A Year of Surprises: The 17th Japan-US Security Seminar

A Conference Report

Brad Glosserman
Rapporteur

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Japan Institute of International Affairs

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The views expressed here do not necessarily represent the views of the US 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 pleased and honored to again co-host the 17th annual Japan-US Security Seminar on March 25-26, 2011. This year's seminar convened under trying circumstances. Our meeting was just weeks after the triple catastrophe of March 11, 2011 – now known as 3/11 – and for a while it wasn't even certain if we would convene. The sponsors and participants recognized, however, that it was more important than ever, in the wake of this disaster, that supporters of the alliance meet as planned and try to assess the impact of this event and its impact on our bilateral relationship. Indeed, while there were (and remain) concerns about the long-term impact of that horrific day, participants felt that March 11 offered our two nations a chance to validate our alliance and that the participants rose to the challenge. Much of the credit goes to the courage, resilience and determination of the Japanese people, but there is no mistaking the extraordinary efforts by both our countries to overcome the difficulties that followed. The response to 3/11 validated for our participants the value of our alliance. The joint response confirmed the strength and durability of the two nations' commitment to each other.

Nonetheless, real challenges lie ahead for our two countries. The security environment is increasingly fraught, with Chinese and North Korean behavior raising questions about commitment to the existing regional order. There will be elections throughout the Asia Pacific region in 2012, and while vibrant democracy is always to be applauded, the democratic process can be distracting. The events of the last 12 months provide ample proof of the need for concerted leadership in Tokyo and Washington; our leaders and officials must stay focused. Indeed, the most important takeaway from our discussions was the need for real leadership in each country to deal with domestic and international challenges. Unfortunately, the means to do that have been diminished as both countries grapple with increasingly straitened economic circumstances.

Our annual meetings have helped government officials in both countries gain a greater appreciation of the changes and challenges – and the opportunities for cooperation – that exist. This year, the need to deal with the events of 3/11 prevented most officials from the two countries from joining us. That was a mixed blessing: while we benefit from the insights of individuals on the front lines of alliance management, their absence allowed us to ask even harder questions about the future of our alliance.

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 would also like to thank Japan's Ministry of Foreign Affairs and The Japanese Consulate in San Francisco for their generous support for this project.

Yoshiji Nogami
President
Japan Institute of International Affairs

Ralph A. Cossa
President
Pacific Forum CSIS

17th Japan-US Security Seminar - Key Findings

On March 25-26, 2011, the Pacific Forum CSIS, in cooperation with the Japan Institute of International Affairs and the Consulate of Japan in San Francisco, held the 17th annual Japan-US Security Seminar. The March 11 earthquake/tsunami and resultant nuclear crisis dominated discussions; dealing with the aftermath also meant that government officials from both countries were largely unable to attend the meeting.

The meeting began with a moment of silence. US participants applauded the courage, resilience and determination of the Japanese people and Japanese participants expressed deep appreciation for the extensive disaster relief efforts provided by the US government and military forces. The increased goodwill and "soft power" generated by the US response is not likely to make a long-term solution to US basing challenges any easier, however. A US effort to press forward on the Futenma Replace Facility (FRF) issue could be interpreted as an attempt to "exploit" the current crisis and prove counterproductive. Most participants agreed that the less said or done (regarding FRF) the better.

Other key findings from our discussion include:

While the economic damage from the March 11 catastrophes is huge in absolute terms, it is limited relative to the size of the Japanese economy. Japan will recover from this tragedy, perhaps with more confidence than before. The psychological shock to the nation could have a more substantial, long-lasting effect. The impact on Japanese efforts, and those of other Asian nations, to expand nuclear energy production is difficult to assess but could be significant.

Serious concern was expressed about the ability of Japan's political leadership – both within the Kan administration and among opposition groups – to "create opportunity out of this crisis." Leadership is the key, but there is no indication from where such leadership would come.

There was concern that the earthquake will reinforce Japan's inward focus and its tendency to disengage from the wider world as it concentrates on rebuilding. It will drain resources – human and financial – that could be devoted to other objectives. Many believe that recovery efforts will compound alliance difficulties as bureaucrats are distracted, funds are redirected, and public and politicians lose interest.

Even before the March 11 disaster, resource constraints were a growing fact of life in both countries. Both countries – indeed, all US allies – face straitened economic circumstances and will have to adjust security and assistance planning accordingly. Ambitious visions are unlikely to be realized.

This increases the need for greater cooperation in such fields as security and developmental assistance, not just between Japan and the US but with other allies such as Korea and Australia as well.

Greater cooperation and coordination between Tokyo and Washington would also help make multilateral forums such as APEC, the ARF, and EAS more effective.

The Trans-Pacific Partnership is seen as an important way to revitalize multilateralism and transform the process of regional economic integration. Japan's commitment to the TPP is uncertain; some participants urged Tokyo to embrace it. Some question the US commitment to the TPP.

While most Japanese believe they need a positive relationship with China, views of the PRC have turned down sharply since the September 2010 incident over the Senkaku Islands. This was "a Sputnik moment," given its impact on views of China and national security. The incident is part of larger pattern of PRC assertiveness that has alienated nations throughout Asia.

There is widespread belief that North Korea will not give up its nuclear capabilities. Recent events (Libya) have likely hardened Pyongyang's belief in the need for those weapons. While there is new spirit of trilateral cooperation among the US, Japan, and the ROK, there is concern that the ROK's policy of 'proactive deterrence' could be destabilizing.

The response to the quake has promoted a positive image of the SDF and the US alliance among the Japanese public. However noted, this positive perception will not change problems hampering implementation of the road map for US force realignment. Many participants were prepared to declare the FRF "dead," but most cautioned against making such pronouncements, warning they would undercut the credibility of alliance managers.

For all the problems that plague the alliance, it is in much better shape than it was a year ago. While a growing majority of Japanese value the alliance, there is no consensus on its current and future role. There must be outreach to the public and to other elites who may not share the views of traditional alliance handlers, to forge a national consensus on Japan's international role and that of the alliance.

There is concern in Japan that the reduced reliance on nuclear weapons in US national security strategy (as outlined in the Nuclear Posture Review) and the AirSea Battle doctrine may weaken deterrence and could presage US disengagement from the region.

There is tension between Japan's increasingly inward focus and the call by the US and others for the country to take a broader security role. Budget pressures will increase the tension. Japan must identify security priorities and implement them.

A joint Japan-US Vision Statement is overdue and was conspicuously absent during last year's 50th anniversary of the alliance. (Pacific Forum Young Leaders from Japan and the US, as part of the Sasakawa Peace Foundation Fellows program, have prepared a suggested Joint Vision Statement, which is included as Appendix C.)

Conference Summary

Brad Glosserman, Rapporteur

Planning for the 17th Japan-US Security Seminar anticipated that discussions would focus on the roller-coaster ride of 2010. A year that was planned to celebrate the 50th anniversary of the Japan-US security alliance was instead a year of high drama, the product of internal events – a difficult political transition in Tokyo – as well as challenges and shocks triggered by the behavior of neighboring countries. Then, just two weeks before our meeting, a magnitude 9.0 earthquake unleashed a huge tsunami and a nuclear crisis that shook Japan to its core. External developments were eclipsed by the monumental task of coping with this triple catastrophe and rebuilding Japan's Tohoku region. Not surprisingly, discussions in San Francisco focused on Japan's response to the extraordinary events of March 11 and their impact on the country and the alliance. Preliminary conclusions are mixed: while there is no doubt that Japan will recover and rebuild, and there was widespread applause for the courage and determination of the Japanese people in facing this triple catastrophe, there are concerns that a lack of effective leadership and vision will deprive Japan of the opportunity to turn this tragedy to its advantage. Meanwhile, the Asian regional security environment continues to evolve; Japan and the United States must not be distracted as they prepare for and respond to the new challenges that evolution creates.

In San Francisco, more than three dozen experts, analysts, and current and former government officials from the two countries met to assess the state of the alliance in the aftermath of "3/11." Understandably, most government officials from each country were unable to join the discussions as they were needed in their offices to help mitigate the impact of the tragedy. Their absence fundamentally changed this year's security seminar: the insight provided by government officials has helped make the meeting an accurate assessment of the real state of the alliance and a valuable predictor of the course of the bilateral relationship. The 40-something participants were joined by a dozen Pacific Forum CSIS Young Leaders, who provided a next-generation perspective on problems and issues that the two countries face. They also drafted a Joint Vision Statement (attached as Appendix C) for the two governments to consider as a model at their next Security Consultative Committee meeting.

A Region in Flux

Our meeting began with a moment of silence for the victims of the March 11 earthquake and tsunami. We then turned to perspectives on the security environment. Jim Kelly (*Pacific Forum CSIS*) outlined US views, noting that while there is little genuinely new for security planners to address, trends and trajectories are disturbing (in every sense of the word). The US remains enmeshed in several ground conflicts and the country and its military are growing more exhausted as they drag on. An ever-present isolationist impulse, while still small, is nevertheless growing. This sentiment is encouraged by growing discontent over the US fiscal situation and the perceived need to drastically reduce government expenditure. Tough decisions are made more difficult by a poisonous political environment that has reduced most issues to zero-sum calculations; for many politicians

"no solution" is preferred to a compromise. In such circumstances, governing is extremely difficult.

Japan grapples with many of the same difficulties: its fiscal situation is troubling, even if almost all its debt is held by Japanese. As in Washington, the Tokyo government faces stout opposition that seems little inclined to work toward solutions to pressing national problems.

The alliance has rebounded from the lows of 2010, and appears to be moving forward. Unfortunately, the most difficult issues remain unresolved. Most conspicuously, the roadmap for the realignment of forces, agreed in 2006, has not been implemented. The most contentious issue, relocation of the Futenma Air Station remains unrealized with little hope for a solution. Also disturbing is the continuing failure of Japan and the US to reach agreement on a shared trade policy. (Some would say that bilateral agreement is difficult when neither government can develop its own trade policy.) The US is urging Japan to join the Trans-Pacific Partnership (TPP); Tokyo has not decided if it is prepared to get on board.

Ironically, the alliance has been aided by the missteps of other regional governments. Kelly believes that Chinese actions over the last 12 months have managed to antagonize a government in Tokyo that is more inclined toward China than any in Japan's modern history. Beijing's belligerent diplomacy in the South China Sea, its aggressive military modernization program, its unflinching support for North Korea, and its bare-knuckle, ham-fisted diplomacy over the disputed Senkaku islands have alarmed many Japanese. As favorable feelings toward China descend to record lows, support for the alliance is reaching new highs. There are multiple explanations for Chinese behavior, but one compelling factor is the prospect of domestic instability and the resultant need for the government to appear unbending when dealing with foreign governments. This insulates its right flank and provides a nationalist outlet for domestic tensions. Unfortunately, it also ratchets up regional concerns.

Russia, a fading power because of economic mismanagement and an appalling demographic profile, still managed to alarm Japanese with its great power nostalgia. President Dmitri Medvedev's visit to the contested Northern Territories may have been driven by domestic political imperatives but it was still a poke in the eye and a reminder that Moscow can threaten Japanese national interests.

The most disturbing development of 2010 was North Korea's aggression. Pyongyang committed two virtual acts of war in 2010, sinking the ROK Navy corvette *Cheonan* in March, killing 47 sailors, and then shelling Yeonpyeong Island in November, which resulted in four deaths, including two civilians. Most troubling is the prospect of North Korea believing that its nuclear weapons give it license to intimidate its neighbors. A belligerent North Korea that is broke, unable to feed its own people, and struggling to secure the legitimacy of its regime amidst multiple failures is a potentially dangerous state. South Korea's reluctance to give in to North Korean blackmail has only stimulated Pyongyang to step up its provocations.

Finally, Kelly noted that global governance continues to be problematic. While the G20 appears more legitimate than the G8 as a steward of the global economy, the very thing that makes it more representative – its size – makes it even harder for the group to reach consensus and take action. The East Asia Summit will attempt to provide a veneer of regional leadership when it meets in its expanded form in 2011 (Russia and the US will be at the table) but there are few hopes that it will do more than provide a forum for the airing of views.

Japan and the US must address these issues as individual nations and as an alliance. That task has become harder in the aftermath of March 11. Japan has been struck on a variety of levels and it isn't clear what resources an already constrained state will have to devote to new challenges.

Takahara Akio (*Tokyo University*) began by assessing the impact of the earthquake, the biggest and longest in Japanese history. His figures suggested direct damage of ¥16-25 trillion, considerably more than the ¥10 trillion damage sustained in the 1995 Kobe earthquake. While that will immediately manifest in an economic contraction of .05 to 1 percent in the first half of the year, it is predicted that rebuilding will provide a boost in the second half. More significant is the psychic impact; Japanese people are questioning their faith in science and technology, along with the government's capacity to respond in crises. The role of nuclear energy, a pillar of Japanese energy security policy, is under review.

A China specialist, Takahara focused on the impact of the earthquake on relations with China. Noting that 2010 was "an annus horribilis" for Chinese diplomacy, he echoed Kelly's remarks about China, in particular concerns about the increasing profile of its military (both in politics and in the region) and the growing assertiveness of its foreign policy. He too blamed rising dissatisfaction and anxiety in Chinese society but he also highlighted increasing confidence among Chinese, an outcome of the belief that they had best weathered the 2007-08 economic crisis. This provides fertile ground for nationalism – and a powerful reaction by most of China's neighbors.

He noted links between China and North Korea, suggesting that Beijing had decided to strengthen its support for the ailing neighbor from a geopolitical standpoint. Takahara flagged the presence of top public security officials at the head of two Chinese delegations to North Korea, suggesting that stability concerns dominate Chinese thinking about their neighbor.

There was little dissent to these assessments of the regional security environment. All participants agreed that the Chinese are feeling cocky, a view that is rooted, suggested one US participant, in the conviction that their system is better, they weathered the crisis with less difficulty, and the regional balance of power is shifting in their favor. A second US participant concurred, noting that the arrogant nature of Chinese diplomacy has accomplished more for the US and its allies than 50 years of US diplomacy: "it's the gift that keeps on giving."

There was little hope that North Korean behavior would moderate. Several participants concluded that recent events had reinforced Pyongyang's grip on its nuclear arsenal. The NATO intervention in Libya was likely to confirm the view of the North Korean leadership that only nuclear weapons can deter Western intervention against regimes they deem unsavory. One US participant anticipated that Pyongyang's demands were likely to increase. Bilateral talks with Washington would no longer be just about the US alliance with Seoul; instead, North Korean negotiators will now take aim at all US alliances in the region, arguing the extended deterrent makes them insecure and its elimination is a necessary precondition for North Korean denuclearization.

There was shared concern that multilateralism may suffer in the coming year. While there has been progress with the launch of the EAS and the ASEAN Defense Ministers Meeting Plus (ADMM+, which can serve as a regional defense officials' forum) and the consolidation of APEC, participants cautioned against inflated expectations. One US speaker anticipated a growing resource crunch as governments tackle their deficits and look for savings. Asia's growth is encouraging funders to put scarce funds elsewhere, arguing that the world's most dynamic region can take care of itself.

This sparked one of the more dire warnings in the discussion: that the financial crisis has transformed Western thinking about governance. Persistently high unemployment poses a fundamental challenge to the legitimacy of Western governments, undermining not only their capacity to act, but their will to do so. Every member of the US alliance system faces real economic difficulties; each has to face new economic and social challenges (a related process) with fewer resources. Governments are distracted, yet demands for action are increasing: witness the outcry over Libya. Every government has to get its own house in order, but there is little margin for error in the event of a new or unexpected crisis.

The March 11 triple crisis was just such a development. Our participants were not optimistic about Japan's prospects in the aftermath of the catastrophe. All agreed that Japan would surmount this disaster and would rebuild the affected areas even better than they were before that tragic date. But there was a distinctly national reaction to the disaster. US participants embraced Rahm Emmanuel's dictum "to let no serious crisis go to waste." They saw the crisis as an opportunity to bring about real change in Japan.

In contrast, Japanese warned against exploiting the tragedy on behalf of a political agenda. Yes, the high visibility of the Self-Defense Forces in responding to the disaster would help improve its image in a society that has traditionally looked down on the military and been slow to acknowledge its positive contributions. And yes, *Operation Tomodachi* demonstrated once again the strength of the Japan-US alliance and the US commitment to helping its partner and ally in its time of need.

But this would make no difference in surmounting obstacles to implementation of the 2006 roadmap to realign US Forces in Japan. In fact, the triple crisis would likely make it more difficult, as bureaucracies would be focused elsewhere and funds diverted to new domestic priorities. One Japanese participant argued that rather than making the case for

US forces, Okinawans resent the fact that forces from there have been deployed to provide humanitarian assistance and disaster relief elsewhere in Japan. Most significantly, Japanese participants argued that anything that looked like an attempt to exploit this tragedy for policy purposes – to put the crisis to good use – would further erode the legitimacy of those who tried to do it, increase public cynicism, and make positive change even more difficult.

Other Japanese participants worried that the real problem is a lack of leadership which will prevent their country from seizing the moment. Not only does the current government have difficulty governing, but there is no clear vision. In the memorable phrase of one participant, "it lacks the vocabulary to define a new nation." Several participants warned that the national unity felt in the aftermath of the quake would quickly dissipate. (A US participant commiserated, noting this is not a solely Japanese phenomenon: he argued that in both Washington and Tokyo, opposition party's oppose the government's success on principle, no matter what the issue.)

The Alliance, East Asian Multilateral Security, and Economic Cooperation

Our second session focused on developments at the multilateral level: how regional architecture was evolving and its impact on the alliance. T.J. Pempel (*UC Berkeley*) provided an overview that explored the evolution of US and Japanese policy since the end of World War II. Throughout most of that period, security and economic concerns were distinct arenas, but integrated within a single policy framework: the US focused on security concerns and Japan devoted its energies to economic development. At the end of the Cold War, changes occurred among economic relations as a more regional approach emerged but security policy continued to be based primarily on bilateral agreements.

Regionalism had the benefit of engaging China, but there was fear of Chinese domination of regional institutions, especially when the Japanese economy was stagnant and in danger of eclipse. For its part, the US has been playing catch-up when it comes to multilateralism. Rightly or wrongly, the George W. Bush administration was perceived as being opposed to multilateral institutions and more recent attempts to engage have been hampered by a sense that Washington's attention is episodic, fleeting, and that the US sees Asian institutions as a way to maximize its leverage at minimal cost. The political and economic difficulties identified in the first session undercut US credibility here.

For Pempel, the key issues for Japan and the US are whether they can integrate their security and economic policies in a single national strategy, and whether they can devise a systematic way to think about multilateral engagement and then implement that approach. For Japan, that means looking hard at its agricultural sector and deciding whether the weight it has traditionally been afforded in domestic political calculations continues to serve the national interest.

Inomata Hiroshi (*Consul General of Japan, San Francisco*) focused on current developments. He pointed out the proliferation of Asia-based multilateral frameworks – ASEAN Plus Three, the East Asian Summit, the ASEAN Regional Forum, the Asia Pacific

Economic Cooperation, the Asia Europe Meeting, and the Shanghai Cooperation Organization – along with business networks and free trade agreements, has created a multilayered regional architecture. He believes that such integration, even though predominately focused on economic issues, has strengthened regional security and stability.

Inomata pointed out that there are worries among ASEAN members about growing Chinese weight and influence in the region and in these institutions more specifically. The inclusion of the US in the EAS is seen as an especially valuable counterweight to China and a helpful reminder of the importance of supporting Asia Pacific, rather than purely, East Asian, institutions.

Our discussion dove into one of the most contentious Asia-Pacific mechanisms, the Trans Pacific Partnership. Most participants saw the TPP as a way to nudge the faltering APEC process, reinvigorate US leadership on trade policy, and ensure that "Asia Pacific" remains the working frame for regional thinking, rather than "East Asia." The TPP would set a "gold standard" for trade agreements and push a model of economic integration that would move China off the center. While Americans see Japanese membership in the TPP as the next step in the evolution of that effort – Prime Minister Kan has promised a decision by the summer – some Japanese questioned the US commitment to TPP. Americans insisted that the commitment was genuine and that progress would be forthcoming; still, several Japanese participants wondered if the commitment would outlast the current US administration.

In contrast to the high hopes for the TPP was the listlessness surrounding discussion of APEC. Most participants saw the forum as being on its last legs; if the "trifecta" of Singapore, Japan, and the US serving as consecutive hosts couldn't reinvigorate the forum, then expectations are likely to further fade, especially with Russia as the 2012 host in Vladivostok.

Of course, any mechanism for regional integration must counter the reluctance of member nations to cede any sovereignty to multilateral institutions. Typically, that criticism is leveled against "toothless" ASEAN institutions, but in truth the tendency to safeguard national prerogatives is widely shared. One participant urged the group to consider Asian integration as a means to constrain China by embedding it in a thick weave of regional commitments. Another participant reminded the group that such a strategy will only be effective if Japan and the US are prepared to be similarly "constrained."

Several participants noted – and bemoaned – the lack of coordination between Japan and the US in those multilateral forums. The East Asian Summit is a particularly auspicious place for bilateral coordination, given the premium that the two countries put on direct contact between their top leaders. Thus far there has been little coordination between the two governments when the key bureaucracy isn't the North American Affairs Bureau of the Foreign Ministry. Several years ago in this meeting, a Japanese participant pointed out that many parts of the Foreign Ministry are not enthusiastic about working with the US when they don't have to. (A US official countered that the attitude in the State Department

was exactly the opposite: the Japan desk was inundated with requests from other bureaus to work with Japan.) That attitude severely limits opportunities to leverage the alliance. It should be fixed.

