



40^{years}
1970-2010

New Shimoda Conference

Revitalizing Japan-US Strategic Partnership for a Changing World

US-Japan Relations: Past, Present, and Future

February 2011

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Background Paper for the “New Shimoda Conference”

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The Underlying Perception Gap in US-Japan Relations

It has been 50 years since the revised US-Japan Security Treaty was signed in 1960. During that time, there have been numerous developments that were perceived as putting the relationship in crisis. There was the “Nixon Shock,” when the US president visited China without consulting or even notifying Japan. There was the time when the US secretary of state proclaimed that Japan was “insensitive” because it was importing oil from Iran during the hostage situation. There was the Toshiba COCOM [Coordinating Committee for Export to Community Areas] affair, in which Toshiba Machine violated the COCOM agreements by selling industrial equipment to the Soviet Union during the height of the Cold War. The mid-1980s saw economic friction between the United States and Japan peak. And there were tensions surrounding Japan’s contribution to the first Gulf War. On Okinawa, there have been incidences of rape by American soldiers and the conflict over basing issues. And, there was the *Ehime Maru* incident, in which several Japanese high school students died when their fishery training boat was hit by a US Navy submarine.

In the United States, there has been a perception that Japan is not adequately fulfilling its role as an alliance partner. At the same time, many in Japan have held a deep-seated perception that their country is being treated like a dependent by the United States. The Japanese side has been particularly prone to making proclamations that the relationship is in crisis every time there is an isolated incident. Recognizing this perception gap between the two countries, every time there is a US-Japan summit, our leaders speak with a common voice to emphasize that the United States and Japan enjoy an “equal partnership.” Former Prime Minister Hatoyama’s calls for a more “equal US-Japan relationship”—a kind of catch phrase of his administration—were also based on an awareness of this perception gap.

The two countries have come to understand that managing US-Japan relations requires bearing in mind the different roles that each country plays. Japan has expanded its role so that it could take on greater responsibilities in the international community, and the United States has begun showing greater concern for Japan’s sensitivities regarding the United States. On the security side, not only has Japan strengthened its contributions by increasing its defense budget and expanding its host nation support for

US troops in Japan (the so-called “sympathy budget”), but it has also shown progress in adapting its security strategy. For example, over the past two decades, Japan has begun participating in peacekeeping operations, created the Guidelines for Japan-US Defense Cooperation, passed legislation to better enable it to defend itself and support operations by its allies—including the Law Concerning Measures to Ensure the Peace and Security of Japan in Situations in the Area Surrounding Japan and a series of emergency measures laws—and dispatched Japan Self-Defense Forces to the Indian Ocean to help with refueling for US-led forces in Afghanistan and to Iraq to provide humanitarian assistance for reconstruction.

On the economic side, Japan’s official development assistance (ODA) grew rapidly, and Japan played its part in the liberalization of the international economic system by promoting free trade and deregulation. The United States has welcomed these actions, emphasizing consultation with Japan as an alliance partner and attempting to deal with sensitive issues quickly. For the most part, the governments of both countries have managed the alliance relationship effectively, proving the late Ambassador Mansfield’s assertion that “the US-Japan relationship is the most important bilateral relationship in the world, bar none.”

A Preponderance of Shared Interests

It is important to note that one reason why US-Japan relations have developed in this way is that both countries have reaped important benefits from the alliance relationship. From the point of view of the United States—the victor in the Cold War—partnership with Japan is important because it shares the United States’ democratic values and has an important presence as the world’s second largest economy. Japan also plays a role as the cornerstone of the US forward deployment strategy in East Asia. Japan does not possess its own nuclear or other offensive weapons, and its security options are strictly constrained by its constitution. Therefore, the protection it receives from the United States, including the US nuclear umbrella, is indispensable. But the benefits of the alliance extend beyond just the United States and Japan; it has played a major role in maintaining stability throughout Asia Pacific. Even after the end of the Cold War, there is little room for debate about the necessity of preserving some guarantee that regional security can be maintained, given the uncertain future of East Asia that was cited in the 1996 US-Japan Joint Declaration on Security.

