The World and Japan's Foreign Policy in the Future:

Prospects in 20 Years

Provisional Translation

March, 2011

Preface

This report summarizes the research findings of a research project conducted by the Japan Institute of International Affairs in fiscal 2010 titled "The World and Japan's Foreign Policy in the Future: Prospects in 20 Years."

The guarantee of security through the Japan-US Security Treaty enabled Japan to achieve reconstruction and economic growth in the aftermath of the Second World War. As a major economic power, Japan has maintained its influence in international politics. In 2010, however, Japan lost its status as the world's second largest economic power, as China overtook Japan in terms of gross domestic product. In addition, the Japan-US alliance, which forms the foundation of Japan's security, carries with it daunting challenges, as evidenced by controversy over the relocation of the Marine Corps Air Station Futenma in Okinawa.

Moving forward, with what identity and diplomatic strategy should Japan face the international community? This research project aims to make recommendations regarding the path and policies Japan should take in the future by looking back on Japan's postwar diplomacy and planning the scenarios of the international situation in 20 years or so.

The expected challenges Japan must tackle when considering the international situation surrounding the nation in 20 years' time can largely be separated into the following two groups. The first group of challenges is characterized by changes in the balance of power. The rise of emerging nations such as China is expected to diminish the influence of the world's only superpower, the United States, in relative terms. Such shift in power is expected to significantly change the framework of today's international order. In particular, the rise of China will bring about more major changes in the military and economic power balance in East Asia to which Japan belongs. Under such a situation, it will become essential to consider how to build a stable regional order and guarantee the security of Japan. Additionally, the Japan-US alliance that forms the foundation of Japan's security will also need to be revisited in order to develop a more effective framework that addresses this large shift in power.

Compared to this first group of challenges focused predominantly on geopolitical or traditional security issues, the second group of challenges is rooted in environmental and energy issues, which to date have yet to be considered categories of diplomacy or international politics. Climate change as well as changes in the flow of natural resources will of course have

a great impact on the Japanese economy and people's lives in Japan. Yet, these are global issues that Japan cannot address by itself, meaning that it will be essential for Japan to negotiate and cooperate with other nations. In order to respond to such global issues, Japan will need to strike a balance between securing its national interests and contributing to global initiatives aimed at resolving these issues. In this regard, it will be important for Japan to effectively leverage its technological development prowess and assistance to developing countries, where it has achieved a certain degree of success to date, as diplomatic tools.

Japan will need to address both groups of challenges at the same time from an international and geopolitical standpoint. This research project comprehensively discusses the two groups of challenges by transcending the narrow sense of diplomacy and security as well as examines and makes recommendations for planning scenarios of the international situation in the near future and on the strategies Japan should take given these scenarios going forward.

The views expressed in this report characterize the views of each author and do not represent the opinions or views of the Japan Institute of International Affairs. However, I fully believe that the results of this research will greatly contribute to improving foreign policy research in Japan.

In closing, I would like to again express my sincerest gratitude to the authors of this report, who exerted their best efforts from beginning to end in the research and compiling this report, as well as other related parties whose cooperation made this report possible.

<div align="right">
Yoshiji Nogami
President
The Japan Institute of International Affairs
</div>

<div align="right">
March 2011
</div>

Project Members

Head ：   Dr. Masayuki Yamauchi   Professor, University of Tokyo

Members (alphabetical order based on last names) ：

	Dr. Yuichi Hosoya	Associate Professor, Keio University
	Dr. Yasuko Kameyama	Senior Researcher, National Institute for Environmental Studies
	Mr. Tadashi Maeda	Head of Corporate Planning Department, Japan Bank for International Cooperation / Special Advisor to the Cabinet
	Dr. Narushige Michishita	Associate Professor, National Graduate Institute for Policy Studies
	Dr. Taizo Miyagi	Associate Professor, Sophia University
	Dr. Toshihiro Nakayama	Professor, Aoyama Gakuin University / Adjunct Fellow, Japan Institute of International Affairs
	Prof. Izumi Ohno	Professor, National Graduate Institute for Policy Studies
	Dr. Kazuto Suzuki	Associate Professor, Hokkaido University Public Policy School

Members and Organizers ：

	Ms. Naoko Saiki	Deputy Director-General, Japan Institute of International Affairs
	Dr. Teruaki Moriyama	Research Fellow, Japan Institute of International Affairs
	Dr. Masaru Nishikawa	Research Fellow, Japan Institute of International Affairs
	Ms. Nao Shimoyachi	Research Fellow, Japan Institute of International Affairs

Assistant ：   Ms. Ryoko Suzuki   Research Assistant, Japan Institute of International Affairs

Contents

Part 1: The Future International Situation:
Prospects in 20 Years
(Overview)

Why Do We Need to Possess a Vision of the World of 20 Years from Now?: Awareness Supported by "The World and Japan's Foreign Policy in the Future" Research Group

Masayuki Yamauchi and Toshihiro Nakayama

On March 11, 2011, the Japan Institute of International Affairs (JIIA) was holding a symposium to report on the results of its research project "The World and Japan's Foreign Policy in the Future." At precisely the same time as this symposium was taking place, the Great Tohoku-Kanto Earthquake struck. Just after 2:46 pm, while the project head, Masayuki Yamauchi, was delivering his keynote lecture, a strong earthquake rocked the hotel where the participants were assembled and the shaking continued for quite some time. Following that, aftershocks continued to be felt intermittently, so finally the organizers decided to close the symposium after only two of the seven group members who were scheduled to speak that day had given their reports. The impressions of Yoshiji Nogami, the President of the JIIA, informing the assembly of the symposium's cancellation after several strong tremors had shaken the building, and of Naoko Saiki, the Deputy Director-General of the JIIA, running here and there to contact other people, are clearly and deeply burnt into my memory. At the time, I had a premonition that something huge had occurred. But even when I talked with the other members of the research group after we went back to the waiting room, I had no idea that the situation would prove as serious as turned out to be the case.

On 3/11, however, something certainly changed. Perhaps the "postwar era," which had not yet actually come to an end although it seemed like it had already done so, was finally over at last, and Japan has now moved into an era that can best be termed "post-disaster." Now we must try to build a new Japan. This is the first time in a long while that such a consciousness has been so widely shared among the Japanese people. The generation that grew up with the "lost 20 years" and "the Great Tohoku-Kanto Earthquake" as their archetypal mental images will scan the future with totally different eyes to those of us who experienced living in "postwar Japan." Although its ending has been declared several times in the past, in many respects the era known as "postwar" has served as Japan's starting point until very recently. What significance shall we give this earthquake disaster?

This is an issue that bears a direct relation to the future of Japan as a nation. When an earthquake causes disaster on such a vast scale, it will clearly leave psychological traces in its wake. Although as a matter of course, the changes it causes cannot be measured quantitatively.

Not surprisingly, back in May 2010 when we begun working on the present project and named it "The World and Japan's Foreign Policy in the Future," we did not anticipate the current situation. Although Japan has been undergoing a relative decline in its position within the international community, its potential remains high, and so it should be searching for the role it must play as a stable and democratic nation. That was the stating point of the present project. Moreover, regarding the international environment surrounding Japan, the project members shared, roughly speaking, the following common understanding. Firstly, the world is moving in the direction of multi-polarity and a global power transition is under way. Secondly, the diversification of the actors involved in diplomacy is qualitatively transforming international politics itself. And thirdly, as a result of the world having become more closely connected through globalization, there has been an intensification of global-scale problems that spread virtually instantaneously beyond borders. In a world that has been significantly transformed in this way, how can Japan establish its position and make its presence felt? Cynicism is spreading rapidly concerning Japan's future, but still Japan has a huge potential. This was the gist of the common understanding that was shared tacitly by the participants in the present project.

However, as a result of the Great Tohoku-Kanto Earthquake, Japan now finds itself in a situation in which it has no alternative than to concentrate on the issue of "how to recover" rather than on "moving forward" across various sectors, at least over the short and medium term. But how much time will Japan take to do this and in what form will it recover? Or what does it actually mean to "recover" in the first place? Nobody is in a position to give any clear and definite answer to this question at the present stage. However, tentatively, we must pour all the power at our disposal into a united effort toward recovery and reconstruction with an attitude of general mobilization. Naturally, this will inevitably place constraints on Japan's international behavior.

Originally, the present project was supported by an awareness that we need to reconsider Japan's diplomacy from its very foundations. As a point of departure in the search for a new Japanese diplomacy for the new era, the participants shared the following understanding. Until now, Japan's diplomacy has been focused on seeking a landing site, or more specifically, on how to accurately read the international situation and react to it, rather than on actively forming the situation. Of course, many diplomatic issues come down to how to respond appropriately to unexpected

contingencies, and in that respect there has been no change in the fact that a certain kind of "reflex action" remains the essence of diplomacy. Moreover, to say that Japan up to now has been doing nothing but "reacting" and has not been involved in actively forming the situation at all would not be correct either. Because by the 1970s, Japan's Asian diplomacy had already developed a scope that went far beyond the postwar reparations, and when Japanese hesitation to talk about the state declined in the 1980s, people began to positively seek a new image of the state. Then, after the Cold War ended, Japan made an intellectual contribution in providing a concrete guiding principle and giving form to the new issues the world was facing by promptly highlighting the importance of "human security." While restricted by certain constitutional constraints that do not bind other nations, Japan in the postwar era consistently expanded the scope of its activities in keeping with the spirit of its new postwar constitution. These activities may have moved at a snail's pace at times. However, they were works involving broad-ranging intellectual endeavors too, and in them was reflected the Japanese people's wish for their nation, which had been on the losing side in the Second World War, to once again regain its place as an honorable member of the international community.

Nevertheless, it cannot be denied that, after all, Japan's international status during that period was guaranteed by its economic capabilities, and that its political status was also proportional to its economic evaluation. Even today, ten years on from the end of the so-called "lost decade" that followed the bursting of the bubble economy, Japan remains unable to recover the economic strength that it formerly wielded. In proportion to this economic decline, Japan's political presence in the international community has likewise declined, and among the Japanese people today (and what is particularly troubling is that this is shared by young people), there is a tendency to accept this decline as an inevitable fact. The situation has not yet reached the point of desperation, but can the nation be permitted to sink into a form of fatalism similar to a malaise of sorts? And is this lethargy, which can seem comfortable at times, going to persist over the long term? Without going as far as to borrow the words of the Indian American journalist Fareed Zakaria, in a time like this "as the rest of the world rises," can we allow Japan alone to just stagger along until it comes to a stop?

Japan has already become too large a country to be able to stand up to the challenges it faces merely by using its reflexes alone. Japan's presence in the world is far larger than the Japanese realize, to the extent that other nations cannot avoid being influenced by the moves Japan makes. Accordingly, we can even say that from now on Japan will not aim at diplomacy focused on

seeking a landing site, but that while securing its national interest, Japan has the responsibility to build a stable and free regional order as a contribution to the development of the region, and ultimately to build the international order. If, however, Japan is to avoid reacting immediately to the current situation and instead make active efforts aimed at encouraging the situation to develop, it will require a compass of sorts to confirm the direction in which it should be moving. This can also serve as a standard of value when Japan chooses a specific policy among the various available diplomatic options.

Needless to say, this should not be taken to mean that the direction of the state is fixed. So it is necessary for us to set a certain time span and then think about how the world is likely to progress during that time and what kind of role Japan should play in that world. The time span set tentatively under the present project is 20 years. This was because we considered that if we were to set too long a time, such as a century, then the story would become too ethereal, while, on the other hand, 10 years would be too short a period and too close to the present to allow the imagination to flower.

However, although we set out a time span of 20 years, we have to admit that there are marked differences in how the individual members look at this 20-year period. It should be understood that it is only a standard to help us think about things, and by no means an attempt to forecast "the world in 2030" in any strict sense. Rather, the reason we chose this particular time span was simply because we thought that 20 years was the most appropriate period for ensuring a sufficient degree of freedom to allow researchers in their own specialized fields to imagine what the state of the world might be and also what Japan's standing might be in that world.

As a more concrete model, let us take a look at the US National Intelligence Council's 2025 project "Global Trends 2025" (http://www.dni.gov/nic/NIC_2025_project.html). The main purpose of this project is to present policymakers with hints on how international politics will be transformed, as well as to show that this transformation will present opportunities for the United States as well as negative situations that might require a political response. It is also aimed at stimulating broad-ranging discussions not limited to the usual narrow circle of policymakers concerning what kind of future image the US will build. The NIC has already published reports on four occasions based on long-term trends in international politics.

It goes without saying that the present research project does not cover the entire range of issues. At the project's planning stage, we specified a number of issues that we considered would probably be important for Japan and we narrowed our focus down to just these issues. In so doing, we may have overlooked several important issues, and we have to beg your pardon on that point. Also,

during the course of the project, we handled themes that do not correspond with specific diplomatic objectives. This was because we considered that we would need to cover certain problem areas that cannot be substantiated, such as "international order" and "values." Modern international politics is not merely a "power system" but also a "value system." How we attribute meaning to our own behavior by placing reliance on what sort of values will become increasingly important in future. Of course, we are fully aware of the existence of the idea that politics should not be involved with abstract values, but should limit itself to dealing with specific means of realizing limited objectives. But if we were to restrict diplomacy to limited action only, then talking about the state of the world in 20 years from now would be a waste of effort in the first place. Can we not look forward and discuss Japan in the new era once again using the "value range" terms that Japanese diplomacy has not necessarily been good at? This has become the consistent theme that runs through the project and its report.

Specifically, the project has taken up international order, regional order, traditional security, Japan-US relations, development cooperation, environment, natural resources and energy, and science and technology, with each of the members taking responsibility for their own field of interest and the project head, Masayuki Yamauchi, carrying out macroscopic analysis and producing a summary based on analyses of these individual fields. Although the various members produced reports on their respective fields of responsibility and commented on each other's work, this does not mean there is any consistency between the various chapters, as each chapter was freely composed by a different individual based on their own ideas. But even so, essentially, each chapter represents an attempt to discuss positively and concretely about Japan's future potential.

However, as was explained at the beginning, it cannot be denied that the Great Tohoku-Kanto Earthquake has effectively demolished the basic premise on which this project was conceived. To repeat what was stated earlier, the self-understanding that "although Japan has been undergoing a relative decline in its position within the international community, its potential remains high, and so it should be searching for the role it must play as a stable and democratic nation" was the project's basic premise. But as a result of the huge earthquake, which was on a scale that is expected to occur only once in a thousand years, issues have emerged that we were not able to consider within the scope of the premise. For example, when we consider the scale of the budget that will be required for reconstruction, we must presume that the financial constraints against Japan's development cooperation with the outside will become greater. Inevitably, opinions will be voiced questioning why Japan should continue to provide large amounts of support to foreign countries

while there are people in need right here in this disaster-affected county. Besides that, can we go on thinking of the reliability of Japanese science and technology as a universal truth? The Fukushima I Nuclear Power Plant has already become a symbol that is being circulated internationally. What sort of implications will the present nuclear accident have on Japan's energy strategy? This is a matter that has spilled over onto the approach to environmental issues as well. The Japanese people have also been deeply impressed by the active images of the US military personnel who are operating in the disaster area. How are they going to regard the presence of US forces in Japan in future? Moreover, in the first place, we have to consider the possibility that Japan's presence in the international community might significantly decline while devoting a great deal of time and effort to the reconstruction process.

In ways such as these, we cannot deny that several important points on which the present project was based have crumbled following this huge earthquake. The project did not envision the possibility that Japanese society itself would be greatly transformed under the impact of an event such as a large earthquake. In that sense, we feel overwhelmed by the reality that has been developing in front of our eyes since experiencing the earthquake that struck at the symposium site during the announcement of our research results. Furthermore, we have come to the somber realization that diplomacy is also an activity that cannot be conducted while ignoring nature and history.

But in the first place, the purpose of this project was nothing other than to try to think about the world in 20 years' time in combination with how Japanese diplomacy should be. One could say that precisely because in the present situation Japan is facing a national crisis, the importance of focusing on what is to come by making use of one's imagination is increasing apace. Although the adequacy of the individual issues may have decreased slightly, the importance of the awareness that has supported the project has, if anything, been further intensified. To our way of thinking, the fact that the consequences of the great earthquake are putting the disaster victims and the entire nation through such an immeasurably painful ordeal is all the more reason why sincere discussions about the future shape of Japan's diplomacy should be developed actively. Our hope is that the present report will be of modest help in beginning that process.

As we stated above, Japan is in a situation in which the nation must inevitably concentrate its power and consciousness on "how to recover" rather than on "moving forward," at least over the short term. But the future "recovered" Japan cannot be the same nation as the Japan that existed up until March 10, 2011. That is why the necessity and the significance of thinking about the future

image of Japan's diplomacy while looking at the kind of Japan that could have existed as of the March 10 time point has not diminished at all.

At present, a huge amount of both psychological and material support is being gathered in Japan from all over the world. In fact, Japan is even receiving support from poorer nations that have no scope to provide support under normal circumstances. This can be regarded in some sense as a form of repayment for the support and friendship that Japan has been providing up to now, and it comes as a blessing. We could also call it a positive outcome and result of Japan's accumulated diplomacy over the past 20 or 30 years.

How should we visualize Japan 20 years on from the great earthquake and how should we envisage the shape of the Japanese state? For the Japanese people, the issues we need to think about are too numerous and their weight is immense. To paraphrase the example of the Greek historian Thucydides in his *History of the Peloponnesian War* (Book 1, Paragraph 21), if one considers not only the impression but also looks at the weight of the consequential facts themselves, one will see that this was the greatest earthquake of all, without precedent in history. To those of us who have encountered such an unprecedented serious disaster, now is the time for us to study even more boldly about how Japan's diplomacy should be by making as much use as possible of the imagination and the intellectual ability we possess. The Chinese philosopher Mencius wrote, "The case of one of the present princes wishing to become sovereign is like the having to seek for mugwort three years old, to cure a seven years' sickness. If it has not been kept in store, the patient may all his life not get it" (*The Works of Mencius*, Book4, Li Lau). This ancient teaching can be applied to the world of diplomacy in the sense that one should take care to consider the future well in advance and make preparations accordingly.

Explanatory note: This text was originally written by Dr. Nakayama and partially revised and added to by Dr. Yamauchi. As such, the responsibility for the wording of this text lies with both authors.

Part 2: The Future International Situation:
Prospects in 20 Years
(Specific Issues)

Chapter 1

A Vision of the Future International Order:
Are Common Interests and Values Achievable?

Yuichi Hosoya

Introduction

How will the international order of the 21st century take shape? How will it differ from the one we are used to? How will it transform itself? The future development of Japan's diplomacy can no longer be disconnected from changes occurring in today's international order.

First, let us define the term international order. Noted scholar of international politics from the so-called English School and professor at the University of Oxford Hedley Bull defined international order as, "A society of sovereign states or a pattern of activities that maintains the primary and essential goals of international society." [i] Bull also argued, "A group of nations conscious of certain common values and common interests—in the sense of assuming that in their mutual relationships each of these countries are bound by a common system of rules and regulations and carry a responsibility to one another to make the various common institutions function—form a single society." [ii] The key point from this statement is that Bull points out the two elements of "common interests" and "common values." In order for the international order to function in a stable manner it is imperative for these "common interests" and "common values" to be widely recognized among nations. Is it then possible for the future international order to broadly share such "common interests" and "common values"?

Bull states, "The one common trait of international society throughout history has been that it always was founded on a common culture and civilization." [iii] In other words, what would an international order not founded on a "common culture or civilization" look like? As new emerging nations such as China and India rise to prominence, to what extent have the conventional ideas of "common interests" and "common values" penetrated in today's international order? To what extent are common interests and common values shared in the pressing international issues of the international trade system, the environment, the proliferation of weapons of mass destruction, democracy and human rights? What will the international order of the 21st century look like if these

"common interests" and "common values" have yet to deeply penetrate emerging nations resulting in a deeper clash between differing interests and values?

This chapter will look back from a macro point of view to the development of today's international order and will discuss how this international order is undergoing a transformation. [iv] Additionally, by also incorporating discussions on the rise of emerging nations such as China, this chapter will also present a recommended path for Japan's diplomacy to follow in the future.

1. Evolution of Today's International Order

(1) The Balance of Power System

The balance of power system present in modern international society is considered to have been formed as a result of the Treaty of Utrecht signed at the start of the 18th century after the War of the Spanish Succession. The treaty showed that countries made a concerted effort to join forces in combating the emergence of a powerful hegemony in order to prevent the control of international society by a single empire. Using the words of Vattel, this indicated an international situation where "neither country occupied a dominant position over another nor dogmatically pressed what they thought to be correct upon other countries."[v] Conversely, if the power of balance collapses, one country will then occupy the dominant position and can dogmatically order other countries to follow what it assumes to be correct.

In 19th century Europe, a power balance was formed among the five major powers of Britain, France, Prussia, Austria and Russia.[vi] For example, by signing the League of the Three Emperors Treaty with the two powers of the Russian Empire and Austrian Empire in October 1873, Prime Minister of Germany Otto von Bismark was able to isolate France. On the other hand, prior to the German Empire expanding its military strength under Emperor Wilhelm II, Britain signed the Entente Cordiale with France in 1904 and the Anglo-Russian Entente with Russia in 1907 in an attempt to achieve a balance of power that boxed in Germany.

Around World War I, however, three of Europe's five major imperial powers collapsed including the German Empire, Austrian Empire and Russian Empire. As a result, the international order in the aftermath of World War I needed to be stabilized by the two remaining powers of Britain and France. Yet, instead the United States rose to the ranks of world power since Britain and France had been so utterly battered by the Great War, while at the same time the Soviet Union, which advocated the ideology of communism, and Japan, which championed the ideology of Pan-Asianism, emerged as new powers. By asserting these differing interests and values, the new

powers made it difficult to build a stable international order with "common interests" and "common values." With the outbreak of World War II, the search for a new international order began.

The world in the aftermath of World War II saw the fall of the Nazi German Empire and the Japanese Empire as well as Britain and France losing their colonies. As a result, the new international order headed for stability based on the balance of power among the new super powers of the United States and Soviet Union. This stability turned out to be a "balance of fear" resulting from huge arsenals of nuclear weapons and the concept of Mutual Assured Destruction (MAD). One of America's foremost historians John Lewis Gaddis called this period the "Long Peace."[vii]

Following the end of the Cold War, the balance of power changed significantly with the fall of the Soviet Union. Would unipolarity ensue under the single super power of the United States? Or would another country rise to create multipolarity? At the time, American scholars of international politics were largely divided over the issue of polarity in decentralizing the international power base.[viii] Most of these scholars began to analyze a new empire-like international system headed by the dominating power of the United States.[ix] However, even the power of the United States, which was thought to be so dominant, began to wane due to setbacks in the War in Iraq and financial crisis after the bankruptcy of Lehman Brothers in 2008. Instead of a future dominated by the United States, we have begun to hear more and more about the rise of China and India.

For example, a 2008 report released by the National Intelligence Council of the United States states, "A global multipolar system is emerging with the rise of China, India and others," and argues that, "The unprecedented shift in relative wealth and economic power roughly from West to East now under way will continue." [x] In addition, the first-ever permanent president of the European Council, or quote-unquote President of the EU, Herman Van Rompuy stated, "The balance of power has shifted, and Europe is more on the defensive now that it was a few years ago," after taking office on January 8, 2010. [xi] With the rise of China, the general view now is that the world is multipolar. As a result, the world is also in the process of recognizing that the balance of power is migrating to a multipolar format.

In other words, a new balance of power is unfolding in today's international order among the major powers of the United States, China, the EU, India and Russia, as we are witnessing the birth of a new order globally.

(2) The Concert System

The international order is not always defined by the clash or equilibrium of opposing powers. Until now we have seen major powers seek cooperation from among one another to resolve issues and avoid conflict through diplomacy, with this process now institutionalized. This can be traced back to the ever-important Vienna Congress held at the start of the 19th century after the Napoleonic Wars.

The term "concert" in Concert of Europe is derived from the Italian word "concerto," and indicates a situation where countries act based on consensus and harmony.[xii] In their search for peace and stability after the Napoleonic Wars, the five major powers of Europe convened at a diplomatic conference in Vienna where they deliberated on future peace.[xiii] Congresses were also held among the five major powers on four other occasions, including the Congress of Aix-la-Chapelle (1820), Congress of Troppau (1820), Congress of Laibach (1821) and Congress of Verona (1822). These congresses were diplomatic conferences on a political level where the statesmen of each country and diplomatic leaders gathered. Then, in 1830, the Concert of Europe was revived under Britain's Foreign Secretary Lord Palmerston. This resulted in Britain taking the lead as balancer, ushering in a new type of "conference diplomacy" where the resident ambassadors of Europe's other four major powers in London met to discuss diplomatic issues.[xiv]

Diplomacy came to play a major role at these conferences. In addition, other major powers would also hold congresses to ensure stability and peace in the international order. The spirit of the Concert of Europe was later inherited by the Locarno Conference of 1925, where Britain's Foreign Secretary Austen Chamberlain aspired to realize a "new Concert of Europe."[xv] As a result, this tradition of the Concert of Europe can be found today in the convention where a major power after having become a member nation of an organization, such as the now defunct League of Nations or United Nations, leads diplomatic conferences to preserve peace and stability with a special sense of responsibility. In other words, "as a means to realizing collaborative management within the realm of possibility in a multipolar international system, even when considering times of failure or ambiguity, we can say that this system was more of a success than its predecessors."[xvi] As such, the tradition of resolving problems through diplomatic means found in the Concert System has certainly been passed down to today's international order.

As evidenced by the permanent council members (P5) of the United Nations Security Council on a global level and the Six-Party Talks regarding the nuclear crisis on the Korean Peninsula on a regional level, we can say that the spirit of the Concert System has been passed

down to the modern era. Yet, this does not mean that all problems can be resolved through diplomatic conferences. There are occasions when a nation must resort to the use of military force and there are many more times when diplomatic conferences have been stopped due to a clash of national interests. Although diplomatic conferences continue to be used in the modern international order as a type of Concert System, diplomatic negotiations in most instances do not necessarily lead to a desirable consensus, as symbolized by the Six-Party talks concerning the situation on the Korean Peninsula.

In particular, in the modern era it has become more difficult for countries that do not necessarily have the same "common interests" and "common values" to form a consensus based on diplomatic negotiations, as has been seen in the multilateral diplomacy of the United States, China, Russia, Japan, South Korea and North Korea in the Six-Party Talks. This is the same in the case of the Quartet on the Middle East that includes the United States, European Union, Russia and the United Nations. Although the EU has cultivated a shared diplomatic policy as an international organization, the UN is a general international organization that encompasses the entire world, indicating that negotiations involving asymmetrical diplomatic actors have brought about a new set of challenges and difficulties.

(3) The Community System

When looking back at the history of 20th century international politics it can be understood that international society has created a certain form of community. An important contributor to the promulgation of this concept was the diplomacy of United States President Woodrow Wilson. Wilson was enthusiastic about establishing a league of nations like "The Parliament of Man" (Alfred Tennyson), or an organization similar to a domestic legislature, and dreamed that this organization would help build an international community. Himself a political scientist and former President of Princeton University, Wilson aspired to create a community of nations in international society, and as a means to accomplishing this he exerted diplomatic efforts aimed at establishing a league of nations at the Paris Peace Conference following the end of World War I. As a product of his enthusiasm, the League of Nations established its headquarters in Geneva in January 1920.

However, the United States did not participate in the League of Nations, while the Soviet Union, which advocated the ideology of communism, did not join as a member until 1934 when the threat of Nazi Germany had emerged. In other words, the "common interests" and "common values" essential to realizing "a community of nations" were not necessarily promulgated widely around

the world in the 20th century. As such, the foundation was not in place for the development of such an international community.

After the end of the Cold War, once again the world attempted to build a community in international society in much the same way as before. In a world where colonialism was out and opposing ideologies became a thing of the past after the Cold War, another attempt was made to build an "international community" in order to realize peace and prosperity. For example, in his book written after the Cold War historian and Harvard University Professor Akira Irie argued, "The existence of a fundamentally global society or a global community is a prerequisite for world peace." [xvii] The problem therein lies with whether we have actually achieved mutual "common interests" and "common values" that can be called a global community.

A political leader who most boldly advocated the logic of this type of international community was former British Prime Minister Tony Blair. In a speech given in Chicago in April 1999, Blair outlined his "doctrine of the international community" and argued that, "…you cannot build a community on opportunity or rights alone. They need to be matched by responsibility and duty." [xviii] With this, Blair advocated the need for military intervention in Kosovo where a humanitarian disaster was unfolding. Afterwards, although Blair would experience a major setback in the War in Iraq, he focused his efforts on environmental issues and eliminating poverty in Africa and also was devoted to peace in the Middle East. Regardless of Blair's efforts, however, it proved rather difficult to reach a consensus internationally regarding these issues. As before, international society found itself in a situation where "common interests" and "common values" could not be easily produced.

2. Vision of the Future

(1) The Direction of the Liberal International Order

As illustrated in the aforementioned overview, the three aspects of balance of power, concert and community existed in the historical development of the international order, with the complex interaction of these three aspects helping to maintain a stable order. At the same time, an important factor determining stability in the international order was also to what extent "common interests" and "common values" were shared in international society. If international society did not share interests and values, differing interests would repeatedly and intensely clash, which would lead to a system of opposing values.

Of particular importance is that international society shares values and rules. With that being said,

what type of values has international society shared to date? Princeton University Professor John Ikenberry argued that the stability of the post-war international order has been supported by the United States displaying leadership as a leading major power and the fact that international society, which is based on rules and policies, has been supported by liberal values such as liberalism and democracy.[xix] Much like the Western European countries of Britain, France and West Germany, Japan secured its own security through an alliance with the United States and achieved economic development under a liberal and open international order. The fact that not just the balance of power between the United States and the Soviet Union as well as the Concert System seen in the permanent member nations of the UN Security Council, but also this liberal international order that shares values and rules has been maintained carries with it great significance.

This liberal international order is today largely destabilizing. It is essential to consider the rapid rise of China's power from the perspective of the balance of power as well as from a perspective that it will challenge the post-war liberal international order. Here again Ikenberry argued not from the perspective of the power balance relationship between the United States and China, but rather that, "If the defining struggle is between China and a revived Western system, the West will triumph.[xx]" As such, it will be important for Japan and the United States to invite China into the liberal international order and avoid a system where the two countries oppose China.

The Atlantic alliance and US-Japan alliance formed during the Cold War were not established simply with the purpose to combat the threat of communism posed by the Soviet Union with military force. The advocating of liberal values in the Atlantic Charter signed in August 1941 and the United Nations Charter signed in June 1945 was again an important mission for the Western alliance. Liberal values also form the foundation of today's international order. For example, the preamble of the North Atlantic Treaty signed in April 1949 states, "The Parties to this Treaty…are determined to safeguard the freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law."[xxi] Today, NATO has strengthened its global partnership to include other nations with shared values such as Australia, New Zealand, Japan and South Korea. Also, the preamble of the Treaty of Mutual Cooperation and Security between the United States and Japan signed in January 1960 proclaims, "The signatories desire to strengthen the relationship of peace and friendship that traditionally existed between the two countries as well advocate the principles of democracy, individual freedoms and rule of the law."[xxii] The Western alliance formed during the Cold War continues to shoulder an important mission as an organization to advocate the values of freedom and democracy in the post-Cold War

world.

The importance of advocating liberal values has not weakened in the post-Cold War world. Rather, it has often been debated that there is a need to spread liberal values to the entire world even after the end of the ideological opposition seen during the Cold War. For example, humanitarian issues became a significant international concern during the Kosovo Crisis of 1999, while demands for democratization within China have become a big issue in international politics once again. Also, demonstrations for democracy in North Africa and the Middle East that begun in Tunisia in January 2011 are in the process of largely transforming the situation in the region.

The rise of China will inevitably cast new problems on the post-war liberal international order. Will China accept "the principles of democracy, individual freedoms and rule of the law," and share the "common interests" and "common values" of the United States, Western European nations and Japan? Or will China's national power sharply grow to produce a serious clash of interests and values between the United States and Japan and in the process destabilize the international order? Following the end of the Cold War, liberal values were spread to Central and Eastern Europe, with these nations coming to share these values in the process of joining the EU and NATO. This was the process of slightly revising the liberal international order and expanding it outwards. However, since China has the world's largest population, possesses nuclear weapons, is a major power that has not thrown away the ideology of communism and is a permanent member of the UN Security Council, as before it remains unclear as to which path the country will take in the future.

In developing a long-term view of the future, consideration must be placed on the fact that most major powers with large populations will no longer be Western nations, while the center of economic growth will also shift away from Western Europe and the United States. As a result, it remains to be seen whether these countries will advocate the same post-war liberal values. If not, it will become even more difficult than before for international society to possess "common values."

(2) The International Order of East Asia

When considering the future of international order, it becomes necessary to think separately in terms of the global order and the regional order. The current world trend is to put efforts into reaching the goals of peace, prosperity, and stability on a global level as well as on a regional level. The most urgent issue for Japan is to achieve the peace, stability, and national interests that it seeks from within the surrounding region of East Asia. Considerable changes in the international order of

East Asia can be expected when looking into the mid- and long-term future. These changes will be examined below from the perspective of the balance of power, concert, and community.

China's increase in power should be considered the most prominent when reviewing the trends of the power balance. In 2010, China surpassed Japan to become the second largest economy in the world after the United States. In addition, if China continues to forge ahead its strategy of naval dominance, significant changes in the power balance can be expected in the South and East China Sea. It is evident that there are a number of new movements intended to address this strategy. The first movement is the development of alliances between countries that share common values. With the Japan-US alliance which is expected to be redefined in 2011 being the core of this movement, in addition to the strategic dialogue that has been held between Japan, the US, and Australia since 2002, a foreign ministerial conference was held between Japan, US, and South Korea in December 2010 in discussing the possibility of security cooperation. Furthermore, bilateral collaboration between Japan and India is being developed at a steady pace, which in addition to the existing India-US partnership, shows that India is constantly strengthening its collaborative relationship with the United States and its allied countries. The strengthening of collaborative relationships between the United States, Japan, Australia, New Zealand, South Korea, and India will likely contribute to the development of a new order in this region, and promote the sharing of values, rules, and systems. The participation by the United States in the East Asia Summit from 2011, as well as the Trans-Pacific Partnership (TPP), which centers on these Asian countries in heightening the economic collaboration among countries of the Pacific Rim, may suggest such directional movement.

When considering the potential decrease in China's population and the various concerns China has, including the possible slowing down of its economic growth, environmental pollution, unemployment and employment difficulties, as well as corruption, the overturn of East Asia's existing international order or the large scale withdrawal of the American presence from the region would be hard to fathom. Even Jisi Wang, a leading Chinese scholar on international politics, argues that, "not many experts expect the power of China to rise to the same level as the United States." [xxiii] American military power still maintains its dominance in the world, while American influence over the world also remains strong. The possibility of overtaking the US for its leadership in international society is not that high. If that is the case, even when under the assumption that the region will become more diverse, the strengthening of a collaborative relationship with the US and its friends and allies shall keep the existing stable international order intact. What is more of an

important question right now, rather, is where China should be ranked in international society as it rises to power.

While concert is the next topic of discussion, basically, this region does not have a well established Concert System. The mechanism for the major powers in the region to gather in discussing territorial disputes, collaborating in relief efforts in the time of a natural disaster, or conducting diplomatic conferences to ease tension remains in its infancy. Meanwhile, the framework of Japan-US-China dialogue that was mentioned often times when the Obama Administration first took office has not yet been developed. Moreover, the Six-Party Talks have yet to be restarted. Historically speaking, such a Concert System involving the main powers in the region has never been developed. Professor of International Relations at American University Amitav Acharya contends that it is necessary to develop a collaborative relationship between the main actors in the ASEAN region, and calls this a "Concert of Asia."[xxiv] However, since the direction in which the power balance flows remains uncertain, while the mutual sharing of "common values" and "mutual benefits" is insufficient, it is apparent that the establishment of such a Concert System will be challenging even in a mid- to long-term perspective.

On the other hand, an opposite and different vector can be seen in the development of a community in this region. Professor Takashi Shiraishi, an expert on Southeast Asia, notes the fact that a "common cultural circle" is being formed through popular culture and subculture, and points out the process of developing a certain community as a result of the formation of middle class families and development of a consumer culture.[xxv] At the same time, a lot of difficulties can still be found in the development of an East Asian Community that is based on ASEAN Plus Three. The East Asia Summit, which first began in December 2005, has continued to serve as an important framework for dialogue in the region. However, the amplification of emotional opposition due to issues in the perception of history, territorial disputes, and extreme nationalism has made it difficult to build a sense of community in the region. The rapid growth of China's national power likely has made the formation of a community from a level perspective even more difficult.

(3) The United Nations and Global Governance

In light of the above, how is the international order transforming itself on a global level? Here, several new trends can be pointed out. After the end of the Cold War, the United Nations has shown a new movement where greater involvement in international issues has been required.