Domestic Politics and the Security Alliance

We then turned to domestic politics and its impact on the alliance. As at previous conferences, we asked a Japanese speaker to assess the situation in Washington and an American to explain developments in Tokyo. Nakayama Toshihiro (*Aoyama Gakuin University*) set the pace with an incisive explication of US politics. According to Nakayama, although the political pendulum clearly swung right in 2010, the midterm elections were not a structural shift as some have argued. Rather, independents have drifted between parties as their dissatisfaction with the ruling party mounted. Thus, for him, the GOP victory in the 2010 midterm elections reflected a desire to restore balance in Washington after the Democratic landslide in 2008 gave that party control of Congress and the White House. At the same time, the Tea Party has emerged as a passionate, and often incoherent, movement, demanding a roll back of newly passed federal initiatives. The two phenomena have pushed President Obama to the center – Nakayama credited him with moving quickly (in contrast to President Bill Clinton, who took a year to make a similar shift after the "shellacking" of 1994).

What isn't clear is the impact of these developments on foreign policy. There is even less coherence to Tea Party and independent voter thinking on this topic. Nakayama expected a more inward-looking approach in general, which was evident in Obama's State of the Union address. Fiscal constraints will reinforce that tendency.

This inward focus is self-indulgence: foreign policy concerns will persist. For all the claims of being "back in Asia," Nakayama argued that the US is reacting to events in the region rather than anticipating them. He sees the uncertainties surrounding China's rise as continuing to dominate US policy toward the region and observed that, from Japan, Chinese President Hu Jintao's January 2011 visit to Washington looked a lot like US acceptance of a shift in the regional balance of power and a readiness to accept China as it is, rather than reshape it to fit US and regional preferences.

At the same time, Nakayama argued that Japanese perceptions of how the US perceives Japan are worrisome. Many Japanese increasingly see Japan-US relations and US-China relations in a zero-sum fashion. As a result of "China's rise" and the "rise of the rest" in Asia, Japan no longer appears to be first among equals and is instead one of many US tools to deal with Asia. He noted that this perception probably reflects more the loss of confidence on the part of Japanese rather than the actual perception of Japan in the US. The loss of confidence may increase the inward-looking tendency on this side of the Pacific as well, he added.

Nakayama worried that the triple catastrophe of 3/11 will limit Japan's ability to contribute to the alliance and its international contribution more generally. While the Japan-US alliance has recovered from the lows it suffered a year ago – thank the Chinese

for reminding both countries of the importance of their partnership – Nakayama counseled that it would be wise to manage expectations for the time being.

In his assessment of developments in Tokyo, Michael Auslin (*American Enterprise Institute*) began with the impact of the earthquake. While it was too early only two weeks after 3/11 to fully appreciate the impact of the tragedy, Auslin believes the earthquake will shape Japan's domestic politics for a half decade or more. He too identified factors that constrain Japan's ability to respond, in particular the government's low approval rating, its straitened financial circumstances, and the divisions within the Democratic Party of Japan (DPJ) that prevent it from governing effectively. Auslin noted that Japanese companies have the money to finance recovery, but it isn't clear to what degree politics will intrude on recovery efforts and prevent planning from being based on economic rationality rather than political factors.

Still, for Auslin the tragedy appears to be reinforcing the alliance. The two governments are working closely together, building trust and goodwill. Institutional and personal relationships are being built and a younger generation of Japanese politicians appears to be using this crisis to demonstrate its own capacity to lead.

One observer noted a grim similarity between the situations in the two capitals. Both countries lack a political center of gravity and as a result both governments have difficulty establishing long-term policies. Future prospects are being eroded by growing economic inequality, a corrosive partisanship that targets the legitimacy of the political class, and a lack of faith in regulatory mechanisms. Corporations are recovering but individual situations remain unstable. Discontent is mounting.

There are promising signs on the horizon, however. The DPJ performance is improving, even though the public seems increasingly disaffected, as the results of recent elections indicate. While relations are not as smooth as they were during the reign of the Liberal Democratic Party, frictions between politicians and bureaucrats are decreasing and the government is learning how to govern. Another Japanese participant argued that the triple tragedy of 3/11 has united the nation.

Pessimism seemed to prevail, however. Participants wondered whether there is any leader who can provide a vision to sustain national unity; politicians in Tokyo are already sniping at each other and playing for advantage. Worse, as one Japanese speaker explained, the polarization in Japan is based on relatively trivial issues and distinctions. Yet, ironically, those differences continue to prevent Japan from writing a vision statement for the alliance like the Nye-Armitage report.

Once again, the future of the Futenma Replacement Facility was a key element of discussions. Our group was deeply divided on the fate of the FRF. Several participants insisted that the FRF plan was impossible to implement and the two governments needed to develop a "Plan B." If the facility was not moved, there is the very real possibility of an accident that would create a real crisis for the alliance. Japanese participants countered that view by noting that movement away from the FRF plan now would undermine the

credibility of those individuals who had defended the proposal for so long. As one US participant suggested, Japan and the US have to figure out a way to insulate their security relationship from the vicissitudes of domestic politics. That also means accepting that some solutions are going to be suboptimal – but no less compelling – as a result of political pressures.

Strategic Cooperation: Extended Deterrence and the Alliance

In recent years, security seminar discussions have devoted increasing attention to the role played by the US extended deterrent in the alliance. An accurate understanding of the two countries' thinking has assumed growing importance as China's nuclear capabilities have modernized, North Korea has pursued (and demonstrated) a nuclear weapons capability, and the US has announced that it will reduce the role of nuclear weapons in its national security strategy. The fact that officials and experts are prepared to voice concerns aloud testifies to the maturity of the alliance – and the need to address those concerns.

Akiyama Nobumasa (*Hitotsubashi University*) explained that the central problem for the US – and the alliance – is demonstrating how the extended deterrent remains credible as the US reduces its nuclear arsenal. While the US has created a vocabulary and doctrine to explain its new thinking – "regional tailored deterrence" – doubts persist. Specifically, Japanese want reassurance that the US will not accept mutual vulnerability for itself, or for Japan, when dealing with China. There are fears that new Chinese capabilities and doctrine – anti-access area denial – along with the retirement of the TLAM-N (Tomahawk Land Attack Missile-Nuclear) cruise missile, the weapons system that Japanese had previously been told provided a deterrent for them, change the regional balance of forces and leave Japan exposed.

The new National Defense Program Guidelines (NDPG) explains that the threat Japan faces is "diverse, complex and intertwined" and thus requires the development of capabilities and even ways that such capabilities are operated to respond to a wide range of attacks. The process of matching those objectives and capabilities is what is meant by "dynamic deterrence" in the NDPG. Yet, even as Japan develops its dynamic deterrent, the US extended deterrent remains central to Japan's national security. In particular, there are worries that there is a potential gap between the assurances that exist on the strategic level (between the US and China) and the region level (between Japan and China). In short, there are concerns that the link between the defense of Japan and the defense of the US homeland may be weakening.

Plainly, then, Japan needs to be reassured that the US will not be deterred by nuclear threats and that Washington remains committed to Japan's defense. This puts a premium on increased coordination between the two countries to ensure that there are no gaps in understanding or contingencies for which they are not prepared. This is more important now as it appears that Russia and China are probing to see if the alliance has weakened.

In response, Jim Thomas (*Center for Strategic and Budgetary Analysis*) explained one of the US responses to this new security environment: AirSea Battle. He noted that the concept was rooted in the de-emphasis of nuclear weapons in US policy, reduced fiscal resources, and a shift in military competition from transoceanic power projection to regional access denial. This concept acknowledges the fears articulated by the Japanese speaker: in the new environment, there are possible deterrence gaps created by nonnuclear coercive missile campaigns, economic warfare, cyber-attacks and ambiguous forms of aggression. And just as during the Cold War the US and NATO created new strategies to deal with evolving Soviet capabilities, the US and its Asian allies must do the same in this theater.

AirSea Battle is one such concept. The idea is still being developed. Not surprisingly, a number of myths have surfaced around it. Taking aim at two of the most troubling, Thomas explained that it is not an excuse to disengage or reduce the US presence in Asia, nor is it a concept for winning a war. Rather, it is designed to offset a competitor's asymmetric advantages and to maintain a stable military balance, assure allies, and deter war.

In the simplest terms, it is designed to regain the initiative as the US projects power overseas. Operationally, it uses active and passive defenses, and exploits strategic depth and other "poor man's strategies" to deflect an opponent's blow. It uses US mobility and its superior information-gathering capabilities to reduce the advantage bestowed by an adversary's large missile inventory as the US ventures further from home.

This strategy has important implications for Japan. Thomas argues that AirSea Battle allows – or demands – Japan to become a full partner of the US. It requires Tokyo to do more for its own defense and as a result Tokyo will be less dependent on the US. That doesn't mean that the US commitment to Japan's defense has weakened, however, as the US extended deterrent remains and is being strengthened. It also requires the allies to fully consult to ensure that there are no deterrence gaps visible to the US, Japan, or any potential adversaries.

Our discussion underscored the need for more detailed Japan-US consultations on the extended deterrent. This process is underway in both official and unofficial settings, but the importance of this topic, its sensitivity, and the gap in perceptions and understanding make plain that much more needs to be done.[1]

Japanese participants reiterated concern that, from their perspective, AirSea Battle looks like a prelude to US disengagement from its Asian defense commitments. This led to a prolonged debate over the appropriate focus of Japanese defense efforts: if AirSea Battle is a "back to basics" strategy – that is how participants interpreted the call for Japan to do more for its own defense – then what does that mean in concrete terms for Japan and how can that be reconciled with the call by the US and Europe for Tokyo to take up more global responsibilities? As one US participant pointed out, the enabling legislation of the Ministry

[1] For more details on this central concern, see reports from the three Pacific Forum CSIS US-Japan Strategic Dialogues, available at www.pacforum.org

of Defense defines its mandate in broader terms, particularly when it comes to peacekeeping missions.

Most participants agreed, however, that regardless of how Japan defines its defense commitments and responsibilities, funding them will be difficult. Defense spending has been steadily decreasing and while the incidents of the last year have shocked many Japanese and reminded them of the need for a strong defense (and alliance), there is little inclination to increase spending. That reluctance is likely to increase in the aftermath of the March 11 catastrophe and the need for funds elsewhere.

There was little probing of specifics of AirSea Battle and "dynamic deterrence" in our discussion – that is understandable since both concepts are works in progress and definitive answers to most questions aren't yet available. Nonetheless, it is also clear that the conceptual fog needs to lift and both sides need to better grasp what their own defense doctrine calls for and what it demands of security partners.

Visions for the Alliance

Our final session began with a call by Ezra Vogel (*Harvard University*) to develop a new strategy to engage China. He called on Tokyo and Washington to seize the "moment of opportunity" to engage China; a priority should be exposing the PLA to the rest of the world. Vogel's strategy is based on the experience of the 1980s, when high-level Chinese delegations ventured out to see what they had missed during the Mao era. As Vogel explained, those missions had a profound impact on Chinese thinking. In particular, Japan should invite delegations to visit and help defuse negative Chinese perceptions of them. When dealing with China, Vogel urged interlocutors to be pragmatic and honest; there is no need to apologize. A top priority should be the search for opportunities to work with China on common problems.

Evans Revere (*Stonebridge Associates*) then provided his perspective on where the alliance should go. Like all previous speakers, he highlighted the 3.11 tragedy, conceding that its impact is as yet unknowable, but will be significant. He applauded the cooperation between Japan and the US in the aftermath of the quake: it is proof that the alliance genuinely protects Japan's security.

While there are many unknowns, Revere outlined the many things we do know that must guide thinking. The region is changing, and not necessarily for the better. China has been chastened for its assertiveness but recent shifts appear tactical: the underlying causes of Chinese behavior, which so troubles other nations in the region, remain. North Korea is increasingly committed to its nuclear weapons. Other regional challenges are becoming more prominent and the alliance faces a more diverse set of threats than it did even six years ago when Japan and the US agreed on common security objectives. An update seems necessary.

Our two countries should use the tragedy of 3.11 to reaffirm their shared commitment to each other and the basic principles that guide and bind them. Revere called

for the establishment of a Bilateral Strategic Vision Commission to do that and keep the two countries focused on the future. They must also define their national defense strategies and see how they integrate and what must be done to see that they work together and are not in conflict.

In his remarks, Kawakami Takashi (*Takushoku University Graduate School*) agreed that the earthquake has affirmed for Japanese the value of the alliance and he is optimistic that it will provide an opportunity to take the alliance to the next level. He is especially hopeful that it will have a deep impact on the Democratic Party of Japan and provide a sense of purpose and focus that has been lacking since the DPJ took power.

Kawakami argued that, despite the difficulties, the two governments should stick to the roadmap for the realignment of US forces in Japan that was agreed in 2006; he believes the role played by the US forces in *Operation Tomodachi* should help overcome Okinawan resistance to their relocation on the island.

Surveying the region, Kawakami pointed to many of the same threats and concerns that Revere (and speakers in the first session) identified. But his list of uncertainties also included the prospect of a political revolution in China, a failed transition in North Korea, and a global economic crisis (among others). In all these cases, Japan and the US must work together to fashion coherent and effective responses. There is no alternative to the alliance.

Participants agreed on the need for our two countries to create a new statement of alliance vision and purpose. Rather than explore the contents of that statement, our discussion focused on how to reach consensus both nationally and between the two nations. There was agreement on the need to convene a senior-level "Wise Persons" group (and one speaker emphasized the need for it to be "persons" and not just "men"), with two caveats. First, there needs to be as much emphasis on action and results as there is on talking and "vision." Of course, vision statements provide a framework for action and help provide a rationale for the security partnership that the public can understand, but there must also be concrete steps that make the alliance visible, relevant, and useful to citizens in both countries.

Similarly, there is a need to be more aggressive in educating the public about the value of the alliance. Publics in both countries need to be better aware of how the alliance serves and protects them. "Received wisdom" and guidance are not enough. Japanese participants cautioned that this might be harder than many assume. For one thing, divisions in Japan are deeper than many Americans appreciate. (Japanese speakers reminded the group that the Japanese in the room are not representative of the country as a whole. The security seminar participants' assumptions about the value of the alliance are not necessarily shared more broadly, even among elites.) Moreover, as Japanese participants reminded the Americans, there is a fundamental asymmetry in the relationship: for Japanese, the alliance is ***the*** security issue; for Americans, it is only one in a long list of concerns and the alliance itself is part of a broader package of measures. One Japanese participant countered that Japan should be thinking globally, and the alliance can be fitted

within a broader framework of engagement – protecting the global commons and strengthening global governance.

Among Japanese participants, however, the call for a more cautious outlook prevailed. Several speakers argued this is not the time to enhance or improve the alliance. The 3.11 tragedy was a human security threat, "not a hard-core national security threat" and should be responded to as such. (By contrast, the standoff with China over the Senkakus is a "hard core" threat, if not a "Sputnik moment" for Japan.) To try to do more with the alliance would look like exploitation and risked a backlash. Instead, it is better to maintain the alliance and stay on a "low altitude flight of alliance management."

A few voices were more optimistic. They noted rising support for the alliance among the public and elites, and the evolution of the DPJ's security policy into something that closely resembles that of the LDP. While agreeing that there should be no "exploitation" of the earthquake, they also noted that a bump in public support for the SDF and for a broader role for the military and the alliance is likely. At the same time, however, a Japanese participant noted that the situation is different in Okinawa. There, contributions of the US forces, and especially the marines, are downplayed. The media tries to ignore their work and charges that any positive reporting is propaganda. While a growing number of Okinawans can see through this slant, the speaker asked the group to provide a positive and convincing rationale for Okinawans why the marines have to be on that island.

There was also agreement that Japan and the US need to do more to engage China and try to influence policy debates in that country. One participant cautioned that outreach must be extended to the Chinese public, not just elites. Japanese reminded Americans that, incredible though it may seem to US ears, there continues to be concern in Japan – and some jealousy – when eyeing the US-China relationship. Americans need to be sensitive to that perception and not just dismiss it as absurd.

The Japan-US alliance has weathered a bad year. While the bilateral agenda remains crowded and several longstanding issues remain unresolved, the troubles of the 50th anniversary year reminded policy makers and the public of the importance of the alliance and the need to keep it robust and ready for new challenges and threats. The triple tragedy of 3.11 underscored the value of this relationship and proved that Japan has no better friend than the US in times of need.

Japan now faces the monumental task of rebuilding a region that has been devastated. Success requires vision, leadership, resources, and help. The scale of the tragedy threatens to absorb all of Japan's attention but, as the foregoing discussion makes clear, Tokyo cannot indulge in the luxury of forgetting the world beyond its shores, no matter how tempting. While the United States will be there to help Japan as a friend and ally the primary responsibility falls on Japanese shoulders. Some argue that rebuilding is not enough; Japan should be reborn. Whatever the ultimate goal, there must be a vision that unites that nation and prepares it for shared sacrifice. The alliance can and should be an integral part of this process.

Don't Waste This Crisis

By Joseph S. Nye, Jr.

(This paper is from a transcript of Dr. Nye's comments at dinner at the 17th Japan-US Security Seminar)

It's a great pleasure to talk to you tonight. I was thinking about how valuable and useful the meetings run by Pacific Forum are. I came to the second one when I was Assistant Secretary of Defense, and found it very useful at that time and I've been to a good number since. What strikes me is how frank and friendly the discussions are.

I would like to talk about some of the larger, long-run challenges that the Japan-US relationship faces, not just with each other but in their relationship to the world as a whole and how the world is changing. Before I do that, let's note how extraordinary the last two years have been.

Two years ago predated the huge changes in Japanese politics. In January 2010, there was great concern that the alliance was on the rocks. We've had the Futenma problem; we had Ozawa, who went with 300 Diet members to Beijing and and other related questions about Japanese foreign policy; and then there was the Senkaku episode last Fall which changed that. Even before the tragedy of the earthquake and tsunami and other recent events, there were enormous ups and downs in the relationship. Someone said that the Senkaku episode was a "Sputnik moment" for Japan. I was talking to a Japanese friend in October in Tokyo and he said, "it's extraordinary that a few months ago everyone was wondering where we were going in our relationship with China. Then China did this thing in the Senkakus and China scored an "own goal." It was an amazing transformation.

We heard this afternoon that Futenma is dead. I happen to agree with that view, though not everyone in the Pentagon agrees with me. But I think Futenma is at least reverting to its proper position as a third-order issue. This illustrates how extraordinary the last two years of our relationship has been. The Tohoku earthquake and tsunami have had a powerful effect on the relationship. As I see it, while it's a great tragedy for Japan, and we feel very deeply about this, the admiration for Japan has grown as a result. In America there is an admiration for the way Japan has responded and managed it. Putting it in my terms, it's a tragedy but perhaps it has increased Japan attractiveness or soft power.

The thing that I am most concerned about in the context of this tsunami and the shock of the nuclear accidents is, "where do we go next?" What will happen? A year or two ago, we were talking about where we are going and there was a lot of anxiety about the future of the alliance, and the mission that would pull all this together. There was a concern whether Japan was turning inward and getting so complacent that it wasn't playing its role as a leader in the world.

Japan has reinvented itself twice – in the Meiji Restoration and post-World War II. Before he went to the International Court of Justice, Hisashi Owada was in charge of a commission that was appointed in 1999 or 2000 that examined the future of Japan. He told me about the third reinvention that Japan needed to get out of its complacency and regain

its vitality. As much as it was needed, I don't think many people felt it was happening. When I was in Tokyo in October and again in December many close friends said they were worried about complacency; they were worried about Japan turning inward. They pointed to the young people who used to go overseas in great numbers that don't anymore. They don't want to lose their opportunities at home; they don't want to take risks. I thought this was not a healthy thing for Japan or for the world because Japan has an enormous amount to contribute.

This afternoon, T.J. Pempel quoted Rahm Emmanuel: "Never waste a crisis." The question is, will this crisis be the kind of shock that leads to the changes that we are all looking for. To summarize what I heard this afternoon: Japan has the human capital and the economic capital, but it doesn't seem to have the political capital to pull that off. If true, it's too bad because we very much need Japan to play a bigger role. There's often talk about the Japan-US alliance being unbalanced and the Americans are taking the lead and Japan follows and so forth. But the US and Japan face common problems and are going to have to cooperate and solve them.

In my new book, "The Future of Power," I identify two big power shifts that are going on in the world and their effect on Japan, the US, and other countries. One I call power transition, which is the shift of power among countries, and the other is power diffusion, which is the shift of power from governments to nongovernmental actors.

Let me start with power transition and how that affects the world that the US and Japan face together. If you took a snapshot of the world in 1800, you would see that Asia made up more than half the world's population and more than half the world's product. If you took the same snapshot 100 years later, it would still be half the world's population or more but only 20 percent of the world's product.

What we're going to see in the 21st century is what you might call a return to normal proportions. This "rise of Asia" is more properly called "the recovery of Asia." And it starts with Japan. Japan is the leader; following that you have South Korea and then some of the Southeast Asian states. Now, everybody is focused on China, and next they will focus on India. Sometime in this century the center of the world economy will shift from the Atlantic to the Pacific. This is a healthy thing, as these normal proportions are right, but it gives rise to a problem right now.

