

Japan's Changing Role

Testimony before the House Foreign Affairs Subcommittee on Asia

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Mr. Chairman and Members of the Committee, thank you for inviting me to testify today on the state of our alliance with Japan. By almost any indicator, the state of the U.S.-Japan alliance has never been stronger. In the most recent polling, 76% of Japanese say that the alliance with the United States is useful to Japan – the highest level since 1978. Meanwhile, 80% of the American public say that they consider Japan a reliable ally. That is a remarkable contrast to twenty years ago when Americans told pollsters they were more afraid of the Japanese economy than Soviet nuclear missiles, and when pundits published books with titles like “The Coming War with Japan.”

We weathered those difficult years of “Japan-bashing” because Americans came to understand how important our military bases in Japan are to peace and stability in Asia, and how much the international community depends on Japan’s active role as the second largest contributor to international institutions from the IMF to the United Nations and as a leading provider of overseas development assistance. The Japanese people also came to appreciate the centrality of the alliance and of shared values with the United States in the face of North Korean nuclear and missile provocations and uncertainty about China’s rising power.

It also has to be said that our alliance is stronger today because of efforts in both Democratic and Republican administrations to ensure that Japan remain the cornerstone of our broader engagement in Asia. Rather than decreasing the strategic significance of Japan to the United States, China’s growing power has made the U.S.-Japan alliance even more important. It was this central strategic insight that led Joe Nye as Assistant Secretary of Defense in the Clinton administration to revitalize the U.S.-Japan alliance in the mid-1990s and then inspired Rich Armitage and those of us in the Bush administration to continue building on that momentum as we used the confidence of a close U.S.-Japan alliance to build a more productive relationship with China. As Rich and Joe put it in a report we published at CSIS in February 2007, “to get China right, you have to get Asia right” –beginning with Japan. And I am encouraged to see signs that this bipartisan strategic insight continues to guide foreign policy under President Obama, judging from the fact that Secretary Clinton’s first trip overseas was to Japan and that President Obama’s first official working visit in the Oval Office was with Prime Minister Aso.

Yet even with these strong early signals of confidence in Japan from the Obama administration, there has also been a growing chorus of doubt in the media and think tanks about whether we are making the right bet about Japan’s future. Some people argue we should instead shift to a “G-2” in which China would become our most important partner. Other critics warn that Japan’s economic malaise will only get worse. We have also heard arguments that Japan’s failure to come to grips with difficult historical legacies has left Tokyo isolated in Asia, or that political turmoil in Japan should lead the United States to look

elsewhere in the region for help on difficult issues like Afghanistan. Within Japan itself, some scholars are arguing that it is time for Japan to downgrade its ambitions to those of a “middle power” in the international system.

These predictions of irrelevance, paralysis and doom are as uninformed as predictions two decades ago that Japan’s economy would surpass the U.S. economy by 2005 or that Washington should prepare for a future war with Japan. In some respects it was those inflated overestimations of Japanese power that make stories about the “fall of Japan” so tempting for the media today. The reality is that the United States and the international community need Japan as much as ever and Japan has the national power –and the will – to deliver. However, the sources of Japanese power and the nature of Japanese efforts will not be exactly what they were a generation ago; nor will Japanese expectations of us remain the same.

The state of the Japanese economy is a good example of the need for perspective. It is true that exports in February 2009 were down 49.4% compared with February the year before. It is also true that GDP figures for the final quarter of 2008 were the worst on record in 35 years. Even powerhouses like Toyota are suffering, with the car company registering a \$4.9 billion operating loss for the first quarter of 2009. Add on top of that record Japanese unemployment figures and a debt-to-GDP ratio of 170% and Japan truly looks to be in deep trouble.

But then consider some other facts. For example, Toyota still has cash reserves of \$34 billion dollars and received orders for 180,000 of the new Prius when it went on sale last month – 18 times the original sales projections. Sharp has opened a brand new LCD factory and still cannot keep up with demand, even in the current economic crisis. The Japanese robotic market is expected to grow to \$30 billion by 2010 and double each decade after that. In short, Japanese hi-tech companies went into this economic crisis with enormous strengths and most are poised to come out in even stronger competitive positions.

Moreover, while Japan ranks second in the world in terms of debt to GDP, it is only seventh in terms of *external* debt since the vast majority of bonds are issued to the Japanese people themselves. In addition, unemployment, while a wrenching new social problem in Japan, is still only 5% -- by far the lowest of the major industrialized economies.

