

JAPAN PERSPECTIVES



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Japan Perspectives

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September 2012

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August 31, 2012

Building the Foundation for Local Governance

Hirohiko Fukushima

Japan instituted the legal framework for political decentralization more than a decade ago, but few local governments have even begun to take advantage of their new rights. Speaking to participants in the Tokyo Foundation's "Weekend School for Municipal Officers," former Abiko Mayor Hirohiko Fukushima delivered a presentation on the true meaning of local governance and what it will take to make it a reality.

In 2000, a set of laws designed to promote the devolution of political power came into force. Under this system, the relationship between Japan's central and local governments is essentially one of equals. Yet more than a decade after these reforms came into effect, the interaction between the center and the regions remains stubbornly hierarchical. Local governments, in particular, seem stuck in the old habit of building their policies and programs around directives from the central bureaucracy, historical precedent, or whatever everyone else is doing.

The very term for local government in Japan—"local autonomous entity" (*chiho jichitai*)—articulates the principle of self-government by local citizens. But the biggest obstacle to a meaningful devolution of power, as envisioned by the decentralization reforms launched in 2000, is the all-too-frequent failure of local officials and politicians to grasp this basic principle. Simply expanding the authority of the mayor or assembly does not lead to "self-government" by the people.

This raises a fundamental question: What must we do to make local governance a reality in Japan today?

Do the Regions Want Autonomy?

A full 12 years after the decentralization reforms came into force, local governments have made almost no use of the powers granted to them under the new

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laws. The 2000 reforms abolished the *tsutatsu*—ad hoc directives issued by the central bureaucracy to local governments—and nullified them retroactively. But even now the vast majority of local governments treat all communications from the central government as binding *tsutatsu* and follow them unthinkingly.



The reforms also did away with “agency-delegated functions,” which are administrative duties assigned to local governments by central government agencies; under the new system, the duties of local governments are limited to local administrative duties and “statutory entrusted functions,” and the legal interpretation of local administrative duties lies first and foremost with the local government. In short, each local authority has the right to define its own duties as it sees fit for the welfare of its citizens, given the circumstances of that locality, rather than be bound by the interpretation of the central government.

Today, communications from the central government take the form of *tsuchi* (not *tsutatsu*) containing technical advice or recommendations with no binding authority. In the event that the state issues a *tsuchi* recommending a change in how a local government interprets its responsibilities, and the local government refuses, the neutral Central-Local Government Dispute Resolution Council is assigned to deliberate the matter and issue a recommendation, and if the local government is dissatisfied with that recommendation, the matter goes to court.

In short, the state and local governments are legally equals. Yet practically every local government continues to follow each notice from the central government as if it were binding. This suggests that one of the biggest reasons devolution has made so little progress is that local government officials either do not understand the new system or simply do not choose to take advantage of it.

I have given lectures about local government all over the country—although less frequently now since becoming secretary general of the Consumer Affairs Agency—and wherever I go, I hear people say, “Decentralization is coming, so we need to learn how to govern ourselves.” I say to them, “Is self-government something you do because someone else’s decentralization policies force you to? If that’s your attitude, then put your mind at rest: As long as you think that way, decentralization isn’t going to happen.”

The more responsibility each individual takes for building a better communi-

ty, the better the community becomes. Self-government should be a natural outgrowth of the idea that we all need to work together and take responsibility for making our community a better place to live. Most local civil servants have it backwards. Decentralization is not about sharing the power that belongs to the state with the regions. It is about sharing the power that belongs to the people with the state and the regions. The power that belongs to the people is not the kind secured through strength or wealth. It is the authority to enforce laws on all citizens to ensure that they can live in peace and equality.

Two well-known examples of this authority are taxation and urban planning. Citizens entrust their local and central government with this power in order to ensure their own freedom. We must never forget that government administration is the exercise of power. And given that this power comes from the citizens—with whom sovereignty lies—it naturally follows that government must act in conformance with their will.

Democracy at the National and Local Levels

Building a consensus from the opinions and feelings of individual citizens is the basic purpose of a democratic system. We all know that Japan is a democracy, but there is a big difference between democracy at the local level and that at the national level.

The Constitution of Japan established a parliamentary democracy, under which citizens elect officials to represent them in the Diet, and the Diet chooses a prime minister to form and head a cabinet. Under this system, people have very limited power over their government. They cannot recall their own representatives in the Diet, let alone dissolve the Diet, and they have no power over the legislative process. Nor can they force the Board of Audit to conduct an audit of a government agency. A citizen cannot even sue a Diet member in a court of law. The exercise of political power is in the hands of the Diet—not the people—as is clearly articulated in the preamble of the Constitution. In short, democracy at the national level is indirect in regard to every function of government (with the exception of amending the Constitution). Citizens can only vote for representatives to whom they entrust the exercise of political power.

By contrast, under Japan's local government system, the citizens elect both their local assembly and their local executive (mayor or governor) by direct vote in separate elections. Citizens also have considerable power over their local elected officials, including the right to recall assembly members and executives or demand dissolution of the assembly. They can submit ordinances for delibera-

tion and demand audits. Citizens can also file lawsuits against assembly members and local executives. In short, at the local level, the legislature, the executive, and the people are on an equal footing in the exercise of political power. The underlying principle of our local political system is direct democracy, in which the citizens decide for themselves.

At a practical, everyday level, however, the system is designed to put the management of local affairs in the hands of the executive and the local assembly. You might say that the foundation is direct democracy, but the framework built on that foundation is a system in which both the legislature and the executive represent the citizens. In such a system, the actions of the executive and the legislature must reflect the will of the people.

This does not mean that local governments need to conduct opinion polls and base all their decisions on the results. Rather, it means that local executives and assemblies must work hard to develop a consensus through careful and open deliberation. It also means that citizens are expected not merely to vote for their government officials but also to participate with them in the policymaking process. This is the essence of democratic self-government at the local level.

Keys to Citizen Participation

When I served as mayor of Abiko in Chiba Prefecture, I instituted a variety of systems designed to encourage citizen participation in local government. Among these was the Public Service Privatization Proposal System. Under this system, the city of Abiko provides the public with access to detailed information on all its public programs, including plans, budgets, and personnel expenses and accepts proposals for outsourcing or privatization from businesses that believe they could provide the same services more efficiently. A panel of outside specialists, citizens, and city officials assesses the proposals, and if the panel deems that it would benefit the public, the service or program is transferred to the private sector.

When I took office, there were organizations that had been receiving subsidies from the city for more than 30 years. When subsidies turn into vested interests in this manner, other organizations are unable to compete. I thus “reset” the program, cancelling all subsidies and inviting applications from all organizations seeking public funding, which were reviewed by citizens in open committee meetings. The conclusions of those committees determined how the municipal funds were granted. All government grants are ultimately funded by taxpayers, and governments have a duty to use such money on programs that offer the greatest benefit to citizens.

I also opened up the city's entire budget-drafting process. The process starts with requests submitted by each department. We put all the budget requests on the city government website, together with the results of the reviews of those requests, and provided citizens with opportunities for feedback at every stage. Opening up the budget process in this way helps residents understand how government programs are prioritized. It gives voters an overall picture of local policy and administration.

These are some of the systems that we designed to promote citizen participation. But designing systems isn't the most important thing. After all, such mechanisms are pointless unless citizens take an interest in the city's programs and make use of them. What is even more important is for government workers to take every opportunity for face-to-face dialogue with the citizens. I was mayor of Abiko for three terms, or 12 years, and I sometimes feel that I spent most of that time debating one thing or another with citizens. At the same time, their support is the one thing that sustained me. Talk about how best to build communities has a tendency to grow contentious, but only by discussing each issue seriously and face to face will people genuinely develop an interest in local policy and community development. Such efforts need to be made not just by the mayor but by all municipal officials, including administrators and assembly members.

It's especially important not to set aside certain aspects of local administration—such as hiring decisions or allocation of grants—as off-limits to citizen participation. In fact, I believe that those are precisely the areas where citizen participation is the most crucial. In the process of screening and reviewing grant applicants under the Public Service Privatization Proposal System and the grant allocation system, citizens gained a familiarity with the businesses and organizations seeking grants and the reasons they were chosen or not chosen. The city also enlisted citizen participation in the hiring process to ensure it was conducted with complete fairness. A sure way to reform government is to invite citizen scrutiny in the very areas you don't want them to see.

The Need for a Local Referendum System

However hard the local executive and assembly work to get citizens involved, and however actively individual citizens take part in government, though, there will be times when the policy decisions of the executive or assembly are at odds with the will of the people. For this reason, every local government should have a mechanism enabling revisions to government decisions. This is why Abiko estab-

lished a system whereby a referendum on any decision is held, without fail, if one-eighth of the city's eligible voters (residents aged 18 or older) request it. If the result indicates that a government decision runs counter to the will of the residents, the government must amend that decision to reflect the popular will as expressed in the referendum. The mayor and the municipal assembly are required to honor the results of the referendum.

A Taxing Issue

In discussions of participatory democracy at the local level, it is impossible to skirt the issue of government finances. Some people have cited Japan's uniform residential tax as one reason decentralization has made so little progress here. Citizens are bound to demand more and more services if they know the tax rate will remain unchanged regardless of what they receive.

What would happen if a local government were able to set its own tax rates? The mayor of the fiscally constrained city of Yubari in Hokkaido might have said to the people, "Let's build a theme park to attract tourists and boost the local economy. To finance it, I propose that the local tax be raised by two percentage points for the next two years. But from the third year on, once the park is up and running, the rate will be lowered by three points." The residents would then debate the proposal quite seriously, knowing it would affect them directly. Directly linking benefits and costs is the best way to get people to behave as stakeholders and take responsibility for their own community and its policies.

Recently Osaka Mayor Toru Hashimoto has made the case that all revenues from the consumption tax should be used to fund local government. I agree that the consumption tax would be an appropriate source of funding for local government in the sense that it is regionally neutral. But we must bear in mind that the consumption tax is a national tax, and as such its rate is determined by the Diet. There can be no true local autonomy until local governments can flexibly set their own tax rates.

No "Right Answer" in Local Administration

Usually, the first step in launching a government program is objective analysis. Officials gather all kinds of quantitative data, subject them to rigorous examination, and then come up with a plan based on the findings. But you don't need human beings to crunch numbers. The real starting point for community building should be a determined will to make things better. Policy without such a will

is an empty shell. Objective analysis is necessary to give concrete shape to that will, but it should not be the starting point for public policy.

Of course, each person—including elected officials—has their own notions of what is needed to make their community a better place. And so building a consensus through dialogue among citizens, administrators, and assembly members is exactly what local governance is all about.

There is no such thing as a “right” local policy. Most of us have been taught since childhood that there is a right answer to everything, and our education system has trained us to search for that answer. A job in which where there is no right answer can therefore be rather challenging. But at the same time, reaching out to people and building a consensus among them can be truly rewarding. If local administrators make an ongoing effort to do this, I’m confident that the “backwards” thinking of which I spoke will right itself and local officials will learn to think for themselves. When they’re able to stand on their own two feet, we will finally see true local self-government in Japan.

Based on a May 19, 2012, lecture at the Tokyo Foundation. Report compiled by Aki-ko Inagaki, program officer, Tokyo Foundation.

August 9, 2012

Whither Japanese Politics in the Post-Ozawa Era?

Katsuyuki Yakushiji

Strongman Ichiro Ozawa's recent exodus from the ruling party over the consumption tax hike bill has provided the kind of political drama in which the media and the public revel. But as Katsuyuki Yakushiji sees it, the real story is that rational policy considerations have triumphed—for once—over partisanship and political ambition.

The battle over a plan to double the consumption tax climaxed in late June and early July, with the passage of the government's tax bill in the House of Representatives and the defection of Ichiro Ozawa and 48 followers from the ruling party. Overseas observers may be shaking their heads, puzzled over yet another senseless Japanese power struggle. But unlike most of the political battles and standoffs of recent years, this one actually culminated in the triumph of good sense and good policy.

Transcending Partisanship to Avert Disaster

The issue is fairly simple. Japan's public debt has swollen to more than 200% of its gross domestic product, the highest ratio of any country in the world. The Japanese government needs to take decisive action to rehabilitate its finances if it wants to avoid a Greek-style debt crisis. This past spring, the cabinet of Prime Minister Yoshihiko Noda, president of the ruling Democratic Party of Japan, began to make good on its promise of "integrated reform of social security and taxes" with a bill that would incrementally boost the nation's consumption tax from 5% to 10% by October 2015.

On the tax hike, unlike most issues, the DPJ was able to enlist the support of its chief rival, the Liberal Democratic Party. The LDP had opposed virtually every government initiative since it lost its decades-long hold on power in 2009, but it

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was prepared to make an exception on the consumption tax, having actively advocated an increase itself. After intensive negotiations, the DPJ, LDP, and New Komeito were able to reach an agreement on a rate increase, and on June 26 the House of Representatives passed the tax bill by a large majority. The legislation now goes to the House of Councillors, which is expected to approve it some time in August.

Passage of the tax bill will be a political achievement without precedent in postwar Japan. Never has the National Diet imposed such a drastic tax increase on the public without an offsetting decrease in some other tax. Galvanized by the unfolding European debt crisis, the major political parties were able to come together on a rational policy response to prevent a similar disaster in Japan.

Mutiny in the DPJ

Ironically, the bill also triggered a revolt within the ruling DPJ. In the June 26 lower house vote, 57 members of the ruling party voted against, while 16 more abstained or were absent. The dissenters—including former Prime Minister Yukio Hatoyama who headed the first DPJ cabinet—were predominantly allies of former DPJ President Ichiro Ozawa. A few days after staging this revolt, Ozawa formally resigned from the DPJ to form his own party. He was joined by 38 lower house and 12 upper house politicians.

As Ozawa would have it, his group abandoned the DPJ because the party broke faith with the voters by violating its 2009 election manifesto, which detailed a policy program with no mention of a tax increase. But practically no one accepts this rationale at face value. The simple truth is that Ozawa seized on the tax issue—always an easy target for voter discontent—as a pretext for bolting the DPJ once it became clear that he had lost the party's internal power struggle.

The rancor between the Ozawa camp and the DPJ mainstream runs deep, and it probably accounts for the new party's long and ungainly name: *Kokumin no Seikatu ga Daiichi* (People's Life Comes First). While an unusual name for a political party, it is neither strange nor unfamiliar as a political catch phrase—in fact, it is identical to the slogan under which the DPJ campaigned successfully to unseat the LDP in 2009—when Ozawa was the DPJ's secretary general and chief election strategist. The decision by Ozawa's splinter group to adopt the phrase verbatim as the name of their new party was surely calculated to rankle the DPJ leadership.

The Ozawa Odyssey

To understand Ozawa's recent behavior, one needs to examine it in the context of his long political career.

Ozawa was 27 when he was first elected to the lower house as an LDP politician, filling the seat left empty by the unexpected death of his father. A favorite of then Prime Minister Kakuei Tanaka, he joined the ranks of the party elite and rose rapidly through the ranks. In 1990, he was appointed LDP secretary general, ascending to the ruling party's second most powerful party office (after that of the president) at the young age of 47.

After that, however, Ozawa's began to find his ambitions thwarted. While serving as secretary general, he lobbied unsuccessfully for electoral reform. Then he lost his bid to seize control of the LDP's largest faction, the Keiseikai (formerly the Tanaka faction). Outmaneuvered by his rivals within the LDP, Ozawa made a daring move and jumped ship. So began a long, meandering political odyssey that may finally be drawing to an end.

In June 1993, after his failed internal power grab, Ozawa seceded from the ruling LDP, along with 43 followers from the lower and upper houses combined. In the general election held the next month, the scandal-ridden LDP lost its lower house majority for the first time in decades, though it remained far and away the largest party. Ozawa put together an anti-LDP coalition from an improbable patchwork of smaller parties, including the Japan Socialist Party and the Komeito, and the coalition formed a cabinet under Morihiro Hosokawa. But this inherently unstable government collapsed after less than 10 months, leaving the LDP in charge again.

Ozawa's quest for power continued. In 1994 he consolidated the opposition forces into the New Frontier Party, launched with 178 lower house and 36 upper house members, determined to unseat the LDP once again. But the party lost seats in the 1996 general election and quickly disintegrated as its members rebelled against Ozawa's leadership. In December 1997, Ozawa blithely dissolved the NFP and founded the Liberal Party from a group of 54 loyal minions. In 1999 he made another bid for power by entering into a ruling coalition with the LDP—the same party he had bolted in 1993. That coalition collapsed after just over a year, and Ozawa once again found himself in the opposition.

By 2001 the Liberal Party's strength had been reduced to 30 seats in the lower and upper house combined. Still, Ozawa persisted in his quest. In 2003, his tiny Liberal Party now expediently merged with the fast-growing opposition Democratic Party of Japan, which already held 100 lower house seats. After hitching a

ride aboard the DPJ, he lost no time taking the wheel. Ozawa became party president in 2006.

Ozawa was back, and at the helm of the biggest opposition party. His next goal was clear: Oust the LDP and seize the reins of government. Setting his sights on the next general election, he revamped the DPJ platform with voter appeal in mind. The new manifesto rejected any increase in the consumption tax, which the DPJ had previously supported, and offered voters a new child allowance and other benefits without explaining how they were to be financed.

Meanwhile, the people had lost all patience with the LDP and its policy failures, having suffered through three ineffectual prime ministers in as many years. By 2009, a change of government seemed inevitable. Then, in May 2009, with a general election looming, Ozawa found himself at the center of a fund-raising scandal and was forced to resign as party president. With Yukio Hatoyama at the helm, the DPJ won the election by a landslide and swept the LDP from power.

As the party's campaign director, Ozawa is widely credited with recruiting and grooming dozens of fresh new faces to run as DPJ candidates. This may have enabled the DPJ to win the election, but it also enabled Ozawa to build up his own factional strength, which some estimated at about 120 following the election. With so many followers, Ozawa remained a powerful and often destabilizing force behind the scenes under three successive DPJ prime ministers—Yukio Hatoyama, Naoto Kan, and Yoshihiko Noda—notwithstanding his indictment on criminal charges. Hatoyama was fairly pliable, tapping Ozawa to be the party's secretary general, but Kan and Noda were both defiant. And when the majority of the DPJ rallied behind Noda's decision to raise the consumption tax, rejecting Ozawa's political pressure tactics, he knew it was time to jump ship again.

Of course, Ozawa maintains that his rebellion was motivated by a principled opposition to the consumption tax increase. Yet until fairly recently, Ozawa was a staunch supporter of a hike. He facilitated passage of the original consumption tax bill as deputy chief cabinet secretary under Prime Minister Noboru Takeshita, and under the Hosokawa cabinet he championed a scheme for a "national welfare tax" designed to raise the consumption tax rate. It was only after he took over as head of the DPJ that his priority shifted to pandering to the masses in a bid to gain Diet seats in the next general election.

In terms of his approach to politics, Ozawa has been consistent from first to last. Like the great faction builder Kakuei Tanaka, he has remained focused on numerical strength as the key to power, reminding us time and again that "in a democracy, the majority is always right." His basic *modus operandi* has been to form a new party with a small group of loyal followers, team up with a larger par-

ty or parties, take over, and repeat as necessary. Ozawa's latest defection is completely consistent with this pattern.

But by repeatedly placing numerical advantage over sound, rational policy, Ozawa has lost all credibility as a national leader. Public support for his new party is hovering around 10%, according to most major opinion polls. Ozawa has spent 20 years creating, destroying, and merging political parties in the pursuit of personal power, but his political peregrinations may at last be approaching a dead end.

Outlook for Japanese Politics

What does the next chapter in Japanese politics hold in store, now that Ozawa has left the DPJ? The focus shifts to mid- to late August, when the consumption tax bill is expected to become law with its passage through the upper house. The government must call a general election no later than August 30, 2013, when the current members' terms expire, but some would like the election to be held much sooner. The LDP wants Noda to dissolve the Diet as soon as the consumption tax bill is passed. Noda has yet to commit himself.

At this point several options are possible. Noda could dissolve the Diet in August, as the LDP wishes, or he could do so after convening an extraordinary Diet session this fall. He could also wait until the Diet approves the budget and other agenda items in next year's ordinary session, then call a lower house election to coincide with the July 2013 upper house election. It is too early to say which of these options Noda will choose.

One thing we can say with assurance, however, is that the 2009 regime change has failed to live up to voters' expectations. Given the government's dismal approval ratings, it is hard to see how the DPJ can secure a lower house majority in the next general election, whenever it may be held.