There is a great worry about whether the rise of China is going to lead to conflict in the 21st century, which is what we've seen in previous centuries. When a rising power overtakes a dominant power, the net result is insecurity and conflict. The classic case of this was the Peloponnesian War, which tore apart the Greek city-state system. The rise in the power of Athens created fear in Sparta. World War I was triggered by the rise in the power of Germany and the fear that created in Britain. There are many people who now say that the rise in the power of China and the fear that is creating in the United States will lead to a conflict and will tear this century apart.

I don't agree. I think it's bad history and bad analysis for the following reasons. First, Germany had passed the UK by 1900, well before World War I. I don't think China is going to pass the United States. Second, China will probably equal the United States in the total size of its economy sometime around the 2020s. But we get there by simply looking at an economy with 1.3 billion people and 10 percent growth. Assume that it goes to 7 percent as the most recent 5-year plan estimates. And say US growth is 3 percent. Eventually those lines will cross and China will become larger than the United States in size. That's plausible. Goldman Sachs has even put a number on that date – 2027. That's not plausible. There will be equality in the size of these economies but equality in size is not equality in composition. Composition is a measure of the sophistication of an economy: what's inside it, what it can do. You measure that by GDP per capita and in GDP per capita China is not going to equal the United States for two or three decades later – if then.

If you look at military power, everyone is concerned about China building an aircraft carrier and they're beginning to develop a blue water navy, and so forth. There is still a long distance to go between having a carrier and having 11 carrier task forces. There is concern about ballistic missiles that can hit a carrier. Not much is said about the fact that they depend on things like phased-array radars and electronic things that we can jam. So you get a lot of alarmism in the press without true balance. If you look at the military balance, the Americans are likely to be sailing ahead of the Chinese for some time.

Then if you look at soft power – the third dimension of power, as described in my book – you see China has been investing heavily in soft power. At the 17th Party Congress in 2007, Hu Jintao said China needed to invest in soft power and that made sense. If your hard power is increasing, you're going to scare your neighbors and they will form an alliance against you. But if you can accompany that with increasing soft power you are less likely to have alliances formed against you.

When Hu Jintao talks about increasing soft power, that's a smart power strategy. Confucian institutes, the efforts to turn *CCTV* into *Al-jazeera* for the Chinese, increasingly broadcasting Chinese radio in national languages – all of these are things they're doing and, by some estimates, cost several billion dollars a year. And then there are the Beijing Olympics and the Shanghai Expo, attracting 17 million people and so forth. The problem that the Chinese have with soft power, though, is that soft power is generated by civil society and China can't relax its controls on civil society. So China gets a lot of credit for the Beijing Olympics and then there is a crackdown in Tibet and Zhenjiang and a lot of that soft power is lost. Or, it gets a lot of credit for the Shanghai Expo and then Liu Xiaobo and human rights activists are locked up and a lot of that soft power is lost. Most studies – a recent *BBC* poll and a poll by the Chicago Council on Global Affairs – show that despite its problems, the United States remains way ahead of China in terms of soft power.

The view that somehow China is about to replace us, that it's about to overcome us, is not based on solid analysis. It's also dangerous in two ways. When the Chinese think the US is in decline and they're replacing us, they become victims of hubris and we've

seen some of that. In the last two years they've pressed harder and it led to backlash against Chinese foreign policy. I suspect they may back away from that a little bit, but it is dangerous.

On the US side, it's dangerous if the Americans become too fearful of China, and you wind up with a self-fulfilling prophesy. The belief in the inevitability of conflict can become a cause of conflict. So, too much fear in the US-China relationship can lead to policies that become self-fulfilling prophesies.

Plainly, having an accurate assessment of the US-China relationship, is extremely important for framing sensible policies. And that brings us back to the importance of the Japan-US alliance. The US and Japan – if they stay as close together as they have been in this alliance – can help shape the environment in which China operates. We don't want to contain China. We don't want to hold China back. A China that develops and raises several hundred million people out of poverty is a good thing. But we also have to make sure that China in its international behavior finds an environment that confronts it when it acts as a bully. If it acts responsibly, it is able to play in the system. The US and Japan have a lot to do in terms of shaping this.

If my earlier analysis is correct, unlike Germany and Britain, China has not passed the US and we have decades to work on shaping this environment so that China has incentives to act and respond in a responsible way. That requires the US and Japan, and all of us in the track II world to think clearly about how we work together to shape this environment. I'm optimistic that the Japan-US alliance has been a success. We adapted it from what was originally a Cold War alliance to a basis for stability in a post-Cold War period. It's not an alliance against China, but an alliance that allows us to shape the environment in which China is emerging.

That will remain crucial. If I'm correct that one of the great power shifts of this century is this switch of power from the Atlantic to the Pacific with China now a part of it, then it is incumbent upon the US and Japan to work together to make sure that turns out peacefully. If we fail it's going to be a worse world for both our countries as well as for the rest of the world. But I'm relatively optimistic.

I'm more puzzled about the other power shift occurring this century. That's what I call power diffusion, which is the shift of power from governments to nongovernmental actors. This is a function of the effects of the information revolution. The information revolution is simply the enormous reduction in the cost of computing and communications. The price of computing declined a thousand-fold in the last quarter of the 20th century, an enormous number. By way of analogy, if the price of an automobile declined as rapidly as the price of computing power you would buy a car today for $5.00. Anytime the price of something goes down rapidly, the barriers to entry go down, and people who were previously priced out of the market can now play in the game.

Communications is an example of this. If you wanted in 1975 to communicate from San Francisco with Tokyo, Johannesburg, and Moscow simultaneously you could do so

but it was very expensive. You needed to be in government or a large corporation to have the budget to do it. Now anybody can do it for free with Skype. When I was in the Carter administration in the 1970s we had the capacity to take a picture of any place on Earth with one-meter resolution. (If I told you that at the time I'd have been thrown in jail but fortunately that's no longer true.) We spent millions of billions of dollars on this capacity. Today any of you can get that picture by going to Google Earth for free.

This removes barriers to entry. It doesn't mean that governments are no longer important, but it does mean that more actors can join the stage with them. These new organizations can range from Oxfam, which does good things for development to Al-Qaida, which tries to destroy us. Both are nonstate actors with enormous capacity that's enhanced by this new empowerment of information.

Another example is what we've seen recently in the Middle East. The conventional wisdom until recently about politics in the Middle East – and let's say Egypt in particular – was that you either had to support Mubarak the autocrat or you wound up with a Muslim Brotherhood of religious fanatics; there was no middle ground. This enormous flow of information over the last quarter century or so has created a new middle. It gave these people that showed up in Tahrir Square the capacity to solve the difficult problems of collective action by coordinating through devices like Twitter and Facebook. That created a different politics in Egypt. This is very much a shift from the old vision in which all power was controlled by government. The government tried to shut off the internet but wasn't very effective. We don't know how this game will play out, but it is a different game from that we thought we knew about 50 or even 20 years ago.

To take yet another example, think of Wikileaks. It's not new to try to steal cables or secrets from a government; espionage is probably as old as human history. But in the past somebody got into a system and came out with a briefcase full of documents or something. Now someone can come away with 250,000 cables at the secret level from around the world on a thumb drive and distribute them immediately to everybody in the world. That's espionage on a scale that we've never seen before.

Cyber power is another great shift that is happening in this century. Cyber power is very different from traditional ideas of power. If you talk about oceans, it makes sense to talk of naval superiority. Americans have naval superiority. Now there are nonstate actors – pirates off Somalia and so forth – but they're really noise in the system. They're not that significant. But if you look at cyber power it's unclear what superiority means or whether anyone has it. For example, when dealing with cyber power you don't know who you're interacting with. There was a famous cartoon in *The New Yorker* about a decade or so ago with two dogs sitting in front of a computer. One dog looks at the other and says "don't worry, on the internet nobody knows you're a dog." That cartoon was prescient because in cyber-attacks you don't know who is attacking you. You can lose your electrical system to an attack like the Stuxnet attack which disrupted the centrifuges in the Iranian nuclear program. We, Japan and the US, could lose a significant part of our electrical grid and wouldn't know where it happened or where it came from. It could be a hacker, a criminal gang, cyber terrorists, or it could be another government. And any of those four actors

should be clever enough to route it in such a way that you would think it came from one of the others. So when you say, "I will respond with a military attack against whoever shut down my system," where do you direct a cruise missile? It could be a very clever hacker who wanted to create trouble between the US and China and routed something through Beijing but it actually started in Eastern Europe, Taiwan, or somewhere else.

It's extremely difficult in this cyber-world to have the attribution you need to be able to get the kind of traditional type of balancing behavior that is particular to military power. That means that you have the extreme case of power and diffusion. And unfortunately we are going to see more of that. It would be nice to say that it's a rare thing; so far we haven't seen a cyber-war in any major sense. But it's probable that we'll see more of it.

The reason I mentioned the diffusion of power problem is that this is an area which we can't solve by ourselves – the US or Japan. One way of putting this is that power in the 21st century is going to be distributed differently, in different contexts. I use the metaphor of a three-dimensional chess game. On the top board of this game, the board of military relations among states, the world is unipolar. The United States is the only country with the capacity to project military force globally. And I think it's going to stay that way for another couple of decades. The middle board, economic relations among the state and the world, is multipolar, and it has been for a couple of decades. This is the area or domain where Europe can act as an enemy and, when it does, the European economy is larger than the US economy. The bottom of the board is that of transnational relations. Here, the diffusion of power has its effect. These are things that cross borders outside the control of governments, whether they are financial flows that are bigger than the budgets of most countries or terrorists, cyber-attacks or climate change or pandemics. Power is chaotically distributed. It makes no sense to use categories like unipolar or multipolar. The only way to deal with problems at the bottom board of transnational relations where power is so diffused is through cooperation. We have to get others to work with us in networks. If you take the concepts that work on one board, say unipolarity or on another board multipolarity, and try to apply them to this bottom board you're making a categorical mistake. You're failing to understand the nature of power. In this bottom board you have to use soft power to attract others into cooperative relationships. You have to develop networks and institutions and ways to work together to deal with these issues.

That's where the importance of the Japan-US relationship comes back in. These countries have the greatest capacity to deal with the types of problems I mentioned. Someone has mentioned that this alliance really is a Japan-US and European alliance. Eventually we're going to have to co-opt China and India and others into this as well. Developing structures to deal with this new diffusion of power has to start with countries with the greatest capacity. And that has to include Japan. That's why the questions of what Japan will do after this crisis – whether Japan will turn inward or will use this crisis to galvanize itself into a new vision of Japan's contribution to the world – is so important.

That's why when we talk about not wasting a crisis, we shouldn't waste a crisis for the sake of the Japan-US relationship, but we also shouldn't waste a crisis because Japan

has so much to contribute to helping us deal with problems flowing out of the bottom of the chess board relating to the diffusion of power.

So let's hope that in our discussions we can talk some more about how to make sure that we don't waste this crisis. Thank you very much.

Dealing with Crisis

By Yukio Okamoto

Before I begin, I'd like to express to American friends here the deepest appreciation on behalf of all the people in Japan, who have been touched by the kind, extraordinary warmth and helping hands of your people and of your country since March 11 to this very moment. One small consolation in this greatest of tragedies is that Japanese people have been able to ascertain the very strong bond of friendship with the United States and realize with renewed emotion that we have one special friend.

The crisis continues at the Fukushima Dai-ichi Nuclear Plant

The buildings and reactors withstood the colossal earthquake against which Japan has strict nuclear plant building standards. The vulnerability was with the anti-tsunami standards, which in retrospect were not strict enough to withstand a tsunami of that magnitude.

I have been very closely watching every development at the site. The sloppy manner of public communications aside, 600 workers have been working 24 hours per day to contain the situation, risking their lives even at this very moment. This once again demonstrates that while Japan has no good generals, it has the world's best corps of lieutenants and soldiers.

What happened was the biggest natural disaster ever to occur in Japan, engulfing the entire northern Pacific shore of Japan, equal in size and power to the tsunami of *Johgan* that took place on July 13, 865 – 1100 years ago. I am not saying that there was nothing we could have done to better prepare for a once-in-1,000-year tsunami. Perhaps we should examine why Onagawa Nuclear Power Plant of Tohoku Electric or even Fukushima Dai-ni withstood this tsunami but Fukushima Dai-ichi could not.

What I am saying is that, as one of my friends who designed anti-tsunami walls in the port of Kamaishi City, which was devastated, told me in anguish "after all, civil engineering is all about the fight against probabilities and we lost." We lost, to no one's blame. It is not the time for bickering but the time for national unity.

Japan will never be the same. Post-March 11 must be totally different from the way things were before. The nation must come together as one, and move forcefully in a way we had been unable to do for the past two decades – decades marked by complacency, inertia, and passivity. I don't know to what extent Japan will be able to do this under the present weak Cabinet, but the failure to do so means, I dare say, the slow death of the nation.

Many industries have been hit hard by the power shortage, but the impact will not be limited only to Japan. I have to bring your attention to subjects of which the impacts are not yet fully known.

One particular product in my mind is silicon wafers, the material used for producing semi-conductors. Within the areas served by TEPCO and Tohoku Electric, there are major manufacturing plants of Shin-Etsu and SUMCO, representing more than 60 percent of total world production. (I happen to know this issue well because I sit on the board of the parent company of one of the two.) Because of power shortages, half of this production, i.e., 35 percent of world production, is currently shut down with no prospect of resumption in the near future.

Some foreign competitors have moved in to seize the opportunity. A German company that was not affected at all by the earthquake announced a 40 percent price increase. The serious shortage and the price-hike will soon affect semi-conductor production with a wide-ranging impact on world industries including autos and electronics.

The massive scale of this disaster requires Japan to depart from its previous, familiar modus operandi essentially geared toward preserving the status quo. For instance, Japanese laws prescribing relief from natural disasters allow for damaged infrastructure to be restored just as it was, i.e., if a bridge was washed away, it could be rebuilt the same size as it had been. We must go beyond mere restoration to innovative reconstruction.

As Yoshiji Nogami pointed out yesterday, the government of Japan also has to depart from its past handout policies characterized by child allowances, individual subsidies to farmers, and rampant social welfare, and instead invest in future-looking public works and infrastructure.

Reconstruction will require rebuilding an industrial-residential complex stretching along 450km of coastline, and rebuilding the electric power system throughout eastern Japan. On top of that, we must safely seal off the Fukushima Dai-ichi Plant and rehabilitate the evacuated area within a 30-km radius of the plant once the situation there stabilizes. It is a task almost next to impossible, but that is Japan's only option.

One interesting footnote to the disaster relief is what Joe Nye pointed out yesterday about the public acceptance of the Self-Defense Force. Joe is right in pointing out that the SDF, through its very visible contribution to the relief operations, has been acknowledged as 'very good guys' and this is a positive thing. But it became clear when the prime minister ordered the mobilization of 100,000 troops out of a total of 210,000 for all three forces combined, that Japan suffers from a severe lack of SDF personnel. At the very least, and even if only for the purpose of tackling natural disasters, we need to increase the numbers of the SDF by, in my arbitrary calculation, by at least 30,000 people.

We need to develop an overall plan quickly, before the disaster area turns into a roughshod conglomeration of makeshift houses and hastily-erected infrastructure. In 1995, when Kobe was totally destroyed by an earthquake, reconstruction was swift because the rebuilding plan was drawn up only 10 days after the earthquake hit. My friends who were responsible, and who worked hard for the reconstruction of Kobe, are now saying that they can't even begin to imagine where to start in reconstructing the Tohoku region after the March 11 earthquake, yet we somehow have to find a way forward.

We need to increase taxes and we need to issue special reconstruction bonds. We need to designate the three hardest-hit prefectures of Miyagi, Fukushima and Iwate, with a combined population of 5.7 million people, as a special reconstruction zone just like we did for the development of Okinawa, not just in terms of money, but also in terms of deregulation and specific visions.

Even if we miraculously find a way to reconstruct the destroyed areas, the disaster and the fear Fukushima Dai-ichi has stirred up will be a very serious impediment even to the replacement of nuclear reactors built in the '70s, which are coming to the end of their life span. Incidentally, the No. 1 reactor at Fukushima Dai-ichi Plant that is the focus of world's attention started its operation exactly 40 years ago today.

Japan's whole policy basis for nuclear power generation will have to be re-examined. The government's Basic Energy Plan adopted last June, which aims to build 14 more reactors on top of the present 54, may have to be discarded with no realistic alternative energy source in sight. So, Japan will have to shift toward increasing thermal power generation using clean coal and liquefied gas; in other words, a drastic re-orientation of industrial and environmental policy.

One question is how much of Japan's will and capability to contribute outward will be hindered by its focus on its internal crisis.

I have to frankly admit that any proposal for international contributions either economically or militarily is going to receive less sympathy and have its importance downplayed – for a while. The small glimmers of hope that we had witnessed prior to March 11 – those contributions to international security efforts such as the dispatch of SDF personnel overseas, protecting ships of various nationalities from pirates, and contributing to UN peacekeeping operations – may not be able to attract as much national support as before.

Even some NGOs who have very good records of international assistance are now saying that Japan should curtail ODA in order to direct more funds to disaster relief in Tohoku area.

I almost have to agree with the views expressed yesterday that Japan had been inward-looking even before the earthquake. Be that as it may, I have hope. I have no time to elaborate on this point but in short, the whole inevitable move of Japanese industry out of Japan to the world market and overseas production will change the required skill-set of its employees and require more overseas experience and language proficiency. This will have a huge impact on student and young people, as in Korea now.

Let me now turn to the important security issues for Japan. Due to time constraints, I will only mention China.

Although the Senkaku incident now seems like it happened decades ago, it is very much a living issue. I was not surprised by the Chinese reaction to the incident as Chinese

activity in the South and East China Seas has been becoming aggressive, particularly in recent years. After several discussions with Chinese officials and scholars, I suspect that the Chinese interpretation of their agreement with the United States to respect each other's "core interests" may have somewhat emboldened Chinese behavior.

What are these "core interests?" China will not, of course, say that Hainan Island is its "core interest" because Hainan is an indisputable part of Chinese territory. When China says "core interest," it always pertains to areas that are the subject of international dispute, where it wants the United States to stay away. China is making it clear subsequently that any matter of sovereignty, including territorial issues, are considered by China to be "core interests." Well, that means the Senkakus are included as well.

For the sake of fairness, I must point out that Secretary Clintons initiative on the South China Sea served to blunt China's unilateral understanding of "core interest" to a certain extent.

China enacted the Territorial Waters Law in 1992 declaring the Spratlys, Paracels, Macclesfield, Platas, Penghu, Taiwan and the Senkakus as its indigenous territories. Given that China, in this law, has placed the Senkakus in the same category as Taiwan, we can expect absolutely no compromise from the Chinese side ever, because to do so, it thinks, may even affect its position on Taiwan.

Japan cannot make any compromise on the Senkakus either because, in my view, of the three territorial issues that Japan faces with China, Russia and Korea, this is the one issue where the other party has absolutely no grounds for a claim. No Chinese had even set foot on the Senkakus before 2004, when activists arrived there. The only basis for China's claim is the name of the Senkakus appearing in one of its 15th century navigational logbooks. In fact, the Senkakus weren't even claimed by China as its territory until the 1970s, shortly after UN surveys raised the possibility of mineral resources being present in the vicinity.

China's aggressiveness over the Senkakus is a strategic mistake on its part, because it is simply pushing Japan to further strengthen its security alliance with the United States, and underscores the need for Japan to strengthen its defense line along the Okinawan archipelago.

A more far-reaching concern is the Chinese thrust outward into the Pacific, crossing over the First Island Chain. As you all know, China is right now refitting in Dalian an aircraft carrier it bought from Ukraine, and we think that after its test run, the Chinese will start building carriers by themselves. How many carriers we don't know, but analysts say at least two. So, if China has, at minimum, three aircraft carriers, it can form three carrier task force groups so that at least one group will be always deployed in the narrow band of waters up to the Second Island Chain.

If it builds more carriers it may eventually overwhelm the US naval presence in terms of numbers. Chinese target years are the early 2020s. Joe Nye rightly pointed out

that numbers themselves are not that important, but let's also note that sheer numbers affect perceptions, because the only way to test if these numbers represent real capability, is to have a war that nobody wants.

I have some hope that the Sixth Generation leaders, who will be taking control of China at the 20th Party Congress after entering the Politburo in 2017, will be more sophisticated and sensible than their predecessors. There is a reasonable possibility that they will take a more conciliatory approach in the region, abating their hegemonic maritime strategy. If that prediction is not altogether wrong, and Akio Takahara is the expert on this, what we have is the task of carefully managing a precarious next 10 years.

From many statements by the PRC government, I am personally convinced that its main goal of deploying a large blue water navy is no longer solely focused on Taiwan, but is also aimed at securing China's maritime interests, including resources under the seabed.

We will be forced to have a fractious relationship with China as long as this dispute over sovereignty exists. I would liken such a relationship to a broken bone. Japan and China have to restore good relations, and they have no other means to do so but strengthening the muscles around the broken bone. This means enhancing economic interaction, as well as Japan taking a more candid and frank approach to the issue of history.

