, but the JNSC will have to battle entrenched bureaucratic interests to do its job. Murata expects continued resistance to Tokyo's initiatives in Okinawa, even though it may diminish. Success depends on a government in Tokyo that is ready to expend political capital on the alliance. Murata cautioned that even the Koizumi administration, for all its pro-alliance inclinations, was reluctant to make hard decisions when dealing with Okinawa. Yet the realignment of forces on the island is critical to the realization of the new vision for the alliance. The credibility of the alliance – and the SDF – depends on adapting to new roles and missions; this demands the lifting of spending and constitutional restraints on the SDF. Some revision of the restrictions on the exercise of the right of collective self-defense is required. Tokyo must be ready to have genuinely strategic discussions about key issues in security policy – including nuclear weapons, even though Murata agreed that pursuing the nuclear option is not in the country's interest.

He anticipates more security cooperation with third parties. He applauded the Japan-Australia security declaration as one example of the shape of things to come. While it is too much to ask for something similar with China, the two countries need to commence a strategic dialogue that renders both countries' thinking more transparent and binds them in a web of interaction that encourages them to work on problems together. If the Six-Party Talks metamorphose into a multilateral security framework, then it could provide a forum for dialogue.

Ironically, while exploring the future, Murata was frequently looking back. He worried about Japan's diplomatic skills as the region contemplates new security mechanisms. Murata, a student of history, noted that Japan has not been especially successful at multilateral diplomacy. He is concerned that history may repeat itself. At the 1919 Paris Peace conference, Tokyo's charges of racial discrimination in the international system were ignored; today the issue is the abductees. While it is right to question whether this is Japan's primary security concern regarding North Korea, it is nonetheless a deep-rooted problem for Japan; even Prime Minister Koizumi, with his much-acclaimed political acumen, misread public opinion and discovered his diplomatic options were limited. Murata urged Washington to recognize the issue's significance and support Japan's efforts to resolve the problem. As a first step, it is vitally important that Japan determine what "solving" this issue means. The failure to define this term in a realistic way will guarantee that Tokyo is frustrated as diplomacy continues and could drive a wedge between Japan and the U.S.

The other issue from the past was "the past." Prime Minister Abe's readiness to forego visits to Yasukuni Shrine has made rapprochement with China possible, but the shrine can still roil relations. Japan has to deal with this issue creatively and intelligently, recognizing the sensitivities of its neighbors.

Murata closed with two cautionary notes. First, while Japan and the U.S. emphasize the significance of values, they must recognize this can be a double-edged sword. The values they trumpet must reflect the real values of each society. The comfort women controversy shows there may be a more of a gap here than the two countries are prepared to acknowledge. Second, the two countries must be realistic. While there is much they can do, he reminded the group that the bilateral alliance cannot change the world.

In his assessment of the alliance's future, Joseph Nye of Harvard University drew on the second Armitage-Nye report, which argued that the two countries need "to get Asia right." That means tackling the challenge posed by the unprecedented rise of three powers in the region: Japan, China, and India. Good relations will depend on good U.S.-Japan-China relations, and those in turn depend on the U.S.-Japan alliance. The two partners need to work together to shape the political environment to accommodate the rise of China, and provide incentives for Beijing to be a responsible stakeholder.

While China's rise is the subject of countless breathless commentaries, Nye warned that it is important not to overestimate China. At official exchange rates, its economy is still only one-eighth that of the U.S.; if the two countries continue on their current trajectories, the U.S. economy will still be three times that of China in 2020. More important, the country faces many serious problems: 400 million people still live in poverty; inequality is reaching dangerous levels and is already responsible for growing unrest; pollution and other environmental problems cost an estimated 10 percent of GDP, its social safety net is tattered and the country is likely to get old before it gets rich.

Nye called on the allies to embrace China but hedge against a possible downturn in relations – the possibility that China's rise may not be peaceful after all. That means ensuring that the two governments coordinate approaches to China and reinforce each other. At the same, they should work to improve relations with India, a natural partner and regional counterweight, as well as try to create stability on the periphery of the region by working with ASEAN and Australia. In addition, Washington and Tokyo should be thinking hard about a regional institutional framework. In short, the U.S. and Japan should focus on long-term visions for the entire region, rather than small pieces of the mosaic.

Again, attention focused on how the alliance should engage other countries. While Japan and the U.S. agree on the concept of the "responsible stakeholder" to engage China, it is unclear whether they agree on what that means. Most participants agreed that the two countries have different conceptions of what that entails, but the two overlap. Differences are to be expected given the U.S.'s global focus and Japan's regional focus. One Japanese participant argued that the phrase itself is loaded. Rather, those that seek to engage China should speak of "shared interests," a less value-laden concept.

That begs another question: to what degree are the U.S. and Japan prepared to back a values-based foreign policy? While many agreed that shared values provide a floor for the alliance – and provided a real advantage for Tokyo in a "soft power" competition with Beijing – there seemed to be some Japanese squeamishness about making this a pillar of foreign policy. Some complained that it threatened to expose gaps between the U.S. and Japan. Others argued that it needlessly highlighted differences between the two countries and China and made engagement more difficult.

India is another new focus of the alliance. While the world's largest democracy seems to be a natural partner, there is a wrinkle when it comes to engaging India: Delhi's nuclear ambitions. No matter how Americans try to justify it, Japanese worry that the U.S.-India deal on civilian nuclear cooperation will undermine the NPT. Tokyo's decision to tie its United Nations Security Council bid to that of India is also problematic as the U.S. is only prepared to back Japan's bid. All participants agreed that working with India is likely to be a testing experience. Nonetheless, it is time to start building India into Asia's regional architecture, even if that means just starting dialogues.

Considerable time was spent contemplating future security mechanisms for the region. Several participants suggested that the Six-Party Talks are the logical candidate to assume this role, although there was considerable uncertainty about how this evolution would occur. The working groups established by the Feb. 13, 2007 agreement provide a framework for substantive discussions. Some argued that the Conference on Security Cooperation in Europe (CSCE), with its focus on borders and human rights, was the best model for the region. Virtually all counseled patience and modest ambitions in the short- and medium-term.

It was suggested that the UN could serve as another important focus for the alliance. Japanese participants argued that Tokyo and Washington should work together on institutional reform of the world body. Japan and the U.S. could work with South Korea at the UN, using Secretary General Ban Ki-moon (a former ROK foreign minister) to build better trilateral relations.

There was agreement to make economics more prominent in the bilateral agenda. While there is some resentment in Japan about U.S. demands for economic reform, Americans reminded the Japanese that the U.S. wants a strong ally and economic reform is needed if Japan is to realize its potential – a higher international profile can be costly, and new roles, missions, and capabilities for the SDF will require more spending, as will participation in missile defense. One good way to start is for Tokyo to help resume the stalled Doha Round of global trade talks. Japan should lead the way on agricultural reform. Arguments that Japan has to protect its food security ring hollow when it already imports 60 percent of its calories. Tokyo should be conscious of the gains it can realize by setting an example for other countries and by working with the U.S. to set new standards for trade security, safe and secure food production, and other new security concerns.

On the military front, participants agreed that Japan can contribute more by joining global peacekeeping operations initiatives and by working on disaster relief. Such efforts are also confidence-building exercises for the alliance and other countries. The SDF worked closely with the ROK military in East Timor and with the Australian military in Iraq. Tokyo should be thinking more creatively about how to expand such partnerships.

In his closing comments, Pacific Forum President Ralph Cossa noted that the security relationship continues to evolve. It no longer seems necessary to urge Tokyo to "step up to the plate" and become a more active security partner. The focus now should be on better defining the role that Japan desires and is capable of playing on the international scene, recognizing that Tokyo aspires to be a partner not just in Asia and at the United Nations but in the Middle East and elsewhere as well. He also took note of the concerns raised by Japanese colleagues about the definition and extent of America's extended deterrence. While participants agreed that the discussions at the 13th annual Japan-U.S. Security Seminar had provided a degree of reassurance and clarification on this issue, more discussion was needed at both the governmental and non-governmental or track-two level.

Since our series of meetings was first initiated, the U.S.-Japan alliance has move steadily forward as Tokyo and Washington have faced and dealt with a number of challenges to their partnership. Invariably, the most significant of these tests has been "internal" – some force that arises between the two countries that threatens to drive us apart. Even today, as the U.S.-Japan alliance enjoys the fruits of the hard work and determination of its managers and supporters, strains are evident. History gives reason for confidence that they will be surmounted and the alliance will continue its evolution and remain a critical force for peace, stability, and security, not only in East Asia, but throughout the world. But, success depends on vigilance and the readiness to honestly face the problems that threaten to divide Tokyo and Washington in the future.

Alliance Challenges for Today and Tomorrow

by Ryozo Kato

Nature of the Japan-U.S. alliance

The Japan-U.S. alliance is in better shape than ever. Nonetheless, we do not have the luxury of becoming complacent about the status quo. There are many challenges ahead of us, both in East Asia and worldwide.

Throughout the last year, my colleagues and I have tried to identify and promote the nature of our alliance. I remember very well that I emphasized here, one year ago, that our alliance was built upon and rested upon our shared values, and thus on the shared interests of both Tokyo and Washington. In June 2006, then Prime Minister Koizumi Junichiro and President George Bush reaffirmed the view that our alliance was based on shared values and shared interests. Subsequently, in November 2006, in his well-known speech entitled "The Arc of Freedom and Prosperity," Foreign Minister Aso developed the concept and stated that due to Japan's lengthy defense of democracy and other fundamental values, Japan's diplomacy should be values oriented. This was followed by Prime Minister Abe, who placed Japan-NATO cooperation in the foreground in his statement at the North Atlantic Council, the first one ever delivered by a Japanese prime minister. For him, there should not be a "weak link" in the cooperation among the states who share fundamental values, and, in this regard, Brussels and Tokyo needed to do more. He also underlined the importance of cooperation between Japan and Australia, another country that shares these core values, and he reiterated that pledge when Prime Minister John Howard visited Japan last week. Many of you must be aware of the first ever Joint Declaration on Security Cooperation between Tokyo and Canberra that was issued by the two prime ministers. All these efforts, which are not necessarily limited in a narrow sense to the Japan-U.S. alliance, indeed explain eloquently the basic thinking behind the Japan-U.S. alliance and help strengthen our alliance, too.

Through all of these efforts, recognition of the basic nature of the Japan-U.S. alliance – shared values, shared interests and shared actions – has been widespread. However, further efforts to strengthen this foundation and wipe out misunderstandings are required.

For example, our alliance should not be construed as "exclusive" vis-à-vis other states. In saying this, I do not want you to misunderstand what I mean by the word "alliance." I use it in a broad sense. It is not confined to the actions conducted in accordance with the Mutual Security treaty. There are, and should be, a growing number of activities conducted outside of the Treaty, and they can be considered as activities under our "alliance." One example of such activities that have been embarked on is the security cooperation among Japan, United States, and Australia, which will be beefed up by the Japan-Australia Joint Declaration that I have just mentioned. Japan and the United States should be open to cooperation with any other third state in as many areas as possible. Also, sometimes "values oriented" foreign policy is misunderstood as very aggressive in the military sense. Our alliance should not be construed as "bellicose" in promoting values, either.

Major domestic elections loom in both Japan and United States. I strongly believe that our Alliance should be above partisan politics and should be supported in a nonpartisan fashion. Currently in Washington, there have been plenty of debates on U.S. policy concerning Iraq and some if not most of it is partisan in nature. I do not intend to speak much about Iraq today, but I sincerely hope that, unlike that debate, the Japan-U.S. alliance continues to receive universal support in both countries.

Outlook for East Asia

Let me move to the outlook for East Asia over the next few decades. This is not intended to be my predictions, but to remind you of the wide range of possible prospects that lie before us.

China. Obviously, the biggest question mark and challenge for our alliance is the People's Republic of China. It is a rising country that has the dichotomy of having a huge potential while also facing huge problems. The possible domestic problems range from political to economic and social. I hope China becomes a country that shares such fundamental values as democracy and human rights, but, so far, I am not sure how things will unfold in this huge country. The economic and social situations are no less uncertain.

China's foreign relations are at important crossroad. Some fear a new Cold War, although China may become a responsible and benign great power. In this regard, we sometimes have difficulty in understanding Beijing's behavior. One example is the anti-satellite weapon (ASAT) test conducted by China in January. Beijing tried to describe the test as an isolated event that had no big meaning in the strategic picture. But one could also interpret it as a message to Washington that Beijing is ready to have a relationship similar to the U.S.-Soviet relationship during the Cold War.

Taiwan. The situation in and around Taiwan in the mid-term future is also very uncertain. All of you must know that the policy of both Tokyo and Washington is to oppose any action by Beijing or Taipei that aims to unilaterally undermine the current balance. However, few can be a 100 percent sure that such a policy works as designed. One could envision several scenarios. One view states that it is possible that no major change will be observed for another decade or two. Another view foresees a declaration of independence on the part of Taipei authorities, which may or may not lead to a military conflict with the PRC. Military conflict over the Taiwan Strait might also be triggered by Beijing's preemption. Other experts consider it more likely that negotiations between Beijing and Taipei will lead to a kind of "one-state, two-system" type solution, similar, if not identical, to the relationship between Beijing and Hong Kong.