That said, voter disillusionment with the DPJ has not translated into support for its major rival, the LDP. Swept from power by public indignation in 2009, the LDP has done little since then to revamp its policies or inject new blood into its leadership. Instead it has wasted its energy on and blocking the DPJ government at every turn. Having made no real progress at self-reform, the LDP has been unable to regain the voters' trust. As a result, the LDP's chances of winning more than half the seats in the lower house look dim as well.

In short, Japanese voters are disillusioned with both of the major parties. In a number of recent opinion polls, more than half of respondents have classified themselves as independents with no party affiliation or loyalty. This disaffec-

tion has created an opening for a “third force,” whose uncrowned leader is Osaka Mayor Toru Hashimoto, a former lawyer and television personality. In just a few years, Hashimoto’s Osaka Ishin no Kai (Osaka Restoration Association) has made dramatic gains in and around Japan’s second-largest city, and it is now setting its sights on entering the national arena in the next general election. Other local political leaders are moving in a similar direction, raising expectations for the emergence of a powerful new party in advance of the coming election.

Democracy at a Crossroads

In 1994, Japan adopted a new lower house electoral system, modeled on that of Britain’s House of Commons. By replacing the old multiseat districts—which sustain a multiplicity of small parties—with a system combining single-seat constituencies and proportional representation, the architects of reform hoped to lay the foundation for the alternation of power between two major parties. The reform has had an effect, and in the course of a few elections, the LDP and the DPJ have gained control of more than 80% of the lower house. In 2009, the LDP finally relinquished control of government, and the DPJ came to power.

Unfortunately, the advantages of a two-party system seem much less clear today, in the light of the government’s dismal performance since the DPJ’s takeover. Widespread disappointment with the emerging two-party system is manifested in the dramatic increase in independent voters and the meteoric rise of a “third force” in certain parts of the country.

It seems likely at this point that the next general election will be a three-way battle among the DPJ, the LDP, and the “third force.” And it may well turn out that none of the three secures a majority on its own. In that case, a coalition of some sort will be necessary in order to form a stable government.

The voting public will decide, of course. But the criteria by which such decisions are made have been changing rapidly since around 2000. Increasingly, people view politics as entertainment and look to political leaders for drama, excitement, and quick results. The best way for a rising young politician to build support is by making splashy TV appearances and playing to gallery.

Politics operates in a realm of its own. Our leaders make difficult decisions pertaining to the budget and national policy away from the clamor of everyday life, and politicians need time to educate the people and build support for their decisions. But nowadays the trend is toward year-round campaigning with policies that pander to voters, backed by histrionic TV appearances designed to en-

hance name recognition. The role of reason and informed deliberation in Japanese politics is diminishing at an alarming rate.

Of course, this trend toward the political equivalent of fast food, with its emphasis on mass appeal and instant gratification, is a problem facing all the world's mature democracies. But the problem seems to be magnified in Japan, which has never experienced a popular democratic revolution. Here politics has traditionally been left to politicians, and the level of involvement by ordinary citizens has always been low. In short, most Japanese people do not regard politics as a matter of personal responsibility. Perhaps because of this attitude, Japan is in danger of becoming a global poster child for the problems and limitations of democratic government in a world of round-the-clock infotainment.

May 30, 2012

Japan's Leadership Deficit and Politics of Drift

Gerald L. Curtis

More than a year has passed since tragedy struck the Tohoku region of Japan, and the passage of time since March 11, 2011, has thrown into sharp relief the strengths and the weaknesses of Japan's society and its political system.

More than a year has passed since tragedy struck the Tohoku region of Japan in the form of a 9.0-magnitude earthquake, a tsunami that wiped out entire towns along the Tohoku coast leaving twenty thousand people dead and missing and hundreds of thousands homeless, and an nuclear accident at Fukushima that ranks with Chernobyl as the worst ever. The passage of time since the disaster of March 11, 2011, has thrown into sharp relief the strengths and the weaknesses of Japan's society and its political system.

"More Like Japan"

The dignity of the survivors of the disaster, their perseverance and their readiness to help each other has impressed and astonished people around the world. Television footage of people lined up patiently waiting in the cold for a single rice ball that would be their dinner was broadcast worldwide. Its impact was brought home to me by a Chinese student who took my Japanese politics course at Columbia University this past fall. He told the class that watching television in Beijing and seeing the self-discipline, order, politeness, and stoicism with which Japanese comported themselves, "I wish China could be more like Japan." Chinese and other students in the class nodded their heads in agreement.

Admiration for the way Japanese responded to the 3.11 disaster probably had something to do with why more Chinese students than ever before took my Japanese politics class this year. It also helped produce an outpouring of support for Tohoku from people around the world, both in financial contributions for the recovery effort and in large numbers of foreign volunteers who traveled to Tohoku to help.

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Japanese often take for granted what to foreign eyes is quite extraordinary. For example, the first thing that struck me when I visited evacuation centers in the months after 3.11 was how quiet they were. No one was blaring a radio or talking in a loud voice. This was out of consideration for their neighbors, who in this case were people sitting on the other side of a makeshift carton divider, what remained of their belongings neatly arranged along the sides of the partition.

When I visited a temporary housing facility that had become home to some 1,200 people I was struck by the fact that there were no garbage cans anywhere to be seen. In New York City there are garbage cans on the corner of every block; even so rubbish sometimes overflows the cans and ends up in the street. In Japan people bring their litter home to be thrown away. This may seem trivial but it reflects an admirable and all too rare attitude about personal responsibility to others and to society as a whole.

Political Paralysis

But these strengths of Japanese society are in a sense a mirror image of the weaknesses of the Japanese political system. The saying “the squeakiest wheel gets the most grease” has some relevance here. Japan’s political leaders and the bureaucracy are no doubt committed to doing everything in their power to help people in Tohoku rebuild their lives and their communities. But there is not the sense of urgency or the readiness to dispense with bureaucratic red tape and take bold and unprecedented actions that might have been the case if the public had expressed its discontent with the government’s response more loudly and adamantly.

The Tohoku tragedy challenged the government to be innovative and to create a quick response policymaking system. It has failed to meet this challenge. Tens of thousands of people have been displaced from their homes because of dangerous levels of radiation released by the meltdown at nuclear power plants at Fukushima, all of Japan’s nuclear reactions have been shut down, and neither local governments nor the public at large trust government assurances that it is safe to restart some of these plants. Even so, the Diet is still unable to agree on establishing an independent nuclear regulatory agency that could begin the task of restoring public confidence in government oversight of the nuclear power industry.

It would be one thing if the failure to reach agreement on this issue, or on increasing the consumption tax, or on making changes in the distribution of lower house seats that the Supreme Court has ruled unconstitutional or on other issues were rooted in fundamental policy disagreements. But that is not the case.

Since the Democratic Party of Japan came to power in 2009 the policy posi-

tions of the DPJ and the Liberal Democratic Party on key domestic and foreign policy issues have converged. The failure to reach agreement is based not on deep policy or philosophical differences but mainly on tactical calculations of political advantage.

Japan's prime ministers have changed with such rapidity since Koizumi left office in 2005 that many Japanese voters would be hard pressed to recall all their names. Shinzo Abe, Yasuo Fukuda, Taro Aso, and Yukio Hatoyama were each out within a year. Naoto Kan did little better, holding on for fifteen months. Prime Minister Noda, who took over last September, will have great difficulty beating this record.

Even more dramatic has been the brief tenure of cabinet ministers since the DPJ came to power in the fall of 2009. Ministers in the Hatoyama and Kan governments served an average of 8.7 months. (Under Koizumi it was 18.6 months.) The minister responsible for dealing with the low birthrate has changed eight times in the past two and a half years. There have been seven DPJ ministers of state for consumer affairs and food safety and six ministers of justice. There also have been six DPJ's ministers holding the portfolio responsible for "government revitalization," suggesting perhaps that by revitalization the DPJ means giving as many of its Diet members as possible the chance to experience cabinet office.

Japan's political leadership deficit is not the result of a divided Diet or factional infighting, though they no doubt make governance more difficult. Institutional reforms—abolishing the upper house, for example, or directly electing the prime minister, two ideas that are enjoying some currency in Japan today—would not end Japan's political deadlock or produce stronger leaders. The roots of Japan's political paralysis unfortunately lie much deeper—in the inability of leaders to define national goals and in the failure of both the DPJ and the LDP to recruit enough qualified politicians.

For more than a century Japan defined its national goals in terms of catching up with the West. Since the late 1980s, having reached that catch-up goal, it has been flailing about trying to decide what to do for an encore. Unable to define a large vision for the nation, Japan's political elite has become fixated on tactical maneuvers to exploit petty political differences to gain political advantage. Incredibly, the ouster of the LDP from power in 2009 and the Tohoku earthquake tragedy of 2011 seem to have only intensified the flight from serious policy debate.

Low Expectations

How can Japan emerge from this political cul-de-sac? One possible way is for

time to do the job of training a new generation of political leaders. Japan, optimists might argue, is experiencing a long phase of political creative destruction. But two decades of destruction and little in the way of creativity must sap the enthusiasm of even the most optimistic of optimists. The other is to wait for a crisis to shake the political elite out of its torpor—a military clash with China over disputed territory, for example, a provocative North Korean action against Japan, or a crisis in the government bond market.

Japan has strong social bonds and a weak political system. Problems abound, but living standards for the great majority are high, unemployment is low by international standards, and national security is provided for by a strong alliance relationship with the United States. There is no evidence of a crisis mentality in Japan, even though politicians like to invoke that word.

Precisely because the public has low expectations about political leadership, the belief that they need to do things for themselves and not wait for the government to act is strong. And it has become only stronger in the aftermath of the Tohoku tragedy. Japan is becoming more global and more local at one and the same time. Business firms are being propelled by a strong yen, excessively restrictive domestic regulations, and the realities of the global economy to become more global. On the other hand, the public's loss of confidence in the credibility of the central government is being reflected in the popularity of local politicians and the growing importance of NPOs.

These developments are likely to have long-term positive consequences. But they are no substitute for effective governance at the national level. Having strong leadership at the center is necessary if Japan is going to be able to deal effectively with critical domestic and foreign policy issues. In the absence of crisis, however, and in response to a public that is unhappy with its political class but risk averse and thus reluctant to support bold policy change, Japanese politics will continue to drift. And Japan's political leaders will do little more than follow its meandering course.

August 14, 2012

Too Late to Catch the TPP Train?

Takaaki Asano

Less than a year ago, the Japanese government was basking in the international spotlight after announcing that it would seek a place at the table in the talks for a Trans-Pacific Partnership. Now it finds itself watching from the sidelines as Mexico and Canada prepare to join in the negotiations this December. Takaaki Asano takes a look at hidden obstacles to Japan's participation and what it will take to overcome them.

Last June, during the G20 Leaders' Summit in Los Cabos, Mexico, the international community learned that Mexico and Canada had received official approval to enter into negotiations for the Trans-Pacific Partnership, an initiative for a high-standard Asia-Pacific free trade agreement. Although overshadowed in Japan by the political wrangling over the government's consumption-tax bill, it was a development with important ramifications for the emerging Asia-Pacific economic order—and for Japan's future role in that order.

Eight months earlier, prior to the November 2011 APEC (Asia-Pacific Economic Cooperation) summit in Honolulu, Prime Minister Yoshihiko Noda grabbed the TPP spotlight by announcing that the Japanese government would “enter into discussions with the negotiating parties with a view to participating in the TPP talks.” At the time, the international community greeted the statement as a de facto announcement that Japan desired to join the negotiations, and Mexico and Canada wasted no time using the APEC meeting as an opportunity to announce their own ambitions in that direction. Media commentators observed that Japan's decision carried considerable weight—enough to tip the scales where other countries were concerned.

How did it come about, then, that Canada and Mexico were accepted before Japan was? How were we left at the station by the very countries that supposedly followed us there?

More than Meets the Eye

The general assumption has been that the delay is just another case of the weak leadership and partisan gridlock afflicting Japanese politics nowadays. The government needed to get the nation's political and economic leaders on board before it could officially announce its "candidacy," and it failed to do so in time, partly because the debate over the consumption tax pushed other issues to the back burner. While this is true as far as it goes, it is certainly not the whole story.

Any new participant in the TPP negotiations must receive the endorsement of all nine currently participating countries.¹ Accordingly, soon after the November 2011 APEC summit, Japan, Mexico, and Canada set out to secure that endorsement. Japan conducted extensive pre-negotiations with each government, beginning with Brunei in January 2012. Moreover, it was widely reported that Tokyo had secured the informal approval of six countries—all but the United States, Australia, and New Zealand.

Each of the applicants naturally put top priority on winning the approval of the United States, the leader of the TPP effort, and the Office of the US Trade Representative has stated that approval or denial will hinge on whether an applicant demonstrates a readiness to commit to the high standard of liberalization Washington envisions for the TPP. In the case of Mexico, this entailed confidence-building measures in the form of specific steps to strengthen protection of intellectual property rights, including the signing of the Anti-Counterfeiting Trade Agreement and ratification of the Madrid Protocol on international trademark registration.

Canada was told that its copyright laws and its practice of supply management in the dairy and chicken industries could be impediments to participation. (Canada was already refused admission to the TPP negotiations once, in October 2010, primarily because the nine negotiating countries—particularly the United States, Australian and New Zealand—objected to its intransigence on protection of the domestic dairy and poultry markets.)

In the wake of pre-negotiation talks with the United States, the Mexican government moved quickly to gain its legislature's support for measures to strengthen intellectual property rights. Before long it had cleared two key hurdles: ratification of the Madrid Protocol and adoption of stronger protection

¹ Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the United States, and Vietnam.

for intellectual property rights in pharmaceuticals.² These steps, along with vigorous lobbying of the US Congress, secured Mexico the official nod on June 18 this year.

Canadian Prime Minister Stephen Harper responded to such concerns in his own fashion. He fought off direct pressure to open up the Canadian dairy and poultry markets, insisting that, while the government was eager to join the TPP negotiations to promote the national interest, he would not do so at the expense of individual domestic industries. At the same time, he made it clear that Canada was willing to “put everything on the table” if it joined the TPP negotiations.³ After addressing another objection by amending the nation’s copyright laws in June this year, Canada got the green light on June 19, a day after Mexico was welcomed into the negotiations.

In the wake of these developments, New Zealand Trade Minister Tim Groser spoke to the issue of Japan’s participation, saying, “We look forward to welcoming Japan to the negotiations once Japan is ready and we have established procedures for their entry that are acceptable to their government and to ours.”⁴ The official position, in short, was that the ball was in Japan’s court.

The implication is that Japan need only reiterate its intention to participate in order to sit alongside Mexico and Canada in the upcoming round of TPP negotiations. But this ignores the fact that Japan’s entry into the talks requires the approval of US politicians. The fact is that the US automobile industry is opposed to Japan’s inclusion in the talks, and the political support of the United Auto Workers is critically important to a substantial number of Democratic politicians—including President Barack Obama—particularly with an election coming up in November. This may help explain why, just this past July, 10 Democratic senators signed a letter to President Obama opposing Japan’s participation in the TPP negotiations, citing Japan’s closed automobile market.

In this sense, Mexico and Canada faced relatively few domestic hurdles to approval, since they were already members of the North American Free Trade Agreement. To be sure, the AFL-CIO, America’s largest trade union federation and a major supporter of the Democrats, was extremely critical of NAFTA’s insufficient labor protections, but Obama is said to view Mexico and Canada’s par-

² On June 22, the Mexican government signed ACTA as well.

³ By contrast, Noda came under sharp criticism in Japan after the Honolulu APEC meeting by those who charged he had committed Japan to negotiate the liberalization of trade in all goods and services.

⁴ *National Business Review*, June 20, 2012, <http://www.nbr.co.nz/article/pressure-japan-canada-joins-tpp-talks-groser-wb-121652>

ticipation in the TPP negotiations as a step toward responding to such criticism and “upgrading” NAFTA, as he pledged to do in the 2008 election.⁵

All of this suggests that it is simplistic to blame Japan’s current position vis-à-vis the TPP solely on Noda’s failure to act decisively. A more astute interpretation would be that the forces that oppose Japan’s involvement in the TPP process have taken advantage of the (in part, deliberately) vague language of Noda’s November statement to make the case that Japan lacks the will—thereby justifying their own obstruction.

A Question of Timing

Although Mexico and Canada were officially admitted into the process in June, they are not expected to join in actual TPP negotiations until the fifteenth session begins in December. Until recently, some well-placed sources were suggesting that Japan could still join Mexico and Canada at the table this year as long as it officially announced its intention to participate by the end of August. Others were pointing to September, when Noda is scheduled to be in the United States for the UN General Assembly. But pressing Congress to make a decision on trade issues involving Japan in the highly charged political atmosphere prior to the November elections seems like a perilous strategy. All in all, Japan’s chances would doubtless have been better had its application been considered at the same time as Canada’s and Mexico’s.

No Meaningful TPP without Japan

While it is certainly an oversimplification to assign the Noda cabinet sole responsibility for Japan’s failure to keep pace with Canada and Mexico, the fact remains that this delay has, at the very least, limited Japan’s opportunity to take part in and shape the TPP process. Latecomers are always at a disadvantage when it comes to multilateral frameworks and negotiations.

Japan struggled mightily after World War II to gain admittance into the United Nations and other international organizations and take its place at the bargaining table in international negotiations. Britain, France, and other nations strenuously opposed Japan’s membership in the General Agreement on Tariffs and Trade, arguing that it was too far outside the economic and cultural main-

⁵ “USTR: Canada and Mexico Joining TPP Allows Obama to Fulfill Promise,” *Inside U.S. Trade*, June 22, 2012.

stream to be a constructive partner in such a framework. It was only thanks to the vigorous support of the United States that Japan was finally admitted in 1955.

Diplomacy has been called a “two-level game,” a delicate process requiring simultaneous progress on the international and domestic levels.⁶ Rather than assume that domestic circumstances determine the outcome of international negotiations, or conversely that international negotiations unilaterally circumscribe domestic policy, this model posits a dynamic process in which domestic and diplomatic developments can impact one another and potentially yield new options.

If we review the events of recent months with this notion of dynamic complexity in mind, we recognize that some among the nine negotiating countries are eager to smooth the way for Japan’s participation. For example, during Japan-US talks last February, the Americans were at pains to dispel rumors that Washington was seeking a trade framework that would require member countries to dismantle their public health insurance systems or open their doors to unskilled immigrants. It has also been reported that some US officials opposed placing preconditions on Mexico’s participation, lest doing so undercut the Japanese government’s efforts to build a domestic consensus for participation.⁷

This attitude stems from a pragmatic recognition of Japan’s importance as an advanced economic power and the impossibility of building a meaningful trans-Pacific FTA without the participation of such a key player. The current nine negotiating countries account for less than a third of the global economy. With Canada, Mexico, and Japan, that share would rise to 40%. Japan should take advantage of its leverage as an economic power and negotiate a trade agreement that it can live with.

But Japan’s posture in such negotiations should be aligned with basic government policy regarding FTAs. The government has been criticized domestically for providing insufficient information on the TPP. But the kind of information we need now is qualitative, not quantitative. By this I mean not merely a statement on whether or not Japan should participate in the negotiations but an explanation of how Japan proposes to make use of the TPP—as a means, rather than an end in itself—to further the nation’s long-term interests. This would allow the public to grasp the TPP’s significance in a larger context, while giving

⁶ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games Diplomacy,” *International Organization*, vol. 42, no. 3 (Summer, 1988), pp. 427–60.

⁷ Ministry of Foreign Affairs, Results of discussions with relevant countries on participation in TPP negotiations—US (in Japanese), February 7, 2012, http://www.mofa.go.jp/mofaj/gaiko/tpp/pdfs/tpp01_11.pdf (accessed July 23, 2012).

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officials the means of responding quickly and flexibly at the negotiating table on the basis of Japan's ultimate objectives.

What we do not need, clearly, is trade policy debates based on inaccurate information or "pie in the sky" promises about the good things to come once Japan joins a trans-Pacific agreement. The time has come to craft a comprehensive trade and commerce policy backed by a clear and sound vision of the future.

June 21, 2012

POLICY PROPOSAL

Rebuilding Japan's Energy Policy

Overcoming Constraints and Addressing Longer-Term Challenges

Taisuke Abiru and Hikaru Hiranuma

The 2011 accident in Fukushima has deeply shaken the Japanese people's faith in nuclear energy, and the government has been forced to rethink its Basic Energy Plan. If Japan can no longer depend heavily on nuclear energy, the twin imperatives are to secure fossil fuels and expand renewable energy. Specifically, the country should place high priority on securing supplies of natural gas and exploring the practical potential for offshore wind power development.