Over the past 10 years, I am embarrassed to point out that Japan's defense budget decreased by 3 percent while China's defense budget increased by 268 percent. Early last year, at the request of the Ministry of Treasury, I had a series of meetings with all the ranking members of the Ministry on Japan's defense needs and I strongly argued for the need to increase our submarine fleet. The number of submarines, luckily, will be increased in the coming fiscal year budget, (not because I said so), but still we fall short of forming a credible deterrent capability against the expanding Chinese maritime strategy.

I also was called as a witness to the powerful Lower House Budget Committee recently and made a strong appeal for an increase in defense spending. Through a long Q&A, I was beginning to embrace a small hope of seeing some strengthening of the defense budget. This was unfortunately just prior to the earthquake.

At the risk of over-simplification, I see an emergence of two Asias, continental and maritime. Maritime Asia in my view includes such countries as Japan, the ROK, Taiwan, the Philippines, Vietnam, Singapore, Indonesia and Australia. In the face of Chinese expansionism, Japan's only way of surviving after March 11, which may hold it back from prioritizing defense, albeit for a short period of time, is to establish strategic links with Maritime Asia, in very close coordination with the United States, to form a 'community of destiny.'

We must prevent a situation where people become less sensitive to outside threats because they are preoccupied with internal threats. It is precisely for this reason that we must exert even stronger efforts to keep the alliance on the right track and make people

aware of the need to focus on our national security agenda.

Japan needs to introduce revolutionary thinking to be able to reconstruct itself as a nation following the historical earthquake of March 11. It also needs to employ revolutionary thinking in its diplomacy.

The need for a strengthened alliance, or more ambitiously, fuller integration with the United States, is a *sine qua non* and should be the central pillar of Japan's course in the new era. And we will more than ever need your personal help. Thank you very much.

A World Much Changed

By James A. Kelly

I would like to set up a few factors in the strategic and global sense that may affect our discussion. Many are obvious and many people who are present at this table have written on these topics so I will just try to touch on them.

The strategic and global setting is changed and it is very unstable. All around the world and certainly in our two countries we have weakened governments. There are historical and technological factors involved in this that Professor Nye had discussed.

We have in the Middle East and the Maghreb unprecedented discontentment that's bound to have effects in Asia later. We have the rise of China. It is now a global power, but it is unsure of its responsibilities, unsure of how it should act or whether it even wants to act as a global rather than a regional power. India is beginning to address these same issues, and is not very far behind.

Around the world we have resource and energy issues, environmental and climate change issues that are now much more obvious. Some of them are longstanding but they are much more apparent and visible and affecting our lives.

The United States I would judge (others might pick another number), is enmeshed in four wars – Afghanistan, Iraq, and now in Libya and against terrorists worldwide – and tired of it. Among the minority of Americans who would consider themselves to be internationalists, the multilateralists are in conflict with unilateralists over just about everything. Isolationist strains are heard often among Americans who would prefer not to hear about international problems. The reasons for this include debt problems that both the US federal government and state and local governments have, exacerbated by unemployment, and political stasis in Washington.

As an aftermath of the 2008 financial crisis, there is a recapitalization of financial institutions and also of American individuals and families that restricts their abilities to consume and use the money that they thought they had a few years ago. Much of that perceived wealth has evaporated.

We have also, though, some very important pluses. Savings rates are up, agriculture prices are at an all-time high (and agriculture lands accordingly), and energy is booming in many ways. We even have some improvement in the Rustbelt and in manufacturing with a weakened dollar. There are enclaves of optimism on both the West and East Coast. I would call on the observers of the US to look at changes taking place in two very different states: California under its new governor Jerry Brown and New Jersey, under a very different kind of governor, Chris Christie. Both are showing imagination in dealing with the very great problems that they have.

In Japan this terrible triple blow of the earthquake, tsunami, and the Fukushima nuclear problems dominates the setting for the issues that this conference is tackling. These

may change Japan's internal dynamics, perhaps for the better. Until now Japan has been battling a set of issues – debt and political stasis, depression, under- and unemployment, and in an aging population. There are widely depressed attitudes. I have not have had the privilege of visiting Japan for about two years but many have remarked that there was a sadness even before this disaster of what Japan may have lost.

Insufficiently realized now is that partly because of the aging population, Japan is experiencing a real decline in its savings rates. Yet all those Japanese government bonds will have to be refunded in years to come, many quite soon. What investor is going to do this? In the past, and it's been a powerful force of stability, the Japanese have put their own money into their own government bonds. But if savings rates are going down as severely as they are, new funds are going to have to come from somewhere else. Where is that going to be? Will these new investors demand a greater return? What will be the effects of even modest increases in interest rates in Japan, especially given the major share of Japan's budget that goes into debt service even now? These financial factors are going to continue and have great uncertainty.

In the regional and security setting, the Japan-US alliance has never been stronger and better accepted. But many longstanding problems are unresolved. As someone put it, the trains are still in the station.

The United States and its policies and personnel in Asia I think deserve special praise, especially for attention and attendance. I refer to serious attendance by the secretary of state at regional meetings and attention to important regional issues. But a key leg of the policy structure is still weak and missing: trade policy. We are going to have to come to some very important deadlines before long in terms of the Korea-US Free Trade Agreement and the Trans-Pacific Partnership (TPP). The latter has important discussions coming up in Singapore. Is the administration's heart really in this? Is this a free trade administration or is it a protectionist administration? The answer is it's a little of both, depending on who you talk to, and this is a policy that is not entirely consistent with its own broad policy attitudes toward Asia and the Pacific.

It is quite obvious that China has alienated the most favorable Japanese government probably in history toward China, with its moves toward the Senkakus along with other actions. North Korea, with its attack on the *Cheonan* and Yeongpyeong Island, has commanded attention as well.

In China, the push on the Senkakus and further south in the South China Sea has built both a diplomatic and an attitudinal reaction. China's suspension of rare earths exports was very significant and part of the unfortunate (or perhaps fortunate) signal that China sent to Japan during the earlier contretemps. What we have is a timely warning about this rare earths supply issue. Non-China supply measures being taken are bound to reduce possible pressure.

We have also now in China a much intensified personal suppression of individuals and lawyers. We have potential border instability with India. This is probably a much

greater threat than the cross-Strait one. And of course there are significant worries about inflation and current exchange rates struggle within China among the coastal area exporters who don't want to see their profits diminished and those who see the larger picture: if China is to effectively fight inflation and develop internally it's going to have to move faster toward a consumption economy, as opposed to its export-driven model of the current era.

Housing all of these newly educated young people in China's cities is certainly a problem, along with the longstanding items of water supply and energy, clean air, and the aging society, the one-child policy, and the preference for males.

China has a larger political problem, which seems outwardly to be going along very smoothly. I was very struck by an article in the *Financial Times* today in which China's scholars talk about who is going to take over as president and prime minister in 2022 – not 2012, but 2022. I'd say any country that tries to project its political future that far ahead is a place that will face a major change of plans in these years for one unforeseen reason or another.

We also have a greater sense of unaccountability among the PLA as party leaders are weaker and less experienced in such matters, and that will affect the internal Chinese dynamic.

Suggestions to presenters called for discussion about Russia. It is a fuel-driven economy with a combination of nostalgia and nationalism. As a result we see an intensification of the issue in the Northern Territories. Is Russia going to a serious Asian player? I write, "in its dreams only."

For North Korea, its nuclear possession has been very strongly re-justified. This deters any but a massive military response to any behavior that North Korea may choose. It brings the attention that would perhaps be North Korea's greatest fear if it did not receive that attention. It justifies the "*Songun*" or military-first policy, and it justifies the non-development of the economy that unfortunately marks so much of North Korea. It also keeps South Korea in a giving mood – at least they hope so.

I'll wrap up by saying that regional and global institutions always dash the hopes of their supporters. The G-20 was a great hope of a year ago but now it appears that the differences in views are going to be even greater and more intense than we've had in the G-7 or the G-8. Turkey, Brazil, and India are important and significant new players, but how do they play? Do they really know how to play? What roles are they choosing? The East Asia Summit – will President Obama come? He said he will, he promised the Indonesians and they grabbed a place in line to be Chair this year so that they will host him. If he goes that will be another plus for US policy; if not it will be another disappointment and a fairly severe one. I don't think the US president needs to go to every future meeting in the East Asia Summit but he should probably go to the first one to which he is invited.

APEC. Hawaii welcomes you and we can talk about some of the APEC problems later on, particularly those associated with the TPP, the large deliverable. And for ASEAN, as *The Economist* put it, it is stocks of wheat masquerading as sheaves. It really isn't together. I'll just end up by just saying the Six-Party Talks, despite Chris Hill's change of view, are not gone yet. They will be back in some fashion or function at a later time if only because they are so loved by the Chinese establishment. As well, they are the only appropriate dialogue option.

Thank you.

China Alarms its Neighbors

By Akio Takahara

The March 11 earthquake was the biggest and longest earthquake that I had ever experienced. I was in my office on the fourth floor of a seven-story building and as I was holding my bookshelf for a moment I did think that this building might collapse. It didn't and after the quake settled it was okay. We are used to earthquakes and we are psychologically ready for a big earthquake.

So when all the trains didn't run for hours I was only able to get home at 2AM because it was only midnight that the trains along my line began to start again. That's okay because I know that they had to check the rails and all the railway systems and that takes time. The following day I watched television and I learned about the tsunami. I don't think anybody had imagined that a tsunami could be so high, powerful, and devastating. The estimates now have it that perhaps over 80 percent of those dead had drowned. The search for the missing is going on still. So perhaps it is a little too early to discuss the impact and effect of this disaster, but we need to look into certain areas like the impact on the Japanese economy.

The so-called direct damage of the earthquake and the tsunami is estimated at ¥16-25 trillion. In the big earthquake in 1995 in the Kansai area, the direct damage was ¥10 trillion, so it is twice as large this time. What will be the impact on the growth rate for 2011? Experts are divided on this. Pessimistic critics have said that it will decrease the growth rate by 0.5 to 1 percent. Optimists say that in the latter half of the year the economy will pick up because of reconstruction projects and so on. In any case we have to finance reconstruction. We aren't going to be selling US government treasury bonds, but we have to sell our government bonds and people are discussing an increase in taxes. These will have a negative impact in the long run.

What about the effects on other economies? I have seen estimates that it would perhaps have a negative impact on economies such as Thailand or Australia but the margin is very small, perhaps 0.1 or 2 percent. But that is today's estimate. We have to see how things will unfold.

What about the impact on Japanese society? Thanks to the compliments and encouragement from our friends and colleagues overseas I think amongst Japanese there is more confidence in the resilience of our society. I feel a sense of unity without xenophobia.

People are beginning to review and reflect on values, questioning our excessive confidence in science and technology and certainly there is a need to reexamine the safety standards and security systems regarding nuclear power. I think the question of nuclear power is of universal concern and I wonder why in the ongoing process of dealing with the nuclear crisis it seemed that at the outset there was an appalling lack of communication between our governments. I think that is already rectified, but it's a question that we need to address.

Some people in Japan are beginning to question the pursuit of efficiency through concentrating resources in the greater Tokyo metropolitan area, and others are rediscovering ecological life. That is they are realizing we can live normal lives without using much energy. Now many of us have to save electricity. We are very much worried about the coming summer when we will not have enough electricity for air conditioning and that's going to be terrible.

Will it change Japanese politics? This is the big question, I'd rather leave it to those who are more informed than I am. What we all know is that Mr. Tanigaki the leader of the LDP has declined Mr. Kan's offer to join the Cabinet and become vice premier. Will the disaster change international relations in any way? I do not know but as far as China, my expertise area, is concerned, we are encouraged by many reports from China on Chinese support and admiration for social order in Japan. However on the Japanese side, the level of concern about China's rise, China's military rise in particular, rose very high after the trawler collision off the coast of the Senkaku Islands last September. The trawler incident story is rather long and I don't have enough time to discuss it all. So let me just say that the Chinese version of the incident and our version of the incident were very different. The Chinese still think to this day that it was a conspiracy by the DPJ. They couldn't understand at the outset why a small trawler would ram two big Coast Guard vessels. So they thought it must be the Coast Guard vessels that hit the small trawler. And why did the DPJ arrest the captain when even Koizumi did not arrest activists that landed on the island a few years ago. So the Chinese thought that the Japanese probably wanted to reinforce their claim to the territory and perhaps the US was behind the scene, extending its efforts to contain China. Former Foreign Minister Seiji Maehara was considered the instigator. That was the general idea held by many Chinese.

Our version of the story is very different. Some suspected a conspiracy by China. Why didn't the trawler stop and why did it ram the Coast Guard vessel? Perhaps the captain was not an ordinary fisherman, but an agent of the military. And why was there no damage to the trawler? Perhaps the Chinese were attempting to test the Japanese response to a violent contingency. Or was it an attempt to disrupt bilateral discussions on the East China Sea joint development which were supposed to take place a few days later? Another version was that the captain was drunk or simply reckless. In any case, from the Japanese point of view there was no way to let the trawler leave scott-free after ramming and damaging Coast Guard vessels. Many Japanese were shocked by China's countermeasures which extended into economic and cultural areas; they even arrested four Japanese businessmen on suspicion of espionage. Many Japanese saw this as another case of China's increasing assertiveness.

Why has China been more assertive in the past years? My answer is that, on one hand there is increasing dissatisfaction and anxiety in Chinese society; on the other hand there is increasing confidence, particularly after the 2008 financial crisis that stemmed from the financial crisis in the US. And this mixture of dissatisfaction, anxiety and confidence provides fertile soil for nationalism to grow.

Now there is increasing nepotism in China and the Chinese dream is shrinking very rapidly. If you don't have good connections you can't get good jobs. Even if you get a good job in a good company you won't be promoted if you don't have good connections.

Instead of a Chinese dream, now there is a 'China dream.' It's "okay you may not be able to make way in life but instead China as a nation will become a champion, it will become number one." I think that is the general sentiment that is prevalent in Chinese society at the moment.

This is related to the change in policies toward China's neighbors. One turning point was in July 2009 when Hu Jintao gave a speech to the conference at which all the overseas ambassadors gathered. Every five years they have this ambassadors' meeting in Beijing. In the speech Hu Jintao instructed them to further substantiate and deepen work to construct a geopolitical and strategic foothold in the neighborhood. When this phrase came out we were not quite sure what it meant, but judging from the deeds, the actions, the actual policies taken after that, I think there are two points involved.

One is increased assertiveness or advancement in the South China Sea and another is increased support to the regime in North Korea.

In Southeast Asia last year we saw significant developments in the formation of regional frameworks and the increased visibility of US policy toward Southeast Asia proved very successful. ASEAN's invitation to the US to join the East Asian Summit sent a very powerful message to China about their concern about China's rise and naval advancement. We should continue using the regional frameworks in coordinating our efforts with East Asian nations. This is not to contain China but to create regional order in which freedom, equality, and fraternity will be upheld as basic values among member states and districts.

In Korea I think we can clearly see a change in China's policy if we compare China's attitude to the nuclear test in the first half of 2009 and the *Cheonan* incident or the shelling of Yeonpyeong-do in 2010. In May 2010 in the first of the two Kim Jong-il visits to China last year, Hu Jintao proposed to Kim that China and North Korea should conduct ad-hoc and regular deep communication on important domestic and diplomatic issues and also on the international and regional situation and on the experiences in Party and State rule. I think this explains why it was Zhou Yongkang, the Politburo Standing Committee member in charge of public security issues, and Meng Jianzhu, the public security minister, that led the two recent major Chinese delegations to North Korea. They are preparing for public security issues or questions to arise in North Korea.

The new foreign policy line since July 2009 has caused a series of blunders and I think we can say that 2010 was an *annus horribilis* for Chinese diplomacy. It has brought about an impetus for enhancing cooperation between Japan, US, ROK, and ASEAN. Now the question is, will China change? That's an open question. Thank you.

Reluctant Multilateralism

By T.J. Pempel

For the most part during the 1990s, Japan took a low-key position on security problems. The Cold War had ended, the Soviet Union was no longer a threat, and Japan was in many ways coasting on security and defense issues. This began to change with the *Taepodong* launch in 1998 and subsequently with the rise of China economically and subsequently its military expansion.

Meanwhile, regional multilateral bodies became more important in Asia over the last decade. For the most part, however, the US was excluded from the majority of the new regional bodies that were being created. The US was involved in APEC and the ASEAN Regional Forum, but really didn't play much of a role. Rather, the US took more of an anti-regional role during the financial crisis by squashing Japan's proposal to create an Asian Monetary Fund. Japan was trying to take advantage of its financial strength and move to provide a quick remedy for the Thai financial crisis; the US, the IMF, and to a lesser extent China, squashed that activity which in turn triggered a greater impetus on the part of the Asians to develop more Asian regional bodies that would have a formal set of regional connections and would be essentially for Asians only. So regionalism took a new twist as APEC, which was clearly Asia Pacific in character, took a back seat to newer bodies like the ASEAN plus Three, the Chiang Mai Initiative, and more recently the Chiang Mai Initiative Multilateralization, the Asian Bond Market, the East Asia Summit – all of which were arrangements that involved Asians only and excluded the US.

We've also seen the rise in free trade agreements, both bilateral and minilateral FTAs, and very importantly many of these were driven by Korea, Singapore, and to a lesser extent by ASEAN. China very quickly piggy-backed on many of these and was able to exert a great deal of economic muscle and improve its standing with Southeast Asia by virtue of the free trade pact that China entered into with ASEAN. All of this was part of what became known as China's charm offensive across Asia. China also became the hub of a number of cross-border production networks and began to attract much larger shares of the exports of Asian countries that had previously been shipped to the US as their primary export market. Suddenly China became the economic engine for much of the region just as it was simultaneously playing a very large role in the numerous regional bodies that were developing, including ASEAN plus Three, and importantly the Shanghai Cooperation Organization, which really has a much more central Asian focus. Thus, China was very quick to embrace multilateralism as a device to enhance its prestige across the rest of the region.

By the late 1990s and early 2000s, Japan was becoming increasingly worried about the military posture of both China and the DPRK. Japan began to implement a much more explicit mix of policies that involved hedging on the one hand and engagement on the other. One strand of this policy involved a closer embrace of the United States militarily, including an increased role for theatre missile defense, satellite spying, interoperability of forces, Coast Guard cooperation with Southeast Asia, and a much greater willingness to dispatch troops for peacekeeping operations as well to involve itself (even marginally) in

out of area missions led by the United States in Iraq and Afghanistan.

Simultaneously the traditional bilateral alliances took on a more multilateral character. The Australia-US-Japan relationship became more triangularly formalized. Japan, Korea, and the United States have engaged in much closer military cooperation based on their two alliances, particularly in the maritime area. At the same time, Japan has shown a great deal of frustration with the initial batch of regional bodies: the fact that China began to utilize them much more effectively than did Japan testified to the fact that China's leadership role was becoming more preeminent in the region. In response, Japan was very encouraging of the formation of the East Asia Summit (EAS), which is the ASEAN plus 3 plus 3 and includes Australia, New Zealand, and India. Japan, while not necessarily looking to contain China explicitly, was certainly moving toward a strong hedging strategy against the possible geopolitical implications of a more regionally preeminent China.

But while Japan has worried about some aspects of China's rise, it's also been very quick to engage with China as well. It's very interesting that the Chiang Mai Initiative Multilateralization (CMIM) involved an agreement between both Japan and China concerning their contributions to the total funding for CMIM. Each wanted bragging rights to being the largest contributor. The final solution allows the Japanese to claim to be the number one contributor because they make the largest single contributon (32 percent) whereas China's national contribution is slightly lower. The Chinese, however, can say that they are the number one contributor and equal to Japan because the combined Chinese-Hong Kong contribution is also 32 percent and thus equal to Japan's. This strikes me as a perfectly sensible political solution that allows both sides to claim some credit, thus making the politics of CMIM contributions a win-win situation.

It is also important to see the cooperation built into what is increasingly known as the "Northeast Asia Three," i.e., the trilateral meeting among the leaders of China, Korea, and Japan. In the most recent meeting in Jeju last year the three leaders agreed to enter into free trade negotiations for a trilateral FTA, to set up an open investment treaty, to create a permanent secretariat in Seoul, and importantly to work together on a number of nontraditional security issues such as police cooperation, terrorism, and a recommitment to the Six-Party Talks. With this trilateral arrangement we are seeing regional institutions play a role both in Japan's hedging strategy as well as in its engagement strategy.

But Japan finds itself in a difficult position in exerting any kind of regional leadership because of at least three big things. One is its own slow economic growth compared to that of China. It's very tough for Japan to claim any mantle of economic leadership across Asia even though its economy is the most sophisticated in the region simply because China looks to most observers as the engine of growth in the future.

Second, Japan is impeded in its engagement with Asia because of its close relations with the United States and its reluctance to commit to purely Asian regional institutions, an arrangement that is desired by many Asian leaders, even those skeptical of Chinese heavy handedness.

Finally, Japan, unlike China and increasingly unlike South Korea, has been unwilling to open its domestic market to imports of agricultural, food and other low-end goods that are key exports from Southeast Asia, thereby impeding Japan's ability to take advantage of its economic strength so as to enhance its regional role through free trade.