Japan has also supported this new movement in the United Nations in several aspects. For

example, in a speech given in Hanoi, Vietnam in December 1998, Japan's Prime Minister at the time Keizo Obuchi positioned "human security" as a clear part of Japan's diplomacy and announced the new establishment of the Trust Fund for Human Security at the United Nations. In addition, at the United Nations Millennium Summit in September 2000, Japan's then Prime Minister Yoshiro Mori announced in a speech that "human security" would form a new pillar of Japan's diplomacy and requested the United Nations to establish an international commission on human security as well as compile a report.[xxvi] The Commission on Human Security chaired by Sadako Ogata and Amartya Sen submitted a final report to former UN Secretary General Kofi Annan on May 1, 2003 in New York City. The report calls for exhaustive new measures regarding problems relating to both conflict prevention and development based on the reality that there have been cases where nations have been unable to sufficiently guarantee human security in today's world where globalization has moved forward.[xxvii]

Meanwhile, around the same time international society, which experienced the Kosovo Crisis in 1999, was searching for a new way to safeguard human security. Later in 2001, the Government of Canada established the International Commission on Intervention and State Sovereignty (ICISS). In a report released by the commission a new concept called "responsibility to protect" was introduced.[xxviii] While the Commission on Human Security which had been devised primarily by the Government of Japan had placed its main emphasis on development and humanitarian assistance, ICISS considered the conditions for humanitarian intervention using military force. ICISS strongly urged the need for international society to respond to humanitarian crises using both military and non-military means.

Given this, a proactive movement spread in the aftermath of the Rwanda Genocide in 1994 and the Bosnia Srebrenica Genocide in 1995 that demanded humanitarianism and morality in international society. Tony Blair's Labor Party Administration that came to power in the UK in 1997 resonated this trend, as it became a leader in humanitarian and moral action under the principles of "ethical foreign policy" and "a force of good."[xxix] When considering the international order as well, the elements of morals and ethics have become even more important than before, indicating the need to build a stable order atop a foundation of shared values and rules.

This is not the only major change. Today, a global civic society is on the verge of being born, while global governance is being gradually developed through transnational NGOs, the dramatic development of transportation and telecommunications methods and the sharing of information from the spread of the Internet.[xxx] Certainly the balance of power among major powers, concert

and community formation are important when considering the international order, but at the same time, we must also train our eye to the fact that in reality transnational and borderless trends are creating an order all in itself. This can be said to be an awareness that translates into the above concepts of "human security" and "responsibility to protect."

When forming a medium- and long-term view of the future, however, it remains hard to forecast a strengthening of global governance through dramatic United Nations reforms. First, from the experience of the wars in Afghanistan and Iraq, it should be pointed out that the tide of humanitarianism has stagnated under the interventionism that has developed starting from the latter half of the 1990s. This is because it is difficult to establish standards for international society to tackle broad reaching humanitarian assistance or the end of civil strife since the financial restrictions of major countries and individual interests make intervention arbitrary and selective. This can also be seen from the hesitant stance of the Obama Administration to use military intervention to fend off government forces attacking the opposition forces in Libya based on the "excessive involvement" of the stationing troops overseas. The fiscal difficulties of Europe and the United States will make these countries more cautious than ever before when it comes to military intervention for humanitarian reasons. On the other hand, a major struggle will ensue since the United Nations, which advocates the principles of "human security" and "responsibility to protect," will find it more difficult than ever before to neglect humanitarian crises. As such, there is a need to search for an appropriate balance between fiscal as well as military limitations and the need for humanitarian intervention.

Second, unlike the United Nations led by Europe and the United Sates soon after the end of World War II, today's United Nations includes more than 190 nations as members, with most of these members emerging nations in Africa and Asia that gained their independence in the 1960s or later. As it is made up of countries from differing regions, religions and cultures, the United Nations will find it more difficult than ever to unify thoughts and find "common interests" and "common values." This can be understood to mean that the United Nations, which should proactively tackle poverty elimination, environmental issues and humanitarian assistance, faces growing opposition within its own ranks regarding these very same issues.

However, the authority of the universal United Nations was recognized by all of international society through the war in Iraq, as symbolized by the fact that granting legitimacy by the UN Security Council carries with it a significant meaning more than ever before. As such, it will become harder to exercise military force without a resolution of the UN Security Council, which

will link up with the formation of international opinion through the United Nations. This being so, international society should make greater efforts to reform the UN over the medium to long term, which may also result in major countries making similar efforts to make the United Nations a more effective international organization.

3. Proposals for Japan's Foreign Policy

(1) The New Power Balance and Redefining the Japan-US Alliance

Given the above discussion, what course of action should Japan take in its international diplomacy? How should Japan change the way it sees the outside world? Or how should Japan change its approach?

First, in order to address the need for a new power balance as China's power rises rapidly, the need for Japan to strengthen its alliance with the United States should be pointed out. In 2011, China's proposed budget for national defense has increased by 12.7% compared to its actual spending in the previous year[xxxi]. While it did reduce its national defense budget increase to a single percentage point for the first time in 22 years following criticism from international society in 2010, in 2011 China has indicated it will largely increase its national defense budget. As it is moving to improve its capacity to defy the American approach, if the Chinese navy expands its sphere of influence in the South and East China Sea, this change will greatly impact the power balance of East Asia. A constant balance of power is crucial to maintaining a stable international order. If this is the case, for it to address the rise in Chinese power, Japan will have to improve its own defense capabilities, strengthen its alliance with the United States as well as enhance its collaboration with other countries such as Australia, South Korea, and India.

Japan's National Defense Program Outline first released under the Democratic Party Administration on December 17, 2010 clearly states that a new defense policy in addressing such a power balance shift is necessary.[xxxii] The outline also mentions changes in the security assurance environment, including the "change in the global power balance is prominently reflected in this region". Furthermore, it contends that "it is important to act proactively in addressing global security challenges through collaboration with allied countries, friendly countries and other related countries (hereafter collectively referred to as the "allies")." For the same reason, the new National Defense Program Outline indicates a new concept of "mobile defense capability" shedding the traditional concept of a static, "basic defense capability" in aiming to address the Chinese maritime advance through a more flexible allocation and utilization of its defense power and shifting the

power in the southeast direction. In this sense, the change in Japanese national defense strategy is in no question a way to address the gradual transformation of the power balance in the region.[xxxiii]

However, even if the Japanese government adopted a proactive defense strategy through the new National Defense Program Outline, as long as the Japan-US alliance is adrift and weakening due to the issue of the Futenma Base relocation, such a defense strategy will not serve much of a purpose. The purpose of Japan's own efforts to enhance its defense capabilities is after all to match the effective operation of the Japan-US alliance. In 2010, as the Treaty of Mutual Cooperation and Security between Japan and the United States of America reached its 50th anniversary since signing, the announcement of a joint statement between Japan and the US as well as confirmation on a common strategy between Japan and the US that was scheduled to be held within this anniversary year were not executed. The Democratic Party Administration went through a change of its party leader in June 2010 with Naoto Kan taking over as Prime Minister from former Prime Minister Yukio Hatoyama. As the power struggle escalates within the Democratic Party, policy adjustments concerning Japan's diplomatic policy remain a challenge. As a result, the outlook for the enhancement of the Japan-US alliance remains a question, while the fact that the plan to relocate Futenma Base to the surrounding area of Henoko remains unclear being a major obstacle. Given this situation, the future power balance in East Asia is perhaps looking even more favorable for China. For Japan, this is a type of situation that is undesirable in considering its position in the world.

(2) Value Oriented Diplomacy and Strategic Partnerships

As Professor Masataka Kosaka once described, international politics is a "system of power" as well as a "system of interests," and at the same time a "system of values."[xxxiv] Consequently, not only should attention be paid to the shift in the global power balance, the factor of value behind such change should also be examined. As already mentioned earlier, the rise of China, which promotes an ideology of communism and does not necessarily share the same values such as democracy and freedom, may relatively downgrade the values upheld by its American and Western European counterparts. In such case, what adjustments should Japan make in accordance with the change in the "system of values"?

On November 30, 2006, Foreign Minister Taro Aso of the Shinzo Abe administration gave a speech under the title "Creating an 'Arc of Freedom and Prosperity'" at Hotel Okura in Tokyo. In the speech, Aso proposed "What I would like to tell you today is that beyond that, we are aiming to

add a new pillar upon which our policy will revolve," and advocated for "value oriented diplomacy" as the main focus of Japan's foreign policy.[xxxv] Furthermore, he stated that, as an extension of the above policy, "With that in mind, I firmly believe that Japan must make its ties even firmer with friendly nations that share the common views and interests, namely of course the United States as well as Australia, India, and the member states of the EU and NATO, and at the same time work with these friends towards the expansion of this 'arc of freedom and prosperity'." In fact, Aso had paid a visit to NATO headquarters in Brussels on May 4, 2006, and delivered a speech on the necessity for NATO and Japan to strengthen their relations at the North Atlantic Council.[xxxvi]   Moreover, on January 12th of the following year, Prime Minister Abe made another courtesy visit to Brussels, and presented a speech for strengthening collaboration between Japan and NATO to the North Atlantic Council once more.[xxxvii] What Prime Minister Abe and Aso had envisaged was to strengthen security collaboration with NATO, which shares the same values with Japan, in response to the rise in China's power. However, following the resignation of Prime Minister Abe in September 2007, and assumption of office by Yasuo Fukuda, Japan's foreign policy started to shift its focus on its relationship with China, leading to the fall of "value oriented diplomacy" and a halt for measures aimed at strengthening the relationship between Japan and NATO.

Meanwhile, despite the political situation within the Liberal Democratic Party, or the transition of power from the Liberal Democratic Party to the Democratic Party in September 2009, the enhancement of a collaborative relationship between Japan and its "friendly allies who share the same thoughts and interests" was steadily implemented. Also stated in the new National Defense Program Outline as of December 2010, Japan will continue to implement the same foreign diplomacy policies in the future. At the same time, as seen in the aftermath of the fishing boat collision off the Senkaku Islands that took place in September 2010, the development of a politically collaborative relationship with China was clearly not as easy as the Democratic Party Administration had first envisioned. As a result, both the Democratic Party and the public opinion of Japan have gradually turned to countries such as the US that share the same values.

Japan is not the only country to experience difficulties and friction with the rise of China. Countries such as the United States, Australia, Korea, and ASEAN all have a number of frictions with China which is in the middle of expanding its influence. As these countries share the same fundamental values as Japan, further improvements on a mutual collaborative relationship between Japan and these countries based on such common values can be expected in the future. While

serious friction still exists between Japan and Korea in regard to the two countries' different historical perception, a new relationship of trust is being developed as Japan has provided strong support to South Korean citizens following the incident of the sinking of a South Korean patrol boat in 2010 and the shelling incident by North Korea. While there are still concerns in Japan's expansion of its security guarantee efforts, the collaboration between South Korea and Japan will likely continue to be enhanced in multiple directions. On the other hand, despite its strong economic connection, the South Korean government continues to find limits in its collaboration with North Korea and China, with whom it does not share fundamental values.

While it protects a liberal international order and implements a foreign policy which strengthens such an order, the improvement of Japan's alliance with the United States, and further deepening of its collaborative relationship with allies of the same values will become even more important for the Japanese government in the future. Such measures should not necessarily be a policy to isolate China from the perspective of the power balance. Instead, it would be more important to invite China into and hence further improve on the existing international order. Such an international order will be one that is open, civilized, and different from both the one created mainly by the United States after World War II and the one developed under Western values of the United States and European countries, and one that can be followed by a wide range of players in international society as well as one that Japan can actively benefit from.

Conclusion

Above, an overview of the historical development of the international order to date was provided along with a discussion on the path Japan's diplomacy should follow in light of the new international order of the 21st century. The key for this will be for Japan to build a desirable international order for itself based on Japan's diplomacy developing a thorough understanding of the gradually changing international order.

Here, the need for a diplomacy that has an eye on the creation of international order has also been talked about in a speech given by Japan's Foreign Minister Seiji Maehara in the Naoto Kan Administration. In a speech given at the Center for Strategic and International Studies (CSIS) on January 6, 2011 during a trip to Washington D.C., Maehara stated the following regarding the need for Japan and the United Sates to cooperate to build a new order for the Asia-Pacific region. "The top-priority task today for Japan and the United States, I believe, is to invest our all-out and all-round effort to shape a new order in the Asia-Pacific region, which finds itself in the middle of a

period of change. The roles of our two countries will not diminish in anyway in the days ahead. In fact, in view of the urgent need to develop "institutional foundations" in the region today, expectations are only rising that we play even greater roles, and I feel the responsibilities on our shoulders are very great." What did Maehara mean by "new order?" Maehara presented three points about this in his speech. First, "promote various regional cooperation," second, "create a common platform for the liberalization of trade and investment in the Asia-Pacific region," and third, "establish closer partnerships among countries that are mature democracies with market economies, with a view to building a system of cooperation encompassing both security and the economy."

These three elements are each indivisibly united. The direction Japan's diplomacy should take is the development of an Asia-Pacific order with mutual dependence, stability and prosperity that aspires to achieve free trade and liberalization founded on collaboration with countries that share common values. That is the issue of problem awareness found in the speech advocating an "East Asian Community" given in Singapore by former Prime Minister Junichiro Koizumi as well as the speech by Foreign Minister Taro Asao on "The Arc of Freedom and Prosperity." It goes without saying that the US-Japan alliance stands at the heart of this issue. The only way to build this new order in the Asia-Pacific region is atop a foundation that includes a stable balance of power.

The challenge to this new order will be how the rising power of China fits in. There, the key issue will be nationalism. To date, a militant and exclusive form of nationalism has become a barrier to the development of regional cooperation in Asia.[xxxviii] Governments have been unable to control this problem due to the spread of the Internet; while the possibility exists that nationalism will grow even more intense in the future.[xxxix] If intense nationalism makes it difficult to compromise in the search for government led cooperation and mediation, then diplomatic negotiations will become more difficult than ever before. If this becomes the case, the sharing of popular culture or subculture among citizens, as mentioned earlier, will carry with it an important meaning to building community awareness. The future of Japan's diplomacy must expand its viewpoint further than ever before, and by moving forward with multilateral and multilayered initiatives, build and respond to the new international order.

---

[i] Bull, Hedley. *The Anarchical Society: a Study of Order in World Politics*. Trans. Eiichi Usuki. Iwanami Shoten, Sept. 2000. Print.
[ii] Bull 14.
[iii] Bull 17.

[iv]There are quite a few valuable reference materials in Japan that give an overview of the shift in international order after the Cold War. This paper has also made reference to some of these materials including, Tadokoro, Masayuki. *"Globalization and international order: Chapter 1." Course on international politics 4: Change in international order.* [In Japanese.] Ed. Kiichi Fujihara, Jong Wong Lee, Yoshiko Kojo, and Atsushi Ishida. Tokyo UP, 2004. Print., and Yamamoto, Yoshinobu. *"Will the international system reach another balance?"* [In Japanese.] *AΣTEION* 70 (2009): 27-45. Print.

[v] Bull, *The Anarchical Society: a Study of Order in World Politics:* 127.

[vi] Kosaka, Masataka. *Maturation and Collapse of Classical Diplomacy.* [In Japanese.] *Central Review.,* 1978 has more detail on the development of the power balance concept in Europe.

[vii]John Lewis Gaddis, *The Long Peace: Inquiries into the History of the Cold War* (New York: Oxford University Press, 1989), Japanese translation: *The Long Peace – Inquiries into the History of the Cold War: Nuclear, Tension, Peace.* Trans. Toshiki Gomi et al. Ashi Shobo, 2002. Print.

[viii]G. John Ikenberry, "Introduction", in Ikenberry (ed.), *America Unrivalled: the Future or the Balance of Power* (Ithaca: Cornell University Press, 2002) pp.1-28. In addition, for more information on the controversies included in foreign affairs on the same topic, refer to the articles published in *Neo-conservative vision and American empire?* [In Japanese.] by *Asahi Shimbun* Publications Inc, 2003.

[ix]Refer to the leading reference material in Japanese by Yamamoto, Yoshinobu. *International Politics of Empire : The Post-Cold War International System and the United States.* [In Japanese.] Yushindo, 2006.

[x]National Intelligence Council, *Global Trends 2025: A Transformed World* (Washington D.C., 2008).

[xi]Financial Times, January 12, 2010.

[xii]Hosoya, Yuichi. *Diplomacy: the Dialogue and Negotiations across Civilizations.* [In Japanese.] Yuhikaku, 2007. 73. Print.

[xiii]For the establishment of the Concert System in Europe after the Napoleonic Wars, refer to chapter 4 of the publication by Kosaka previously mentioned, Kissinger, Henry A. *A World Restored.* Trans. Yukio Ito. Hara Shobo, 2009. and chapter 10 of F. H. Hinsley, *Power and the Pursuit of Peace: Theory and Practice in the History of Relations between States* (Cambridge: Cambridge University Press, 1963).

[xiv]For more on Palmerston diplomacy and European collaboration, refer to Kimizuka, Naotaka. *British Foreign Policy in the Age of Pax Britannica: Lord Palmerston and Conference Diplomacy.* [In Japanese.] Yuhikaku, 2006.

[xv]In reference to Hosoya, Yuichi; *"From the new European collaboration to the Schuman Plan 1919-50: England and Europe of the World War age."* Ed. Yuichi Hosoya. *England and Europe: 200 years of isolation and integration.* [In Japanese.] Keiso Shobo, 2009. 62-65. Print.

[xvi]Michael Graham Fry, Erik Goldstein and Richard Langhorne (eds.), *Guide to International Relations and Diplomacy* (London: Continuum, 2002) p.113.

[xvii]Irie, Akira. *Toward a peaceful globalization.* [In Japanese.] Nihon Hosou Shuppan Kyokai, 2001. 35. Print.

[xviii] Hosoya, Yuichi. *Ethical Wars: the Rise and Fall of Tony Blair.* [In Japanese.] Keio UP, 2009. 89. Print.

[xix] G. John Ikenberry, *Liberal Order & Imperial Ambition: Essays on American Power and World Politics* (Cambridge: Polity, 2006) pp.1-3.

[xx] G. John Ikenberry, "The Rise of China and the Future of the West", *Foreign Affairs*, Jan/Feb 2008, vol.87, issue 1, pp.23-37.

[xxi]For example, refer to Rebecca R. Moore, "Partnership Goes Global: the Role of Nonmember, Non-European Union States in the Evolution of NATO", in Gulnur Aybet and Rebecca R. Moore (eds.), *NATO in Search of a Vision* (Washington, D.C.: Georgetown University Press, 2010) pp.219-242.

[xxii]Article quoted from *International treaties 2006.* [In Japanese.] Eds. Yasuaki Onuma et al.Yuhikaku, 2006.

[xxiii] Wang, Jisi. "The China-Japan-United States Triangle: A Power Balance Analysis" *Getting the Triangle Straight: Managing China-Japan-US Relations.* Eds. Jisi Wang, Gerald Curtis, and Ryosei Kokubun. Iwanami Shoten, 2010. 3. Print.

[xxiv]Amitav Acharya, "A Concert of Asia?", *Survival*, vol.41, no.3 (1999).

[xxv] In reference to Shiraishi, Takashi. "Regional formation of East Asia and 'common cultural circle'."

Japan's concept of East Asia. [In Japanese.] Eds. Yoshihide Soeya and Masayuki Tadokoro. Keio UP, 2004. 11-30. Print. as well as Takashi Shiraishi, "The Third Wave: Southeast Asia and Middle-Class Formation in the Making of a Region." *Beyond Japan: the Dynamics of East Asian Regionalism.* Eds. Peter J. Katzenstein and Takashi Shiraishi. Ithaca: Cornell UP, 2006. 237-271. Print.

xxviMinistry of Foreign Affairs of Japan. *The Trust Fund for Human Security - For the "Human-centered" 21st Century.* [In Japanese.] 2007. 4.

xxviiCommission on Human Security. *Summary of the Final Report of the Commission on Human Security.* Japanese Version. May 1, 2003.

xxviii Also in reference to International Commission on Intervention and State Sovereignty, *The Responsibility to Protect: Report of the International Commission on Intervention and State Sovereignty* (Ottawa: International Development and Research Centre, 2001). Ramesh Thakur, *The United Nation, Peace and Security* (Cambridge: Cambridge University Press, 2006), chapter 11.

xxixHosoya; *Ethical Wars:* 12-4.

xxxFor excellent international political analysis on this topic see Kaldor, Mary. *Global Civil Society: An Answer to War.* Trans. Takehiko Yamamoto, et al. Hosei UP, 2007. Chapter 2, Endo, Ken. "Prologue." *The Frontiers of Global Governance: Between the Present and the Past.* [In Japanese.] Toshindo, 2008, and chapter 8 of Nakamura, Kenichi, *The politics of global issues.* [In Japanese.] Iwanami Shoten, 2010.

xxxi *The Mainichi Daily News.* The Mainichi Newspapers, 4 Mar. 2011. Web.

xxxii *The National Defense Program Outline From Year 2011.* 17 Dec. 2010.

xxxiii Example of references include, Nagashima, Akihisa. "This is the reality to survival." [In Japanese.] Interviewer. Tomohiko Taniguchi. *Central Review..* March (2011): 154-59. Print., Kitaoka, Shinichi. "Overcoming Japan's Crisis with Political Reform," [In Japanese.] *Central Review..* February (2011): 94-101. Print., and Jimbo, Ken. "The New Defense Program Outline and the concept of new defense capability." [In Japanese.] *International Diplomacy* vol.05. (2011): 109-17. Print.

xxxivKosaka, Masataka. *International politics: Fears and hopes.* [In Japanese.] Chuokoron Shinsha, 1966. 19. Print.

xxxvAso, Taro. "Creating an arc of freedom and prosperity." November 30, 2006., mentions in Aso, Taro. *Arc of Freedom and Prosperity.* [In Japanese.] Gentosha, 2007. 24-41. Print. For background of the development of this "Arc of Freedom and Prosperity" strategy, refer to *Visions of diplomacy and strategy.* [In Japanese.] narrated by Shotaro Yachi, and recorded by Masayuki Takahashi. Sankei Shimbun Shuppan, 2009. 142-6.

xxxviAso, Taro. "Japan and NATO in a New Security Environment." [In Japanese.] Speech. North Atlantic Council Meeting. Brussels, Belgium. May 4, 2006.

xxxviiAbe, Shinzo. "Japan and NATO: Toward Further Collaboration." [In Japanese.] Speech. North Atlantic Council Meeting. Brussels, Belgium. January 12, 2007.

xxxviiiIn reference to materials including Gilbert Rozman, *Northeast Asia's Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (Cambridge: Cambridge University Press, 2004) p.356.

xxxixHosoya, Yuichi. "Internet public opinion and nationalism." [In Japanese.] *Central Review.* November (2010): 18-9. Print.

Chapter 2

Japan's Regional Order Initiatives

Taizo Miyagi

Foreword—Asia as a Regional System

This paper discusses the issue of Japan's "regional order initiatives," with a regional focus on Asia to which Japan belongs.

First, it is important to consider what is meant by a "regional order initiative." It would be unreasonable to call a cluster of bilateral relations such as Japan-China relations or Japan-Republic of Korea (ROK) relations a regional order initiative. A regional order initiative refers to the act of attempting to establish a type of order by combining relations with various countries such as China, the ROK, Southeast Asian countries and the United States. In other words, it is an attempt to understand Asia as a whole.

The efforts to deal with the issue of Asia as a region are always accompanied by the question of the scope of Asia. From a geographical perspective, Asia refers to a vast area that stretches from the Asian part of Turkey to all the areas east of the Ural Mountains. The generally-accepted idea of "Asia" as it is referred to in Japan, however, means the area including East Asia and Southeast Asia, or South Asia at the farthest. On the contrary, the existence of the United States is indispensable when discussing the regional situation surrounding Japan, and this aspect is emphasized by the regional concept called "Asia-Pacific."

In fact, "region" is quite a vague concept. Today the term Southeast Asia refers to the countries of the Association of Southeast Asian Nations (ASEAN), but countries that belong to the region called South Asia today such as India and Pakistan were also included in the concept of "Southeast Asia" in Japan during the 1950s. The concept of an "East Asia Community" is at the focus of discussion on regional order initiatives in Japan. The phenomenon of calling Northeast Asia including Japan, China and the ROK, and Southeast Asia collectively "East Asia"—often with the phrase "in a broad sense"—was started during the 1980s. This trend officially began with the East Asia Economic Caucus (EAEC), a concept proposed by Malaysian Prime Minister Mahathir Mohamad. In the background was the fact that economic ties between Northeast Asia centering on Japan and Southeast Asia were deepened to an inseparable degree.

This paper considers "region" not as a fixed geographical concept but as a changing regional

system. There are countries such as India that come to be included in Japan's version of "Asia" as the economic ties between the countries deepen, while the United States occupies a central position when considering security in "Asia." These examples both reflect the characteristics of the regional system of the respective times.

This paper first looks at Japan's regional order initiatives during the period following the Second World War. Japan's diplomacy in the postwar period is often summarized as "one-country pacifism" under the Cold War, but an unbroken line of regional initiatives of the respective times exists in the history of its diplomacy. It is considered that only after understanding such a historical context can we analyze the characteristics of the current situation and the outlook for the future.

Then, based on the current situation at the beginning of the 21st century, the paper presents the outlook for and the consideration of the regional situation in Asia in 20 years' time according to the "future international situation: prospects in 20 years," which is the issue to be addressed in this research project.

The paper then considers and examines the challenges that Japan should tackle in 20 years or toward the establishment of a regional order in 20 years.

History—Regional Order Initiatives in Postwar Japan

・**"Independent" Asia and Japan**

This chapter looks at the regional order initiatives in postwar Japan, beginning with the 1950s. When Japan regained its independence and diplomacy by the San Francisco Peace Treaty, Asia was caught in the maelstrom of war and confusion. With the movement to emerge from colonial rule (or to refuse the return to colonial rule) and the Cold War that began in Europe rippling through Asia, situations of conflict spread throughout Asia, such as the Chinese Civil War, Korean War, Indochina War, and the separation and independence of India and Pakistan that was accompanied by confusion.

It was not until the mid-1950s that a certain form of order began to appear in Asia. Ceasefire agreements were reached in both the Korean War and the Indochina War in 1954, and the countries that newly gained independence gathered at the Bandung Conference (Asia-Africa Conference) in 1955. The conference was led by the two largest emerging nations in postwar Asia, China and India that had established a partnership through the Five Principles of Peaceful Coexistence. The Bandung Conference stressed anti-colonialism as well as the "peaceful coexistence" with the communist regime and aspired to an international order within Asia, which would mark a clear departure from the Cold War regime led by the United States.

The Bandung Conference was the first international conference that Japan attended after the Second World War. The challenge for Japan was how to strike a balance between the neutralism in

Asia as represented by the Bandung Conference and the Cold War policies pursued by the United States. In the end, then Japanese Prime Minister Ichiro Hatoyama's Administration chose the path of uniting Asia by putting great emphasis on economic partnership without touching on political issues to the extent possible. At that time, however, conditions for uniting Asia through the economy did not exist and, being a poor defeated nation, Japan did not have the economic strength to support its leadership.

・**Various Initiatives under the Asian Cold War**

In the 1950s, the Japanese government began to propose many regionalism-oriented initiatives for Asia.[i] One representative example is the Southeast Asia Development Fund proposed by the Nobusuke Kishi Administration. The majority of the initiatives shared the idea of utilizing the funds from the United States for the development of Southeast Asia through Japan. Under the Asian Cold War, Southeast Asia became the largest arena of offense and defense surrounding the penetration of communism.

Japan was of the opinion that poverty would be an invitation to the penetration of communism in Southeast Asia and attached importance to the "development of Southeast Asia," but it lacked the economic strength to promote this idea by itself. The idea behind these initiatives was a rather convenient one for Japan to simultaneously reconstruct the country and enter Southeast Asia by expecting funding from the United States for Southeast Asia to go through Japan.

The Southeast Asia development initiative using funding from the United States was once called the "Asian Marshall Plan" and there were high expectations for its realization, but this was never realized and the Japanese initiative never attracted attention.

・**Establishment of ASEAN**

In the 1970s, Asia faced a big turning point both with respect to the Cold War and independence from colonialism, with such developments as the closer relations between the United States and China that were the major players in the Cold War conflicts in Asia, the end of the Vietnam War and the retreat of the United Kingdom from Southeast Asia. When the large political challenges such as the selection of the regime and the achievement of independence were tentatively settled, the "development regime" spread throughout Asia as a form of politics centering on economic growth, replacing the former "independence" or "revolution." In Southeast Asia, this development regime was politically underpinned by ASEAN, which was established in 1967. ASEAN thus came to provide a stable framework of coexistence among the countries of Southeast Asia which had often been trapped in tense relations.

It is true that in the beginning there were some uncoordinated aspects in Japan as to what kind of relations it would pursue with ASEAN, but it can be said that subsequently Japan has quite consistently taken the stance of providing support and assistance for the enhancement of ASEAN. As the volume of trade with and investment in Southeast Asia grew rapidly, the maintenance of stability in Southeast Asia became an extremely important challenge for Japan. The Fukuda Doctrine announced in 1977 which is well-known as an active initiative in Japan's diplomacy toward Asia was also an attempt to establish a stable regional order in Southeast Asia after the retreat of the United States and United Kingdom.

・**Appearance of China**

Following the visit to China by US President Richard Nixon and the achievement of the historic reconciliation between the United States and China in 1972, Japan immediately decided, ahead of the United States, to normalize the relations with China.

Until then under the US-China Cold War, in a sense, there had been no need for Japan to consider China as a realistic target of diplomacy. This is because it had been extremely difficult to overcome the walls of the US-China Cold War. When the walls broke down, however, Japan began to face and is still facing to this day the challenge of how to treat its huge neighbor, China, and with what sense of distance.

The Japanese politician Kakuei Tanaka who decided to normalize the relations with China and the politicians belonging to his faction maintained the position to attach importance to China. On the other hand, Takeo Fukuda, who was Tanaka's chief rival, and those belonging to his faction tended to aspire to a more balanced approach not focusing on China alone. The "omnidirectional peace diplomacy" advocated by Fukuda during his administration had an implication of establishing good relations with the Soviet Union and other actors in order for Japan to avoid becoming exclusively focused on China.[ii]

The competitive relations between the two politicians would remain as a continuous underlying factor in Japan's future diplomacy.

・**Pacific Rim Initiative**

A representative example of a regional order initiative that extends beyond Asia proposed by Japan in the postwar period is the Pacific Rim or the Asia-Pacific initiative. The Pacific Basin Cooperation Concept was beginning to be envisaged in the 1960s, inspired by the movement toward European integration. In the 1970s, Australia began to turn its attention to Asia, partially led by the fact that the United Kingdom, a former colonial power, joined the European Economic

Community (EEC). Linked with this movement of Australia, the Pacific Basin Cooperation Concept became more concrete.

The main idea behind the Pacific Basin Cooperation Concept proposed by the Masayoshi Ohira Administration was for Japan to lead the establishment of order in this region by uniting with the United States and Australia, but it can be said that there was also the intention of bringing in China that had begun to push forward with its reform and opening up. The Pacific Basin Cooperation Concept later came to fruition as the Asia-Pacific Economic Cooperation (APEC).

・**Appearance of "East Asia"**

International politics in Asia in the 1950s was led by the political partnership between China and India. The Cold War tensions were intensified and eased in the 1960s and 1970s. In the 1980s, Northeast Asian countries such as Japan, China and the ROK, and Southeast Asian countries centering on ASEAN deepened their economic ties with Japan playing a central role. This led to the establishment of a concept called "East Asia" (in a broad sense) that incorporates both Northeast Asia and Southeast Asia. The first example of official use of this concept was the East Asia Economic Caucus (EAEC) proposed by Malaysian Prime Minister Mahathir Mohamad. The EAEC faced strong protest from the United States which maintained that this initiative would draw a dividing line in the Pacific, and failed.

The situation was changed by the Asian Currency Crisis of 1997. The invitation extended to the leaders of Japan, China and the ROK to join the ASEAN Summit Meeting to discuss the response to the crisis led to the establishment of a framework called ASEAN Plus Three. One consideration would be to say that the dissatisfaction with the control measures implemented by the International Monetary Fund (IMF) led by the United States and Europe sharply increased the momentum for regional cooperation.

The situation was later followed by the leadership struggle between Japan and China. While China insisted that regional integration of Asia be pushed forward centering on ASEAN Plus Three, Japan maintained that regional integration should be promoted through ASEAN Plus Six, which includes Australia, New Zealand and India added to ASEAN Plus Three, partially with the aim of weakening China's influence.

The Yukio Hatoyama Administration of the Democratic Party of Japan (DPJ) that was started in 2009 after a change of government put forth an "East Asian community" in its diplomatic policy. Coupled with the other focus of the administration of "Japan-US relations on an equal footing," the community initiative was further tinged with the impression of "drawing away from the United States." It cannot be denied that this aroused unnecessary suspicion from Japan and abroad. The initiative never came to fruition under the Hatoyama Administration.

Current Situation

How can we explain the current status within the flow of regional cooperation mentioned above? It has been decided that from 2011, the United States and Russia will also join the East Asia Summit (EAS) which embodied the idea of ASEAN Plus Six that Japan advocated. On the other hand, the Naoto Kan Administration considers the Trans-Pacific Strategic Economic Partnership Agreement (TPP) with the United States and Australia being the key member states the largest diplomatic challenge. It can be said that the pattern of tug-of-war between Japan and China regarding whether the scope of the "East Asian community" should be ASEAN Plus Three or Six has now entered a new stage.

The largest factor behind the change in the situation is the further rise of China. It is true that China itself has achieved significant growth in the past 10 years or so, but it can be said that what is further emphasizing China becoming a major power is the fact that ASEAN has suffered great damage from the Asian Currency Crisis and been politically weakened, along with the fact that the economic strength of the United States has been weakened as a result of the Lehman Crisis.

As China has become an immense nation both in absolute and relative terms, it seems that the move to find a balance against China is becoming apparent today in "East Asia" which comprises Northeast Asia and Southeast Asia. For one thing, there is a growing move in Japan and Southeast Asian countries to pull the United States into this region mainly in terms of security. It can be said that Japan's enthusiasm for the TPP is part of its move to take the lead in regional integration by deepening its ties with the United States and Australia to achieve a balance against China, which is constantly increasing its presence both politically and economically.

There is also the move to deepen the relations between India that is making a significant economic leap and "East Asia." If "East Asia" as a region was formed by ties among the countries centering on the economy, it is in a sense not surprising that there is a tendency for the border between India and "East Asia" to disappear as their relations become closer due to the increasingly vigorous economic activities.

Either way, this author believes that the concept of "East Asia" comprising ASEAN Plus Three which was formed by ties among the countries centering on the economy seems to be gradually becoming more fluid toward the establishment of a subsequent regional order or regional framework, in the face of China becoming an enormous country within the region.

Outlook—Regional Order in 20 Years

This chapter looks at the regional situation in Asia in 20 years. First, it is necessary to confirm the data that serve as the basis for forecasting the situation in 20 years. It can be said that the

economic field is relatively easier to forecast in comparison with the field of politics or security. Economic forecasts based on the demographic situation that serves as the foundation for economic growth have been released by research institutions and companies.

The first index to examine is the gross domestic product (GDP) of each country in 2030. The following picture can be envisaged by putting together the reports of the research institutions. In 2030, China's GDP will reach a level nearly matching that of the United States. India will come in third, and the size of its economy will reach a level that exceeds 30% of the GDP of the United States. Japan's economy will come in fourth in the world in size, but its GDP per capita will be at a level of 2.5 times and eight times that of China and India, respectively.[iii] The report of another research company also provides a similar forecast.[iv]

Although it exceeds the scope of this paper, research institutions have different forecasts regarding the period beyond 2030. While there is a forecast that China's economic development will continue even more steadily and the country will become the largest economic superpower in the world overtaking the United States by 2041[v] (some institutions forecast that China's GDP will be the largest in the world in 2020),[vi] according to other forecasts China's economic growth rate will decline to 1% in 2040 due to the declining birthrate and a growing proportion of elderly people.[vii]

In any case, it seems possible to envisage a picture where Japan's economy will become the fourth largest in the world after the United States, China and India, but Japan's per capita income will remain at a relatively high level at the time of 2030, which is the point of focus of this paper.

Next, the situation of Asia in 20 years will be examined by considering political factors in addition to the above picture. By dividing Asia into the three regions of Northeast Asia, Southeast Asia, and South Asia, the key points in considering the projected situation in each region will be mentioned.

・**Northeast Asia**

According to the majority of the forecasts, China's steady economic growth of recent years will be maintained at least until around 2030 as can be projected from its demographic situation and other factors. There are, however, quite a few challenges in order for China to maintain a stable economic growth. These challenges will be divided into the following three groups of issues for consideration.

The first group of issues is related to the question of how to resolve the factors that restrict the economic growth, such as the issue of supply of energy and water resources, and the burden on the environment. It is widely known that China has been vigorously working in recent years to acquire interests in resources such as oil in a seemingly rather aggressive manner in various regions

including Africa. There are positive and negative factors, such as the consequence of the aftermath of the collapse of longtime administrations in the Middle East that started in Tunisia, and the possibility of development of oil resources including oil sand and oil shale to replace the traditional oil, but the possibility of an increasingly tight supply situation of oil cannot be denied in the long term. The tight supply of water resources is also a serious issue in China.

The key points in considering China's trend will be whether the country will rush toward the acquisition of interests in a unilateralism-oriented fashion, or whether the country will attach importance to the establishment of some form of international or regional regime in order to conquer the situation of tight supply of resources.

