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“JAPAN’S CHANGING ROLE”

TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUB-COMMITTEE ON ASIA, THE PACIFIC, AND THE GLOBAL
ENVIRONMENT

Much is Changing: The World, Asia, and Japanese Domestic Politics

Neither Japanese politics nor the U.S.-Japan relationship today are static. Indeed, Japanese politics may well be on the verge of historic change. Understanding and coping with that prospect of historic change in Tokyo is the distinctive, unusual challenge that American policy-makers confront today—one that they have not faced with such intensity in nearly half a century. Japan remains America's most important ally in the Pacific, and the strategic logic of our continued partnership is strong. Yet powerful political-economic forces, inspired by globalization, regional developments, and domestic change, threaten a quiet crisis in our bilateral alliance, all too poorly understood, which could deepen seriously over the coming year, if we do not act astutely to contain it.

The current structure of both Japanese politics and our trans-Pacific alliance were born in the 1950s, more than half a century ago. The current ruling Liberal Democratic Party of Japan was founded in 1955, and has dominated domestic politics in Tokyo almost continuously ever since. Our bilateral security treaty was originally signed in September, 1951, and will celebrate the fiftieth anniversary of its latest revisions only a few months from now.

When our trans-Pacific alliance was founded, and the ruling Liberal Democrats came to power, America's GDP was nearly half of the world's total, and Japan's was little more than 3 percent. China was under embargo, Korea was in ruins, Europe was rebuilding from a disastrous war, and Southeast Asia was largely colonialized. The United States and Japan were alone as major powers in the Pacific, confronted with a Soviet global challenge. And their alliance, despite bitter war-time memories, was a natural choice, un-complicated by third party diversions.

Both the global and the regional equations are radically different today. The economies of the U.S. and Japan are somewhat closer in scale, with the US comprising a quarter of global GDP, and Japan roughly a third of that magnitude. Yet China, Korea, and India have rapidly emerged, as major beneficiaries of globalization, and all are in Japan's neighborhood. It is much harder for Tokyo and Washington to systematically focus on each other's concerns than it used to be. Japan's domestic stagnation, since the collapse of its financial bubble in the early 1990s, has only made "Japan passing" all that much easier, even for Tokyo's friends and allies abroad.

Why Japan Matters

Substantively, there is much in Japan today that needs to command the attention of America's policy-makers, that country's remarkable talent

for remaining invisible notwithstanding. Japan's economy is the second largest in the world, and Japanese hold more than a tenth of global savings. Japan's public and private sectors together are by far the largest purchasers of American debt on earth. Japan is technologically much more advanced in most dimensions than China, and could easily go nuclear if it had the political inclination to do so.

There is much in Japan's low security profile that is distinctive, but could prospectively be changed. Tokyo's "no-war" constitution, in prevailing interpretations, bars offensive power projection, with no aircraft carriers or long-range missiles. In place of off-shore deployments, Japan has traditionally contributed to the common defense by offering extensive basing facilities to U.S. forces, including support for the only U.S. aircraft carrier home-ported on foreign soil, and long-term facilities for the only one of the three Marine Expeditionary Forces, III MEF, that is routinely deployed abroad. Japan also provides substantial host-nation support (HNS) payments, currently totaling over \$4 billion, which represent over 40 percent of the total bilateral host-nation support that U.S. forces receive from all of our allies combined.

A Growing Japanese Security Role

This traditional defense equation—that the United States provides security beyond Japan’s shores, while Japan supplies bases within Japan, and generous financial support for maintaining them—has slowly begun to change, generating short-run solidarities that ultimately give rise to long-run tensions. Within a month of the attacks on the World Trade Center and the Pentagon on 9/11, Japan committed to support American forces in the Arabian Sea, under new anti-terrorist legislation, and later deployed also to Iraq. Japan today provides over 30 percent of the fuel consumed by U.S. and allied forces in the Arabian Sea, that operate in support of anti-terrorist operations in Afghanistan, and interdict illicit flows into Pakistan as well.

Despite these new commitments, Japan has also maintained its traditional “burden-sharing” activities at home, in support of American bases there. Among other things, it pays most salaries of the 25,000 Japanese employees at U.S. military installations, pays the rent on land provided to the United States by private land-owners, and supports base utility costs. Additionally, the U.S. and Japan also concluded, in 2006, a \$26 billion agreement to support redeployment of 8,000 U.S. Marines to Guam, close the existing U.S. Marine Corps Air Station at Futenma, redeploy affected troops to Henoko in the northern part of Okinawa, and improve bi-national

coordination with respect to anti-terrorism and air defense at Camp Zama and Yokota Air Force Base respectively.

Lingering Regional Uncertainties

Regional developments—principally North Korean provocations, coupled with the rise of China—introduce one new set of uncertainties regarding the security future. Broadly speaking, these help to strengthen the alliance, particularly in the short-run. Japanese are almost universally critical of North Korea, with nearly 80 percent supporting the toughening of sanctions against Pyongyang, and generally apprehensive of a rising China. This apprehension is, however, mixed with attraction, including an urge to interact closely with a rapidly growing Chinese economy that since 2006 has been Japan's largest trading partner.