For the last two years the US has been engaged in rapid efforts to catch up in the multilateral area within Asia, following a more unilateral and military focus during the Bush administration. Certainly, the US continues to enjoy great credibility across the region as a result of its tsunami relief efforts and more recently for its efforts in relieving the earthquake and tsunami problems in the Tohoku through *Operation Tomodachi*. The US has gained credibility for pursuing a multilateral approach in the Six-Party Talks, but these have been stalled and a number of opportunities they presented in 2007-2008 were missed. Consequently, the Obama administration has been playing a game of catch-up regionalism, attempting to improve US ties to ASEAN by signing the Treaty of Amity and Cooperation, by creating an ambassadorship for ASEAN, by the many Clinton visits and Obama visits, by joining the East Asia Summit and so forth. The result has been an increase in US prestige across Asia. A recent Pew poll showed that whereas China's prestige in Asia had been above that of the United States two years ago, now the US has jumped 12 or 14 percent while China's has gone down.

The US role has however been simultaneously weakened by the Lehman crisis and its aftermath. America's economic woes have done a great deal of damage to US credibility in Asia. To many, the US appears to have been at least as guilty of the kind of crony capitalism that it was self-righteously accusing Asia of manifesting during the financial crisis of 1997-1998. Failure to reinvigorate the US economy plus problems surrounding the debt-ceiling have added to these perceptions. Fortunately, the world has not responded to the 2008-2009 crisis with protectionism against Asian exports, which has been very good for Asia. Thus, even though Asia was hit very hard in the first couple of quarters after the Lehman crisis, it has generally bounced back rather effectively, particularly Korea and China. China appears to have been completely insulated from the crisis and that adds to perceptions across Asia that China's growth and China's economic strength are likely to surpass that of the United States.

That Pew poll that I mentioned showed that within Japan, more citizens now see China as the economic leader of the world than the United States, which is rather startling. But clearly China has begun to replace Japan in many ways across Asia as a source of capital investment and as a developer of infrastructure and as the economic engine that tends to drive much of the region.

Fortunately for the United States and Japan, China seems to have overplayed its hand in 2010 with its response to the *Cheonan* sinking, the response to the Yeonpyeong shelling, the Senkaku Islands dispute, and disputes in the South China Seas. Effectively, China has dissipated 10 years of growing influence through its soft power and its goodwill and led to a reaction on the part of many of the countries in East Asia. These countries have come to see the United States (and to a lesser extent, Japan) as countries that they want to become closer to, rather than move further away from. Chinese assertiveness

means that the Japan and the US win by default. The United States' defense and security prowess has reemerged as a preeminent factor across the region, but its military influence is no longer matched by its economic ability to shape regional developments. It is no longer the number one economic destination for many Asian countries and it faces self-inflicted financial and budgetary problems at home. And so US military strength or US-Japan military prowess tends to be offset by the relative economic weakness of both countries.

More broadly, the US has been slow to pass the Korea-US Free Trade Agreement (KORUS), it's been reluctant to open its own agricultural and textile markets to less developed countries in Asia, and a growing amount of government debt still depends on T-bills purchased by Japan and China. The current situation that we find ourselves in is one in which there are at least two critical issues for both the United States and Japan.

One the one hand, it would be very advantageous if the two levels of Joseph Nye's chess game, security and economics, could be integrated more closely and operate in greater harmony with one another so that the US and Japan are not at risk of becoming overly dependent on their cooperation on security issues. Domestic economic reforms in both countries would enhance their combined abilities to use economic rather than military tools to resolve some of the security problems across the region.

Second, both countries need a more systematic and coordinated engagement on multilateralism, particularly in economics and in nontraditional security. And in this regard I want to make one passing and concluding comment on the situation in Japan as a result of the earthquake/tsunami and the nuclear disaster. I've been stressing – as others around the table have – that Japan ultimately has to open up its domestic market to more liberal imports of agricultural goods, small manufacturing goods, and the like if it wishes to engage with the rest of Asia and to become a more internationally responsible economic powerhouse. But the difficulty now with the disaster in the Tohoku is that if Japan were to open agriculturally it could appear to be a kick in the teeth to one of Japan's most prominent agricultural areas. Should Japan and kick a sector of the country that is now down? So it's going to be even more difficult now for Japan to open its markets and it's going to be exceptionally difficult for Japan to participate in the Trans Pacific Partnership (TPP). Although Japan has made noises about joining TPP, unless it's prepared to do so by reshaping its domestic economy, doing so will be an exceptionally difficult task. This will surely pose problems for the US as well because it is pushing TPP as a major trade initiative and without Japan it will be much less potent. However, the United States is in no position to point fingers at anyone given its problems at home. Until those begin to be resolved it's going to be very difficult for the United States to enhance its position in the rest of Asia. And if the US cannot do this, it will be even more difficult for Japan to engage Asia alone.

Hope for Multilateralism

By Hiroshi Inomata

Before talking about regional structure matters I really like to comment on Futenma. Adm. McDevitt and Amb. Armacost both were saying that Futenma is dead. While I don't speak for my government on this matter I would like to say that this is really hard but we have to strive for implementing the agreement between two governments. We shouldn't give up until the last moment, which is what I would like to stress here.

Turning to regional cooperation institutions or framework, as Prof. Pempel correctly mentioned there are many institutions and frameworks. There is ASEAN + Three and the East Asian Summit (EAS) which has at this moment 16 countries but with the United States and Russia joining this year will increase to 18. The ASEAN Regional Forum discusses many security and political issues, and has 23 countries and Europe. APEC has 21 countries and members. Eight different countries are on the waiting list, and India is one of them. Then there are other cooperative institutions like the Asia Europe Meeting, which has a large number of countries attending. And the Six-Party Talks is a security institution with the Shanghai Corporation Organization and others. Some of these are supplementary or complementary in nature; some are not. Most of them are often criticized (especially ASEAN-related meetings) as a "talk shop." Participants just read paper documents without having substantive discussions. I have brighter views of the EAS.

In addition, on the economic cooperation side there is APEC and many layers of FTAs centering on ASEAN. FTA networking actually shows the capacity to act collectively. They also enhance the bargaining leverage of the region, I think. And by 2015, ASEAN is trying to become an ASEAN Economic Community which was clearly mentioned in the Charter.

Further integration could be a positive development for the security of the region. ASEAN countries have enjoyed rising economic development thanks to peace and stability which is only possible because of the maintenance of US forward development strategies and the Japan-US security alliance. Asia and Pacific countries very much appreciate or value highly the US policy to sustain strength and commitment and leadership in the region. So they welcome the US discussion to join the East Asian Summit. Secretary Clinton and President Obama's visits to Asia are a clear message that the US is engaged deeply in regional security and economic matters. Those countries believe that the best structure for Asia and the stability in Asia rests on the quality of US, China, and possibly Japan relations, or maybe China-US relations.

This raises the question of the China factor and as Prof. Pempel mentioned the Chinese have a huge presence in Laos, Cambodia, Pakistan, and Sri Lanka. (When I was Director General in charge of Southeast and Southwest Asia before I came to San Francisco) I visited those countries several times and I found many Chinese workers building big conference centers in Laos, Cambodia, and Sri Lanka.

Deep economic interdependence among China and ASEAN member countries is quite understandable and I think it provides a great market for each country as well as a good source of direct investment. So they have to rely on China, and that is quite understandable.

Negative factors include territorial disputes. Vietnam and India have had conflicts with China in the past. Last year when Vietnam hosted the ARF meeting in Hanoi, several nations took a stance on the South China Sea. The US stood together with Japan to support freedom and open access to the maritime commons in respect of international law. Secretary Clinton proposed in Hanoi to resolve territory disputes through multilateral rather than bilateral processes which upset China.

ASEAN needs to remain a stronghold of Japan and United States for regional peace and stability. In this context the US joining EAS should be highly welcomed.

I also hope we will see the strengthening of APEC this year. The US is chairing the meeting with the catch phrase "From Yokohama to Honolulu." The final goal is to have an Asia Pacific Free Trade Area and the first step toward this might be the TPP. I'm not going into details on TPP because our government has decided to come up with some decision by the end of June but because of the tsunami and earthquake disaster I don't think we may be able to make that decision as scheduled.

The Future of the DPJ

By Michael Auslin

Obviously the session was set up long before the earthquake and so any presumptions that you would have had about domestic politics in Japan have been knocked off course. We covered a fair amount of it yesterday. The takeaway I got from yesterday is that it's far too early to know what impact the earthquake and tsunami and continuing and ongoing nuclear crisis is going to have on domestic politics. So anything that I can say is going to be extremely speculative. The way I approached this, at least initially, was to deal with what is happening right now and give a set of policy-making bullet points. These were written a week ago, in the immediate aftermath of the earthquake and things have changed since then.

So from an American perspective there are the immediate exigencies that the government is dealing with. There is no doubt that this is going to shape Japanese domestic politics for the next half decade or more. Whatever we thought we might have been talking about in terms of survivability of the DPJ, of possible coalitions of internal DPJ rivalries that might lead to a new leadership or how well they would manage for example, everything has changed and gone by the boards.

This would be the supreme test of any government's ability to govern effectively and it would be no different for the DPJ. The particular problem for the DPJ is that while it is never a good time to have a catastrophe like this, it is worse when you are a government that has a 20 percent or under approval rate. You go into a crisis with less public confidence in your ability to deal with daily affairs let alone the extraordinary demands this has brought upon the DPJ.

The big question as the initial disaster relief phase and as the initial shock wears off is what will the DPJ long-term recovery plan look like? How are they going to approach it, and what type of standing committees will they be setting up? Who will be taking the lead? If you have an even more weakened Prime Minister Kan after this crisis – which I think is likely – will he be the main voice? Who is going to be making decisions? There are extraordinary questions that have to be asked that will reverberate through Japanese politics.

We always talk about the significance and importance of rural interest groups, as we were talking about the Trans-Pacific Partnership (TPP) and whether Japan would join. The electoral system is set up to privilege rural votes over urban votes and that has stymied a lot of reform even with recent Supreme Court rulings that it is unconstitutional for that to be in place. But here you have an extraordinary set of questions about rebuilding a not-insignificant part of the country. It's not the industrial heartland but this is a significant part of the country and I can't think of an analog in recent times of a major industrialized country that has to undertake rebuilding like this. Entire villages will have to be rebuilt – or maybe not. If you look at the age population grid in some of these villages it may not be worthwhile to rebuild them.

Entire local industries had been washed away – agriculture, fishing grounds, ports have to be rebuilt, the entire infrastructure of daily life in a region that encompasses, at least in the three most affected prefectures, about 5 million people. How will the DPJ approach these questions? Will it have a rational and balanced approach to dealing with this as the electricity situation continues to be dire and uncertain? Will politics intrude so that the planning process losses its rational sense? Will this become simply an attempt by politicians to get ahead of the curve, and get ahead of criticism to respond to whichever local voices are the loudest? If so you have a very unbalanced long-term recovery.

Japan does have money, and Japanese corporations have money. Whether they will use that money is the key question. We are talking about hundreds of millions of dollars in an already dire fiscal context. If we had been here without this tragedy, we would be talking about the downgrading of Japan's debt, we would be talking about scenarios in which confidence over future debt plans and interests rates would be playing into the political discourse. Here you have an extraordinarily expensive layer added on top of that, and it is significant.

In my last few minutes I want to talk about the fundamentals and whether they change if we look at Japanese domestic politics and what that means for the alliance. I think the answer is no – the fundamentals have not changed. It will bear watching, but feelings of goodwill and trust are developing not only between the SDF and US Forces in Japan who had been working around the clock now for two weeks on this crisis but also between our two bureaucracies. Whether that continues, whether there is in the crisis a silver lining, it's hard to say. Whether the participants as well as the institutional memories that come out of this will have a much deeper appreciation of the abilities and strengths of the other, have recognition that we can work together when needed and have a renewed commitment to try and overcome some political sticking points, how long it will last, no one knows. It will be in large part dependent on the performance of the DPJ. If the US government loses confidence in Kan and his Cabinet to deal with this, then I think you will see a quick cooling of relations at least at the official level. The personal level I think will remain for a long time.

It's not to say that relations between Japan and the US aren't better than they were last year under Prime Minister Hatoyama. But I don't think that is indicative of a real change in the political fundamentals. I don't think that the DPJ has evolved in its governing capabilities over the past year. I don't think we've seen either unity within the party or a clear understanding of what it needs to do to handle the pre-earthquake, tsunami, and nuclear crisis politics that it was already struggling with. The party is internally riven. All the betting in Washington was on exactly how long Prime Minister Kan would survive before this crisis hit and I don't think that his performance has changed any of the factors that would go into making that decision. I'm beginning to hear from friends in Japan that there is a growing anger and dissatisfaction with Kan's performance, with his general absence from the public view and the public scene, as well as some initial comments. It has been Edano who has taken the lead and has emerged as the star of the Cabinet, if you can put it that way.

So if there are an extraordinary set of pressures on the DPJ now, we haven't seen anything in the past year that would lead us to indicate that internal policy-making has become any smoother or rationalized.

One thing that I think is interesting and will bear is the role that Edano and the younger generation within the DPJ will play. He has become the most public face. If Prime Minister Kan is forced to step down now he has moved into the rank of front runners. The criticism that I've heard coming of Okada's performance as party secretary general has been much stronger than what I anticipated. I always was of the view that Okada had the inside track to replace Kan given his prior roles and that is something I'm questioning based on what I've been hearing.

So one issue is whether Edano not only personally moves into a position of leadership in the Party, but whether that's representative of an inter-generational shift that we've been looking for within the DPJ.

Let me wrap up by saying that despite the goodwill that Washington has felt and the sympathy that Washington has for its Japanese partners, there remain problems in the relationship at the government level. Those of us who were in Tokyo – I was there just two to three weeks before the earthquake – were hearing extremely negative signals from our government officials over their confidence in Prime Minister Kan's government, not only to move forward on FRF but to have a coherent governing plan for all of the other issues that the Japanese are more concerned about than Futenma.

So to sum it up, the fundamentals haven't changed. The government will be consumed with this for the next few years and is operating from a position of even greater weakness than previously. We should be expecting not only a protracted and probably extremely messy process of cobbling together a reconstruction plan, but also enhanced rivalry within the DPJ for leadership based on the response to this crisis. Thank you.

Swings in the US and Its Impact on the Alliance

By Toshihiro Nakayama

I will focus on the American political landscape after the mid-term elections and its impact on East Asia. I guess we know now that the 'power vacuum' at the center of US politics is structural; we were repeatedly told that this vacuum was a result of the polarizing character of the Bush administration, but it persisted under the Obama administration as well. This was the lesson we learnt from the 2010 elections. In terms of the seats gained, it was no doubt a historic win for the GOP: 63 seats gained in the House, five gained in the Senate. You could say that the Democrats lost all that they had gained from the 2006-2008 period. President Obama called it a "shellacking." This was unthinkable in 2008 where we were told that a structural shift favoring Democrats had taken place. Was it really a historical win for the Republican Party?

Expectations of the Republican Party are still quite low and Obama's job approval is not high but quite stable hovering at around 50 percent. In light of this, is it accurate to conclude that the American public chose the Republican Party over President Obama? I think the answer is not as evident as it seems. I think it would be more accurate to say that Americans chose 'equilibrium.' The 'philosophy of equilibrium' is embedded in US political institutions – federalism, check and balances, and separation of powers. If you look at the political landscape after 2008, the Democratic Party predominated in American political institutions. Obama's agenda was very ambitious as well. In this context, the message from the American public was to say 'stop,' 'slow down.' Some among the Tea Party movement participants explicitly stated that they preferred gridlock. So it wasn't that they chose the Republican Party. Rather it would be more accurate to say that Americans chose equilibrium.

Tea Party passion was very visible. But the deciding factor was skepticism among independents. People will remember the former but the latter was the deciding factor. What does the Tea Party movement symbolize then? Some people say that it's a major Jacksonian storm or it's an anti-establishment populism. Some of its features include radical libertarianism, impulsive distrust toward the expansion of federal government, and a stream of anti-intellectualism. You could portray it as a spontaneous grassroots conservative movement as well, just the reverse of what happened in 2008.

Is there really anything new about the Tea Party movement? I think in terms of ideas, there isn't anything really new about it. It is a pure form of grassroots anti-establishment libertarianism. What was new was that it was sort of an open-source 'wiki movement.' It was never precisely defined, and was constantly being re-written. You couldn't really define what it was, but it was there. The question is, does it have staying power? We won't know this until the next round of elections.

As a result of the election, President Obama reacted in a very quick manner and made a quick centrist turn. Several features – the extension of the Bush tax cuts, appointment of business friendly officials, such as Bill Daley and Gene Sperling, an emphasis on going forward with KORUS, and his speech at the US Chamber of Commerce

– clearly showed that he was a pro-business president. And the impact of the Tucson shooting and the speech which he made after that incident revived this notion that America has to come together, the '2008 feeling,' if you will.

In the State of the Union speech, he clearly positioned himself in the center. President Obama's centrist turn was quite quick. I think it took about a year for President Clinton in 1994-95 to make this centrist turn. In the case of President Obama it was a matter of weeks or days.

What are the foreign policy implications? Generally, if you look at the American political landscape, it is very inward looking. The issue of fiscal constraint is dominating the political agenda. It clearly has an effect on foreign policy as well. What is the implication of the rise of the Tea Party movement? Walter Russell Mead had just written an article in *Foreign Affairs* where he says there are two wings within the Tea Party movement. The Palinite wing, which is national security-based, traditional power-based, strong-America type of thinking. Then there's this Paulite wing, which is neoisolationist and doesn't want to mess with international affairs and prefers to stay away from difficult issues. Mead sees the Palinite wing being the dominant wing of the Tea Party movement, but dislike for and distrust of liberal internationalism which would undermine US multilateral commitments is a strong tendency within the movement. While they are not part of the foreign policy establishment, you cannot underestimate their power to say "no." It would limit for instance Secretary Clinton's effort to change the State Department and USAID in the ways outlined in the *Quadrennial Diplomacy and Development Review* and some Tea Party affiliated politicians in Congress are taking stances with regard to this issue. They also see defense spending as an area they can cut.

Is 2012 going to be a foreign policy election? If you look at the possible GOP candidates, Ambassador Jon Huntsman may be the only one who has experience in the field. All the others are not well known for foreign policy backgrounds. The major foreign policy issues in 2012 will be: the tectonic shift in the Middle East, troop withdrawal from Afghanistan; and quite possibly, the rise of China, maybe not in terms of national security but definitely in terms of its economic rise and how that would challenge job security in the US.

If you observe how the American public sees the world, there is a clear shift in the notion of American national interest and where American national interests align regionally. According to a Pew Research Center study, in 1993, 50 percent of the American public saw the most vital area for the US as Europe and 31 percent said Asia. In January 2011, Asia was 47 percent and Europe was 37 percent. So there is a clear reversal. Has America really adapted to that change? I think it's easier said than done and if you look at the Obama administration we sense they are more reacting to events than forming a strategic notion of how to deal with things occurring in Asia.

Quite naturally, when the US talks about East Asia, China is in the forefront and I think the uncertainty of China's rise is, as we discussed yesterday and today, the most important question for the US, and for Japan for that matter. The initial response of the

Obama administration to China's rise was to establish a strategic partnership. But that effort failed to create a framework for the peaceful integration of China into a liberal internationalist order. So they have shifted their notion on China. Now the US has become more cautious.

Seen from Japan and from the region, Hu Jintao's official state visit in January signaled something very new. It may have been a historic moment in which the US accepted China's rise. For the first 150 years since independence, was a rising power and in the past 60 to 70 years it was the strongest power. For the past 20 years it was the sole superpower. But observing President Hu Jintao's visit and the reaction of the American public, it seemed as though they have accepted China's rise and with that, a relative change in status. 'Decline' is a too strong a word, and I know Professor Nye is very critical of that idea, but I sensed that feeling among the US public after the way you accepted Hu Jintao. This never happened vis-à-vis the Soviets during the Cold War or with Japan in the late 1980s. US policies toward China have been portrayed as balanced between 'hedging' and 'engagement' and I think that is still true. But I think there was a shift in nuance. Maybe it would be more accurate to say that you 'accept China as it is,' but you have to 'prepare for its rise.' Maybe it is just a change in nuance, but it is a significant one. I know there will be reactions from the American side but that is how I saw it.

How does the US perceive Japan? I think the Obama administration's view of the alliance, and alliances in a multi-partnership world, is quite different from the traditional sort of alliance. Today, the bilateral alliance is one of many instruments to deal with complex and new issues arising in East Asia. No doubt is still significant. However, problem-solving pragmatic coalitions are becoming more and more important.

Japan's recovery effort will limit Japan's international action. But I think the state of the Japan-US alliance is much better than a year ago. But it is not at its full potential. Chinese assertiveness had the effect of reminding the US and the Japanese public of the importance of the alliance with Japan. However, precisely because it is important, it may be wise to control our expectations. This is unfortunate, but still, I think that it is much better than a year ago.

Deterrence in a Changing World

By Nobumasa Akiyama

I think US participants must bear with all the Japanese speakers for maybe a couple of months. The earthquake was an epic-changing event like Sept. 11 or the assassination of John F. Kennedy. Just as Americans talk about what they were doing on Sept. 11 or at the JFK assassination, maybe Japanese will talk about what they were doing during the earthquake and tsunami. I was in Sudan, so I didn't experience. But I was told by a Sudanese person, "you are lucky you are in Sudan." I thought I was supposedly in a more dangerous place than Tokyo.