North Korea. Let's move on to the Korean Peninsula. The achievement in the Six-Party Talks earlier this year is welcome news, but we should not forget that this is just a first step toward a settlement of North Korean issues. I sincerely hope that all the parties to the talks implement and follow through on their negotiated responsibilities and commitments. However, given the past experiences with Pyongyang, it is wise for us to prepare for several possible developments. Unfortunately, we can not rely on the North Korean regime's steady and sincere implementation of the Six-Party Talks arrangements. Our concerns on North Korea are not limited to nuclear development and proliferation. They include development and proliferation of other types of weapons of mass destruction and their delivery means as well as humanitarian issues, including abduction. We have not found a shred of evidence that shows North Korean disarming its arsenal of WMD, dismantling their delivery means, or sincerely trying to solve the various humanitarian issues.

Domestic problems for the Kim Jong-il government are no less serious than the international challenges. North Korea's economy has long been a fiasco. What is perhaps more serious is the possibility that the process of Kim Jong-il seceding his position would lead to the eruption of an utter chaos. Though smaller in size than China, North Korea will continue to be a pounding headache for all of us.

Republic of Korea. From the viewpoint of the Japan-U.S. alliance, the U.S.-ROK alliance and the relationship between Seoul and Tokyo need to be healthy and effective. A large number of South Koreans, though, seem to consider that their role in East Asia is to be a more or less neutral power among the great neighbors. The question for the Japan-U.S. alliance is whether this opinion in the Republic of Korea grows or diminishes over time. The answer to that question is uncertain to me.

Other countries. There are other countries that also need serious attention. In the north, Russia seems to be evolving. A growing number of experts, Europeans in particular, are less sure about Russian "democracy." Moscow's "natural resources-oriented" diplomacy is different from our values-oriented diplomacy. One lacks confidence whether Russia will uphold the fundamental values our alliance holds so dear.

In the south, India emerges as yet another giant. It is estimated that the Indian population could surpass that of China by the middle of the 21st century. India, the world's biggest democracy, could become a promising partner for our alliance or could become one of the nonaligned countries that oppose most of the initiatives taken by the United States, Japan, and their like-minded allies.

Challenges for the alliance in the future East Asia and beyond

For the purpose of throwing several ideas to the table to stimulate discussions that will follow, and building on my future outlook, I would like to discuss some challenges facing our alliance in the mid-term future.

The first point relates to promoting our shared values with other like-minded countries. Our alliance has embarked on the promotion of shared values. Tangible fruit of trilateral cooperation among Japan, the U.S. and Australia are expected in the near future. But, cooperation between Japan and NATO, of which the United States is a founding and key member, has yet to be developed. Japan, the U.S., Australia, and NATO could strengthen their cooperation in areas such as disaster relief and humanitarian activities. These countries are also able to cooperate on regional issues such as those in Central Asia, Southeast Asia, and Eastern Europe, to name a few. As I mentioned, there should be no “weak link” in the cooperation among states sharing our fundamental values. Cooperation between Tokyo and Brussels, for example, is not very easy. Those officials in charge of the relationship have to make sure that opportunities are not missed. In the mid-term future, India, as I touched upon, could emerge as a more realistic partner. The idea of meetings among the leaders of Japan, the U.S., Australia, and India needs to be understood and envisioned in this context.

My second point relates to assessing the future. Japan and the U.S. need to have the best outlook in order to jointly realize a stable and prosperous East Asia and beyond. Japanese policy-makers must be aware of the strategic picture, long-term trends, and their implications. American friends need to recognize that sharing strategic views with Japan contributes to their own interests. Japanese analysts could further provide their views based on key actors or institutions of Japan’s neighboring countries, whereas U.S. counterparts could provide further military expertise and views of the strategic picture – for example, the relationship between Washington and Beijing on strategic capabilities.

At the same time, and as a third point, Japan needs to improve its system for protecting of classified information. Needless to say, any democratic government must be accountable for its actions to its own people as well as to other counties. Japanese government officials tend to classify more information than is really needed. In my view, some pieces of classified information should be unclassified. On the other hand, information that is once classified must be strictly protected and must not be leaked. Protecting information classified for the purposes of national security and national interests is perfectly compatible with the “right to know” of the general population. Making sure that all Japanese government agencies abide by the same and unified rule under the statute is an urgent agenda item for Japan.

Fourth, assessing the future is not an objective in itself. Experts of both countries have provided their best assessment of the future. However, alliance policy planners and policy makers also need to discuss issues that must be tackled now. It is never too early to tackle them since some of the policies need much time to bear fruits. Our alliance needs to do its utmost to bring about the best-case scenario while hedging against less welcome ones.

Fifth, our alliance in military terms should always be improved and upgraded. Like a Japanese garden, our alliance needs to be taken care of at all times. A strong alliance provides stability and prosperity both in the region and beyond its borders. Achievements related to ballistic missile defense cooperation are encouraging. Defense planning by military experts and civilian officials is ongoing. In addition, details for the realignment of U.S. armed forces in Japan are discussed every day. This is just some of the bilateral work that needs to be done. In short, further progress on the “2+2” agreement of May 2006 should be pursued vigorously.

Getting Asia Right
By Richard L. Armitage

When Joseph Nye and I sat down in 2000 to write our first report along on the U.S.-Japan alliance with colleagues, several of whom are here, we did it in the context of "Japan passing." It was after the Cold War and we felt that there was a drift in the U.S.-Japan relationship, so we came out with what we thought would be a good bipartisan approach that was accepted by Congress as bipartisan. Through hard work by a lot of Japanese and American bureaucrats on both sides of the water, I think almost all of those recommendations have been realized. And if you look at how far we have come since the year 2000, it's monumental. It's unbelievable. Years ago, I was heavily criticized in Japan because I answered a question from the mass media about decision making in Japan and I described it as glacial. I was called rude, crude, and everything else. I looked for an opportunity to redeem myself and at a subsequent press event I was asked about this comment and I said that people had misunderstood it. I said that decision making in Japan was glacial, but I meant that like a glacier, if you look at it all the time it doesn't seem to move. But if you look at it today and turn your attention to something else for a good period of time and then look back, not only has the glacier moved an appreciable distance, but it's carried away all the obstacles in its path. And indeed, most of those obstacles that were in the way in the year 2000 have been carried away.

So, Dr. Nye and I thought it was time to look above the horizon and look to about 2020 and take advantage of the fact that there is so much change going on in Asia and at home. Look at the peaceful development, as they would call it, of China, the peaceful development of India, and the reawakening of Japan – the monumental change in Asia. And as I said at this forum last year, the whole strategic center of gravity of the world is shifting to Asia. So Joe and I and several colleagues who are here tonight – Sak Sakoda, Jim Pryzystup, Kurt Campbell, and some others – started to work through these problems and tried to take a longer view than our normal bureaucratic day-to-day view of how Asia might look in 2020 and how we might best position ourselves.

The origin of our idea for this report came in a question Joe and I used to get all the time when we traveled in Japan and that was: how do we get China right? How do we manage this harmonious or peaceful development of China? Joe and I separately came to the same conclusion that the question was wrong. The question was: how do we get Asia right? That is, we have to get our relationship with Asia correct in order to assure that this harmonious rise of China occurs, and in order to get Asia right we had to get Japan right. So we sat down and analyzed the region. I'm not going to go through it country by country, but suffice to say that China is perhaps the most important development in the first half of this century. Nobody – including the leadership of China – knows how it's going to come out. If it comes out badly, this is bad for us; if it comes our well, it can benefit all of us. And that's what we should dedicate ourselves to. We do this by recognizing where our – that is Japanese and U.S. – interests converge with China, we can work with China. And when we diverge, we ought to be crystal clear with

China on where we diverge and why. This doesn't have to be disagreeably done, but it needs to be done, because there are rules to the game. If we are going to have the type of China we want in the world, it is one that has to abide by the generally understood rules of the game.

We talk about military developments in China and I don't know if they are necessarily threatening: clearly their blue-water activities are directed at the ability to be able to protect the sea-lines of communication. They don't want to sub-contract that to the United States Seventh Fleet or to the Japanese Maritime Self-Defense Force. They want to have their own ability to protect their access to the sea-lanes. When Dr. Willam Perry was secretary of defense, Randy Schriver, a partner of mine, was the China country director. Randy did a study of studies on China's modernization. He found that every time we did a study of the military modernization of China we were absolutely correct as to the direction that China was heading, but we absolutely misunderstood the pace. We always underestimated the pace at which they move forward. So we knew where they were going, we just didn't know how fast they were going to get there. This is important today because it's not just in the military sphere that we underestimate the pace. Looking at Chinese diplomats these days, we're not facing those characters we saw 15-20 years ago, who were promoted for party purity, ideological purity, and seniority. We are facing a diplomatic community that is agile, supple, mobile, etc. Our ability to manage this peaceful development of China is going to be taxed in the future.

Notwithstanding the enormous achievements of Amb. Chris Hill and others in getting the Six-Party Talks going, at the end of the day, I don't think it's going to lead to the denuclearization of the Korean Peninsula. I don't think the North Koreans are going to give up the only reason we really talk to them. They may have a weak hand but they have played it quite well. There are internal contradictions in North Korea, but I'm not sure if they are sufficient enough to bring a change to the direction that Kim Jong-il and his colleagues are going.

The Republic of Korea is a management challenge of historic proportion for the United States. It's not just episodic anti-Americanism that crops up. It's rooted in history. Last year, I spoke about the difficulties of U.S. relationships. One of our great folk heroes, Daniel Boone, had a lot to do with Korea. He was quite wealthy but he didn't make his money in animal skins, or raccoon skin caps; he made it in ginseng, which he had the Indians mine in Appalachia and he sold it to China, devastating the economy of the kingdom of Korea. So our relationship with Korea goes back a long way, and it's not a pretty story. So I don't want anyone here to misunderstand that relationship.

We mentioned India prominently in our report for several reasons. First, all of us understand that for the United States, and I think for a lesser extent Japan, to not have a relationship with a multi-ethnic, multi-religious democracy like India was absurd. We understand why: the Soviet Union's relationship with Indira Gandhi made it very difficult for us. But that's past and we have embarked on a very good relationship. And Japan has embarked on a very good relationship with India. India is looking east. This is good for Asia. It's good for us to have that democracy playing a role in the region. The prime minister of India H.E. Dr. Manmohan Singh's visit to Tokyo was terrific for what he said. Japan has an interesting advantage. We talk a lot about history and about the legacy of World War II but as far as Indians are concerned there's a positive legacy of World War II. Although Japan occupied a small part of India, no Indian bureaucrat will miss the opportunity to tell you that they believe that Japan began the removal of the fingers of colonialism from the throat of South Asia. So Japan has at least one advantage out of the terrible legacy of World War II.

We noted Southeast Asia in our report and where it's going and the importance beyond the 600 million people who live there, with the $800 billion of annual GDP that goes to other things such as the development of democracies there. There is some guided democracy, like in Malaysia, and certainly Singapore would qualify. And we've got some missteps in democracy in Thailand. But we also have the largest Muslim nation in the world, one whose success can help all of us in this global war on terror and can help rein in Islamic extremism if President Yudhoyono is successful in bringing Indonesia completely into moderation. We also talk about Australia, which is important to both Japan and United States.

This lead us to a discussion of four sorts of baskets, stealing from the old Helsinki baskets idea, that might usefully guide the U.S. and Japan. This is not a roadmap and we fully expect some people in Japan to sit down and do what we did: come up with their own views about what's good and what's not. And I would be the last one to tell you that everything included in our report is good. They may be good from my point of view, they may not be good from our Japanese friends' point of view. But I'm looking out for my country's interest. We do expect this and hope that it will provoke a response by Japan and that will be something that can very much help us get into a dialogue.

We came up with these four baskets of recommendations. The first basket concerns Japan alone. Some of it was saluting what Japan is already doing, such as the development of a more supple and agile decision-making process that can simultaneously guarantee that bureaucracies have their input but the decisions are made in a timely enough fashion to be applicable to the question at hand. In this regard, the activities toward some sort of National Security Council are very welcome and to be saluted.

We also had to acknowledge the debate that's ongoing in Japan about Article 9 and the right of collective self-defense. This is a Japanese decision. We noted in the year 2000 that the inability to participate in collective self-defense was an impediment to alliance cooperation. This time what we are saying is that we welcome a partner that can take part when it suits them in activities in collective self-defense.

We went on to talk about the special measures laws and our view, a strictly U.S. view, that the ability to be more flexible in the deployment of the Japanese Self-Defense Forces, whether it's for humanitarian relief or something else, is something that we are interested in. Again, it's a Japanese decision but to have to have special legislation each time you deploy is both slow, time consuming, and it may make you too late to have an effect on the situation at hand. We also note in passing that although we don't have a view on what the correct level of defense spending is – and we acknowledge Japan spends the fifth largest amount on defense of any country – it is also true that in defense expenditure as a ratio of GDP, Japan is 134th in the world. From our point of view that is not appropriate. We also noted that it's about time that Japan develop some hostage release capabilities and things of this nature. We don't want to see another embarrassing spectacle like Peru several years ago when Japan was helpless in terms of the kidnapping and hostage taking of its own citizens. This is not in concert or in consonance with the first duty of any government, which is to protect its citizens. So it's time to think of these capabilities.