The second group of issues is related to the domestic governance system of China. This author believes that the largest issue is the gap between the rich and the poor (which nearly overlaps with the gap between urban residents and farmers) and relations between the government and the military. The issue of the gap between the rich and the poor (gap between urban residents and farmers) exists in contrast to the issue that the members of the communist party overlap with the executives of powerful companies and are forming a group with vested interests. The democratization of the governance system will be an unavoidable hurdle to clear in order to fundamentally solve this issue.

The other issue related to the governance system are the relations between the government (party) and the military. Till this day, the People's Liberation Army remains a military that belongs to the Communist Party of China, and not the nation. During the times when charismatic leaders such as Mao Tse-tung and Deng Xiaoping promoted nation building, the issue of whether they could take control of the military did not grow into a serious problem. As time progressed to the times of Jiang Zemin and Hu Jintao, however, the issue of whether the leader can take control of the military seems to have become more likely to surface. When China's tendency of seeking resources for the country's growth in a unilateralism-oriented fashion is linked to the military's aspiration for maintaining and expanding its vested interests, it may become a factor that allows China to seek hard-line measures externally. The establishment of stable government-military relations constitutes a large hurdle along with democratization in understanding the future direction of China's governance system.

The third group of issues relates to the international environment. The current Chinese leadership advocates the "peaceful rise" of the country, based on a cooperative approach with the existing international order including the United States (behind China's basic approach, there is probably the idea that it does not want to bear any burdens that exceed its fair share). There are two risks, however, that may destroy its cooperative approach: the issue of North Korea and the issue of Taiwan. In the event of a sudden collapse of North Korea or the country entering into a state of

turmoil and conflict, or a clear declaration of independence made by Taiwan, China would have no choice but to intervene. In either case, it would not be easy for China to maintain cooperative relations with countries such as Japan and the United States.

China's economic growth as a natural course of event, which was mentioned at the beginning of this chapter, will be influenced to no small degree by how well the country will be able to settle these challenges. This paper envisages a scenario in which the above three groups of issues will become more serious in 20 years without any fundamental solution of the issues. Conversely, the important point in considering the regional order or the measures to be taken by Japan will be how to prevent these three groups of issues from exploding in an irreversible manner.

Regarding the future of divided nations in Asia as seen in the Korean Peninsula or the China-Taiwan issue, this paper only points out that these issues have the risk of becoming an "explosion point" that could influence the actions of China as mentioned above.

・**Southeast Asia**

ASEAN, with its centripetal force and presence weakened by the Asian Currency Crisis, is making efforts to recover its centripetal force by promoting the realization of an ASEAN Community by 2020. In other words, this seems to partially reflect its current situation in which it can only maintain its centripetal force by promoting a "deeper integration."

Although ASEAN has become a cornerstone for regional integration in Asia, it is losing ground to the presence of other actors outside of ASEAN such as Japan, China, the ROK and India. In countries such as Indonesia, which has overcome the confusion following the Asian Currency Crisis and gotten back on the track of economic recovery with democratization taking root, there are voices that insist that the focus of the diplomatic activity should be placed on becoming a "member of the G20" instead of the previous "leader of ASEAN."

Former Singaporean Prime Minister Lee Kuan Yew predicts that ASEAN will eventually be divided between an archipelago and a mainland part. The difference between the two is seen in the response to China that is increasing its presence; namely, countries such as Thailand, Laos and Cambodia, that find it difficult to escape from the influence of China as they are connected to the continent of China, will have no choice but to respect China's intent; on the other hand, countries such as Indonesia and the Philippines that belong to the archipelago part with a distance from China will move into a direction to maintain a balance against China.[viii]

This phenomenon in which there is a difference in the approach to China between the mainland part and the archipelago part of Southeast Asia was also seen when the international relations surrounding China became fluid (when the "fetters" of containment of China were lifted) after the United States and China advanced toward each other in the early 1970s.[ix]

In the recent case of the TPP as well, it seems that the countries are failing to reach an agreement, with Singapore already joining the TPP while many other countries maintain a cautious stance.

In short, it will not be easy to maintain the centripetal force of ASEAN between the directional movement that does not deny being taken into the scope of influence of China and the directional movement that advances toward the United States (and Japan) to seek balance against China as China increases its presence. This paper predicts that the tendency will increase for ASEAN to gradually break apart under these different directional movements.

· **South India**

As mentioned at the beginning of this chapter, it is predicted that India's economy will become the second largest in Asia after China by 2030, but there naturally exist issues.

India shares the same situation as China with factors that restrict the growth, such as the issue of supply of energy and water, and the burden on the environment, as mentioned above as the first point. Regarding the second point of domestic governance system such as the democratization of the governance system and the government-military relations, however, it can be said that India has very few unstable factors such as the need for a fundamental reform as seen in China. On the other hand, there is a big difference between the literacy rate in India and China, with that in India being around 65%[x] as opposed to 90% in China. This fact shows that India faces the challenges of improving its educational standard and disseminating education.

Regarding the third point, the international environment, the issue of North Korea and the issue of Taiwan for China are equivalent to the relations with Pakistan for India. India and Pakistan originally sought to gain independence as one country, but they became separate and independent states amidst religious turmoil, followed by three wars between the two countries. Furthermore, both countries are nuclear powers today. It is fair to say that this situation is one of the potential "powder kegs" in the international situation. It is also a matter of concern that Pakistan's governance system has been increasingly weakened during the recent years, torn between the United States strongly calling for cooperation for the "fight against terrorism" and the domestic public opinion that opposes it.

When seen from such a perspective, it can be said that the challenge for India that will influence its future is how to establish more stable relations with Pakistan while resolving the factors that restrain growth.

It can be considered that the rise of India is relatively peaceful in comparison with that of China in terms of the sense of tension it brings to its neighboring countries and the international order. In India, the issue of the government-military relations that is observed in China is relatively minor. India is also a democratic country. From such factors, it can be determined that the risk of India

taking unilateral military action in an expansionist-oriented fashion is relatively low in comparison with China. The matter of the greatest concern is India's relations with Pakistan.

This paper envisages a scenario in 20 years in which India's economy will continue to grow, bringing a relatively moderate sense of tension to the regional and international order, although the country will have such issues as described above; however, the situation could change greatly depending on the development of the situation in Pakistan.

Recommendations

This chapter considers the measures and the direction to be taken by Japan based on the issues regarding the regional order in 20 years that have become clear from the analysis thus made.

China and India will be the leading players in Asia in 20 years unless a substantially destabilizing factor appears on the scene. Therefore, it is meaningless to lament Japan falling to "number three in Asia." What is important is to draw Asia's dynamism into Japan. It is very fortunate for Japan to have growing markets such as China and India close by. This point is obvious when compared with the situation of European Union countries with neighboring regions such as Eastern Europe where high growth of the level seen in Asia cannot be expected, and North Africa with the risk of destabilization.

The issues faced by China and India have been summarized into three points: (1) the factors that constrain growth such as the supply of energy and water, and the burden on the environment; (2) the issues surrounding the domestic governance system such as the democratization of the governance system and the government-military relations; and (3) the regional and international environment that is necessary for stable growth. This paper has also summarized that while China faces serious issues regarding all of the above three points, India has very few issues regarding the second point.

・**Response to the Three Groups of Issues**

In order to contribute to the stability and prosperity of Asia in 20 years and draw its dynamism into the country, Japan needs to hammer out measures to respond to the three groups of issues.

Regarding the first point, namely the factors that restrict growth, the measures that can be taken by Japan can be divided into the two categories of technical cooperation and the establishment of a regime.

The two possible directions for the solution of the energy issue are the securing of more abundant resources and the improvement of energy efficiency. Technical cooperation obviously contributes to the latter direction, and this is Japan's forte. In addition, technical cooperation has a positive meaning for two reasons. For one thing, it can contribute to the challenge of responding to the issue

of global warming. Second, there is a possibility that the provision of environmental technology can become a business opportunity.

The other measure, or the establishment of the regime, is about how to establish a mechanism for stable energy supply in Asia, including countries with tremendous energy demand such as China and India. Naturally, the establishment of this type of regime within the regional unit of Asia is not the only option, but a variety of other options are possible. If this type of regime can be established within the regional unit of Asia, however, it will be a huge step towards the establishment of an actual "community."

In 2009, the Institute for International Policy Studies (IIPS) proposed the introduction of a "common Asian currency" on par with the dollar and the euro with a view to the 2030s.[xi] The energy regime mentioned above can sufficiently serve as the basis of a regional framework along with the currency. It cannot be denied that Japan has been relatively weak in establishing this type of international and regional regime, compared with technical cooperation, among others.

If the Japanese economy were extremely strong as it was in the 1980s, the establishment of a regime led by Japan would bring a sense of caution that this regime would unilaterally offer benefits to Japan. Around 2030, however, the Japanese economy will maintain a certain level of presence with an increasing degree of maturity (meaning momentum lost in terms of growth rate), while the two major growth nations of China and India will come into existence. This will put Japan in quite a reasonable position to exercise moderate leadership toward the establishment of a framework for the coexistence and co-prosperity of Asia. The challenge will be how to attain conceptual power and exercise diplomatic power to realize the concept. This issue will be touched upon at the end of this chapter.

The second point, or the governance system of each country, will probably become an issue especially with regard to China, but there will not be much that Japan will be able to achieve in this context. China is so enormous that only its internal factors will be able to bring any fundamental change to the country. As for measures that Japan should take, two points will be mentioned in this paper. The first measure is to prevent a militaristic vacuum from being created, and the second is to extend practical cooperation for democratization in a broad sense.

As mentioned above, this author believes that one of the focal points surrounding the future movement of China will be the government-military relations. The emergence of a militaristic vacuum around China may trigger bold actions by the military. There are lessons to be learned from Japan's prewar experience; the Japanese army gradually advancing into the Chinese continent without any approval of the government in Tokyo finally led to the collapse of the domestic governance system. Especially, the de facto militaristic vacuum that was present in Manchuria, which triggered the course of this event, became the main reason for the Kanto Army to take bold

actions.

The prevention of a militaristic vacuum in 2030 will require the adherence to and the appropriate enhancement of the Japan-US alliance. It will also be important to continue to make efforts for the appropriate capacity building of the Self-Defense Forces themselves.

Regarding the cooperation for "democratization," it is not necessarily effective to repeat high-handed lectures. The provision of technical cooperation at the time of elections or the provision of aid over broad areas, such as providing practical know-how to activities conducted by labor unions or civil groups that call for the rule of law and guarantee of human rights, will be of true significance and importance. It is oftentimes more effective if activities conducted at these levels are carried out by non-governmental organizations (NGOs) such as non-profit organizations (NPOs) and labor unions, and not necessarily led by the government. It will be vital for Japanese society as a whole, not limited to the government, to make efforts to carry out such initiatives and increase the awareness of people, which will serve as a foundation for such initiatives.

As for the third group of issues, there are three regions that hold the key to stability in Asia: North Korea, Taiwan and Pakistan. The stability in the first two regions is indispensable for China and in the last region for India to achieve sustainable growth. What can Japan do about these three regions?

Japan has a "bargaining chip" against North Korea; namely, the normalization of diplomatic relations and the subsequent economic assistance. The question is when to use it. Whether Japan can show a certain level of leadership and presence or it will be given the unwelcome nickname of "automatic teller machine" during the period of reorganization of order in the Korean Peninsula will depend on when Japan will use this bargaining chip.

Regarding Pakistan, Japan does not have the means of exerting influence through military aid like the United States. Economic cooperation would again be of certain significance in this context. Japan is currently promoting the Industrial Corridor Project with a focus on the development of railway infrastructure, among others, in the northwestern part of India. It can be said that Pakistan's fundamental stabilization depends on the degree to which the economic prosperity of India can reach Pakistan. It seems that Japan will have not a small role to play in this context.

Of the three countries, Japan will most likely be an interested party in the case of Taiwan. For the United States, Taiwan may be an issue that can be "dealt with" within the large volume of transactions between the United States and China in case of necessity. During the era of the US-China Cold War, strong ideological support for Taiwan was seen in the United States, but such a trend no longer exists, and will probably become even weaker in the future.

In Japan, however, it seems that there is, at least in potential terms, a tendency to oppose the unilateral inclusion of Taiwan in China both on geopolitical grounds and for reasons related to

domestic politics, and that this tendency will not change. The stable transition of the Taiwan issue will continue to be a critical factor for Japan-China relations.

・**Spreading Its Wings**

The discussion in this chapter has been focused on China and India, which are likely to become major players in Asia in the 2030s. It is very important, however, for Japan to establish even stronger relations with other Asian countries.

If China and India become enormous, there will be an increasing number of situations that will be difficult for Japan to handle alone. Strategic cooperation with countries other than China or India that have a strong presence will be more important. The ROK and Australia are both US allies, and Japan recently concluded an Acquisition and Cross-Servicing Agreement (ACSA) with Australia, with another one scheduled to be concluded with the ROK. There is also recognition of the ties with those countries.

This paper mentions Indonesia and Turkey as the other important countries. These are both regional major powers that have achieved steady economic growth in recent years and have become G20 member states. These are also countries that have successfully achieved a balance between Islam and a stable democratic regime. Cooperation with countries with such characteristics will greatly broaden the scope and possibility of Japan's diplomacy.

・**Stabilization of Domestic Politics**

Finally, the challenge that must be mentioned is the stabilization of Japan's domestic policy. In order for Japan to maintain its presence in a situation where Japan's economic status will be lowered toward 2030 in relative terms, it will be vital to have a certain level of presence as an actor in international politics. The current situation in which prime ministers change every year would by no means make it possible to hold hope for such an achievement. It can be said that there have been two administrations in the recent years that helped Japan achieve a certain level of presence in the arena of international politics: the Yasuhiro Nakasone Administration and the Junichiro Koizumi Administration. It is of no coincidence that the two prime ministers were in office for around five years, which is an exceptionally long period in Japanese politics, although it would only be a normal length from an international perspective.

Under the so-called 1955 regime seen in Japan previously, the completely different foreign policies pursued by each party, with the Liberal Democratic Party (LDP) focusing on the Japan-US Security Arrangements and cooperation with the United States, and the Socialist Party of Japan focusing on unarmed neutrality, did not bring about much trouble. This is because under the

"domestic Cold-War," a change of government was not realistic.

As we have entered the 21st century, however, a change of government is and will be no extraordinary matter. The Yukio Hatoyama Administration came into office with the complete disapproval of the LDP, and especially the diplomatic policy of Prime Minister Koizumi, and reached a deadlock. Nevertheless, the change of government would be meaningless if it had absolutely no influence on the country's diplomatic policy. The question is how to strike a balance between the change of government and the continuity of diplomatic policy. The establishment of a foundation for domestic policy with a view to such diplomacy will be the largest unavoidable challenge in order for Japan to maintain its position in the international community toward 2030.

[i] Hiroyuki Hoshiro, *The fate of the Asian diplomacy of regionalism,1952-1966*. [In Japanese.] (Bokutakusha, 2008).

[ii] Hidekazu Wakatsuki, *The age of omnidirectional diplomacy: Japan and Asia during the transformational period of the Cold War, 1971-1980*. [In Japanese.] (Nihon Keizai Hyōronsha, 2006).

[iii] *Dai-ichi Life Research Institute Report*, December 2010.

[iv] Goldman Sachs, *Dreaming with BRICs: The Path to 2050*, 2003.

[v] *Ibid.*

[vi] Japan Center for Economic Research, *Demographic Change and the Asian Economy*, 2007.

[vii] *Ibid.*

[viii] Yoichi Funabashi, *The new world: rise and fall of countries*. [In Japanese.] (Asahi Shinsho, 2010).

[ix] Nayan Chanda, *Brother Enemy: The War After the War* (Mekong,1999).

[x] The website of the Ministry of Foreign Affairs of Japan, http://www.mofa.go.jp/mofaj/area/india/data.html.

[xi] The Institute for International Policy Studies, *Prospects for the Global Economic and Financial System in the 2030s*, 2009.

Chapter 3

The United States and Japan-US Relations 20 Years Later: Ensuring That the Alliance Is Not Cast Adrift

Toshihiro Nakayama

1. The Importance of Japan-US Relations and the Primary Factors Transforming Them

Assuming that the rise of China were to continue at its present brisk pace, and that the other BRIC countries and NEXT11 were to continue growing stably, then the fact remains that Japan-US relations will serve as the most important bilateral relationship for Japan 20 years down the road. Its relative importance will likely diminish following the structural changes in world politics. Out of the set of problems newly confronting the international community, the number that can be dealt with by the bilateral alliance's ability for resolving and handling problems is on a downward trajectory. For this reason, we have already entered the era where simply establishing this bilateral alliance as the "cornerstone" of peace and safety for the region will not adequately produce them. Yet in spite of this, tightly knit Japan-US relations will serve as a major advantage to both parties in facing up to this new set of problems. This is because both Japan and the United States share deep ties on the economic and security front, democratic values that underpin the political systems of both countries, and a fundamental image of how a desirable international order should be structured. They also share a vision of a liberal international order with regard to how a desirable regional order should be structured in the Asia-Pacific region.[i]

Needless to say, Japan and the United States are not composed in such a way that they completely share every value. Rather, their self-images vary greatly. In Japan, collectives are fostered and grow up as if out of thin air, while the United States has been erected as a collection of principles. The United States regards itself as a missionary democracy, while Japan currently feels little reality despite hanging out its values as the cornerstone of its diplomacy. The United States proactively tries to shape international situations on its own, while Japan concentrates its attention on accurately responding to international situations and in searching for where it will touch down. These two countries vary considerably in how their respective national self-consciousness is ordered. Yet it is because they share fundamental political and social values and comprehend one

another's presence in a mutually complementary fashion that the bilateral relations of Japan-US relations are being put on a unique and sound footing.

When the first Armitage Report was issued about ten years ago, it ignited debate about Japan becoming a "mature partner" to the United States like the United Kingdom was, which was touched off by the passage in this report stating that the Japan-US alliance in Asia should be upgraded to the status of the US-UK alliance.[ii] This was primarily a concrete proposal concerning how the alliance should operate, but this has come to take on a scope that exceeds the intentions of the report. It was precisely around this time that the Koizumi Administration set out a clear pro-American line, and after the 9/11 terrorist attacks it embarked upon cooperation with the United States to a greater extent than ever before. Because of this, the synopsis of "upgrading the Japan-US alliance to the status of another US-UK alliance in Asia" raised hopes on the US side as well that this was not just a figurative expression.

However, the alliance is underpinned by the special relationship between the United Kingdom, which was once a hegemony, and the United States, which has inherited this position. The two countries are also connected via a deep-seated awareness including their language and share numerous values in common. The debate of overlapping this alliance with the Japan-US alliance conceals the special characteristics of the latter; that is to say, in the fact that the Japan-US alliance is an alliance that binds together two states which belong to different cultural spheres. What is more, both countries long occupied the number one and two positions in terms of their economic scale, which is also a unique characteristic. Whereas the US-UK alliance was an alliance between a former empire whose influence continues to decline dramatically and a new hegemon, the Japan-US alliance was one between a hegemon and a latent competitor (of course this did not solely occupy an economic dimension).

When you get right down to it, the subconscious mind on the Japanese side could be said to have undergone a revision in 1960, and the alliance has continued to be one between a victor nation and a defeated nation. This would bubble up to the surface at random, like ancient geological strata, and from time to time upward thrusts like impulses trying to rise to the surface would issue forth from both camps on the left and right. This is something that we have only experienced recently. For this reason, discussions concerning the alliance in some cases took the form of discussions concerned with national dignity rather than as discussions about security. Or to put this in somewhat simpler terms, it contained the latent risk that this would unfold in the form of postwar Japan's self-discovery. For Japan, determining its relationship with the United States was a search for

identity, whereas to the United States, Japan rarely ever appeared in these sorts of contexts. A number of contortions and asymmetries were structurally internalized within the Japan-US alliance, and in some cases differences in how these contortions were handled have shaken the alliance itself to its very core.

It has been 50 years since the basic framework of today's alliance was laid. Though the Japan-US alliance has time and again undergone constant corrections and upgrades according to the current state of affairs, it has played a significant role in maintaining regional order as an alliance that is without precedent. It consists of a type of alliance that can only be described in terms of the Japan-US alliance. Especially in the post-Cold War period, despite being a bilateral alliance its nature as a regional public good has grown stronger and stronger, and it grew ever clearer that it was composed in such a way that its destabilization would be unwelcomed by the other countries in the region. Despite facing a number of problems, over the past half century it has not yielded anti-American and anti-base conflicts that have embroiled the entire nation, and it enjoys a domestic base of support which is relatively stable. Of course, this assertion does not in any way negate the fact that there is discontent with the bases that is rooted in local regions. But such discontent has not necessarily been directed solely towards the United States; it has also been directed towards the Government of Japan and, especially in Okinawa's case, toward the "mainland."

The world has literally grown smaller due to the fact that the cost of transport has fallen and information technology has developed rapidly centered primarily around the Internet. Despite this, and the fact that the speed at which the international situation is changing is increasing at an accelerated pace, it is difficult to imagine the basic structure comprising the Japan-US alliance collapsing in 20 years' time. If this were to collapse, then it would likely be in a world where the majority of the presuppositions for thinking about contemporary world politics have collapsed. Even if such presuppositions were to collapse and world politics were to enter into a major period of change, it would be hard to imagine Japan-US relations, which serve as a stabilizer, being allowed to decline, especially if the Japan-US alliance has grown in importance. This is because the Japan-US alliance is one that attempts to uphold the status quo rather than shake it up, and because it is an alliance that quintessentially strives to incorporate new factors for change into the current system.

One scenario in which this alliance would be on the brink of crisis would be a potential case in which Japan as one of the partners in the alliance were to choose a course of shaking up the status

quo. In *The Next 100 Years* (2009), George Friedman points to the possibility that Japan and the United States might fall into adversarial relations around the year 2040. Russia will once again retreat and China will be unable to affect a skillful takeoff, which will usher in a period of instability. Friedman posits that the 21st century rather than the 20th century will be the "American age," and that it will be Japan that will initiate the regional resistance to American "super-hegemony." In the 2020s there will be growing friction between a Japan that has grown assertive as a seafaring country (within a Friedmanesque worldview, this is a Japan that has reverted back to its true form) and the United States. Then in the 2040s, Japan's sphere of influence and US interests will collide, and a coalition against Japan will take shape which will involve a South Korea and China that are concerned about the reemergence of Japan. "Japan will be profoundly isolated," and therefore Japan will once more walk down the path it has trodden before. This is the scenario.[iii]

While this author is unaware of what sort of assessment Friedman's predictions have been met with, they do not feel all that realistic. This is because Friedman's argument tries to apply geopolitics in an overly mechanical manner to such an extent that an analysis of the collective conscious wherein nations constitute the agents is given short shrift. What is more, Friedman's argument is founded upon the premise that postwar Japan's diplomacy is nothing more than an "adaptive tool," and that as long as it were to decide to change course it would not be all that difficult for it to do so. Rather, his argument is that there is no alternative for it but to do so when pressed by geopolitical necessity. But is that really true? While the claim could be made that stability was achieved in postwar Japan on account of its depersonalized political adhesion, this is simultaneously the main culprit that makes it extremely difficult for contemporary Japan to change course. Nowadays this is often summed up as being "bureaucrat-driven politics," and it is often argued that just so long as this could be put to rest then "individuality (=politician-driven politics)" could be restored. But when it is taken into consideration that this was the very system of government in Japan, then today's political circumstances keenly denote that doing so will not be that simple. If that were the case, then at present it would at the very least be considerably difficult to envision a bold change of course in terms of security. In other words, assuming that some sort of significant qualitative transformation could arise in Japan-US relations and the Japan-US alliance, then it would be appropriate to consider this as being due to some other factor rather than to any clear intention on the Japanese side—or in other words, rather than Japan serving as the force for shaking up the status quo.

Specifically, what sort of latent factors are there? Naturally of course, issues like what both countries respectively perceive to be qualitative threats and of what sort, the manner in which they consider ways of handling these, and how they conceptualize of one another's roles within the process of handling these are all decisive factors. Frankly put, this comes down to what sort of presence these two countries go about acknowledging and accepting on the part of an emerging China. Of course, that is not to imply that the structural changes in world politics are being caused solely by the emergence of China. Nevertheless, it is hard to deny that the relative importance of the China factor to the United States and Japan stands out. Of course, it is unavoidable that Japan and the United States will have different impressions when it comes to China, that is only natural. Yet the greater the degree of divergence grows, the more difficult it will be to manage Japan-US relations. This holds true regardless of whether it is the Japanese side that perceives of China as the greater threat, or conversely whether it is the US side that adopts this perception. Furthermore, China drawing excessively close to either Japan or the United States could also potentially serve as a destabilizing factor. In other words, in thinking about the prospects for Japan-US relations, it is essential to accurately determine where the two countries' impressions of China overlap and where they are out of alignment.

Another factor is the issue of both countries' self-perceptions and the manner in which these have an effect on their respective external behavior. In terms of the United States, if the country were to regard itself as a declining power (though the United States is not likely to acknowledge this directly), then in what manner will the isolationism found at the base layer of its external behavior manifest itself within this? This will also act as the foundation that shapes the United States' impression of China. In the case of Japan, situations can be envisioned in which problems like cross-purposes surrounding the base issue and accidents involving residents in the vicinity of the bases will trigger a sense of discomfort regarding the US presence. It is beyond dispute that there is little in the way of strong politically determined anti-American sentiment in Japan. Yet sentiments which could be described as an "anti-Americanism Lite" or "mild anti-Americanism" rooted in a latent feeling of discomfort toward the US military presence have deeply taken root in the postwar mental makeup of the Japanese people. This is because Japan has been resting on its laurels when it comes to its postwar pacifism, and because it has sealed off debates concerning security. Though these have been sealed deep down within its unconscious, they tend to rear their head at unexpected occasions when Japan is directly confronted with a clear crisis. To the United States, the Japan-US alliance is important as a security policy that extends out in a far-reaching

manner, but it is nothing more than one extremity. To Japan, it serves as an entrance into and exit out of security issues. This asymmetry makes handling the Japan-US alliance difficult. Frankly put, the US side has an environment in which the Armitage Report, which is grounded in bipartisan consensus, can be created, whereas Japan has not necessarily set in place an environment in which this could be done. In actuality, it has already been about ten years since the first Armitage Report and about four years since the second Armitage Report, but there has yet to be a genuine reply from Japan that responds to these consensus reports on the US side. To be sure, debates and work on initiatives for updating the alliance are somberly being advanced by experts at venues for managing the alliance, but it would have to be said that national debate is absent concerning new configurations for the Japan-US alliance for a new era.

Latent factors that have the potential to transform the Japan-US alliance will be inspected below, and the paper will look toward the future of Japan-US relations. This will be done from the perspectives of the United States' self-consciousness, its impressions of China, as well as Japan's self-consciousness. We will begin by taking a look from the US side.

2. Effects That a Transformation of the United States' Self-Consciousness Would Have on Japan-US Relations

The United States frequently describes the Japan-US alliance as the "cornerstone" of its East Asian policy.[iv] In Washington politics, where everything is tinged with partisanship, the Japan-US alliance is a policy issue that is underwritten by bipartisan consensus and serves as a constant (unchanging entity) in the United States' East Asian policy. There are truly grounds for calling it a "cornerstone." It is only by virtue of the fact that the United States has such a policy environment that the Armitage Report mentioned above is possible. But there are perceptible signs that the thinking concerning this alliance is changing in the United States, however incrementally. This is not necessarily a shift in attitude that is specific to the Japan-US alliance. Rather, it is a change in attitude that is a response to international structural transformations. More specifically, signs of these changes are manifesting themselves in the policies set forth by the Obama Administration, but they also represent bipartisan changes in the sense that they are a response to structural changes.

This is a change in attitude that has inevitably arisen as part of the United States' process of trying to affirm its position in the world that is newly manifesting itself at present. But what sort of world is this one that is newly manifesting itself? This is a world that is awash in problems that the

United States cannot handle solely on its own, despite its ongoing predominance in a large number of fields. Moreover, despite the fact that the United States has not suffered a downfall like the former British Empire, the world of today is one in which other countries are rising to prominence. So in this sense the world has seen a relative lowering of the United States' status. This is the world that Fareed Zakaria termed the "post-American world."[v] In such a world, discovering footings for joint action will be conducive to the United States being able to fulfill its potential in the most efficient and effective manner.

Such a worldview deviates drastically from the United States' self-image as reigning supreme at the peak of a network of alliances, which had been prominent during the first term of the G.W. Bush Administration. Within the world that is newly emerging, coalitions for resolving issues on an individual basis will be flexibly created. Secretary of State Clinton terms such a world that comprises combinations of numerous partners a "multi-partner world" (foreign policy speech at the Council on Foreign Relations on July 15, 2009).[vi] At the root of this recognition lies a problem consciousness which states that the ability to respond to problems found in traditional alliances—which are rigid, static, and dependent on bilateral relations—is unable to adequately cope with these problems.

The concept of coalitions suited to problems is not dissimilar from the concept of the "coalition of the willing" from the Bush era, but it has a facet which carries strong overtones as a values coalition, and the significance of the coalition of the willing came into being in relations with those on the outside that did not join the coalition. However, in a multi-partner world, precedence is given to resolving problems instead. This change does not necessarily herald the United States' sudden transformation into a multilateralist. It was explicitly chosen as a policy designed to maximize the United States' national interests in this new world amidst the ongoing change of the United States' standing from what it once was. If this point is overlooked, then this change may become fixed in place as a distinctive characteristic of the foreign policy of Obama's *Democratic Party*, but it is a change that has a much broader reach. Naturally, the nuances vary depending on the Democratic Party or the Republican Party. Furthermore, it is apparent that the United States would not venture to make claims to the effect that the role of alliances have declined in a relative sense, as an example. In this sense, Japan-US relations will persistently continue to act as a cornerstone. But as was pointed out at the outset of this paper, out of the set of problems newly confronting the international community, the number that can be dealt with by the bilateral alliance's ability for resolving and handling problems is on a downward trajectory. For this reason,

we have already entered the era where simply establishing this bilateral alliance as the cornerstone of peace and safety for the region will not adequately produce these.

In response to such changes, it is vital that instead of concluding alliances as bilateral alliances, these should take on notions of "alliance plus." This would entail opening these up to and embedding them within a variety of multilateral initiatives. What is more, within the hub and spokes structure that is the architecture for bilateral alliances centered around the United States, this calls for creating collaboration between the spokes, which have fallen behind in terms of relationship building. In addition to conventional alliances, a diverse array of new security frameworks is being constructed in a multi-tiered manner. These include the formation of alliance networks (Japan-US-Korea, Japan-US-Australia, Japan-US-India, etc.), regional frameworks designed to resolve specific problems and prevent conflicts (Six-Party Talks and the Shanghai Cooperation Organisation), ad hoc cooperation (cooperation for each problem area, including anti-terrorism measures and anti-piracy measures), and so on. In the midst of all this, there will come to be an ever greater need in the future to quickly discover optimal nodes that link these varying levels together, and for ideas that use these various different tools flexibly and seamlessly, which are grounded in Japan-US relations.[vii]

But this United States is still the United States that we are well acquainted with. While its self-image is being retouched in line with the realities of this "post-American world," it is still sufficiently ambitious, and still the United States that tries to resolve new security problems and problems at the global scale by specifying regional partners and partners for each point of contention. The United States of 20 years down the road, however, may not necessarily continue to retain this self-image. Here we will consider two patterns. The first is the image of the "frugal superpower" depicted by Michael Mandelbaum.[viii] This is a self-image drawn from a reality in which the United States will be forced to cut its national defense budget and curtail its external commitments under a scenario in which the country has scant prospects of rectifying its financial conditions. The *National Security Strategy* issued in 2010 also expressed the viewpoint that economic conditions and financial conditions would restrict the United States' security strategy to an appreciable degree.[ix] This does not necessarily imply that a superpower greater than the United States will emerge, but it does mean that the United States will be forced to act under significant restraints and will out of necessity have to be more selective than it has been previously in its diplomatic actions.

Mandelbaum himself suggests that, faced with such circumstances, the United States should act

in a counterintuitive way. His assertion is that post-Cold War America should rescind its focus on the new security problems that it has been emphasizing and return to its "old commitments" based on its alliances from the Cold War era.[x] Simply put, this is because Mandelbaum believes that this conventional set of security problems has a direct bearing on the United States' vital interests. As an extra-regional superpower, the United States engages in "offshore balancing" of a sort that ensures that each region does not fill with distrust over a power vacuum, with the exceptions of the emergence of China in Asia and Russia in Europe. This does not imply that the United States will completely back away from this, but it implies the formation of a new order, or rather thinking that is responsive to circumstances and which bears regional stability in mind. What is being envisioned here is not an order where precedence is given to values, but one which gives precedence to stability above all else; one where containing full-scale challenges to the United States is the issue of overriding concern. Furthermore, the United States will reach the conclusion that it ought to abandon the nation-building operations that the Clinton Administration explicitly pursued and which the G.W. Bush Administration involuntarily committed itself to. This posits that this will be because the United States will no longer be able to retain its staying power both in a financial sense, and later on in terms of its will. This thinking says that if this is the case, then the United States should honor its old commitments and not engage in any unusual commitments amidst cries for things like new security guarantees.

But in terms of the fact that this scenario highlights old commitments, its composition is not one in which isolationist impulses nakedly rise to the forefront. It does preserve a limited internationalism of sorts, though this is constrained. The United States would withdraw from tasks such as developing collective organizations in East Asia, but it would also preserve minimum security commitments. In this sense, the Japan-US alliance could conversely rise in relative importance. The envisioned threat that would have to be contained here is the threat emanating from China, but this alliance would not be one that is capable of responding to the new era, and its functional roles would remain limited.

However, we must remain vigilant against the encroachment of the libertarian impulses unleashed during the 2010 midterm elections into diplomatic and security areas. The Tea Party movement houses a fairly simplistic form of isolationist impulses, while at the same time it also has a dimension that stirs up extremely strong national sentiments. The power relationship between these two vectors is such that while the first one is more powerful in terms of visceral feeling, the second is something that could easily be channeled into interventionist aggression if there was a

clear threat to the United States. If such an impulse to return back into its cocoon is unleashed, then this would not at all be good news for the Japan-US alliance. American demands on Japan would likely increase in the form of a more equitable bearing of responsibility. This would likely extend to both financial commitments and military commitments. Furthermore, as part of this process, confidence in the Japan-US security alliance would be shaken on the Japanese side, which would result in a power vacuum arising in East Asia at a psychological level and the destabilization of the region. It would certainly not be all that difficult to throw such a state of affairs further into arrears. It is not hard to envision that if certain countries were to continue acting in a manner that Japan perceived to be a threat, but which the United States perceived to be just below the threshold of a threat, then this could potentially set Japan-US relations on a downward spiral.

There currently do not appear to be any circumstances in which new isolationist impulses would sweep through US foreign policy. The new congress members elected with the backing of the energy from the Tea Party movement have not attempted to incorporate any nakedly libertarian impulses into the field of foreign policy. They have not done so out of a conceptual distinction between domestic and foreign policy, but only because diplomatic and security issues have been completely outside the scope of their interest thus far.[xi] Admittedly, proclaiming one's isolation from the world is impossible in a pragmatic sense in this connected world, and for that reason this would amount to nothing more than empty rhetoric, but this impulse itself is a real thing. Perhaps this is not unrelated to the fact that the United States has a latent premonition of its own relative downfall for possibly the first time in history.

3. How Should China Be Objectified?

This premonition that the United States is declining can be regarded as something akin to a periodic fever. To be sure, the United States is periodically gripped by this fever. This is because the United States is a nation that was constructed artificially, and because quintessentially it is a nation that is characterized by instability. Similarly, theories about its downfall were widespread about 20 years ago at the exact moment when the US economy was faltering. It had taken on the aspect of what could almost be called a downfall boom, as exemplified by works such as Allan Bloom's *The Closing of the American Mind* (1987), Paul Kennedy's *The Rise and Fall of the Great Powers* (1987) and Arthur Schlesinger Jr.'s *The Disuniting of America* (1991). Later on, the communist bloc collapsed and Japan's bubble economy burst, but the United States revived its own economy by harnessing information technology (IT). By the middle of the 1990s it had grown

increasingly self-confident in the advent of a unipolar era and began to exult in its superpower status. Yet when viewed from a macroscopic perspective, this unipolar era only lasted for what amounted to a brief flicker. The Iraq War entered a difficult phase and the way out of the war in Afghanistan disappeared from view, while a relative sense of collapse crept deep within the national psyche following the bankruptcy of Lehman Brothers in September 2008. Zakaria's *Post-American World* and Mandelbaum's *The Frugal Superpower* mentioned in this paper are emblematic of the atmosphere of this age. Other works such as Paul Starobin's *After America* (2009) could also be included in addition to these.[xii] What is characteristic upon reading these is their attempt to matter-of-factly accept the limitations imposed upon the United States. They perceive this as a structural change, accept it in a fatalistic manner of sorts, and rather than resisting it place the emphasis on how to maneuver skillfully within these circumstances. On this point they diverge considerably from authors like the pessimistic Bloom and Schlesinger, who lament the mental and civilizational decline of the United States.