I was asked to talk about extended deterrence and the alliance. Since I am supposedly expert on nuclear nonproliferation and nuclear issues I would like to talk about the relationship between the credibility of extended deterrence and the way the Japanese government responded to the crisis in the nuclear power plants. I believe it's relevant to talk about responses to nontraditional security threats. If we consider this crisis at the nuclear power plants to be something like a quasi-nuclear terrorist attack then the effectiveness of the response will be relevant in dissuading potential adversaries.

First I would like to provide an overview of the Japanese understanding of the 2010 Nuclear Posture Review (NPR), the Quadrennial Defense Review (QDR), and extended deterrence in the context of these two documents. The major concern for us is how to maintain the credibility of US Extended Deterrence with fewer nuclear weapons. The NPR describes the role of nuclear weapons as "fundamental" instead of "sole purpose" and that is sort of a compromise between President Obama's personal belief of a world without nuclear weapons and the reality of the existing and ongoing role of nuclear weapons.

The interesting but troubling notion is regional, tailored, deterrence architectures which are described in the QDR. What is tailored deterrence and what are the specific natures of the Asian security environment which necessitate the difference from Europe? In particular, I think it's relevant in talking about the nature of threats. Of course, nontraditional threats such as that posed by North Korea or terrorist attacks are possible but the most important, in terms of thinking about extended deterrence, is the rise of China and the nature of the strength of China.

One question about the rise of the Chinese military capability is whether the United States and probably Japan would accept mutual vulnerability with China at the strategic level. Officially, US doctrine does not accept the notion of vulnerability. In reality I think we are vulnerable to some extent to the Chinese. China has developed some sort of very credible survivability of their arsenal. That means we have vulnerability at the strategic level.

The second question is how to deal with so-called anti-access area denial strategy. That means that China may be able to deny US forces access at the theater or tactical level. In particular this question of how to deal with this capability is related to the retirement TLAM-N in the context of 'nuclear' extended deterrence. Even though the decision was

made in the mid-1990s the total budget cut for the maintenance of the tactical missile is troubling to some Japanese.

When we think about how to control the escalation ladder with this relatively small number of nuclear weapons, the absence of tactical nukes may have an effect. We should pay more attention to force structure: the combination of missile defense, global strike, conventional forces, readiness and so forth.

On Japan's part we have to think about how to play a more proactive role in the maintenance of extended deterrence. How is it possible for Japan to do this? Japanese documents, the National Defense Program Guidelines (NDPG), may have some answers although I don't think it is sufficient.

The NDPG argues that the threat of a full-scale invasion against Japan is unlikely to occur. Japan faces diverse, complex, and intertwined security challenges and destabilizing factors. For more effective deterrence the NDPG emphasizes ensuring the security of the sea and air space surrounding Japan and other items. This is the notion of defending the global commons and is sometimes characterized as a clear message of a shifting emphasis on China in Japan's defense policy. The other element is preparing for nontraditional threats like large-scale chemical, biological, radiological, and nuclear disasters or other attacks by guerrillas and special operations forces.

What kind of capabilities and notions should be developed to achieve these objectives? The NDPG introduces a new notion: "dynamic defense" or "dynamic deterrence." I always wonder what is dynamic if existing forces are not dynamic. The document says this places operational emphasis on readiness, mobility, flexibility, sustainability, and versatility. So it's everything necessary for more effective forces. The emphasis is also on a commitment to multilateral security, regional security frameworks.

Another important element is the re-emphasis on the continued importance of US extended deterrence. This includes extended nuclear deterrence and, since maintaining its credibility is important, then Japan's own efforts in missile defense and civil protection are also critical.

If we are talking about a credible extended deterrent, what are the main issues? The relationship with China is very important. How are we to establish a deterrent relationship vis-à-vis China? What kind of modality of deterrence would exist between United States and China? I don't think China would accept that it would be unilaterally deterred by the United States. There may be some mutual agreement needed on what the strategic relationship would be, and in particular how to stabilize it. But difficulty exists because of asymmetrical strategic forces, force structures, capabilities, objectives, and doctrines between United States and China. Though China said it adopted a no-first-use policy, we cannot believe them. China says it has adopted an unconditional negative security assurance. So why does it need medium-range missiles? The only target is Japan. The medium-range missiles China deploys do not reach major strategic targets of Russia or India, so what will they be used against? Then Chinese say they do not mate warheads with

delivery systems, but how can you decouple warheads and missiles in submarines?

So there are some inconsistencies in Chinese doctrines and capabilities. How are we going to build confidence with China and establish the logic of a stable strategic relationship which could be agreeable to the US, China, and Japan under such a puzzling situation? We need more thorough strategic dialogue.

Second, there is concern over the potential gap between strategic and tactical-level assurance, in particular with the elimination of tactical nukes. This point should be addressed by Jim more thoroughly so I will skip it.

Finally, I believe it is essential that Japan and the US be able to effectively respond to relatively small-scale contingencies.

Now the issue comes to the question of how Japan has been doing in the wake of the nuclear accident in Fukushima. This as a very critical test model or test case for Japan's capability to respond to the nuclear crisis. It is quite similar to nuclear terrorism.

It is important that Japan and the United States established joint operations effectively and that they communicate effectively between each other. The speed of the United States commitment to the crisis in Japan was also important. I'm sure that North Korea, China, and other countries are closely watching. One of the interesting pieces of evidence is that Russian planes flew over Japan and collected information on the air pollution, contamination, as well as how operations are going. How the Japanese and the US are responding to this crisis would be of interest of China. We have to be very careful about Chinese actions. Today I read about a Chinese helicopter that approached a Coast Guard vessel in the East China Sea. So there may be challenges to our readiness to respond to contingencies other than the ongoing crisis.

There are several other issues related to this Fukushima nuclear power plants incident. First is the extent to which Japan was capable of having a rapid reaction to the incident. The main problem at Fukushima is continual leakage and disposal of radiation and radioactive materials. The problem is it seems there is no clear scenario-based preparation. So there is much confusion about establishing command and control systems and what kinds of capabilities need to be mobilized. For the first week there was much confusion about command and control information gathering and sharing, and little understanding of where these capabilities are located and how to mobilize them. So I think readiness was relatively low.

The second issue is whether Japan could demonstrate resilience against these contingencies? The community is doing relatively well and the Japanese people are very patient despite problems with the shortage of supplies of electricity and inconveniences with supplies of food and water. But they didn't cause any panic about contamination in the air. Rather, foreigners are more panicked but the Japanese people are rather sober.

But the problem is the government failed to provide sufficient information and enough guidance to the people to protect themselves. As time goes on, the people have become more frustrated with the lack of information from the Japanese government and even more frustrated by insufficient information-sharing by TEPCO with regard to dispersal of radioactive materials from the plant and air contamination.

The problem is whether the Japanese government could have done better in controlling TEPCO. There is a law on special measures against nuclear disasters. Under this law the government is supposed to establish a headquarters to respond to a crisis but that happened only four days after the crisis. If that could have been done on the same day or the next day, I think responses would have been much different. TEPCO first refused to accept fire department forces. It wanted to respond by itself and failed. It failed to accept police forces and the Self-Defense Forces. And after the Self-Defense Forces took command and control things started to get better, the Prime Minister's Office could have done much better in taking command and control.

These issues raise concerns about Japanese readiness to deal with nontraditional, asymmetrical warfare. Luckily this is not a real war situation, but a kind of quasi-terrorist case. We have to learn lessons more thoroughly about dealing with these emergencies. Although it seems like I'm talking more about emergencies than extended deterrence, I still believe this is an important element to increase the credibility of extended deterrence, in particular in the environment where we have more threats from asymmetrical contingencies.

Understanding AirSea Battle

By Jim Thomas

I'd like to drill down into one of the themes that came out of last year's Nuclear Posture Review: the continued de-emphasis of nuclear weapons in American strategy following the end of the Cold War. What makes this particularly interesting is just how messy Northeast Asia has become since the end of the Cold War, as North Korea has developed a nuclear capability and China has continued its buildup of conventional military capabilities as well as the modernization of its nuclear forces.

Since Operation Desert Storm, the United States has encouraged Japan to look further afield and participate in out-of-area operations. At the same time, the situation in Japan's neighborhood has been shifting dramatically. This has real implications for thinking about extended deterrence.

The questions we are frequently asked by our Japanese friends when it comes to America's extended deterrent are: will 1,500 weapons be enough to meet all of your extended deterrence commitments around the world? Would you respond to North Korea in kind if Japan is attacked with nuclear weapons? How are you going to compensate for the loss of TLAM-N and having tactical nuclear weapons capability? And ultimately what is your real thinking on China? I'm happy to come back on all of these.

However, I would like to focus on two complicating factors in thinking about extended nuclear deterrence, especially if we're going to put a lot more emphasis on conventional capabilities. The first is America's and I would also say Japan's fiscal predicament as we look out over the next 20 years or so. There's not a lot of new money for a lot of new conventional weaponry, or for that matter modernizing our nuclear posture.

Second, there has been this shift underway and a competition between how the United States has traditionally done transoceanic power projection on the one hand, and the emerging capabilities of competitors either to deny our movement into their immediate neighborhoods or to constrain our ability to maneuver once we're there. These are the so-called anti-access and area-denial capabilities that we see China developing most prominently but I'd argue China is really only the first manifestation. You're going to see a continued proliferation of such capabilities around the world to countries like Iran which will adopt its own posture with perhaps Persian characteristics, as well as nonstate actors like Hezbollah. I think they are going to proliferate to our friends as well, and anti-access capabilities are going to be seen in more neutral terms. It's not just something the bad guys have, like biological weapons, which are beyond the morality of anyone in this room to use.

We should recall from our own experience that it's traditional for most countries, as they develop their militaries, to go through a phase where they focus on denying access to superior adversaries to protect their homelands. That is the story of the US Army in the 19th century where the principle mission of the US Army from the War of 1812 until World War I was coastal defense to ensure that the Royal Navy of Great Britain was never

again going to sail up the Chesapeake Bay and try to ransack the cities of Washington and Baltimore as well as other ports on the Eastern seaboard.

So as we think about deterrence and looking ahead we face a situation which is a bit analogous to the situation in the Cold War and the late 1950s, where we can start to see the emergence of gaps in our deterrence posture, things that we just haven't covered very well. Mr. Akiyama addressed this well when he talked about how there may be a lack of credibility on the part of our posture when it comes to deterring a power that has its own survivable yet smaller arsenal of nuclear weapons, has an favorable asymmetry in the conventional realm and does not think that nuclear weapons really are a credible deterrent against the use of that conventional weaponry.

So we see a couple of prominent cases and while this list is not exhaustive, at the top of the list I put nonnuclear coercive missile campaigns. The large case here I think is China but I think this also has applicability to thinking about North Korea. How credible is it that the United States is going to respond with nuclear weapons to a ballistic missile salvo conducted with conventional warheads?

The second issue is the growing potential over the next few decades for economic warfare, cyber-attacks, and other nontraditional forms of conflict. It's not the classic counter-invasion dynamic for which our militaries hone their skills.

And the last, and this is the one that's picked up in Japan's National Defense Program Guidelines most recently, is this idea of ambiguous aggression or creeping maritime expansion. This is a real concern and it's obvious that a nuclear posture is going to have little relevance when it comes to a fishing dispute in the Senkakus that inadvertently or rapidly escalates.

We all recognize that nuclear weapons are going to be with us for quite some time and, despite global zero, it's hard for me to see a future for my children, grandchildren, or my great grandchildren – looking out far into the future – where we're not going to have nuclear weapons in this world. Because I think as long as the technologies are there, there's always going to be a chance that some party in the world – whether it's a state or a nonstate actor, or a handful of individuals – can possess this capability. So you're going to need some sort of deterrent or response in-kind.

So I don't see conventional weapons ever fully replacing nuclear weapons. But at the same time I do see how our extended deterrence posture has to be supplemented and how we're going to have to develop a wider range of both retaliatory response options as well as denial options, to deny an adversary their objectives in the first place. This calls for a complementary set of nonnuclear concepts and capabilities. I think it's somewhat analogous to the situation in the early 1960s, as President Kennedy was entering the Oval Office where we started to shift from under President Eisenhower a doctrine of massive retaliation to a doctrine of flexible response. We wanted more rungs in our escalatory ladder and we wanted more options for dealing with potential forms of aggression or coercion than simply resorting to nuclear weapons which were seen as perhaps being

increasingly less credible.

Today we can see a similar dynamic both at the lower end in terms of how Japan is developing a concept of dynamic deterrence or dynamic defense for dealing with creeping aggression and ambiguous gray zone-type of incidents that might occur. What's really important is the recognition that it's no longer sufficient to be a fleet-in-being. This is an old concept and strategy. It's no longer enough just to have the Self-Defense Forces and to spend money on defense. You have to constantly exercise; there has to be a surveillance posture of vigilance; and there has to be very high level of readiness for that posture to be credible in this day and age.

On the American side at the higher end of the conflict spectrum, the challenge is how the US can stay in the power projection business? How do we maintain the credibility of our military forces to conduct trans-oceanic power projections in the face of these new dangers and the maturation of an extended range precision-guided warfare regime?

The real focus in the western Pacific I would argue is on this growing missile salvo competition. How can we preserve the high-end military balance in the western Pacific and crisis stability with our forward presence? The issue here is that when we think about the western Pacific it's obviously an away-game for the United States. And with a missile salvo competition, the local competitor has a home field advantage: they probably interior lines of communication and they have a much deeper magazine of conventional weapons to employ. So the challenge is how to find sources of advantage as you're projecting power to stay in that forward area.

The nascent AirSea Battle was intended to address this sort of competition. There are a lot of misperceptions about what it is and I want to talk a little bit about what it's not. I fully support the idea of a dual policy of engagement and hedging China. But my focus today is the hedging portion of that strategy without losing sight of engagement. I really don't think you would want to pursue one without the other.

AirSea Battle is an emerging concept in the United States. It's not fully formed. There is no glossy document you can point to or White Paper or a PDF file online that you can find. But I think there are some emerging characteristics that seem to be taking shape. First, it doesn't assume the inevitability of war, and in fact it's very much in the spirit of saying; how do we maintain a stable balance that is in everyone's interest so we can avert war and prevent it? This is not aimed at the containment of any country but again it's really focused on how we maintain a stable military balance.

Another concern that often emerges when talking about AirSea Battle is that it's a precursor to US military disengagement from Asia. I would argue it's exactly the opposite. This is trying to make a forward-presence more sustainable and more credible over time than it is today given its limitations and vulnerabilities.

The last general point I'd made about the concept is this is not a strategy or a concept to actually win a war. This is really about how you could prevent an adversary

from winning a war.

So what is it? First, this really is a concept for enabling other operations as opposed to an operational concept in and of itself. It focuses on offsetting a competitor's asymmetric advantage in extended-range ballistic missiles where they may have a numerical superiority and a home-field advantage. It's intended to inform investment and posture decisions, in terms of where we want to base our forces and other choices that we'll make in a long-term military competition while maintaining a stable regional balance.

The fundamental objective is trying to heighten uncertainty in the mind of a competitor about whether they could pull off offensive aggression or coercion in some form. This is very much about maintaining the status quo. In that sense it's relatively passive and it assumes that a competitor would always have the initiative in any sort of military operation: we're not starting a war here. The real focus is on this idea of how minimally can we – at the lowest cost in terms of blood and treasure – deny our competitor its objectives in a military conflict and to make that as credible as we can. In this we assume that one of the objectives of the competitor might likely be a very short war and the ability to impose fait accompli on the United States and its allies in a regional dispute. So part of AirSea Battle is how essentially you can hold out the prospect of a protracted conflict.

Let me talk now a little bit about some of the operational elements for AirSea Battle. The first is this idea of improving our ability to withstand large salvo missile attacks by deflecting the blow. Here the United States and Japan have been cooperating for quite some time in terms of ballistic missile defense and this underscores the importance of those activities. But over time, just given the very poor cost exchange rate ratios between offensive ballistic missiles and ballistic missile defenses, we're going to have to think about how we complement or supplement that posture, with passive defenses like the hardening of our air bases, rapid runway repair facilities, how we may maneuver our forces or use electronic warfare to spoof radars, and make it much more difficult to target those forces. Just like other countries in the region we're going to have to start to adopt poor-man strategies. The idea of just throwing money at problems is no longer a luxury that we have either in Washington or Tokyo. So things like camouflage concealment, denial, and deception, hardening, constructing deep underground facilities, are going to be all the more important in terms of the choices that we make.

The second element is how we degrade the surveillance capabilities of an adversary and deny its ability to connect the data that comes from sensors to their missile forces. If a country has an overwhelming numerical asymmetry in terms of its ballistic missile forces how can you counter that kind of force? And you simply can't do it symmetrically. We're never going to build up our own ballistic missile force in the western Pacific. You can't do it in terms of ballistic missile defenses necessarily. So asymmetrically, how can you offset this capability and the only thing we could really come up with is this idea of denying our adversary the ability to effectively use ISR, intelligence, reconnaissance, and surveillance systems, to target US and allied forces.

Denying an adversary ISR works particularly well protecting those forces that are mobile. So naval forces have an advantage in terms of their ability to defend themselves if you can blind the adversary's ISR systems. But it even works in the case of land base forces, especially if you've diversified your basing posture and you have access to a wider range of military and civil airfields so that your forces can disperse. It allows you essentially to play a shell game, and it's very difficult for your opponent either to target your forces for conducting attacks or to conduct battle damage assessment in the aftermath of an attack to understand what their effectiveness rates were. It forces them potentially to employ their missile forces very inefficiently.

In doing this we really have two goals. One is to buy back our freedom of maneuver for our naval forces and the other is to maintain high sortie generation rates for our ground-based air forces.

The third element is thinning the missile salvos that might be coming at us. Here there is a need for holding out the prospect of offensive operations to suppress enemy ballistic missile forces and transportable launchers because it really imposes costs in terms of having to protect those capabilities. If they have to think about concealing them, it makes it very difficult to a mass and coordinate salvo attacks and to deploy systems effectively.

The fourth element is regaining the initiative and here again we're assuming that we're not starting a war but we'd be on the receiving end, so from the offset, the opponent would have the initiative. How can you regain it? How we would try to regain the initiative in terms of supporting operations that could be conducted to be able to deny the ability to use certain domains whether it's in the maritime areas or airspace, and then how we can essentially shift the conflict in ways that are advantageous to us. That gets to the last element of this: it's very difficult to think about how you would win a war against a country like China, if not impossible. So what you're looking for is some area where you have advantage and, like other powers that have faced this problem, you probably want to adopt a traditional naval maneuverers approach and shift the conflict to the periphery. Given that China remains a continental land power but with great maritime trade interests there is asymmetry that can be exploited in terms of the ability to hold at risk some of those vulnerabilities over time, potentially leading to conflict termination.

So what are the implications for the US? There is going to be far greater need in the future to operate at varying ranges. We're still going to have to be close in with many of our forces, but at the same time the ability to use strategic depth and have bases and capabilities that can operate from greater range is going to be increasingly important. In an anti-access environment, you're going to need ISR and strike systems that can persist in those environments and be used for the targeting of assets in those environments. We have to assume that our communications networks would be denied, that we would lose much of our space-based precision navigation and timing, communications. This, at the end of the day, will put a premium on our ability to conduct highly decentralized operations with local self-forming networks of air and naval forces, not only US forces, but ideally US and allied forces and other security partners in the region.

In terms of the implications for Japan there are a couple. First, as we look at this change and this shift between anti-access and power projection I think it represents the closing of the protectorate chapter in the Japan-US Alliance history that has been the basic premise of the alliance in terms of thinking back to the Yoshida Doctrine. I don't think that is going to be sustainable in the new era. We're really going to need a truly genuine military partnership. This really means a back to basics approach focused on self-defense that rather than continuing to encourage Japan to play greater and greater roles out of area, making politically significant contributions and operations in places like Afghanistan. Given our resource constraints we may simply not have that luxury so we need to focus on what is most important and that is going to be the defense of Japan.

There's reason to believe it would make sense for Japan to in some ways emulate what China has been doing over the last 15 years and construct its own miniaturized version of an anti-access area denial complex. This can essentially deter any sort of advancing power around the Japanese archipelago. This is going to be most important in terms of the southwest islands where there is very little military presence today.

The fundamental change will be far less dependence in the future on the United States providing the conventional first response to any form of coercion or aggression in Northeast Asia. Japan is going have to do more for itself. That then begs the question of the purpose of the Japan-US Alliance. What value is Japan going to get from the United States in the future? I hold out a couple things. First, there is the enduring value of the extended nuclear deterrent. Second, for the foreseeable future you're going to have a significant US forward presence in terms of Forward Stationed Forces as well as Forward Deployed Naval Forces that will be operating on and in and around the Japanese archipelago for deterrence and for the defense of Japan. Most crucially as we look ahead, it's US command of the commons that is of supreme interest to Japan and really underscores the importance of the Japan-US alliance. Japan simply is not going to have the capacity to protect and defend its overseas interests to the extent that it would like. That's going to be a continuing role for the United States. So you would expect that in strategic dialogues between Washington and Tokyo, issues like the Persian Gulf are going to be on the table in an alliance context because we both have interests there but in terms of our abilities to defend those interests that will remain highly asymmetric.