With the economic importance of Asia for Japan rising, regional architecture that brings Japan into more systematic contact with Asia is attractive for Tokyo. US-Japan-South Korea mini-lateral dialogue, following the pattern of the Clinton years, is especially welcomed, as that triad is a grouping of allies especially well-equipped to respond to the North Korean challenge. The US-Japan-China mini-lateral is also positively regarded by most Japanese, especially for cooperation on energy and environmental issues, where China's deepening problems directly affect Japan as well.

Japan is, however, highly conscious that it, unlike China, is a formal U.S. ally, so naturally expects a degree of prior bilateral consultation appropriately reflecting its alliance standing.

Northeast Asia is the one major global region with a pronounced “organization gap”: no well-developed, region-specific security or political-economic architecture. The closest that Northeast Asia as a whole currently comes on the security side is the so-called “six-party talks”, involving the two Koreas, China, Russia, Japan, and the United States. On the political-economic side, the East Asia Summit, the “ASEAN plus Three” process, and, most recently, the Northeast Asia Summit, involving Japan, China, and South Korea, are alternatives.

Japan’s experience with the six-party process has not been an easy one. The major problem, in Japan’s view, has been the failure of the other regional partners to consider seriously the issue of Japanese citizens abducted to North Korea. Since 2006 that so-called “*lachi mondai*” (abduction issue) has had considerable domestic political salience in Japan. The Japanese conservatives have traditionally felt much more at home with the US-Japan bilateral alliance than with the six-party talks or any other multilateral formulations. Japan has participated in a range of mini-lateral meetings, but has not so far emphasized new Northeast Asian regional

architecture, despite the serious potential problems impending—refugee flows, humanitarian assistance, disarmament, and reconstruction among them-- should major political-military transition occur on the Korean peninsula. DPJ leader Hatoyama Yukio has, however, recently stressed the notion of an East Asian Community, and made his first international visit as party leader to Seoul.

Dealing with the Prospect of Political Transition in Tokyo

Japan's future orientation on the entire range of issues considered here—North Korea, regional organization, U.S. bases in Japan, and the configuration of the U.S.-Japan alliance, to name a few—could be profoundly affected by the political changes now impending domestically in Japan. A general election must be scheduled by September 10, 2009, to be held by October 20. And the chances are strong that the major Opposition party, the Democratic Party of Japan, will win at least a plurality, possibly provoking broader political transformation. Newly configured parties would then have an opportunity to consolidate their positions next summer, when Upper House elections are scheduled for around July 25. Many observers speculate that a double election of both the Lower and the Upper Houses of the Diet might well at that time be held, consummating the most substantial political re-alignment since 1955, potentially within a year from now.

Some might ask why, after Japanese politics has been stable for so long, that it should suddenly grow so fluid and potentially volatile. To understand the likelihood of imminent change, it is important to see Japanese politics in broader socio-economic context. Urbanization and demographic change have been one factor, with a new generation alienated from traditional compensation politics only sporadically participating. Changing competitive patterns among re-configured parties could well bring new voters to the polls, helping to accelerate re-alignment and intensifying inter-party competition. Secondly, years of economic stagnation and politically inspired inefficiency, crystal clear in sectors like agriculture, have both consumed the budgetary resources that have kept the ruling party in power, and also created ambivalence among some business leaders about the utility or practicality of sustaining the current political structure. The end of the Cold War, finally, has reduced some geopolitical inhibitions on the emergence of serious competitive party politics, both domestically and on the part of Japan's allies.

The confluence of these domestic and international factors may well lead to a new era of substantially more fluid and competitive party politics than Japan has experienced in over half a century. The future configurations of party competition are uncertain, of course, but electoral logic under the

current electoral system, introduced in 1994, suggests that competition will after a transitional interval evolve primarily on a two-party basis. Issues rather than pork-barrel distributive politics will likely grow more salient, and starker choices will emerge between national security, including the challenges from North Korea and China, and social security, in what is becoming the oldest major nation in the world, with a demographic structure similar to Florida.

Clearly American sensitivity to Japan's national-security straits, as well as its social-security tradeoffs, will be essential to the future viability of the alliance, and to the broader U.S.-Japan relationship. Japan's perceived requirements are complex, and difficult for Americans to readily appreciate, in three major respects. First of all, many Japanese, living in a crowded land with minimal resources, subscribe to a somewhat broader conception of security, including prominent energy and environmental dimensions, than is common in the United States. They also tend to be more sensitive to nuclear-disarmament issues, while retaining a quiet concern about the quality of American extended deterrence. Japan, after all, is the one nation to have been a victim of nuclear warfare, and the shadow of Hiroshima continues to linger, balanced by some foreboding over China's rise.

Japan and the United States also, of course, have different domestic political imperatives. The Democratic Party of Japan, which may well win at least a plurality in the forthcoming general election, has flirted in its past with the concept of an “alliance without bases”. Although it has retracted that notion, it has declared an intention of relocating the Futenma MCAS outside Okinawa, and opposed the LDP deployment to the Indian Ocean, while also seeking to reduce HNS. The DPJ has also proposed revisions to the U.S.-Japan SOFA, in order to make the alliance, in its view, more equal. Base issues could easily be a flash point in US-Japan relations over the coming year, and it is in the interest of both sides to keep latent differences muted, especially as China’s regional political-military profile rises.