Have the American people accepted their decline? No, that is certainly not the case. However, this current decline is not being regarded as an abstract thing, but rather as something that is extremely tangible. It is the rise of China that is imparting the United States' relative decline with this sense of tangibility. This is found in the following figures. According to a survey conducted by the Pew Research Center in January 2011, 31% of people responded that they viewed the United States as the world's greatest economic superpower, yet up to 47% of the people responded that it was China.[xiii] While this response is far removed from the reality of the situation, if it is viewed as an indicator expressing the sort of view that Americans take of the world, then such figures cannot be ignored. Additionally, the latest report of *Global Views*, which is periodically released by the Chicago Council on Global Affairs, was titled "Constrained Internationalism." This clearly seems to imply a state of affairs wherein the United States is attempting to adapt to the new reality, rather than resisting its decline.[xiv]

The United States emerged on the stage of world history as a country that did nothing but rise to greater prominence over the roughly 160 years since its founding, and experienced overwhelming strength that no one else could rival for about 70 to 80 years after that. Just a little while ago the Americans themselves were convinced of the durability of this unipolar world in which the United States sat at the top, but this conviction has already deserted the United States of today. This American sense of decline is probably a subjective thing, but it is real at an intuitive level and has the potential to powerfully constrain American action.

Thus far, America's China policy has oftentimes been portrayed as vacillating between the two poles of hedge or engage (or both). The United States has essentially selected its China policy against this backdrop, and its basic thinking has been about how it can manage the course of China's rise. Recently, however, such thinking has taken a step backward in favor of ascertaining the true China. There has come to be a clear awareness of the fact that the true China is an emerging superpower already, no matter what actions the United States takes, and that this superpower is not as the United States portrays it. This is a standpoint that has already gone beyond hedge or engage and which can accept a stance of "ascertain the true China and watch its emergence (accept but prepare)." The two sides are by no means friendly nations, but they are not enemy nations either. The United States is fairly presenting matters that are of concern to itself before China, and in this context its allies could be said to have grown in importance. On the other hand, there is a situational awareness which sees this becoming a variable in what sort of relationship will be concluded between the United States, whose inclinations toward world politics continues to decline in a relative sense, and China, which harbors uncertainties yet is nevertheless rising with overwhelming force.[xv]

Assuming for argument's sake that the basic configuration of US-China relations were to take this shape in the post-American world, then scrupulous attention will have to be paid to ensure that this perception gap with Japan, where there is an intensifying crisis consciousness regarding China's rise, does not result in the destabilization of the Japan-US alliance. Though the American public currently views China as an economic competitor, it does not necessarily see it as a military threat. Conversely, Japan has a strong tendency to consider China's rise as coming tied together with a military threat. Over the coming 20 years the balance of power between the three countries of Japan, the United States, and China will change significantly. This change will not necessarily lead in a straight line to the destabilization of Japan-US relations, but due consideration should be given to the fact that it has the latent potential to do so.

4. Can the Disjunction between Esoteric Canons and Open Knowledge Be Surmounted in Japan?[xvi]

Finally, Japan itself must naturally be discussed. Japan-US relations have been shaky since the inauguration of the administration of the Democratic Party of Japan (DPJ) in September 2009. The cross-purposes between Japan and the United States surrounding the relocation of Marine Corps Air Station Futenma was an indication of this turmoil. But nailing down the contours of the

significance of this turmoil is extremely important in terms of thinking about future Japan-US relations. The majority of this problem can certainly be blamed on the confused response of the Hatoyama Administration (or rather on Prime Minister Hatoyama himself). There is no doubt that the mixed messages sent out by Prime Minister Hatoyama conveyed the wrong message to both Japan and the United States, and especially to Okinawa. But was this "drift in the alliance" really nothing more than "Hatoyama adrift"? While Prime Minister Hatoyama's confused response was deliberately highlighted, the fact is that a certain coherence could be glimpsed behind it all. This is that, while casting the Japan-US alliance as the cornerstone, he apparently regarded this as a hurdle that Japan had to surmount. At the meeting of DPJ members of the two Houses of the Diet on June 2, 2010, which served as his de facto resignation address, Prime Minister Hatoyama clearly stated, "At some point we must strive for the day when the Japanese people forge peace on their own, as I do not think that we should continue to rely on the United States."

The concept of "Japan's unhealthy overdependence on the United States" was also apparent within his *Voice* essay (from the September 2009 edition) which was published before the inauguration of his administration.[xvii] A summary version of this essay was uploaded to the New York Times' web edition, and it is famous for provoking anxiety in the United States over whether Yukio Hatoyama was an anti-American politician. In the end, was Prime Minister Hatoyama an anti-American politician? Did the drift in Japan-US relations that occurred under his administration originate solely from Prime Minister Hatoyama's singular thinking toward the United States? Or rather, was Prime Minister Hatoyama's view of the United States the latest manifestation of the instability inherent to postwar Japan-US relations?

There is a public opinion poll that is frequently referenced any time that views are exchanged on Japan-US relations. This is a public opinion poll that has been carried out by the Cabinet Office since 1978 which has asked a fixed question on respondents' affinity toward the United States.[xviii] This has at times slumped down to the 60% range as an exception, but it holds largely consistent in the 70% range. Looking at this, there is certainly no mistake to the view that Japan-US relations are considerably favorable and stable. However, these figures fail to capture a subtle nuance that is concealed within Japan-US relations. To be sure, there is little in the way of politically determined anti-American sentiment in Japan. Nationwide anti-base struggles rooted in anti-American sentiment are likewise absent. However, this public opinion poll overlooks the "anti-Americanism Lite" (or anti-American mood) that is surprisingly widespread.

In postwar Japan there have been severely strained ties between an idealistic pacifism and the

government's realistic choice in the form of the Japan-US security alliance. Postwar Japan sealed off the Japan-US security alliance as an esoteric canon without having adequately verbalized the logic underwriting it. On the other hand, there is the fiction that claims that it was an aspiration for peace alone that sustained postwar Japan's peaceful reconstruction. There was an inherent contortion in the uneasy coexistence of these two schools, which found its expression in "anti-Americanism Lite." In other words, when this latter notion, which has been elevated to the status of a civil gospel in postwar Japan, and the realities of the esoteric canons of the Japan-US security alliance came into conflict with one another, it manifested itself as a simplistic yet real sense of discomfort. It was enough to make one blurt out, "Why does the sovereign nation of Japan have bases of foreign troops? It must be because Japan still has not yet freed itself from its occupation." Nevertheless, it could be concluded that these esoteric canons have the potential to intrinsically repudiate the view of peace found in this civil gospel, which is akin to a pre-established harmony.

The protagonist in this popular gospel of peace driven by this aspiration is not the "state," but rather it must be the "people." There is little wonder then that Prime Minister Hatoyama kicked off a debate about the Japan-US security alliance from the grief of the residents of Okinawa Prefecture. Ordinarily, it is rare for this "anti-Americanism Lite" to manifest itself as political sentiment, and so it tends not to reach those who manage the alliance. Yet it is also true that such sentiments lie in the undercurrent beneath postwar Japan-US relations, and it was this that Prime Minister Hatoyama unleashed unknowingly (or irresponsibly), so to speak. But when faced with the overwhelming reality of the Japan-US alliance, this notion once again crawled back inside its cocoon.

When considered in this light, Prime Minister Hatoyama symbolized the inherent contortion in postwar Japan that has not verbalized. This "anti-Americanism Lite" will by no means simply vanish along with Prime Minister Hatoyama's resignation. Since the Liberal Democratic Party (LDP) has fairly consistently been the ruling party since the end of the war, they have sealed off debate concerning security as esoteric canons. Leaving aside whether this was the correct thing to do or not, this potential state of affairs has persisted for a long time. But assuming that changes of political administrations will become part of the everyday landscape in Japan in the future, it will be necessary to overcome this disjunction between esoteric canons and open knowledge. It will also be essential to actualize the Japan-US security alliance through the term security, and to forge a "security consensus" that does not waver with the change of political administrations. Of course, this security consensus must not be something that precludes policy modifications and revisions

due to the change of political administrations. Moreover, it is not realistic to consign the concrete management of security policy to sophisticated, expert knowledge, while also conducting national debates over its every last detail. Therefore, it will be essential to create some sort of intellectually elite circle. If the term "elite" is inappropriate, then perhaps this should be replaced with the phrase "foreign affairs and security establishment." But this elite circle must be open and must not consist of wardens who guard over esoteric canons like those seen thus far. They must also discuss this consensus in a language that the general public can understand. This establishment should comprise security-conscious politicians and experts across political party lines. Unless such a "security culture" is established, the sustainability of the alliance could be jeopardized. When viewed in this light, the greatest challenges to the alliance are actually internal factors, more so than the rise of China and the United States' changing self-consciousness. It will become apparent that the greatest question for Japan is how it should go about facing up to this alliance.

[i] The Tokyo Foundation and the Center for a New American Security, *Renewing Old Promises and Exploring New Frontiers: The Japan-U.S. Alliance and the Liberal International Order* (October 27, 2010).

[ii] Institute for National Strategic Studies, National Defense University, *INSS Special Report: The United States and Japan: Advancing Toward a Mature Partnership* (October 11, 2010), pp. 3-4.

[iii] George Friedman, *The Next 100 Years: A Forecast for the 21st Century* (New York: Doubleday, 2009), pp. 139-144.

[iv] Gerald Curtis, *Future Directions in US-Japan Relations,* Background Paper Prepared for New Shimoda Conference organized by Japan Center for International Exchange, February 2011. <http://www.jcie.org/researchpdfs/newshimoda/CurtisFinalE.pdf>. February 20, 2011.

[v] Fareed Zakaria, *Post-American World* (New York: W. W. Norton, 2008).

[vi] Hillary Clinton, *Foreign Policy Address at the Council on Foreign Relations*, July 15, 2009. < http://www.state.gov/secretary/rm/2009a/july/126071.htm>. February 14, 2011.

[vii] See The Tokyo Foundation, *Asia-Pacific Security Architecture: Tiered Structure of Regional Security* (August 2010) with regard to the multi-tiered development of security frameworks.

[viii] Michael Mandelbaum, *The Frugal Superpower: America's Global Leadership in a Cash-Strapped Era* (New York: Public Affairs, 2010).

[ix] The White House, *National Security Strategy*, (May 2010). <http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf>. February15, 2011.

[x] Michael Mandelbaum, "In an Era of Tightening Budgets, can America Remain a Superpower on the Cheap?," *The Washington Post*, (February, 17, 2011).

[xi] See Walter Russell Mead, "The Tea Party and American Foreign Policy: What Populism Means for Globalism," *Foreign Affairs* (March/April, 2011) with regard to the diplomatic implications of the rise of the Tea Party movement.

[xii] Paul Starobin, *After America: Narratives for Next Global Age* (New York: Viking, 2009).

[xiii] Conversely, 67% of the people still view the United States as superior militarily, which vastly outstrips the 16% who view China as superior in this regard. Pew Research Center, *Strengthen Ties with China, but Get Tough on Trade*, (January 21, 2011). < http://people-press.org/report/692/>.

February 15, 2011.

xiv Chicago Council on Global Affairs, *Global Views – 2010 Constrained Internationalism: Adapting to New Realities*, 2010. <http://www.thechicagocouncil.org/UserFiles/File/POS_Topline%20Reports/POS%202010/Global%20Views%202010.pdf>. February 15, 2011.

xv Toshihiro Nakayama, "US-China relations in the 'post-American world," [In Japanese.] *Dong-a Ilbo* No. 525 (March 2011), pages 2-3.

xvi This passage is a revision and reworking of *Postwar Japan and 'Anti-Americanism Lite,'* which was uploaded to the homepage of the English-Speaking Union of Japan <http://www.esuj.gr.jp/jitow/eng/contents/0296.htm >. February 20, 2011.

xvii Yukio Hatoyama, "My Political Philosophy," *Voice* (September 2009).

xviii Public Relations Office, Minister for the Cabinet Office, *Public opinion poll on foreign affairs.* [In Japanese.] (Poll from October 2009) <http://www8.cao.go.jp/survey/h21/h21-gaiko/index.html >. February 20, 2011.

Chapter 4

Traditional Security

Narushige Michishita

1. Developments in The Past

(1) The Role and Comparative Advantage of Japan during the Cold War Period

Regarding the security of Japan during the Cold War period, we often hear arguments that Japan had been under the wing of the United States and played all but no security role. In fact, however, Japan within the Western camp had played a part in its world strategy to contain the communist bloc. More specifically, as the Soviet Union reinforced its "sea denial capabilities" during the Cold War period, Japan, based on the joint strategy with the United States, had the role of blockade of the three straits (Soya Straits, Tsugaru Straits and Tsushima Straits) and sea lane defense in times of emergency to deal with the Soviet capabilities, and strengthened and conducted exercises in its antisubmarine warfare (ASW), sea-based air defense and mine warfare capabilities.

(2) The Role and Comparative Advantage of Japan after the Cold War Period

After the anti-Soviet maritime strategy came to a close after the Cold War, the United States came to expect Japan to assume a new security role. In response, Japan enacted the Act on Cooperation for United Nations Peace-keeping Operations and Other Operations in 1991 and dispatched a minesweeping mission to the Persian Gulf after the Gulf War, and also sent Ground-Self Defense Force (GSDF) units to Cambodia, East Timor, Mozambique, Rwanda, the Golan Heights and other areas by actively administering the Act Concerning the Dispatch of Japan Disaster Relief Teams in order to contribute to solving low-intensity problems the international community was confronted with after the Cold War, such as civil war and humanitarian crises. Further, in order to support Operation Enduring Freedom in Afghanistan following the synchronized terrorist attacks on the United States on September 11, 2001, Japan's Maritime Self-Defense Force (MSDF) conducted refueling activities for US-led coalition vessels in the Indian Ocean for about eight years until January 2010, and Japan also dispatched GSDF

and Air Self-Defense Force (ASDF) units to Iraq from 2004 to engage in operations to support the country's reconstruction (until July 2006 for the GSDF and until December 2008 for the ASDF).

Since the contents of operations in these global activities are limited under constitutional constraints, the comparative advantage of Japan's military capabilities still lies in the maritime strategy as undertaken during the Cold War period. As the concept of the so-called "anti-access/area denial capabilities" that China is currently boosting is almost identical to the sea denial capabilities of the Soviet Union during the Cold War period, the likelihood that the strategy Japan and the United States adopted in the Cold War period will become useful again is growing. In that case, Japan is highly likely to have the role of deterring the Chinese Navy's advances on the ocean, such as blocking the Chinese Navy's activities around Taiwan and the Southwest Islands.

2. Security Threats in the International Community through 2030
(1) Characteristics of the New International Order from the Security Perspective

Pluralistic International Order: In the international society up through 2030, as the strength of the United States is expected to decline relatively and such countries as China, India, Brazil and Indonesia are expected to rise as big powers, a multipolar, pluralistic order will likely develop to replace the US-led world order centering on Western civilization. Under the likely new order, the United States and China will be the central players, but that will not lead to the bipolar system seen during the Cold War period. The United States and China may have conflicts but still have relations to enable their cooperation, and depending on problems, Russia, Brazil, India, Indonesia and the European Union (EU) will likely enter the scene to oppose or cooperate with them to drive the international society. While the extent of the presence and influence Japan may have under such a new order remains to be seen at the moment, Japan's international presence will at least likely continue to decline as long as the present trends of the falling birthrate and aging population and the decline of the Japanese economy (industry) amid the globalization of the world economy continue and its defense capabilities remain under the budgetary constraints of no more than 1% of gross domestic product (GDP). Under the new multipolar, pluralistic order, unlike the post-Cold War international society where the United States, the only superpower, assumed the role of the world's police, major powers including emerging countries mentioned above will likely act collectively as the police by forming a loose alignment

depending on problems such as terrorism, narcotics and piracy.

Further Emergence of Diverse Actors: States were main actors in the international society until the 20th century. Going forward, however, multinational corporations, non-governmental organizations (NGOs) and crime syndicates including terrorist groups that operate across borders are expected to have increasingly significant influences over the international society as a whole. State monopoly over military power or police power is also beginning to crumble amid the growth of private-sector military companies or security contractors. The tendency will likely grow stronger to make use of the strength of these private-sector companies in order to maintain the peace and stability of the international society.

Progress in the Interdependence Relationship: Already in the present international society, countries have a relationship of mutual military and economic interdependence, and this relationship is expected to grow even stronger in the international society up through 2030. Thus, domestic troubles in a single country will likely have a greater-than-ever impact on the security and economic conditions of the international society as a whole.

(2) Security Threats to the International Society under the New International Order
(a) Ever More Active Global Crime Organizations (Including Terrorist Groups) and Existence of Failed States

In the world that is being globalized rapidly, cheaper costs of moving around and transportation and cheaper means of information transmission as well as freer flows of funds have occasionally generated new employment opportunities and improved people's lives but at the same time caused the poverty of people who do not benefit from them to become entrenched to expand income gaps and created an environment prone to spawn terrorists, and also made movements of and communication between terrorists easier. Going forward, the likelihood of acts of terrorism being committed by minority extremist groups demanding secession and/or self-governing rights or forces seeking to accomplish religious objectives through terrorism is expected to increase. On the other hand, the advancement of science and technology (communication technology in particular) is the two-edged blade for globally active terrorist groups, because the enhancement of investigative techniques to detect terrorist groups has made it difficult to keep communications within terrorist organizations secret. The bigger the size of a terrorist group, the more difficult it becomes to maintain the secrecy of communications.

In addition, the prospect of actors becoming more diverse in the international society going

forward does not necessarily mean the role of the state in security will diminish. As major countries in the international society cooperate to maintain peace or crack down on criminal organizations that operate across borders, it will become very important for these countries to strive more than ever for responsible governance in their respective areas and strengthen their surveillance over globally active criminal organizations. Nevertheless, in the international society today, the number of failed states without such capabilities is increasing and is likely to increase further going forward. Failed states are states where, as seen in Afghanistan under Taliban rule, criminal organizations with global threats are provided support within the boundaries of the state, organizations not represented in the government have effective control over part of the boundaries of the state, or popular anti-government demonstrations cause protracted confusion in domestic affairs, all of which pose threats to the international society as a whole. Such threats are real particularly in the globalized world. In these cases, it becomes necessary for major countries to help stabilize the security situation by occasionally resorting to military force or to build up a system of international support for failed states. The kind of support that is important in doing so is state-building, not simple development assistance. If failed states do not acknowledge that they are such states or the UN Security Council cannot recognize the influence of the "threat to international peace and security" that such failed states pose over neighboring countries and the international society as a whole, concerned countries may have no choice but to form a coalition of the willing to intervene for state-building support. In that case, under the future pluralistic international order, major countries are likely to have deep rifts over the interpretation of such intervention. Unless an adequate international legal framework is put in place (for example, reducing the veto power by modifying the role of permanent members of the UN Security Council), the international society will likely find itself in greater confusion than before.

(b) Traditional Conflicts and Power Struggles among States

While some people see the reduced probability of conflicts between states as states reinforce relationships of interdependence under the future international order in the globalized world, it may not necessarily be the case. If we assume the following cases, conflicts between states may instead increase.

Firstly, even between two countries that are mutually interdependent, if one country's political and economic dependence on the other country can be replaced with dependence on a third

country (for example, if Country A is not put to any disadvantage by establishing the same economic relations with Country C as those with Country B), the interdependent relationship between the first two countries does not deter conflicts between them.

Under the pluralistic international order, it is also conceivable that conflict deterrence does not function as a result of multiple major countries mutually obtruding the role of mediator or police for deterring conflicts that has been played thus far by the United States.

Furthermore, with the progress in globalization and informatization in the international society, it will become easier than ever for people to access information or transmit information. As their consequence, as seen in recent anti-Japanese demonstrations in China, public dissatisfaction and nationalist sentiment are likely to intensify and these pressures may make it difficult for governments to implement policies in a reasonable and calm manner. It is also likely that religious forces and extremist groups of ethnic minorities clamoring for self-determination can incite people more easily than before using the Internet.

At the same time, risks still exist of conflicts occurring over the demarcation of national borders or economic interests as before. For example, despite the lapse of some 30 years since the adoption of the UN Convention on the Law of the Sea in 1982 (which took effect in 1994), there exist no clear rules about the demarcation of exclusive economic zones, and the possibility cannot be entirely excluded that there may be clashes over resources and other conflicts occurring frequently over the management of biological resources discovered on the deep seabed since then or management of rare earth and other new scarce resources that exist only in certain locations in the world.

(c) Increase in Invisible Wars/Conflicts with Command of Science and Technology

In addition to the traditional threat of hardware (military power and acts of terrorism), the threat of software such as cyber attacks and electronic warfare is also likely to increase. Many countries have already established specialized sections to deal with these threats, and Japan's Self-Defense Forces (SDF) is no exception. To date, while there have been apparent cases of the involvement of some countries or the military in cyber attacks and similar actions, no governments of implicated countries have ever acknowledged their involvement. But it would be no exaggeration to say that the possibility of cyber attacks and electronic warfare occurring between states is only a matter of time. What countermeasures are authorized under international law are not clear at present when a country hit by a cyber attack with state involvement invokes

the right of self-defense, and this state of uncertainty will likely continue for some time to come. More specifically, it has been generally believed that the exercise of the right of self-defense needs to satisfy the following three requirements: (1) there is an imminent and unjust invasion; (2) there is no other means available; and (3) an act of self-defense is kept to a necessary limit (equal in intensity to the damage caused by the initial attack). In the case of a threat of software as mentioned above, it is extremely difficult to make a judgment over whether the use of military force can be authorized as a countermeasure and even when the use of military force is authorized, how to determine the limit set under (3).

Moreover, even in times of peace, the trend of using cyber warfare and psychological warfare through information manipulation as well as using the influence or coercion/compulsion based on the strength of military power as a means to conduct negotiations among countries at an advantage or win in global economic competition is expected to intensify internationally.

(d) Proliferation (Including Proliferation to Terrorist Groups and Other Non-State Entities) of Weapons of Mass Destruction and Related Materials and Technologies (Including Missiles)

Weapons of mass destruction, including nuclear weapons, are expected to further spread horizontally in the international society over the coming 20 years as the Nuclear Nonproliferation Treaty (NPT) system for the prevention of nuclear proliferation has effectively collapsed while traditional nuclear-weapon states are continuing to move toward nuclear disarmament. In particular, if Iran acquires nuclear weapons, Egypt, Saudi Arabia and other countries in the Middle East may commence the development of nuclear weapons, raising the likelihood of a nuclear "domino" and making nuclear war in the Middle East a real possibility. The possibility is also rising very high of vertical nuclear proliferation, meaning the acquisition of nuclear weapons by terrorist groups and other non-state entities. In particular, prospects for the concomitant existence of nuclear-weapon states in an unstable region from the Middle East to India and for the further international spread of commercial utilization of nuclear energy, including nuclear power generation, are expected to make it increasingly easier for non-state entities to obtain nuclear weapons and nuclear-related materials. Under these circumstances, some expect that terrorist attacks using nuclear weapons are only a matter of time.

(e) Alteration in the International Order with the Rise of China (Shift in the Power Balance)

Since the 1990s, China has been modernizing its military force rapidly. China's defense spending, based on announced amounts alone, has been continuing its two-digit growth, and the US Defense Department estimates that China's actual defense budgets are two or three times bigger than the announced amounts. Looking more specifically, China has already deployed operational new intercontinental ballistic missiles (Dong Feng (DF)-31A) and road-mobile solid-fuel missiles that bring within range any location in the continental United States, and has also been making repeated tests for the operational deployment of submarine-launched ballistic missiles (JL-2 with a range of 8,000 km) to be mounted on the latest Strategic Submarine Ballistic Nuclear (SSBN) Jin-class nuclear-powered submarines. These weapons are expected to further enhance China's strategic offensive capabilities. In particular, the operational deployment of Jin-class nuclear submarines carrying JL-2 missiles will have the extremely important implication in China's nuclear strategy that China does have strategic nuclear submarines for the first time and has enhanced its nuclear deterrent by being capable of enduring the first nuclear attack by an enemy and by securing the highly residual second strike capability. Through further efforts going forward to enhance the quietness to make enemy surveillance more difficult and to realize warhead reduction, multiple independently targetable reentry vehicles (MIRVs) and longer ranges, it is believed that will acquire a powerful deterrent against the United States in the near future, regardless of whether or not China's strategic offensive capabilities will match those of the United States.

China is also reinforcing its anti-access/area denial capabilities through construction of aircraft carriers, development of antiship ballistic missiles, reinforcement of short-range ballistic missiles, preparations to mount high-performance cruise missiles that are hard to detect by enemy radars and are capable of pinpoint assaults on submarines, and the deployment of destroyers and submarines. The immediate objective of these efforts is to deter US intervention in times of emergency in the Taiwan Strait, but over the longer term, it is believed that China will aim at preventing US interference in the formation of a regional order that will buttress China's interests. While the concept is similar to the sea denial capabilities the Soviet Union tried to reinforce during the Cold War period, China is seen to be expanding its anti-access/area denial capabilities beyond land, sea and air defense to cover outer space and cyber space as well.

Furthermore, if China proceeds with the military modernization at the current pace, the

military balance in the Taiwan Strait is expected to continue to shift in China's favor, raising the possibility of the annexation of Taiwan by China with military force actually happening in the long term through 2030.

As seen above, the military power balance between the United States and China will inevitably shift in the international situation through 2030. Already, China is actively engaged in saber-rattling on the back of its military might in the South China Sea and the East China Sea, and this will likely add to already increasing destabilizing factors in Asia. In particular, it is conceivable that China will take advantage of its growing naval power to take action to try to alter international practices built up to date under the UN Convention on the Law of the Sea.

(f) The North Korea Situation and the Possibility of Unification of the Korean Peninsula

Regarding North Korea's nuclear development program, we should assume that Pyongyang already has enough plutonium to enable it to build 4 to 8 nuclear bombs and that it is all but impossible to achieve the country's complete denuclearization as long as the current regime remains in power. If North Korea continues with its nuclear missile development over the next 20 years or so, it is highly likely that it will become able to mount nuclear weapons not only on Rodong missiles that bring almost the whole of Japan within range but also on long-range missiles currently under development with a range of 8,000 km or more to reach the continental United States. While the possibility of the collapse of the North Korean regime is certainly not nil, at a time when the strategic importance of North Korea located at the exit to the Sea of Japan is increasing through China's efforts to strengthen its anti-access/area denial capabilities, China is expected to continue providing support to prevent North Korea's collapse. Thus, it would be realistic to expect the North Korean regime to continue under Kim Jong Un even after the demise of Kim Jong Il barring unforeseeable disturbing elements. However, in preparation for an emergency, Japan needs as before to have plans in place for emergency responses, including transportation of Japanese nationals residing in the Korean Peninsula and management of nuclear weapons and related materials and facilities.

While South Korea, under President Lee Myung-bak, is currently considering a plan for peaceful reunification of the Korean Peninsula, the recent opinion poll results indicate that South Koreans do not want to see the reunification in the next 20 to 30 years. Thus, we can probably say at the moment it is not highly likely that the reunification will be realized in the future up through 2030.

The above comments are based entirely on the trends in the international situation currently observed, and it cannot be entirely ruled out that a totally unexpected situation may emerge as a result of an unpredictable turn of events or the present trends evolve much faster than the presently foreseeable pace. For instance, in the 1980s, nobody could predict with high accuracy that China would become the world's second largest economy in 2010. Similarly, a currently middle-standing development country (Iran, for example) may by 2030 become one of the military powers to confront the United States and China. Having said that, given that any country has to decide on future policies on the basis of future prospects at the present time, putting such future prospects into shape is still of great significance.

3. Specific Measures Japan Should Take

(1) Consolidation of the Japan-US Alliance and Strengthening of Japan's Defense Capabilities

In Asia that has so far relied on the overwhelming military strength of the United States, the relative waning of US military power could spawn a power vacuum. It is also possible that the United States can no longer remain committed to the security of Japan. If Japan continues to depend on the United States for its security under such circumstances, not only would Japan not be able to maintain its security but also East Asia as a whole might become unstable and a new order in Asia might be formed rapidly with China making use of its hegemony. Thus, in order to fill such a power vacuum, it is a matter of urgency to strengthen the Japan-US alliance with Japan expanding its role in that alliance.

To that end, Japan needs first to strengthen its own defense capabilities to build a more self-sustaining defense system. More specifically, it is necessary to strengthen the Self-Defense Forces (SDF) to hold its various functions in a well-balanced manner. At the same time, it is necessary to conduct comprehensive discussions over the short and medium term of the next 10 years or so to examine a variety of constraints developed in the postwar period, including Article 9 of the Japanese Constitution (including the non-use of the right of collective self-defense) and the three non-nuclear principles. Japan also needs to develop general law to allow the rapid deployment of SDF units overseas in times of crisis.

After taking these steps, it is necessary for Japan to assume several conceivable scenarios for emergency situations in the Korean Peninsula and the Taiwan Strait crisis and adequately confirm the cooperation and division of roles among Japan, the United States and South Korea in

each of such events. From the perspective of Japan and the United States jointly dealing with a threat from China, it is necessary at the same time to maintain and strengthen the antisubmarine warfare (ASW), sea-based air defense and mine warfare capabilities, as discussed at the outset of this paper.

(2) Cooperation with Regional Partners and Development of the Security Architecture

In order to deal with the threat from China and destabilization of Asia in the wake of the shift in the power balance between the United States and China, the strengthening of the Japan-US security alliance described above is not enough. Therefore, it is important for key countries in Asia, led by the United States, to develop and institutionalize a hedging network against China to contain its intentions to seek hegemony in Asia. Candidates for such key countries in Asia include Japan, Vietnam, India, Indonesia, Russia and South Korea. For example, Vietnam has already expressed its strong interest in boosting cooperation with US forces, while India and Indonesia can be expected to strengthen their naval and air powers as a strategic counterbalance against China. Russia already has capabilities to serve as a deterrent against China, and South Korea is currently building a base for US forces stationed in South Korea in an area facing the Yellow Sea and this, if developed so as to plug in the Japan-US alliance, can be expected to provide part of potent hedging network against China.

It is desirable for this sort of the hedging network against China to be transformed in the future and serve as the foundation of the regional security architecture as the de facto collective security system by component countries, creating a situation wherein China has no choice but to participate. If such a collective security system is realized, the stabilization of Asia, borne to date by the Japan-US alliance backed by the overwhelming military power of the United States, is to be taken over by the regional architecture, opening the possibility of US military bases being dispersed throughout the region to a certain extent.

(3) Strengthening of Sea-Lane Defense

In the international society with progressing globalization through 2030, it is absolutely imperative to continue to secure the freedom of navigation through the defense of sea lanes from the perspectives of global economic stability and stable supply of resources. While the sea-lane defense has been given importance until now mainly from the perspective of stable supply of crude oil, amid the expected spread of environmental energy going forward, the defense of sea

lanes is to be designed for the stable transportation of a broader scope of goods and the importance of sea-lane defense will likely be recognized more than ever in an international society that becomes increasingly interdependent.

While the United States is currently exerting various efforts to raise its self-sufficiency ratio for energy in the face of abnormally high prices of crude oil in recent years and is officially arguing that the freedom of navigation is a common global interest, it may still actually weaken its commitment to guaranteeing the freedom of navigation in a global commons. It is important for Japan on its part to strengthen support for groups that advocate the importance of the freedom of navigation in the United States and at the same time to make more active contributions to the defense of sea lanes together with other countries in the region.

(4) Response to Military and Diplomatic Competition (Including Cyber Warfare) in Peacetime

In the international society going forward, diplomatic pressures that do not involve the use of military power but still draw on the strength of that military power may be used frequently in gray zones between times of emergency and peace. This is nothing illegal as the military power in the first place is the means of conducting diplomacy advantageously. However, if Japan resorts to countermeasures on the strength of the SDF, it could give rise to a controversy over the "threat of force" banned by Article 9 of the Constitution. Under such circumstances, it is necessary for Japan to clarify the legal interpretation, including the confirmation that such countermeasures do not constitute a threat of force, and to develop a manual for responses and conduct simulations, training and exercises on a routine basis in order to possess military and diplomatic capabilities to take such countermeasures with agility. The "National Defense Program Guidelines for FY2011 and beyond," announced in December 2010, states that "…To this end, the Government will examine the functions and systems related to its decision-making and response, through initiatives such as regular simulation exercises of various contingencies and comprehensive training and exercises, and consider necessary policies, including legal measures," (IV. 1(2)), making it necessary to conduct comprehensive and exhaustive examinations with the participation of experts in a wide range of fields, including military, diplomacy, law and economics.

In particular, it is important to have consultations promptly with other major countries over what countermeasures will be authorized under international law to respond to new sorts of

threats such as acts of terrorism and cyber attacks by non-state entities under the instructions of a certain state (for example, a highly probable case where a certain state disguised as a hacker launches an attack to paralyze Japan's economic infrastructure).

(5) Strengthening of Crackdown on Terrorist Organizations (Criminal Organizations)

The possibility cannot be excluded of Japan, one of the advanced democracies, becoming the target of attacks by terrorist groups. It is necessary to continue to bolster security to block the entry of terrorists into the territory of Japan and prevent nuclear-related materials in Japan from falling into the hands of terrorist organizations. It is also very important for Japan to actively contribute to the crackdown on and eradication of terrorism by the international community since such efforts are ultimately conducive to the security of Japan. Specifically, as the use of military force against leaders of terrorist organizations remains a necessity, it is necessary for Japan to devise legal measures to enable the participation of SDF units in related operations. Japan is also required to strengthen the intelligence system for the collection of information overseas on activities of terrorist organizations, share with other countries its knowledge about and experiences in the management of nuclear-related materials in developing countries (for example, radioactive waste generated in association with the commercial use of nuclear energy) and reinforce support for state-building of failed states where terrorist organizations are operating.

Chapter 5

Japan and the Environment

Yasuko Kameyama

Introduction

Since the beginning of its existence, humankind has built up a sophisticated civilization at a rapid speed not seen among other living things. Our everyday life today is underpinned by this sophisticated civilization. And we have consumed a massive quantity of diverse resources on the earth in order to build and maintain this sophisticated civilization. The simultaneous increase in the population and per capita consumption of resources have led to a visible transformation of the planet. The degradation that can be clearly seen make it obvious that it is no longer possible to restore the planet to its original state.

Several decades have already lapsed since we came to recognize the environmental problem as an international issue, and its importance has been increasing more than ever. This paper is intended to consider Japan's diplomatic strategy to address the environmental problem as one international issue. First, we discuss how Japan has responded to the environmental problem as well as environment-related developments in other countries. Next, we focus on climate change (global warming), which is recognized as being of particular importance among global environmental problems, and we project how things will develop in light of the situation in recent years. Lastly, we propose a strategy that Japan should follow in the global environment.

1. History of Japan's Environmental Administration and International Trends
(1) Japan's Environmental Administration Began with Dealing with Pollution

The history of Japan's environmental administration dates back to the period of high economic growth immediately after the Second World War.[i] While rapid industrialization in the 1950s to 1960s contributed to the postwar reconstruction, it gave rise to pollution problems in many areas. Air pollution and water contamination themselves were not seen as problems, but rather tolerated as inevitable for economic growth. However, as health hazards such as the Minamata disease and the Yokkaichi asthma became highly visible, affected areas began to call for measures to deal with

them.[ii]

With movements finally being seen at the state level on antipollution measures, the Basic Act for Environmental Pollution Control, which can be described as the launching platform of Japan's environmental administration, was enacted in 1967, followed by the enactment or revisions of 14 laws related to antipollution measures in 1970. Then, the Environmental Agency was inaugurated in 1971, and the Nature Conservation Act was enacted in 1972.

In Japan, as seen above, the environmental administration has developed from measures to cope with pollution, but other countries have not necessarily followed a similar course of developments.[iii] In the United Kingdom, for example, the National Trust movement to preserve nature from environmental destruction caused by industrialization was the origin of the country's environmental administration.[iv] Predecessors of government ministries and agencies responsible for environmental administration and the perception of people who have witnessed the development of environmental administration can influence national governments' decision making on current environmental problems.

In Japan, environmental measures made progress with the enforcement of relevant laws in the 1970s. The oil crises in 1973 and 1979 resulted in sharp rises in oil prices, which provided momentum for energy-saving measures. As a consequence, most of the antipollution measures turned a corner by the 1980s.

In the latter half of the 1980s, when domestic antipollution measures all but ran their course in Japan, we began to see a glimpse of the next challenges. One of them was the global environmental problem as an international issue. Problems that cannot be solved with domestic measures alone came to the fore, including ozone layer depletion and acid rain. The 1980s happened to coincide with Japan's assumption of the position as a global economic power, and deforestation by Japanese companies in developing countries became the target of criticisms by environmental protection groups. As an economic power, Japan was called upon to take on a pioneering role in dealing with international issues. Domestically, environmental problems in dimensions different from pollution came to the fore. They include waste disposal and conservation of *satoyama* (undeveloped natural woodland) near populated areas, which are problems that may not pose health hazards as serious as those caused by pollution but could still have negative effects on some of life's basic comforts. In order to deal with these new challenges, the Environmental Basic Act was enacted in 1993 as a successor law to the Basic Act for Environmental Pollution Control. In 2000, the Basic Act for Establishing a Sound Material-Cycle Society was enacted to deal with waste disposal.

(2) International Developments concerning the Environmental Problem

Japan was not the only country that needed to develop antipollution measures in the 1950s and 1960s. Immediate action was also required in Europe and the United States as a result of harmful air pollution from coal burning and health effects of soil contamination. Meanwhile, many developing countries experienced a rapid growth of population after the Second World War. The combination of pollution and massive consumption of natural resources in industrial nations and the population growth in developing countries has brought about the exorbitant load of human activities on the earth.[v] The United Nations Conference on the Human Environment in Stockholm in 1972 was driven by the sense of crisis mainly of industrial nations. But developing countries were mostly reluctant to take part in discussions that could prove to be a constraint on their economic growth in the future.