Finally I think there is a need to think about how we can start to bring together our emerging operational and enabling concepts. They are healthy prospects. Within Ichigaya there is the beginning of development of a Southwestern Wall concept, and thinking about a modest anti-access area denial capability for the Southwestern islands. That might be the basis for unifying Dynamic Defense and AirSea Battle -- how these concepts could be brought together into a more unified allied concept. We must ensure that between dynamic defense on the low-end and AirSea Battle on the higher-end that we have a bridge and we've made sure that we actually have a continuum of coverage when it comes to extended deterrence against a range of contingencies.

As we were discussing this morning, the resources aren't going to be there to do everything, so we're going to have to make some hard choices. And as an American it's a

lot easier to kind of throw the rock and say, "well here are some suggestions" to my Japanese friends across the table. I would start with the Ground Self-Defense Force: as we look ahead, the coastal defense mission could become absolutely critical and rather than trying to diminish the Ground Self-Force it may become their primary mission,

Undersea warfare stands out for the Maritime Self-Defense Force and improving both the air and ballistic missile capabilities of the Air-Self Defense Force will be critical.

In conclusion I would just say that there's going to be a need for continued close allied consultations to inform our emerging concepts, AirSea Battle and dynamic defense, so that they're well understood and we can understand the mutual roles that we'll play in each other's concept.

Building a Future Together

By Evans Revere

When I was first asked to speak at this session, I worked diligently to draft some comments about the familiar range of subjects we usually discuss at this forum – and then came the disastrous events in Tohoku. In the days after March 11, I reviewed what I had prepared and realized quickly that the horrific earthquake, tsunami, and nuclear disasters that had struck Japan would have an unprecedented impact on Japan and the U.S.-Japan relationship, and this required a complete rethinking of what I should say today. So I shredded my original notes and started over.

My remarks today represent my assessment – accompanied I hope by a few insights – of where our bilateral relationship stands in the aftermath of the terrible events of March 11, together with my perspective on the likely effect of that horrific day on Japan and on the Japan-US alliance.

The remarks that I was originally prepared to make track closely with the discussion that we've had over the last day and a half. But I think we'd all agree about the need to look more deeply at the state of our relationship in light of the tragedy we have witnessed. Obviously, the impact of what's happened is still being assessed. In this forum, we've mostly focused on the physical and fiscal impact, which is enormous. The human toll of the disaster is still climbing; it has already reached 25,000 dead, a truly horrific thing to think about. And there is the tremendous psychological toll that this disaster has taken on Japan and the Japanese people. That will be at least as much of a burden going forward as will be its physical and monetary dimensions.

As we go through the immediate recovery process, and despite the horror of what we've witnessed, some things stand out as truly heartening. One of these has already been touched upon, and that is the important role of the Self-Defense Forces and of US Forces Japan in the response to the disaster. The military dimension of our alliance has come through this challenge with flying colors, demonstrating in an immediate, concrete, and important way to the Japanese and the American people the relevance – indeed, the indispensability – of our military ties and of the contribution that our forces can and do make to Japan.

We'll move from the recovery to reconstruction phase in a few weeks' time, and the experience we've had bringing the unique strengths and capabilities of the US-Japan security relationship into play will be important. The United States can and should play a significant role as the reconstruction process moves forward, and the recent demonstration of US military capability suggests ways in which that contribution can continue to be made.

The US private sector can also play a major role. One of the things that I've been doing – wearing one of my other hats – is working with US companies that have volunteered on a *pro bono* basis both resources and time to the recovery effort. This is a significant demonstration of US commitment, capability, and good will. I am certain that

the US corporate sector will find numerous ways to play a significant contributing role as Japan recovers.

Some other things have stood out in the aftermath of this disaster. One is the incredible level of heroism and sheer grit on the part of the Japanese people as they work through this process. Thanks to their efforts, their determination, and their vision, I believe that in a few months' or a few years' time, we'll see on the ground in Tohoku something that is newer, better, stronger, and greener. That gives me considerable hope about Japan's prospects in the wake of this challenge.

We've also seen, as a result of US involvement in the immediate response to the disaster, what I call a legacy of cooperation. The alliance has really come through for the Japanese people in a very important and fundamental sense. Our alliance is not just about airplanes and ships; it's always been about more than just military firepower. What we've witnessed in recent weeks is an alliance-partnership in every sense of those words. I think that has been appreciated by the Japanese people who have seen an important additional dimension to Japan-US alliance cooperation, and I hope that will continue through the recovery process.

In addition to playing a role in this recovery process, the US has an important stake in its outcome, as well. We need and want to see a strong and vibrant Japan as a security partner in the region and in the world. That is all the more reason for us to be deeply involved in ensuring that this recovery process goes forward in as expeditious and successful a fashion as possible.

But as we do so, some uncertainties remain, and we've discussed some of these over the last day and a half. We've talked about the physical toll on Japan and its people, but we've also talked about the incredible monetary burden that will be placed on the shoulders of the Japanese people as they go through this recovery process. In this regard, I am very comforted by the comments that Ambassador Nogami made yesterday about the availability of funds and I hope that his comments indeed presage how this is going to play out – that the Japanese corporate sector and Japanese government will do the right thing in terms of making the investments that will be needed.

There will be other serious effects. We've discussed the possible impact on Okinawa and the Futenma replacement facility. To be frank, I have an uneasy feeling that this event could be a real game changer in terms of whether the FRF issue will go forward successfully.

Another uncertainty is how Japan is going to be viewed by its neighbors in the region. What will be the Chinese take away from this disaster as they look at Japan and Japan's recovery effort? What is the Chinese perception of Japan's strength and capabilities after this tragedy? We could pose the same question about how the two Koreas and other players in the region will assess Japan in the aftermath of this tragedy. The key question here is how Japan will be viewed as a capable and engaged regional and global player after this disaster.

Another issue is the impact of this disaster on Japanese politics and, more fundamentally, the judgment of the Japanese people on the competence and capability of their government. The jury is still out on this question, and it could have a significant downside effect on the DPJ's fortunes, but that remains to be seen.

Going back to the psychological dimension of this crisis, how is Japan going to perceive itself going forward? What is Japan's level of self-confidence going to be as a result of this? That's something that we'll have to keep an eye on as well.

Returning to the prospects for the Futenma Replacement Facility issue, it's important that we take a cold, dispassionate look at this question, particularly in light of monetary and the political costs that will have to be borne if we move forward. My sense is that post-tsunami Japan may not be able to move forward on implementing the FRF game plan, and that the experience of and the burdens imposed by the tsunami and earthquake could have a significant downside effect. As a supporter of the Futenma Replacement Facility plan, I'm not prepared to declare it dead, as others have suggested at this forum. But I am prepared to declare that it may be on life support right now.

Obviously the tragedy that Japan has just been through is overwhelming, and has limited our ability to address other issues in this forum as we might wish. Our topmost priority at this moment is as it should be: to focus our attention on saving lives and rebuilding.

But there is nevertheless plenty on the current security agenda that we need to think about. One item is the National Defense Program Guideline, an important document that provides a new way of looking at Japan's defense challenges and requirements in terms of some important concepts, including Japan's dynamic defense force, gray zone disputes, etc. I'm pleased that we were able to have some discussion of this, and I hope our further deliberations will focus in particular on funding the forces and capabilities called for in the plan. To date, the budget allocated has clearly not matched the plan's ambitions and the key question to be addressed is whether this will be any less true in the future, in light of Japan's other pressing needs.

We also should talk about issues like base requirements, training, land use, and the return and consolidation of base facilities. But we also need to move beyond these operational matters issues and discuss this alliance relationship in broader terms, including by asking ourselves: what is this alliance is all about? It's incumbent upon us to have a down-to-earth philosophical discussion, especially in the aftermath of this disaster, about the content and direction of our partnership and to think about how we can update some of the key documents that have helped sustain and define the relationship in recent years, such as the 2005 Common Strategic Objectives. A revised and updated version of that document can and should form the basis of a new security declaration by our leadership.

As we do so, we should keep in mind that the Northeast Asia region is changing, and not necessarily for the better. The year 2010 left us with a collective bad taste in our mouths about things like China's assertiveness and North Korea. China expanded its

definition of its "core interests," raising the question of what else might be added to that list in the months and years to come. We saw in 2010 a Chinese "tilt" toward North Korea in a puzzling and worrisome way, especially in the aftermath of the sinking of the *Cheonan.* Some have asked whether this represents a paradigm shift in PRC-DPRK relations and whether China, which had previously seemed to be distancing itself from its North Korean neighbor and ally, has decided to move in the direction of more active support for, and cooperation with, the DPRK.

But as 2010 progressed, China seemed to be chastened by the effects of its rhetorical excesses and actions. Importantly, the reaction to China's more assertive behavior has brought about closer Japan-US cooperation, as well as closer trilateral cooperation with the ROK. It also resulted in a serious rethinking on the part of Japan about its own defense requirements and the capabilities needed to fulfill its defense obligations. That is a good thing.

Given the moderation that we've seen by China in the last several months, we need to ask if this is a tactical step, or does it reflect the fact that Chinese learned important lessons as a result of their assertive behavior last year? The jury is still out on that.

Meanwhile, the challenge posed by North Korea has not abated. There is every reason to believe that things may get much more complicated in our relations with North Korea before they get better.

We saw two attacks committed by North Korea last year that, by any normal standard, were acts of war. We have not discussed the uranium enrichment program in this forum, but the revelations about that program from North Korea are a powerful reminder that Pyongyang is not thinking about downsizing its nuclear weapons production capability, but rather is expanding it in dramatic and disturbing ways. Ironically, at the same time we're seeing a North Korea that's engaging in what some have described as a "charm offensive" aimed at getting back to the table in the Six-Party Talks.

But if talks are to resume, the key question that needs to be addressed is: what are we going to talk about? The North Koreans seem to be trying to redefine the purpose of the Six-Party Talks to make it a dialogue about something other than the elimination of nuclear weapons. There are clear signs that their agenda is to discuss a peace regime, the removal of US troops from the Peninsula, and the elimination of the US "nuclear umbrella" over Korea and Japan.

These issues represent some of the important, pending business before us today. The challenges to our bilateral alliance are certainly greater today than they were a few years ago. As we address these challenges in the context of our alliance-partnership, there is an opportunity for us to inject a new level of energy, cooperation, and intellectual force into our bilateral relationship.

I believe that the difficulties that Japan has been through can serve as a spur to refocus our energies on our partnership. As Japan goes about rebuilding itself, we should

think about using the strong reaffirmation we have seen of the value of our alliance to reinvigorate the fundamental principles of the bilateral relationship. And just as Japan will be reinvesting in itself as it recovers from this tragedy, both the United States and Japan should think about ways to reinvest, intellectually and practically, in our alliance relationship,

The challenges before us require us to look hard at how we have addressed them and to think about new ways of tackling them, and in doing so inject new energy into the alliance. One way to do so might be to establish a new forum – perhaps something like a "bilateral strategic vision commission" – composed of eminent men and women from both our countries who would be tasked with taking a close look at our current relationship and developing a future-oriented cooperative agenda for the Japan-US alliance-partnership. It could, for example, look at some of the issues we have discussed in this forum, such as joint basing, and also assess how best to deal with the new security threats and challenges we face. It could explore how to craft a cooperative security agenda with our South Korean friends or how best to develop a cooperative relationship with China.

In addition to developing practical suggestions to deal with concrete problems, such a forum could also inject important energy into our relationship as it turns the strong US-Japan cooperation of the current crisis into a renewed and reinvigorated partnership. And it would also have an important symbolic value for our alliance by sending a timely message to Americans and Japanese that our shared response to the horrific events in Tohoku has brought our hopes and expectations for the Japan-US relationship to a new and important level.

Working Together for the Future

By Takashi Kawakami

The people of Japan have been gradually grasping the true value of the Japan-US alliance through the strong support of the US government and military forces that has started in the immediate aftermath of the earthquake. By overcoming this challenge, I believe the Japan-US alliance will take a step forward. In this sense, we can view the major earthquake as an opportunity to enter the next level of the alliance.

What can be done to make up for lost time?

Throughout the years, Japan and the US have stood side by side, helping Japan recover from World War II, joining forces throughout the Cold War, and continuing the global war on terrorism. But that all changed when the Democratic Party of Japan (DPJ) came into power, knocking the Liberal Democratic Party (LDP) off its throne for the first time since the end of the war. Then came "the period of lost time" as the new and unstable government took a direction that seemed to shake the Japan-US alliance.

This period proved to be something that made those of us here today, who are responsible for managing and maintaining the alliance, deeply understand the words of former Prime Minister Winston Churchill. In the early period of World War I, Churchill gave a speech in which he said that the maxim of the British people is "business as usual." For the Japanese, who are currently facing many difficulties, nothing is more appropriate than this message. What we need now most of all is this calm and determined mindset to deal with the current crisis.

This unprecedented major disaster has become not only an opportunity for the Japanese people to reaffirm the importance of the alliance, but it has also forced the young DPJ to become aware of the necessity of being responsible leaders. In that sense, I am hoping that the earthquake will enable Japan to recover the lost time since the DPJ took over in September, 2009.

The domestic situation, however, is still in a state of chaos and who knows when Japan's political world will become stabilized. While implementing its diplomatic policies, the new DPJ government has been saying that it is still in its learning stage. Those of you who are here today, my fellow colleagues who oversee the alliance, know how it is to develop new, young politicians. And in that sense, this lost time may have been necessary for the future of Japan.

Prospects for implementing the Security Consultative Committee roadmap

The "lost time" began when then Prime Minister Hatoyama Yukio proposed a review of the relocation of the US Marine Corps Air Station Futenma, despite the fact that it had already been decided by Tokyo and Washington. The roadmap was an agreement made between two governments and it should and could have been carried out regardless of the change in government.

But the political situation in Okinawa changed dramatically when Mayor Inamine won the Nago City mayoral election. Inamine is vehemently opposed to the relocation of Futenma to Henoko. Another major turning point was when Okinawa Gov. Nakaima was reelected last November. He had originally accepted the decision to relocate the base to Henoko, but through the course of the gubernatorial election he changed his position and began calling for the removal of Futenma from the prefecture. Now it has become impossible to gain the Okinawans' understanding of the 2006 roadmap.

In the end, PM Hatoyama stepped down to take responsibility for causing confusion over the relocation issue. He said that the more he studied, the more he understood the importance of the deterrence of the US forces in Okinawa and declared that the Japanese government would carry out the roadmap. And Prime Minister Kan, Hatoyama's successor, has agreed to follow suit and is trying to implement the bilateral agreement. In light of all this, I think that at the "2 + 2" meeting expected to take place sometime this Spring, the ministers should boldly state that they are going to go ahead with the 2006 roadmap.

In reality, however, the possibility of obtaining the Okinawans' consent and implementing the roadmap by 2014 has become very low, not to mention that Japan has lost its economic and political strength with the recent earthquake disaster.

From that viewpoint, we would have no choice but to continue using Futenma. However, the earthquake proved that the Marine Corps is necessary not only for maintaining Japan's deterrent capability, but also for our country's rescue activities.

In that sense, Okinawa may actually think about accepting the implementation of the roadmap considering the critical state we find ourselves in right now.

Alliance Expectations

The current crisis

Japan is currently facing an unprecedented and unimaginable crisis linked to the massive earthquake and tsunami – from the crisis of nuclear power plants and energy to the appreciation of the yen and the fall in stock prices. Overcoming these crises is Japan's task, and at the same time, a challenge for the bilateral alliance.

Meanwhile, the South China Sea, including the area around the Senkaku Islands, is completely unprotected. What will Japan and the US do if China decides to take a hard-line attitude now? How will Japan and the US deal with North Korea if it decides to conduct another nuclear test or takes further provocative actions against South Korea?

The Clear and Present Danger

While the US and Russia engages in nuclear disarmament, China continues to increase its nuclear threat against Japan. Meanwhile, North Korea is threatening Japan and

South Korea with its nuclear power. In response, the US needs to take the reassurance of extended nuclear deterrence one step further and begin to consider nuclear sharing with Japan.

China, which is assertive also in the East China Sea, will continue to make its way past the first island chain and into the second. There is also the possibility that China will raise the question of Japan's control over Okinawa as well as the Senkaku Islands. So there will be more need for Japan and the US to hold close consultations and establish countermeasures.

Future crises

What will Japan and the US do if the Jasmine Revolution – the Facebook Revolution – which began in Tunisia and spread to Egypt and Libya reaches China? It is unlikely that this will happen in the near future, but it could happen in the long run.

What will Japan and the US do if the Kim Jong-il dynasty fails to transfer its power to the next generation and North Korea collapses?

We have no idea what kind of effect Japan's massive earthquake disaster will have on the global economy. What if Japan isn't able to recover economically? How will the US prevent the fall of global stock prices, a crash of US government bonds or a currency crisis?

If Japan were to never recover economically or psychologically, will Tokyo and Washington be able to continue the alliance? And even if it were to continue, an economically failed Japan may not be able to provide the US with as much Host Nation Support or as many bases as it has in the past. Will the US continue to be stationed in the same way? What will Japan do if the US decides that it cannot maintain its military force in Japan without financial support?

How should the alliance engage other US allies and multilateral security?

It would be difficult for Japan to overcome these crises by itself. It goes without saying that the power to get through them would come from the strong backing of the Japan-US alliance. And the US's bilateral alliances with other countries like South Korea, Australia, and Indonesia will be a source of additional power to prevent and deal with these crises. Japan's crisis will become a global crisis in no time.

There is also a large possibility that different types of crises may hit other allies. If that were to happen, be it "ordinary" or "extraordinary" types of crises, it is necessary to act on them with speed as if they were our own. And to do so, there needs to be a closer network between these allies.

China's intentions for expanding military power and activities, fueled by its increasing economic strength, are not clear. If China's assertive actions like disputes over

territory in the South and East China Seas, marine resources, and sea lanes threaten the global commons, then the US and other allies will need to work together to hedge China, while at the same time, engaging it to ensure that it obeys international rules.

Conclusion

As I mentioned at the beginning, it can be said that the major disaster that struck Japan could be an opportunity to "evolve" the Japan-US alliance. I am hoping that bilateral ties will further deepen through this rare opportunity as a result of the support given by the US government and military to deal with the aftermath of the earthquake and the nuclear plant disaster.

I also hope that we, as the people who oversee the alliance, will be able to put our heads together in a joint endeavor to help Japan overcome this national crisis and to ensure that the Japan-US alliance will continue to evolve and develop.

About the Contributors

Nobumasa Akiyama is Associate Professor at the School of International and Public Policy at Hitotsubashi University and an Adjunct Fellow at the Japan Institute of International Affairs (JIIA). Before joining Hitotsubashi University, he was a senior research fellow at the JIIA, and lecturer at Hiroshima Peace Institute. He joined the Japanese delegations to various NPT Review Conferences and their preparatory committees. He also served as a member of an advisory group on nuclear disarmament and non-proliferation for Foreign Minister Katsuya Okada in 2010.

Michael Auslin is Director of Japan Studies and Resident Scholar at the American Enterprise Institute. He was an Associate Professor of History and Senior Research Fellow at the MacMillan Center for International and Area Studies at Yale University prior to joining AEI. He has been named a Young Global Leader by the World Economic Forum, a Marshall Memorial Fellow by the German Marshall Fund, and a Fulbright and Japan Foundation Scholar.

Brad Glosserman is Executive Director for the Pacific Forum CSIS in Honolulu,

Hiroshi Inomata is Consul General at the Consulate General of Japan in San Francisco. Consul General Inomata has worked in the Asian Affairs Bureau, Economic Cooperation Bureau, North American Affairs Bureau, Minister's Secretariat, International Legal Affairs Bureau and Southeast and Southwest Asian Affairs Department as well as the Office of the Assistant Chief Cabinet Secretary. His overseas assignments have included Embassies of Japan in Bangkok, Washington D.C., London and Seoul. He began his tenure as the Consul General of Japan in San Francisco in September 2010. He graduated from Waseda University and joined the Ministry of Foreign Affairs in 1978.

Takashi Kawakami is a professor in the Institute of World Studies of Takushoku University specializing in security issues and the US-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 has also served as a research fellow at IFPA as well as a visiting research fellow at RAND in the United States. He is the author of America's strategy towards Japan, US Forward Deployment and US-Japan Alliance, The Collapse and Realignment of International System, The Power Brokers and so on.

James A. Kelly is former Assistant US Secretary of State for East Asian and Pacific Affairs (2001-2005). From 1994-2001, Mr. Kelly was President of the Pacific Forum, Center for Strategic and International Studies (CSIS) of Honolulu. Previously, Mr. Kelly served at the White House in Washington, DC as Special Assistant for National Security Affairs to President Ronald Reagan, and as Senior Director for Asian Affairs, National Security Council, from March 1986 to March 1989. From June, 1983 to March 1986, Mr. Kelly was at the Pentagon as Deputy Assistant Secretary of Defense for International Security Affairs (East Asia and Pacific.). He is currently President of EAP Associates, Inc., and Senior Adviser and Distinguished Alumni at CSIS.