We moved on to a second group of recommendations for the U.S. and Japan, the primary alliance. We mentioned the possibility of beginning a free trade agreement discussion. No one has any illusions about how difficult and how time-consuming and neuralgic those discussions would be. But to begin talking about it is probably a pretty good thing.

We had a list of 10 separate items specifically in the security area that we hope people would consider, and they ran the gamut from cooperation on ballistic missile defense and crossed into further loosening of the export control principles in terms of missile defense – and there is already a loosening by the government of Japan. We think that more broad loosening of these export control principles would be very much in order.

We talked about joint development of the next class of Aegis destroyers, the CGX class, where two great sea-faring nations like ours, the two leading technology countries in the world, will be able to cooperate to save money in the first instance, and have the most technologically capable vessel in the second instance, and third to further solidify our alliance.

The third basket has to do with the U.S. and Japan in the region. There's no rocket science involved here to say that much has do with the continued development of our relationship with India. Many of us are involved both officially and unofficially in trilaterals among Japan, India, and the United States. We should continue our relationship development with Australia – after all we have official trilateral and unofficial trilaterals with Australia, Japan, and the United States. We should work rigorously with China on those areas in which we can cooperate and in which China has already indicated a willingness to be involved; that includes energy security, the provision of technology and the provision of conservation measures. This is something that we can start talking about that is vital to all of us and which we all share a desperate need in having come out right. At the end of the end of the day, we have to come to an understanding among and between the great nations who are so thirsty for petroleum on how they view energy. Is it a zero-sum game? Is it something to be shared for the general public good? These types of activities in the regional area can serve the U.S. and Japan quite well.

Finally, and somewhat controversially, we make a rather sweeping statement that we view Japan as a global nation. There aren't many global nations who have interests in all parts of the globe when you think about it. Does Japan deploy its military to all parts of the world? God knows that's not the case. Japan has diplomatic representation in quite a few countries but the web of its great trading companies and the way the government mines the information from this web make Japan a global nation. That being the case, we very much hope that the Japan and the United States can cooperate on such things as getting a handle and eventually defeating infectious diseases, and that we can cooperate on defeating the tyranny of climate change and global warming that we face today.

Japan's ability to use soft power, and what my colleague Joe Nye would call "smart power" is something that can very much aid in the global war on terrorism.

These four baskets of recommendations provide a pretty rich menu, not to follow but in the initial stages to discuss. Our bottom line is that for better or for worse, for 150 years, Asia's future and Asia's stability have been a function of the U.S.-Japan relationship. That is a statement I make without fear of contradiction. It is the truth. When we have been in good shape with most of our relationship, the area has been in pretty good shape. When we have been in bad shape, the area has not been in good shape either.

I want to mention several one-off items and they spring out of the discussion that we had today. First, there is the issue of comfort women. This is not an argument that anyone in Japan can win. It's somewhat like the argument on the Nanking massacre. Whether it was 100,000, 500,000, or 5,000, it's not an argument you can win. And so I object to it; I find it objectionable. What I really object to is the fact that if you're looking backward you are going to bump into something as you move forward. And when you look backward at something like comfort women, you're not seeing where you are going. And for heaven's sakes, if you're base is somewhat rightwing or nationalistic you ought to be talking about those issues that appeal in the future, not those behind you. We are wasting time, energy, and we are going to bump into things.

The second issue has to do with diplomacy. Whether American bureaucrats or Japanese bureaucrats, we go to work in the morning and work like dogs. There's no question about it. And what are you doing? You're generally working your inbox and the problems that have cropped up today. It's very unusual to have the luxury to lift your game and lift your vision a bit and think to the future. But I'm going to suppose that we are able for a short time to look to the future. When I look at the Korean Peninsula, I see over time, maybe even by 2020, a defacto if not de jure united peninsula of Korea. What does this bring with it? It brings two of the largest armies in the world. It brings a great economic power, the 10th largest in the world, the Republic of Korea, married up with enormous resources that are under-developed in North Korea. I believe it will create a nuclear armed Korea, at least for a time. How are the U.S. and Japanese diplomats going to deal with this new phenomenon? It's going to take agility and cleverness in the positive sense of the word. To be able to deal with these issues we have to start thinking now how to position ourselves best to have a congenial relationship with a unified peninsula of Korea. It won't be free of all the historic neuralgia that is directed against us and against Japan. They will have problems with China, too. But we have got to be thinking about how we deal with them and we don't. We worry about tomorrow's Six-Party Talks, and we are worrying about an FTA today. We have got to start positioning ourselves much more to the future.

The third thing that I want to mention has to do with democracy. We had what I thought was perhaps the most provocative discussion of the day about democracy, and shared values and are people willing to fight for shared values and things of this nature. I was part of an administration that made democracy the central feature of its foreign policy. Unfortunately, in my view, the administration did this as if this were something that they alone had tumbled to. In fact the founding fathers of our republic believed passionately in the message of our revolution, which was certainly one of support for human rights, human freedoms, and democracy. The master builders of our country – Abraham Lincoln and both Roosevelts – believed passionately in the message of that revolution and I think every postwar president has believed that the world is made safer and more humane by the United States being fully engaged across the board in the defense of human freedoms and human rights, and in that regard this administration is no different. But if you assume that democracy equals a vote, if you assume that democracy is an end point rather than a journey, you are making a serious, serious error. And I'm afraid we are on the verge of making that error.

I think that our secretary of state and our president have pulled in a little bit and are now talking about reform, which I think is correct because democracy as represented by voting alone cannot stand. If you look at what is going on in the Czech Republic or Poland, or in our southern hemisphere, what you see are democracies that have made decisions, but the democracies do not have sufficient infrastructure – whether it's parties, free press, transparency, or ministries that can give out goods and services to the public. And this public by the way, having recently gotten democracy has heightened expectations. They can't deliver. And what happens? Populism comes up. This is what we have in our hemisphere, whether it's Evo Morales, what we nearly had in Mexico, or Hugo Chavez. Peoples' heightened expectations are dashed, and they turn to populist rhetoric. Populist politicians then have two choices. They can use their populism to develop the institutions to deliver goods and services, etc., but that is hard work and it's really difficult. Or they can become more autocratic which is exactly what we are seeing with Hugo Chavez.

I do endorse this idea of democracy being one of our basic principles. But I think the administration and we would be much better off if we talk about reform first to get into place that infrastructure that would then support that democracy.

The Global and Regional Security Environment

By Michael H. Armacost

I was asked to make an initial assessment of developments over the past year that affect the security environment in which our alliance operates. My perspective is that of an American who lives and works a continent away from Washington who does not spend his waking hours trying to keep up with the preoccupations of officials and pundits in the nation's capital. Others can better interpret their mood – for what that is worth.

There is obviously good news and bad on the security front. Let me cite a few developments that I would put in the latter category.

First, America's preoccupation with the Middle East has grown, and there is scant progress to report with respect to the major challenges we confront there. Civil strife in Iraq has increased, and our response – expanded troop strength – is aimed at pacifying Baghdad – a far more modest aim than we once declared. Some retrogression is observable in Afghanistan. Iran has not been deflected from either its hostility toward the U.S. or its quest for nuclear weapons. The Palestinian-Israeli peace process is moribund, and our reputation as an honest broker continues to decline. Little progress is observable in the hope for democratization in the Greater Middle East, though somewhat greater realism about the efficacy of this project is visible in Washington. Antipathy toward the West seems to be intensifying in the Islamic world, though that phenomenon is accompanied by growing rivalry between sectarian Sunni and Shia branches of the faith. It's not a pretty picture, and it means that Washington will continue to be absorbed by events in this region. The nation's capital operates like a kid's soccer game: everyone goes for the ball. These days the ball is in the Middle East.

Second, there has been little progress over the past year in arresting the proliferation of nuclear weapons. Global nonproliferation norms have been challenged by the defiance of Iran, the testing of a nuclear device by North Korea, and by the conclusion of the U.S.-India nuclear agreement. To be sure, the Feb. 13, 2006 six-party agreement might be regarded as progress in the opposite direction. I certainly welcome a serious attempt to put a cap on Pyongyang's plutonium program; that is surely preferable to further drift without any regulation. But the "roll-back" of a program in which a test of a nuclear device has been successful is a tougher challenge than arresting a development effort that has not gotten that far. And if one considers the effort the North has invested in their nuclear activities for more than four decades, it is hard to conclude that Pyongyang will readily dismantle it. It is a political "boon" for the regime, an improved military deterrent, an insurance policy against "regime change" efforts, a source of military advantage vs. the ROK, and a newly confirmed source of diplomatic leverage. What would prompt Kim Jong-il to relinquish this?

Russia has resurfaced as a major player in various regions. It often betrays its resentment at the role we play, as well as its determination to utilize its energy resources, not merely for commercial purposes, but to bolster an enhanced strategic role in the world, including East Asia. On some occasions, moreover, Sino-Russian collaboration appears directed against U.S. interests (e.g., access to military facilities in Central Asia), and complicates our own pursuit of a U.S. strategic aim, i.e., preserving better relations with other great powers that they develop among themselves.

In Asia I would say that nationalism and regionalism are increasingly prominent, and at times complicate the pursuit of American interests there. The first is nurtured by the political emergence of a new generation of leaders seeking to bolster their legitimacy by mobilizing nationalist sentiment. And they are finding that patriotism is often most easily inspired by focusing attention on popular memories of antagonism vis-à-vis their neighbors – a somewhat toxic mix. The second trend is marked by pan-Asian ventures that are supplanting trans-Pacific venues for promoting regional economic cooperation (e.g. ASEAN+3/East Asian Summit). This has left the U.S. in the position of a somewhat passive observer or bystander of regional cooperation. Some may believe that little will come of the Asian search for regional community. I do not share that complacent view.

What, then, is the good news?

First, the world economy has held up remarkably well with Europe, the United States, and Japan growing pretty impressively, even as China, India, Brazil, Turkey, Russia and others do very well indeed (even in the face of sky-rocketing oil prices). With luck, this may continue.

Second, with this seminar in mind, it is noteworthy that the U.S.-Japan alliance appears to be in excellent shape. Over the past year it has continued to evolve in the direction of a more balanced, more global, and more operational alliance. Japan's international role as an off-shore supplier of noncombat, logistic, and other services is creative and helpful, and it threatens no one.

Third, the Taiwan Strait remains tranquil. I would attribute this to four factors: (1) U.S. strategic clarity; (2) China's reliance on enticement rather than threats; (3) the continuing integration of the island and mainland economies; and (4) internal political developments in Taiwan that deprive Chen Shui-bian of a legislative majority with which to test the limits of constitutional change.

Fourth, while Chinese power continues to grow, its defense budget is being augmented in even more robust fashion than usual, and its test destroying a satellite in outer space raised anew questions about its ultimate intentions. Beijing's priorities are still focused on hastening its internal modernization, for which peaceful relations with neighbors and the United States appears to be widely recognized as a necessary prerequisite.

Sino-U.S. relations appear reasonably stable, and Sino-Japanese relations have ostensibly improved with the reestablishment of regular contacts at the top. Washington and Tokyo (not to mention others) face the same challenge – finding the right balance between engagement and hedging strategies. I felt that former U.S. Deputy Secretary of

State and U.S. Trade Representative Robert Zoellick played a salutary role in defining a sensible U.S. approach to Beijing, and I am satisfied that Treasury Secretary Hank Paulsen and Defense Secretary Bob Gates can provide comparably steady leadership. Needless to add, I welcome Prime Minister Abe's role in mending fences with close neighbors, and hope that will not go off the tracks.

Generally speaking, I believe that the U.S.-South Korean relationship remains troubled. In the end, alliances, if they are to be sustained, require a common or at least convergent perception of threats. Unfortunately, official U.S. and South Korean perspectives on North Korea continue to diverge. This notwithstanding, I am impressed by the professional manner in which the base structure and force deployment issues between us have been managed, and by the progress achieved in the bilateral free trade agreement talks. Both these initiatives both serve to buy time, even as we try a new tack in the Six-Party Talks with Pyongyang. I also regard some of the adjustments in our nonproliferation policy to be timely. It is not a concession to the North to hold direct talks with them, or to acknowledge tacitly that "regime change" is not a plausible objective, these are merely accommodations to inescapable realities. What is crucial is coordinating policy more effectively among the five. We are a long way from being out of the woods on that. We will need to be especially attentive to preserving close consultations between Tokyo and Washington during the next phase of the Six-Party Talks, where risks of tactical divergence again loom.

Having suggested that the glass is half full as well as half empty, this is perhaps a good place to stop. My concluding thought would be that Bush administration policy has evolved in a generally helpful direction over the past year or so. The neo-cons are in retreat. Their messianic language has generally been abandoned. We are proceeding to pursue more modest and more realistic aims. Would that we had embarked on these adjustments earlier when the administration had more political capital in the bank.