The term "sustainable development" began to be used in the 1980s as the concept designed for the simultaneous pursuit of environmental preservation and economic growth[vi]. Sustainable development, which seeks ways to preserve nature and utilize it over the long term with the recognition that destruction of the environment would ultimately hamper economic development, was used as the keyword at the UN Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992. Since then, the UN Commission on Sustainable Development (CSD) has been meeting at the pace of once a year. Treaties and other official documents related to the global environment came into being in 1992, including the Framework Convention on Climate Change, the Biodiversity Treaty and the Statement of Forest Principles. We can say that since 1992, the environmental problem has been officially positioned as an international issue. Not only in Japan but also in many other countries, government ministries and agencies responsible for foreign affairs have become actively involved in environmental problems, and they have come to regard responses to environmental problems as part of their foreign policies.

In 2002, the World Summit on Sustainable Development (Johannesburg Earth Summit) was held in commemoration of the 10th anniversary of the UNCED in Rio de Janeiro to review the progress since the Rio Declaration on Environment and Development. But the degradation of the global environment still continues unabated, requiring redoubled efforts going forward.[vii]

(3) The Environmental Problem as Part of Foreign Policy

While domestic environmental problems in Japan began with pollution more closely related to industry and the economy; internationally, environmental policy has developed with conservation

of the ecosystem running in parallel with antipollution measures. Under the concept of sustainable development, not a few developing countries participate in the discussions for the purpose of seeking financial or technical assistance under the pretext of environmental preservation. From the perspective of economic problems or support for developing countries, the adjustment of relative balances with counterparties is important in negotiations. From the perspective of conservation of the ecosystem, on the other hand, an important point of consideration is the total amount of impact we and counterparties could together bring about on the ecosystem, rather than the adjustment of relative balances with counterparties.

There is little room for diplomatic elements in environmental problems that can be solved technologically. In cases where the relative power relationship with other countries is an important factor, however, the perspective of foreign policy becomes necessary. What does the other party want? What should we do to persuade the other party? The global environment issue moves toward resolution only when both parties are convinced.[viii]

Table Trends in the International Community Regarding the Future Environmental Policy and Global Environment

Year	Japan	International Developments concerning the Global Environmental Problem
1967	Enactment of the Basic Act for Environmental Pollution Control	
1970	Pollution Diet	
1971	Inauguration of the Environment Agency	Adoption of the Ramsar Convention
1972	Enactment of the Nature Conservation Act	UN Conference on the Human Environment (Stockholm Conference)
1973	Impact of the oil crisis	Adoption of the Washington Convention; the first oil crisis
1979		Adoption of the Convention on Long-Range Transboundary Air Pollution
1985	Plaza Accord	Adoption of the Vienna Convention for the Protection of the Ozone Layer
1987		Adoption of the Montreal Protocol on Substances that Deplete the Ozone Layer
1988		Inauguration of the Intergovernmental Panel on Climate Change (IPCC)
1992		Adoption of the Framework Convention on Climate Change and the Biodiversity Treaty; UN Conference on Environment and Development (Rio Earth Summit)
1993	The Environmental Basic Act	
1994		Adoption of the UN Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (UNCCD)
1995		1st Conference of the Parties to the UN Framework Convention on Climate Change (COP1); start of negotiations on the protocol
1997		Adoption of the Kyoto Protocol
2000	The Basic Act for Establishing a Sound Material-Cycle Society	
2002	Ratification of the Kyoto Protocol	World Summit on Sustainable Development (Rio + 10)
2005		Effectuation of the Kyoto Protocol
2007	Then Prime Minister Abe: Beautiful Planet 2050 ("Cool Earth 50")	G8 Heiligendamm Summit; COP13/CMP3 Adoption of the Bali Action Plan
2008	G8 Hokkaido Toyako Summit	
2009	2020 target for CO_2 emissions reduction: 15% reduction from 2005 (to be achieved only by reductions in Japan) (Liberal Democratic Party); reduction by 25% from 1990 (also use credits obtained overseas) (Democratic Party of Japan)	COP15/CMP5 Copenhagen Agreement
2010	The Bill of the Basic Act for Global Warming Countermeasures set for continuous deliberation	COP16/CMP6 Cancun Agreement
2011		COP17/CMP7 Set for Durban, South Africa

2. Japan's Reponses to the Climate Change Issue

 (1) International Negotiations on the Climate Change Issue

   We cannot but use energy in our economic activities and/or daily lives. At present, much of the energy we use is provided by the combustion of fossil fuels such as oil and coal. But the burning of fossil fuels increases carbon dioxide in the atmosphere and pushes up the average temperature. Global warming causes changes in meteorological phenomena in various regions. Increasing instances of concentrated heavy rain and scorching heat in Japan in recent years are showing trends similar to effects said to stem from climate change.[ix]

   As climate change alters the climate of the earth as a whole over the long term, ecosystems currently existing on the earth are headed toward conditions they have never experienced before. Given the magnitude of effects and the magnitude of expected damage, the climate change issue is perceived to be a problem of more urgency than any other economic environmental problems.

   On the other hand, as constraints on the use of energy are seen as constraints on economic activities, CO_2 emissions cannot be reduced so easily, however important the climate change issue is. Discussions on the countries and their respective CO_2 emissions reduction requirements have been going on to date since the 1980s.

   There are two multilateral conventions under the United Nations framework aimed at international efforts to address the climate change issue. One is the UN Framework Convention on Climate Change (UNFCCC) adopted in 1992. The convention sets out the immediate target for Annex I countries (developed countries, etc.) to reduce emissions to the 1990 levels by 2000. However, the target was presented only as a non-binding target and few countries took it seriously. Reflecting upon this mistake, the Kyoto Protocol adopted in 1997 sets out quantified greenhouse gas emissions reduction targets for the same Annex I countries for the five-year commitment period from 2008 to 2012 as well as non-compliance measures to be taken in cases when these targets are not achieved.

   During the years when the two international agreements mentioned above were being negotiated, countries now called emerging economies, including China and India, still fell under the category of developing countries and their national emissions were substantially lower than the current levels. At the time, developed countries did not vocally oppose the idea of setting emissions reduction targets only for developed countries because of the then-prevailing absolute gap in emissions levels between developed and developing countries. However, after the United States under the George W. Bush Administration announced in 2001 that it would not be a party to the

Kyoto Convention and by 2005 when the Kyoto Protocol took effect, it became known that combined emissions by countries for which emissions reduction targets have been set under the Kyoto Protocol account for only about 30% of total global emissions.

Since the Kyoto Protocol sets emissions reduction targets only until 2012, negotiations have been under way since 2007 on international efforts to reduce emissions from 2013 onward. However, prospects are not so good for these negotiations to be concluded within the next several years.

(2) Japan's Stance in Climate Change Negotiations

Japan's position in climate change negotiations is complex. From the viewpoint of the magnitude of efforts put into energy-saving, Japan is close to the European level. Thus, Japan is in a position to argue strongly that the United States and Canada have much room to reduce emissions in the sense of wasteful use of energy. In multilateral negotiations, however, from the perspective of foreign policy, Japan becomes strongly aware of its position as a close ally of the United States. This means that Japan is not in a position to simply criticize and pressure the United States easily.

The United States is the second largest CO_2 emitter in the world, and any international convention in which the United States does not participate would be meaningless. However, given the American people's strong reaction to constraints on energy consumption, it is necessary to considerably ease the terms of the agreement in order to draw the United States into it. It is difficult to gain the understanding of other countries for the Japanese stance of calling for relaxed terms of the agreement citing the importance of participation by the United States while at the same time refraining from criticizing the United States. Simple logic has it that if Japan recognizes climate change as an important issue, Japan should criticize the United States which among developed countries has the most desired potential in terms of energy saving. Japan's stance of seeking to dilute the terms of the agreement by emphasizing the importance of the US participation is open to misunderstanding in that Japan is trying to "escape necessary measures under the shadow of the United States."

In Japan, with the business community's opposition to the Kyoto Protocol rising, objections to the Kyoto Protocol persist in discussions on an international framework in 2013 and onward. However, we have yet to thoroughly examine and discuss which part of the Kyoto Protocol presents real problems to Japan and what revisions to the Kyoto Protocol would resolve those problems and are also likely to obtain international consensus. For example, which is the real

problem with the Kyoto Protocol—the emissions reduction target level of 6%, the non-participation of the United States and China, or the approach itself of setting the emissions caps and introducing the emissions trading system? The future framework truly desirable for Japan depends on which part of the Kyoto Protocol Japan will seek to change.

In Japan, in 2007 then Prime Minister Shinzo Abe in his "Cool Earth 50" initiative proposed to halve total global CO_2 emissions by 2050. At the Davos Forum in January 2008, then Prime Minister Yasuo Fukuda representing the Japanese government officially accepted the approach of setting emissions caps and in June 2008 came up with the Fukuda Vision that included Japan's emissions reduction target of 60-80% by 2050. The initiatives of Prime Ministers Abe and Fukuda were also designed as preparations to host the summit meeting of the Group of Eight major economies to be held in Toyako, Hokkaido, in July 2008, but Prime Minister Fukuda resigned immediately after the G8 summit. His successor, Prime Minister Taro Aso, set up a committee to consider a medium-term emissions reduction target in October 2008, and after the committee's discussions on Japan's 2020 reduction target, the government decided in June 2009 to cut Japan's greenhouse gas emissions by 15% from 2005 levels by 2020 (8% reduction from 1990 levels). This target did not assume the purchase of emissions credits from other countries. However, the Democratic Party of Japan (DPJ) took over the reins of government in a general election immediately after that decision, and newly elected Prime Minister Yukio Hatoyama in September 2009 announced the new target of reducing emissions by 25% from 1990 levels by 2020. The new target includes the purchase of emissions credits and other offsetting measures acquired overseas. The previous Aso Government emphasized the high cost of emission reduction, including "the national burden of ¥360,000 per capita required for the 25% reduction from 1990 levels," but it was found later that the cost estimate resulted from the misuse of the model result by the Cabinet Office (while the cost of ¥220,000 in the model result included the heating and lighting cost of ¥140,000, the two costs were simply added up. And the positive factor of the increase of ¥760,000 in per-household disposable income over 2005 due to economic growth was not counted[x]). In 2010, the Bill of the Basic Act for Global Warming Countermeasures was submitted to the Diet for deliberation, but the bill was shelved for continuous deliberation amid the continued lack of political leadership, including another change of government to the one headed by new Prime Minister Naoto Kan.

As voices grew stronger in opposition of a simple extension of the Kyoto Protocol without considerations guided by the political leadership, Japan argued that it would "not support the

second commitment period under any conditions" at the 16th Conference of the Parties to the Framework Convention on Climate Change in Cancun, Mexico, in late 2010.

3. Future Prospects of Global Environmental Problems

What course will the climate change issue and other major global environmental problems follow going forward? It is likely to be influenced largely by developments in the international situation. Particular heed needs to be paid to the following points in the international community going forward.

The first point is the rise of emerging economies and the relative decline of the United States. As a result of the end to the Cold War structure in the 1980s, the United States, as the only superpower in the world, has had considerable influence over international negotiations on global environmental problems. But that US influence is beginning to wane. The economic scale of China is expanding rapidly and its consumption of energy resources is also increasing. China has become the world's largest CO_2 emitter by overtaking the United States in recent years. Chinese delegations to international negotiations on climate change have been increasing in numbers each year, and with it, what China says is beginning to carry a lot of weight. In the United States, on the other hand, the American people are turning increasingly inward. As indicated by the strength shown by the Tea Party in midterm elections in the autumn of 2010, the Americans' immediate concerns are an economic recovery and homeland security, not showing off a strong America in the international arena.

Emerging countries blame the cumulative emissions by developed countries for the current climate change, and even after they have achieved a decent level of economic development, they argue that emerging countries are not responsible for reducing emissions until after developed countries take full responsibility and put sufficient measures in place. On the other hand, the United States believes that considering international competitiveness vis-à-vis China that benefits from cheap labor costs, it cannot take part in an international system where only developed countries are required to take necessary measures. It may fall upon China, not the international community, to get the United States to change its posture.

Secondly, the scarcity of resources and commodities will likely become evident more than ever. The scarcity of mineral resources, as exemplified by the term rare earth, is drawing keen attention, let alone energy resources such as crude oil and natural gas. Some metals used in technologies necessary for measures to cope with climate change are concentrated in a few limited countries,

and these producing countries may increase their monopoly power over such metals. The scarcity of water and grains is also increasing more than ever. Part of that scarcity can be traced to the fact that the increase in abnormal weather conditions around the world, regardless of whether or not they are caused by climate change, is destabilizing the supply of food and making food the object of speculation. In particular, prices of corn and other gains that are being used as materials for biofuels have been rising sharply, making them less accessible as food for the poor. As food prices continue to shoot up while the global population remains on the uptrend, the polarization between the "winners" who gain on speculation and the "losers" who slip deeper into poverty is highly likely to intensify going forward.

The third point is the likelihood that non-state actors will gain in importance in the international community. It has been long since cross-border, or transnational, corporate activities have captured our attention, and this trend will grow further conspicuous going forward. International movements of capital and labor will increase, the spread of the Internet will create an environment where we can obtain the same information wherever we are in the world. Such an environment is likely to make it more difficult to reach any effective agreement in multilateral treaty negotiations under the auspices of the United Nations as the number of participants and relevant parties grows too large. On the other hand, it is also likely that the international networking at various levels, including at the regional, private sector and local government levels, will make progress outside the framework of international conventions. Rather, the networking of the latter type is highly likely to lead to practical relationships of cooperation. The situation in which transnational activities are being promoted at the regional level like in Asia-Pacific, at the level of similar industries or at the level of environmental protection groups is termed "multilayered environmental governance."

4. Japan's Strategy toward Global Environmental Problems

At a time when we are witnessing phenomena in the international community not seen before in international relations, how should Japan deal with global environmental problems?

(1) Japan should reinforce the alliance with the United States in responding to the rise of emerging countries and the relative decline of the United States. But this does not necessarily mean that Japan should concur with the position that "the United States does not need to reduce greenhouse gas emissions." In order to change the inward-looking attitudes of the American people and Congress, it is necessary to have the United States recognize diverse risks outside the country. If a certain country poses a military threat to Japan, Japan-US cooperation has been crucial to date.

Similarly, if a certain country monopolizes energy and scarce resources and their supply to Japan is suspended, it is necessary for Japan to build a relationship with the United States that allows Japan-US cooperation to respond to such an event.

Improvement of relations between Japan and Asian countries is as important as Japan-US relations. Sino-Japanese relations have been tense in recent years, but the continuation of the tense relationship is not desirable, particularly for Japan. It is necessary to develop relationships and systems under which Japan's energy-saving technologies will contribute to emissions reductions in China and, in turn, Japan will be rewarded with economic benefits.

(2) As a resources-poor country, Japan would inevitably have to continue to manufacture products with comparative advantage and export them to other countries. Japan cannot compete with other countries based on the price of its products because labor and other costs are high relative to developing countries. Thus, it is important for Japan to continue to manufacture products that are of high quality as well as acceptable under policies of other countries. Though international negotiations on a future framework for climate change are making little headway at present, it is certain that the international community has clearly steered toward a low-carbon society. In China, production of photovoltaic panels is increasing sharply. In Japan, while the debate is going on about emissions reductions, fierce competition is being waged over technology development of a variety of storage batteries and next-generation automobiles. Instead of sticking to the rigid stance that "Japan cannot reduce emissions further," Japan should mull over a strategy to aggressively promote investment in technologies conducive to emissions reductions as the driver of Japanese economy.

(3) In Japan, where domestic political leadership for tackling climate change is weak, it is difficult to take procedures to enact legislation for implementing commitments provided for under an international treaty that needs to be ratified at the international level. One good example of that is the fact that while the 6% emissions reduction target under the Kyoto Protocol was adopted in 1997, actual measures for the achievement of that target were not introduced until the Kyoto Protocol went into effect in 2005. In recent years, with no agreement in negotiations on a future framework for climate change in sight, domestic discussions on measures to cope with climate change have been left in limbo.

That is not necessarily the case in other countries, however. In Europe, for instance, the European Union (EU) Emissions Trading Scheme (EU-ETS) was considered and implemented even before the Kyoto Protocol took effect. In the United States, while the federal government has

decided to stay out of the Kyoto Protocol, some states have been exerting pathbreaking efforts. For example, the State of California and some other regions are actively promoting renewable energy. State-level initiatives are important in the United States, as the State of California alone has emissions equivalent to the emissions level of a major country of the world.

Japan will be required to show that it is moving in the direction it believes to be right on its own without waiting for agreement on an international treaty. Some moves are already emerging in various areas in the country. The Metropolitan Tokyo Government, for example, has joined the International Carbon Action Partnership (ICAP), [xi] deepening international cooperation by transcending the national borders of Japan.

Global environmental problems cannot be solved overnight. In line with a long-term global trend, the Japanese society and economy as a whole is being called upon to proceed in the direction of sustainable development.

---

[i] Michio Hashimoto, *Private Memoirs on Environmental Administration*. [In Japanese.] (The Asahi Shimbun Company, 1988).

[ii] Masazumi Harada, *Minamata Disease*. [In Japanese.] (Iwanami Shoten, 1972).

[iii] Makoto Numata, *The idea of nature conservation*. [In Japanese.] (Iwanami Shoten, 1994).

[iv] Keikichi Kihara, *National Trust (New Edition)*. [In Japanese.] (Sanseido Publishing Co., 1998).

[v] Donella H. Meadows, *The Limits to Growth – The Club of Rome Report on the Human Crisis* (Diamond, Inc., 1972).

[vi] World Commission on Environment and Development (WCED), "Our Common Future" in Saburo Okita, ed., *For the protection of the Earth's future*. [In Japanese.] (Fukutake Shoten, 1987).

[vii] Yasuko Kameyama, *The new global environment policy*. [In Japanese.] (Showado, 2010).

[viii] Paul Harris, ed., *Climate Change and Foreign Policy* (London: Routledge, 2009), esp. chap.1.

[ix] Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2007: Synthesis Report, (the Fourth Assessment Report of the IPCC)* (Cambridge: Cambridge University Press, 2007).

[x] *Kyodo News*, October 18, 2009.

[xi] About International Carbon Action Partnership (ICAP) , ICAP, http://www.icapcarbonaction.com/index.php?option=com_content&view=article&id=52&Itemid=2&lang=ja, accessed on February 15, 2011.

Chapter 6

The Strategic Environment Surrounding the Developing Countries and Japan's Development Cooperation: To Be a Global Civilian Power

Izumi Ohno

Introduction

When we look toward the future world, we need to take note of three movements that have risen to the surface during the post-Cold War period. Firstly, the world's political structure has become multipolarized, as emerging countries such as China and India have gained power (change in the global power balance). Secondly, the diplomatic actors have diversified and private actors such as civil society and corporations have also come more to the forefront. And thirdly, due to the accelerating pace of globalization, there has been an escalation of global-scale problems including infectious diseases, climate change, financial crises, etc., which can be transmitted instantaneously beyond national borders. In this multipolar world, the search for a new world order will continue, but in the course of that process, tensions could occur between the traditionally advanced countries and the emerging countries in the context of "global rule-making." How can we construct a new world order in a stable fashion and cultivate values that can be shared, and what kind of country will Japan become as it builds its position in the world? These are among the important issues that Japanese diplomacy is facing. Coupled with the diffusion of information communication tools, the diversification of actors has activated not only traditional official diplomacy, but also private diplomacy (so-called "second track") and network-type diplomacy. Furthermore, as the barriers between overseas and domestic issues are being lowered as a consequence of the deepening unity of the world, policy coherence and rapid problem-solving capabilities are becoming essential requirements for all national governments.

In the future world where tension and destabilization could be triggered as a result of multipolarization, development cooperation itself will be a major and active tool for contributing to the peace, stability and prosperity of the world by supporting nation building, poverty reduction and sustainable growth in those regions that tend to be left behind. This in turn will lead to an

increase in friendly countries and will contribute both directly and indirectly to protecting the Japanese people through such things as ensuring stable supplies of food and resources, promoting trade and investment, preventing infectious diseases, etc. When development cooperation is promoted under a comprehensive cooperation strategy, it can become an important element of soft power.

As the first non-Western nation to join the ranks of the advanced countries, Japan has experienced being both an aid-receiving country and an aid-providing country. It has also made a contribution to the development of other East Asian countries through aid, trade and investment. As a donor, cooperating with newly emerging countries that have achieved dynamic growth toward the development of regions and countries that have been left behind is also a way of sharing and promoting East Asian perspectives of development. Particularly in Africa and the Middle East region, Japan has the advantage of being able to contribute to development from a neutral position free from historical constraints, while its partner countries also have great expectations of Japanese cooperation. In the sense of building a new world order that involves the emerging countries and of strengthening its partnerships with other developing countries, Japan should make efforts to provide cooperation through development by positioning this as an important element in its soft power and incorporating it into the entire country's external strategy. Under the current situation of fiscal austerity, official development assistance (ODA) is continuing to decline on a general account budget basis since reaching a peak in 1997. Compared with the 1990s when Japan was the world's top donor, the situation surrounding the nation has changed greatly. In order to maximize the impact of its aid in light of the strategic targets at which Japan is aiming, we must consider concretely which issues to devote official funding, and how to mobilize resources from outside Japan by obtaining the sympathy of international organizations and other partner countries. Japan is increasingly required to be engaged in global rule-making and to make effective use of development cooperation, by focusing on selected strategic issues and working beyond the concept and framework of ODA.

Based on this fundamental recognition, the present paper will analyze the following issues. The first section explains the strategic environment surrounding the developing countries, which has changed noticeably during the post-Cold War period and is currently following a trend that is expected to continue for the next 20 years. The second section reviews how Japan's aid policy has changed over time and indicates the issues that this policy is encountering. The third section focuses on the United States (US) and the United Kingdom (UK), two countries that are influential

in the international community and are major donors, and also on the Republic of Korea as an emerging donor, and analyzes the relationships between the national strategy and the development cooperation policy of each of these three countries. Lastly, the fourth section considers how Japan should approach development cooperation with the goal of becoming a global civilian power, and a number of recommendations are put forward.

1. The Situation Surrounding the Developing Countries — Changes in the Strategic Environment

The world situation in the post-Cold War period has triggered several important changes in the strategic environment for the developing countries. Firstly, there has been diversification and expansion of the development agenda. Development assistance just after the Second World War was centered on capital transfers by governments for purposes such as for economic development and building large-scale infrastructure, but emphasis was also placed on structural adjustment programs that stressed market mechanisms as well as on social development that gave consideration to the poorest segment of the population, and on governance, etc. Since the end of the Cold War, on the one hand the amount of private financial flows toward the developing countries has increased due to globalization, while on the other hand there has been an increase in global-scale issues that extend beyond national borders. Ironically, the easing of East-West tensions has caused civil wars and regional conflicts rooted in differences of race, religion, etc., to flare up in many parts of the world. The synchronized terrorist attacks of September 11, 2001 (9/11) further raised the importance of supporting fragile states and peace-building in the sense of carrying on with "the fight against terrorism" in alliance with the US.
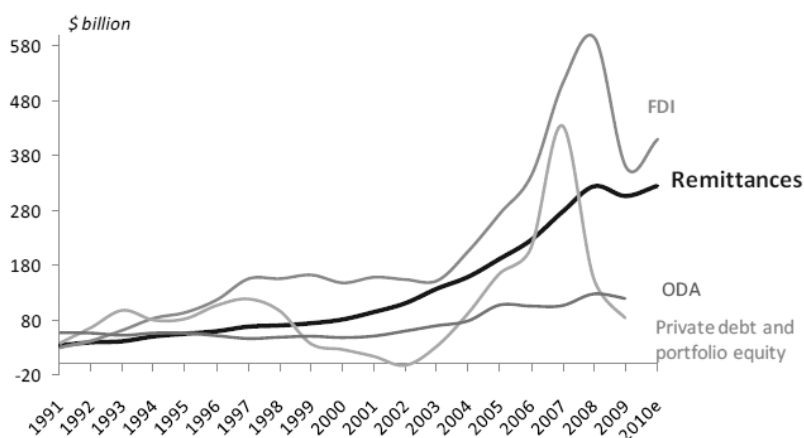
As a result, the development issues have become inseparable from the domestic issues of the advanced countries and have begun to be linked closely with economic, diplomatic and national security issues. The agendas of the G7/G8 Summits, which began in 1975 and are attended by the leaders of the major advanced countries, were initially centered on the world economy, but from the 1990s in particular, the focus of interest shifted to the development issues, such as Africa, environmental and climate change, global health and others. Taking global health issues for example, we have witnessed an expansion of their geographical scope, together with an acceleration of their expansion speed (e.g. new influenza viruses) and an expansion of the policy object areas (e.g. intellectual property rights issues associated with pharmacological products). In accordance with this trend, health issues have now become diplomatic issues. In the US and the UK,

not only organizations specializing in healthcare issues, but also think tanks addressing diplomatic issues are tackling global health as an important issue.[i]

Secondly, there has been a diversification of the actors involved in development as well as an increase in the complexity and a further diversification of the development aid system. By making use of the opportunities provided by globalization, emerging countries such as South Korea, China, India and Brazil have achieved sustainable growth and made the leap from being aid-recipients to becoming donors. According to a forecast made by the Japanese Cabinet Office, China would overtake Japan to become the world's second largest economy in gross domestic product (GDP) terms in 2010, and would then go on to overtake the US to become the world's largest economy in 2030. When we take in the rise of India too, it is estimated that Asia's share of total world GDP will increase from approximately 25% in 2009 to approximately 40% in 2030, while the US share will decrease from 25% to 17% over the same period[ii]. Reflecting these changes in the balance of economic power, moves have begun toward adjusting and restructuring the traditional development aid system that the advanced donor countries of Europe and the US built up after the Second World War and the rules that control it. The growing presence of the G20 and the voting rights reforms and capital increases in the World Bank and the International Monetary Fund (IMF) (where China and India's voices carry increasing weight) are symbolic of this trend.

Moreover, a variety of private actors such as non-governmental organizations (NGOs), civil society, private foundations and corporations are now among the leading providers of support for the developing countries, and they are increasingly influential with a presence exceeding that of government ODA in terms of scale of funding (Chart 1). Taking the example of global health once again, apart from the international organizations and government organizations, as represented by the World Health Organization (WHO), other actors have appeared, such as the Bill & Melinda Gates Foundation, that exercise an important influence on aspects of policy backed by their huge capital power.

Chart 1. Trends in Capital Transfers from the Advanced Countries to the Developing Countries

In terms of bilateral ODA, the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) serves as a watchdog for improving the efficiency and effectiveness of aid by, for example, periodically carrying out peer reviews concerning the quantity and quality of the aid provided by its member countries. But in reality, the "advanced countries club" is strongly colored by being centered on European donors[iii]. Until South Korea became a member in January 2010, Japan had been the only non-Western nation among the 22 DAC member countries. Accordingly, South Korea's participation in the DAC provides an excellent opportunity to bring Asia's development experience and view of nation building into the mainstream within the organization, and the South Korean government itself is aiming to make an active contribution as an emerging donor (as will be discussed in 3.(3) below). In line with the increasing complexity of the development assistance system including the diversification of the DAC membership structure, there is a strong possibility that we will enter an era when the legitimacy of the values and rules made by the traditional donors will be questioned.

Thirdly, while the remarkable rise of the emerging countries is drawing wide-ranging attention, the reality remains that the disparities between different developing countries are widening. In the African countries and in the fragile states generally, there is a danger that the UN's Millennium Development Goals (MDGs[iv]), which are aimed at reducing poverty worldwide by 2015, will not be achieved. Chart 2 shows the status of MDG achievement by region. The target of halving the number of people living on less than US$1 a day has already been achieved in East Asia, but progress on this goal is lagging a long way behind schedule in Sub-Saharan Africa and South Asia.

A further widening of the disparities between developing countries could be a destabilizing factor for the world. It is very important to support nation building in the least developed countries in order to forestall destabilization and increase the number of friendly countries in future.

Chart 2. The Status of MDG Achievement by Region

Goal 1: Halve the proportion of people living on less than $1 a day between 1990 and 2015

Ratio of people living on US$1.25 or less per day, comparison between 1990 and 2005 (Unit: %)
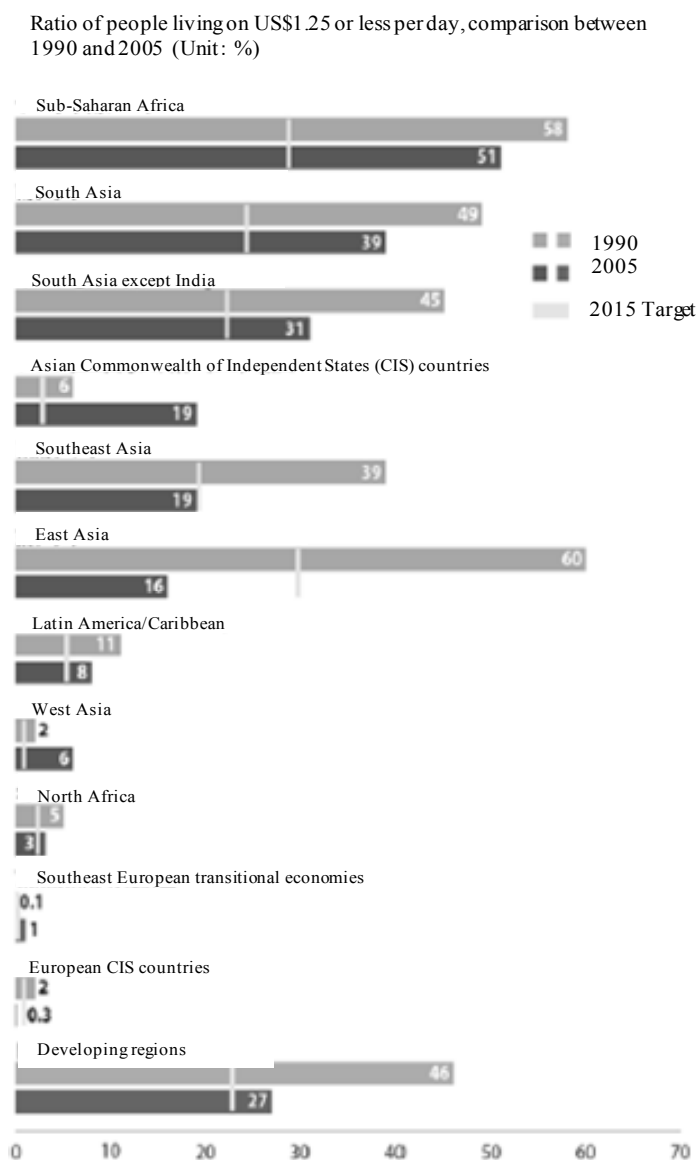
Source: United Nations Department of Economic and Social Affairs,

UN Millennium Development Goals Report, June 2010

2. Changes in Japan's Aid Policy

After the end of the Second World War, Japan tackled the task of economic and social reconstruction with the help of assistance among others from the World Bank, UN agencies and the US government. But within a short period, from the 1950s, Japan was able to provide ODA to other East Asian countries as a part of its postwar reparations payments. In the 1960s, the aid organizations that later served as the foundation for today's Japan International Cooperation Agency (JICA) were established, such as the Overseas Economic Cooperation Fund (OECF) (1961) and the Overseas Technical Cooperation Agency (OTCA) (1962), and Japan also became a member of the OECD in 1961. On the other hand, Japan did not complete the repayments of its outstanding loans to the World Bank until 1990.

As shown in Chart 3, the ODA provided by Japan shortly after the end of the war was positioned in the nation's basic policy of Asian diplomacy based on the postwar reparations and the Japan-US alliance. Later, in the 1970s, such assistance was linked to the nation's industrial policy including export promotion and to Japan's economic security policy at the time of the oil crises. From the start of the 1980s, based on the Japan-US trade friction, which became severe because Japanese exports to the US increased rapidly, the expansion of ODA was promoted as a means of recycling the trade surplus and as a part of Japan's international cooperation policy. From the end of the 1970s and through the 1990s came the so-called "period of planned expansion" of ODA, during which the Japanese government set out successive medium-term targets and increased the amount of ODA it provided. As a result, by the beginning of the 1990s when the Cold War came to an end, Japan had become the world's top donor.

Following the changes in the post-Cold War strategic environment, Japan diversified the priority regions and countries to which it provided assistance. What became a particularly major turning point was the Persian Gulf War of 1991, waged by US-led UN-authorized multinational forces in response to Iraq's invasion and occupation of Kuwait. The Japanese government at that time made a pledge to contribute US$13 billion to the cost of the war, but because the government took time to reach that decision, the assistance was not necessarily highly evaluated by the international community. Japan was subsequently faced with the need to cooperate to preserve world peace and tackle tasks shared by the international community not only by providing capital support but by contributing personnel as well. Reflection on this issue led to the establishment of the International Peace Cooperation Law and the start of dispatching of Self-Defense Forces personnel on peacekeeping operations (PKO) in 1992. From about this time, Japan also reformed its aid policy,

making an explicit effort to improve its domestic system and to contribute toward achieving "the international interest" beginning with, for example, the establishment of the ODA Charter and the holding of the first Tokyo International Conference on African Development (TICAD) in 1993 (which has been held at five-year intervals subsequently).

Chart 3. Changes in Japan's Aid Policy

Source: Produced by the author from MOFA and MOF materials
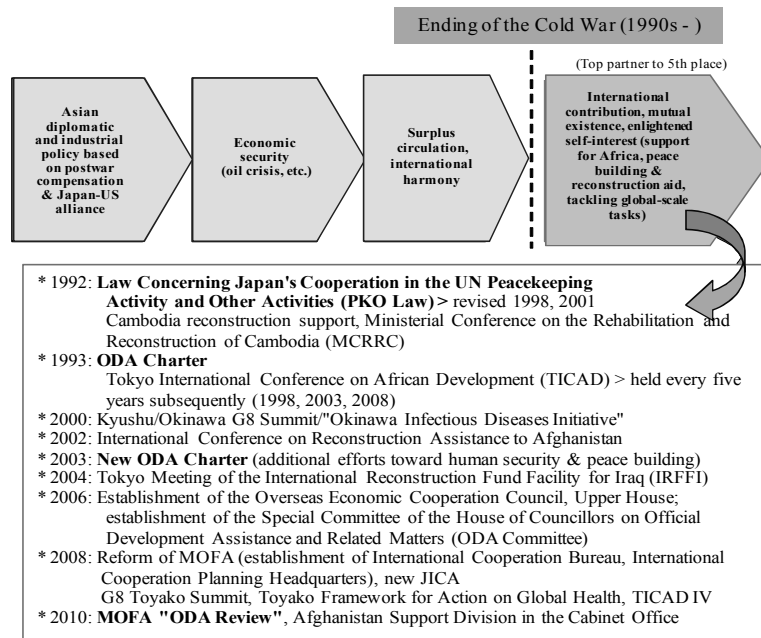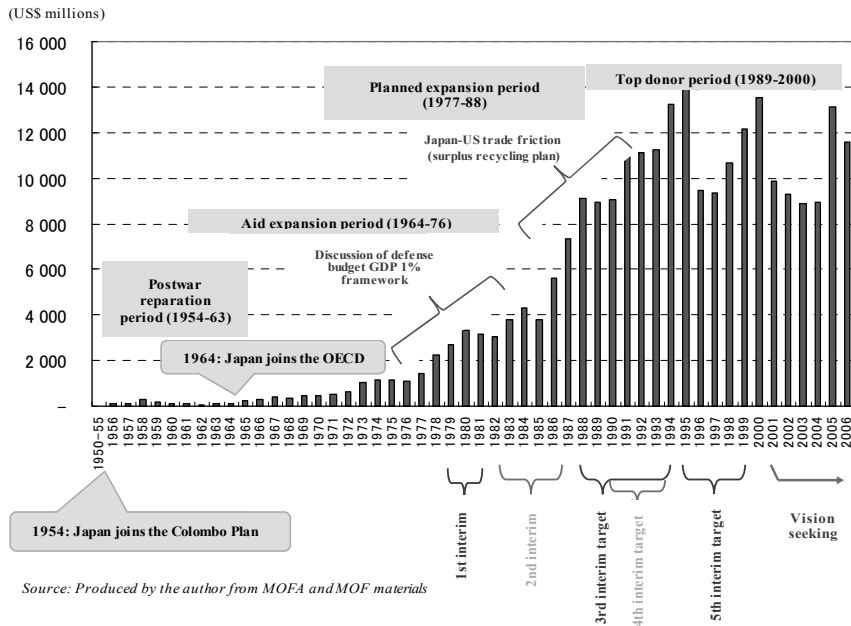
Source: Author

In this way, since the 1990s, in addition to the assistance centered on economic infrastructure and human resource development and the prioritization in Asia that was provided up to that time, Japan has begun to tackle the issues of African development and global issues such as implementing infectious disease countermeasures, as well as providing support for peace building and reconstruction. In the new ODA Charter revised in 2003, efforts to achieve "human security" and peace building are clearly specified. Looking back at Japan's bilateral ODA over the past 20 to 30 years, the regional share for Africa and the Middle East regions have been expanded (Chart 4). Although the proportion devoted to economic infrastructure remains large, the amounts spent on social infrastructure services and humanitarian support are increasing.