1. New Constraint on Japan's Basic Energy Policy

The 2011 accident at the Fukushima Daiichi Nuclear Power Station has deeply shaken the Japanese people's faith in nuclear energy. As a consequence, the government has been forced to rethink the nation's Basic Energy Plan, under which nuclear power was assigned a pivotal role in the nation's energy strategy.

As of this writing in May 2012, all 54 of Japan's nuclear reactors are shut down, most in the name of "routine maintenance," and it is difficult to say whether circumstances will permit any of them to resume operations.

The deep distrust that the Fukushima accident instilled in the Japanese people is not the only obstacle to the resumption of nuclear power generation in Japan. The industry also faces skyrocketing construction costs from new requirements to make plants capable of withstanding major natural disasters, as well as unresolved technical problems pertaining to the back end of the nuclear cycle (such as the disposal of radioactive waste). In the absence of concrete solutions to these challenges, the development of a new national energy policy is constrained by the unfeasibility of an energy strategy that relies heavily on nuclear power.

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2. Outlines of a Basic Energy Policy Premised on This Constraint

If we operate on the premise that Japan can no longer depend heavily on nuclear energy, which previously supplied one-third of the nation's electricity, we are left with two possible strategies—very broadly speaking—for meeting our future energy needs.

The first is to “**cover the energy deficit**,” compensating for the shutdown of nuclear plants by generating more power from conventional thermal power generation (using fossil fuels) on the one hand and alternative or renewable energy sources on the other.

The second approach is to “**cut energy consumption**.” This focuses on reducing energy demand from current levels over the medium to long term by promoting new energy-efficient technologies and lifestyle changes, assisted by a dwindling population.

The former, which seeks only to make up for lost nuclear power, might be characterized as being **realistic but devoid of vision**. The latter, with its exclusive focus on reducing demand through technological innovation and lifestyle changes, meanwhile, can be described as **full of ideals but divorced from reality**.

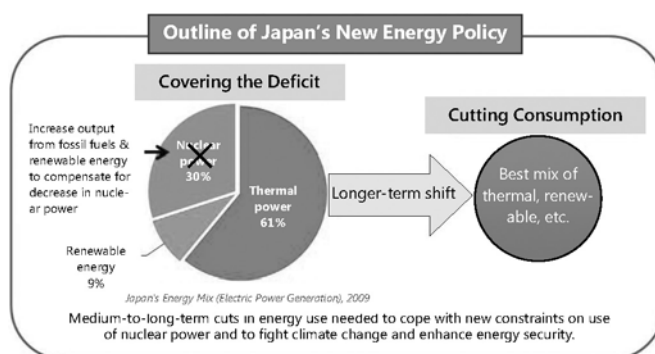
At the same time, the reduction of energy consumption farther down the road is an important goal not only from the perspective of building an energy policy less dependent on nuclear energy but also from the standpoint of stemming climate change and enhancing energy security.

In recent years the Japanese government has drawn up various and sundry policy documents outlining bold new energy goals for the nation, with titles like New National Energy Strategy, 21st Century Environmental Nation Strategy, and Biomass Nippon Strategy. Yet so far, none of these goals has come to fruition.

What are the reasons for this failure? One, no doubt, is that the goals set forth were too far removed from reality (that is, the gap between ideals and reality was too wide). Another is that the policy goals were not backed by a practical plan of action consisting of concrete and specific policy measures (that is, policies never evolved past the stage of wishful or abstract thinking).

In formulating a new energy strategy, therefore, Japan must not simply choose between a “cover the deficit” and a “cut consumption” approach. Rather, our energy policy should be a seamless blend of realism and idealism, focusing on the deficit-covering strategy to cope with pressing realities while adopting policy measures designed to move us toward the ideal of reduced energy consumption over the medium to long term.

This will require the government to determine what energy resources the nation needs, identify in specific and concrete terms the potential obstacles to securing and utilizing those resources, decide which issues are the most urgent in the light of international developments and time considerations, and address those issues on a priority basis.



3. Twin Imperatives: Securing Fossil Fuels and Expanding Renewable Energy

Whether the focus is on covering the energy deficit or cutting energy consumption, for the foreseeable future there will be a continued need to (1) secure supplies of fossil fuels, and (2) expand the use of renewable energy. Indeed, even if nuclear power generation is resumed and reemerges as a viable energy option, these would still be vital tasks from such standpoints as climate-change mitigation, energy security, and the development of green industries, as indicated by their prominent place in the government's Basic Energy Plan to date.

In short, securing supplies of fossil fuels and expanding the use of renewable energy are both imperatives for any basic energy policy going forward. And among the various options available in these two categories, the best ones are natural gas and offshore wind power, respectively.

The main fossil fuel options are oil, coal, and natural gas. With oil comes worries over rising prices and unreliable supply, given recent political instability in the Middle East. Coal offers better supply stability, but higher carbon emissions make it a poor choice from the standpoint of stemming climate change.

Natural gas, on the other hand, offers potential for greater diversification of supply sources than oil, and it is the cleanest of the fossil fuels in terms of carbon emissions. In addition, Japan has made great technological progress in the efficient combustion of natural gas. For these reasons, natural gas should be considered the

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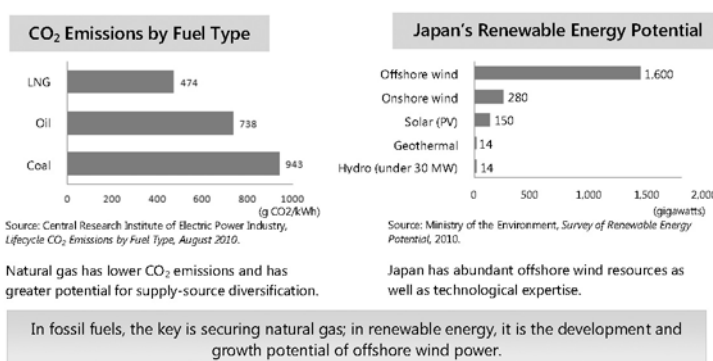
strongest candidate for the position of Japan's key fossil fuel in the years ahead.

At the same time, Japan is blessed with great renewable-energy potential thanks to a richly varied natural environment that includes an extensive coastline and numerous volcanoes and hot springs.

Among the renewable-energy options available to Japan are geothermal, solar (photovoltaic), solar thermal, onshore and offshore wind, micro hydro, and biomass. Of these options, offshore wind power offers by far the greatest potential for our future energy supply. Japan has plentiful offshore wind resources, and with offshore wind power, development is not limited by the availability of land. In addition, Japan excels at the technologies needed for the development of offshore wind power.

Accordingly, if Japan aims to expand its supply of renewable energy, offshore wind power is the most obvious candidate to play a leading role, and much will depend on extent to which we can make use of this resource.

In revamping Japan's energy policy, therefore, the government should place high priority on securing supplies of natural gas and exploring the practical potential for offshore wind power development, and work quickly to identify and address the challenges ahead.



4. Proposals regarding Natural Gas

(1) Diversify sources and forms of access to ensure stable supply and hold down costs

Leading candidate to replace nuclear energy

With Japan's nuclear reactors offline indefinitely as a consequence of the nuclear accident in Fukushima, Japan has no choice in the short term but to compensate

for the loss of electric power from nuclear energy by increasing the output of electricity from fossil-fuel-burning plants. Because of its cost and environmental advantages, liquefied natural gas is the fossil fuel of choice to offset the loss of nuclear power. The Institute of Energy Economics estimates that Japanese demand for LNG in fiscal 2012 will jump about 20 million tons from 2010 if the nation's nuclear power plants remain offline.

Instability in the Middle East and rising procurement costs

According to estimates issued by the Ministry of Economy, Trade, and Industry, the shutdown of Japan's nuclear power facilities is likely to add 3.1 trillion yen in fuel costs to the nation's energy bill in fiscal 2012. Meanwhile, the unstable situation in the Middle East, including the situation in Iran, raises the real possibility of an interruption in LNG exports from Qatar, currently the world's largest producer. It is essential that Japan develop a plan to secure reliable access to natural gas while keeping down procurement costs.

Japan pays too much

Broadly speaking, there are three major world markets for natural gas: North America, Europe, and the Pacific Basin. In the North American market, spot prices have fallen sharply since 2009, thanks to the exploitation of unconventional natural gas resources, including shale gas (the so-called shale-gas revolution). As of this writing, Henry Hub prices are averaging around \$2/MMBtu (million British thermal units). Japan, on the other hand, depends on imports of liquefied natural gas, and the pricing of LNG in the Pacific Basin is based on long-term contracts and linked to the movement of oil prices. As a result, Japan pays about \$16/MMBtu, roughly eight times North American prices.

To be sure, it is virtually meaningless to compare the Pacific Basin market with North America, since the latter produces so much of its natural gas internally and is equipped with an extensive pipeline network to transport it, allowing it to be bought and sold at spot prices. However, it is worth noting that the price system in Europe was also based on long-term contracts—generally for gas procured via pipeline—and tied to oil prices, but the ripple effect of the shale gas revolution has begun to erode the old price structure, as LNG from Qatar that would have gone to North America has instead rushed into Europe at spot prices below contract prices for pipeline gas. As a result, the average purchase price of natural gas in Europe is also markedly cheaper than in Japan, at about

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\$10/MMBtu. What this tells us is that Japan, too, needs to diversify its supply sources and forms of access to natural gas, both to ensure a stable supply and to keep down costs.

North America and Russia hold the key

The key to diversifying Japan's supply sources and forms of access lies with producers: North America—where the “shale gas revolution” has opened the way to production of cheap natural gas—and Russia, which holds rich gas reserves on Sakhalin Island, just north of Japan, and may eventually be able to supply that gas in a form other than LNG, namely, via pipeline.

(2) Design a procurement strategy combining North American shale gas and Russia's Sakhalin reserves

The potential of North American shale gas

Importation of North American shale gas could mean significant savings for Japan. Even adding in about \$10/MMBtu in extra costs for liquefaction and shipping, the estimated price is \$12/MMBtu, as against the current level of \$16. The main obstacles are the absence of a Japan-US free trade agreement, which is needed for US companies to export LNG to Japan, and American concerns that LNG exports could push up domestic gas prices. At this time it is impossible to predict how much of its own natural gas the United States may ultimately be willing to export.

The increase in US production means, though, that Canadian natural gas (including shale gas) that was previously exported to the United States can be channeled to Asian markets instead.

In view of the current situation, Japan should look to Canada for the bulk of its North American shale gas, while at the same time laying the groundwork for procurement from the United States with an eye to strengthening the Japan-US security alliance.

Expanded imports from Sakhalin

Japan is currently meeting 9% of its total gas demand from the Sakhalin-2 Project, and it can also look forward to gas from Sakhalin-1, which has yet to be earmarked for export, as well as from Sakhalin-3 once production gets underway. In all, Sa-

khalin holds great promise as a long-term, stable source of natural gas for Japan.

A Japanese consortium including Itochu and Marubeni is currently working with the state-controlled Russian natural gas giant Gazprom on a feasibility study for construction of a major plant in Vladivostok to liquefy natural gas, including that produced by Sakhalin-1, for shipping to Japan and other destinations.

All of this points to the need to formulate a gas procurement strategy centered on both North America, where the “shale gas revolution” has facilitated the production of cheap natural gas, and Russia, which holds rich gas reserves centered on Sakhalin, just north of Japan.

(3) Revisit the Sakhalin-Japan pipeline plan

Improving access to Sakhalin gas

In the early 2000s, US oil giant Exxon Mobil, leader of the Sakhalin-1 Project, was pushing plans to build a gas pipeline from its Sakhalin gas fields to Japan. The project ran aground, however, supposedly owing to political obstacles on the Japanese side.

Exxon Mobil does not seem to have given up hope of building a pipeline from Sakhalin, but Itochu, Marubeni, and other members of the Japanese consortium involved in Sakhalin-1 are pursuing other angles, as suggested by the aforementioned feasibility study for an LNG plan in Vladivostok.

According to estimates made in the early 2000s, however, a pipeline from Sakhalin had the potential to lower Japan’s gas procurement costs significantly, reducing electricity rates in the process. Under the circumstances, it would make sense for the government to take the initiative in reexamining the feasibility and economic benefits of Exxon’s pipeline plan, taking care to reach an understanding with the Japanese fishing industry before proceeding.

5. Recommendations for Development of Offshore Wind Power

(1) Speed up trials of floating wind turbines

Offshore wind power can be generated either by fixed-bottom wind turbines or floating turbines. In Europe, where offshore wind power has made great inroads, fixed-bottom turbines are the rule, primarily because the coastal waters are relatively shallow. In Japan, with its deeper coastal waters, construction of

bottom-mounted towers raises serious challenges. For this reason, floating wind farms may be the most promising option for Japanese wind power in the years ahead.

With its advanced shipbuilding technology, Japan has the basic technical know-how needed to develop floating offshore wind power facilities. In addition, Japanese companies hold a major share of the global market for various wind turbine components.

Globally, the development of floating wind technology is still in its infancy. The most promising project to date is an installation by Norway's Statoil and Germany's Siemens Wind Power about 12 kilometers off the coast of Karmøy, Norway, which has been undergoing trials since 2009. As yet, there are no facilities operating commercially.

In Japan, meanwhile, the Ministry of the Environment has plans to install a 2 megawatt demonstration floating turbine off of Kabashima (Goto Islands, Nagasaki Prefecture) in 2013. METI, too, is advancing a wind farm demonstration project to install six 2 megawatt turbines off the coast of Fukushima, scheduled to operate through 2015. At this stage, however, Japan still lacks a working model of floating wind power, let alone the empirical data to accurately assess the true costs and determine what it will take for the technology to catch on.

It seems clear that the development of floating wind technology is crucial if Japan is to take full advantage of wind power's unparalleled potential as a renewable energy source. Yet the report on energy costs issued by a subcommittee of the government's Energy and Environment Council in December 2011 had nothing at all to say about floating wind technology, although it provided cost estimates for onshore wind, fixed-bottom offshore wind, geothermal, solar, micro hydro, and biomass energy.

The government must move quickly to complete operational trials of floating wind turbines so as to determine the extent of the role offshore wind power can play in Japan's energy mix and develop effective policy measures to support wind power development.

The government should also consider the role floating wind technology could play in the development of Japan's green industries. With floating wind technology still in the developmental stages globally, Japan has a strong chance of emerging as a world leader in commercial application of floating wind turbines, providing it moves quickly to complete operational trials.

(2) Conduct trials with an eye to international standards development

Keeping an eye on the development of standards

Although floating offshore wind farms are still at the developmental phase worldwide, discussions are already underway for the drafting of international technical standards.

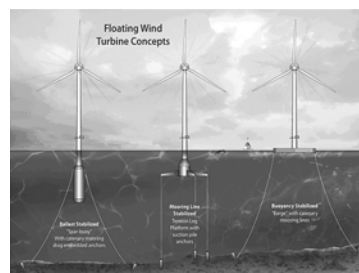
Not long ago, South Korea took the lead in this process by submitting a proposal to the International Electrotechnical Commission to create a working group on international standards for floating offshore wind turbines. In May 2011 the IEC accepted the proposal and set up such a group within the technical committee on wind turbines (TC 88). Not surprisingly, South Korea, as the originator of the proposal, secured chairmanship of the group, putting itself in a position to lead deliberations on the development of international standards for floating wind turbines.

Under the World Trade Organization's Agreement on Technical Barriers to Trade, members are required to abide by international standards developed by such public international bodies as the International Standards Organization and the IEC. For this reason, the development of international standards is always a focus of intense diplomatic jockeying as countries attempt to position their own technology as the international standard that will eventually dominate global markets.

Japan needs to keep a watchful eye on this process. Offshore wind power, which has vast potential for Japan, is an area that lends itself well to the application of Japanese technology. It would be a shame to find ourselves unable to utilize and disseminate our own technology because we fell behind in the race for international standardization.

Standardization schedule

Under the original schedule, the floating offshore wind turbine working group was to adopt a working draft sometime in 2012 with a view to establishing the standards sometime in 2013. However, the draft submitted by the South Koreans at the working group's first meeting in September 2011 was criticized as inadequate and failed to win approval. The working group decided to go back to



Types of support structures for floating wind turbines include (left to right) vertical spar buoy, tension-leg system, and barge.

square one and begin formal deliberations only after it had a working draft that incorporated the accepted criteria for international standards.

Taking the lead through prompt completion of trials

Had the draft specifications submitted by South Korea been approved, the development of international standards for floating offshore wind turbines would have proceeded according to the South Korean design. But because of the working group's decision to start over, Japan has a second chance to provide technical input and shape the process.

That said, the window of opportunity for Japan is narrow. Countries possessing empirical data naturally have a greater voice in the standards development process. For this reason, Japan needs to conduct and complete operational trials without delay, with the following in mind.

- The schedule for operational trials should be linked to the standards development timetable.
- A country to watch is Norway (both its technologies and involvement in standards development), given its head start in operational trials.

(3) Encourage the fishing industry's involvement in offshore wind power

The importance of community cooperation

The Japanese government is conducting a variety of projects oriented to the expansion of renewable energy, from studies to gauge the potential of various resources to development of new and better technologies for their use. However, amid all these efforts, we must keep in mind another basic condition for the spread of renewable energy.

Renewable energy is local energy technology, depending as it does on the natural resources and conditions—wind, sunshine, geothermal energy, water—of a particular area. To effectively utilize those resources, it is essential above all else to secure the understanding and cooperation of the local residents.

If the government neglects this aspect of energy development and bases its predictions of penetration and optimum energy mix solely on the basis of resource potential and technological considerations, there is a very real danger that government policy will find itself at odds with reality, and the growth of renewable energy will founder in the face of community opposition.

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In promoting the expansion of renewable energy, the government must formulate policy measures that are capable of winning the understanding of the local community.

Local cooperation for floating offshore wind power

Floating offshore wind technology is still in its infancy, and if Japan can lead the way in its development, it has an opportunity to promote its own technology throughout the world. But because floating offshore wind has no track record of practical use anywhere in the world, let alone inside Japan, people have no idea what it would entail and how they would be affected.

In Japan, the Ministry of the Environment has plans to install a 2 MW demonstration floating turbine off Kabashima in 2013, and METI is implementing a multi-turbine floating wind farm project off the coast of Fukushima through 2015. In the meantime, however, the government needs to work quickly to provide the public with a concrete image of these facilities.

In addition, these pilot projects should be designed not merely to verify technical viability but also to demonstrate how floating wind power facilities can coexist with the community and provide a model for partnership between the electric power companies and local residents based on voluntary community participation.

Involving fishers in wind turbine operation

Once the floating wind turbines are installed, their presence will create a variety of opportunities for on-site work, including regular maintenance, environmental surveys, and patrols to enforce navigation safety zones. Since this will be off-shore work necessitating the use of boats, it could offer important opportunities for participation by local fishing workers.

In advance of the Environment Ministry's demonstration project off Kabashima, discussions were held with the local fishing cooperative, which agreed to seek the cooperation of local fishers for environmental surveys, maintenance, and other work expected to arise in connection with the study.

Norway, which currently leads the world in piloting floating wind power, has developed special boats designed for both fishing and efficient operational support for floating wind turbines so as to allow fishers to take part in their operation.

These trends suggest the possibility that offshore wind power could become

a new marine industry in which workers cultivate and harvest electric power in the same manner as they might cultivate and harvest oysters or scallops—without being subject to fluctuations in yield.

The government needs to foster a mutually beneficial partnership between the fishing and power industries by supporting the development of a business model that incorporates this concept.

Conclusion: Integrating Basic Policy with Practical Measures

The government is currently deliberating the outlines of a new energy policy, to be issued this summer in the form of an “Innovative Strategy for Energy and the Environment,” a new Basic Energy Plan, and other policy documents. The central purpose of the effort is to redefine Japan’s optimum energy mix in the wake of the accident at Fukushima Daiichi Nuclear Power Station. However, a statement of policy goals has little meaning unless it is accompanied by a roadmap composed of concrete measures for their achievement.

For example, the government can call for increased output from conventional thermal power plants to compensate for the loss of nuclear power, but without concrete measures for securing supplies of natural gas, the prospects for meeting demand are uncertain.

Similarly, the government can incorporate offshore wind power as a major component of Japan’s optimum mix, noting its high potential as an alternative energy source for Japan, but until it has data from on-site trial operations using real equipment, it has no way of knowing the true costs and practical obstacles to widespread adoption.