Japan-China Relations and Other Regional Issues

By Akio Takahara

From the biased viewpoint of a China expert, one of the most significant developments in the region in the past year was the rapprochement between Japan and China at the advent of the Shinzo Abe Cabinet in late September 2006. During Abe's October visit to Beijing, the two sides agreed to strive for the construction of a relationship of mutual benefit based on common strategic interests. There were concessions made on both sides: Abe stopped mentioning whether he would go to the Yasukuni Shrine, whereas Hu Jintao agreed to meet a Japanese leader who did not clearly declare that he would not go to the shrine.

The meetings between Abe and the Chinese leaders were conducted in a cordial atmosphere. Abe told the Chinese that the reason why he had been visiting Yasukuni was to show his respect to those who devoted their lives their motherland and their families, and to pray for eternal peace, and not to praise the class-A war criminals, and that his understanding of history was based on deep remorse about the fact that in the past Japan caused great damage and pain and left scars on the peoples of Asian countries. He also expressed his hope that the Chinese side would duly appreciate the development of Japan in the past 60 years as a peaceful nation. The Chinese side responded by saying that they hoped Japan would continue proceeding down the path of peaceful development, and that they believed Japan would do so.

Roughly speaking, there were two groups of factors that prompted the two sides to work for an improvement in the bilateral relationship. First, there was common interest in the areas of security and economy, which both sides acknowledged, and second, there were internal political factors on each side.

The issues of security and economy are listed specifically in the Joint Press Statement that was published immediately after the series of meetings that Abe had with the Chinese leaders in October. In the realm of security, both sides agreed to speed up the process of negotiation on the East China Sea oil/gas development, to enhance mutual trust through security dialogue and defence exchange, and to promote the six-party process and the denuclearization of the Korean Peninsula.

Regarding economic issues, Japan and China agreed to strengthen mutually beneficial cooperation in the areas of energy, environmental protection, information and communication technology, and the protection of intellectual property rights. According to a survey conducted by the Keidanren in the summer of 2006, China was the country with which Japanese business leaders most wanted an Economic Partnership Agreement. The Chinese side needs access to Japan's advanced technology and experience in energy-saving and environmental protection, which are crucial for China's achieving "scientific development" and "harmonious society."

The second factor in the rapprochement can be found in the internal politics of the two countries. In China, the reason why a "harmonious society" is sought is precisely because reality is far from it. As emphasized by Deng Xiaoping, China requires a peaceful international environment for its development. In August 2006, Hu Jintao called a central work conference on foreign affairs, during which he emphasized the linkage between foreign affairs work and the grand picture of domestic work, and stressed the need for all to follow the policy line and the strategic arrangements presented by the Party center. By firing Chen Liangyu, a protégé of Jiang and party secretary of Shanghai in September, Hu seems to have consolidated the upper hand in foreign-policy making.

On the other hand, public opinion in Japan was increasingly critical of the Koizumi Cabinet about the retrogression in its diplomacy toward Asia. Seizing this opportunity, the opposition parties were ready to criticize the hawkish tendency of Abe at the extraordinary meeting of the Diet called at the end of September. However, Abe outmaneuvered his critics by the blitz tour around China and South Korea. As a politician who became famous for his tough stance toward North Korea, he was also supported by the nuclear test by North Korea, and his Liberal Democratic Party triumphed in the two bi-elections later in October.

Would Abe visit the Yasukuni Shrine? Some say he would. Even a deputy Cabinet secretary says so. Judging from available information, however, a logical conclusion would hold that Abe will not go. First, while the popularity of the Abe Cabinet has declined, the approval rating of its Asian diplomacy remains high – until he made the remark about comfort women. Many Japanese realize that their national economy as well as their enterprise profits have been lifted by China's economic rise. The China threat theory in economic terms has all but died out in Japan. Second, Abe's determination also seems firm. He told Hu in Beijing that how the leaders handle the issues now will define the bilateral relationship in the next 100 years. Surely he knows both sides must compromise in order to handle the issues.

However, public perception could change if there was another anti-Japanese incident in China. Will Chinese leaders be tempted to wield this double-edged sword to keep the nation together and prop up their power? Among the problems that China faces, a major concern is whether the people get enough to eat. The rice bowl can be broken by unemployment or appropriation of land, but there would be no rice in the bowl if there were natural disasters or further environmental degradation, for instance through the excessive use of chemical fertilizers and pesticides.

On the other hand, the rise of China's military might, which is supported by its economic rise, and Japan's gradual lifting of the restrictions on its defense policy, both stimulate a psychological complex and the sense of uncertainty and insecurity about the future that are held by some Japanese and Chinese. Nakagawa Shouichi, a nationalistic politician who vehemently protested Chinese development of gas fields in the East China Sea when he was minister of economy, trade and industry, pointed out the danger of the rapid growth in China's military budget and even mentioned the future possibility of Japan being annexed to China.

The point is that the future image of Japan-China relations remains unclear and is not shared between the two nations. This perhaps constitutes the core cause of the fragility of Japan-China relations. In this context, the planned visits to Japan by the Chinese defense minister and Chinese navy vessels, as well as by Premier Wen Jiabao, are significant steps that hopefully would contribute to cultivating trust and understanding between the two nations. But fundamentally, there has to be an agreement of values and views of history – that is history as a trend that extends into the future.

Common values are an integral part of regional integration, which centers on the relationship between the two giants in the region. The values of the future democratic regional regime should be freedom, equality and fraternity, which are related to the indigenous values of mutual respect, harmony and coexistence.

Besides China, another big issue is the Korean nuclear crisis. On this matter, I would rather leave it to the experts for substantial comments, and limit mine to two points. First, after the July 2006 missile test, China for the first time agreed with a UN Security Council resolution that criticized North Korea. North Korea snubbed China's admonition, and apparently this was largely because China had cooperated with the United States in imposing financial sanctions on North Korea.

Now there is an intense debate within China as to its North Korea policy. Some are harshly critical of the current line, deploring that the initiative has been snatched by the Americans and that North Korea is only looking at the United States now. It is notable that China has started to express its sympathy and understanding about the Japanese abductee issue, which should appeal to the minds of Japanese.

Second, we find it most encouraging that the U.S. is now talking directly with North Korea, but at the same time we cannot but be concerned about the possibility that the United States might tolerate North Korea's possession of nuclear weapons that it has already built. It is no surprise that the perception of the North Korean threat can be different in Tokyo and in Washington, but we certainly do not wish to live with a nuclear Korea as our neighbor. Nuclear deterrence vis-à-vis North Korea could only work if the North Koreans understood it, and acted rationally on that understanding. It is debatable if Kim Jong-il is a rational actor, and perhaps he is most of the time in his own way, but I do not think we are ready to count on his rationality in a desperate situation.

Finally, let me devote a paragraph each to the questions of Taiwan and India/Pakistan.

Taiwan enters its political high season as the 2008 presidential election approaches. The mainlanders are greatly worried that the maverick Chen Shui-bian may play some tricks to achieve, or lead Taiwan closer to, independence before his term expires. Having little leverage within Taiwan, the mainlanders seem to have great hopes on the Americans to contain and restrict Chen. In reality, however, it seems the maverick no longer enjoys much influence over his party, let alone his people.

The troubles of Pakistan and Bangladesh are in stark contrast to the rise of India. The absence of law enforcement and instability in Pakistan's federally administered tribal area, that is the border region with Afghanistan, as well as the rise of Islam and anti-U.S. sentiments in Pakistan, even make the Indians deeply worried. We just heard of a large-scale clash between the Uzbekis and local forces in South Waziristan, in which 135 people have reportedly been killed. Of course, the situation is all the more serious because of the nuclear weapons that Pakistan possesses. There seems to be a rise in anti-Chinese sentiments among the public as well. Who can do what to prevent the collapse of the Musharraf administration and prevent some Taliban-like force from snatching power seems to be a profoundly important issue that requires our utmost attention.

U.S. and Japan Security Strategies: Recent Changes, Future Plans, and Impact on Alliance Management

By Takashi Kawakami

How does the Abe government's national security policy differ from that of its predecessor?

When Sept. 11, 2001 terrorist attacks occurred, then Japanese Prime Minister Koizumi Junichiro decided to dispatch Self-Defense Forces to Afghanistan and Iraq as an ally of the United States. This decision became a turning point for Japan's national security which later was described as an incident that "reawakened Japan'' in the new Nye- Armitage report.

Many people often ask whether there is a difference in Japan's national security policy between Prime Minister Koizumi's administration and Prime Minister Abe's administration. My answer is yes and no. There are policies that have been changed and those that remain the same.

Let me start with policies that did not change. Abe's diplomacy basically follows the footsteps of Koizumi's policy.

First, they both place great importance on the Japan-U.S. alliance and reinforcing bilateral ties. Abe's diplomacy is in line with what Koizumi built with President Bush: the honeymoon era of Japan and the U.S.

Second, Abe and Koizumi both deal with North Korea through "dialogue and deterrence.'' And they both take a hardline stance on Japanese nationals abducted by North Korea. But the Abe administration may be taking a tougher stance on the abduction case than Koizumi because Abe won the LDP presidential election, and thus became prime minister by campaigning as a hardliner on this issue. He cannot compromise on it. If he does, it will weaken his political base.

His stance is reflected in Japan's policy in the Six-Party Talks held in February. During the talks, North Korea agreed to shut down its nuclear facility in exchange for energy assistance. But Japan was persistent in not giving energy assistance directly to North Korea because the abduction issue has not yet been resolved. A friend in the U.S., who is an expert on Japan, said if the decision was in the hands of Koizumi, he would have been more pragmatic. If North Korea comes up with a way to save face for Abe, he will be able to be more cooperative.

Now, let me turn to policies that did change. The most prominent point was that Japan made peace with China and South Korea. Former Prime Minister Koizumi was persistent in visiting Yasukuni Shrine which damaged the relationship with China and South Korea.

In contrast, Prime Minister Abe said in his policy speech that he will “build a strategic and mutual relationship between Japan and China.’’ Right after he made the speech, he visited China on Oct. 8 and South Korea on Oct. 9. It was truly what Chinese Premier Wen Jiabao described as an “ice-melting journey.’’

Second, Abe is being proactive on his diplomacy compared to Koizumi. In his first month as prime minister, Abe visited China and South Korea. In the following month, he visited Vietnam and after that went to Europe, including Britain, Germany, Belgium and France. On Jan. 12, he made a speech at the NATO Council pledging to cooperate with the international organization. It was as if Prime Minister Abe is trying to demonstrate what he said in his policy speech: “Proactive Diplomacy.’’

What is the impact of the creation of the Ministry of Defense in January 2007 and what is intended to be the impact of the creation of a National Security Council (NSC)?

As a key pillar of Abe’s “proactive diplomacy,’’ the government upgraded the Defense Agency to the Defense Ministry (MOD) in January of this year. The government is also trying to pass a law during this Diet session to create a Japanese-version of the National Security Council.

For the first time in the postwar era, Japan will be able to draft a comprehensive national strategy and will be able to build itself into U.S. strategies as well. This will allow Japan to become a true and equal partner of the U.S., not only in the East Asian region but also in the global context.

The new Ministry of Defense was formally launched Jan. 9. At the ceremony marking the upgrading of the former Defense Agency to ministry status, Prime Minister Abe called the move “an end to the postwar regime and a big step and the basis for building a new nation.” Abe further noted that the new ministry “signified Japan’s maturation as a democratic nation and the willingness of Japan and the Japanese people to assume a responsible role in maintaining the peace and stability of the international community.”

The overseas activities of the SDF, such as UN peacekeeping operations, which until now have been described as an “auxiliary mission,” are to be upgraded to “core mission” in order to clarify the SDF’ s desire to participate positively in international peace cooperation activities. The SDF’s overseas activities began with the dispatch of minesweepers to the Persian Gulf in 1991 and since then have included participation in PKOs in Cambodia and stationing in Iraq, and logistical support in the Indian Ocean.

Regarding the upgrading of the SDFs overseas activities to “core mission,” a strong push came from the relieving of the nation’s SDF allergy as a result of its repeated overseas dispatch since the end the Cold War, their dispatch in the wake of natural disasters, and from the increasingly unstable North Korean situation. Discussion of a permanent law for overseas dispatch is likely to grow livelier among the government and ruling parties.

The new Defense Ministry will now be able to directly propose legislation at Cabinet meetings and present budget requests to the Ministry of Finance without going through the Cabinet Office. That means, the MOD will become a policy-making ministry that will play a role in forming national strategies. In this sense, the relationship between MOD and the future National Security Council will be important.

The NSC will become the control tower for Japan's security policies. The Prime Minister's Office bears an increasingly heavy burden as it strives to strike a balance with the Foreign Ministry and the Defense Ministry.

The formation of the NSC is part of Abe's bid to enhance the functions of the prime minister's office. A new "National Security Council" will be more compact and have greater mobility than the current Security Council of Japan, which consists of a large number of Cabinet members. To make swift policy decisions, it is vital to overcome the problems of a vertically segmented administrative system.

The new NSC will discuss government policies and other matters regarding diplomatic and security strategies, as well as responses to armed attacks and other emergencies. The existing Security Council of Japan will be condensed into a smaller council comprising the prime minister and the three ministers. The finance minister was included in the council under an earlier plan, but that post will be excluded in the new organization.