Despite the overwhelming presence of these important common interests, US-Japan relations have been showing clear signs of change. In both countries, simple terms such as “Japan bashing,” “Japan passing,” and even “Japan nothing” have been thrown around. American interest in Japan has been fading. In addition, the tendency in Japan to view the United States as the hegemonic power is fading.

Has There Been a Substantive Change in US-Japan Relations?

It is not unusual that, as time passes, the form and relative importance of a bilateral relationship would undergo changes. Looking at the US-Japan relationship objectively, the statistics on trade, investment, and people-to-people exchange eloquently attest to the fact that the mutual importance that each country holds for the other has decreased. There are several reasons for this.

The main reason is that the relative influence of both the United States and Japan has fallen while the relative influence of rising countries, most notably China, has increased. In particular, the rapid market expansion in the newly emerging countries has meant a major change in the flow of goods, services, finance, technology, and people. In 2004, the United States ceded the role of Japan's biggest trading partner to China. The share of Japan's foreign direct investment that goes to the United States was almost halved between 2005 and 2009, from 27 percent to 14 percent, and US trade with China has grown to 2.5 times the size of its trade with Japan. It is only natural for one country to take a strong interest in another with which it has an expanding economic relationship.

Greater interdependence with countries like China that are at different levels of economic development and that have different systems of governance brings with it some difficult challenges. Even though tensions have arisen between the United States and countries like Germany and Japan that grew rapidly after World War II, those countries are a part of the "Western system" in both economic and security terms, so those differences could be resolved.

China, however, remains in many ways a developing country and does not share the same values as the industrialized democracies. As seen in the 41-point joint statement released at the conclusion of the US-China Summit in January of this year, the problems the two countries face in their relationship are both challenging and numerous. Similarly, the responses to the Senkaku Island dispute illustrate that problems between China and Japan are also difficult. One cannot dismiss the possibility that, if not handled properly, those tensions could develop into a confrontation. It is also not unexpected that a country like the United States would shift its attention to those countries with which its relations are most problematic.

I do not believe that the fact that foreign policy attention has shifted or that interest has waned will bring about a substantive shift in US-Japan relations, a relationship in which the two countries still have shared values and important common interests. Still, is there a rationale for reinvigorating US-Japan relations in response to this apparent decrease in the relative importance of the relationship?

New Prospects for US-Japan Relations

US-Japan relations have evolved as a result of the structural changes in international relations brought about by the Cold War system and its subsequent demise. But the

international system is changing again, and the US-Japan relationship cannot escape the impact of that change. Even if the United States remains the sole superpower, its relative power has declined. Not only has US military and economic strength declined in relative terms, but the country's "moral authority" has also declined as a result of the lack of legitimacy for the Iraq War and of the Lehman Shock. Japan's lost decade or two, and the country's political fragility as a result of having changed prime ministers five times—once a year—since the Koizumi administration ended, have drastically lowered its stock. But in the context of a changing international system, we cannot continue doing the same things we did in the past; we have to come up with new solutions.

One characteristic of the current structural change is that emerging nations are coming to the fore and altering the relative balance of power. The world in which the United States took the lead and served as a centripetal force has now become a world in which tensions can easily turn to outright conflict. The center of gravity in world affairs is shifting toward East Asia, which has the strong potential for impressive growth. We are seeing signs that the United States is beginning to respond to these changes in its policy toward China and North Korea, its strengthening of partnerships with key countries in East Asia, and its participation in the East Asia Summit. It goes without saying that the US-Japan alliance is the most important relationship for maintaining stability in East Asia in this changing world order.

The United States and Japan should welcome China's impressive economic growth and our increasingly interdependent relationships with China. On the one hand, there are still major problems with China's domestic governance, and depending on its domestic situation, it is capable of taking a strong stance externally. We witnessed signs of that in 2010. China took a hard-line stance on issues such as Google's withdrawal from the country, the US sale of weapons to Taiwan, and the Dalai Lama. It took a more aggressive stance on the South China Sea, calling it a part of its "core interests," and took measures to assert its claim to the Senkaku Islands. Its reaction to the Nobel Prize was another example of the government appearing not to be concerned about how its behavior is perceived by others. This attitude is probably the result of China gaining confidence through its impressive economic growth and its hosting of the Beijing Olympics and the Shanghai World Expo.