In short, the drafting of basic energy policies, including the optimum energy mix, must be carried out in tandem with the formulation of the concrete measures needed to carry out those policies.

In this proposal, we have offered basic recommendations for policy measures pertaining to several key energy challenges facing Japan. We urge the government to incorporate these recommendations in its planning to ensure that the new policy scheduled to be unveiled this summer amounts to more than an exercise in abstract or wishful thinking.

Reform of Japan’s energy production and distribution system is expected to emerge as a major focus of the energy debate. A basic energy policy firmly grounded in practical policy measures is a precondition for any meaningful discussion of this system, which must be designed to facilitate the energy mix envisioned. For this reason as well, the government is urged to draw up a national

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energy policy and strategy grounded in concrete policy measures as outlined in this proposal.

July 31, 2012

The New Silk Road and New Continentalism

Emerging Geopolitics and Geoeconomics in Central and South Asia

The Tokyo Foundation

On July 9, the day following the Tokyo Conference on Afghanistan at which the international community pledged \$16 billion in aid to Afghanistan under a new mutual accountability framework, the Tokyo Foundation and the Reischauer Center for East Asian Studies at Johns Hopkins University co-organized a symposium attended by many of the senior government officials, international organization representatives, and scholars who took part in the Afghanistan conference.

The symposium at the Tokyo Foundation discussed a broad range of issues confronting the Central and South Asian region, including those pertaining to regional connectivity, energy and mineral potential, obstacles to private-sector investment, and areas for enhanced Japan-US cooperation. Japan has emerged as Afghanistan's second biggest donor of official development assistance after the United States, while Washington has identified a vision—dubbed the New Silk Road—for this highly strategic area aimed at forging closer regional economic ties.

Continentalism—an emerging configuration in continental Asia driven by economic growth, rising energy demand, and the erosion of longstanding geopolitical divisions—was open to the public and held as the 50th Tokyo Foundation Forum. The following is a report of the Forum.

* * *

Prior to the start of the session, brief opening addresses were made by Ambassador Tadamichi Yamamoto, the Japanese government's special representative for Afghanistan and Pakistan; Jawed Ludin, deputy foreign minister of the Islamic Republic of Afghanistan; and Michael Keating, the deputy special representative of the UN secretary-general for Afghanistan.

Ambassador Yamamoto described the ministerial conference on assistance for Afghanistan held the pre-



Ambassador Tadamichi Yamamoto

ceding day as a “satisfactory” meeting that will contribute to Afghanistan’s development following the withdrawal of most international troops after 2014, but he pointed to the need to do much more.

It was the second such meeting hosted by Japan, the first being in January 2002 just after the collapse of the Taliban regime. This time, the conference attracted delegates from 55 countries and 25 international and regional organizations and was “far more strategic and political,” Yamamoto noted. “The most important result of the meeting was that we succeeded in sending a strategic message that Afghanistan is capable of sustainable development toward self-reliance over the next 10 years.” There has been an enormous improvement in people’s livelihoods over the past decade, he noted, with GDP growing fivefold, access to public health services being dramatically enhanced, and human rights, especially rights of women and children making great progress.

The second message of the conference was that the international community will continue to support Afghan efforts, “led and owned by Afghanistan,” to become a peaceful and stable state governed by the rule of law.

These messages were intended for three groups: the Afghan people themselves, the Taliban and other insurgent groups who will be marginalized as peace takes root and the economy develops, and the international community, which will be called upon to provide special assistance and cooperation over the next 10 years until political stability is achieved.

The message cannot be sent just with words, Yamamoto said. The Tokyo Declaration thus establishes a mutual accountability framework under which the government of Afghanistan commits itself to improving governance so that international assistance can be implemented effectively and with transparency and so that achievements are ascertained accurately and adjusted accordingly. The international community, meanwhile, commits itself to take concrete steps to follow through on its assistance by reviewing the progress made at regular ministerial- and senior-official-level meetings.

Another major agenda of the Tokyo meeting was regional cooperation with neighboring countries—a very sensitive and important area, Yamamoto said. Efforts like the Istanbul Process involving 15 regional countries have been led by Afghan Deputy Foreign Minister Jawed Ludin and other officials, who have been able to change the attitudes of some countries that were initially skeptical of region-led initiatives that were seen as overlapping existing efforts.

Unequivocal Message of Support

In contrast to Ambassador Yamamoto's "modest appraisal," Ludin, who was a panelist at the Forum, described the Tokyo conference as a "landmark event" leading to an "unequivocal message of support" for the next decade at a time of great financial hardship for many countries. The Tokyo conference was cause for optimism, he said, for not just Afghanistan but also the future of international intervention to strengthen the agenda of peace and security.



Afghan Deputy Foreign Minister Jawed Ludin

"We can prove the naysayers wrong," he noted, "by showing that the international community does have the ability to stay the course." With the mutual accountability framework, he added, "the ball is now in our court." He posited that in addition to the messages to the three groups laid by Yamamoto, a fourth group would be Afghanistan's regional neighbors, particularly those elements that have an interest in eroding security and stability: "Those who want to wait us out and test our patience got the message that the international community will be investing in Afghanistan and that the primarily beneficiaries of Afghanistan's transformation will be other countries in the region through enhanced economic interaction and political stability. We're not just a historic crossroads but can be a modern land bridge for trade transit, exploring new outlets not just for our own country but for the entire region."

The Tokyo Conference on Afghanistan "rebooted the international community's collective efforts," noted Michael Keating, the deputy special representative of the UN secretary-general for Afghanistan. The conference, he said, focused on approaches to grasping Afghanistan's enormous modern possibilities.

"While successful economic development and growth in trade and investment will contribute to peace and stability," Keating said, "human development will be the real yardstick for the United Nations. What matters for us is converting investments and the country's rich natural resources into things that benefit people and improve their quality of life, such as educational opportunities, better health services, and new jobs."

Afghan ownership of the process is crucial, he added, as this will substantially enhance the likelihood of success; already, Afghanistan has hosted the Heart of Asia ministerial conference of the Istanbul Process, confidence-building measures,



Deputy Special Representative of the UN Secretary-General for Afghanistan Michael Keating

and the country is steadily emerging as “an agent of international cooperation—not a beneficiary—with a real sense of common purpose.”

Drawing on the lessons learned over the past decade, though, the pursuit of development goals requires a realistic time frame and a “practical, doable agenda,” Keating said. “There is a need to understand why things haven’t worked in the past. Rather than seek the ideal, synergies must be created among the ‘alphabet soup’ of initiatives that are already in progress and working in the region—such as all the UN agencies, ADB, CAREC, and SAARC—to turn wonderful ideas into real benefits for people in the region.”

Eurasia and the New Continentalism

In addition to focusing on developments in Afghanistan alone, there is a need to take a broader look at changes taking place across Eurasia, explained Kent E. Calder, director of the Reischauer Center for East Asian Studies. There are significant complementarities among the countries in close proximity to one another, not only in Central and South Asia but also the Middle East and Northeast Asia, he said, which remained divorced from one another during the Cold War.

“Central Asia has greatest energy potential in terms of reserves and production capability,” he noted, “and there could be extremely rapid growth if the region can become a supplier for China and India, whose demand is growing.” Afghanistan is centrally located in this zone, but its borders with Iran, Pakistan, and Central Asia have historically been very static.

Over the past 30 years, though, there has emerged much greater interdependence, leading to “a rebirth of Central Asia,” Cal-



(From left to right) Reischauer Center Director Kent E. Calder, Central Asia-Caucasus Institute Chairman S. Fredrick Starr, and Deputy Foreign Minister Ludin

der explained. A proposed trans-Afghanistan pipeline from Turkmenistan to India could lead to closer ties with China and Southeast Asia, producing a “trans-continental transformation” buoyed by complementarities not just in energy but other resources as well. Japan’s private sector, especially trading companies, he added, can contribute great economic dynamism to this process.

Although Afghanistan had the “richest city in the world in 1027,” boasting an illustrious scientific and cultural tradition, the country “withdrew from the world,” being squeezed by three big powers, British India, Russia, and Iran, pointed out S. Fredrick Starr, chairman of the Central Asia-Caucasus Institute of Johns Hopkins University.

After decades of isolation from perceived threats and turmoil, including civil war, Afghanistan has emerged since 2001 as a “state with an admirable constitution” that is slowly opening its doors to the north and east, Starr said. There are three great routes across the Eurasian landmass, with the southernmost corridor from Southeast Asia and India going through Afghanistan. The government has embraced the idea of opening its doors for such a corridor, but this would not just be a regional idea. “It would have continental implications involving Europe, East Asia, and everything in between. Afghanistan would be in the position of a ‘land Suez,’” Starr noted.

With the United States advancing the idea of a New Silk Road and substantial investments being committed both to the west and east of the route, the only need is to “solve problems in the middle, which is Afghanistan.”

Such a new corridor would also have “huge potential for Japan,” Starr noted. “Japan has amassed an extremely impressive amount of moral capital in Afghanistan and Central Asia over the last forty years. Japan can use this capital through the ADB, which doesn’t have a plan for the southern corridor right now, to develop this route.”

Japan can also collaborate with the United States and India in opening such a corridor. “Trilateral cooperation would be very effective, and the whole would be greater than the sum of its parts,” Starr claimed. “Japan has proven expertise in the development of border facilities, an area that is a bigger impediment for Afghan growth than lack of infrastructure. If borders were opened, trucks would be moving through tomorrow morning.”

Japan can also contribute through private investment, he said. “Someone needs to provide trucks, railroad equipment, logistics, storage facilities, hotels, and insurance. Japan can and should be there. Action is needed right now; if you wait, the opportunity will be lost.”

At the same time, “There are real problems and we shouldn’t have illusions,”

Starr cautioned. "Yesterday's remarkable conference filled the budgetary gap, but it didn't fill the income gap" of the country's workers. The development of mineral resources is promising, "but that will take years. Open up the corridors of trade, though, and this generate real income straight away." Still, noting that the situation is "much better than that faced by Korea fifty years ago," Starr posited that the Afghanistan of tomorrow can look like the South Korea of today.

Missed Opportunities

Afghan missed historical opportunities at the wrong time, noted Afghan Deputy Foreign Minister Ludin. "We locked ourselves out when the world was undergoing a technological and social transformation in the twentieth century."

The result is that today, although there is talk about Afghanistan becoming a "land bridge," the country has instead become a blockage, Ludin lamented. "It's sad that railway networks come from the southeast, west, and north but stop at the Afghan border. This is intolerable not just for us but for the entire region."

The reason for the disconnect, Ludin noted, is because "We ignored the politics of regional cooperation for reasons of prudence, as the region had become the most politically divided and fragmented on the planet. For us to play a true land bridge role, we need infrastructure, particularly railways," Ludin said. "If the border management issue can be resolved, we're technically open. Cars can go from Central Asia to India; the roads may be substandard, but they're there. Railways, though, is still a must."

While public investment helps, private spending is also essential, Ludin added. He referred to the recent Delhi Investment Summit on Afghanistan, organized by the Confederation of Indian Industry, noting the importance of shifting the focus from a trade agenda to an investment agenda. "Absent in Afghanistan is international investors, and addressing this lack requires improvements in security, infrastructure, and energy supply."

There is considerable regional investment from China, India, and Turkey, he noted, but very little from the United States, Europe, and Japan. "In our move toward normalization and integration into the global economy, we will need Western investment as well," Ludin said. "This can provide credibility and promote cross-country partnerships with Afghan businesses."

Politically, the Istanbul Process has much promise, he said, as "for once, the countries of the region are truly confronting shared challenges." The view that Afghanistan has been a source of terrorism has been proved wrong, he claimed: "The Taliban and al-Qaida were imposed on us from across our borders, and we

were made into a haven of terrorism. We were the worst victim, not the source. We have shared responsibilities, though, and we have to stop being the object of conferences and become an agent. That's essence of the Istanbul Process."

Japan's Ties with Central Asia



Ambassador Masafumi Ishii, Foreign Policy Bureau, Japanese Ministry of Foreign Affairs

Japan welcomes and shares the views contained in the New Silk Road and the New Continentalism, noted Masafumi Ishii, ambassador for policy planning and international security policy in the Foreign Policy Bureau of the Japanese Ministry of Foreign Affairs. "These concepts are focused on enhancing mutual economic dependence, and Japan believes that economic development contributes to stability."

Japan seeks an "independent, open, stable, and prosperous" Central Asia, a region with which it has both deep historic ties and close modern diplomatic relations, Ishii commented. "For Japan, the region is important for its geopolitical implications."

He also noted that Afghan stability is a necessary but not sufficient criterion for regional stability. "Afghanistan now needs to work for the region, just as the region has worked for Afghanistan." Sustained US commitment is crucial, he added, in the light of the withdrawal of the International Security Assistance Force at the end of 2014. "This will be the start of a new US commitment, not the end."

Regional countries will play a key role in political stability, Ishii said, and confidence building measures with neighbors like Pakistan, India, Iran, China, and Russia will be very important. Japan also needs to open up to and deepen its involvement in regional frameworks, including the Shanghai Cooperation Organization.

Talk of continentalism, though, Ishii noted, must take into account the fact that there are so many types of countries—both large and small, poor and rich—so "cooperation must be tailor-made for each country. An especially important consideration is to address the needs of potentially fragile states and border management."

Responding to a question from the floor about Pakistan's role in regional development, Ludin noted that after ISAF leaves, "We will take over, and dealing with security issues will require peace in the region, and the role of Pakistan, as well as Saudi Arabia, Turkey, and the United Arab Emirates, will be absolutely vital."

He was encouraged by Pakistan's public announcement of support for the peace process and expressed the hope this will be followed by action. "We will meet the new Pakistani prime minister next week. We have a good understanding with the civilian government in Islamabad, but there are elements in the military that need to be convinced that peace is good not just for Afghan security and stability but also for Pakistan."

Starr added that the Afghanistan-Pakistan border is the greatest impediment to the southern corridor and that the issue is how to "remove the cork." He placed hope on the bilateral transit trade agreement. "It hasn't been implemented at all," Starr conceded, but even if there is no "official" recognition of trade ties, he pointed to the fact that there is already 5 billion dollars of official transport across the India-Pakistan border, which also is nominally closed, in addition to up to 12 billion dollars in "unregistered" transport.

US Commitment

Asked whether the US commitment beyond 2014 can really be sustained, Calder was cautious, noting that the origin of the US commitment was the 9.11 terrorist attacks. Given Washington's financial constraints, he noted that there would be a need to rely increasingly on its allies.

Starr believed that not enough was being done to publicize the achievements already made at great cost and with many lives. "The United States has emphasized what it is not doing, what it is ceasing to do," he said, adding, "This is a leadership crisis, not merely a financial one. We've just turned a corner, and we should be talking more candidly about what is being accomplished and what will be done in the future."

Calder added that in addition to the challenges and complexities, Afghanistan and the surrounding region also present great possibilities through an intensification of intercontinental interdependence. "This is an issue," he said "that Japan, the United States, and other countries will need to look at much more carefully."

INTERNATIONAL AFFAIRS



List of Participants

Welcoming Remarks

Masahiro Akiyama, President, Tokyo Foundation

Kent E. Calder, Director, Reischauer Center for East Asian Studies

Opening Addresses

Tadamichi Yamamoto, Ambassador and Special Representative for Afghanistan and Pakistan, MOFA, Japan

Jawed Ludin, Deputy Foreign Minister, Islamic Republic of Afghanistan

Michael Keating, UN Deputy Special Representative of the Secretary-General for Afghanistan

Panelists

Kent E. Calder

Fredrick Starr, Chairman, Central Asia-Caucasus Institute

Jawed Ludin

Masafumi Ishii: Ambassador for Policy Planning and International Security Policy, MOFA, Japan

Moderator

Tsuneo Watanabe, Director of Foreign and Security Policy Research and Senior Fellow, Tokyo Foundation

July 23, 2012

Sino-Afghan Relations in Perspective

Takashi Sekiyama

China is among the countries seeking to strengthen ties with Afghanistan as the 2014 withdrawal of NATO forces looms. After playing an important role in Afghanistan's reconstruction, is Japan in danger of seeing its own influence eclipsed?

China and Afghanistan have taken a major step toward closer relations in recent weeks.

At the beginning of June, Afghan President Hamid Karzai traveled to Beijing to attend a summit meeting of the Shanghai Cooperation Organization. At that time the organization's members agreed to upgrade Afghanistan to observer status, on a par with Iran, India, and Pakistan. This means that henceforth Afghanistan will be automatically included in the annual summit, giving Kabul an opportunity to develop closer ties with member states—most particularly China.

Karzai also met with Chinese President Hu Jintao during his visit. During their talks, the two concluded a strategic partnership and agreed to continue strengthening bilateral ties.

In the wake of this diplomatic activity, some Japanese observers have voiced fears that China is positioning itself to become a major player in Afghan affairs after the withdrawal (by the end of 2014) of US combat troops and others participating in the International Security Assistance Force. Are such concerns justified?

As the July 8 Tokyo Conference on Afghanistan has just been held, now is an excellent time to consider the state of the China-Afghanistan relationship and its significance for Japan, which likewise seeks closer ties with Afghanistan. Here I offer a brief survey and assessment of relations between Afghanistan and the People's Republic of China, together with a few words on how Japan should proceed henceforth.

A Half-Century of Off-and-On Relations

The People's Republic of China and Afghanistan first established diplomatic ties in 1955, before the PRC was recognized by the United Nations. Premier Zhou Enlai visited Afghanistan in 1957, and the two nations concluded a trade agreement. Over the next few years Beijing and Kabul built a foundation for friendship, with a mutual nonaggression treaty in 1960 and a boundary treaty in 1963.

The next turning point in the relationship came in 1979, with the Soviet invasion of Afghanistan. China refused to recognize the government of Babrak Karmal, installed under Soviet intervention. Although the Chinese embassy remained open under an acting charge d'affaires, diplomatic relations between Beijing and Kabul were all but suspended.

In 1989, Soviet forces withdrew from Afghanistan. When mujahideen guerilla factions installed a new government in 1992, there were signs that the two countries were prepared to normalize relations. But civil war quickly intervened. As armed conflict erupted in Afghanistan, Beijing recalled its embassy staff (primarily out of safety concerns), and diplomatic ties between the two countries were broken off entirely.

A Decade of Stable Ties

Resumption of official relations had to await the establishment of the Afghan Interim Authority following the US-led operation that toppled the Taliban regime in response to the terrorist attacks of September 11, 2001. Appointed head of the new interim government in December 2001, Karzai wasted no time visiting Beijing in January 2002. He quickly secured a pledge from President Zhang Zemin and Premier Zhu Rongji for 30 million yuan (equivalent to about \$3.6 million at the time) in emergency supplies, as well as financial aid totaling \$1 million.¹ China also announced \$1.5 million in grant assistance to Afghanistan over five years, beginning in 2002. (Initially, half of that amount was to consist of loans, but Beijing subsequently decided to provide the entire package in the form of grants.)

Since then, China has announced and delivered one aid package after another to Afghanistan. In 2004, it wrote off 9.6 million pounds in Afghan government

¹ These and other statistics regarding Chinese aid, trade, and investment vis-a-vis Afghanistan were supplied by the Embassy of China in Afghanistan. See <http://af2.mofcom.gov.cn/>.

debt. It also announced grant assistance of \$15 million in 2005, further grants totaling 160 million yuan (about \$20 million at the time) in 2006 and 2007, and another 50 million yen (then about \$6 million) in grant aid in 2008.

In addition to providing government aid to Afghanistan, China has also emerged as an important economic partner. In the 2010-11 fiscal year, the volume of trade between the two countries totaled \$373 million. By the end of April 2010, China had invested a total of \$123 million in a variety of projects, including mining, communications, and road construction.

In 2007, the state-owned China Metallurgical Group Corporation won a contract to mine one of the world's largest copper deposits, located in Aynak, just south of Kabul. In 2011 another state-run enterprise, CNPC (China National Petroleum Corporation), won rights to drill for oil and natural gas in three fields in the northeastern provinces of Faryab and Sari Pul.

China-Afghanistan Relations in Global Context

Combined with these signs of growing economic interdependence, recent moves to strengthen political and security ties between China and Afghanistan—as mentioned in the first part of this article—have raised concerns among some that Afghanistan may be falling under China's sway. As things stand now, however, China's role in Afghan affairs is by no means prominent compared with that of other countries.