The new council will comprise the prime minister, his chief Cabinet secretary, and the ministers of foreign affairs and defense; this small number of members would accelerate the decision-making process. The special adviser to the prime minister in charge of national security will also attend the meetings. Other related ministers and the chief of staff of the Self-Defense Forces will join on an as-needed basis. Ten to 20 full-time workers, including active SDF personnel and experts from the private sector, will be allocated for the NSC secretariat.

But there are several questions for the NSC. First, is that it is not clear what the relationship will be between the new council and its secretariat and the foreign and defense ministries. Second, is to make swift policy decisions, it is vital to overcome the problems of a vertically segmented administrative system. Yet, the proposals merely say the authority of the Defense Ministry or any related ministry or agency will remain intact. No specific means for coordination are indicated in the proposals. Third, dealing with today's national security issues requires a broad perspective that covers such diverse subjects as energy, the environment, and human rights. But the proposals indicate little consideration for the complexity these interrelated issues present. And while the proposals stress the importance of long-term strategies, the council will obviously lack balance if its sole focus is on military matters. Fourth, and most critical, concerns the caliber of the politicians heading the new National Security Council. They will deal directly with top-level military information, so they must have the ability to see the overall picture and make sound decisions. They also must be able to remain calm during a crisis and must not be clouded by fears or suspicions.

How does Japan view its role and that of the Self Defense Forces in regional and global Security challenges?

As the current Nye-Armitage report mentioned, Japan is a "middle power." If so, it serves Japan's national interest to find a niche for its foreign and security policies. But if Japan chooses to take such a strategy, global commitment will become less of a priority. Thus, it is important for Japan to clearly present its criteria for committing itself to global objectives. Such criteria could include, first, whether it will enhance the relationship with the United States, and second, how it will affect its diplomatic rivalry with China.

The relationship with China is the biggest challenge for Japan. Japan-China relations have aspects of "military threat," "diplomatic rival," and "partner in transnational issues." For each aspect of the relationship, Japan has to have a multi-dimensional approach of "deterrence," "competition," and "cooperation."

Moreover, security issues on the Korean Peninsula and in Southeast Asia are a part of a strategic game that Japan has to play with China. The U.S.-Japan alliance is most effective in the "deterrence" aspect. Therefore, it is important for Japan and the United States to proceed with cooperation in roles, mission and capability based on the agreement under the DPRI.

Furthermore, the U.S.-Japan alliance plays a big role in establishing a regional security framework that is beneficial to Japan and the United States. In this context, U.S.-Japan joint operations such as the ones at the time of the 2004 tsunami relief are crucial. It is also important for both countries to work together to promote "theater-wide security cooperation" and enhance regional cooperation based on U.S.-Japan cooperation.

Based on these perspectives, the Self-Defense Forces needs to expand its scope of operation. Exercise of the right of collective self-defense and/or constitutional revision will be required. Further, Japan will need a global intelligence-gathering capability, and a capacity to develop global strategy. This will force Japan to continue its global commitment with some form of assistance from the United States.

What is the status of and prospects for constitutional reform?

As noted in the INSS Special Report, October 2000, (the first Nye-Armitage report) "Japan's prohibition against collective self-defense is a constraint on alliance cooperation." In order to implement collective self-defense, the doctrine under which an attack on an ally (the U.S.) is considered an attack on Japan. Japan has three options.

One is the revision of the constitution. Regarding this issue, a national voting bill which revises the procedure for the revision of the constitution, is likely to pass the Diet (the House of Representatives) in April or March. So, it looks like the revision of the Constitution is possible. If so, the revision of the Constitution will be realized sooner or latter.

Prime Minister Abe has put constitutional revision on his political agenda. The draft of the new constitution announced by the Liberal Democratic Party in November 2005, which will provide for the basis for debate on constitutional amendments, says Japan will maintain military forces to defend itself. This provision is apparently aimed at removing the various restrictions imposed on the SDF and the government's defense policy in order to allow Japan to possess more "ordinary" military forces.

The second way to implement collective self-defense, which has long been understood to be prohibited by the constitution, is constitutional reinterpretation. But Abe has asserted that the constitution can be reinterpreted to make it permissible.

Given the ongoing integration of the command and control structures of the SDF and U.S. military based in Japan, the foundation for collective self-defense is already in place. This last barrier to a full-fledged military alliance has been further eroded by Japan's deployment of the U.S. missile defense system, which was accelerated after North Korea tested a nuclear weapon last October. But it would be easier to revise the constitution to permit collective self-defense.

What are the key issues in the national debates on Japanese security planning and how might they be resolved?

The New National Defense Program Guideline (NDPG) in 2004 articulates two goals for Japan's security policy and three approaches to achieve these goals.

The goals are a) to prevent any threat from reaching Japan, and, in the event that it does, repel it and minimize any damage, and b) to improve the international security environment so as to reduce the chances that any threat will reach Japan in the first place.

First, the threat from China's military rise and North Korea's threat are the key issues in the national debates on Japanese security.

Regarding the threat of nuclear weapons which might come from North Korea in the future: we hope this doesn't occur, but if it does, Japan will continue to rely on the U.S extended deterrent and will need reassurance. At the same time, Japan will play an active role in the efforts toward disarmament and fighting the proliferation of weapons of mass destruction, such as nuclear weapons and missiles.

As for the stability of international security, Japan has expanded its commitment to global operations, especially for dealing with international terrorism. We still recognize the importance of the "war on terror," even it is not an immediate threat for

Japan compared to the direct threat posed by China and North Korea. In the end, the SDFs main mission are preventing regional threats, PSI (Proliferation Security Initiative), peacekeeping, and post-conflict reconstruction.

In order to achieve Japan's two objectives, three approaches should be combined in an integrated manner; a) Japan's efforts, b) cooperation with alliance partners, c) and cooperation with the international community.

Among the three approaches, the second – cooperation with United States – is the most important. In the end, enhancing the alliance and implementation of DPRI is critical for Japan.

What progress has been made on implementation of the "U.S.-Japan Roadmap for Realignment Implementation" of May 2006? What obstacles exist?

Implementing the DPRI final report has the same significance as the transformation of the U.S.-Japan alliance for the new area. It superseded the next Defense Guidelines. The most epoch-making issues is that DPRI made a Role, Mission and Capability between the two countries.

That means that both the U.S. military and JDF will move still closer if these agendas are implemented. It seems to be a momentum for the transformation of the U.S.-Japan Alliance to a "public common good," which brings peace and stability to the region.

The blueprint shows the way for the new U.S.-Japan alliance. The next question is how to implement "the U.S.-Japan Roadmap for Realignment." Amid implementation of the DPRI, Japan will probably face the problem of collective self-defense and revision to the Constitution. Even if those issues will be solved, Japan will face a different strategic environment.

(1) The government of Japan's coordination with host communities.

Cooperation from host communities (which number 55 – 12 in Tokyo, Hokkando and the other prefectures, 43 communities) is key to the stable and flexible use of U.S. bases in Japan. Without cooperation from host communities, person-to-person cooperation will be jeopardized. Host communities are not necessarily uncooperative, but they were taken by surprise or at least lost face. Local individuals who favored cooperation were put in a difficult position, while those who objected to the plans had an advantage.

Opposition from host communities and Washington's strong will to make the DPRI agreement might spoil the realignment package. Base-to-person cooperation is still the basic characteristic of the U.S.-Japan alliance.

In dealing with the host community in Okinawa, the government of Japan has started consultation meetings with the main host community in Okinawa. In addition, GOJ will prepare a subsidy for the host community to get it to accept the increase in the burden caused by the U.S. force realignment.

(2) Special Realignment Law

In order to arrange subsidies for the host community, the GOJ has to pass a special realignment law. The realignment special law will consist of two pillars. One is for host communities, requesting ¥51 billion for the 2009 budget.

The GOJ subsidy will promote the people's quality of life, enhance local industry, and help deal with Japanese employees working at U.S. bases. The subsidy will be paid proportionate to how much the host community accepts the U.S. force realignment.

If the host community's burden increases a lot as a result of the realignment, the GOJ subsidiary will cover it completely. The subsidy will be 10 percent if the host community accepts the base. Thirty percent will be paid if the community starts environmental assessment facility maintenance. When it makes the necessary alignments, it will be paid the rest of the money.

The other pillar is Japan's payment of $6.09 billion of $10.27 billion cost to move the 8,000 Marines and their 9,000 dependents from Okinawa to Guam. Of that sum, $2.8 billion would be direct cash contributions to jumpstart the move, "recognizing the strong desire of Okinawa residents that such force relocation be realized rapidly," according to the "Roadmap for Realignment Implementation." The rest of Japan's contribution includes $1.5 billion for special investments and $1.79 billion in long-term loans.

(3) Tokyo's ban on collective self-defense?

As bilateral cooperation evolves on a global scale, it is necessary for the SDF to expand its roles, even though the political cost is still high.

The envisaged "basic concepts" of bilateral defense cooperation follows the 1981 "division of roles and missions." Japan takes "defensive" missions and the U.S. "offensive" missions. Such defense cooperation requires strategy coordination, joint planning, intelligence sharing, etc. However, Tokyo's ban on collective self-defense has not been put on the agenda, let alone revision of the constitution. Prim Minister Abe should also consider sharing "offensive" roles, which would reinforce the deterrent of the U.S.-Japan alliance while making it possible for the U.S. to reduce forces in Japan.

(4) will the expansion of Japanese military capability raise concerns among neighboring countries?

If the U.S. and Japan can successfully implement DPRI, the U.S.-Japan alliance capability will expand. That means, the expansion of Japanese military capability would raise concerns among neighboring countries.

Given the 2004 National Defense Program Guidelines, emphasis is now placed on Japan's own efforts to counter "new threats and diverse contingencies such as ballistic missile attacks, attacks by guerrilla and special forces, and invasion of remote islands," as well as on bilateral "efforts to improve the international security environment," such as participation in international peace cooperation activities.

How far is Japan going? Sooner or later, the revision of the constitution will be laid before the Diet. Tokyo should make clear its vision of a "normal country."

(5) Alliance Management

If DPRI is completed, the U.S.-Japan alliance will strengthen. Japan can create a favorable strategic environment if it becomes co-manager of the U.S.-Japan alliance. In order to attain that goal, Japan has to create its own strategy.

As the second largest economy, Japan has to play a responsible role in the international community. With the largest economy, U.S. and Japanese leaders should take the initiative in designing a national strategy and in establishing a system and environment to pursue these strategic goals.

The Changing Political Context in the United States
By Kurt M. Campbell

For those of you who don't follow American domestic policy and foreign policies on a regular basis, it would be difficult for me to underscore how rapidly and how dramatically the domestic context in the United States is changing. It's not only that it has changed, but it is changing and it's being influenced by a number of things that I'm going to go through quickly. We see evidence and significance of these changes on a daily basis. This morning, for instance, there were two pieces of evidence that would support this contention

The first was a story that suggested when he first came into office, the new Secretary of Defense Bob Gates wanted to close Guantanamo, but in a very high level, very contentious meeting, he, Secretary Rice, and National Security Advisor Steve Hadley lost the debate to the president and the vice president. What's significant about this is that until very recently, this administration had almost no leaks, and the amount of internal discipline was really something, not only to behold but to envy. That's now departing and it's departing rapidly. With so many issues, it's going to be a little bit of every man and woman for themselves over the next couple of years. And in that environment, it's very hard to make policies.

Second, just an hour ago, the House of Representatives against long odds passed a resolution that will now go to the Senate that is designed to limit funding for the Iraq war. This is something that I would have not thought possible or indeed wise. But that's where we are. It suggests an emboldened and empowered and an angry new majority that is going to confront the president on a host of issues and is not going to be content simply to criticize. Those are just a couple reiterations or facts that back my overall assessment of what's changing in the U.S. domestic situation and how ultimately this impacts U.S. policy toward Asia and the alliance.

The first thing that is difficult for all of us to fully appreciate and really recognize is the impact of the war in Iraq. You've got a large number of people inside the administration who are focused on it. You've got a much smaller number of American forces and their families that are bearing an unbelievable burden in the formulation and execution of this conflict. Iraq is going to have enormous consequences for the future of American foreign policy in ways that we can't even begin to contemplate. As an initial supporter of this war, it pains to me to say that I think this will probably go down in history as the single most serious mistake in the history of American foreign policy, with just unbelievable consequences for our armed forces, for how the United States conceptualizes its role in the world, how other countries, not Japan, or a few other countries in Asia, but most other countries in the world conceptualize the United States, and how the United States thinks about its mission in the world.

We are only at the very beginning stages of what I would call the "Iraq syndrome," but trust me when I say that it will have much bigger consequences for Japan than we realize. If you look at the 1990s you can think: President Clinton passing Japan on his way to China had enormous consequences; politically in Japan it basically empowered a large group of people who are very critical about an approach that focuses more on China than on Japan. But what we've seen in the most recent context and will likely see in the future is a much larger phenomenon that could be termed "Asia passing." The truth is that the scarcest resource at the top of American foreign policy is the time and intention of our most senior leaders. And so we are going to have very dedicated people at the assistant secretary, deputy assistant secretary level and elsewhere that are focused on Asia.