At the same time, there are probably two opposing lines within China: the liberal forces that seek international cooperation, and the more conservative forces that want China to become more self-assertive as a major power. There is also a question of whether or not the political leaders in China have adequate control over the People's Liberation Army. The huge income gap within the country is a major source of dissatisfaction among the general public. Considering that there are said to be 450 million Internet users in the country, public dissatisfaction could easily lead to a mass movement.

Given this situation, a policy of isolating China is not an option. China needs to be engaged within the international community so that it will continue to have a constructive presence. In particular, strong and cooperative relations with both the United States and Japan are indispensable.

Issues for the Evolution of US-Japan Relations

It is unfortunate that the questions surrounding the relocation of Marine Air Base Futenma have become a major source of turmoil in US-Japan relations. The decision to move Futenma to Henoko Bay in Nago was confirmed by both countries twice, once during Liberal Democratic Party (LDP) rule and again under the Democratic Party of Japan (DPJ). If it does not happen as planned, the United States will lose confidence in Japan's reliability. On the other hand, given the sentiments of the people of Okinawa, going through with the relocation will be incredibly difficult.

Therefore, the most important step right now is to create an environment in which the relocation can take place as planned. The Japanese government must continue talking with Okinawa. At the same time, the role of the US-Japan alliance in East Asia's evolving regional order needs to be reconfirmed, and the respective roles of the US military and the Japan Self-Defense Forces need to be clarified. The Futenma issue is integrally related to these larger issues, and unless the general public understands that broader context, progress cannot be made on the basing issue. From that perspective, the United States and Japan should consider the following steps toward reinvigorating the relationship.

1. Creation of a US-Japan Wisemen's Group

Government-to-government talks on their own are insufficient in order to create consensus on the areas in which US-Japan relations should move forward. Instead, experts from various sectors from the United States and Japan should be convened to discuss the relationship in terms that the general public in both countries can easily understand. The key topics outlined below should be discussed both by a wisemen's group as well as through extensive dialogue between the two governments.

2. Reaffirmation of the US-Japan Alliance Structure in East Asia

The 1996 US-Japan Joint Declaration on Security reaffirmed the role of the US-Japan alliance in the post-Cold War era, and the 1997 US-Japan defense guidelines were based on that declaration. The US-Japan alliance needs to be reaffirmed in light of the new international system, particularly given the major changes occurring within East Asia. We need to create a structure that can adequately maintain stability vis-à-vis North Korea and the risk of a more assertive China. At the same time, we need to develop confidence among China, the United States, and Japan. In addition, we need to build an open regional framework that can address such nontraditional security challenges as disaster relief, maritime security, proliferation of weapons of mass

destruction, and terrorism. Japan needs to reexamine its own role in international security—especially in the region—including by giving closer scrutiny to the issue of collective self-defense. Based on that, another joint security declaration by the prime minister and the president is desirable and we might need to consider creating a new set of US-Japan defense cooperation guidelines.

3. East Asia's Regional Architecture

There is a need for greater discussion on the future development and direction of East Asia's architecture, including ASEAN+3, the East Asia Summit, the ASEAN Regional Forum, and the Asia-Pacific Economic Cooperation forum. The United States and Japan need to sort out their own thinking on the region's economic architecture—including on such initiatives as the Trans-Pacific Partnership, the Free Trade Area of the Asia-Pacific, and the Comprehensive Economic Partnership for East Asia—and come to a mutual understanding through bilateral dialogue.

4. Cooperation on Global Challenges

We need to explore ways to strengthen cooperation on such global issues as communicable diseases, energy, and the environment, as well as on outer space and other aspects of the global commons. Deeper exploration is also needed on ways to reform the structures of global governance, such as the United Nations, the G8, and the G20.

5. Expansion of Cooperation on Science and Technology, Cultural and Intellectual Exchange, and People-to-People Exchange

US-Japan exchange has declined in recent years. We need to reexamine our approaches to such areas as cooperation on science and technology, cultural exchange, intellectual exchange, parliamentary exchange, exchanges of business leaders, student exchange, and inter-university exchange.