In trade, for example, China is only the sixth-largest market for Afghan exports, following Pakistan, India, Turkey, Iran, and Russia, according to *Afghanistan Statistical Yearbook 2010*. As a source of imports, China looms larger, occupying the number two spot, after Uzbekistan. But Japan is not far behind, at number four (following Pakistan). According to Japanese Ministry of Finance figures, Japanese exports to Afghanistan in 2011 totaled approximately 9 billion yen (about \$110 million), although Japanese imports from that country amounted to a mere 40 million yen.

Moreover, China's promised and actual aid to Afghanistan, while worthy of note, is by no means remarkable when compared with that of other donors. The United States is far and away the top donor of foreign aid to Afghanistan, having provided a full \$9.3 billion in official development assistance from 2005 to 2009, according to the OECD's DAC statistics. Other major Western benefactors are Britain, Canada, and Germany, each of which provides somewhere between \$200 million and \$300 million annually.

But the Japanese government has also played a key role, supplying approxi-

mately \$4 billion in ODA to Afghanistan since 2001. In 2009, Tokyo announced a five-year aid package totaling approximately \$5 billion, divided between assistance for upgrading Afghanistan's police forces, support for social rehabilitation of ex-Taliban soldiers, and economic and social development projects. About \$2.5 billion of that has already been spent.

Challenge for Japan

As the foregoing suggests, China's role in Afghanistan today is a distinctly secondary one compared with that played by the United States, Europe, and Japan.

It is worth noting that Japan's official relationship with Afghanistan is of considerably longer duration than that of the PRC, extending back to the bilateral friendship treaty signed in 1930, before World War II. More recently, the Japanese government—which just hosted the Tokyo Conference on Afghanistan in July—has played a proactive and prominent role in Afghanistan's reconstruction. As a player in Afghan affairs, Tokyo has no reason to worry about being eclipsed by Beijing.

Unfortunately, the same cannot be said on the business front. While Japan holds a clear lead when it comes to government aid, Chinese companies have been far more active in pursuing direct investment, particularly in the area of mineral and energy resources.

Of courses, the reluctance of Japanese companies to commit to a country that has yet to achieve political stability is shared by their counterparts in Europe and North America. But the economic and social development of Afghanistan henceforth depends very much on whether businesses are willing to pick up where government aid leaves off. This was doubtless what Afghan President Karzai had in mind when he told Foreign Ministry adviser Sadako Ogata, during her visit to Afghanistan in late June, that Afghanistan needs investment by Japanese business if it is to take advantage of the economic opportunities presented by Tokyo's largesse. Surely his plea embodies the hopes and expectations of Afghanistan as a whole.

July 9, 2012

The Shale Gas Revolution

Paul J. Saunders

Rapidly increasing natural gas production in the United States has been widely described as an energy revolution. But like all revolutions, only some of its consequences are immediately apparent. Beyond its predictable and attractive economic benefits, America's possible emergence as a significant natural gas exporter could have important political effects both within the United States and internationally.

Rapidly increasing natural gas production in the United States due to new extraction technologies has been widely described as an energy revolution—and it is. But like all revolutions, only some of its consequences are immediately apparent while others may emerge unexpectedly as time passes. Beyond its predictable and attractive economic benefits, America's possible emergence as a significant natural gas exporter, and the development of “unconventional” gas resources elsewhere, could have important political effects both within the United States and internationally.

A recent study by the global information and analysis firm IHS finds that shale gas supported 600,000 jobs in the United States in 2010, a number projected to reach 870,000 in 2015 and 1.6 million in 2035, when shale gas would account for 60% of US natural gas production. The study predicts that this will add \$118 billion per year to the US economy by 2015 and \$231 billion per year by 2035—and that the cumulative tax revenues for federal, state, and local governments could approach \$1 trillion during this period. During a period of otherwise slow growth, shale gas production appears set to be a major asset for the United States.

In looking ahead, two broad questions seem central to assessing the actual future economic and political impacts of shale gas production: (1) will the United States be able to increase production as projected, and (2) will other nations with significant shale gas reserves exploit them successfully? These two questions are too complex to address fully here, but do require careful consideration

Paul J. Saunders Executive Director, Center for the National Interest; Member, Tokyo Foundation's Contemporary American Studies Project.

of a variety of factors. Inside the United States, these include domestic politics and regulations (which seem generally favorable) and environmental impacts (which have been limited and appear manageable), among others. In other nations, the most important factors will vary; China may have less difficulty with political or environmental concerns but could face problems acquiring enough water, which is essential for the hydraulic fracturing process that frees shale gas for extraction, while European governments and companies could encounter significant domestic political opposition to massive and resource-intensive projects.

A narrower but still significant question is whether the United States may become a natural gas exporter. The US Energy Information Administration currently projects that the United States will have the capability to export LNG as early as 2016 and to become a net exporter of natural gas soon after 2020, with a surplus reaching 1.36 trillion cubic feet (tcf), or about 38 billion cubic meters (bcm), by 2035. (The surplus could be as high as 7 tcf, or nearly 200 bcm, in the most optimistic scenario.) To provide a sense of perspective, the EIA estimates Japan's gas consumption at approximately 4 tcf in 2035. Notwithstanding its projections, the EIA's respected Annual Energy Outlook states in its 2012 edition that LNG exports "depend on a number of factors that are difficult to anticipate and thus are highly uncertain."

Assuming that the United States produces sufficient gas to export, US law currently requires government permission for exports. Obtaining this authorization is considered a routine process for exports to US free trade agreement partners, who receive national treatment. However, there is a low-level debate over gas exports in the US Congress, where some members would like to limit exports in the hope that this will depress domestic gas prices. Others argue that freer exports would produce only limited price increases while helping to ensure that increased production is sustainable. Few appear to have considered whether export restrictions intended to suppress domestic energy prices could leave Washington open to charges of providing inappropriate subsidies under World Trade Organization rules.

The final hurdle for US gas exports may be price. Though US domestic natural gas prices could remain low by historical standards, exports of liquefied natural gas would require massive infrastructure investment. Whether US prices would be internationally competitive would clearly depend heavily upon market conditions two decades from now. Of course, even if the United States does not export any gas, its declining imports will continue to ease pressure on international LNG markets. LNG from the Middle East originally intended for the Unit-

ed States has already made its way to Europe, where it has aided some of the continent's major consumers in reducing the price of imports from Russia.

The wider implications of sharply expanding shale gas production are still primarily speculative. Nevertheless, for those concerned about climate change, one analyst has estimated that the shift from coal to natural gas in US electricity generation has already reduced greenhouse gas emissions by twice the amount cut through regulatory limits in Europe. This reinforces the view, put forward by many, that technology and markets will be more valuable than regulations and limits in combating climate change.

At the level of international politics, the United States as a natural gas exporter could be less dependent on the Middle East, particularly if projects like the Keystone XL pipeline simultaneously allow for greater oil imports from Canada. Still, even if America imported no Middle East energy, its domestic prices would be shaped by international markets and Washington would likely remain quite concerned with the region's security and stability. One unknown is how the United States would conduct itself as a net exporter of energy—and whether and how US leaders might try to employ energy politically.

The success of shale gas outside the United States could ultimately prove equally if not more significant to global affairs. If China, Ukraine, and Poland developed extensive production, for example, Russia could lose some of its important current and future export markets. China, in particular, may have shale gas reserves even greater than those in the United States; if Beijing were close to self-sufficient in natural gas—or even looked like it would be—Moscow might have to give greater attention to Japan and South Korea as possible customers for its eastern-oriented exports. If Australia were developing its shale gas reserves at the same time, Asian gas markets could evolve rapidly.

Even if it did not make a dent in Germany's gas relationship with Russia, substantial production in Ukraine and Poland could significantly undercut Russia's energy leverage over many central and southern European nations, which are highly dependent on Gazprom but require relatively low volumes of gas. With more LNG available from the Middle East for the large western European economies, Russia could see its principal claim to international influence—and a large source of economic growth and taxes—slowly erode.

From this perspective, America's shale gas—and its possible emergence as the world's largest gas producer within the next decade or less—may also be important in countering the narrative of a United States in decline. "America's decline" has been an inevitable topic at a time of domestic economic troubles and poor foreign policy decisions, but those who foresee it make two critical mis-

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takes: they assume that Washington's current problems are long-term rather than short-term and they confuse others' growing economies and influence with America's fall. The shale gas revolution is a clear example of why and how the United States has become an international leader—and how it can remain one.

May 14, 2012

Dialogue with Europe and the United States

The Tokyo Foundation

The Tokyo Foundation hosted the inaugural Trilateral Forum Tokyo on April 16 and 17, 2012, inviting over 40 lawmakers, government officials, journalists, scholars, business leaders, and other experts from Japan, the United States, and Europe for two days of intensive dialogue on the "New Global Architecture and Directions for a Transforming World."

Co-organized with the German Marshall Fund of the United States (GMF), the forum explored a broad range of crosscutting challenges confronting the three regions, including the crisis of democratic governance, disaster relief, global financial instability, security dynamics, energy sustainability, and world trade.

Trilateral Forum Tokyo is the culmination of a three-year partnership with the GMF, which has been going beyond its traditional focus on transatlantic cooperation and expanding research on global issues.

In conjunction with the forum, a public symposium on "The Future of Trilateral Cooperation" was also held on April 17 featuring panelists who took part in Trilateral Forum Tokyo. The following is a report of the symposium.

* * *

Brief opening comments from the panelists were followed by questions from the floor and a round of responses, which served to deepen the debate on specific topics. This was also the format used during the six plenary sessions of Trilateral Forum Tokyo to promote live debate.

Future of Democracy

Presenting his impressions of the forum, Keio University Professor Yuichi Hosoya, introduced comments made in reference to the Arab Spring. "Regimes in the Middle East have been brought down many times in the past," he pointed out. "The metaphor of spring has connotations of hope and warmth, but spring always gives way to summer, autumn, and winter, so the metaphor may not be appropriate."



Yuichi Hosoya, left, and Masafumi Ishii

He also noted that the rise of non-democratic China has left some in Japan, the United States, and Europe wondering whether democracy really still is the best way of ensuring the highest economic growth and a prosperous future. He pointed to a common “ailment” affecting all three regions, namely, the seeming inability of democratic governments to make

tough decisions on issues over which opinion is sharply divided.

Masafumi Ishii of the Japanese Ministry of Foreign Affairs said that three main issues were discussed in the session on security. “One obvious challenge in East Asia is to maintain good relations with China,” he commented. “There’s a need for fuller engagement, since we share many interests with that country.” He added that problems could arise, especially if China is unable to maintain its present pace of growth over the long term. “If that happens, the legitimacy of the Chinese leadership could be called into question in the absence of democratic elections.”

Another major security topic was the Obama administration’s recent “pivot to Asia” announcement. “The United States alone will be unable to address the full gamut of changing security threats. So those of us who want America fully engaged in the Asia-Pacific should offer a helping hand. Efforts to reinforce the Japan-US bilateral alliance could involve the fuller utilization of Japan’s defense technology or a shift to network-type security arrangements among America’s alliance partners.”

The third topic was Europe’s growing role in this region. “In addition to bilateral cooperation between Japan and the United States, a trilateral framework involving Europe is also bound to become important,” Ishii said.

German Ambassador Volker Stanzel pointed out that there are quite a number of issues that would profit from greater dialogue between Europe and Japan, such as efforts to shift from nuclear and fossil fuels to renewable energy sources; immigration, an issue of central concern to Europe and a potential issue in Japan; the aging of society and its implications for welfare and eldercare policy; resource nationalism, which Japan experienced at the end of 2010, when shipments of rare earths came to a halt; and a potential EU-Japan free-trade agreement.

“Like Japan, many European states are medium-sized countries that depend on the freedom of global markets for future prosperity,” Stanzel said. “So instead

of just considering Japan-US or US-European relations, I think it would be profitable to examine avenues for greater EU-Japan cooperation.”

“Thin Soup”

Financial Times Asia editor David Pilling found it “a bit ironic” that the discussants in the final session on growth were from the United States, Europe, and Japan—the regions that are now struggling—and missing were representatives from fast-growing countries like China and India.

Very divergent views were expressed on trade, particularly the Trans-Pacific Partnership, which, Pilling noted, was characterized as being everything from “absolutely vital” to “thin soup” and even “poisonous.” Skepticism was expressed toward the popular view that free trade represents a win-win situation for everyone, as “a feeling is emerging in America that free trade can be a major challenge for the middle class.”

While protectionism has been a “dog that hasn’t barked” following the Lehman shock, subtler manifestations have appeared, Pilling noted, such as industrial policy encouraging domestic procurement and the quantitative easing of monetary policy.

The general prognosis for democracy was rather gloomy, commented Fred Hiatt, editorial page editor of the *Washington Post*. “Many of the issues I pay attention to in Washington have their parallels in Europe and Japan, such as concerns about growing social inequality and political paralysis,” he said. “A lot these challenges are due to the fact that we share demographic challenges like an aging population, which exacerbates political tensions of how the burdens of taxation and government are shared across generations.”

He added, though, “We need to have more confidence in the democratic system. Over the years, many countries have envied what have and have clamored for democracy, from South Korea and the Philippines to Eastern Europe and the former Soviet republics, Arab states, and now even Russia. The more mature democracies have a responsibility to make the system work and to share their lessons and experiences.”

Use and Control of Cyberspace

The floor was then opened to some 140 members in the audience. To a question about the impact of the Internet, Ambassador Stanzel noted that there is a new political party in Germany called Pirates, “who are not attacking ships but are



Volker Stanzel, left, and David Pilling

defending the freedom of the Internet from government control.” The party initially gained a foothold at the municipal and state levels, he said, and now claims 11% support nationwide. “I think this has big implications on how governments can impose control on the use of cyberspace.”

MOFA’s Ishii added that the issue was discussed from two angles. One was how to safeguard free access, with the United Nations slated to launch a rule-making initiative this summer based on rules currently being formulated by the European Union. The second was the use of the Internet as a tool for transmitting disaster-related information, including through the use of social media.

The problem of Internet governance has become a hot topic among political scientists, explained Professor Hosoya, in the light of the role played by social media in the Arab Spring. “Social networking has also had a profound impact on the shaping of public opinion. Quality newspapers like the *Financial Times* and the *Washington Post* have been very influential over the years, but there’s a growing gap between these media organizations and the discussions that take place on the Internet, which are frequently anonymous and can have very nationalistic overtones.”

Financial Times editor Pilling believed, though, that there was no need to distinguish between the high-brow media on the one hand and the anonymous social media commentators on the other. “Ideas should be fought out in the open,” he said, quoting a New York columnist who reported getting up every morning in the past to see what his six competitors had written. “Now he gets up to read what his six million competitors are saying. This is surely better!”

China and Democracy

A member of the Chinese embassy raised the point that democracy may not offer the solutions that Arab Spring supporters are seeking. He also pointed out that China today is very different from the China of the 1960s and 1970s. The ability of countries to change should not be underestimated, he said, and added that the patience of outside countries is very important.

The United States is fighting the war in Afghanistan with European allies because Congress approves money for it each year, *Washington Post* editor Hiatt

explained. “Congress is elected by the people, and if the people didn’t support the war, it would very quickly come to an end.”

China’s development over the past 30 years has indeed been astonishing, Hiatt remarked, as “never in history have so many people been brought out of poverty so quickly.” But he was quick to note that when people inside China express a desire for democracy or parties other than the Chinese Communist Party, “they’re put in jail or sent into exile. So it’s not always the question of whether the outside world has patience but why the Chinese people themselves are not permitted to have a greater say in how the political system evolves.”

From the viewpoint of Japanese history, Hosoya added, “We could never have attained the kind of rapid economic growth that we experienced after 1945 without democracy.” Noting that democracy “isn’t black or white,” he suggested that there are already many elements in the current Chinese government that are democratic. “If China hopes to maintain its present level of economic growth, though, it needs to expand the domains where democratic principles prevail.”

Political Paralysis

To a question on whether the media has been partly to blame for the perceived political paralysis in the United States and Japan, Hiatt pointed to both the “disruptive and productive” aspects of digital media: “We have more readers than ever and less revenue than ever.”

He indicated that if there is a relationship between the media and political paralysis, “It’s probably in the area of increasing fracturing. In the past, you couldn’t help bumping into divergent views from time to time. But today, people can, if they choose, visit only those sites featuring the views they know they’re going to agree with. This has exacerbated the difficulty of reaching political compromises.”

This sentiment was echoed by Pilling, who noted, “If you look at our op-ed pages, where we have pieces by both internal columnists and external contributors, there is a real conversation going on.” He noted that this is not true of papers that have well-defined political positions. “But this is a disservice and I think is one cause of the fracturing that Mr. Hiatt just talked about. I think it can be very valuable to present more than one view or even opposing views.”

Trilateral Cooperation

Returning to the topic of trilateral cooperation, Tokyo Foundation Research Fellow and Director for Public Communications Akiko Imai asked panelists how



Fred Hiatt, left, and Akiko Imai

Japan, the United States, and Europe can cooperate to maintain a stable and open world order and remain potent forces in world affairs.

Hosoya believed that global issues need to be tackled on three levels, the first being at the level of the Group of Seven or Eight, where the advanced industrial democracies can work together to build a consensus on

the kind of order that should be built. "This agreement can then be used as the starting point for comments from the second layer, which would include emerging powers in the Group of Twenty like China, India, and Brazil, as well as Turkey, South Korea, and Indonesia."

The third layer would be forums like the UN General Assembly or the COP conferences among a large number of parties. "If these forums had to negotiate from scratch, it would be impossible to reach any agreement."

Ishii commented that trilateral cooperation is indispensable in maintaining peaceful relations with China and Russia. "The euro crisis highlighted the great influence Europe has over the Chinese economy, and I think that economic ties between Europe and Asia are much stronger than is generally perceived."

Japan and Europe are both neighbors of Russia, with whom ballistic missile defense remains a sensitive issue, Ishii said. A potential area of cooperation would be the sharing with Europe of highly advanced missile defense technology that is being developed jointly by Japan and the United States.

"There is not enough dialogue between Europe and Japan on many essential topics," lamented Stanzel. "The bipolar world order has disintegrated, and we now have less and less of a world order. Since the big new elephants in the room are not yet major contributors, the only thing we can rely on is the stability that Japan, the United States, and Europe has maintained over the past several decades." This is why, he said, the three pillars of the global order must continue to talk together strategically and to devise ways to establish rules for a variety of new issues.

Pilling cautioned, though, against keeping China at arm's length. "I would suggest that there are pitfalls to trilateral cooperation, which could be seen as an anti-China club or an attempt at containment." This was not to suggest that China would become a preeminent world power, "but it's clear that China will become a huge economy, perhaps one day even bigger than the United States, and more space will need to be created."

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A more useful area of tri-lateral cooperation, he suggested, would be in the area of financial architecture. “Even after the Lehman shock, there hasn’t been any reshaping of financial regulations, and this could invite even bigger consequences. Environmental issues and disaster preparedness are also areas where Japan can offer its ‘soft power.’”



Hiatt believed that the more established democracies can help younger, transitional democracies develop. “No country has all the answers, but our experiences can be very useful in addressing technical, practical issues, such as the development of libel laws and the building of political parties.”

List of Participants

Welcoming Remarks

Craig Kennedy, President, GMF

Hideki Kato, President, Tokyo Foundation

Panelists

Fred Hiatt, Editorial Page Editor, Washington Post

Yuichi Hosoya, Professor of International Politics, Keio University

Masafumi Ishii, Ambassador for Policy Planning and International Security Policy, Ministry of Foreign Affairs, Japan

David Pilling, Asia Editor, Financial Times

Volker Stanzel, Ambassador to Japan, Federal Republic of Germany

Moderator

Akiko Imai, Director for Public Communications, Tokyo Foundation

May 28, 2012

POLICY PROPOSAL

Enhancing Preparedness

Proposals for Reinforcing the Government's Crisis Management Capacity

Noboru Yamaguchi

The government's response to the disasters triggered by the Great East Japan Earthquake of March 2011 raised serious questions about Japan's ability to handle a crisis at the national level. Summarizing discussions held under the Tokyo Foundation's National Security Policy Project and drawing on his experience as special adviser to the cabinet between March and September 2011, Noboru Yamaguchi offers proposals that stress the need to rethink crisis management in the age of advanced information and communications technology.

Introduction

Since spring 2011 the Tokyo Foundation's National Security Policy Project has been conducting seminars to formulate recommendations for emergency management policy at the national level with the lessons of the Great East Japan Earthquake in mind. Project members engaged in many hours of debate and deliberation on emergency management at the government level, with the aid of expert testimony on a wide range of relevant topics, including damage estimates and response planning for a major Tokyo earthquake; preparedness for emergencies involving cyberspace, outer space, or the oceans; and the state of Japan's existing emergency management system under the Cabinet Secretariat.