I asked my research assistant to do a calculation of how many speeches, statements, and opportunities for questions that the president has given on Iraq and how many he has given on Asia as a whole: it's about 1,000 to 1. That should give you a sense of how dominating Iraq has been and will continue to be. And despite the fact that there is a debate among Democrats about when are we going to leave, the truth is most people recognize that this is not something that we are going to be able to wash our hands of. Iraq and the Middle East and the area immediately surrounding Iraq are going to dominate American foreign policy in ways in ways that none of us anticipate – or some anticipated but certainly none of the people who launched this mission anticipated – probably for the next decade.

Second, we are increasingly seeing a very nimble, very effective, very tough White House slip into dysfunction. I recognize that's a harsh assessment, but it's not meant to be. I've worked in White Houses that had enormous troubles. But what we are seeing is a team that has remained largely unchanged for about six or seven years. But for the first six years they operated in a very easy environment: pliant, rubberstamp Congress, very weak, and timid Democrats, and a press that was essentially cowed. All those characteristics are gone and the president and his team need to try and operate in a very different political context and he is not doing that effectively. They are tired. Every new crisis reveals that this is a team that has not really functioned with effective opposition and it is the reverse of the Clinton experience. At the outset, President Clinton had a relatively supportive Democratic majority, but he lost that in 1994. He needed to learn to operate in a situation where people on a daily basis were out to get him and that is essentially what is going to happen now for President Bush and his team. I would not wish this on my worst enemy because we are going to see a number of painful, intrusive investigations, lots of hard questions, lots of subpoenas, and when you work with people who have tried to make a commitment to public service, the toll that takes is great. What we will see over the course of the next couple of months is a lot of people who will give excuses like, "my children are now going into college," or "my backhand is no longer any good, I need to focus on it," to explain why they are leaving government. It is going to be very hard to get things done.

While the White House is unpopular a little bit with Democrats, the area that they are really unpopular is among Republicans on Capitol Hill. There is a real sense of unhappiness about the way the president and his senior team have conducted themselves, in terms of the handling of Secretary Rumsfeld's firing and a whole list of other issues.

There may be on the surface fragile, partisan support from Capitol Hill, but underneath it, there is deep unhappiness and weariness about what's happened to this very strong Republican majority in a very short time.

There are also changes in terms of bureaucratic politics in Washington. On most issues, we have a resurgent State Department. Secretary of State Condoleezza Rice and her team have played a much stronger role. The vice president's team is clearly not as strong with Scooter Libby not around. He chooses his battles carefully, and clearly lost on North Korea. There is a real sense of resurgent realism and Secretary Rice going back to her realist, traditional roots in foreign policy. What's interesting is how many of the neo-conservative hawks have left recently. These guys do not keep their mouths shut and be quiet about how they think things are going. They have been very critical of the president and are most critical on North Korea in ways that are quite surprising. What's interesting is that even though most of these guys were the architects of the Iraq War – and I think history will show that this has not been a very good time for them – there has been remarkably little penalty that any of them have suffered and all the Republicans are cultivating neo-cons to join their campaigns. Don't count these guys out; they are very influential in the Republican Party. And even though they didn't have a very good run, I would argue that they have influenced American foreign policy. The idea that they have somehow been relegated to the sidelines as Secretary MacNamara and his team of disgraced Vietnam hawks were, is absolutely wrong. They are going to be prominent in Republican politics and even though much of what I think they have brought to American politics is divisive and not very effective, they are going to play a role.

We have an angry, largely confident Democratic majority that is struggling to define what it wants to do over the next couple of years and I think on foreign policy we can disaggregate their behavior into two larger goals. The first is going to be investigations, and the breadth of those investigations will be truly something to behold. They will be on Iraq reconstruction, intelligence, questions of Guantanamo, on rendition. Those things are just getting going. What's difficult for many of us to believe is that the Democrats have only been in power for about seven weeks, and look at how much has happened. Imagine this over the next two years. I think it's going to be quite invasive for the executive branch and it will make it difficult to get things done.

The second issue, of course, in larger context is Iraq. Let me start by saying that the overall nature of this debate and what the parties want is changing on a daily basis. If you had asked me a month ago what Democrats on Capitol Hill want and what Republicans want, I would have said if you strip away victory and honor and those things when it comes to Iraq, the Democrats want to avoid blame. Democrats felt they were not part of the process to go to war through either timidity or deciding not to support it, and they do not want to take the blame for what has transpired in Iraq.

For Republicans, the reality is changing much more quickly. Six months ago, Republicans were quietly concerned about the Iraq war, but they were still very supportive of the president. Now if you talk to Republican friends on Capitol Hill, they will tell you they want to avoid almost more than anything else a referendum on Iraq in

2008. They are fearful that another one will lead to devastating setbacks legislatively, and there will be a loss of even more seats than experienced in 2006. That was about three to four weeks, maybe a month ago.

Largely because of enormous pressure from groups like Move On, for Democrats, it's suddenly not enough not to want to have blame. Now there's a real move to try to curtail the conflict or a demonstrable large American effort to fight this war before the election in 2008. This movement is gaining steam in ways that moderates and others are worried about.

Republicans on Capitol Hill believe there is a real chance the Democrats will badly overplay their hands, like in the Gingrich period. So there is on the one hand anxiety about standing too closely to the president on the Iraq war, but on the other hand worry that joining this movement will have very negative consequences.

Expect a lot of very negative politics on Capitol Hill. Its an unhappy, divisive time, very hard to find common ground. I'll give you an example. Steve Hadley is really trying to do outreach to Capitol Hill and a number of people have gone in and had quiet discussions about Iraq and the like. But about two months ago the word went out both to senators and congressmen and people on the outside that this is not the time to be talking to the White House on these issues. It's a real attempt to curtail a late blooming attempt at dialogue. That I would argue is unhelpful. But it suggests that, as Siberians would say, the thinnest ice in American politics is at the center of the lake. The extremes are still dominating American politics and that will likely continue.

So what does this mean for Asia? What's interesting is that Asia policy is increasingly in some ways almost separate from the formulation and execution of foreign policy as a whole. I think that's largely because of this enormous domination of the Middle East. The group that makes Asia policy in the United States is probably no more than about 300 people and it's generally quite small and not terribly influential at this juncture in terms of higher-level U.S. policy making.

I would suggest that there are four larger groups among this establishment in terms of what people believe should be the primary focus of American foreign policy in Asia. Of course no one would ever say, "I'm in this group, and not that group," and if you try to assign people they would get angry. In fact, anyone who is intelligent inhabits more than one group. But if you ask other people about where this or that person resides, they will tell you very clearly. The truth is that these perceptions are valuable in terms of thinking about the formulation and execution of foreign policy.

The first group believes that at the core of American purpose in Asia is developing a workable relationship with China: if you get China right, then you're able to manage a whole host of other problems, such as North Korea. As a corollary, Japan – even though you would not say this explicitly – is a secondary aspect of this larger thing. This is a powerful tradition in American foreign policy. The folks that supported this or have been involved in this sort of general perspective include Kissinger, many in the

Bush 41 administration, maybe Brent Scowcroft, and maybe Robert Zoellick and Sandy Berger.

The second group, which I think most of the people in this room would find ourselves in, believes that really if you want to manage the hard problems in Asia – the rise of China, the spread of fundamentalists, dealing with a nuclear and missile-armed North Korea – then you have to maintain strong alliances. And that means principally have a strong alliance in Japan, and then with South Korea (but things have gone awry), Australia, Singapore, etc. The idea is that through a strong network of bilateral ties you are better able to deal with emerging problems. Rich Armitage will obviously be one of the deans in this group.

The third group is quite different and it argues much more explicitly that China is not the next great market in the United States but China will be the next great enemy of the United States, we are headed inevitably for a contentious relationship with China, and let's gear up for that. These views have most recently been articulated publicly by Vice President Cheney, Dick Rumsfeld, and others. What you see now if you look at the smartest neo-conservatives is that they are like intellectual speculators. They appreciate property that is no longer interesting or property that is interesting. The Middle East is just not that much fun right now. And so, suddenly, elements of the blue team that we haven't heard from in years are suddenly talking more about China, and are more concerned about the rise of China. Look for that as an animating factor and feature of debates in American foreign policy.

The last group is really not Asianist per se; it's a general foreign policy group. They say these alliances and balancing are just so 1970s; it's about the past and not about the future, and we need to completely reconceptualize how we think about Asia. We have to find issues like energy and security, global climate change, combating HIV/AIDS, and think about larger humanitarian problems that can build bridges between the United States, Japan, South Korea, China, and others. We can transcend these very narrow divisive issues and build an architecture that's more welcoming. Strobe Talbott is part of this group. What's interesting about this team or cohort is that they are disconnected from politics in the United States.

I will conclude with some early remarks about how these issues and these groups collide or coincide in the upcoming presidential campaign.

First, this is the earliest start to a presidential campaign in the United States in our history by an order of magnitude, by about a year. We often use metaphors in politics: this is not a marathon because a marathon tests one aspect of your physique and your endurance. This is a much longer race, one of those day-long triathlons. It's going to test every aspect of durability and capabilities for over a long period of time. Get ready for two years of constant discussion about the viability of each of these candidates. It's going to be a brutal Stalingrad-like campaign. It's also the case that none of the candidates or their advisors have an Asia policy. I know that hurts people's feelings, but it is the case. There's some initial thinking about Asia, but not very much. The United

States is so important in Asia in so many ways, and there is such a focus, that the barest utterance or off-hand remark gets enormous attention. But it is not yet a big issue in American politics. There might become more contentious Asian issues, but not yet, and there has been no serious policy development among any of the campaigns. The focus right now is on raising money, building organizations, and differentiating one another within respective fields. And of course we are fighting within parties as opposed to between them in this current context.

So what can we expect in terms of Asia policy in this campaign? The first thing is that the most interesting differences are not between parties but inside them. The biggest debates are within the Republican Party and within the Democratic Party about one topic and that's China. Within the Republican Party, the debate is between those who think we should trade with, engage with, and have a normal relationship with, China, and those who believe that China is the next great threat to the United States. That's going to be a very contentious debate.

Within the Democratic Party it's between those who believe generally in engagement and those who believe that China's real threat to the United States is on the trade front, even though there are some concerns about human rights and democracy. Whole aspects of American commercial capacity are being hollowed out by what is perceived as aggressive trade policies on the part of China. I think Japanese friends can recall a period like this in the 1980s.

Second, trade issues are going to be much more contentious. I don't need to tell any of you about the Democratic Party and the issues that are going to be front and center when it comes to trade. But there is a little noticed aspect of trade on the Republican side, too: I don't think trade is that popular among Republicans either. You see that throughout the south and central part of the United States.

If you look at the period between 2000 and 2006, during which the president had the strongest possible majorities on Capitol Hill and a very clear sense of his agenda, the achievements on trade were very very little. There were a couple of politically significant but not economically significant trade agreements. The dirty little secret is trade is not very popular – it's not popular in the Democratic Party, but it's not very popular within the Republican Party either.

Third, I cannot begin to tell you the anxiety Japanese friends exhibit about the idea of a Democrat in the White House. What's interesting is that when you travel throughout the world – in Europe, Latin America and elsewhere – you get different views: Japan really does stand out in this respect. There's a real concern that China will be at the center of the Democratic foreign policy. And Japan somehow is a satellite that circles around these issues. The only thing that I would say is that most of the candidates that are really the prime contenders in the Democratic Party are not very supportive of China right now. I think that period is gone, and so this concern about a big tilt toward China is unlikely. The bigger concern for Japan is that much of your economic resurgence is not so much about what you have been able to do in terms of resculpting your domestic economy but is the result of taking good advantage of China. As a result you might suffer serious damage if there is a much more contentious trade policy between the United States and China.

Generally speaking, even though there are divisions on Asia, I think there is a general consensus among the Asian policy community that Asia has largely been neglected over the course of the last five to seven years. If you look back at this period in 25 to 30 years and ask what's the most significant development, most Americans would say it's the war on terrorism. That's the issue that animates global politics. It's not clear to me that 20-25 years will be as crystal clear as it is today. It may well be that the rise of China is the most significant development of this period, and I'm not sure we have spent as much time on that as we might. I think it's likely that there will be a greater debate and discussion among all candidates with a desire to spend more time focusing on Asia moving forward.

The last thing I will say, is that there isn't any talk of abandoning Asia. There is a real recognition among both parties that the American role in Asia is extraordinarily important. It's critical going forward, and that is very valuable and quite a contrast to that period immediately after the end of the Cold War. What this means specifically for Japan I'm not sure. If you look at how U.S.-Japan relations had been managed over the past 30 years, I would argue that it looks very much like a "V." The people who really have operated and maintained the U.S.-Japan alliance have been basically at the working level; there are about 20 of them on each side. Even though it's an incredibly important alliance, traditionally it's been a small cohort of people who have managed this extraordinarily complicated and, I would say inherently in some respects, unstable alliance. By unstable, I mean there are lots problems that need tending, lots of work in the garden. But they fall well below the high-level focus and attention. I can remember trying to explain to very senior people about two palm trees in Okinawa that were really critical and we had to include them in the talking points.