Chart 4. Distribution of Japanese Bilateral ODA by Region
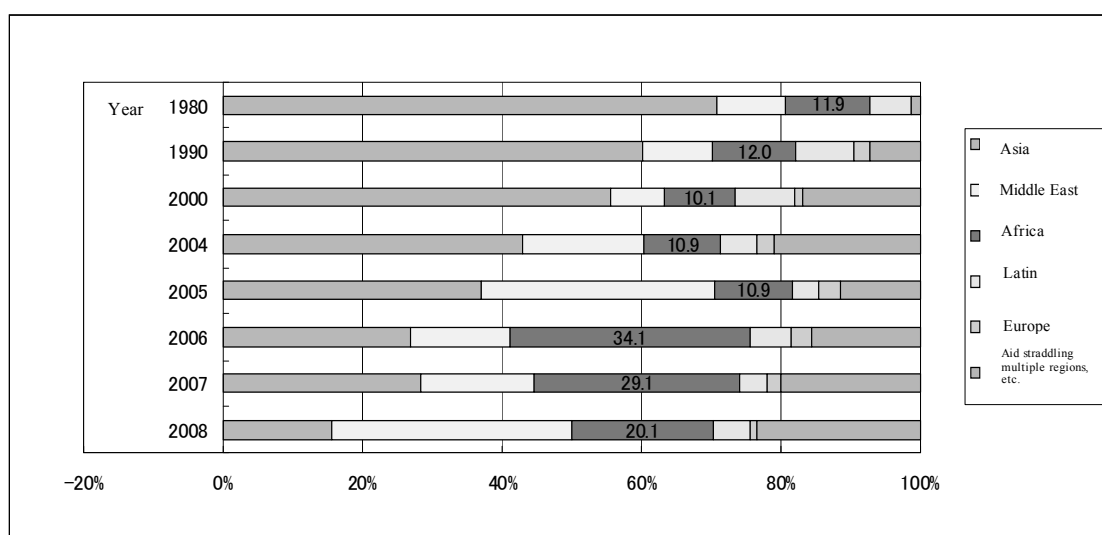
Source: MOFA, ODA White Papers 1997, 2008, 2009 (Regional distributions are on a net expenditure basis.)

To tackle diversifying development issues and to make an active contribution toward achieving "the global interest," the objects of Japanese aid widened. On the other hand, the ODA general account budget has been continuously decreasing for 13 consecutive years since its peak year of 1997 due to Japan's severe financial situation. As a result, Japan was the world's largest ODA donor up until 2000, but since 2007 it has been in fifth place (on a net expenditure basis). Pressure on Japan to increase its ODA budget to accomplish the MDGs and to respond to various needs within the international community grows constantly, but unlike in the top donor era, Japan can no

longer afford to provide aid with a please-everybody attitude. It has become vitally important first and foremost to select and concentrate the limited available resources, and then, based on these criteria, to indicate the Japanese government's thinking of what are the priority issues and regions. At the same time, in order to stem the decline in the ODA budget, it is necessary to obtain the understanding of politicians and of the general public by domestically communicating the significance of achieving "the global interest."

Under a situation in which the ODA budget has been continuously declining, Japan has pushed ahead with systemic reforms since 2002/03. The Japanese government installed ODA Task Forces in aid-recipient countries (an approach aimed at better planning Japan's aid policy and implementation system, and at strengthening cooperation with other donors and related organizations in developing countries, with Japanese embassies, JICA, the Japan Bank for International Cooperation (JBIC) and the Japan External Trade Organization (JETRO) as its major members),[v] formulated country assistance plans and issue-specific policies, and expanded the scope of its ODA evaluations, etc. Since 2006, a reorganization of the ODA implementation system has been carried out. In April 2006, the Japanese government established the Overseas Economic Cooperation Council, which is chaired by the Prime Minister and includes the Chief Cabinet Secretary, the Minister for Foreign Affairs, the Minister of Finance and the Minister of Economy, Trade and Industry among its members. In August of the same year, the International Cooperation Bureau (ICB) was established by uniting several departments concerned with development assistance with the aim of strengthening the planning capabilities of the Ministry of Foreign Affairs (MOFA). Then, in October 2008, the yen loan operations of JBIC and the bulk of the grant assistance handled by MOFA were transferred to JICA, and the new system for providing yen loans, grant assistance and technological cooperation in an integrated fashion was established.

However, it is necessary to make a careful study concerning whether the changes in Japan's aid policy since the 1990s were clearly positioned within the national strategy and whether their significance has permeated widely within the political and economic worlds or among the general public. Questions have been raised as to whether the Overseas Economic Cooperation Council has carried out its expected "control tower" function or not[vi]. Moreover, it has been pointed out that while ODA system reform since 2006 has certainly made comprehensive use of the existing aid instruments easier, it remains inadequate from the standpoint of creating a system that responds to the strategic environment of the 21st century[vii]. The ODA Review Final Report compiled by MOFA under the new Democratic Party of Japan administration in June 2010 proclaims "the promotion of

enlightened self-interest" and sets out a policy for Japan of making an international contribution in a world of interdependence[viii]. This report is commendable in that it lays out specific measures such as expanding support for NGOs, collaboration with private companies (in relation to growth strategies), giving consideration to foreign currency-denominated loans, etc. However, concerning the promotion of cooperation across the government and between the public/private actors and the narrowing of priority issues (poverty reduction, investment in peace building and backing sustainable economic growth), a more in-depth approach will probably be required in the future.

It seems appropriate that the report upholds "the promotion of enlightened self-interest" as a post-Cold War vision, but it is also essential that we think about "Japan in a global context," raise discussion within Japan concerning what the international contribution is really for, and communicate this message clearly. While on the one hand the barriers between external and domestic policies have been lowered by globalization, on the other hand the nation's inward-looking tendency has strengthened due to the influence of economic stagnation, tight budgets and others, and public awareness toward external policy has dimmed as a result. The question is being raised as to what the nature is of Japan's core national strategy and vision in the context of the development cooperation Japan provides that corresponds to the US National Security Strategy or the UK's International Development Act (which aims at the MDG achievement), which I will talk about in the next section.

3. Responses of Major Donor Countries

How are the major donor countries responding to the changes in the post-Cold War strategic environment? In this section, I will focus on the US and the UK, two countries that provide aid on a large scale and have major influence, and on South Korea, which is actively expanding its ODA in terms of both quality and quantity as an emerging donor[ix]. As is shown below, we can see that all three countries—the US, the UK, and South Korea—are positioning development cooperation as a major pillar of soft power in their national strategies, although with different strategic implications in each case.

(1) The United States

Historically, US external policy has been centered on its National Security Strategy, and its foreign aid policy has been discussed within the framework for this strategy set out by each successive administration. In the National Security Strategy (September 2002, March 2006) of the

previous administration of President George W. Bush, in the wake of the 9/11 attacks, development was positioned as one of the 3Ds (Defense, Diplomacy, Development) as a means toward solving the problem of poverty, which was considered to be "a breeding ground for terrorism." But in reality, development held a position subordinate to that of national defense. Although the foreign aid budget was increased significantly, the increased amounts were used for newly established organizations and programs such as the Millennium Challenge Corporation (MCC) and the President's Emergency Plan for AIDS Relief (PEPFAR), and also for aid provided through the Department of Defense. This has tended to weaken the position of the US Agency for International Development (USAID), which has been the core US government aid-implementing organization since 1961. In the latter half of the Bush Administration, there was a rising concern over the fragmentation and militarization of aid, leading to active discussions about aid reform and proposals put forward by bipartisan Congress members and think tanks.

In a departure from the Bush Administration's stress on hard power for "the fight against terrorism," the new National Security Strategy announced by the administration of Barack Obama in May 2010 was based on a vision with the emphasis on smart power, which combines hard and soft power. This strategy also positions development as an important element of soft power. In order to materialize the new vision in a development context, President Obama called for a White House-led survey in September 2009, and the completion of the survey was followed by an approximately one-year process of analysis, consultation and drafting, which resulted in the formulation of the Presidential Policy Directive (PPD) on Global Development[x]. President Obama himself announced the new directive in September 2010 on the occasion of the UN's 2010 MDG Summit.

As the first ever US presidential directive concerning development, this PPD showcases the Obama Administration's global development policy vision and principles. It places the central focus on development, not on aid, and it has the following features: (1) making "broad-based economic growth" its top target; (2) employing a whole of the government approach; (3) "selection and concentration" for setting out strategic issues (food security, global health, climate change); (4) cooperating with diverse partners and consideration toward principles for improving aid effectiveness; and (5) mobilizing private funds to solve development problems and making use of innovative technology. The reason why this directive makes "broad-based economic growth" its top priority is based on the idea that increasing the number of capable partners over the medium and long term will be desirable in light of sustainability. This will help prevent the creation of fragile

states and lead to a more peaceful, stable and prosperous world, and eventually to the spread of market economies and democracy, which are the stated aims of the US. It can be said that the PPD's positioning of development as a future investment for preventing the creation of fragile states represents a major turnaround from the confrontational approaches promoted by the previous administration such as "the fight against terrorism." Moreover, the clear intention to position development from a national strategy standpoint that takes in trade, investment and national defense is evident from, for example, the fact that the head of USAID is permitted to participate in meetings of the National Security Council (NSC) according to necessity. In order to take a whole of the government approach, an Interagency Policy Committee on Global Development was established at the end of September 2010 with the NSC's senior director for development and senior advisor to President Obama as its chair. The committee began its studies from the standpoint of how to reflect the goals of the PPD in the policies and practices of different organizations and to institutionalize them. Meetings are held weekly with the participation of 16 government-affiliated organizations[xi].

In parallel, from July 2009, the Quadrennial Diplomacy and Development Review (QDDR[xii]) was started up under Secretary of State Hillary Clinton and issued its final report, entitled "Leading Through Civilian Power," in December 2010. This was the first QDDR produced by the US State Department. Based on the Obama Administration's National Security Strategy, the QDDR positions development as an important element of civilian power and sets out the policy under which the State Department and USAID will work together to promote "development diplomacy." This is intended to stem the amount of aid provided via the Defense Department and thereby to elevate the position of USAID that was weakened under the previous administration.

However, many involved parties doubt the feasibility of this approach, even though they highly value the Global Development Policy of the Obama Administration[xiii]. The biggest reason for this is that the Republican Party's gaining of a majority in the House of Representatives in the midterm elections that took place in November of last year has made it increasingly difficult for the Obama Administration to control Congress. In a situation in which it is highly probable that the aid budget will be reduced due to the Republican Party's skeptical attitude toward foreign aid, it will not be easy to approach strategic issues based on "selection and concentration" as was set out in the PPD. There remains a great deal of uncertainty as to how much of the aid budget, which tends to be rigid due to Congressional earmarking, can be reallocated from a "selection and concentration" viewpoint.

(2) The United Kingdom

It is a characteristic of the UK that, unlike the US, it separates diplomacy from commercial interests and development and brings "the global interest" to the fore. In particular, the Labour Party administration that came into office in 1997 newly established the Department for International Development (DFID), which is charged with policy planning and implementation concerning international development in an integrated fashion. The DFID's overarching goals are reducing poverty and achieving the MDGs, as specified in the International Development Act, which came into force in 2002.

Based on the UK government's new public management initiative, all departments including the DFID conclude 3-year public service agreements with the Treasury. For the DFID, a performance evaluation is carried out based on the progress made toward achieving the MDGs, and this exerts an influence on the DFID's budget allocation, among others. Accordingly, the DFID allocates 90% of its bilateral aid to the poorest countries, while addressing the issues of poverty in middle-income countries and global issues, etc., through multilateral aid. At the same time, the UK aims to promote collective and effective activities by all donors as a catalyst, not by taking independent action but by appealing to the international community. This is the reason why the DFID takes a lead in promoting in-country policy dialogues and aid partnership, and involves itself actively in the international aid system and the priority strategies of international organizations.

Since the 1960s, the UK, which has two main political parties, has followed a repeated historical pattern in which aid-administering ministries independent of the Foreign Office are set up under Labour administrations while the Foreign and Commonwealth Office organizations are placed in charge of aid implementation under Conservative administrations. However, the present Conservative-LDP coalition, which came into office in May, 2010, has decided to keep the UK's international development policy independent of its diplomacy. This is a new departure for an administration with Conservative involvement. The Coalition Agreement advocates support for achieving the MDGs and for the observance of the UK's pledge to the international community (to increase its ODA budget to 0.7% of gross national income (GNI) by 2013), as well as for the firm maintenance of untied aid and the continuance of the DFID. At the same time, regarding the details of the UK's international development policy, the coalition has consciously set out its differences from the previous administration by, for example, placing stress on the transparency and performance of aid, strengthening accountability to taxpayers and promotion of development in the developing countries not only through aid but also through trade, etc.

It is noteworthy that the Conservative Party, which has traditionally taken a skeptical stance toward aid, is maintaining the DFID and has set out a policy of protecting the ODA budget even during a period of tight fiscal restraint. Since its establishment, the DFID has built up a good reputation within the international aid community for being consistent in terms of policy and implementation as well as for the strength of its international communication power[xiv]. So, I expect that the coalition government has also recognized that the DFID's performance in leading the global rule-making effort in this field has enhanced the presence for the UK in the international community. Moreover, it appears that because there are large numbers of immigrants from Africa and South Asia residing in the UK, the environment of the country makes it relatively easy for the government to obtain public support by displaying British leadership in the international community in the shape of highlighting the "global interests" of poverty reduction and the achievement of the MDGs.

With what kind of system, then, has the UK established in order to respond to global issues? In the UK, the DFID takes the lead in adjusting the response of other government departments as a control tower that directs international development policy. Concerning inter-departmental and cross-cutting development issues, there is a system centered on the DFID under which cooperation units are established with other government departments for specific issues. For example, in the field of trade policy, the DFID cooperates with the Department for Business Enterprise & Regulatory Reform through a Joint Trade Policy Unit, while in support of peace-building efforts, a Post-Conflict and Reconstruction Unit is established in cooperation with the Foreign and Commonwealth Office and the Department of Defence. In addition to making political appeals to international organizations concerning its themes of interest, the DFID also launches initiatives around which it builds multi-donor frameworks and urges the other approving donors to commit to funding them (examples include global health, privately financed infrastructure, BOP (Base of the Economic Pyramid) business support). In this way, although its philosophy and domestic system differ from those of the US, the UK uses development as a pillar for promoting soft power diplomacy.

(3) South Korea

South Korea joined the OECD's DAC in January 2010 and hosted the G20 Summit in Seoul in November of the same year. Plans are currently under way to hold the DAC-sponsored Fourth High-Level Forum on Aid Effectiveness (HLF-4) in Busan in November 2011. South Korea is

working hard to quantitatively expand its ODA budget, but over and above that, as an emerging donor it is aiming to function as a "bridge" between the developing countries and the traditional donor countries by proceeding to systematize its own development experience and sharing this with the developing countries.

At present, South Korea's annual ODA outlay including both bilateral and multilateral aid totals approximately US$800 million (as of 2008, net expenditure amount base) and its ODA/GNI ratio is 0.09%. The South Korean government is aiming to triple the size of its ODA budget from the 2008 base by 2015 and raise the ODA/GNI ratio to 0.25% (in 2009, Japan's ODA/GNI ratio was 0.22%). President Lee Myung-bak himself has announced that through international cooperation, South Korea will become a "guiding light" for the developing countries in the 21st century. The present administration is positioning ODA as its main tool for raising South Korea's soft power and brand power, and at the G20 Summit, it achieved leadership in getting development included on the G20's discussion agenda, which has traditionally been centered on finance. As a result of the South Korean effort, the participating countries achieved agreement on the G20 Seoul Development Consensus for Shared Growth and the G20 Multi-Year Action Plan on Development.

South Korea's development "miracle" is gathering strong interest and respect from many developing countries. Making use of its advantage in having had a comparatively recent development experience, the South Korean government has in recent years launched the Knowledge Sharing Program (KSP) and set forth a policy of systematizing its development experience and actively using this in policy dialogues with developing countries. Even if it can succeed in tripling its ODA budget, South Korea will remain a small donor in terms of total aid amount, but through the KSP this strategy will raise its national brand power and appeal the country's intellectual contribution to the international community. Japan too has carried out intellectual cooperation in a variety of forms (including policy dialogues, formalization of sector and regional development plans, joint research, seminars, lectures, training visits and others) with many developing countries. However, these activities have tended to be centered on efforts made by the individual departments of various organizations and JICA, and have not involved an approach by the entire nation acting in concert as in the case of South Korea.

Efforts are beginning to be made toward strengthening the ODA policy decision mechanism, In January 2010, South Korea enacted the International Development Cooperation Basic Law, which specified the philosophy, purpose and principles of development cooperation. (This law entered into force in June of the same year.) South Korea's aid system is modeled on the Japanese system.

The Ministry of Foreign Affairs and Trade (MOFAT) and the Korea International Cooperation Agency (KOICA) are in charge of grant assistance cooperation and technological cooperation, while the Ministry of Strategy and Finance (MOSF) and the Economic Development Cooperation Fund (EDCF) of the Export-Import Bank of Korea are in charge of loan assistance cooperation. In order to conduct policy coordination between multiple government agencies and organizations, the International Development Cooperation Committee was established in 2006 as a forum for discussing ODA policy under the chairpersonship of the Prime Minister. This committee has 25 members (in addition to 6 or 7 private committee members, the ministers of related agencies participate) and meets twice each year to engage in deliberations on the main directions of ODA policy such as the countries and fields of focus, the ratio of concessional loans against grants and so on.

4. Future Prospects and Proposals for Japan's Development Cooperation

Finally, I would like to consider how Japan should approach development cooperation in light of its aim to become a global civilian power. Given the current severe financial situation, an effort to achieve maximum impact with limited resources is required. It is essential for Japan to consider engaging in development cooperation not by separating it off from national strategy but by relating it to other measures, and there is also a need to study how Japan can best provide bilateral aid by deciding what sort of strategic issues, regions and countries to emphasize and how best to make use of international organizations.

Based on this awareness, I would like to make a set of proposals encompassing the four points described below.[xv] The basic idea is that in the 21st century, a time in which globalization is accelerating, in order to allow Japan to grow out of the idea called "ODA," it is necessary to create a system for enhanced cooperation within the government and between public-private actors so that not only the government but also various private actors such as corporations, NGOs, universities and others can approach "development cooperation" using their own strengths.[xvi] In order to display Japan's presence within a limited budget, it is essential to mobilize the nation's accumulated knowledge effectively and to engage in global rule-making. Moreover, it is important to form new "next-generation" cooperative relationships with the emerging Asian countries, going beyond aid relationships.

(1) Proposals

Firstly, Japan should install a powerful control tower at the core of its government, formulate an external cooperation strategy from a national strategic perspective and position development cooperation from a cross-sectional standpoint. In this context, the external cooperation strategy refers to a comprehensive one that encompasses a growth strategy, PKO, economic partnerships, science and technology policy, cultural exchanges, etc., and should also include development cooperation. Regarding the mechanism for formulating the external cooperation strategy, there are a variety of choices such as to newly establish the National Security Council (mentioned in the New Basic Defense Program of December 2010) or to make use of the present National Policy Unit. This strategy should be supported by the empathy and trust of the various actors and a process should be created of calling on knowledge from a broad range of sources by establishing an advisory council made up of private members. On this basis, it will be important to decide on a small number of strategic issues and the regions and countries on which Japan should place a particularly strong focus as well as indicate its policy of cooperation with international organizations by introducing a strong basic policy for development cooperation that is well-matched to the international environment and to development issues and others. Based on that, the government agencies and implementation organizations responsible for development will formulate budgets and project plans. The proposed model can be said to be close to the US model that was introduced in 3.(1) above.

In addition, I would like to propose that Japan select issues that generate large synergy effects when determining the small number of strategic issues and the regions and countries it wishes to emphasize by taking the following items into consideration: (1) the needs of developing countries and the international community (or in other words, "the global interest"), (2) the comparative advantage to Japan, and (3) the benefit to the Japanese people (or in other words, "the national interest" (Chart 5).

Chart 5. Specification of Strategic Issues

Needs of developing nations & the international community

Benefit to the Japanese people

Japan's comparative advantage

Focus on the small number of strategic issues in Japan's development cooperation
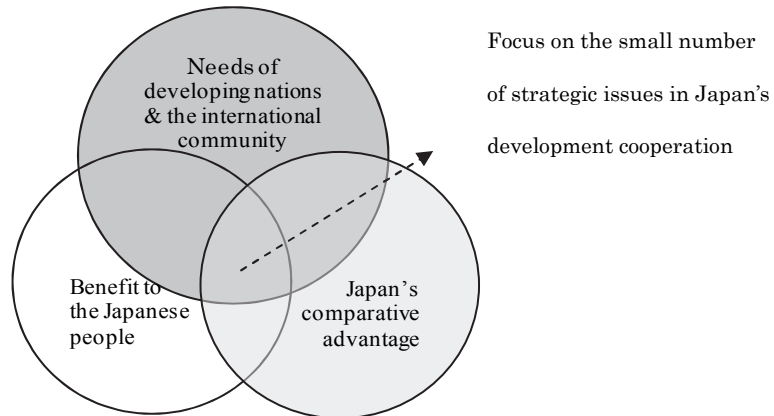
Secondly, Japan should strengthen its global policy power by establishing organizations and functions that can serve as intellectual hubs for each of this small number of strategic issues, and allocate human resources for policy making who have the relevant knowledge from government agencies in a cross-sectional manner, and from the private sector. The government should provide funding for the necessary budget and secretariat to achieve this. If Japan is to display leadership in making a contribution to addressing the global issues facing the international community in the 21st century and solving the development issues of the developing countries, it will not be possible to leave the handling of these issues to a single organization. On the contrary, it will be necessary to create network functions centered on intellectual hub organizations. The ability to take a lead in global rule-making is also required in order to respond to the multi-layering of diplomacy that has taken place due to the existence of various frameworks at the private-sector diplomacy, regional and world levels. In addition, there is a need to promote exchanges of policy-specialist human resources beyond the boundaries of vertically structured organizations, as well as for cooperation within the government and between public-private actors, and to become involved in the global rule-making on each issue.

Thirdly, Japan should deepen its cooperative relationships with emerging donor countries in Asia by establishing the Asia Development Cooperation Forum. Japan was the first non-Western nation to move from being an aid-recipient to a donor, and its sense of values and approach to development aid based on its catching-up experience (efforts to achieve self reliance, placing value on the independence of developing countries, providing aid in consideration of each country's individuality, aid for self-reliance, etc.) are widely shared by other Asian countries that have risen in a similar way from being developing countries to becoming emerging donors such as South

Korea, China, and the leading ASEAN member countries. This is a different view of development assistance from that held by Western donor countries, which tend to discuss development in terms of what it ought to be and to set out universal and uniform reform policies. Moreover, since there are a great many human resources in the Asian countries who have been nurtured by the ODA carried out by Japan over the past half-century, Japan should lead the evolution toward the next generation of development cooperation with the emerging countries as its supporters by making use of the assets it has accumulated up to now through ODA.[xvii] A factor that will become important in Japanese soft power is building a cooperation mechanism to support the least developed ASEAN countries and the developing regions and countries, including in Africa, by taking the emerging Asian countries that have recent aid-recipient experience as Japan's partners and by sharing and transmitting a sense of values concerning development cooperation. Can the Asia Development Cooperation Forum not be made into a place where the vitality of the emerging donors and Japan's experience can be shared in the course of loose and flexible information exchanges and policy collaboration? Furthermore, can we not make use of this forum as an intelligent network or a cooperation mechanism for mobilizing the human resources and organizations of the Asian emerging countries mentioned above? This mechanism should extend beyond the present frameworks of South-South cooperation, training in third countries and such.

Another purpose of the Asia Development Cooperation Forum is to promote to China the idea that it can make a contribution commensurate with its economic power and conduct its activities in harmony with international rules. On top of its positive aspects such as providing a place for sharing experiences of Asian development aid and Asian values, if the forum can be used to encourage China to behave responsibly in the international community including with regard to such issues as human rights and environmental consideration, then Japan can link the advanced (Western) countries with the emerging countries and exert its presence in the international community as a leading coordinator of the emerging Asian donors.

Fourthly, Japan should attempt both a quantitative and a qualitative expansion of its support for development education. It is essential to expand the opportunities for each and every Japanese citizen to grasp the essential unity and mutual independence of the world, to think about "Japan in the world," and to consider the situation of Japan in the world and the need for development cooperation. Since there are NGOs and local government authorities that are undertaking a grassroots level approach, it is important to arrange financial cooperation and a support system to back up the existing approach. But more radically, it is necessary to change the present situation in

which the Ministry of Education, Culture, Sports, Science and Technology (MEXT), the Ministry of the Environment (MOE), MOFA and JICA are each carrying out their own brand of international understanding education, environmental education and sustainable development education under different concepts and to formulate a comprehensive development education policy.[xviii]

(2) Toward the Materialization of the Proposal – Global Health Policy as a Pioneering Approach

At this point, I would like to introduce the ongoing effort in the area of global health as a pioneering example of a strategic approach involving the formation of policy functions and hub organizations based on cooperation across the government and between public-private actors as referred to in the second proposal above. This began as a private initiative and then put down roots by obtaining the support of governments and implementing organizations. (Although I will not go into detail in this paper, BOP business support and package-type infrastructure development overseas tend to generate new "seeds," which often attract attention.)

Global health is a 21st century-type global issue, but it is also an issue in which a rapid response is essential in order to protect the health of citizens. Moreover, it is an issue in which Japan can make good use of its past experience such as in strengthening the health system that links the community and government, providing maternal and child care and so on. In this field, Japan initiated policy in a united public-private effort aimed at 2008, when Japan hosted TICAD IV and the G8 Hokkaido Toyako Summit. Specifically, this included the following: (1) the then Foreign Minister Masahiko Komura delivered a policy speech at an international symposium (November 2007), (2) the G8 Health Experts' Meeting was held (at government level) and this developed into a partnership between related people in the public and private sectors in Japan and in other countries, (3) at the G8 Hokkaido Toyako Summit, the Toyako Framework for Action on Global Health was compiled and announced (July 2008), and (4) MOFA co-hosted the International Conference on Global Action for Health System Strengthening as a follow-up event to the G8 Hokkaido Toyako Summit, together with the World Bank, the WHO, and the Bill & Melinda Gates Foundation, among others (November 2008), and following this conference, a policy proposal document entitled "Global Action for Health System Strengthening: Policy Recommendations to the G8" was compiled and presented to the Japanese government (January 2009). The final version of this proposal document was handed over by the Japanese government to the Italian government and was further taken up on the agenda for the G8 L'Aquila Summit in 2009. In addition, "Japan's New

Global Health Policy (2011-15)," announced in September 2010 by Japan's then Foreign Minister Katsuya Okada, is based on this kind of intellectual activity.

In addition to the concerned ministries and agencies, a variety of stakeholders who have differing points of view, including those in the private sector, NGOs, researchers and others, participated in a series of processes in order to put the proposal together for the G8 Summit. What was of particular importance was the intellectual communication effort that took place at the private level. The Working Group on Challenges in Global Health and Japan's Contribution (headed by former Upper House Member Keizo Takemi and hereinafter referred to as "the Takemi Study Group") supported the setting up of the agenda for the international conference and helped realize the transmission of the policy by providing intellectual backing.[xix]

Since a number of ministries and agencies, research institutes and NGOs are involved in the global health issue, it is not an easy thing for the Japanese government, which has a vertically divided organizational structure, to start up the political process. The Takemi Study Group's important contribution relates to the point that a private foundation, the Japan Center for International Exchange (JCIE), performed the role of the secretariat, and that an "all-Japan," full participation-type approach was employed under a private-sector general manager possessing both political power and professional knowledge. The Ministry of Health, Labour and Welfare (MHLW), MOFA, the Ministry of Finance (MOF), JICA, JBIC (at that time), the National Center for Global Health and Medicine (NCGM), NGOs, researchers and others, all participated in the Takemi Study Group and provided intellectual input for the G8 Hokkaido Toyako Summit in 2008, and they were ultimately successful in setting the summit's agenda and transmitting the Government of Japan's Toyako Framework for Action on Global Health. On this occasion, JCIE served as the secretariat, launched research and dialogue projects, and provided an environment in which people could carry out unrestricted discussion beyond the boundaries of vertically divided organizational structures. This had a very significant impact.. A forum was born in which people could discuss policy details outside of an organizational framework, and government-related organizations also began to recognize its value. In Chart 6, I have organized the factors that made such an approach possible by paying attention to the role of the Takemi Study Group.

Chart 6. The Role of the Takemi Study Group in "Challenges in Global Health and Japan's Contribution"

Coordination between domestic ministries & agencies	Constructed an "all-Japan" system by coordinating between domestic ministries and agencies and a forum for participation by various stakeholders including intellectuals and the private sector.
International network	Built up an international network including Japanese and overseas foundations, research institutes, corporations and civic society, and tried to make use of professional knowledge from a global perspective.
International transmission power	Carried out information transmission to the international community by publishing an article in the internationally respected authoritative journal, *The Lancet*, and by participating in international conferences.

Source: Japanese Organization for International Cooperation in Family Planning (JOICFP), NPO HANDS,
            A Study on Japan's Global Health Aid Policy – Toward the Formulation of a New Policy, March 2010

Conclusion

Looking ahead 20 years into the future, the rise of the emerging countries including China looks set to have an impact in changing the global power balance. However, economic power is not everything. There are a variety of other means of raising Japan's presence such as by making a positive contribution to solving the problems of the international community or becoming involved in global rule making. Also, even in 2030, there will be no change in Japan's status as a major economic power holding the world's third largest share in terms of GDP (following China and the US).

Japan, which is bound by a certain amount of restriction on the exercise of defense power, should involve itself positively in the process of constructing a new world order as a global civilian power. In particular, development cooperation is one of the few categories of projects that Japan can undertake with its own hands in support of the international community.[xx] My expectation is that Japan will stand on a policy of enlightened self-interest that contributes to the activation of the global economy through the development cooperation and the simultaneous strengthening of the friendship with partner countries that receive this assistance. I also hope that Japan will play a role in bridging the traditional donor countries with the emerging countries and the developing countries. In order to realize this prospect, consensus building within Japan concerning the values Japan wishes to popularize will be essential. Moreover, sharing and communicating a view on development assistance with the emerging countries of Asia will be of particular importance. We need to put in place a mechanism for positioning and discussing development cooperation in a cross-sectional manner within the context of Japan's national strategy including with respect to

diplomacy and security. And in order to realize this, it will also be important to raise awareness among politicians and the general public about the unity of the world, the relationships between the developing countries and Japan, and the approaches of other foreign countries to international development. Needless to say, the promotion of development education will be necessary over the long term.

---

[i] Among others, the Council on Foreign Relations (CFR), the Center for Strategic and International Studies and the Brookings Institution in the US and the Royal Institute of International Affairs (Chatham House) in the UK are also working on global health.

[ii] Report of the Japanese Cabinet Office, *Trends in the world economy 2010: I—Economic recovery led by Asia and the contagion of the Greek financial crisis*. [In Japanese.] May 18, 2010.

[iii] Originally set up as the Development Assistance Group (DAG) in response to a proposal by the US in January 1960, it was given committee status as the Development Assistance Committee (DAC) at the time of the establishment of the OECD in September 1961. The original member countries of the DAC were the US, the UK, France, West Germany, Italy, Belgium, Portugal, Canada and the European Commission. Japan was also invited to become a member at the outset, and it joined the DAG before joining the OECD.

[iv] The MDGs form a common framework formed by uniting the UN Millennium Declaration adopted at the UN Millennium Summit, which was held in September 2000, with the international development targets that were adopted at major international conferences and summits held in the 1990s. They consist of eight goals that should be achieved by 2015 and are aimed at the eradication of extreme poverty and hunger, the achievement of universal primary education, etc., together with specific figures.

[v] Japan's ODA Task Force was established in 2003 and as of September 2010, local Task Force teams had been set up in 80 recipient countries.

[vi] The Overseas Economic Cooperation Council met 23 times between May 2006 and July 2009 under the LDP administration, but during the DPJ administration it has only held one meeting so far, in December 2009.

[vii] Refer to "The 3rd Meeting for the Reform of Japanese ODA" (April 22, 2010), presentation by Keizo Takemi, Professor, Tokai University.
http://www.grips.ac.jp/forum/pdf10/ODAMT/3rd/ODAminutesfinal.pdf

[viii] At the end of this summary, it is stated that, "Based on the present review, in order to reflect new ideas and basic policies, the government would like to start internal discussions for revising the ODA guidelines."
http://www.mofa.go.jp/mofaj/gaiko/oda/kaikaku/arikata.html

[ix] In terms of total ODA amount spent in 2009 (on a net expenditure basis), the US came in first place, the UK in fourth place, and Japan in fifth place.

[x] An abbreviation for "Presidential Policy Directive on Global Development." For an outline of this policy, please refer to the following URL at the website of the White House.
http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy

[xi] An interview with the NSC Director in Charge of Development conducted by the author in December 2010.

[xii] An abbreviation for "Quadrennial Diplomacy and Development Review." For the report and related information, please refer to the following URL: http://www.usaid.gov/qddr/

[xiii] An interview with a person associated with a Washington, DC, think tank conducted by the author in December 2010.

[xiv] The DAC periodically carries out peer review studies of aid by its member countries. The review of the UK conducted in 2010 gave the country a high evaluation, noting that "the UK is a recognized international leader in development."

xv While referring to *ODA Reform: Five Recommendations* (by the Multi-sectoral Task Force for the Reform of Japanese ODA, June 2010), which the author helped to draw up as one of the founding members, the author wished to raise this point with a special emphasis on the idea of the present writing.
xvi MOFA's *ODA Review Final Report* (June 2010) also highlighted the concept of "Development Cooperation," including activities separate from ODA funded by both the public and private sector (including by corporations, NGOs and ordinary citizens). However, this document positioned ODA as something that forms the core of development cooperation.
xvii JICA, International Development Center of Japan and International Development Journal Co., Ltd., *Data Collection Survey on Strategy Formulation on Human Resources Development in Southeast Asia,* Final Report. [In Japanese.] February 2010.
xviii Refer to the Minutes of the 4th Meeting for the Reform of Japanese ODA (May 12, 2010), remark by Eno Nakamura, Executive Director, Development Education Association and Resource Center (DEAR).
http://www.grips.ac.jp/forum/pdf10/ODAMT/4th/minutesrevised.pdf
xix For the details of this approach, refer to "21st century type power politics and health diplomacy in Japan" [In Japanese] by Keizo Takemi, published in *Diplomacy*, Vol. 5, January 2011. Incidentally, the Working Group on Challenges in Global Health and Japan's contribution (June 2007 to July 2009) has been reformed into the Global Health and Human Security program (Chair: Keizo Takemi; members comprise 20 actors from government, research organizations, NGOs and corporations including Tadashi Yamamoto, Manager of JCIE).
xx *Report of the Prime Minister's Commission on Japan's Goals in the 21st Century (January 2000), Section 6. Japan's Place in the World*. This report was commissioned by the late Prime Minister Keizo Obuchi and produced by an advisory panel of well-informed independent personalities with Hayao Kawai as Chairperson.

References

Ministry of Foreign Affairs (MOFA), *Enhancing Enlightened National Interest – Living in harmony with the world and promoting peace and prosperity*, ODA Review Final Report, June 2010.

Japan International Cooperation Agency (JICA), International Development Center of Japan and International Development Journal Co., Ltd., *Data Collection Survey on Strategy Formulation on Human Resources Development in Southeast Asia,* Final Report. [In Japanese.] February 2010.

United Nations Secretariat, Department of Economic and Social Affairs (DESA), *The Millennium Development Goals Report 2010*, June 2010.

Japanese Organization for International Cooperation in Family Planning (JOICFP), NPO HANDS, *A Study on Japan's Global Health Aid Policy – Toward the Formulation of a New Policy*, FY2009 survey commissioned by MOFA, March 2010.

Keizo Takemi, "21st century type power politics and health diplomacy," *Diplomacy*, Vol. 5. [In Japanese.] Jiji Press, p. 36–47, January 2011.

Cabinet Office, *Trends in the world economy 2010: I—Economic recovery led by Asia and the contagion of the Greek financial crisis*. [In Japanese.] May 2010.

Prime Minister's Commission on Goals for Japan in the 21st Century, *Japan's frontier is in Japan – Building a new century with self reliance and co-governance*. [In Japanese.] Report of the Commission on Goals for Japan in the 21st Century, January 2000.

Multi-sectoral Task Force for the Reform of Japanese ODA, *ODA Reform: Five Recommendations – Moving into the 21st Century – "Development Cooperation (DC)"*, June 2010.

Global Action Task Force on Health System Strengthening, *Global Action for Health System Strengthening: Policy Recommendations to the G8*, translation/editing: Japan Center for International Exchange, January 2009.

Organisation for Economic Co-operation and Development, *The United Kingdom: Development Assistance Committee (DAC) Peer Review*, 2010.