The key point that emerged from our hearings and deliberations was the importance of establishing a smoothly functioning decision-making cycle under which the government's top leadership can keep abreast of circumstances as they unfold, accurately assess the situation, decide on an appropriate response,

Noboru Yamaguchi Leader, Tokyo Foundation's National Security Policy Project; Professor, National Defense Academy of Japan

and take effective action in a crisis situation. This is the process referred to in some circles as the OODA (observe-orient-decide-act) loop, a term originating in the US military. The success or failure of an organization's handling of a crisis has been shown to hinge in large part on the manner in which it navigates this cycle, and its importance has only increased with the rapid rise and diffusion of advanced information and communications technology in recent years. This understanding is a central theme of the recommendations summarized below.

Recommendations

In the following I draw from the results of our study to propose key priorities that the Japanese government needs to address in order to improve emergency management at the national level. I present these recommendations in hopes of stimulating a productive debate on this critical topic.

1. Prepare for a wider range of contingencies by “anticipating the unanticipated”

A. Initial response under Japan's current system

In the face of widespread criticism of the government's slow early response to the Great Hanshin-Awaji Earthquake of January 1995, the nation's crisis management apparatus underwent a number of reforms. As an example, the Cabinet Information Collection Center and Crisis Management Center now operate on a round-the-clock basis. The government also instituted a system, applicable in the event of any contingency that meets the definition of an emergency situation (large-scale disasters, major accidents, major incidents, armed attacks, etc.), under which an emergency response team consisting of high-level officials from concerned ministries and agencies gathers at the Crisis Management Center of the Prime Minister's Office to draw up emergency countermeasures.

In addition, to ensure a smoothly coordinated early response to these emergencies, the crisis management units of concerned ministries and agencies prepare by taking part in tabletop exercises and other drills. On March 11, 2011, the day of the Great East Japan Earthquake, the emergency response team convened in the Prime Minister's Office just 15 minutes after the quake struck. Within 50 minutes, the first meeting of the emergency countermeasures headquarters, chaired by the prime minister, was in session.

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B. The need to prepare for a wider range of contingencies

“Emergency response situations,” as defined by the Cabinet Secretariat’s crisis-management apparatus (that is, the Crisis Management Center in the Prime Minister’s Office) includes the following:

- (1) Large-scale disasters (earthquakes, storms, volcanic eruptions)
- (2) Major accidents (airplane crashes, maritime accidents, accidents on the rail or highway system, accidents involving hazardous materials, large fires, nuclear accidents)
- (3) Major incidents (large-scale terrorist attacks, cyber-terrorism, hijacking or hostage taking, incursion by suspicious marine vessels, missile launches)
- (4) Armed attack situations
- (5) Others (rescue of Japanese nationals, massive influx of refugees, new strains of influenza, nuclear tests, piracy, etc.)

In such emergencies, state and local public institutions—including the Self-Defense Forces, the Coast Guard, police and fire departments, traffic and transportation authorities, public medical facilities, and immigration authorities—must be prepared to respond. The private sector, too, such as private companies, nongovernmental organizations, healthcare providers, media organizations, scientists, and engineers, may be called upon to play an important role, depending on the nature of the situation. And in a serious emergency, it goes without saying that the national government must exercise calm and effective leadership at the highest levels.

Even if the situation does not require an emergency response, the nation’s top leadership might be called on to make urgent decisions or clarify its position. Such contingencies may fall outside the traditional purview of crisis management, but the chief executive should nonetheless be prepared to make decisions on the basis of up-to-date information. Emergency procedures relating to the collection of information, transmission of that information to top government leaders, and the swift and coordinated response by relevant government units based on the decisions made should also apply to the following contingencies, for example:

- Crises involving the international financial system, such as the collapse of the market for government bonds or other securities, a government default, or the failure of major financial institutions

SECURITY

- Threats to the import of food, energy, rare materials, or other key resources into Japan owing to natural phenomena or international conflicts (extreme weather conditions, armed conflict in the Persian Gulf, etc.)
- Serious humanitarian emergencies (outbreak of refugees fleeing famine, armed conflict, etc.)
- Emergency situations in cyberspace or outer space
- Emergency situations involving overseas activities of Japanese government organs, including peace-keeping operations by the Self-Defense Forces

To facilitate decision making in a wide range of emergency situations, it is vital that support for such decisions be offered from the perspective of the nation's top leaders, not from the viewpoint of the individual ministries or agencies with jurisdiction over a given situation. For this reason, the purview of the organizational units and top posts devoted to crisis management should be as comprehensive possible. In an emergency management system, redundancy is preferable to deficiency.

Currently, the deputy chief cabinet secretary for crisis management directs the Cabinet Secretariat's crisis-management apparatus during emergencies, "except for those pertaining to national defense." The drafters of this provision may have thought it prudent to distinguish between contingencies pertaining to national defense and other emergencies, but in the real world, seemingly isolated incidents, such as a missile launch or incursion by a suspicious vessel, can subsequently develop into armed attacks. Given this possibility, I see no good reason to expressly exclude situations pertaining to national defense from the jurisdiction of the deputy chief cabinet secretary for crisis management.

C. Preparing for "unanticipated events"

As previously suggested, a comprehensive list of the types of emergencies that call for intervention by government leaders must be prepared and revised as necessary based on up-to-date information. In many countries, this is one of the key roles of the national security council under the chief executive. Prime Minister Shinzo Abe called for the establishment of an advisory body comparable to the US National Security Council back in 2006, and the Democratic Party of Japan has been studying a similar policy since coming power in 2009. At present, however, there is no organ in Japan charged with this task. The National Policy Unit in the Cabinet Secretariat advises and coordinates for the achievement of long-term policy goals, but it is not charged with emergency management.

Given the relentless day-to-day demands of government affairs—domestic and foreign—government leaders need the support of close advisers who can devote their time to imagining the unimaginable, unhampered by the political demands of the moment. An elite group of experts with no duties other than anticipating possible emergencies should be understood as a vital component of any Japanese national security council.

2. An optimum decision-making environment based on accurate information

A. The need to facilitate information access

The Crisis Management Center was set up promptly in the Prime Minister's Office after the March 11 earthquake, and it functioned effectively in the earliest stages by conveying information to the relevant ministries and agencies via the emergency response team. However, once rescue and relief operations were underway in the individual ministries and agencies and the normal chains of command had begun functioning again, the Crisis Management Center proved unwieldy and ineffective as a means of compiling information on those disparate operations and making it accessible to the prime minister and his staff.

Moreover, because access to the center was strictly controlled in the name of information security, use of key channels of communication, including mobile phone access, was restricted. As a means of keeping abreast of the situation in order to make timely and appropriate decisions, the Crisis Management Center was not a user-friendly tool.

In seeking a solution to the problem, the Prime Minister's Office should follow the example of the Ministry of Defense. In the basement of MOD Headquarters is a command center whose function is much the same as that of the Crisis Management Center in the Prime Minister's Office, gathering information from sources of every kind and displaying it on large screens. (Using these capabilities, the chief of the Joint Staff Office was kept informed of the situation in the affected areas and the progress of SDF rescue and relief operations following the March 2011 disaster and was able to advise the defense minister on such matters as the dispatch of additional units.) On the same floor as the defense minister's office, moreover, a Situation Room was set up, giving the minister and other top officials easy access to relevant, up-to-date information—presumably, information of particular interest to top defense officials, extracted from the masses of data reaching command center.

Layout of the Defense Ministry Situation Room

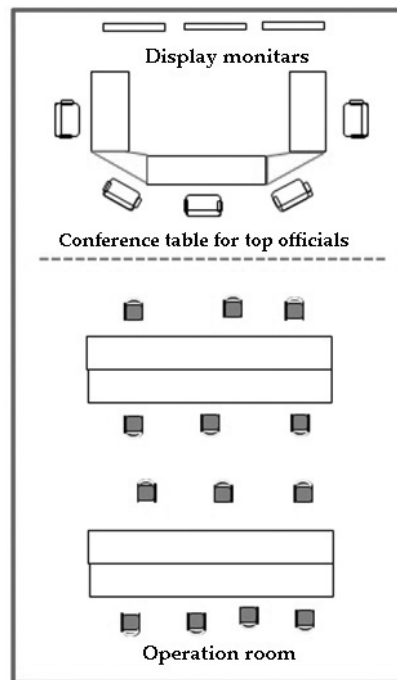
B. Designing a prime minister's situation room

In a crisis or emergency, the government's top leadership must be provided with an environment in which it can stay abreast of any new developments of concern and deliberate responses. Of course, at the height of a serious crisis, such as an armed attack, the Crisis Management Center would perform this function. However, it is scarcely practical for the prime minister to hole up in the Crisis Management Center before an emergency actually precipitates or after the peak has

passed. To provide easy access to information in all but the most critical stages of a crisis, the Prime Minister's Office should be equipped with a situation room located on the same floor as the executive office, where data can be accessed in a more streamlined form.

At a minimum, the following types of information should be available in the situation room in order to keep the top leadership abreast of any emergency situation on an ongoing basis: (1) a situation map or maps, (2) a situation chronology, (3) images and other information from the scene of the crisis, (4) any other relevant information from the Crisis Management Center, Information Collection Center, or relevant ministries and agencies on topics of particular concern to the leadership.

A situation room can be made even more useful by allowing it to double as a kind of permanent information gateway for matters of special concern to government leaders. For example, when concern about the state of the world's financial markets is high, the room could display simple graphics showing the movements of stock, bond, and currency markets around the world. If more detailed information is required, the system could offer quick access to officials in the relevant section of the Ministry of Finance. If the problem is piracy off the coast of Somalia, the situation room could provide real-time information on SDF



operations and the location of various ships in the region. This way, if a genuine emergency does develop, the government would be able to shift to a crisis-management mode on a moment's notice.

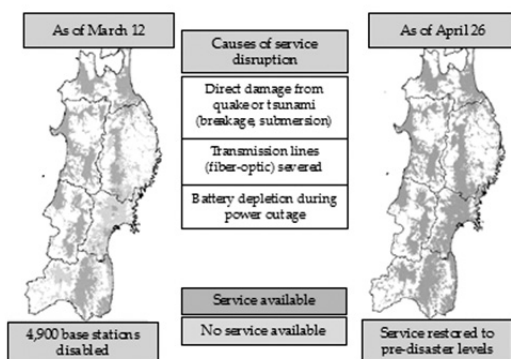
The type of information displayed and the manner it is shown would be variable, depending on both the decision-making style of the prime minister and the nature of the situation. One also would need to be prepared to shift the focus as the situation developed. The main thing is to ensure sufficient flexibility to adapt to the needs and wishes of the decision maker.

3. Enhancing information and communications infrastructure

A. The importance of information and communications infrastructure

One of the most important lessons from the Great East Japan Earthquake is the vital role played by the information and communications infrastructure. The earthquake and tsunami knocked out landline and mobile telecommunications services throughout the hardest-hit areas by severing conventional and optic-fiber transmission lines and damaging, destroying, or interrupting power to base stations. Communities along the Sanriku coast of northeastern Honshu, with its indented ria coastline, found themselves completely cut off, unable to share in-

NTT Docomo Mobile Phone Service Following the March 2011 Earthquake (Tohoku Region)



Source: NTT Docomo



US President Barack Obama with key staff and cabinet members monitoring the operation that killed Osama bin Laden on May 1, 2011. The flexibility to provide decision makers with key information in easily accessible form is critical in emergency management. (Photo: White House)

formation even with neighboring municipalities. As a result, it was impossible for responders to gauge the seriousness of the situation. Even two weeks after the tsunami, when the need for supplies and other assistance had become critical, authorities were still unable to pin down the location and needs of many of the communities whose lifelines had been severed. The damage to communications infra-

structure also hindered coordination and information sharing among the various responders taking part in relief efforts, from SDF troops and firefighters to volunteer groups and international organizations. In many cases the emergency supplies that prefectural authorities had readied in warehouses in the event of such a disaster never reached the evacuation centers that needed them, whether because of transport problems or because the center was unable to communicate its needs. In disaster-stricken areas, the efficient flow of information between the demand and supply sides is of the essence.

B. Satellite backup and emergency restoration

Inasmuch as the disruption of communications was a problem for the stricken Tohoku region in the aftermath of the Great East Japan Earthquake, thought must be given to the impact a major quake in the Tokyo area would have on vital communication networks in the nation's capital, including those of the Prime Minister's Office. A backup satellite network is needed to ensure that channels remain open between key cabinet members and other vital personnel during such an emergency.

Assuming that certain parts of the Tokyo-area telecommunications network will remain functional even in a worst-case scenario, planners should also establish procedures for linking them together to restore communications on an emergency basis.

When the March 2011 tsunami struck, the wireless Personal Handy-phone System ordinarily used for communication within the Fukushima Daiichi Nuclear Power Station complex was immediately rendered useless. But authorities in Tokyo were able to maintain email and teleconferencing contact with the plant thanks to a private line linking Fukushima Daiichi to the Tokyo headquarters of TEPCO (Tokyo Electric Power Company). By March 26, moreover, this company network had been linked up with a mobile base station set up in the compound, permitting the restoration of mobile-phone communications inside the plant complex.

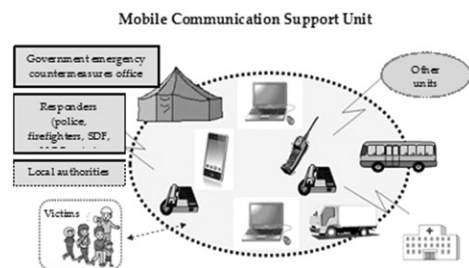
In addition to the government-only networks used by various ministries (including the SDF) and the public network operated by NTT and other telecom carriers, most businesses that operate and maintain the capital area's power and transportation infrastructure have their own dedicated communication networks. By creating an ad hoc network from those elements that remain functional, it should be possible to restore vital information and communications service on an emergency basis.

SECURITY

C. Backup communications equipment and services

One international NGO that assisted with rescue and relief operations after the March 2011 disaster was the International Medical Corps. The first thing it did upon arriving in a stricken area was to distribute telecommunications devices, including iPads, iPhones, and satellite phones. By so doing, it could quickly ascertain what sort of medical assistance was needed, and where. Until wireless phone service was restored at the Fukushima Daiichi Nuclear Power Station, plant personnel were able to make do with a combination of iridium satellite phones and a multichannel access radio communication system stored on site for emergency purposes. Distribution of emergency communications devices and the creation of ad hoc networks to ensure the smooth flow of critical information can play a vital role in emergency response.

Information and communications services for disaster-hit communities should be considered a priority comparable to food, clothing, shelter, and medical care. By dispatching small, autonomous teams equipped with a variety of information and communications equipment (“mobile communication support units”) to set up ad hoc networks in disaster areas, we could facilitate the flow of information between the demand and supply sides of the rescue and relief equation. Just as there are various NGOs dedicated to providing food and medical care, organizations to provide information and communication services might need to be set up.



D. Improving the government's capability as an information provider

Emergency management today must take into account the unprecedented speed at which information flies around the globe via Internet blogs and such social media as Twitter and Facebook. As a result of these new developments in information and communication technology, news or rumors of an event can reach people around the world almost instantaneously, but such reports are not always accurate. This makes it more important than ever before that the government broadcast messages to the nation and the world in a clear and timely fashion during emergencies. In a crisis of the magnitude of the March 2011 disaster, the quality of public information coming out of the Prime Minister's Office is of the essence.

The report of the Independent Investigation Commission on the Fukushima

Daiichi Nuclear Accident issued by the Rebuild Japan Initiative in February this year devotes a substantial number of pages to the issue of risk communication. The report discusses the manner in which the government sought to address concerns over the accident both in Japan and overseas, assessing the strengths and weaknesses of its public communications efforts, including its explanations of the risks of radiation exposure and its statements to the foreign media.

At crucial junctures in an emergency situation, the prime minister certainly needs to appear before the nation and the world and address them in his or her own words. However, the report makes the case that the prime minister was provided with insufficient support to communicate effectively with the public. When and how the prime minister should stand and speak before a domestic or foreign audience is a crucial judgment call for the administration as a whole; it is therefore of the utmost importance to equip the prime minister with expert staff to advise him on such matters.

The chief cabinet secretary played an essential role in providing the media with regular updates during and after the emergency. But in a situation like the March 2011 disaster, the task can become too much for one person, particularly given that the chief cabinet secretary, as the prime minister's chief of staff, also performs a vital role of coordinating the work of the ministries and agencies. At times when the chief cabinet secretary is under intense pressure to perform the latter duties, responsibility for dealing with the press might need to be delegated to a deputy chief cabinet secretary or another member of the cabinet. Considering the importance of this function during crisis situations, a quasi-cabinet post of press officer may need to be created.

At the same time, there is an urgent need to enhance the Japanese government's capacity to provide information in English and other key languages in order to improve communication with the rest of the world and ensure that foreign nationals in Japan receive warnings and other vital information in a timely and accurate manner.

Conclusion

In this brief paper, I have focused on three key imperatives for effective emergency management in Japan: (1) "anticipating the unanticipated" to prepare for a wider range of contingencies, (2) creating an optimum decision-making environment based on accurate information, and (3) enhancing information and communications infrastructure. In some sense, all of the recommended reforms—including measures to ensure effective communication with the interna-

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tional community—point to a greater emphasis on information and communication. In a nutshell, the government must rethink crisis management in the context of the changes being ushered in by the information revolution that are, in many ways, as momentous as those triggered by the Industrial Revolution.

April 2, 2012

Haiku and Noh: Journeys to the Spirit World

Madoka Mayuzumi, Noboru Yasuda, and Satoshi Tsukitaku

Haiku poet Madoka Mayuzumi spent a year in Paris from April 2010 to March 2011 as a cultural envoy under a program sponsored by the Japanese Agency for Cultural Affairs. In February 2011 she took part in two symposiums in Paris, held at the Maison de la culture du Japon à Paris and Association Culturelle Franco-Japonaise de Tenri, titled "Noh and Haiku: Arts of Omission" with two noh performers: waki actor Noboru Yasuda and flutist Satoshi Tsukitaku. Their comments at the symposiums are as follows

MADOKA MAYUZUMI: Since spring 2010, I've been living in Paris, traveling around France and neighboring countries to promote cultural exchange and to introduce the world of haiku to people in Europe. In explaining the distinctive conventions used in haiku,¹ I've gained a renewed appreciation for the important role played by "form" [*kata*] and "omission"—the thoughts and feelings that are left unexpressed—in this very succinct poetic form.

This process of compaction is not unique to haiku; in fact, one can see it in many other aspects of Japan's traditional culture. I think that the classic stage art of noh, in particular, has many parallels with haiku. Today, we're fortunate to have two guest speakers who can eloquently describe this rather vague concept.

Mr. Yasuda belongs to a school of *waki* actors, who perform in supporting roles. When most people think of noh, they assume that actors all wear masks. But masks are worn only by *shite* actors, who play the lead characters. *Waki* are also very important, however, as Mr. Yasuda will now explain.

Madoka Mayuzumi Haiku poet.

Noboru Yasuda Noh actor, waki role (Shimogakari Hosho School).

Satoshi Tsukitaku Noh flutist (Morita School).

¹ The haiku follows a five-seven-five metric pattern and must contain a *kigo*, a word or phrase denoting a particular season. These two rules are the most fundamental aspects of the haiku form (*kata*).

Between Two Worlds

NOBORU YASUDA: Ms. Mayuzumi has just mentioned the two types of actors in *noh*: *shite* and *waki*. One meaning of the term *waki* is “supporting role,” as was just explained, and people generally assume that’s the only definition. But there’s another, older meaning of the word: It is the seam along the side of the kimono that separates the front of the garment from the back. I’ll come back to this point a little later.

In a typical *noh* play,² a *waki* actor comes on stage first, often in the role of an itinerant monk and frequently accompanied by other monks. Coming upon an unusual tree, flower, or rock, he recites a poem, which triggers a sudden and strange natural phenomenon, such as a downpour or a darkening of the sky.

The *shite* then appears, quite often a young woman or old man. As the characters speak, their conversation turns to the past—a story from a literary classic or a local legend. The *waki* begins to suspect that he is not speaking to an ordinary human being. He asks why the *shite* is so familiar with this particular episode and calls on the *shite* to identify him- or herself.