Toshihiro Nakayama is a Professor of American Politics and Foreign Policy at the School of International Politics, Economy and Communication (SIPEC), Aoyama Gakuin University. He is also an Adjunct Fellow at the Japan Institute of International Affairs (JIIA). He was a Special Correspondent for the Washington Post at the Far Eastern Bureau (1993-94), Special Assistant at the Permanent Mission of Japan to the United Nations in New York (1996-98), Senior Research Fellow at The Japan Institute of International Affairs (2004-06), and Associate Professor at the Department of International & Cultural Studies at Tsuda College (2006-10). He was also a CNAPS Visiting Fellow at the Brookings Institution (2005-06). He received his M.A. (1993) and Ph.D.(2001) from School of International Politics, Economy and Business (SIPEB), Aoyama Gakuin University. He has written numerous articles on American politics and foreign policy.

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.

Yukio Okamoto is the founder and president of Okamoto Associates, Inc**.,** of Tokyo, Japan, a strategic and business consulting firm to Japanese multinationals and government affiliated agencies. Mr. Okamoto has a decade's worth of experience as an international management consultant. He served for 23 years in the Ministry of Foreign Affairs, Japan, where his final position was the Director of the North American Affairs Division. In 1991, he left to found Okamoto Associates, Inc. Since July 1998, Mr. Okamoto has also been serving as the Advisor to the Japan Foundation and to the Science and Technology Agency.

TJ Pempel is a professor in the Political Science Department at University of California, Berkeley, and served as director of the Institute of East Asian Studies from 2002 until 2006. There he held the Il Han New Chair in Asian Studies. Just prior to coming to Berkeley, he was at the University of Washington at Seattle where he was the Boeing Professor of International Studies in the Jackson School of International Studies and an adjunct professor in Political Science. From 1972 to 1991, he was on the faculty at Cornell University; he was also Director of Cornell's East Asia Program. He has also been a faculty member at the University of Colorado and the University of Wisconsin. Professor Pempel's research and teaching focus is on comparative politics, political economy, contemporary Japan, and Asian regionalism.

Evans J.R. Revere is Senior Director at Albright Stonebridge Group. He was formally President and CEO of The Korea Society. In 2007, he retired after a long and

distinguished career as an American diplomat and one of the US Department of State's leading Asia experts. His last State Department assignment was at the Council on Foreign Relations in New York, where he helped launch its Independent Task Force on US-China relations and served as the task force's first director. Mr. Revere served as Acting Assistant Secretary of State for East Asian and Pacific Affairs and Principal Deputy Assistant Secretary, managing US relations with the Asia-Pacific region and leading an organization of 950 American diplomats and some 2,500 Foreign Service National employees. He was also Deputy Chief of Mission at the US Embassy in Seoul (2000-2003), and served as Charge d'Affaires at the embassy during most of 2001. His diplomatic career included service in China, Taiwan, and Japan and extensive experience in negotiations with North Korea. Mr. Revere is fluent in Chinese, Japanese, and Korean.

Akio Takahara is professor of Contemporary Chinese Politics at the Graduate School of Law and Politics at The University of Tokyo. He also serves as President of the Japan Association for Asian Studies (2009-). After graduating from the University of Tokyo, he received his Ph.D. in 1988 from the University of Sussex in UK, became Visiting Scholar at the Consulate-General of Japan in Hong Kong (1989-91), and at the Fairbank Center for East Asian Research at Harvard University (2005-06). His publications include "New Developments in East Asian Security" (2005), "Beyond the Borders: Contemporary Asian Studies Volume One" (2008) and many more.

Jim Thomas is Vice President for Studies at the Center for Strategic and Budgetary Assessments. He oversees CSBA's research programs and directs the Strategic and Budgetary Studies staff. Prior to joining CSBA, he was Vice President of Applied Minds, Inc., a private research and development company specializing in rapid, interdisciplinary technology prototyping. Before that, Jim served for thirteen years in a variety of policy, planning and resource analysis posts in the Department of Defense, culminating in his dual appointment as Deputy Assistant Secretary of Defense for Resources and Plans and Acting Deputy Assistant Secretary of Defense for Strategy. He spearheaded the 2005-2006 Quadrennial Defense Review (QDR), and was the principle author of the QDR Report to Congress.

APPENDIX A

17TH ANNUAL

JAPAN-US SECURITY SEMINAR

March 25-26, 2011

J.W. Marriott Hotel • San Francisco, CA

Agenda

Friday, March 25

3:15PM **Welcoming Remarks**
Yoshiji Nogami, JIIA Director
Ralph Cossa, Pacific Forum CSIS President

3:30-5:30PM **Session I: A New Strategic Setting?**
US Presenter: James Kelly President, EAP Associates
Scowcroft Chair, President Emeritus
Pacific Forum CSIS

Japan Presenter: Akio Takahara, Professor
The University of Tokyo

The opening session explores the two allies' strategic priorities, focusing on global and regional concerns, and highlighting areas where interests and approaches overlap or diverge. Key issues include perceptions of China, and what Beijing's increased assertiveness means for regional security. How does each country interpret the September Senkaku incident and subsequent events? What has been the impact of the *Cheonan* incident, the Yeongpyeong shelling and the leadership transition in Pyongyang? How have the prospects for regional security institutions changed since we last met? Do the Six-Party Talks have a future? The ASEAN Defense Ministers Meeting Plus? The East Asian Summit? What is Russia's role in East Asian security? Are there other partners that the two governments look to for help in addressing security concerns? What are those concerns and how can those other partners contribute to their resolution? As always, this overview sets the stage for subsequent in-depth discussions of US and Japanese security policies and our individual and bilateral efforts to address these challenges.

5:30PM Session I concludes

6:00- 9:00PM Reception/Dinner

Keynote Address: Joseph Nye, Distinguished Service Professor
Harvard University

Saturday, March 26

8:00-9:00AM Continental Breakfast

9:00-10:15AM **Session II: The Japan-US Alliance, East Asian Multilateral Security and Economic Cooperation**

US Presenter: T.J. Pempel, Director, Institute of East Asian Studies, University of California, Berkeley

Japan Presenter: Hiroshi Inomata, Consulate General of Japan, San Francisco

This session looks at regional cooperation and its impact on the alliance and regional security. How have the lingering effects of the 2008 financial crisis affected the regional balance of power? What has been its impact on regional security? Are there other, broad economic concerns that shape the future of the alliance and the region? How does the development of regional economic and political partnership and institutions impact the Japan-US Alliance? How does China's place at the center of the East Asian economic order influence regional security? How does "Plus Three" cooperation, ASEAN Plus Three, and the East Asia Summit impact the prospects for economic and security cooperation?

10:15-10:30 Break

10:45-12:00 **Session III: Domestic Politics and the Japan-US Security Alliance**

US Presenter: Michael Auslin, Director, Japan Studies, AEI

Japan Presenter: Toshihiro Nakayama, Adjunct Fellow
The Japan Institute of International Affairs
Professor, Aoyama Gakuin University

This session examines the domestic political setting in each country and its impact on the alliance. A Japanese presenter will provide a perspective on US developments. What has been the impact of the 2010 midterm elections? How will it affect US foreign policy generally? US foreign policy toward Asia? Toward Japan and the alliance? A US presenter will look at developments in Japan? How has the DPJ evolved after a year and a half in office? How is it perceived as a security partner? Is Tokyo better able to handle Okinawa base politics? How?

12:00-1:30PM Lunch

Keynote Address: Yukio Okamoto, President,
Okamoto Associates, Inc.

1:45-3:00PM **Session IV: Strategic Cooperation: Extended Deterrence and the Alliance**

Japan Presenter: Nobumasa Akiyama, Associate Professor, Hitotsubashi University/Adjunct Fellow, JIIA

US Presenter: Jim Thomas, Vice President, Center for Strategic and Budgetary Assessments

This session explores the two governments' thinking about deeper strategic cooperation. What expectations does Japan have regarding US deterrence policy and how does it view the US global posture and nuclear umbrella? What has been the impact and interpretation of the 2010 Nuclear Posture Review in terms of US extended deterrence? What is the implication of the change in US nuclear policy that lessens the role of nuclear weapons and enhances credible conventional deterrence? Does this change offer the alliance opportunities for burden sharing and a more "equal" relationship? How do the new National Defense Program Guidelines and Mid-Term Defense Program affect the roles, missions, and capabilities in deterrence on Japan's part?

3:15-3:30PM Break

3:30-5:00PM **Session V: Visions for the Alliance**

US Presenter: Evans Revere, Senior Director, Albright Stonebridge Group

Japan Presenter: Takashi Kawakami, Professor, Takushoku University Graduate School

This session will focus on how Japan and the US see the alliance evolving. Do we have a common vision regarding future security challenges and preferred responses? Expectations for the 50th anniversary year were high but were largely unmet. What can be done to make up for lost time? What are the prospects for implementing the roadmap outlined in the May 2006 Security Consultative Committee statement? What more does/will the US and Japan expect of each other? What are the future challenges that will affect the alliance? How should the alliance engage other US alliance partners and allies? How can and should the two governments balance their alliance and multilateral security mechanisms and initiatives?

5:00-5:30PM **Session VI: 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.

6:30PM Reception/Dinner at Consul General Hiroshi Inomata's Residence

APPENDIX B

17th Annual
JAPAN-US SECURITY SEMINAR
March 25-26, 2011
J.W. Marriott Hotel • San Francisco, CA

Participant List

Japan

Dr. Nobumasa Akiyama
Associate Professor, Hitotsubashi University/
Adjunct Fellow, Japan Institute of International Affairs

Consul General Hiroshi Inomata
Consulate General of Japan, San Francisco

Prof. Matake Kamiya
Professor
National Defense Academy of Japan

Mr. Yoichi Kato
National Security Correspondent
Asahi Shimbun

Prof. Takashi Kawakami
Professor
Takushoku University Graduate School

Prof. Toshihiro Nakayama
Adjunct Fellow
The Japan Institute of International Affairs
Professor, Aoyama Gakuin University

Amb. Yoshiji Nogami
President
The Japan Institute of International Affairs

Mr. Yukio Okamoto
President, Okamoto Associates, Inc.

Prof. Akio Takahara
Professor, The University of Tokyo

Observers

Mr. Michio Harada
Deputy Consul General
Consulate General of Japan, San Francisco

Ms. Asuka Matsumoto
Research Fellow
The Japan Institute of International Affairs

Mr. Hiroshi Nishino
Deputy Director, Japan-US Defense Cooperation Division, Bureau of Defense Policy, Ministry of Defense

Mr. Kanemitsu Tanaka
Japan-US Security Treaty Division
Ministry of Foreign Affairs

Mr. Yoshiro Tasaka
Adviser
Consulate General of Japan, San Francisco

US

Ambassador Michael H. Armacost
Shorenstein Distinguished Fellow
Asia Pacific Research Center
Stanford University

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

Dr. Michael Auslin
Director of Japan Studies
Resident Scholar in Foreign and Defense Policy Studies
American Enterprise Institute

Mr. Ralph A. Cossa
President
Pacific Forum CSIS

Mr. L. Gordon Flake
Executive Director
The Maureen and Mike Mansfield Foundation

Mr. David W. Hamon
Chief Scientist and Sr. Research Advisor
Defense Threat Reduction Agency

Mr. Frank S. Jannuzi
US Senate Foreign Relations Committee
Washington, D.C.

Hon. James A. Kelly
President, EAP Associates
Scowcroft Chair, President Emeritus
Pacific Forum CSIS

Mr. Spencer Kim
Pacific Century Institute

Mr. Weston S. Konishi
Associate Director of Asia-Pacific Studies
Institute for Foreign Policy Analysis

Dr. Robert A. Madsen
Senior Fellow
MIT Center for International Studies

RAdm. Michael A. McDevitt, USN (Ret.)
Vice President/Director, CNA Strategic Studies, The CNA Corporation

Dr. Joseph S. Nye Jr.
University Distinguished Service Professor
Harvard University

Dr. Andrew L. Oros
Associate Professor of Political Science and International Studies
Chair, Division of Social Sciences
Washington College

Dr. T.J. Pempel
Professor of Political Science
University of California – Berkeley

Mr. Evans J. R. Revere
Senior Director, Albright Stonebridge Group

Dr. Amy E. Searight
Senior Policy Advisor for Asia
USAID

Mr. Jim Thomas
Vice President
Center for Strategic and Budgetary Assessments

Dr. Ezra Vogel
Henry Ford II Professor Emeritus of the Social Sciences, Fairbank Center for East Asian Studies, Harvard University

Rapporteur
Mr. Brad Glosserman
Executive Director
Pacific Forum CSIS

Observers
Mr. Peter Ennis
US Correspondent/Columnist
Weekly Toyo Keizai

Mr. Benjamin L Self
Senior Research Scholar
Takahashi Fellow in Japanese Studies
Shorenstein Asia-Pacific Research Center

Mr. Dan Sneider
Associate Director for Research
Shorenstein Asia-Pacific Research Center
Stanford University

PACIFIC FORUM CSIS

YOUNG LEADERS
17th 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 the Pacific Forum CSIS
March 25-26, 2011
J.W. Marriott Hotel • San Francisco, CA

Young Leaders Participant List

Japan
Ms. Miyuki Fujii

Ms. Naoko Noro
Associate Fellow
Research Institute of Science and
Technology for Society (RISTEX), JST

Ms. Makiko Kohatsu
Senior Staff
Okinawa Prefectural Government

Ms. Mihoko Matsubara
MA Candidate
Johns Hopkins University

Dr. Masamichi Minehata
SPF Fellow
Pacific Forum CSIS

Ms. Shuko Ogawa
Defense Official
Ministry of Defense of Japan

US
Dr. Leif-Eric Easley
Postdoctoral Fellow
Stanford University

Dr. Daniel Kliman
Research Associate
Center for New American Security

Mr. Adam Liff
Ph.D. Candidate
Princeton University

Ms. A. Greer Meisels
MA Candidate
Harvard University

Mr. Eric Sayers
SPF Fellow
Pacific Forum CSIS

Observers
Mr. Oliver Ennis (US)
BA Candidate
Stanford University

Ms. Christina Failma (US)
WSD- Handa Fellow
Pacific Forum CSIS

Ms. Megan Garcia (US)
Fellow, Nuclear Security Initiative
The William and Flora Hewlett Foundation

Mr. Christopher Reinhardt (US)
Research Assistant
UC Berkley

Mrs. Adrian Yi (US)
Program Officer
Pacific Forum CSIS

APPENDIX C

Japan-US Joint Vision Statement
A Project by the Pacific Forum CSIS Young Leaders
March 2011

The United States government and its people wish to express our deepest sympathies and send our heartfelt condolences to the Japanese people and to all of those who have been affected by the devastating Tōhoku earthquake and tsunami.

1) Overview

Over the past sixty years the Japan-US Alliance has been the cornerstone of peace and stability in East Asia. During the past two decades the United States and Japan have worked to strengthen and redefine their Alliance, encourage a stable and secure region, and promote a peaceful and prosperous world.

The foundation of our enduring friendship and active cooperation is our common values, mutual respect and trust, which stem from our globalized, transparent and tolerant societies, our commitment to liberal democracy, and our determination to meet all challenges to our mutual security.

The Alliance confronts an increasingly complex strategic environment. Although growing interdependency has reduced the likelihood of interstate war, tensions among states persist and the possibility of conflict in the region remains. At the same time, nontraditional security challenges such as natural disasters, terrorism, the proliferation of weapons of mass destruction, climate change, maritime piracy, transnational crime, and infectious diseases increasingly threaten to unravel the fabric of the regional and global system.

We pledge to sustain the conventional force necessary to deter aggression and help shape our shared strategic environment in the years ahead. We recognize that US extended deterrence - both conventional and nuclear - will continue to underpin Japan's security. At the same time, we will take steps necessary to mitigate non-traditional security threats.

The bedrock of our Alliance is the support of the Japanese and American people. To ensure this support continues, our governments will enhance public diplomacy, particularly with regard to Okinawa, a strategically situated prefecture that has sacrificed disproportionately for the Alliance by hosting the majority of US forces stationed in Japan. We commit to move forward with a resolution of basing issues in Okinawa that is both equitable to the island's people and enables the Alliance to maintain peace and stability in the region. Given the common values and shared interests that underpin our Alliance, we are confident that it will surmount current and future frictions over basing issues.

The Alliance has contributed greatly to building a more stable strategic environment. Some noteworthy recent accomplishments include:

- The establishment of a bilateral joint operations coordination center and new links between Japan's Air Defense Command and the US Air Operation Center at Yokota Air Base.
- The improved interoperability of Japan's Self-Defense Forces (JSDF) and the US military.
- Joint research and development of ballistic missile defense (BMD) capabilities.
- The JSDF's humanitarian and reconstruction activities in Kuwait and Samawah, Iraq.
- Japanese support for stabilization efforts in Afghanistan.
- Participation of Japan in counter-piracy missions in the Gulf of Aden.
- Refueling operations by the Japan Maritime Self-Defense Force (JMSDF) in the Indian Ocean.
- Japanese leadership in the Proliferation Security Initiative and the Coast Guard Forum initiative.
- Collaboration on humanitarian and disaster relief operations, including in response to the 2004 Indian Ocean Tsunami, the 2008 Pakistan earthquake, and the 2010 Haiti earthquake.
- The US Operation Tomodachi following the March 2011 Japan earthquake.

2) The following strategic objectives advance the interests of our countries:

- Ensure the security of Japanese territory, including its offshore islands, by maintaining the capabilities necessary to respond to a range of traditional and non-traditional contingencies.
- Endeavor, in cooperation with other partners, to ensure uninterrupted access to the global commons – the maritime, air, space, and cyber domains that provide the backbone for transportation, commerce and the free flow of information worldwide.
- Encourage China to continue to play a constructive role in regional and global affairs in accordance with acceptable norms of state behavior, identify new avenues for cooperation, and improve military transparency. We will continue to insist that China maintain consistency between its stated policies and actions.
- Welcome reduced tensions across the Taiwan Strait and oppose unilateral departures from the status quo. We urge the two sides to maintain their commitment to peacefully resolving related issues through dialogue.
- Condemn North Korea's continuing provocative behavior and rhetoric, including recent violations of the 1953 armistice, nuclear weapons development, ballistic missile tests, and abduction of Japanese nationals.
- Intend to deepen trilateral cooperation with South Korea to prepare for sudden change on the Korean peninsula and to expand military exercises. We support peaceful reunification of the Korean Peninsula in a manner that will lead to the creation of democratic, market-economy state.
- Continue to encourage the recent expansion of security dialogues among ASEAN and its neighbors, such as the ADMM+ conference. We will work toward creating inclusive regional security architecture.

- Enhance minilateral and multilateral security dialogue and cooperation with states in the region, such as the Republic of Korea, Australia, India, and ASEAN members.
- Work together to realize Japan's bid for permanent membership on the U.N. Security Council.
- Call for a peaceful resolution of the Northern Territories dispute at an early date and urge Russia to discontinue its increasingly assertive behavior.
- Promote safe nuclear energy including the next generation of nuclear reactors. We recognize that nuclear power remains essential to Japan and the United States even while the recent earthquake has underscored potential dangers.

3) Roles, Missions, and Capabilities

- We pledge to continue our cooperation on BMD technology, research, and development. We will work to ensure that the products of our collaboration will be available to other US allies.
- We will seek to enhance intelligence cooperation and improve readiness and interoperability of US and Japanese forces.
- We will engage other countries in the Indo-Pacific rim to develop a common network of intelligence, surveillance, and reconnaissance assets.
- We reaffirm support for one another's security and defense policies, as outlined in the Japanese government's 2010 National Defense Program Guidelines and the US government's 2010 Quadrennial Defense Review.
- We will advance and when necessary expand planning for various regional contingencies. In particular, the United States pledges to work with Japan to help improve its ability to deter and defend aggression in its Nansei Island chain.
- We will enhance our capabilities to undertake peacekeeping operations, post-conflict stabilization, and humanitarian and disaster relief. Recognizing the increasing demand for United Nations peacekeeping operations, we will work to provide additional equipment, expertise, and personnel.
- We will improve our capacity to counter the proliferation of chemical, biological, radiological, and nuclear weapons as well as their means of delivery and related materials. At the same time, we will upgrade our capacity to respond to non-traditional threats including terrorism and pandemics.

4) A Common Vision for the Japan-US Alliance

Our Alliance will remain a cornerstone of regional and global security in the decades to come. While maintaining a robust defense posture, we will respond to state-based threats and cooperate to address the challenges of terrorism, the proliferation of weapons of mass destruction, piracy, transnational crime, energy insecurity, and epidemic diseases. We will use our collective capabilities to maintain open access to the global commons while closely engaging other countries to participate in this effort. We will also promote the norm of military transparency to prevent destabilizing arms races and to foster strategic trust. Our alliance will function as a building block for partnerships to respond to natural disasters and other contingencies in the region.

As two of the world's leading democratic powers, Japan and the United States will continue to promote universal values such as respect for human rights, rule of law, and good governance, both in the region, and globally. We will partner with other Asian democracies and like-minded states, engage emerging civil societies, and continue to leverage regional institutions.

We will continue to deepen our strong economic and investment relations through renewed bilateral and multilateral efforts to enhance free trade and international financial coordination. We endeavor to make low-carbon green growth the fuel for sustainable economic prosperity. And we commit to reinforce the economic strength that underpins our Alliance by restoring fiscal health and realizing necessary structural reforms.

We pledge to muster the will and resources necessary to realize this vision and to promote enduring public support and understanding which provide the foundation for our Alliance. Together, we will work to meet and surmount the many challenges facing our nations. This is the vision and the charge of the next generation of Japanese and Americans.