Chapter 7

Strategic Japanese Diplomacy in View of Natural Resources and Energy

Tadashi Maeda

Introduction

Triggered by and ever since the two oil crises, Japan's natural resources and energy policy appear to have been devised so far based solely on the question of how resource-poor Japan can secure a stable supply of natural resources and energy. Soaring crude oil prices since 2000 led to revisions of the natural resources and energy policy, mainly by the Ministry of Economy, Trade and Industry (METI), but no changes were made to the basic position. Even the New National Energy Strategy prepared by METI in May 2006 grants that promoting energy conservation has limited effects, despite advocating efforts to further increase energy efficiency in an Energy Conservation Frontrunner Plan, and acknowledges that the structural vulnerability of Japanese industry, which is dependant on imports from overseas for nearly all of its energy resources, remains unchanged. In view of this, there is no doubt that the strategy in the New National Energy Strategy makes the primary goal the securing of a stable supply of natural resources and energy for Japan.

For that reason, the strategy sets as specific efforts regarding oil, for example, the goals of comprehensively strengthening relations with resource-rich nations and diversifying supply sources. The policy objective here is to reduce dependence on the Middle East, which is a high 90%. The strategy clearly specifies Russia and the region surrounding the Caspian Sea and then later African nations including Libya and Nigeria, and South American countries as the concrete targets for this initiative. However, with the focus, as always, on stable supplies for Japan, the strategy is structured with the emphasis laid on securing upstream interests. This typical strategy objective is plainly apparent in the fact that the weight is placed on the classic target of raising the percentage of oil developed by Japanese companies.

However, in light of the fact that natural resources and energy are strategic materials that form the backbone of economic activity, they should rightfully be perceived as strategic assets for

Japanese diplomacy in relations with resource producing countries. Further, it should also be possible for them to become strategic assets on the higher order of influence in international markets.

This paper analyzes possibilities for the development of Japan's strategic diplomacy from multiple angles, centering on natural resources and energy. Specifically, an attempt is made to analyze the issue from the following perspectives:

- A view of the global markets for specific natural resources and energy, rather than a narrow focus on the stable supply of natural resources and energy to Japan, and consideration of their effectiveness as strategic tools for Japanese diplomacy.

- Clear differentiation of market characteristics for natural resources and energy by category. For instance, the spot market is well developed in the oil market, making it a *commodity* market in which anyone can participate freely. The development of a futures market and arbitrage transactions has turned it into a market into which speculative money flows. In contrast, the spot market for natural gas, which is a fossil fuel the same as oil, is undeveloped, since in many cases supplies go directly from the supplying country to the consuming country via gas pipelines. As a result, without interregional arbitrage taking place, natural gas has not become a commodity market.

- Consideration of supply-side problems—that is, not only supply disruption risks but also consuming country collaborations and control over markets on the demand side.

- Adoption of a view that considers pipelines and other means of transport and related infrastructure as well as inter-industry linkage on downstream sectors.

1. Viewpoints on the Oil Market and Japanese Diplomacy

(1) Characteristics of the Oil Market

The oil market is the most commoditized of the natural resources and energy markets. It has a deep spot market. Basically, anyone can participate in the market and can receive a supply as long as the price is paid. In 2010, the worldwide supply and demand on an actual demand basis hovered at a little less than 90 million barrels per day (B/D). Soaring crude oil prices in 2008 raised concerns, but that spike was not due to short-term supply and demand balance. Rather, it resulted from the influx of speculative money into the oil market, mainly the futures market, on the assumption that the upward-sloping growth curve for emerging markets would increase over the long-term. In this way, the volume of trade in the futures market far outstrips actual demand.

Presupposing these kinds of market characteristics for oil, it is rational to establish strategic objectives through the international oil market. It also makes the strategic objectives of decreasing dependence on the Middle East and raising the percentage of oil developed by Japanese companies, as if the premise were bilateral trade, open to question. Instead, there is the option of setting the strategic goal as securing a stable supply to the international market and actively contributing to the construction of pipelines and other relevant infrastructure that contributes to the stability of supplies to the market, even if not brought directly to Japan.

In 2008 the crude oil price in the WTI futures market rose to a level topping $100 per barrel. In this situation speculative money in the oil futures market was pointed to as the primary cause of the high price. Pension funds (which mainly go long in investments such as commodity funds) and sovereign wealth funds (SWF) are a bigger presence in this speculative money than hedge funds, which repeatedly engage in arbitrage transactions combining long and short positions. Behind this investment of speculative money in long positions in the oil futures market is the nationalization of the oil industry by Saudi Arabia and other oil producing nations despite the fact that production from undeveloped fields, which carries a high initial investment cost, and production from secondary recovery or other means will have to be expanded, since oil production from existing oil producing fields is declining significantly from 2010. The lack of headway in reducing the bottleneck of supply to the market, since investment of foreign capital in upstream interests is being refused, stands as a fundamental challenge. Were Japan to strategically employ measures to expand investment upstream in order to stabilize the long-term oil market, this would lead to further stability in the international oil markets.

(2) Strengthening Relations with Middle Eastern Nations

The strategic objective of reducing dependence on the Middle East is not only ineffective in terms of macroeconomics; it may well lead to policy induced projects with upstream interests in disregard of economic rationality, in Africa and other locations with relatively high risks and costs. At the same time, it may possibly restrain investment in Middle Eastern nations by comparison, which would likely turn out to be inappropriate as a strategy. Instead, Japan should assume that dependence on the Middle East will remain high and concentrate its efforts on creating stronger multi-dimensional relations with Middle Eastern nations and on supporting a lower dependence on oil in the economies of Middle Eastern oil producing nations and sophistication of their industrial structures. For example, when then Prime Minister Abe made a series of visits to countries in the Middle East in May 2007, Saudi Arabia strongly pressed for the

promotion of direct investment from Japan, based on the Industrial Cluster Concept. In response to such a request from Saudi Arabia, Japan set up the framework for a public-private Japan-Saudi Joint Investment Promotion Committee and is endeavoring to promote investment by the private sector. However, in the face of issues including problems in the investment environment in Saudi Arabia (in particular Saudization, which obligates the hiring of Saudi nationals) and the problem of the size of Saudi Arabia's domestic consumer market, a big gap has opened between Saudi expectations and Japan's investment preferences.

The Petro Rabigh Project, a joint venture between Sumitomo Chemical Co., Ltd., and Saudi Aramco, is an example of investment from Japan in Saudi Arabia since 2002. The biggest factor in the investment decision was the offer of inexpensive raw materials by Saudi Aramco, and investment in the downstream petroleum sector based on a low-cost supply of crude oil can be expected in the future. In addition, private sector investment has also been made in Independent Water and Power Projects (IWPP). In this way, investment in fields that are economically rational for Japanese investors seems sufficiently probable. Nevertheless, by itself investment in these areas has little impact as resources diplomacy, since it is uncertain whether it is the "investment in strategic fields" sought by Saudi Arabia. For instance, strategic investment by the state is desired in fields that are difficult to tackle with private investment alone. One example is strategic investment in strategic projects such as the Abdullah Gas City Project sponsored by King Abdullah.

(3) Expansion of Oil Pipelines and Transportation Routes

Taking a panoramic view of the overall international market for oil, in the interest of reducing oil supply disruption risks, the diversification of safe oil transportation routes is important in the sense of stabilizing oil transit. For importing countries, ensuring safe navigation for tankers through transportation bottlenecks from the Middle East comes foremost. In that sense, the effectiveness of maritime interdiction operations, conducted with the cooperation with the coastal nations of Indonesia, Malaysia, and Singapore, in the Strait of Malacca, through which numerous ships pass and where damages are caused by acts of piracy, needs to be increased. Additionally cooperating with China and South Korea is the key, since ensuring safety in the Strait of Malacca is a common proposition for Northeast Asian nations that consume energy resources. The United States National Intelligence Council (NIC) and the State Department's Policy Planning Staff have, since 2005, considered creating a new multilateral security framework in Northeast Asia. In this case as well, it is positioned as a concrete step for

cooperation among the coastal nations along the Strait of Malacca, Japan, China, South Korea, and the US under a multinational framework in order to ensure safety in the straight.[i]

Japan has brought up the question of maritime security at ASEAN+6 and the East Asia Summit (EAS), in which the US and Russia participate. Putting maritime security in the South China Sea and East China Sea on the agenda is effective for multilaterally creating a system of checks against China. For its part China is opposed to taking this issue up, and so, from the specific standpoint of energy security it is important for Japan to get the coastal nations involved. In this way, there is a need to roll out strategic diplomacy that strategically broadens discussions, beginning with the raising of more specific issues, in order to achieve the true policy objective.

In the Middle East's Persian Gulf, the United Arab Emirates (UAE) is in a geopolitically important position between the Persian Gulf and the open sea. Participation in construction of an oil pipeline linking Abu Dhabi, the largest oil producing emirate in the UAE, and Fujairah, the emirate in the east of the country beyond the Strait of Hormuz, is an important point for energy security, in preparation for the possibility of a blockade of the Strait of Hormuz by Iran. Oman, which borders the UAE, is another oil producing country in a geopolitically important position, located outside the Strait of Hormuz, which is a bottleneck for maritime transit of oil and liquefied natural gas. The level of Oman's recoverable reserves is no more than five billion barrels, or 0.5% of worldwide reserves, and the country provides no more than 3% of Japan's imports. With a reserves to production ratio (R/P) of 20 years the Omani government recognizes that oil production in the country will decline significantly, relatively sooner than other Persian Gulf states. Accordingly, it is advancing policies to shift from crude oil production to the downstream petrochemical industry. In the interest of energy security for Japan, Oman is positioned as an alternative gateway outside the Strait of Hormuz. Japan should encourage investment by its petrochemical sector in Oman's Sohar Industrial Estate and consider strategic investment aimed at securing an oil transportation route that bypasses the Strait of Hormuz through development of the Port of Sohar and Duqm Port.

Another place where the securing of oil transportation routes is a pressing geopolitical issue is in Kazakhstan, Azerbaijan, and Turkmenistan along the Caspian Sea. Thus far, pipeline transportation routes for oil and gas around the Caspian Sea had been monopolized almost entirely by Russia. With the rise of Russian resource nationalism there is no doubt that Russia places strategic importance on Kazakhstan, Turkmenistan, and other parts of Central Asia as being in its backyard.[ii] With strong backing from the US Congress, the BTC pipeline was constructed by BP and an international consortium.[iii] The BTC pipeline transports crude oil from

the ACG oil field, from Baku through Georgia to Ceyhan in Turkey. The intention was to transport oil directly to Ceyhan, Turkey on the Mediterranean Sea, whereas previously the only transportation route was to the Black Sea through Russian territory. The pipeline was built successfully and oil transportation has begun, but the transportation route from the Kashagan Field[iv] in the northern part of the Caspian Sea is still undetermined. For its part Japan should cooperate with the West and work ultimately toward the transportation of crude oil from the Kashagan Field via an extension of the BTC pipeline. As an alternative route, a plan also exists for an extension to the CPC pipeline, which transports oil through the city of Atyrau on the north shore of the Caspian Sea to Novorossiysk on the Black Sea. However, this route would be heavily influenced by Russian resources strategy and is also compromised by the fact that transit from the Black Sea to the Mediterranean Sea has to go through the bottleneck of the Bosporus.

Thus far Japan has focused on raising the acquisition of upstream interests by Japanese companies and increasing the percentage of oil developed by Japanese companies. However, the rise of the kind of resource nationalism seen in Russia begs the question of whether a safe route for transportation to Japan can be secured merely by securing upstream interests; and if a transportation route to supply international markets is not secured, vulnerability remains in terms of energy security, demonstrating the one-sidedness of this option. In order to transport oil from the Kashagan Field through the BTC pipeline, an overland pipeline would first have to be built to port facilities on the Caspian coast, from which the oil would need to be transported by tankers to Baku. As an option, a Trans Caspian Pipeline running under the Caspian Sea has been proposed, but its feasibility is uncertain due to border problems in the Caspian Sea and technical challenges. For its part Japan should probably consider, through public-private cooperation, financial assistance from Japanese companies aimed at construction of the necessary infrastructure, on the condition of a greater off-take of oil, instead of stopping at Inpex Corporation's 7.56% stake.

2. Natural Gas as a Strategic Material

(1) Japan Specialized in Liquefied Natural Gas (LNG)

As a clean energy source with low greenhouse gas emissions, natural gas is responsible, alongside nuclear power generation, for meeting Japan's base load for power and heat. Japan does not have a system for receiving supplies of natural gas via pipelines as in Europe; it relies on imports for nearly its entire volume, all of which comes in the form of liquefied natural gas (LNG). In 2008 the global LNG trading volume was 203 million tons, of which Japan imported about 67 million tons, or a little less than 40%, giving it the world's largest volume handled. In

terms of the makeup of countries of origin, dependence is greater in the Asian and Oceanian region including Indonesia (20%), Malaysia (19%), and Australia (17%), in stark contrast to the situation with oil; dependence on the Middle East is less than 30% in total, mainly on the three countries of Qatar, the UAE, and Oman. In that sense, geopolitical supply disruption risks like those for oil are relatively low. But, with no spot market developed as in the case for oil, if supplies were disrupted even temporarily, or if production from gas fields was significantly delayed, finding alternative suppliers would be difficult and the fact that there are difficulties in storage would be a bottleneck.

Japan's share of global trade in LNG has been decreasing from over 70% in the 1980s to 50% in 2002 to less than 40% as of 2006. This decline is anticipated to continue over the long-term, in response to mounting global demand for LNG as demand rises in the US and in emerging markets such as South Korea, China, and India, and Japan's share is forecast to be less than 20% in 2020. The drop in the share accounted for by the Japanese market may well bring Japan's bargaining power down, and so there is a need to establish strategic responses for when it maintains its bargaining power through tactics such as price formation mechanisms.

(2) Natural Gas in Diplomacy Strategy with Russia

In light of the above, mention should be made of Japan's strategic viewpoint on natural gas development in regards to Russia, which is geographically close to Japan. Russia is the world's largest producer of natural gas, but up to now development of gas fields from the Yamal Peninsula westward has taken priority in order to supply the European market, while gas field development in Siberia and Sakhalin lagged behind. Offshore gas fields off the northeast coast of Sakhalin have been in development since the 1990s and the Sakhalin-I and Sakhalin-II projects were developed. Of particular note, Sakhalin-II involved the laying of gas pipelines cutting across the island and the construction of two LNG trains in Aniva Bay at the southern end of the island. Initially the Sakhalin-II project got underway as a joint venture among Anglo-Dutch oil major Shell and Japan's Mitsui and Mitsubishi. But, along the way Russia's state-owned company Gazprom ended up owning over 50% of the shares. Until now Russia mainly supplied natural gas via pipeline to the European market, and this project signifies the first time Gazprom has owned an LNG facility. The Russian government under the Putin/Medvedev Administration views natural gas in particular as a strategic material among the country's natural resources. Under the Eastern Gas Program announced in September 2007, Russia is trying to connect gas fields in four locations[v] in Eastern Siberia and the Far East with gas pipelines and build a system

to supply 50 billion cubic meters of natural gas per year to East Asia. For that reason gross investment in the program is expected to reach $81 billion by 2030.

Russia's supply of natural gas in Europe is supplied via pipelines. When conflict broke out between Russia and Ukraine, European states including Poland and Germany that had been importing natural gas from Russia through Ukraine became strongly aware of the supply disruption risks for natural gas caused by a temporary halt of supplies by Russia. For that reason, European states stepped up their moves in search of alternative suppliers, including the planning of a proposal to import natural gas from Kazakhstan and Turkmenistan via a pipeline that does not go through Russia (the Nabucco Pipeline). In light of this, Russia developed the strategy of liquefying natural gas produced from the Shtokman gas field in the Barents Sea and exporting it to North America. However, an event occurred that forced Russia to abandon this plan: the gain in momentum in the US of development of shale gas, which is natural gas stored in geological layers of shale. This resulted in a sudden drop in the Henry Hub price, which is the price for natural gas in the US. Because the market for natural gas is not commoditized, price arbitrage by region does not work, and so the Henry Hub price hovers about 50% below the price in Asia. Consequently, in terms of cost, Russia's initial plan to export LNG to North America no longer held up economically. This unexpected development then limited the plausible buyers for Russian natural gas as a strategic material to East Asia. In other words, the Eastern Gas Program increased in strategic importance.

Development of natural gas, which is a strategic material for Russia, the construction of gas pipeline infrastructure, and the development of downstream sectors such as the petrochemical industry require investment of an enormous sum of money. Considering the fact that implementation of shale gas development removed export of LNG to North America as a realistic option for Russia, which wants to diversify its outlets for natural gas, Japan has leverage it can use against Russia in multiple regards: (1) the financing of gas field development; (2) the financing of infrastructure construction, including gas pipelines; and (3) long-term off-take of LNG, which is the product. Previously, items (1) and (2) were often perceived as "economic cooperation" and regarded as a form of assistance. For that reason, the dominant understanding was that the primary beneficiary would be Russia—the side receiving funding. The dominant view regarding item (3) was that private-sector businesses such as electric companies, gas companies, and trading firms would take volumes they need according to the demand of each individual company. Hence, the viewpoint that item (3) is an asset in diplomacy strategy had been almost completely overlooked. Still more, no thought was given to strategically combining

these items, nor to amplifying leverage against Russia by taking a greater off-take than needed by Japan (from the viewpoint of item 3), nor to the strategic option as a consuming country of cooperating with South Korea (consuming country collaboration). In the case of South Korea, off-take agreements are monopolized by the semi-public Korea Gas Corporation (KOGAS). In regards to LNG produced by the Sakhalin-II project, the two countries agreed that Japan would take two-thirds and KOGAS would take one-third. In the case of Japan, because multiple electric and gas companies participate, from a strategic perspective it is difficult for individual companies to take more than their own demand or respond strategically in other ways. Accordingly, there is a need for a scheme such as creating a buffer by establishing in a joint venture between the government and trading firms a corporation that would handle strategic off-take.

3. Uranium and the Nuclear Fuel Cycle

Natural uranium ore, which is the raw material for low-enriched uranium that is used as fuel in nuclear power generation, is an area in which huge demand can be expected over the long-term, given that the nuclear power renaissance motivated by mounting awareness of the climate change problem has led to planned construction of a total of 202 new nuclear power plants worldwide by 2030. Uranium is buried broadly across the globe, including in the developed nations of the US, Canada, and Australia, and in Kazakhstan, Uzbekistan, Russia and other former Soviet Union states, Mongolia, South Africa, and Namibia. Due to the fact that there is no established spot market and given the problem of high development costs resulting from the fact that many ore deposits exist in remote areas with insufficient infrastructure, the price for uranium has been unstable in recent years and had even jumped more than 15 fold in a short period. At the same time, given the need to go through the process of conversion → enrichment → reconversion → fuel fabrication, and since uranium enrichment technologies are immediately applicable to nuclear weapons development, a strict international control structure has been imposed over the entire nuclear fuel cycle by the Nuclear Nonproliferation Treaty (NPT) regime. Additionally, the problem of how to arrange the storage of spent nuclear fuel and the process for nuclear reprocessing (what is called the *back end*), is a major issue. The question of where to perform this back end processing is expected to be a bottleneck in the development of nuclear power plants outside Japan as well. Since there is a limit to Japan's domestic processing capacity, it will become necessary to perform this processing in a third country. However, obtaining the understanding of a third country would be difficult if bringing only the back end portion to that

country, and this, it is feared, would allow a monopoly by Russia and France, which already posses back end technologies and have spare processing capacity. In view of this, Japan needs to propose a comprehensive partnership to a country like Mongolia, for example, that is very likely to accept back end processing in return for financial cooperation for the development of undeveloped uranium mines and construction of transportation infrastructure (railroads, terminals, etc.).

4. Rare Metals and Rare Earths

Ore deposits of rare metals and rare earths, which are of vital importance for Japan's manufacturing industry, are unevenly distributed in certain countries and regions. Also, depending on the type of ore, they are divided into ones that are developed as the main product and ones that are produced as a byproduct of copper, gold, and other metals and minerals. Consequently, the fact that development of rare metals and rare earths entails additional costs is a bottleneck. What is more, the supply chain is complicated, since the industries that require each type of ore are wide-ranging. Furthermore, entrusting initiative to the private sector is unreasonable due to political and other risks associated with the producing countries. In a field like this, the national government needs to actively create a National Strategy Fund[vi] and take actions like the following:

- M&A-based capital participation in existing near mine development majors, etc.
- Investment in new mine development.
- Cooperation for downstream sectors and infrastructure construction.
- R&D investment for alternative technology development.

5. Conclusion

Natural resources and energy are strongly colored by their position as strategic materials, more so than their commodities factor. But, the degree of that shading varies depending on the specific natural resource and energy. Nevertheless, focusing on strategic directions while accurately grasping Japan's place in the overall value chain will lead to a clear awareness that these are "assets in Japanese diplomacy." It is hoped they will serve as a guide in strategic diplomacy in the future.

i In its China Military Power Report the US Department of Defense sounds a note of warning about the buildup of the Chinese Navy's high seas deployment capabilities. But, in the interest of evading potential friction with China, there is also the view that promoting cooperation on common multilateral issues, not only between the US and China, will check the excessive caution inside the US government and Congress taken toward China.

ii The "NATO and Energy Security, August 15, 2007" report by the US Congressional Research Service points out the perception, particularly on the part of European nations, of the agreement among Russia, Kazakhstan, and Turkmenistan to build a new gas pipeline as a threat, and mentions the need to expand NATO's role in energy security.

iii Even in "Energy and US Foreign Policy, March 9, 2007," Daniel S. Sullivan, Assistant Secretary of State for Economy, Energy and Business Affairs, mentions that the US government and Congress backed construction of the BTC pipeline.

iv The largest oil field discovered since 1980. It has reserves of 11.2 billion barrels and a peak production volume of 1.2 million B/D. Japanese oil company Inpex Corporation owns an 8.33% upstream interest in the field alongside Western majors Exxon Mobil, Shell, Total, and Agip. KazMunayGas, Kazakhstan's state-owned oil and gas company, also owns an interest. There is concern about resource nationalistic behavior by the Kazakh government.

v A program to build a unified gas production, transportation, and supply system in Eastern Siberia and the Far East through the creation of a network of gas pipelines linking gas fields in Sakhalin, Yakutia, Irkutsk, and Krasnoyarsk with Khabarovsk and Vladivostok.

vi "National Strategy Fund" refers not to a fund for making portfolio investments but to a government-driven fund for investing from the perspective of long-term national strategy, beyond consideration for short-term profitability. For example, Abu Dhabi's Mubadala Development Company corresponds to this. Conceivable funds in the case of Japan include the general account budget, the foreign exchange funds special account, the GPIF, and combinations of these.

Chapter 8

Japan's Science and Technology Policy

Kazuto Suzuki

Introduction

If we consider international conditions and Japan's position in the world 20 years from now, science and technology will, without a doubt, be playing a vital role. As a country that maintained a strong focus on "*monozukuri*" (manufacturing products) to sustain its economic growth, Japan in the 1970s began to transfer its production overseas, which signaled the progressive "hollowing out" of its manufacturing industry at home. In recent years, however, Japan has been gradually losing its price competitiveness in general-purpose products with the rise of the emerging nations of Southeast Asia and China, and it is clear that the country is reaching the stage where it can no longer successfully compete with emerging nations that operate on low wage systems and advantageous exchange rate arrangements simply by "manufacturing products" as it has done in the past. Nevertheless, it cannot be said that Japan has been entirely usurped of its prominent position in the manufacturing industry. Its sound competitiveness in manufacturing products comes from its ability to attract buyers even when the prices are higher. Japan's ability to attract customers comes from the superior quality and functions of Japanese products. To be more specific, it comes from Japan's technological capabilities.

In this regard, however, will promoting a science and technology policy result in raising Japan's technological capabilities, which to date have been the source of its competitiveness? Has Japan's science and technology policy been a policy that has provided the support necessary for Japan to survive in international society 20 years from now and to continue to maintain a noteworthy presence in that society? This paper will briefly review Japan's science and technology policies to date and will present a vision for Japan's global competitiveness in science and technology in light of conditions in other countries, and in doing so, will make recommendations regarding the science and technology policy that Japan should adopt.

1. The Uniqueness of Japan's Science and Technology Policy

(1) Science and Technology Policy as Latent Deterrence

Japan's science and technology policy up until now can be described as having had three main characteristics. First, while Japan has focused on peacetime uses of science and technology without overtly pursuing the development of military technology, it has promoted the development of technology which may have latent military and strategic uses. During the postwar occupation, the research of science and technology directly related to military technology was strictly controlled. Following the restoration of Japan's sovereignty in 1952, however, research in dual use technology for both military and civilian purposes was gradually allowed, but by this time the Cold War had already begun. With the understanding that science and technology would play a pivotal role in their future military capabilities, both the United States and the Soviet Union began to invest huge sums of money not only to promote technology for military applications but also to raise the level of science and technology in their countries by raising the standard of science education in their school systems and investing military funds in basic research in universities and other institutions. [i]

Up until this time, Japan's science and technology was limited to basic and theoretical research carried out for the most part in universities. What changed this situation significantly was the international technology transfer program for nuclear energy technology known as "Atoms for Peace," which was promoted by the Eisenhower administration. As a result, nuclear energy research was publicly encouraged even for Japan, and with the establishment of the Science and Technology Agency in 1956, so-called "big science" was promoted by Japan's science and technology policies at the government's initiative. [ii] However, with the establishment of a domestic legal system and legal imperatives, including those relating to Article 9 of the new Constitution and the Atomic Energy Fundamental Act, which restricted the transfer of technology for military use, it was extremely difficult for Japan to implement a military-oriented science and technology policy like the policies promoted by the United States or the Soviet Union. On the other hand, in terms of military balance with the Soviet Union and China, Japan was the only power in the region without strategic weapons, either nuclear weapons or even missiles, and this created a sense of anxiety within the government. [iii]

As a result, while Japan engaged in scientific and technological research at a purely academic level overtly claiming that its pursuit of so-called "dual use technology" in areas such as nuclear technology, space technology, biotechnology and material research, which could in the future be converted to military purposes, was for peaceful purposes, it began to develop a science and

technology policy based on the underlying assumption that the ability to convert this know-how into military technology in the future by enhancing the country's basic technological capabilities would become a form of " latent deterrence."[iv]

(2) Science and Technology Policy Aimed at "Catching up"

In this science and technology policy based on the underlying assumption of latent deterrence, catching up to the level of technology of Europe, the Soviet Union and the United States became a specific policy goal. To acquire latent deterrence, it was necessary to indicate that reaching the standards of technology of Europe, Russia and the United States would enable Japan to have the standard of technology that at any time could be converted to military technology within a short period of time.

By setting "catching up" as a goal, Japan's science and technology policy made it possible to simply introduce the development of technology of a nature that is generally undertaken by various countries as a matter of course without further justification. In other words, this policy goal "to catch up with other countries" provided an automatic, concrete response to the question, "Why is this research project necessary?" and created the grounds for justification of the policy. As a result, the "policies" implemented by the Science and Technology Agency and Ministry of Education, Culture, Sports, Science and Technology have been able to focus largely on investigating trends in research in various countries and within the constraints of limited budgets coordinate activities so that resources can be allocated to various projects and engineers and companies responsible for the development of technology can continue their activities. These "policies" also focus on examining the project technology and the status of progress of such projects. [v] In this way a "sweeping" policy could be developed where the process of selection and concentration of technology could be avoided and resources could be widely distributed across broad areas to make "catching up" possible.

(3) Science and Technology Policy Isolated from Use and Industry

The fact that Japanese "technological expertise" is highly regarded and has been associated with international competitiveness is due largely to the fact that Japan's science and technology policy and industrial policy, which make use of technology in the private sector, diverged significantly. Even in space technology, where the government plays the leading role in research and development, assigning top priority to the development of technology has resulted in the failure of

satellite manufacturers such as Mitsubishi Electric Corporation and NEC to achieve international competitiveness and their inability to sell their products to most users overseas. In fact, except for the purchase of one satellite, even Sky Perfect JSAT procures foreign-made satellites. [vi]

The reason Japanese industries have international competitiveness and are recognized for their "technological expertise" is not due to the success of Japan's science and technology policies. While there are various reasons why Japanese industries have competitiveness, the overwhelming reason why Japanese technological expertise is highly regarded is because Japanese industries promoted research and development independently on their own and promoted the development of their respective technologies taking into consideration the needs of the market. In this regard, there was a strong recognition of the need to differentiate products through technology in order to become competitive and manufacturers aimed to enhance the attractiveness of their products by shortening the new product cycle and continually promoting technical innovation. While the incorporation of excessive technology in some products drew criticism as products that went too far (particularly some cell phones which were said to have the "Galapagos syndrome"), these too were indicative of the significant divergence of progress in the development of products and technology in the private sector from the science and technology policy of the government.

2. Increasing Competition in the Global Market

(1) Rise of Emerging Nations

Bearing in mind the unpredictability of new developments in technology, we can begin to perceive a number of directions the development of technology might take when we consider the world of the next 20 years. First of all, there will be improvement in the standard of science and technology in emerging nations. Although there are significant differences in China and India, which we refer to as emerging countries, they are both countries with extremely high levels of technological capabilities. It can be assumed that the high economic growth these countries have achieved since the beginning of the 21st century is largely due to the inflow of foreign capital that was first attracted to these countries mainly because of low wages. There is no doubt that this factor was a driving force propelling economic growth but if we focus on simple labor at cheap wages alone, we will most likely fail to understand the process of the future development of these emerging nations.

Prior to changes in domestic policy and the opening up of China, its technological capabilities in the areas of nuclear energy, aerospace, and IT were extremely high by international standards, due

largely to investment in military technology. In 1986, starting with the so-called "863 Plan," which was triggered by the United States' Strategic Defense Initiative (SDI), or better known as the "Star Wars Plan," China aggressively promoted investment in research and development in hi-tech areas.[vii] At present China ranks fifth in the world[viii] in the number of patent applications, surpassing Japan, and at the same time it has been promoting human resource development through overseas study, particularly in the United States, and the government appropriates an enormous amount of investment to domestic universities and research institutes and, again surpassing Japan, currently ranks second in the world in investment in research and development. [ix]

However, these initiatives have yet to result in raising the international competitiveness of China's corporations and brands. Even though its technological capabilities may be improving, China's industries are comprised of a very large ratio of OEM and other subcontractors that supply parts for Japan and Korea and it has yet to establish many unique brands of its own. Furthermore, although China possesses a high standard of technology, from the perspective of innovation, this know-how has not translated into new products nor has China reached the stage where it is creating new business models. The reason for this may be traced to the fact that China, like Japan in the past, is at a stage where it is concentrating its energies on "catching up" and, rather than the provision of new products is giving priority to acquiring the know-how that other countries already have. Another reason may be that industrial policies in China have a tendency to favor models that deliver higher returns on short-term earnings. The socioeconomic structure also makes it difficult to start up new businesses with a long-term perspective. Both of these may be considered problems. Moreover, continuous intervention of the Communist Party in a system of one-party dominance as well as market competition that continues to be undermined by corruption and corrupt practices are likely to inhibit China's creation of its own new value. However, if in the next 20 years a new framework for creating new business through innovation emerges in China, on the basis of its existing strong technological capabilities, which will serve as the foundation; it is not hard to imagine that China will achieve sustainable economic growth.[x]

In India, on the other hand, rather than manufacturing, the service industry centered on the IT industry and the subcontracting of call centers, referred to as back offices, has been the driving force of economic growth. Until the 1990s, however, India had adopted a system of self-sufficiency through a closed economic system, and therefore had a sizable industrial base for supplying many of its own products. Furthermore, because India already has technological capabilities of a world standard in the chemical industry, steel industry, and aerospace development, it can be assumed that

these will be the driving force of future economic growth.[xi] These technologies are already contributing to India's international competitiveness in areas such as pharmaceutical products and, like China, India has researchers who are actively engaged at the frontline of research in universities in the United States and Europe and its technological capabilities can be expected to increase.[xii]

Unlike China, however, because India has a democratic system which, on the one hand, makes it difficult to promote a government-led industrial policy, on the other hand, it still has various inhibiting regulations left over from the era when its economy was closed. Consequently, the efficiency of the market is poor, so it is difficult to expect robust investment and innovation.[xiii] Development of new and improvement of existing infrastructure are lagging and although recently there has been a noticeable acceleration in improvement, it is unlikely that obstructions to economic activities such as power outages and poor roads and railways will be rectified in the foreseeable future. Moreover, education infrastructures that can cope with a population that is set to grow further are inadequate, limiting the country's capacity to provide a high-quality workforce.

On the other hand, the skills of one segment of the elite in India are high and that segment is also quite sizable. Therefore so long as this segment continues to actively participate in knowledge-intensive industries, growth in the software and services industries will continue and India will probably continue to maintain its superiority in certain industries.

(2) Can the United States Maintain Its Hegemony?

The country that until now has been in a hegemonistic position in the area of science and technology is the United States. It has received more Nobel prizes than any other country in the world and in the areas of science and technology it has maintained an overwhelming position that no other country can come close to. For many countries, the United States serves as a model that other countries feel they should aspire to and that they can learn from. This is why many overseas students go to the United States to study and why studying in the United States was believed to be the easiest and most expedient way of raising a country's standard of science and technology.

It cannot be denied that the scientific and technological capabilities of the United States were initially promoted to some extent as a military imperative. During the Cold War era scientific and technological capabilities were indicators of military superiority and having a higher technological standard than the Communist bloc was an absolute condition for the leader of the West.[xiv]   Even today Americans are reminded of the Soviet Union's launch of Sputnik, which occurred in 1957, as

a warning when they fall behind in the areas of science and technology. In his State of the Union Address in 2011, President Obama even mentioned the rise of the emerging nations as a "Sputnik moment" as he emphasized the United States' need to further increase its scientific and technological capabilities."[xv] It was in an environment of international competition that the United States developed its scientific and technological capabilities and, as stated earlier in section 2.(1), if we assume that the emerging nations will rise to prominence in the next 20 years, it is also likely that the United States will promote even more ambitious initiatives than ever before to further enhance its scientific and technological capabilities.

At the same time, however, in many cases the government of the United States does not intervene in the development of that country's scientific and technological capabilities. The United States' IT industry based in Silicon Valley developed at the initiative of universities and venture corporations, and not through the direct intervention of the government. Furthermore, even though the Internet was developed for military purposes, it was not the government that fostered its growth as an industry.[xvi] As these examples illustrate, the roles of the government and the market in scientific and technological capabilities in the United States are clearly separated, and the government even makes available to the private sector technology it develops for military purposes. In this respect, creating an environment where the industry will grow on the basis of market principles, establishing the infrastructure to encourage this, and assisting in education are important roles of the government. At the same time, primary and secondary high school education in the United States are in a state of crisis, and as the fiscal conditions of the individual states deteriorate, government policies are becoming fragmented and education and other budgets are being cut. Even though support is provided for tertiary education, a large ratio of this support comes from overseas students, and the foundation of the country's scientific and technological capabilities is weakening.

Fiscal reconstruction at the federal level is also having an impact on the areas of science and technology, with budget cuts in technological development accompanying military budget cuts and the suspension by the Obama administration of the Constellation Program, a plan for exploration of the moon and Mars launched by the preceding Bush administration. These measures are symbolic of the United States as a whole at present, as government projects in key areas such as space development that form the bedrock of science and technological capabilities lose momentum. Much the same can be said about Green Innovation, which was to be a flagship project of the Obama administration, involving the construction of high speed railways and the development of smart grids. Due to fiscal restraints, however, this program is stagnating and the long-term

prospects cannot be predicted. The series of accidents at the Fukushima No. 1 Nuclear Plant triggered by the Great Tohoku Earthquake are also casting shadows of doubt over the future of the nuclear policy the Obama Administration has been promoting. Furthermore, there is little expectation that the situation will change much in the long term and the greater the impact of factions such as the Tea Party, which is calling for cuts to fiscal spending, the more it can be assumed that government-initiated projects in science and technology will decrease.

If we consider the long-term outlook for the United States 20 years from now, the bedrock for sustaining its hegemonistic position will be shaking. Nevertheless, as a country it will not easily let go of the scientific and technological capabilities it has accumulated, and even if the role of the government should diminish, it can be assumed that initiatives of the private sector in the market to fill this gap and the public sector's participation in government projects will result in the United States' continuing to maintain its scientific and technological capabilities. In short, even 20 years from now the United States will probably maintain its position as the world's leader in innovation.

(3) The EU's Ability to Establish Standards

Two strengths of the EU countries which cannot go unnoticed in the area of science and technology are their capabilities in innovation and their ability to set international standards in Europe. From the perspective of capabilities in pure science, technology, and research and development, the standards do not quite measure up to those of the United States and Japan. However, the strength of the EU lies in its ability to set and share technical standards across a number of countries, and to transform these into global standards. For example, the EU established GSM (Global Standard for Mobile Communications), a second-generation mobile telephone communications system, as the integrated standard within the region in 1983. The use of this standard made roaming across national borders possible. Gradually this standard was adopted by various countries outside the region and eventually this GSM became the global standard.