The *shite* hints that he or she is actually the protagonist of the tale and disappears. As evening falls, the *waki* spends the night there—or if he is a Buddhist priest recites sutras—and waits to be revisited by the *shite*, typically in the *waki*’s dream. The *shite* reappears, recounts his or her tale, and often performs a dance before disappearing again with the approach of dawn.

I’m sure that all of you have visited places of historical significance—a medieval castle, for example. Each locality has its own “story” that is part of the district’s collective memory. But rarely will you meet a “ghost” who appears to recount the past. That’s because ghosts inhabit a world different from ours.

The *waki* is someone who stands at the edge of the two worlds, similar to the seams along the sides of a kimono. The front of the kimono can be likened to the world of living humans and the back to the abode of spirits. The two worlds usually don’t mingle, but since the *waki* has his feet in both, it’s not unusual for him to meet visitors from the beyond. His role is to make the invisible world accessible for the audience.

MAYUZUMI: I recall Mr. Yasuda making a very interesting comment that the

² Most *noh* plays are categorized as *mugenno*, in which the leading character is not a living human being but an otherworldly figure who recounts a tale from the past. It is the *mugenno* form that gives *noh* its distinctive quality. Plays featuring living humans are called *genzaimono*.

key quality enabling *waki* characters to mingle with spirits is the passive nature of their psychic orientation. They don't go out to win nature over; in fact, nature reaches out to woo them.

This is quite similar to the experience of writing a haiku, as nature is an integral component of the poetic form. It's through trees, flowers, and stones that the poet communes with entities that are not visible. A haiku is a kind of greeting, a short note asking if all is well.

And just like the *waki*, haiku poets don't go hankering after their subjects; we wait for them to approach us—a state of mind that might be called “waiting proactively.” Verses of five, seven, and five syllables per line are offered as a greeting, and we wait for a “reply” from the subject to complete our poems.

YASUDA: Encounters with trees, flowers, and stones aren't possible through prose. To communicate with the world of spirits, you have to use verse, which in Japanese has traditionally meant metered lines of five and seven syllables.

Prose is the language of us humans, inhabiting a world that may, quite literally, be described as prosaic. Poetry is what is spoken in the world of spirits. It's through language we don't normally use—through verse—that we're able to commune with those spirits.

MAYUZUMI: To compose their verses, Matsuo Basho³ and other poets often traveled to famous or ancient sites that are collectively referred to as *uta-makura* or *hai-makura*, about which many verses have been written in the past. Often, poets allude not just to the spectacle before their eyes but also to the many earlier poems that have been written about it.

It's as if you're picking up a letter that someone has left there and adding one's own comments, perhaps to be read later by someone else. Through a blooming flower or the moon, trees, and other natural phenomena, you're paying your respects to the spirits there and the poets who wrote about them long ago.

Basho's *Narrow Road to the Deep North* is a good example. In embarking on a journey to the interior of Japan, Basho was retracing the steps taken in the late Heian period by poet-monks Saigyō and Noin⁴ and paying his respects to the spirits they no doubt also encountered. For Basho, the medium of communication with such spirits was the haiku.

³ Basho (1644–1694) created a new poetic form called haiku by taking the first three lines of a much longer, collaborative genre called haikai no renga and turning it into a stand-alone work.

⁴ Saigyō (1118–1190) and Noin (998–?) are poet-monks who were constantly on the road. Their lifestyle had great appeal for Basho, and he frequently refers to the two in his *Narrow Road*.

YASUDA: Basho also has strong ties to noh. Before I talk about that, though, I'd like to say that the *waki* does not act alone in beckoning the spirits. An equally important role is played by the musicians—collectively called *hayashi*⁵—and particularly by the flute. I wonder if Mr. Tsukitaku can speak about that.

Crossing Over

SATOSHI TSUKITAKU: I was fascinated by Mr. Yasuda's description of the passive nature of the *waki*'s interaction with the spirit world. *Hayashi*'s involvement, by contrast, may be described as actively creating a communication channel with this realm.

The *waki* is on the border between two worlds, and he's not necessarily keen on moving to the other side. So the role of *hayashi* is to provide the needed push.

Hayashi music is usually performed at the beginning of a noh play, or when a character enters the stage. As Mr. Yasuda explained, we don't normally meet ghosts in our daily lives. The flute, in particular, is the vehicle that can temporarily transport us to their world. Let me give you a short example. If you've ever seen a noh play, I'm sure you'll remember hearing this very powerful note. [*Performs a high-pitched note*]

That piercing shrill is called *hishigi*, which comes from the verb *hishigu* meaning "to crush" or "to tear." The role of *hayashi* is not to entertain, and so it's probably quite different from the music you normally enjoy listening. It seeks to break down the barrier separating the world of humans with that of ghosts, spirits of trees and flowers, and divinities and to make them appear before us.

MAYUZUMI: Perhaps it's better not to regard *hayashi* as music at all. It's more momentary and fleeting.

TSUKITAKU: It's not always fleeting, though. Rather, *hayashi* creates a perceptible change in the flow of time.

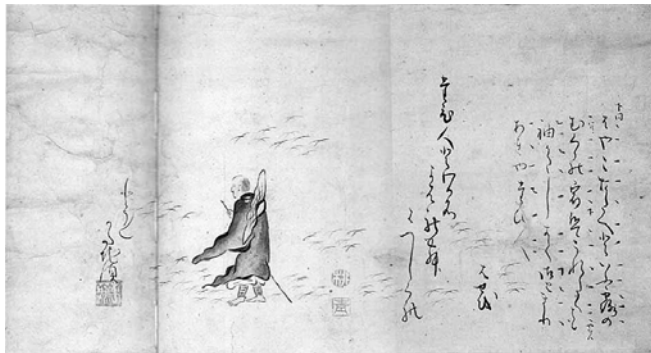
MAYUZUMI: I see. It creates a break with our everyday reality.

TSUKITAKU: That's right. Performing arts in Japan is said to have begun with the practice of calling on divinities to take possession of spiritual mediums. This can still be seen in Shinto rituals in Japan and in shamanistic rites around the world. Divinities don't appear without a reason, and the beckoning of spiritual entities usually entails jarring, nonmusical sounds that entreat them to possess the mediums.

⁵ *Hayashi* music is performed by three percussion instruments (*otsuzumi*, *kotsuzumi*, and *taiko*) and a flute, the flute being the only instrument that can perform a melody.

Noh and Basho

YASUDA: I'd like to come back to Basho's ties with noh. Let me show you an illustration. It depicts a traveling monk standing in a winter field. The man is Basho; it was drawn by one of his disciples, and the words—a poem composed by Basho—were written by the poet himself. You can see the poet's signature and seal. The haiku reads: *Tabibito to / waga na yobaren / hatsu shigure* (Let my name / be traveler / first rains). He was about to embark on a long journey, and he surmises that people will remember him as a traveler.



MAYUZUMI: This comes from the opening section of a travel diary, known as *Oi no kobumi* [The Records of a Travel-Worn Satchel].

YASUDA: What's interesting about this drawing is that to the right of his verse are four lines of text, accompanied by a variety of symbols, which denote melody and rhythm—in other words, how the words should be sung as part of a noh play.⁶ This text, again, includes the word “traveler” and is an excerpt from a noh play called *Umegae*.

In this play, the character portrayed by the *waki* encounters a sudden down-pour on his travels and, finding a house, asks for a night's lodgings. The traveler then discovers that the mistress of the house is not an ordinary human being but a figure from the past. Basho's reference to this play suggests that when he set out on his journeys, he, too, was hoping to meet figures who were no longer alive.

There's one more thing that the drawing implies. Composing a haiku—or any other kind of verse, in fact—is called *utau* in Japanese, which also means to sing or chant. In that sense, Basho's haiku were probably meant to be sung, not just read or recited. It might be interesting to see how it might have been per-

⁶ Major constituent elements of a noh play include dance, *hayashi*, and *utai*, the last making up the text, both those that are spoken and sung.

formed. Let me give you a demonstration of how the excerpt from *Umegae* and Basho's haiku can be sung to a flute accompaniment. [*Performance of noh singing*]

MAYUZUMI: When Basho wrote *Oi no kobumi*, I'm sure his verses were sung in this way. In his *Narrow Road*, he writes that in Nasuno (now in Tochigi Prefecture), the sky suddenly turned dark, followed by a downpour, and he had to ask a local farmer to put him up for the night. He subsequently describes his visits to Sesshoseki and Yagyoyanagi⁷ before composing his famous verse: *Ta ichimai / uete tachisaru / yanagi kana* (A paddy of rice / now planted, so moving on / the willow tree).⁸

This poem has been interpreted in various ways, but there is no questioning the fact that it was written in reference to Saigyô's own poem about the same willow, on which the noh play *Yagyoyanagi* is based. Basho is so thrilled to come upon the tree that Saigyô himself had written about that he no longer can tell whether what he's experiencing is real or just a dream. In a sense, Basho has become a *waki* and is awaiting the appearance of Saigyô's spirit, so the *Narrow Road* can be regarded as having been written in the style of a noh play.

Freedom through Form

MAYUZUMI: I'd like to move on to the concept of *kata*, or conventionalized form. Just the other day, a French haiku poet asked me whether I didn't find the formal conventions of haiku too restricting, as poetry is supposed to encourage free expression. My response was that it was precisely form that frees you. I'm sure that form plays an important role in noh as well. Can you elucidate on this point?

YASUDA: In one sense, *kata* is a restriction. But I think that in many traditional Japanese arts, form is seen as less of a hindrance than an aid to freedom.

There are many different *kata* in noh, but I'd like to speak about just two today. The first is the fixed nature of the stage. The main performing area is a square measuring less than six meters a side.⁹ In the finale of the play *Hagoromo*, for instance, the angelic lead character returns to her home in the heavens with her *hagoromo* (feather mantle). If the stage weren't fixed, her

⁷ Both *Sesshoseki* and *Yagyoyanagi* are also names of noh plays.

⁸ Different interpretations have been posited for who actually "moved on": local farm girls, the poet himself, or the spirit of the willow tree.

⁹ Pillars stand at the four corners, which support a roof—a remnant of the days when noh was performed outdoors.

flight into the sky would probably be expressed by pulling her off the floor with a rope. This, in fact, is what is done in the kabuki adaptation of the play. Because of the noh stage's physical limitations, though, her upward spiral is expressed by the *shite* circling the stage several times. This requires the audience to imagine her ascent.

The restrictions compel people to use their imagination; many arts in Japan, in fact, rely on the audience's imagination to bring a work to life. I'm sure the same is true for haiku.

MAYUZUMI: Absolutely. And form plays a big part in drawing out people's imagination. Because haiku are so short, it's impossible to express everything through words. Terms aren't "added" together in a haiku; they're "multiplied" to create a much bigger effect.

At the same time, the brevity creates "margins" or "blank spaces," giving readers room to imagine the sentiments behind each phrase. Basho describes this as *iio sete nanika aru* (say little, imply much). If you express everything, nothing will be left to say. It is by being selective that a process of distillation and purification takes place, transforming the haiku into a experience that can lift the spirits of both the poet and reader. This, I think, is the power of *kata*.

YASUDA: Limitations posed by the human body, too, can be turned into an advantage. This is the second of the two *kata* I want to mention. In the world of noh, I'm still considered a junior performer, although I'm already 55. My teacher is 80, and when he talked about retiring due to an illness, he was admonished for thinking about such things while he was still so young!

It is when you can no longer freely use your body to express something that you begin to exude an aura that comes from having devoted yourself to years of discipline and training. That's the reason that performances by actors who are really advanced in age can be very moving. Perhaps the instrument that best embodies this concept is the flute.

TSUKITAKU: Yes, I'd agree. The modern Western concert flute, as you know, is made of metal and has many keys. This was developed in the nineteenth century to overcome the restrictions of earlier models to enable the instrument to play a fuller range of notes. With the new innovations, flutists were free to play any note they wished.

The noh flute, by contrast, is an instrument with many physical limitations that in themselves can be thought of as constituting a type of *kata*. It appears to be a single piece of wood, but actually there's a narrow piece of bamboo embedded into a wider one, and the bore is rather irregular. This prevents the instrument from producing regular intervals in pitch but gives it a highly distinctive

tone. Ms. Mayuzumi was right when she surmised that *hayashi* isn't really music. The noh flute is made in a way that it can't produce the kind of melodies that people can readily sing. This is an intentional limitation.

YASUDA: I understand that playing the noh flute is quite difficult.

TSUKITAKU: If you can play the Western flute, you'll probably get a sound out of the noh flute without much effort. But the chances are, it won't be the sound required in a noh performance. Let me show you what a noh flute needs to sound like. [*Performance*]

Someone learning to play the noh flute would begin not by actually playing on the instrument but singing the names of those notes, such as *o-hya-ra*. This is designed to familiarize the student with the use of the body before he or she learns the use of the instrument. This song, called *shoga*, can also be described as a type of *kata*.

I play the noh flute exactly as I was told to by my teacher. That's all I'm capable of doing, but this "limitation," in fact, gives me the freedom to perform any type of noh play, in any language.

MAYUZUMI: I think that the importance of *kata* is much clearer now. Rather than hindering free expression, *kata* gives us the tools to enable us to express ourselves freely.

Many people, when they begin writing haiku, feel that there are too many restrictions. The haiku is so short, the lines must follow the five-seven-five metric pattern, and a seasonal *kigo* must be included. But if you keep working at it, after ten or twenty years, you suddenly realize how liberating such rules can be.

YASUDA: A span of ten to twenty years may seem long, but that's not necessarily the case in Japanese traditional arts.

Kokoro versus Omoi

MAYUZUMI: Rather than being an unnatural imposition, form can be one of the most natural of human desires.

YASUDA: For me, *kata* is the channel I use to go beyond surface appearances to arrive at the core, inner aspects of human nature.

Usually, a noh actor doesn't think about the feelings of the characters he portrays. Rather, we faithfully perform the *kata* as we've been taught by our teachers.

This is related to the difference in meaning of two Japanese words: *kokoro* and *omoi*. The former refers to feeling or emotion, and is also the word for "heart." This is very fickle, changing from one moment to the next. The person we were in

love with last year, for example, might no longer be the one we're fond of now.

MAYUZUMI: That's very straightforward. I think we're now very clear on what *kokoro* means.

YASUDA: The word for something deeper and unchanging, on the other hand, is *omoi*. The object of our amorous desires might change, but there's an urge in us that compels us to always be in love with someone! *Omoi* lies behind our fleeting emotions. In *noh* we don't deal with *kokoro*; we're concerned with *omoi*. If *kokoro* had been our chief interest, I don't think *noh* would have survived for 650 years. An art form dedicated to something that is always changing would surely have become outdated by now.

The actors expressing this *omoi* on stage, though, are living humans, so we're full of capricious *kokoro*. In a role requiring the expression of love, for instance, it's easy to fall into the trap of drawing on our shallow experiences.

There are moments in our lives, though, when we tap into something bigger, particularly after a traumatic or shocking event, such as when you lose all your possessions, your social status, or your lover.

Around 650 years ago, when the *noh* theater was founded, the playwrights and actors no doubt created the *kata* to express such *omoi*, enabling it to be preserved and handed down from generation to generation—as if in a deep freeze. It's the job of living *noh* actors to “thaw” or “extract” the *omoi* and bring it back to life with each performance. Once it manifests itself on stage, the *omoi* might then resonate with members of the audience, who, together with the actors on-stage, awaken to something that ordinarily goes unnoticed.

So *kata* is not just outward form. It has its roots in emotions so deep that we don't even realize they're there.

MAYUZUMI: Since I teach haiku writing, I frequently come across instances of people attempting to compose their very first verse. The motive for such an attempt is not infrequently a death of a family member or a broken heart. It's at such moments—when something one has taken for granted is suddenly lost—that people are suddenly confronted with their deepest and most personal emotions. And to come to grips with such *omoi*, there seems to be an innate longing for form, for *kata* that they know won't betray them.

One might say that the changing and enduring aspects of our affective lives, as represented by *kokoro* and *omoi*, have a parallel existence. *Omoi* lies deeper, while *kokoro* is on the surface. Haiku, too, is a tool for connecting with our deepest nature, rather than a depiction of our fleeting whims.

Omoi often can't be put into words, so we use metaphors like scenes of nature. The real message is to be found not in the words but in the omissions, the

blank margins in between. Nature is the medium we used to arrive at our *omoi*.

YASUDA: *Omoi* isn't a personal matter, so it doesn't take a subject—there's no first person. If I say, "I'm in love with Ms. Mayuzumi," for instance, the "I" is there. Someone else might say they dislike Ms. Mayuzumi. That would be a rude thing to say [*laughs*], but the "self" would still be there.

In *noh*, however, our love for our spouses, children, lovers, or even food is all transformed into *omoi*. While we're portraying a specific character, at the same time we're also expressing everyone's *omoi*, including those of people in the audience. And so the "I" naturally disappears.

MAYUZUMI: And of course, haiku have no first person either.

TSUKITAKU: The discussion about *omoi* is very interesting. My personal take on this is that it represents the moment when we transcend the self and reach a new level of consciousness. Physically speaking, it's the moment when our energy becomes focused here, in the lower abdominal area.

MAYUZUMI: Hmm, then maybe *kokoro* is something we feel in our chest. *Omoi* is a little lower, an area called *tanden* in Japanese, below the navel. That's the place where we focus our breaths when doing yoga or *zazen*. Is that also the case when you're playing the flute?

TSUKITAKU: Yes, exactly. This area becomes very active. And we practice moving the energy around when singing *shoga*, the names of the notes, as I mentioned earlier.

MAYUZUMI: In haiku, too, we're often taught not to compose poems with our heads. The inspiration has to come from deeper down, I suppose, from around our *tanden* area.

Sound of Silence

MAYUZUMI: There's an indescribable richness to the empty intervals, called *ma*, between the notes performed by a flute or the words spoken or sung by an actor. I was speaking recently with an *ikebana* [flower arrangement] artist who explained that her art, too, places great importance on *ma*—in her case, the empty spaces between the flowers. In fact, she claimed that she doesn't look at the flowers at all; she's not arranging the flowers so much as using them to design the spaces in between. The aesthetic underpinnings of the spatial and temporal "margins" in *ikebana* and *noh*, respectively, seem to have much in common.

YASUDA: Let me take this notion of *ma* one step further. In *noh*, there are intervals that everyone perceives. You can hear the pauses between the notes. But

there is another type of *ma* that isn't so obvious. I wonder if Mr. Tsukitaku would first explain the more easily perceived type of *ma*.

TSUKITAKU: I talked earlier about the flute's role in calling spirits onto the stage. The noh stage is fitted with a long corridor called the *hashigakari*;¹⁰ this is a passageway linking the world of living humans—that is, the main performing area—with the spirit realm, on the other side of the curtain.

In a special rendition of the play *Kiyotsune*, the lead character enters the stage along the *hashigakari* to the accompaniment only of the flute, pausing every time the flute stops. There is a rather long silence—*ma* that everyone in the audience perceives—broken when the actor starts moving again and the flute resumes its refrain. This is repeated several times before the actor reaches the stage. No sound is produced during the pauses, but in many ways, the silences speak louder than the notes. They're very rich and condensed moments.

YASUDA: You're not actually looking at the actor as you play, are you?

TSUKITAKU: No, I'm not. The length of the *ma* is measured by the number of breaths. This enables the actor and the flutist to break the silence at more or less the same time, without having to look at each other. The *shite* and flutist are positioned far apart from one another, but we know what the other is doing because we share our *ma*. [*Performance*]

MAYUZUMI: How should such long pauses be interpreted? Or rather, how can they be fully appreciated by the audience?

TSUKITAKU: The ideal situation would be for members of the audience to breathe along with us.

MAYUZUMI: The audience, in effect, also becomes the *shite*.

YASUDA: Synchronizing our breaths means that everyone in the theater is inhaling and exhaling as one. When our breathing slows down, we tend to get drowsy, and you often find people in the audience nodding off . . .

TSUKITAKU: But that's not the same as going into a deep slumber. People become half-asleep.

MAYUZUMI: I suppose that in this state, the audience can also enter into that realm where the boundary between the physical and nonphysical worlds becomes blurred.

¹⁰ The bridge-like corridor has railings on both sides and extends from the left rear side of the main stage at an angle to the *kagami-no-ma*, from when actors enter and exit, separated by a curtain. The *hashigakari* is not just a passageway but also an important part of the performing area.

Simplicity as the Ultimate Goal

MAYUZUMI: We talked earlier about there being no “self” in an *omoi* and that this is also a feature of haiku. Writing a haiku is like depicting a scene without injecting our subjective feelings.