We also need perspective on Japanese foreign and security policies. The Japanese Diet has been tied in knots since the opposition parties took control of the Upper House in July 2007 elections and the Aso administration has seen its support plummet in advance of Lower House elections expected this summer. Yukio Hatoyama and the Democratic Party of Japan have said that they support the U.S.-Japan alliance, but have also made noises about demanding a more “equal” or “independent” status for Japan. The DPJ opposed the government’s decision to dispatch Japanese ships to the Indian Ocean in support of counterterrorism operations, as well as a U.S.-Japan agreement that would move about half of the U.S. Marines from Okinawa to Guam and build a new helicopter base to replace MCAS Futenma.

Frankly, I expect a DPJ government would walk away from many of these positions because management of the alliance is so central to the credibility of any Japanese government. However, the party has made no transition plans for taking power because of their internal divisions on security policy and it is not clear how long they would stay in power even if they could take the government given those internal contradictions. On the other hand, even if the ruling Liberal Democratic Party survives elections this summer, they are virtually certain to lose the 2/3 majority they have needed to override the opposition-controlled Upper House.

Japanese politics are a mess, in other words. However, on the broad parameters of security and foreign policy, there may actually be more consensus among individual politicians in Japan than ever before. The evidence is not in the political fights and positioning in Tokyo, but instead in the operations of the Japan Self Defense Forces. This March, for example, Japan stood up its first joint operational command to prepare for the North Korean Taepodong missile launch. The Japan Air Self Defense Force General in command was given full authority from the Prime Minister to engage targets that threatened Japan – without having to go through tedious Diet debates. That may sound like an obvious move to us, but it was the first time since the war that the Japanese military was given this authority. The SDF and U.S. forces also operated with virtual jointness throughout that entire episode, by the way, another important development that signals the strength of the alliance.

Then in April, the JSDF established their first independent joint operational command abroad – this time in Djibouti to oversee Japanese anti-piracy operations in the Gulf of Aden. And last week legislation passed in the Diet that authorizes Japanese ships to use force to protect not only Japanese personnel and property, but also those of third countries. This is also a first; and it represents a significant step towards the kind of collective defense operations that would make Japan a far more effective ally and partner in the future, not only to the United States, but to other partners in coalition operations as well. Sixty three percent of Japanese citizens polled last week expressed strong support for taking the fight to the pirates. We also see greater evidence of Japanese strategic outreach in new bilateral security agreements reached with Australia and India and in the U.S.-Japan-ROK defense ministerial held in Singapore earlier this month.

The lesson here is that although Japan's economic situation may lead to decreasing relative resources, Japan also has untapped capabilities that can make a significant contribution to regional and global security. Another lesson is that the Japanese public is far more acutely aware of security threats than ever before. In fact, in a recent poll 69% of Japanese respondents said they thought their nation could be involved in a war in the near future. That is why the Japanese press and politicians are watching nervously to see whether the Obama administration will keep a firm line with North Korea after two years of unilateral U.S. concessions to the North that sparked unprecedented debate in Tokyo about the credibility of the U.S. extended nuclear deterrent.

Finally, we need to keep in perspective the question of Japan's own "soft power." This committee has had hearings in the past about Japan's difficulty addressing historical issues that have caused particularly problems for Tokyo's relations with Beijing and Seoul. However, it is worth noting that in three years of worldwide polling by BBC, Japan has consistently come out as the most respected country in the world. It is also worth citing the June 2008 Chicago Council on Global Affairs "Soft Power" survey that found the rest of Asia sees Japan as second only to the United States in the degree of its influence in the region. In short, Japan has good standing in the international community; the kind of soft power that provides the basis for a more active Japanese foreign policy not only in Asia, but also in places like Africa where Japanese aid and diplomacy has become newly energized over the past year.

We could spend a good deal of time discussing the specific challenges and tasks before Japan, including things like the need for agricultural and immigration reform, greater women's empowerment, the history issue, more efficient defense spending, and so forth. But my primary purpose here is to leave the committee with the right overall perspective on Japan's power and standing in the international community. This is not the time to "dial down" our expectations for Japan or the U.S.-Japan alliance. There will be greater fluidity in Japanese politics and tough challenges with North Korea and China in the months and years ahead. But the bipartisan strategy championed by Joe Nye, Rich Armitage and now Secretary Clinton and her colleagues in the Obama administration is the right strategy for the United States, for Japan, and for Asia and the world as a whole.

Thank you.