Furthermore, because EU countries send their respective national representatives to international organizations which set standards, such as the International Organization for Standardization (ISO) and the International Telecommunication Union (ITU) and because the EU alone has a total of 27 votes, it has an overwhelming impact on international negotiations.[xvii] Because of this, the EU has the ability to play a leading role in making decisions on technical standards. Since the 1980s the EU has had a framework for cooperating at the EU level in research and development projects which individual countries had previously done separately on their own. At present the EU

countries are currently planning to launch their eighth fiscal Framework Programme in 2012 and are actively involved in research and development projects. This Framework Programme operates on the premise of forming a research consortium with a number of countries. There are special coordination costs associated with cross-border projects involving a number of countries and at first glance this approach may seem inefficient. On the other hand, the cooperation of different institutions of different countries can be expected to result in new ideas and innovations.[xviii]

However, if standards of research and development the EU do not improve, the EU will not be able to demonstrate adequate effectiveness for setting such standards. Since the Lehman Shock, the individual EU countries have strongly felt fiscal constraints and it is possible that this will also have an impact on research and development projects. At present the order of priority of science and technology policies and research and development projects in every country is high and these have not been targeted as areas for budget cuts. Nevertheless, it can be assumed that these will feel the impact indirectly. Great Britain, for example, has cut its defense spending by 20%. Furthermore, if we consider the long-term outlook of 20 years from now, we can assume that the science and technology policy cannot avoid such fiscal effects and there will be a need to adopt an approach of selection and concentration. At that time, it can be assumed that in the case of the EU, countries will opt for competitiveness in the market as the standard, but it is not possible to say how effective this will be.

(4) Global Outlook for Science and Technological Capabilities 20 years from Now

If we look at prospects for science and technology policies of such countries, we can see a relationship where emerging countries on the one hand aim for further economic growth using science and technology as a lever, despite the various challenges they face, and various countries of the EU and the United States, which already have a certain degree of research and development capability and a significant level of scientific and technological capabilities but which lose momentum through fiscal constraints. As stated earlier, there is also a strong possibility that countries, despite being referred to as developing countries, will pursue research and development, and countries such as Vietnam, Mexico and South Africa, whose growth in scientific and technological capabilities is evident, will direct the riches they have gained through economic growth to their science and technology policies.

What can be said at this point in time is, first of all, the international balance of scientific and technological capabilities that had a hierarchical order with the United States at the top will have

disintegrated, and while the United States may still maintain a degree of superiority, many countries of equal rank will stand alongside the United States. Second, the scientific and technological policies of the developed countries of the EU, the United States and Japan will have peaked due to financial constraints but conditions in these countries can change depending on how well they are able to cover their shortfall in funds. In other words, the key point is how they will be able to attract funds from other countries or from the private sector to finance major projects for basic research and projects with significant risk that previously depended on public funding. Third, emerging countries and developing countries will have a strong interest in research and development and will be seeking to introduce and transfer technology from developed countries. How developed countries which already have a certain degree of scientific and technological capabilities will respond to this demand will probably become an important issue. For example, it can be assumed that China and Russia in particular will see the transfer of technology as part of their diplomatic policies and they will be seeking to secure resources, develop new markets, and gain political influence in return for the transfer of technology. As the United States and the EU countries as well as Japan hesitate to transfer their technology, if the emerging nations are in a position to comply with the requests of China and Russia, the likelihood that the balance in international society will be upset will probably increase.

3. Recommendations for a Science and Technology Policy for Japan

The question then is what Japan should do in view of such prospects 20 years from now. The policy issues relating to a science and technology policy cover extremely broad areas, from fiscal policy to educational policy for fostering the development of scientists and engineers. At this point I would like to focus on the subject of international conditions 20 years from now in line with the central theme of this paper.

(1) Integration of Military and Civilian Technology in an Era of RMA

Unlike policies of the United States, Japan's science and technology policy had rejected military use and developed through specialization in research and development of technology as purely civilian technology. In so doing, Japan succeeded in developing its technological capabilities to a world standard. Although there is an underlying concept of "latent deterrence" in this policy, the direct transfer of civilian technology to defense technology is difficult and has been strictly limited.

However, the status of military technology at present varies significantly from that immediately

after the Second World War or during the Cold War. Like nuclear energy or rocket technology of the past, there was a time when certain technology was referred to as "dual use technology" but today it is possible for almost every kind of technology developed in the civilian sector to be applied to military uses – from robotics to IT, materials, chemicals and electronic technology. There is also an increasing trend to promote advances in military technology by introducing technology developed in the civilian sector. This is particularly the case with RMA (Revolution in Military Affairs) underway in the United States. Centered on IT technology, research and development carried out under the military budget is being integrated with research at the forefront of research in the civilian sector.[xix] Spurred on by RMA in the United States, China is promoting the modernization of its military, and EU countries, which fear losing their competitiveness as a result of the United States' investment in RMA, are also promoting investment in hi-tech technology through their defense budgets, albeit not on a scale with that of the United States.

Even in Japan, the development of military technology is proceeding in a form of RMA cooperation with the United States in areas such as the development of unmanned aerial vehicles (UAV) and the development of missile defense systems, but this is being promoted in a manner that is unrelated to the civilian sector and it is not a project aimed at integration with the civilian sector as seen in the EU, the United States and China. This trend toward integration means that in the future if Japan is to continue to pursue as it has in the past research and development where such development is clearly separated into military and civilian sectors, it is likely to be left behind in both the area of military technology and civilian technology. Integration of the high level of technology Japan has in the civilian sector with military technology will enable more efficient investment. It will also probably result in more efficient troop operations and the implementation of a more efficient defense budget. At a time when fiscal constraints are severe, pursuit of such efficiency will be an essential policy response for promoting the growth of both defense and civilian technology.

(2) Review of the Three Principles of Arms Export

Like promoting the integration of defense and civilian technologies, reviewing the three principles of arms export will be an important issue in responding to international conditions. The three principles of arms export are based on pronouncements by the Diet of the Eisaku Sato government in 1967 of prohibiting the export of arms to (1) the Communist Bloc, (2) countries where arms embargoes have been imposed by UN resolution, and (3) countries which are parties in

an international dispute or are likely to be parties. However, under the Takeo Miki government in 1976 the Diet stated that (1) it would not permit export of arms to areas of the three principles, (2) it would also refrain from the export of arms to regions other than the aforementioned, and (3) it would treat the export of equipment related to the manufacture of arms the same as for arms. At present, the three Miki principles, which are generally referred to as the "arms export principles" and what is of particular interest about these principles is the difference in the way they are regarded and understood in Japan and overseas.

In Japan these principles are regarded as policy principles that realize Japan's peace constitution and at the same time avoid international criticism of Japan as "a merchant of death." In Japan these three Miki principles are also highly regarded. Abroad these principles also serve as a message for international peace and recognition of Japan's "soft power."[xx]

However, outside of Japan almost nobody is aware that Japan voluntarily prohibits the export of arms. In fact, it may be safe to say that this fact is not known at all. Therefore, for Japan to openly proclaim that it prohibits the export of arms may have the opposite effect and arouse suspicions that as a country it has a hidden agenda, or it may be viewed as some form of conspiracy theory. Even among people who may be familiar with the three principles, they may not necessarily fully understand the ideals behind them and there would be few who would see Japan's loss of opportunity to export weapons as a diplomatic strength for Japan. [xxi]

The fact is that with the exception of Japan almost all countries not only consider the export of arms as an important method in their foreign strategies but also as necessary in their industrial strategies. The countries to which they export arms are usually allies or friendly countries, and exporting arms that are technologically advanced to those countries is meaningful in terms of foreign policy, because these arms will strengthen the military capability of their allies and mutually reinforce their security. Furthermore, when a country provides arms to another country is also meaningful in the sense that it makes its own military capabilities known to the other country. This means that if, for example, an ally or friendly country poses a threat to the exporting country or the exporting country becomes the target of an attack of that country, it will be difficult to defend itself. In other words, the export of arms is also an act indicating trust in an ally. [xxii]

In the economies of developed countries where high economic growth cannot be expected, the export of arms can be considered a way of strategically developing export destinations and maintaining employment at home. Furthermore, by exporting arms, production increases and drives down the cost per production unit. Cutting production costs will also alleviate the expenditure on

arms in the defense budget of the exporting country. This is why the export of arms is encouraged by many developed countries. Even Germany, which like Japan was defeated in the Second World War and which has stringent restrictions on the deployment of its troops outside the NATO region, is a major exporter of arms even from an international perspective. Interestingly, one rarely hears discussion of any moral issue regarding this country's export of arms. However, the export of arms to dictator regimes or military regimes is seen as both a moral issue and a strategic problem in diplomacy. Therefore, the export of arms to countries in the Middle East and Africa such as Bahrain and Libya, where government troops have opened fire on popular demonstrations is a serious social problem. In this regard, however, the problem here is the export destination, not the export of arms per se. This in itself suggests that there is a popular consensus concerning the export of arms.[xxiii]

If we consider Japan's position in light of the above, perhaps there is a need to reconsider the country's stance on the export of arms. The proactive export of arms as an industrial policy is hard to imagine at this point in time. Because of the implementation of the three principles on the export of arms, Japan's defense industry undertakes the development of technology on the premise that it is solely for supply to the Japanese government. Furthermore, because the production volume is limited, the unit price is extremely high and cannot be said to have international competitiveness. Furthermore, in light of cases where arms exported to countries of the Middle East and North Africa were supposedly used in government crackdowns on ordinary citizens, it is advisable for Japan to refrain from the simple export of arms. On the other hand, more flexible arrangements should be worthy of careful consideration when it comes to an ally such as the United States, countries with whom Japan engages in security talks like Australia and India, as well as Korea with whom Japan is building security relations, and countries which are Japan's global partners like in the EU. This is particularly so for management of the three principles on the export of arms that would enable the joint development of technology for missile defense and RMA-related technology.

If we consider that export of arms to allies or friendly countries and the joint development of technology will strengthen relations among allies, contribute to the stability of international order, and strengthen Japan's security, a flexible application of the three principles on arms exports will not necessarily erode the reputation of Japan's soft power. Furthermore, promoting the joint development of technology will enable Japan to acquire technology that it would not have been able to develop on its own, and the application of this technology to the private sector will probably

contribute to Japan's ability to maintain its technological capabilities more effectively. In this sense, if the export of arms is sufficiently controlled by steering away from unrestricted flexibility in the application of the principles, such export should contribute to Japan's diplomatic security and also contribute to the science and technology policy.

(3) Promotion of a Double Standard

One policy Japan has been promoting in its foreign diplomacy is economic diplomacy, and in this regard the tendering and receipt of orders for overseas infrastructure is a core issue. Whether it be in nuclear power plants or railways, Japan's high technological capabilities place it in good stead for receiving tenders. The government has also given support through efforts to establish an environment that facilitates the receipt of orders. In the areas of nuclear power generation and railway development the government's science and technology policy has to some extent been successful. However, it cannot be said that the technology promoted through government projects is always competitive. For example, in the case of nuclear power generation, while one electric power company introduced fundamental technology based on development promoted by the government, the company developed its own proprietary technology based on technology it learned from practical nuclear reactors in operation in the United States and Europe. In Toshiba's case, the company acquired the technology it sought by purchasing Westinghouse in the United States. In the case of railway development, although the development of the high-speed Shinkansen was a project of the government, the development of technology for the Shinkansen following its privatization raised the awareness of the private sector in improving services, and this resulted in developing new types of passenger cars. This development too cannot be considered an outcome of the government's science and technology policy.

On the other hand, promoting tendering for infrastructure orders in emerging countries as Japan's economic diplomacy would act as an incentive for improving technological capabilities at home. Japan's positioning of its science and technology policy as a means of maintaining international competitiveness would also become clear. Such a policy, however, must never be divorced from industry and application as in the past. The ruling Democratic Party has introduced the concepts of "green innovation" and "life innovation" in the policy for new growth that it is currently promoting and it has indicated an integrated package as a part of its domestic policy for the environment, as an industrial policy for encouraging economic growth, and as a science and technology policy that will make these possible. As a national strategy, it has also drawn up a strategy that incorporates the

science and technology policy as one approach. This will overcome problem areas in Japan's science and technology policy already stated and will create a new strategic direction. While this concept is just at the inception stage, it will also make a difference in the orientation of the science and technology policy. Key to this initiative is whether the Council for Science and Technology Policy of the Ministry of Education, Culture, Sports, Science and Technology, which has been in charge of the science and technology policy, will adopt a policy that coincides with this new growth policy. Unfortunately, at this stage it is not possible to discern a move in this direction.

What will be important in terms of diplomacy in the promotion of an innovation strategy as a package of this nature is the "setting of de jure standards." In standards relating to technology, "de facto" standards have been the center of interest. A de facto standard means a product standard that has overwhelming superiority technologically and which, as the market for it grows, creates a "network externality" where the more the users increase, the greater the value of the standard becomes. For example, there are many cases where a number of technologies are eliminated in a culling process in the competitive market until ultimately a single standard emerges, as in the case of VHS and Blu-ray Discs. Japanese products have many de facto standards and this has been a significant resource in the world market where they have been able to maintain a presence. Therefore, in discussions in Japan, strategies considering how a de facto standard can be secured have been at the center of discussions.

However, little interest has been shown in the standard known as "de jure standard" as a standard for playing an important role in the world markets. This is a standard that is set following discussions of standards and specifications of new technology in international organizations and meetings. Countries then proceed to undertake the development of technology based on this standard. As already discussed, the EU is skilled at setting de jure standards and has covered subordination in technological capabilities through its capabilities in political negotiation. In Japan too, there is increasing interest in the need for a de jure standard and the government is already devoting efforts to introducing de jure standards through discussion. Included in these discussions is the issue as to whether the digital terrestrial television (DTT) system used in South American countries should be introduced as Japan's system. In this respect, however, one major problem is efforts to set de jure standards do not coincide with the package strategy, and cases can be seen where such standards are not viable. Even if the South American DTT system is introduced as Japan's system, it is Korean manufacturers which have the overwhelming share of this system in the market, so there is not significant merit for Japan in its adoption.

Japan's superiority in the global market where competition is set to escalate will become possible only when its package concept, science and technology policy and the de jure standard become integrated. The cooperative promotion of such a foreign strategy by the Ministry of Foreign Affairs, the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications is an essential element in Japan's science and technology policy.

---

[i] There is an enormous amount of research concerning science technology during the Cold War. As studies which give a general summary, see Shigeru Nakagawa, "International competitiveness in science and technology: United States and Japan – Half a century of rivalry," *Asahi Shimbun* [In Japanese], 2006, and Hiroshi Ichikawa, *The Cold War, Science and Technology : in the Case of Soviet Union, 1945-1955*. [In Japanese.] Minerva Shobo, 2007.

[ii] Nozomi Sagara, *Changes in Japan's Atomic Energy Policy and Historical Considerations for Cooperation in International Policy: Implications for the Introduction of Nuclear Power Generation in the East Asia Region.* [In Japanese.] RIETI Discussion Paper Series 09-P-002, September 2009.

[iii] An outline of "Japan's Foreign Policies" by the Foreign Affairs Policy Committee, the Ministry of Foreign Affairs is perhaps a typical example of this discussion. (This report is available for reading at http://www.mofa.go.jp/mofaj/gaiko/kaku_hokoku/pdfs/kaku_hokoku02.pdf accessed February 13, 2011.) This report indicates that "Japan will continue to maintain a policy of not possessing nuclear weapons for the foreseeable future but will always maintain economical and technological capabilities for the production of nuclear weapons and at the same time will make arrangements to ensure that this policy is not bound by restrictions."

[iv] For example, the Soranokai, which claims to be an online think tank for space development discusses the global role of Japan's space technologies based on a concept it refers to as the "quiet deterrent." See Fujio Nakano, "Making a Show of Science and Technology: A Quiet Deterrent, Part 1 (An Opinion of Soranokai)," http://www.soranokai.jp/pages/yokushi_kagakugijutsu.html (accessed February 13, 2011).

[v] For further discussion on catching up in the development of space technology, see Kazuto Suzuki, "Policy logic as an analysis of the decision-making process in constructivist policies," in Koji Ono (ed.), *Constructivist political logic and comparative politics*. [In Japanese.] Minerva Shobo, December 2009.

[vi] At the background of this tendering by the Japanese government for the procurement of satellites, which came under pressure due to invocation of "Article Super 301" of the US Trade Act due to trade friction between Japan and the United States during the 1980s. Therefore, it cannot be denied that US-made satellites with greater competitiveness were in a more advantageous position. However, it was also clear that the Japanese manufacturers had no competitive edge.

[vii] Evan A. Feigenbaum, *China's Techno-Warriors: National Security and Strategic Competition from the Nuclear to the Information Age*, Stanford University Press, 2003.

[viii] "China, 5th in the World in Patent Applications," *People's Daily Online* [In Chinese], March 30, 2010. http://j.peopledaily.com.cn/95952/6935218.html (accessed February 15, 2011).

[ix] "China's research and development expenditure to be the world's 2nd highest, expected to overtake Japan's next year," *Asahi Shimbun* [In Japanese], December 30, 2010. http://www.asahi.com/international/update/1228/TKY201012280129.html (accessed February 15, 2011).

[x] Shinichi Isa, *Major power in science and technology - The truth about China*. [In Japanese.] Kodansha Gendai Shinsho, 2010.

[xi] Science & Technology Foresight Center, " Remarkable Development and Science & Technology Policy in India.: a seminar report," National Institute of Science and Technology Policy, Ministry of Education, Culture, Sports, Science and Technology, August 2006. http://www.nistep.go.jp/achiev/ftx/jpn/mat127j/idx127j.html (accessed February 21, 2011).

[xii] Center for Research and Development Strategy, *Report on trends in science technology and innovation – India*. [In Japanese.] Japan Science and Technology Agency, March 2008. This report gives a detailed overview of India's general science and technology policies. http://crds.jst.go.jp/kaigai/report/TR/AS/Asia20080331.pdf (accessed February 21, 2011).

[xiii] Mark A. Dutz (ed.), *Unleashing India's Innovation: Toward Sustainable and Inclusive Growth*, World Bank, 2007. (Translation by Michiko Murakami, Ittosha, 2008.)

[xiv] Eugene B. Skolnikoff, *The Elusive Transformation: Science, Technology, and the Evolution of International Politics*, Japanese translation and editorial supervision by Taizo Yakushiji and Kiyofuku Chuma, NTT Publishing Co., Ltd., 1995.

[xv] The White House, *Remarks by the President in State of Union Address*, January 25, 2011.

[xvi] Remarks by T.J. Rodgers, CEO of Cypress Semiconductor Corporation who testified before Congress in 1993 representing Silicon Valley. His remarks express a typical view on this point. T.J. Rodgers, "High Technology Innovation: Free Markets or Government Subsidies?: An Entrepreneur Endorses the Invisible Hand," Testimony to House Committee on Science, Space, and Technology, Subcommittee on Technology, Environment and Aviation, March 25, 1993.

[xvii] Ministry of Economy, Trade and Industry Study Group on Economic Efficiency of Standardization (ed.), *International Competition and Global Standards*. [In Japanese.] Japanese Standards Association, 2006.

[xviii] Kazuto Suzuki, "Political economics of European industrial policies: Expansion of integrated areas in policies for the development of advanced technology" in Kaoru Ishiguro, Hiroharu Seki and Minoru Sekishita (eds.), *Contemporary international politics and the economy: Experiment in interdisciplinary knowledge*. [In Japanese.] Houritsu Bunka Sha, April 1998, Pages 155-170.

[xix] There have been numerous studies on RMA. However, at this time see Emily O. Goldman, *Information and Revolutions in Military Affairs*, Routledge, 2005.

[xx] For example, the editorial "Three Principles on Arms Exports – Unconvincing argument for a review," *Asahi Shimbun* [In Japanese], November 20, 2010.

[xxi] For example, Michael Chinworth, "The Technology Factor in U.S.-Japan Security Relations," in Michael J. Green and Patrick M. Cronin (eds.), *US-Japan Alliance: Past, Present, and Future*, Council on Foreign Relations, 1999, pp.286-310, etc.

[xxii] Richard A. Bitzinger (ed.), *The Modern Defense Industry: Political, Economic, and Technological Issues*, Greenwood Publishing Group, 2009.

[xxiii] Stefan Nicola, "Expert: German Arms Industry Not Innocent," UPI, January 14, 2009. http://www.spacewar.com/reports/Expert_German_arms_industry_not_innocent_999.html (accessed March 1, 2011).

Part 3: Proposals for Japan's Diplomacy

The Future International Situation and Japan's Diplomacy: Prospects and Proposals

Masayuki Yamauchi

I. Diplomacy, Democratization, and "Common Values"/ "Common Interests"——Results and Prospects

The Middle East and the Arab world have been ushered into a new historical phase by the momentum of the recent "wave of democratization" and the "Islamic domino" that have swept away the walls of fear and hesitancy in the region. This wave of Middle East democratization is highly suggestive from the standpoint of considering the "common interests" and "common values" that are vitally important elements in the forming of diplomacy and the establishment of the international order. In general, for the international order to be able to function in a stable manner, it is essential that these "common interests" and "common values" are shared widely among the nations concerned.

Japan and the United States share a basic image of what a desirable international order should look like. The "arc of freedom and prosperity" concept, which Japanese diplomacy has set out in recent years, is linked to Japanese diplomacy's task of building a peaceful and stable regional order in the Asia-Pacific region. This is because the idea of a liberal internationalist order, which Dr. Nakayama, a member of this research group, has mentioned, has much in common with the "arc of freedom and prosperity" concept. So, today, I would like to discuss the movements that are seeking freedom and democratization in the Middle East in relation to this "arc of freedom and prosperity".

Now, with regard to Middle East democratization, there are three hidden keywords. These are "freedom," "the rule of law," and "development". In Tunisia and Egypt, the obtaining of freedom was an important result that released the citizens from bondage under a long-term dictatorship that had imposed individual and public constraints. The people of these nations will henceforth have the freedom to choose by election the administrations they judge to be most desirable in place of the ousted regimes headed by former Presidents Zine El Abidine Ben Ali and Hosni Mubarak, who had been in power for 23 and 30 years respectively. But in addition, they will also acquire the freedom to make law, including through the revision or establishment of their nations' constitutions. Moreover, the rule of law is nothing less than a cornerstone in safeguarding the ordinary citizens'

freedom of speech and association and liberation from fear. Then again, the people have the responsibility to investigate the corruption and depravity of the former regimes based on law and evidence, not based on rumor and hearsay.

As Dr. Hosoya of this research group has emphasized, if world peace is to be based on the existence of a global community, then people everywhere need to share certain "common interests" and "common values" appropriate to such a global community. Of course, there have been efforts to seek such common interests and common values even in the quite recent past. For example, the former British Prime Minister Tony Blair spoke of the necessity for military intervention in Kosovo, where the humanitarian situation had become disastrous, although this approach was seen to have suffered a major setback with the Iraq War, showing that it is no easy thing to bring in "common interests" and "common values" from the outside to realize Middle East peace and democratization in a world which has unique theories of civilization in terms of the Islamic faith and Arab nationalism. However, the outside expectations being placed on the present Arab democratization movements are founded on the fact that Middle Eastern Arab citizens have also publically demanded freedom and the rule of law, which have become the basis of "common interests" and "common values", from the inside as well.

The nameless young people (citizens) who gathered together in Cairo's Tahir Square were directly connected horizontally using the so-called "new media" of Twitter and Facebook, which linked members of the general public both inside and outside of the country. This coincided with the appearance of a new generation of young people who believe unreservedly in global historical universal values such as freedom, human rights and democracy and who are not intoxicated by ideologies such as Arab nationalism or Islamic extremism. A portion of the younger officers and soldiers on active service also participated in this horizontal solidarity through mobile phone or joining social media as if playing an online game.

A third issue is that of development. The way development takes place is closely related to a nation's affluence. One thing we should take note of is the reality that since 1980, GDP growth per capita in the Arab nations including Egypt and Saudi Arabia has remained at an annual average of only 0.6%, while the industrialization level has also dropped back since the 1970s. All the Arab nations have fallen behind those nations that have ridden the wave of globalization such as Brazil, Turkey, the Republic of Korea, Singapore, China and India. I suppose that the Middle East nations where pro-democracy movements are happening at the moment are lagging behind not only in terms of economic growth but also in respect of their governments' efforts to tackle issues that Dr.

Kameyama of this research group has referred to as "multi-layered environmental governance," which encompasses the promotion of transnational global environmental maintenance at the Middle East regional level and at the trade organizational and environmental protection group levels.

However, democratization in the Middle East should not be viewed as an attempt at smooth nation building that takes liberal democracy as its ideal. The United States in particular must understand this point. Certainly, different Middle Eastern nations have different systems of government such as monarchies and republics, and there are disparities between those nations that possess oil resources and those that do not. But even more than this, the relationships between various human populations and networks of interests such as the social structure, historical and geographic characteristics, tribal and religious differences, and differences between nomadic and sedentary communities, etc., vary greatly from one nation to another in the Middle East and throughout the Arab region. These differences in turn are bound to lead to differences in the timing and strength of any waves of democratization that may propagate through the region. Bearing in mind the distinctive character of the Middle East, it may be wiser to consider the present phenomenon as representing the fourth wave of democratization in world history rather than as an extension of the third wave that occurred from the 1970s to 1990s.

A characteristic of this fourth wave is that the ways in which it produces changes are extremely diverse. On the one hand there are nations such as Egypt and Tunisia that have set out along a path from change within the regime to fully-fledged regime change, while in other nations the movement towards democracy is kept in the form of change within the regime, as in the case of Bahrain, where a moderate path is being pursued in an effort to make a compromise with the Shia, who comprise over 60% of the citizens. If Bahrain can enact reforms that reduce unemployment among the Shia and allow their political participation, then it may become a model case for democratization and internal regime change among the monarchies of the Arab region. However, there may be nations that are experiencing political reform at present but which, like Libya, will suddenly close the door on the possibility of peaceful regime change, let alone change within the regime, and enter into a civil war situation in which there will be no limit to the number of civilian casualties. In Libya, there are regional and tribal differences between Cyrenaica (Benghazi) in the east and Tripolitania (Tripoli) in the west, and there is also a movement in Fezzan in the central part of the country. Given the present situation, a number of unwelcome scenarios cannot be ruled out including civil war, anarchy, or even the break up of the country.

In addition, the case of Libya shares something in common with that of Yemen, where there is a north-south confrontation. Were Yemen to break up, the possibility that this would produce a situation of anarchy not unlike that existing in the failed state of Somalia cannot be dismissed. Unless President Ali Abdullah Saleh, who has been in power for over 20 years, and the citizens of the capital Suna'a, proceed rationally along a path to democratization, the world might witness a nightmare in which Yemen faces an even more acute situation and becomes a Somalia-like failed state, which could then serve as a base for terrorism and piracy.

Not only in the Middle East but within the present international community as a whole, the number of failed states that have lost their responsible government functions is on the increase, and there is a possibility that more such states will appear in the Arab Middle East after the manner of Somalia. According to the definition given by Dr. Michishita, a member of this research group, a failed state is a state in which criminal organizations that represent a global threat receive support within the state's territory, as was the case in Afghanistan under the Taliban regime, or in which organizations not representing the government are in control of part of the national territory, or in which anti-government demonstrations by the populace stoke political turmoil over a protracted period. The reversal of democratization and the ongoing turmoil in Libya and Yemen could lead to the rise of failed states that pose a threat to the entire international community.

When I look at the present situation in Libya in which civilian casualties are being produced almost daily among the anti-Gaddafi forces, I can't help but recall the slaughter in Rwanda in 1994 and the massacre at Srebrenica, Bosnia in 1995. This once again raises issues relating to the meaning of seeking humanity and morality in the international community, and to the inability of the international community to do anything other than keeping silent when the governments of sovereign states openly attack their own citizens. In this case, can we not at least say that the Libyan people who have risen up against their nation's dictator in seeking freedom for all citizens, religions and sects, the application of the rule of law without any exception, and balanced development, are in fact calling for a standard that shares underlying global "common interests" and "common values"?

II. Prospects for Middle East Democratization —Conditions and Experience

The democratization processes in the Middle East, which call for contents that share these underlying global "common interests" and "common values", must experience roughly the following four elements.

Firstly, it will be necessary for authority over policy-making power to be transferred to a transitional administration immediately after the former authority has broken down. Especially in cases where a long-term dictatorship has lost power, a base for transferring power can be formed provided that a stable middle class that can take over the reins of power has been nurtured. But if this is not the case, then the situation will become unstable. In Egypt and Tunisia, the reason why the present transitional period has been stable and violence has been limited is because of the existence of a middle class in these nations. Conversely, in nations where tribes conspicuously stake out their own territory and religious figures and legal scholars legitimize the government, the people should initially make efforts to entrust power over the transitional period to tribal leaders or religious figures who have at least a tentative understanding of global "common values", and these provisional leaders can later be exchanged for leaders who value freedom and the rule of law.

Secondly, whether a nation tries to review or amend its existing constitution or to establish a brand new constitution, regardless of the nature of the task at hand it is important that all the concerned people participate without discrimination in the process of reaching agreement. In the case of Bahrain, of course, the will of the majority of citizens must be reflected in the constitutional revision by including representatives of the Shia among the participants. Such operations in nations such as Libya, that have no constitution, will be extremely difficult. But even so, getting the establishment or revision of a constitution accepted by a majority of the people is a basic condition for successfully making the transfer to a democratic system.

Thirdly, after a revolution or an uprising prompted by a wave of democratization comes to its end, it is necessary to indicate for how long a period the operation to establish a new constitution will continue, how and under what framework the operation will proceed, and by what sort of steps and procedure the new constitution will be established by classifying the arrangements and schedule. It should be understood that the atmosphere of euphoria and excitement that characterizes revolutions generally lasts for only half a year or a full year at the longest.

Fourthly, any hostility toward the ancient regime or thoughts of revenge against the old system that are hiding within society should be eliminated. It will be difficult to erase the memories of repressive control from the minds of those who were on the receiving end of dictatorships such as that of the Gaddafi regime in Libya, and many people will continue to have uncomfortable memories of the dictatorial Mubarak regime, which was in power in Egypt for over 30 years. However, those who are newly advocating the people's freedom and proudly holding up the rule of law need to have sufficient tolerance to forgive those servants of the old regime who were not at the

core but only on the periphery of the system, without necessarily forgetting their bitter memories of the past. What is required in a new state are bureaucrats and technocrats who have an overall grasp of statecraft and are capable of guiding their organizations. The human resources of the new state need to work in the spirit of *Isei Seimei* (literally: "statesmen must be clean") as advocated by Japanese Meiji-era politician Toshimichi Okubo. What he meant is that when statesmen appoint or promote personnel, they must select people who have a clean conscience and under a system of meritocracy, regardless of whether these people were yesterday's allies or enemies.

When we think about the support Japan provides for democratization in the Middle East, strong doubts remain regarding its strategic target for diplomacy, which was designed as if based on bilateral deals, as apparent in its stance of downsizing the relationship with the Middle East by seeking to reduce its 90% dependence on the region for crude oil and raising its crude oil self-development ratio. As Mr. Maeda, a member of this research group, has emphasized, a strategic target such as to reduce the nation's dependence on Middle East is not only likely to prove ineffective in macroeconomic terms, it also carries with it the danger that policy will be guided towards matters that fly in the face of economic rationality and that hold interest for the elites of another region, that of Africa, which has relatively high risks and costs. Moreover, there is a possibility that such a policy would serve to comparatively hold down investment in Middle East countries, thereby raising the concern that the policy lacks validity in strategic terms as well. So rather than that, in order to support the ongoing flow of democratization in the Middle East, whether or not Japan should try to strengthen its multilayered relationships with Middle East nations based on the assumption that Japan's dependence on Middle East oil will continue to hover at a high level, while at the same time supporting a lowering of oil dependence on the economies of those Middle East oil producing nations that exhibit pronounced disparities and income gaps between rich and poor while also supporting the upgrading of industrial structure is a question being asked of Japan's resource energy diplomacy.

III. The "Arc of Freedom and Prosperity" Revisited and Building a Sea Power Network——A Proposal

Nevertheless, and this is not limited to the Middle East, it is not necessarily the case that the international community is positive about such ideas as that of an "ethical foreign policy" or "a force for good" that were put forward by the Labour administration of Tony Blair in Britain, which came into office in 1997. It is not without reason that the international community is standing idly

by and watching the present situation unfold in Libya. Concerning this point, Dr. Hosoya emphasized that the flow of humanitarian intervention that had been progressing since the 1990s has become stagnant following the experiences of the Afghanistan and Iraq Wars. The financial constraints and individual interests of the major nations and the "excess involvement" of military forces stationed abroad, etc., have become the basis for turning international opinion cautious even with regard to the setting up of no-fly zones, while the Obama administration is hesitant to give support to Libya's internal opposition forces by intervening militarily in the conflict. While the major nations are cautious about mounting military intervention on humanitarian grounds, the UN, which proclaims "human security" and the "responsibility to provide protection", finds it difficult to neglect a humanitarian crisis. Japan in particular, as a positive advocate of "human security", is suffering a serious dilemma caught between the need for humanitarian intervention in conflict areas and the significance of rescue on the one hand and the constraints on its ability to provide a military contribution on the other. In spite of this, when we think about the new international order, and particularly about the recovery of peace in the Middle East, we have to search for a way to build on a foundation that encompasses a greater sharing of values and standards than has been the case conventionally.

In this connection, the abovementioned view has something in common with the argument put forward by Prof. Ohno that Japan, which is subject to constraints on "the exercise of defense power", should involve itself positively as a global civilian power in the process of constructing a new world order. Prof. Ohno has emphasized that development cooperation is "one of the few undertakings" in which Japan can make use of its own hands in support of the international community.

In order to realize this, Japan's diplomacy has been envisioned in terms of the strategy called the "arc of freedom and prosperity", which is an attempt to share values and interests. It is regrettable that this strategy has somewhat lost its luster with the change of administration. According to the "arc of freedom and prosperity" concept, there are nations that share the same values, namely, Japan at the eastern end of the Eurasian continent and the European nations at the western edge. And between these two there are nations that have experienced rapid liberalization in Eastern Europe such as the three Baltic states of Estonia, Latvia and Lithuania, and nations in the Muslim world such as Turkey, which has declared itself secularist and democratic and has maintained a separation between religion and politics since the 1920s, proceeded with its own diplomacy, and become a model for democratization in the Middle East. Moving through India, the eastern part of

the arc takes in the ASEAN (Association of Southeast Asian Nations) countries, showing that an increasing number of Asian nations have adopted freedom and prosperity as matters of "common interest" and "common values" as well. The movements demanding freedom and the rule of law that are happening now in the Arab region beginning with Egypt should have eventually led to a connection with this "arc of freedom and prosperity". This strategic concept had the purpose of prompting the nations and regions belonging to the arc to make efforts in search of a future of greater freedom and prosperity, while at the same time Japan was to cooperate with them in the role of a good escort runner.

For instance, as an aid to securing affluence within the "arc of freedom and prosperity", Dr. Suzuki pointed out that Japan should pay attention to the importance of so-called "de jure" standards in its relationship with the global market. In this, with regard to the specifications and standards of new technologies, standards are set up by means of discussions conducted by international organizations and at international conferences, after which all nations carry out technological development based on those standards. This kind of joint undertaking is appropriate to the "arc of freedom and prosperity", given its orientation toward liberal democracy.

In this context, it is suggestive that Dr. Miyagi, a member of this research group, listed Indonesia and Turkey as nations the future Japan of the 2030s should be focusing on. Both are regional powers that have achieved favorable economic growth in recent years and become members of the G20. Moreover, he proclaims that both are successfully achieving a balance between Islam and a stable democratic system of government. Partnerships with nations that possess such characteristics will significantly expand the breadth and potential of Japan's diplomacy, and they are also the kind of nations that can serve as organic components in the "arc of freedom and prosperity".

One method of realizing this goal is by means of dialogue and consultation. Another is to make full use of non-military means such as ODA, human resource cultivation, cultural exchanges, etc. In order for Japan not to engage in leadership competition with China and Russia, but rather to give due consideration to important value senses such as freedom and prosperity, and also to conduct itself from the standpoint not of a destroyer of order but of a force for maintaining peace and stability in the international community, it should show freedom and prosperity to China and Russia as "common values" and "common interests". For China, which recently surpassed Japan in terms of GDP, to continue developing, it is important that it becomes a future-oriented state by adopting the same values to which Japan ascribes. If such a vision could have been brought to life, and if the Japan-U.S. alliance had functioned properly, I am certain that the unnecessary friction and expansion of tensions Japan experienced with China and Russia last autumn could have been

avoided.

Moreover, the concept of a "sea power network" is also important. In the Pacific Ocean, in addition to Japan and the United States, this network would involve other important nations including the ASEAN members such as Indonesia, Malaysia and Singapore, as well as Australia and India. The NATO (North Atlantic Treaty Organization) member countries including the UK and France also have interests as sea powers. Through their joint efforts, these nations are protecting the freedom of the sea-lanes along which energy resources such as oil and natural gas are transported and conducting the necessary fight against piracy and terrorist activity in the seas adjacent to the Middle East. In this sense too, governments have to share freedom and prosperity with their own citizens by engaging in dialogue with ongoing democratization movements in order to prevent Yemen from becoming a second Somalia and to avert the establishment of an authority in Bahrain that refuses to engage in international cooperation. The sea route from the Strait of Hormuz via the Arabian Sea and the Indian Ocean to the Strait of Malacca is one of the world's main marine arteries, as is the route connecting the Strait of Hormuz with the Bab-el-Mandeb, Red Sea and Suez Canal. Of course there is no need to stress the importance of preventing the transport and purchasing of weapons of mass destruction by sea and of tackling the problem of marine pollution. Lastly, I would like to express my wish that China will participate in the "sea power network" and refrain from taking actions of the kind that have often encroached on Japan's legitimate interests and from making unjustified claims on territory which is under the sovereignty of other nations.