Although there is broad agreement among Japanese and American leaders of virtually all political persuasions on the importance in the abstract of enhancing the US-Japan alliance, there is much less clear-cut agreement on what operationally that should mean. What is clear is that more “common equities” are needed, given broad cultural differences across the Pacific, and a paucity of direct foreign investment between the U.S. and Japan. To be sure, there are important political-military dimensions to this notion of “common equities”, such as the question of F-22 procurement, and defense-equipment inter-operability. Yet apart from the abstract requirements of

diplomacy and strategy, a domestic-policy dialogue on subjects of grassroots utility, such as pre-school education, computer literacy, vocational training, energy efficiency, rapid transit, and high-speed intercity transportation, is also needed, so as to broaden and strengthen the political foundation of the alliance. Many of these fields are areas where Japan has substantial expertise; a domestic-policy dialogue, even on a Track II basis, could thus help to give more symmetry and breadth to the U.S.-Japan relationship—something that the DPJ, in particular, has stressed. High-visibility pilot projects, such as low-energy use buildings that pool state of the art American and Japanese technology, should also be pursued, in connection with a prospective domestic-policy dialogue.

In the period of prospective political uncertainty that is impending in Japan, symbolism and personal diplomacy will be especially important. It will be useful for leaders to re-affirm the symbolic importance of the US-Japan partnership through high-level personal diplomacy and gestures of mutual respect, as Secretary of State Hillary Clinton and President Barack Obama did in their early meetings with Japanese leaders this year. Appointment of a “Wisemen’s Group”, such as functioned during the Carter Administration, to plan for the future of the bilateral relationship in apolitical fashion, could also be useful. Due to the uncertainty and fluidity,

personal diplomacy and consultation will need to extend more broadly across Japanese society, and across its political world, than has typically been true, and the symbolic role of the Ambassador, as well as the U.S. Embassy and U.S. Consulates General in Japan will be central. Serious thought should be given to restoring the network of American Centers in Japan to at least the dimensions that it enjoyed a generation ago, and to providing NDFL funding status for Japanese-language study.

Broad-based engagement with Japanese society is crucial to American interests in Japan. It is equally important, however, for America's representatives to avoid being drawn into partisan alignments, given the manifest uncertainties on the local political scene. U.S. policy should focus, at least in the short-run, on issues where Japanese, and indeed most Americans, broadly agree, such as re-assurance vs. North Korea, together with lowest-common denominator issues such as cultural relations, energy, and the environment. In those two latter areas, in particular, Japan also has substantive policy initiatives under way, flowing from the 2008 Toyako G-8 Summit, and considerable technical expertise, in both the private sector and in an elite, highly efficient bureaucracy. Those capacities should allow it to continue to effectively cooperate with the United States and other major nations, even in the face of domestic political uncertainty.

A final major issue that inevitably looms in the coming transitional era is nuclear energy, in both its civilian and military dimensions. Given the prospect of rising worldwide energy demand, driven by the simultaneous rise of China and India, as well as Japan's total lack of domestic oil and gas, civilian nuclear power is an attractive option. A quarter of Japan's electric power is already generated by nuclear plants, and the prospect is that that ratio will move steadily higher, to as much as 40 percent by 2030. Japan has also pioneered the closed fuel cycle. This generates plutonium as a means to assure energy security in a high-cost energy world, and has generated, under strict global supervision, a plutonium stockpile of over 13,000 pounds. Japan has been fully cooperative with the IAEA, but new and more comprehensive regional arrangements, with American participation, may well be needed, should neighboring China and South Korea—with similar energy challenges to those of Japan—also begin considering the closed fuel cycle's merits, and as the geopolitical equation in Northeast Asia evolves. Needless to say, ending North Korean WMD, missile development, and arms-trade programs also loom as crucial future challenges to both the United States and Japan.

In Conclusion

Mike Mansfield two decades ago termed U.S.-Japan ties “the most important bilateral relationship in the world, bar none.” That trans-Pacific

partnership remains vitally important not only in strategic terms, and because it helps crucially in stabilizing the world economy, but also for the role it has historically played, and continues to play, in broadening America's horizons culturally, and in making us so much more than an Atlantic power alone.

For more than half a century, U.S.-Japan relations have moved forward remarkably smoothly, on momentum from the remarkable diplomatic achievements of the 1950s, based on the conservative, yet enduring political edifice erected in Japan during those days. Over the coming year, our two nations could abruptly confront a profoundly different era—one potentially marked by major political transformation in Japan, and the need for new strategic vision, even as the impact of our new, dynamic Administration here is just becoming manifest in new policy initiatives and confirmed personnel appointments. This coming year will doubtless be a time of challenge, but also of opportunity. It may at last provide a chance to finally overcome the broken dialogue with Japan that Edwin O. Reischauer confronted as Ambassador half a century ago, and to broaden the trans-Pacific relationship with Tokyo, to the benefit of all our people.