President Bush and his team had a revolution here, and this is an area you have to give them credit. These are tremendous achievements and you have for the first time in our history a very tight relationship at the top between the president and prime minister. It is a very heartfelt relationship and as you move down, from the highest levels of government – Rich Armitage, Jim Kelly, Mike Green, Torkel Patterson – you get the sense of very strong alliance management; a little lower in the bureaucracy there is also strong alignment. This period lasted for about five years and it was followed by a year at the beginning of the second term of the Bush administration in which the alliance had very tight relations at the top with Koizumi and Bush. But many of the key players that we know well left government. Now we are in a situation in which there isn't the same chemistry between Abe and Bush. There might be, but I doubt it; it's harder to develop later in the term. And so U.S.-Japan relations are again in a situation in which one group maintains the dynamism and the importance of forward movement. I'm not sure that this is going to be good enough any longer. I think U.S.-Japan relations have ascended to a new level and new significance and it's going to take more high-level attention. So whoever comes to power in 2008, whether Democrat or Republican, my recommendation is that we are going to have to spend much more high-level attention on where those two palm trees go.

Future of the U.S.-Japan Alliance: A Japanese Perspective
By Koji Murata

The U.S.-Japan security alliance has been often referred to be in a “golden era” under President Bush and Prime Minister Koizumi Junichiro.

Without any doubt, strong ties among top leadership are extremely important. Furthermore, both Japan and the United States needed to strengthen their security ties during the Koizumi era. On the Japanese side, North Korea’s military provocations became more and more serious. On the U.S. side, the Bush administration needed support from Japan during the wars on terror and in Iraq.

After the “golden era,” however, the Japanese public seem to feel two types of fear – entrapment and abandonment – at the same time. On the one hand, while Japanese Ground Self-Defense Forces withdrew from Iraq in peace in July 2006, the situation in Iraq is getting worse. The issue of Iranian nuclear development is also serious. The war on terror seems to be endless. On the other hand, North Korea conducted a missile test in July 2006 and nuclear explosion in October 2006. The Chinese diplomatic, economic, and military presence in the world is expanding.

While the U.S.-Japan alliance might still be, as Ambassador Mike Mansfield repeatedly said, “the most bilateral relationship in the world,” we cannot take it for granted. The U.S.-Japan alliance after the “golden era” needs careful tending at the individual, domestic, and strategic level.

At individual level, Prime Minister Abe Shinzo and President Bush must effectively demonstrate their strong ties to their constituencies and to the world, as Koizumi and Bush did. The summit meeting between Abe and Bush in April is extremely important. Ties between the top leaders, and security and regional specialists who understand the importance of the U.S.-Japan alliance in the global and regional context, must be further cultivated both in the United States and Japan. This is an important investment in the future of our alliance. In particular, bipartisan support for the alliance as demonstrated in the two Armitage-Nye reports should be strongly encouraged and carefully developed not only on the American side but also on the Japanese side.

Domestic politics increasingly matters for alliance management. While views on the U.S.-Japan alliance may vary, noises inside the Japanese government that disturb the alliance must be restrained. For its part, the U.S. government must ask the Congress and the public to understand the importance of the U.S.-Japan alliance. Japan’s attractiveness for the United States is not limited to J-Pop. Both Tokyo and Washington must not over-react to political parochialism on the other side. It is especially important in the next two years as there is an election in 2007 in Japan and in 2008 in the United States.

Let me briefly examine three domestic issues related to the U.S.-Japan alliance in Japan.

First, in Japan, a National Security Council is going to be established in 2008. It is a good indication of the centralization of power and information at the top levels of the political leadership. Still, it will take a long time for sharing information and coordination among bureaucracies such as the Ministry of Foreign Affairs, the Ministry of Defense, and the police. In the United States, stimulated by a drastic change in the international environment (the Cold War), the National Security Act of 1947 provided much broader institutional reform including creation of the Central Intelligence Agency (CIA). Nonetheless, it took a long time for the NSC system to work efficiently. The American experiences will be useful lessons, Japan must be patient.

Second, local politics in Okinawa has been a serious concern for the central governments of both Japan and the United States. Tokyo should now take a decisive step for promoting the U.S. military transformation in Japan before the coming July Upper House election. Tokyo should make clear its political accountability to local constituencies, which tended to be insufficient under the Koizumi cabinet.

Third, the so-called kidnapping issue is a deep-rooted problem for Japan. While the success of the Six-Party Talks is welcome in Japan, some of the Japanese public is concerned about possible isolation of Japan in the talks due to the kidnapping issue. It might be a revival situation surrounding the Paris Peace Conference of 1919 over the issue of racial discrimination, which isolated Japan at the conference. When Prime Minister Koizumi paid his first visit to North Korea, the Japanese government seemed to underestimate the strong public strong repercussions. Now, the Japanese government seems to be a captive of this issue. U.S. moral support is essential on this issue, as is Japanese moral support on the Iraq issue. The Japanese government must provide a realistic and step-by-step approach to the issue as no complete solution can be expected on this issue in the near future.

At the strategic level, first of all, the goals of and means for global security issues, regional security issues, and Japan’s territorial defense must be well coordinated between the two governments. Although the Self- Defense Forces (SDF) are a very effective and important tool for Japan’s comprehensive security policy, due to budgetary constraints, including the costs of missile defense, the U.S. military transformation in Japan, and expanding missions over the world, efficiencies and coordination of policies among these three dimensions are essential.

In the case of Middle Eastern security affairs, after the withdrawal of the GSDF from Iraq, the Japanese government must take new visible and effective measures, including economic assistance and proactive diplomacy. Japan’s recent diplomatic effort to stabilize energy supplies in the region is a good example. After the withdrawal of GSDF from Iraq, the activities of the ASDF in the region have already increased 1.6 times.

In the case of North Korea, the most dangerous scenario is a North Korean military provocation that is serious enough to threaten Japan's territorial defense, but not serious enough to put the U.S.-Japan alliance into motion. We have to increase the independent capabilities of the SDF as well as the credibility of the alliance. Japan's going nuclear is, of course, far from the answer for achieving these missions instead, the revision of the interpretation of the right of collective defense first, and the revision of the Constitution second, are more realistic and legitimate answer, even though partial ones.

Second, Tokyo must continuously promote constructive dialogues with Beijing in accordance with Washington's approach that asks Beijing to be a "responsible stakeholder." By so doing, Tokyo and Washington must ask Beijing to achieve transparency of its military goals, and invite Beijing to join various types of multilateral security cooperation in the Asia-Pacific region on functional issues. It is symbolic that the Armitage-Nye report of 2007 mentioned China 123 times but only seven times in 2000.

Third, security cooperation with other democratic countries in the region such as South Korea and Australia should be further promoted. While Japan is not a formal ally of these countries, it shares many security concerns and interests with them. Humanitarian activities, intelligence sharing, and UN peacekeeping pperations will be major subjects of cooperation. The recent joint security declaration between Japan and Australia is a remarkable step in this direction. While a possible change in power in Australia may influence future security cooperation between the two countries, a change in power in South Korea may facilitate security cooperation among South Korea, Japan, and the United States. The Six-Party Talks have the potential to become a multilateral security framework in the region. We have to carefully avoid, however, the talks becoming another Washington Treaty of 1921, which terminated the Anglo-Japanese alliance.

Fourth, both the United States and Japan currently emphasize the importance of values such as freedom and democracy in foreign policy. Ties between the two countries are based on common values as well as common security and economic interests. After experiencing severe anti-globalization protests and the end of the "third wave" of democratization in the 1990s, the two countries "rediscovered" that they shared more than other countries in the region common values such as liberal democracy and market economy. Values-based foreign policy can be, however, a double-edged sword. We have to be sensitive to various expressions of values, and sincerely reflect our own achievement of these values within our societies.

Reinhold Niebuhr, a great American theological scholar, prayed: "O God, give us serenity to accept what cannot be changed, courage to change what should be changed, and wisdom to distinguish the one from the other." Faced with a volatile security environment in the 21st century, both Japan and the United States now are required to have the "serenity," "courage," and "wisdom" needed to get Asia right in the future.

A Future Vision of the Alliance

By Joseph S. Nye

Although our assignment was to look at visions for the future and major challenges for the alliance, I want to look at these issues in a historical context. As we explained in the second Armitage-Nye report, the problem for the U.S.-Japan alliance is to get Asia right through 2020. I've written a little piece in The *Financial Times* saying that the two greatest challenges of the next 15-20 years are going to be how we deal with political Islam and the recovery of Asia. I say the "recovery of Asia" because Asia is essentially going back to the share of world product that it had before the industrial revolution in Europe. If you look back at 1800, Asia was three-fifths of the world's population and three-fifths of world economic product. After the Europeans went through the industrial revolution and the Americans joined them, by 1900 Asia was still three-fifths of the world's population but had slipped to one-fifth of the world's product. Today Asia is above two-fifths of the world's product. What we are going to see in the next half-century is Asia returning to the proportion that it had about 1800. That recovery of Asia has been led by Japan, going back to the Meiji Restoration and Japan's second reinvention of itself after 1945. There has been quite extraordinary Japanese leadership in terms of this "recovery of Asia."

The great focus now is on China, and the rise of China. The point that I would like to make is that you can't deal with the rise of China without putting it into that larger context of the recovery of Asia. You have to think of it in relation to Japan, which is still far ahead of China economically, and you have to think of it in relation to India, which is going through its own major changes.

So if you're thinking about how do we deal with this problem that is sometimes called the rise of China, it's best to see it as part of a much larger issue – the recovery of Asia and where China fits in that.

In the Armitage-Nye report we argue that good relations in 2020 will depend upon a triangle of the U.S., China, and Japan. The key part of that is going to be the U.S.-Japan alliance. We stressed this in the first report and in the second report this is how we see something that Bill Perry used to call preventive defense. The right way to think about defense in a strategic sense is not using your forces when it's too late. You should use your forces and overall capabilities to shape the environment. So the key question is how you shape an environment so that the rise of China becomes positive rather than negative for both the U.S. and Japan. This seems to be the greatest challenge that the U.S.-Japan alliance faces. It also means that in terms of shaping the environment, you've got to put this in that larger context of the recovery of Asia, which means thinking also of India and India's role and broadening that to include Australia and other players to help shape the environment in which this recovery of China occurs.

So the major task that we face in our alliance is to create that context in which China will have incentives to be what Bob Zoellick called a responsible stakeholder.

The other thing that we have to do as we shape this environment to provide incentives to China to behave responsibly is not to overestimate China. The great danger I think is either underestimating or overestimating China. There is something of a breathless nature that you find in articles and magazines and newspapers today: China being 10 feet tall because it has 10 percent economic growth per year. But there are still major problems and limitations on China. For one thing, if you look at China today, China is still only about 1/8 the size of the U.S. economy measured at official exchange rates, which is a much better way to measure than in terms of purchasing power parity when you're comparing power. Even if China keeps growing as it has and the U.S. keeps growing at the same rate that it is now, you're really talking about a U.S. economy in 2020 that will be more than three times larger than China. The danger is if you have excessive fear of China. For example Bill Kristol and Bob Kagan have written that China is to the 21st century what the Kaiser's Germany was to the 20th century: a rising power that creates great instability and creates great conflict. That's actually bad history, because by 1900, 14 years before World War I, Germany had already passed Britain. Yet I've just pointed out that for another two decades, China, if it continues on its current path, will only be about one-third the size of the United States. So we don't want to overestimate the size of China.

When you have too great a fear, your ability to cope with any gain is diminished. You also fall prey to the danger of predictions of conflict growing out of fear becoming the cause of conflict itself. This goes all the way back to the Peloponnesian war, which was sparked by the rise of the power of Athens and the fear it created in Sparta. Fear itself because a cause of the conflict. This could have been managed if the fear had not been so great. So while we have to be mindful of China's rise, we also have to not overestimate.

In addition to these limits on historical analogies, China faces a number of very serious problems. They have raised 400 million people out of poverty but there are another 400 million to go. They have not dealt with the problems of equality or distribution of growth very well. We are seeing a rise in the number of instances of local unrest, whether it's over land or other problems like the bloated populations in the cities. If you look over a longer term like 50 years and compare China and India, you notice that not only is China going to have a demographic problem when India does not, but that China has not solved the problem of political participation as India has. India had the advantage of being born with a constitution that allowed for political participation, so that as a middle class developed there was a mechanism in which they could participate in politics. China hasn't solved that problem and it's not clear how they are going to solve it.

The point I'm making is let's not exaggerate the problem of China's strength but we shouldn't ignore it either. The right way to deal with this is the strategy that has been central to our policy over the last 15 years or so, which is a policy that I might call embrace and hedge. When we reaffirm the U.S.-Japan Security Treaty as the basis stability in East Asia for the 21st century – which goes back to the Clinton/Hashimoto declaration of 1996 – what we are saying is that the U.S. and Japan would offer China participation in the WTO and would integrate China into the international system as long as it behaves responsibly. But we would also hedge our bets so that if China didn't become a responsible player, we would have the U.S.-Japan relationship that would give us each protection against China playing one against the other. If we enhance that by further developing relations with Australia and relations with India (as Japan has begun to do), then we are in fact shaping the environment. That's the hedge that goes along with the integration. So referring back to Kurt Campbell's categories of ways that people can approach Asia, it's not either or, it's not either engage China or balance China, it's both. You want to offer a hand while keeping a hedging policy in case that hand is refused.

I think that policy has served us well for a decade and a half, and that policy is basically in the interest of Japan and the U.S. which is why the U.S.-Japan alliance is going to remain fundamental and strong over a long time. I don't see this as a temporary alliance or something that could be reversed if China becomes more important. Turning from Japan to China or something of that sort doesn't strike me as realistic. I can remember when we were negotiating the beginnings of the reactivation of the U.S.-Japan Security Treaty in the early '90s. Late at night, a Japanese diplomat said to me, "this is all very good, but what's really worrying us is that as China gets more important, you're going to turn away from us and turn to China." He was serious; that was a real worry. I said, "I don't think that's likely. I think you and we are fated to a stable marriage because we both have a common concern." And I think that remains the case, and that's perhaps one of the reasons why we mentioned China over 100 times in the Armitage-Nye report.

The key point here is that there is a profoundly important basis for the U.S.-Japan alliance. It's going to be solid because of the rise of China, but the rise of China is part of this larger process of the recovery of Asia.

So, what do we do with this solid alliance? Rich and I have listed recommendations, a few of which I will name.

We need to coordinate our different approaches to China to develop ways where we reinforce each other to create incentives for China to be a responsible stakeholder.

We need to improve relations with India. The U.S. has done that over the last half dozen years. The Bush administration deserves credit for that. I was in India in January and met with the prime minister and foreign minister, and was interested to see that they were talking about their relations with Japan. That was a very healthy sign.

We have to try to create stability on the margins of the region, which means encouraging continued integration of ASEAN. We need to increase the role of Australia, and I think the new Japan-Australia Security declaration is a very positive step.

We also need to think about the overall institutional framework. Do we try to encourage the Six-Party Talks to evolve into a Northeast Asian security dialogue? Can we do anything to revitalize APEC? Could we get a 2010 APEC summit in Japan to put some steam back into that particular boiler?

These are specific recommendations that we need to do to accomplish or implement that larger vision that I described. But the larger vision is what we should focus on. For all we may agree or disagree on this or that issue, such as how we deal with Korea, the U.S.-Japan alliance remains, as I said 15 years ago, the bedrock for stability in East Asia in the 21st century. As long as we keep that the central future vision of the alliance, then we will be able to deal with other issues as they come up and whatever friction they may create. That's what we are trying to do: manage the rise of China within the context of the larger recovery of Asia and put together the pieces in a way that we have shaped the environment as a preventive way of doing defense. In that context, we offer China incentives to become a responsible stakeholder while remaining or retaining our hedging strategy in case something goes wrong. That is the future vision of the alliance that I would offer.

About the Contributors

Michael H. Armacost is Shorenstein Distinguished Fellow at APARC Stanford University's Institute for International Studies. He served as the fifth president of the Brookings Institution, the oldest U.S. think tank from 1995-2002. He has also served in senior Asian affairs positions in the State and Defense Departments and on the National Security Council. From 1982 to 1984, he was the ambassador to the Philippines and in 1989, he served as ambassador to Japan.

Richard L. Armitage is President of Armitage International, and a former U.S. Deputy Secretary of State. Prior to assuming that post, he was President of Armitage Associates L.C. from May 1993. He has been engaged in a range of worldwide business and public policy endeavors as well as frequent public speaking and writing. Previously, he held senior troubleshooting and negotiating positions in the Departments of State and Defense, and the Congress, including as Assistant Secretary of Defense for International Security Affairs. He is a graduate of the U.S. Naval Academy.

Kurt Campbell is Chief Executive Officer and Co-Founder of the Center for a New American Security. He was formerly senior vice president, Henry A. Kissinger Chair in National Security, and director of the International Security Program at CSIS. Dr. Campbell is also Director of the Aspen Strategy Group. He is a contributing writer to *The New York Times*, a frequent on-air contributor to NPR's *All Things Considered*, and has been a consultant to ABC News. Previously, Dr. Campbell served in several capacities in government, including as deputy assistant secretary of defense for Asia and the Pacific in the Pentagon, director on the National Security Council Staff, deputy special counselor to the president for NAFTA in the White House, and as a White House fellow at the Department of the Treasury.

Brad Glosserman is Executive Director for the Pacific Forum CSIS in Honolulu and a contributing editor to *The Japan Times*, writing extensively on policy issues and international affairs. Previously, Mr. Glosserman was on the editorial board and the assistant to the chairman for the Japan Times concurrently. Mr. Glosserman holds a J.D. from The George Washington University and an M.A. from the School of Advanced International Studies of the Johns Hopkins University, both in Washington, D.C.

Ryozo Kato is Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America. Ambassador Kato graduated from Tokyo University, faculty of law, in 1965, whereupon he entered the Ministry of Foreign Affairs. He has held numerous posts in the Ministry, as director of Security Affairs Division (1981-1984), Treaties Division (1984-1987), General Affairs Division (1990-1992), North American Affairs Bureau (1992-1994) and director-general of the Asian Affairs Bureau (1995-1997) and the Foreign Policy Bureau (1997-1999). Most recently, Ambassador Kato was the deputy minister for Foreign Affairs from 1999-2001.

Takashi Kawakami is a professor in the faculty of International Studies of Takusyoku University specializing in security issues and the U.S.-Japan relationship. After receiving his doctorate from the Osaka School of International Public Policy at Osaka University, he served as a senior research fellow at the National Institute for Defense Studies, Japan Defense Agency. He is the author of Biekokuno tai-Nichi seisaku(America's Japan strategy), U.S. Forward Deployment and U.S.-Japan Alliance, The Collapse and Realignment of International System, The Power Brokers and so on.

Koji Murata is currently Professor of Political Science, Doshisha University, Kyoto, Japan. Prior to his current position, he was Associate Professor of American Studies at Hiroshima University. Professor Murata's specialties include the U.S.-Japan security relationship, Japan's defense policy, and U.S. foreign policy towards East Asia. He is the recipient of many prestigious awards, including the Suntory Academic Prize, the Yoshida Shigeru Award, the Yomiuri Merit Award for New Opinion Leadership, and the Shimizu Hiroshi Award from the Japan Association for American Studies. Professor Murata received his Ph.D. in Political Science from Kobe University and was a Fulbright scholar at the George Washington University, where he earned his M.A. in International Affairs.

Joseph S. Nye, Jr. is Chairman of the Pacific Forum CSIS Board of Governors. Dr. Nye is also the Sultan of Oman Professor of International Relations at the John F. Kennedy School of Government, and Distinguished Service Professor at Harvard University. From 1995-2004, he served as Dean of the Kennedy School. His government posts include Assistant Secretary of Defense for International Security Affairs (1994-1995), Chairman of the National Intelligence Council (1993-1994), and Deputy to the Under Secretary of State for Security Assistance, Science and Technology as well as Chairman of the National Security Council Group on Nonproliferation of Nuclear Weapons (1977-79). He has been awarded the Distinguished Service Medal with an Oak Leaf Cluster, the Intelligence Community's Distinguished Service Medal, and the Department of State's highest commendation, the Distinguished Honor Award.

Akio Takahara is a professor of Chinese Politics at Rikkyo University, Tokyo, and is currently Visiting Fellow at the Fairbank Center for East Asian Research at Harvard University. He received his D.Phil. in 1988 from the Institute of Development Studies at the University of Sussex, and later spent several years as Visiting Scholar at the Consulate General of Japan in Hong Kong and the Japanese Embassy in Beijing. He was a guest researcher of the Asahi Shimbun Asia Network from 1999 to March 2000. He has also taught at the Faculty of Laws, University of Tokyo, and at the Graduate School of Political Science, Waseda University.

APPENDIX A

13th Annual

JAPAN-U.S. SECURITY SEMINAR

Jointly sponsored by
The Japan Institute of International Affairs (JIIA),
the Consulate General of Japan in San Francisco,
and Pacific Forum CSIS

March 22-23, 2007
J.W. Marriott Hotel • San Francisco

AGENDA

Thursday, March 22
Participants arrive; Lunch at leisure

3:00PM **Welcome Remarks** *Bella Vista Room, 21st Floor*
Yukihiro Nikaido, JIIA
Ralph Cossa, Pacific Forum CSIS

3:10 PM **Opening Keynote Address**: Ryozo Kato, Ambassador of Japan to the U.S. (delivered by Masafumi Ishii)

3:30-5:30 PM **Session I: Overview of the Global and Regional Security Environment**
U.S. Presenter: Michael Armacost, Asia Pacific Research Center
Japan Presenter: Akio Takahara, Tokyo University

The opening session explores developments in the regional and global security environment since our last meeting. It is intended to identify priorities for the United States and Japan, within Asia and worldwide, and highlight both shared and divergent concerns. Topics could include issues related to North Korea – its nuclear and missile development programs, as well as the abductee issue – as well as the prospects for the Six-Party Talks in light of North Korea's Oct. 2006 nuclear test; China's growing status and influence within Asia; U.S. and Japanese relations with Taiwan and the cross-Strait relationship; Japan's relations with China and South Korea after the departure of Prime Minister Koizumi; and the role of multilateral institutions in Asia and the challenge posed by regional integration. This overview will set the stage for subsequent discussions of U.S. and Japanese security policies and our individual and bilateral efforts to address these challenges.

5:50 PM Adjourn

6:00 PM **Reception** *Terra Vista Room, 21st Fl.*

6:30- 9:00 PM **Dinner** *Terra Vista Room, 21st Fl.*
Keynote Address: Richard Armitage, President,
Armitage International

Friday. March 23

7:30-9:00AM *Government officials-only breakfast meeting in the Terra Vista Room, 21st Fl.*

8:00-9:00AM *Breakfast Buffet available in conference room Bella Vista Room, 21st Fl.*

9:00-12:15PM **Session II: U.S. and Japan Security Strategies: Recent Changes, Future Plans, and Impact on Alliance Management**

9:00-10:30AM **Session II -Part A: Japan Overview**
Presenter: Takashi Kawakami, Takushoku University

This session focuses on changes in Japan's security policy. How does the Abe government's national security policy differ from that of its predecessor? What is the impact of the creation of the Ministry of Defense in January 2007 and what is intended to be the impact of the creation of a National Security Council? How does Japan view its role and that of the Self Defense Forces in regional and global security challenges? What is the status of and prospects for constitutional reform? What are the key issues in the national debates on Japanese security planning and how might they be resolved? What progress has been made on implementation of the May 2006 "United States-Japan Roadmap for Realignment Implementation"? What obstacles exist?

10:30-10:45AM Break

10:45AM-12:15 PM **Session II - Part B: United States Overview**
Presenter: Kurt Campbell, Center for a New American Security

This session examines U.S. security strategy in the last two years of the Bush administration. How can we characterize U.S. foreign and security policy and its national security strategy? What impact has the "New Triad" policy made on the global and regional security environment? What is the impact of the November 2006 mid-term election and the departure of Defense Secretary Rumsfeld on U.S. policy? Does divided government have an impact on the U.S.-Japan security alliance? What is the impact of Iraq? What progress has been made in implementing the May 2006 Roadmap? How does the force posture realignment in the Asia-Pacific region, especially in South Korea and Guam, affect the U.S.-Japan alliance and basing issues?

12:30-2:15 PM Lunch *Terra Vista Room, 21st Fl.*

2:30-4:30PM **Session III: Future Visions of the Alliance**
Japan Presenter: Koji Murata, Doshisha University
U.S. Presenter: Joseph Nye, Harvard University

How do the U.S. and Japan see their alliance evolving? What are key factors shaping cooperation and how can current levels of cooperation be sustained? What do the U.S. and Japan expect of each other? What future challenges affect the alliance? What are the political/security-related areas in which future cooperation will be most important? How do the Six-Party Talks and regional security architectures fit into the alliance? Is more cooperation with South Korea desirable? If so, what can be done to facilitate such cooperation? How can the U.S. and Japan work together to encourage China to become a more responsible stakeholder? What will be the impact of the development of missile defense? Do we have a common vision regarding future security challenges and preferred responses? How can multilateral mechanisms and initiatives, including Japan-U.S.-Australia trilateral cooperation, enhance future bilateral cooperation?

3:30-3:45PM Break

3:45-4:30PM Session III resumes

4:30-5:00PM **Session IV: Conclusions and Wrap Up**

This session provides participants an opportunity to make overall observations or to focus further on specific issues. The chairs will make concluding remarks.

5:50PM Bus departs for Consul General's residence
(meet at lower lobby – street level)

6:30-9:00PM Dinner at Consul General Yamanaka's residence

APPENDIX B

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Shorenstein Distinguished Fellow
Asia Pacific Research Center
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Ambassador Richard L. Armitage
President, Armitage International

Dr. James E. Auer
Director, Center for U.S.-Japan Studies and Cooperation, Vanderbilt Institute for Public Policy Studies

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