YASUDA: An interesting example of how the self is discarded in *noh* is the flutist’s relationship with his instrument. The flute used by Mr. Tsukitaku is about 300 years old, but he claims it’s relatively new.

TSUKITAKU: Other flutists use much older instruments, so the one I’m using now wouldn’t be regarded as being very old.

YASUDA: It’s been passed down from generation to generation. But just because it’s been used so long doesn’t mean that it’s easy to play.

TSUKITAKU: This flute used to belong to my teacher, and the first time I played on it, I couldn’t get it to sound right. Only gradually, over more than 10 years, have I been able to get it to play the way I want. But people have told me that I now sound more like my teacher. So perhaps the flute hasn’t adjusted to me; I’ve adjusted to the flute.

For three centuries, then, there’s been a generation after generation of flutists who’ve worked to keep the sound alive. For me, this was a very liberating thought. I no longer felt separate from the flute. I melted into it. In effect, the “I” disappeared.

YASUDA: When Mr. Tsukitaku first received this flute, it still carried the breath of his teacher, who had used it for years. But after a while, it adapted to Mr. Tsukitaku’s breath, and at the same time, he conformed to the “breath” of the flute as well. This is a process that’s been ongoing for three centuries, and the chances are it will continue for another 300 years. The flute adjusts to each new musician, and vice versa, so the sound continues to evolve. Performing on such a flute precludes any notion of self.

TSUKITAKU: Said another way, it’s gone through so many “selves” that it’s impossible to make it your own. *[laughs]*

MAYUZUMI: Mr. Yasuda also has an interesting interpretation of Basho’s famous haiku: *Furuike ya / kawazu tobikomu / mizu no oto* (A still, quiet pond / a frog leaps in / the sound of the water). It’s a very novel interpretation that surprised me. He claims that Basho is not watching a frog jumping into a pond from its banks; rather, he *is* the pond. There is no “I” that is witnessing this event.

YASUDA: The poem has three basic components, namely, the pond, the frog jumping into it, and the sound of water. I think that anybody who writes haiku

or poems of any kind would immediately identify the sound of water as being the crux of Basho's experience.

He might have composed this verse as he was walking, having heard something fall into a roadside pond. But after hearing a plop, the frog was nowhere to be seen. So as far as he was concerned, it could have been a rock or a carp, rather than a frog. The only way he could be certain that it was a frog is if he was the pond itself.

Zeami, who along with his father Kan'ami in the late fourteenth and early fifteenth century elevated *noh* into a highly refined dramatic art form, said something very similar. There is a much larger universe beyond the visible world. Even something as simple as extending my right hand is a very complex process involving the coordination of muscles and neurons. Since I'm Japanese, the raising of my right hand might have particular cultural implications. A very simple physical act isn't so simple when you consider all the factors that are associated with it.

Before the hand actually moves, moreover, there is a trigger that sets the process in motion. Zeami notes that three factors are involved behind each movement: the broad invisible world, the trigger, and the actual motion. The audience sees only the last of the three, but the actor needs to be aware of the other two as well. They must be attuned to the invisible world and recognize the subtle changes that launch the movement. From this viewpoint, Basho's haiku is not just about the sound of water but the events preceding it, namely, the motion of the frog, and the setting of the pond.

The unperceived elements can also be thought of as *ma*. Such an "interval" is neither spatial nor temporal but comprises the vast "emptiness" from which everything is born.

MAYUZUMI: Romanian-born sculptor Constantin Brâncuși was an admirer of Auguste Rodin and initially created very realistic works. But over time his sculptures grew simpler. He said that as one approaches the "truth" or "essence" of objects, one ultimately arrives at simplicity.

Haiku, as a poetic form, is simplicity itself. It's been pared to its essence, and the *kata*, the structure, couldn't be simpler. And by using this form over the years, it's possible to reach the core. The approach is perhaps the reverse of Brâncuși, since you're already starting with simplicity, but the final result is the same.

In Japan, the *kata* comes first. The *kata* is the result of a long evolutionary process, of course, but once created, they can lead you, through years of practice, to the essence. I think this is a characteristic seen in many Japanese arts.

YASUDA: That's certainly true with *noh*. You have to work with *kata* for years

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with faith in your teacher and unwavering devotion to the art. Mastery is a long and arduous process that doesn't come until you perhaps reach the age of 80, 90, or even 100.

MAYUZUMI: Thank you for your fascinating comments. I'm afraid our time is up today. Thank you very much for attending this forum.

Translated from “Haiku to no,’ sono utsukushiki sekai,” Haikukai, September 2011 (No. 182), pp. 205–213 (article based on the February 14 symposium at the Association Culturelle Franco-Japonaise de Tenri: appended here with comments at the February 12 symposium at the Maison de la culture du Japon à Paris).

June 12, 2012

Japan-China Next-Generation Dialogue: Project Leaders' Joint Statement

Ken Jimbo and Zhu Feng

From October 2011 to January 2012 the Tokyo Foundation co-organized the "Japan-China Next-Generation Dialogue" with the Center for International and Strategic Studies of Peking University with the support of the Japanese Ministry of Foreign Affairs.

The aim of the Dialogue was to create a new channel of intellectual exchange among young and mid-career security experts in both countries, thereby deepening mutual understanding on Asian security issues and exploring approaches to the resolution of the security challenges faced by the two nations.

Taking part from Japan were six members of the Tokyo Foundation's Asia Security Project, led by Tokyo Foundation Research Fellow (now Senior Fellow) and Keio University Associate Professor Ken Jimbo. The six Chinese participants, led by Professor Zhu Feng of Peking University's Center for International and Strategic Studies, were "next generation" experts from top security and international relations institutes, such as Peking University, Tsinghua University, and the Beijing Foreign Studies University.

The first round of the Dialogue was conducted in Beijing on November 19–20, 2011, and the second round was held in Tokyo on January 29–30, 2012. A report summarizing the discussions was issued at the end of February, comprising contributions from the 12 experts under the supervision of the two project leaders.

The report consists of four sections: (1) US Re-Engagement in Asia and East Asian Security Order, (2) Northeast Asia Security and the Korean Peninsula, (3) Asia-Pacific Regional Security Cooperation, and (4) Next Step for Japan-China Security Relations. The themes were addressed by both Japanese and Chinese researchers.

The following is the Joint Statement by Project Leaders Ken Jimbo and Zhu Feng. Other articles in the report can be read on the Tokyo Foundation website: www.tokyofoundation.org/en/topics/japan-china-next-generation-dialogue

*Ken Jimbo Senior Fellow, Tokyo Foundation; Associate Professor, Keio University.
Zhu Feng Professor, Peking University.*

The Aim of the Japan-China Next Generation Dialogue

The Japan-China Next Generation Dialogue aims to generate new intellectual exchange among young and mid-career “next generation” security experts in both countries. The “next generations” in Japan and China are shouldering an age when the power balance in the Asia-Pacific Region is undergoing a dynamic shift, and the regional security outlook is growing somewhat uncertain.

To maintain regional security cooperation and boost stability, peace, and prosperity in the Asia-Pacific, young generations of Japanese and Chinese should take significant responsibility for security, peace, and cooperation between Tokyo and Beijing, and apply their expertise to better serve their countries.

Particularly, China’s ascendancy is dramatically changing the geopolitical landscape, bringing together opportunities and challenges in regional and global security affairs. Japan’s foreign and security policies are seeking new orientations to adapt to the new reality of this power shift. The timing of this dialogue could not have been better for both sides to explore, with full sincerity and enthusiasm, the ways Japan and China can increase mutual understanding and strive toward desirable policy cooperation.

The Japan-China relationship is also experiencing a historical turning point. In 2010, China surpassed Japan’s nominal GDP and became the world’s second-largest economy. Japan-China economic interdependence has deepened to an unprecedented level, as shown by vibrant private-sector trade and investment and dramatically increasing people-to-people exchange.

As the two largest powers in Asia, the countries have upgraded their bilateral relations to promote a “mutually beneficial relationship based on common strategic interests” in May 2008 with a recognition that the Japan-China relationship is “one of the most important bilateral relationships for each of the two countries.”

Despite the growing shared recognition of the need to promote cooperation, Japan and China still face serious strategic challenges. US security relations and the country’s military presence in Asia, with the Japan-US alliance as a cornerstone, could trigger a security dilemma between China and the US if their strategic goals are not shared. Japan-China relations often fall into tension and distrust over defense and security policies, historical recognition, disputing and contending claims over the East China Sea gas fields, and the Senkaku/Diaoyu Islands. Bilateral tensions over the fishing boat collision incident in September 2010 have proven that there are few mechanisms for crisis management and escalation control between Tokyo and Beijing.

Moreover, given China's long-term military modernization, the gap in military spending between Tokyo and Beijing will become increasingly wide. Japanese anxiety about China's military building, strategic intentions, and the potential for military conflict on disputing issues will grow, and, in turn, fuel the bitter domestic debate in Japan about national security strategy. In addition, the lack of military transparency will be a big concern for Japan.

In these respects, as the two leading powers in Asia, it is highly important for security experts in Japan and China to exchange views and to discuss prospects for regional security in the coming age. We envisioned that our dialogue should go beyond ordinary exchanges between Japan specialists in China and China specialists in Japan.

The Next-Generation Security Dialogue has the following unique features. It engages young and mid-career security and strategy experts in both countries in an attempt to forge a new bilateral security policy community. In order to enhance candid discussion, the working language of this project was English. The agenda of this dialogue is primarily strategy-driven, identifying perspectives of the dynamic power shift in the Asia-Pacific, existing security risks, and the roles of various security arrangements and institutions. The agenda also aims to focus on Japan's and China's security strategy and doctrine, approaches to specific regional issues, and the management of Japan-China security relations. The goal of the dialogue is to forge our perspectives on mid- and long-term prospects for bilateral and regional strategic outlooks.

The Japan-China Next Generation Dialogue is jointly organized by the Asia Security Project, Tokyo Foundation and the Center for International and Strategic Studies, Peking University. The project consists of six experts from each country who are capable of addressing the above issues. The project members held the first workshop in Beijing on November 19-20, 2011, and a second workshop in Tokyo on January 29-30, 2012, followed by a public symposium.

The Summary of Discussions and Policy Recommendations

Power Shift and Power Transition: The Case for the Asia-Pacific Region

At two intensive workshops in Beijing and Tokyo, both the Japanese and Chinese project members engaged in serious discussions on strategic perspectives in the Asia-Pacific region. The discussion began with envisioning the long-term strategic outlook in Asia, by contrasting Japanese and Chinese views of the future balance of power. Members on both sides agreed that a historical power shift is un-

derway with the rapid ascendance of China, although America's primacy both at the regional and global levels will still be intact for at least the coming decade.

Against this background, some members stressed that unlike the realists' premise that serious security competition between the US and China will be inevitable, Chinese economic relations with the US and other key regional players are highly interdependent and avoiding confrontation and enhancing mutual benefits are matters of "forced choice."

At the same time, many pointed out that since strategic stability among the major powers has yet to be realized, unfounded perceptions of intentions and capabilities might rapidly lead to a classic security dilemma. Some pointed out that projections of future security transactions among regional powers might not be linear. The future of the US presence in this region, China's ascendance, the situation in Korean Peninsula, maritime security in the Asia-Pacific, Japan's roles in Asia are key factors that need careful policy management amidst the power shift in the Asia-Pacific.

Likewise, Japan-China security relations deserve special attention, as the effect of security dilemmas might be more negative considering that the political impasse that has endured for years will lock the mutual ties in a state of hollow trust.

US Strategic Pivot in Asia and US-China-Japan Relations

The Beijing and Tokyo workshops highlighted regional strategic trends, including China's rising diplomatic assertiveness since 2010 and US reengagement in Asia as a strategic pivot in 2011. Many Chinese members expressed concern that the US trajectory for the pivot in Asia was a strategy to persuade or compel China through "strategic encirclement" in Asia. Despite US denials of any intention to contain China, there is growing distrust between Washington and Beijing, and perceptions of a security dilemma are emerging. Japanese members responded that Japan welcomes US moves to enhance its security commitment in Asia to augment the regional capacity for soft-balancing China.

Although momentum for a Chinese counter-offensive against the US remains, some Chinese members suggested with reflection that the US-China competition for winning the "hearts and minds" of the region should be prioritized. At the same time, some asserted that the inevitability of a bilateral confrontation must not be turned into a self-fulfilling prophecy. In fact, the US announcement of a pivot to Asia is unlikely to trigger an escalation of tensions between Washington and Beijing.

The White House has attempted to persuade Chinese leaders that it has no plans at all to “contain China,” that it is instead a “rebalancing” move. Beijing seems relatively calm and does not intend to fall into the exchange of fire. But in the middle run, it’s unclear how far the US will go with this new pivot posture and to what extent Beijing will spontaneously react to new US moves.

Northeast Asia Regional Cooperation

The sudden death of Kim Jong-Il and the transition of power to young Kim Jong-Un have created a new uncertainty in Northeast Asia. Project members in both countries shared the view that the interim succession process in North Korea is proceeding without serious trouble. Although short-term internal control is likely to be sustained, whether North Korea consolidates its governance under the new leadership is still unclear.

There have been few signals from North Korea that it will propose major changes in its external policy. Chinese participants claimed that China’s priority remains that North Korea take steps for denuclearization. However, China also has little choice but to support the North Korean regime, since the stability of its neighbor is critical to avoiding an anticipated contingency.

Japanese members proposed that building a crisis management mechanism on the Korean Peninsula, maintaining the six-party talks, and enhancing Japan-China-Korea trilateral cooperation are the key. A Chinese member responded that despite China’s continued reluctance to presume instability, the opportunity among the US, South Korea, and Japan to discuss how to prevent a humanitarian crisis should be explored for every possible eventuality.

Both Chinese and Japanese experts strongly contended that Tokyo and Beijing should maintain closer contact to build a consensus on how to act and react over the DPRK issue. Denuclearization would not be achieved until the DPRK’s behavior decisively changes, and the most reclusive country in the world will ultimately need to redirect its policy to reform and open up. No one should underestimate the potential of Pyongyang’s implosion or its recourse to more provocative actions. Keeping China and Japan cooperating is a significant part of effectively managing any Korean crisis.

Asia-Pacific Security Cooperation and Maritime Security

Since the end of the Cold War, the Asia-Pacific region has witnessed the evolution of regional institutions, including APEC, ARF, ASEAN+3, EAS, and ADMM

Plus. Despite a significant increase in the number of institutions, they have played a limited role in regional security due to the lack of progress in their functional development.

A Japanese participant recommended that Japan and China need to take collaborative actions to strengthen practical confidence-building measures, preventive diplomacy, and effective rules on maritime security, especially in the South China Sea. A Chinese participant responded that while there was a need for a rule-based security order in the Asia-Pacific, the immediate concession of sovereignty among the concerned members in the South China Sea was also unlikely. One argued that interpretations and applications of international rules, including the United Nations Convention on the Law of the Sea (UNCLOS), are inconsistent among states, which makes it difficult to introduce a legally binding Code of Conduct in the South China Sea.

A Japanese member commented that Japan has significant commercial and security interests in the South China Sea, as well as an interest in how rules for maritime security can be consolidated. Another also mentioned that the progress of diplomatic agreements between China and ASEAN are showcasing the region's capacity to develop a peaceful maritime order.

Japan-China Bilateral Security Relations

Members eventually dealt with agendas for Japan-China bilateral security relations. Both at the Beijing and Tokyo workshops, we spent a whole session to mutually discuss the defense policies of Japan and China. Japanese members described the new direction of Japan's defense policy with the introduction of the "dynamic defense" concept in the latest National Defense Program Guideline (NDPG). Chinese members explained China's conception of regional security and the goals and tasks of China's national defense policy.

Another session was spent identifying an agenda for Japan-China security relations. One Japanese member asserted that there was a need for a crisis management mechanism that includes safety standards shared among units of maritime authorities and stronger political connection between Beijing and Tokyo. In order to create such a mechanism, domestic and bilateral coordination to identify communication counterparts are urgent tasks for both governments. A Chinese member responded that in order to avoid the mismanagement of bilateral disputes, more frequent exchanges among political leaders and wider societies, including experts and the media, are essential.

Both sides recognized the need to explore opportunities to advance coopera-

tion, especially in managing security on the Korean Peninsula, regional maritime safety, and nontraditional security issues. Members of both sides also agreed that there is a huge potential for Japan-China bilateral security cooperation, which has yet to be fully exploited.

Policy Suggestions for Governments of Japan and China

The primary purpose of the Japan-China Next Generation Dialogue was not to rashly formulate a joint statement and provide policy recommendations. Rather, we aimed to exchange views on regional security, identifying strategic issues for both countries, and to lay out what might be our next steps for the future.

Nevertheless, insights and lessons we have learned from the two workshops were enormous. In calibrating the future directions of Japan-China security relations, the co-leaders of the Dialogue would like to offer interim policy suggestion for both governments. We would recommend for Japan and China to:

Consolidate Mechanisms for “Sustainable Co-existence”

In our bilateral relations, the reality of deep economic interdependence is often overlooked by nationalistic sentiments over political disputes. It is highly important for Japan and China to overcome this strategic mismatch. At the top leaders’ political level, frequent exchanges and mutual visits are indispensable. The forming of new “Japan-China hands” consisting of key stakeholders in both governments that reflect the new realities of domestic politics is necessary. Exchanges among defense and maritime authorities, including the creation of mechanisms for crisis management in the East China Sea, should be enhanced. Calling for moderation in the media within both countries is also important to fill the gaps in the strategic mismatch. Finally, security experts in both countries should play key roles to lead concepts, agendas, and suggestions for desirable Japan-China security relations.

Mutually Embrace Expanding Regional and Global Roles

The regional and global roles played by Japan and China have an immense influence on peace and stability. Due to different geostrategic, economic, and historical backgrounds, Japan’s and China’s policy priorities, interests, and the methods employed to advance their diplomatic agendas in the Asia-Pacific often take different paths and directions. These are often viewed as examples of bilateral dip-

lomatic rivalry over the issues of security, economy, development, and regional rule-making.

While avoiding unnecessary diplomatic friction, we propose that Japan and China should mutually understand and embrace expanding regional and global roles. Japan's increased efforts for defense modernization, maintaining of a sound US-Japan alliance, building of regional security ties, and global peace-keeping efforts should be understood to serve common security interests. Likewise, understanding China's defense modernization based on its strategic concerns, China's commitment for the security of the Korean Peninsula, China's proactive, enhanced security cooperation with its neighbors, and strengthened regional ties would also provide a positive foundation for regional security. Mutual understanding and embracement are possible if both countries recognize these efforts are reasonable and not overt challenges to each other's security interests. Based on mutual respect, embracing the enhanced security roles played by Japan and China in the Asia-Pacific is a key for the successful development of bilateral strategic relations.

Build and Materialize Strategic Relations for Peace and Stability in Asia

As the two largest players in Asia, the power and influence of Japan and China when the two countries collaborate in joint actions should not be underestimated. In this regard, we propose that our current relations based on a "mutually beneficial relationship based on common strategic interests" should be further upgraded.

Japan and China can intensify strategic dialogue to exchange views and advance cooperation regarding the Korean Peninsula, including on crisis management. The two countries can seek to create maritime safety platforms in Asia that can become regional strategic assets for freedom of navigation. Japan and China can also advance its cooperation on energy security. Bilateral collaboration on non-traditional security, including disaster relief, combating terrorism and transnational organized crime, and maritime safety, needs to be further exploited. Japan and China should jointly promote capacity building in other Asian states as a means of advancing their own security efforts. These efforts can contribute to building collective regional capacity to deal with intra-regional security in the future.

Both countries also need to cultivate ideas for a desirable regional security architecture in Asia. In this regard, US-China-Japan trilateral strategic dialogue should be realized and implemented as soon as possible. Nevertheless, strengthening military-to-military relations and enhancing frequent contacts between

defense departments will be a key step for Tokyo and Beijing to establish their strategic relationship. Despite stumbling blocks along the way, both sides should commit themselves to advancing military exchange and defense cooperation. For this, it is necessary for China and Japan to advance both official and semi-official strategic dialogues.

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August 21, 2012

Why Regulate Hedge Funds? Comments on the Brazilian Experience

Keiti da Rocha Gomes

In June 2007, two hedge funds linked to Bear Stearns, a major American investment bank, announced losses of US\$16 billion, forcing the bank to inject that amount to prevent the collapse of both funds. These funds operated with a high degree of leverage, based on derivatives financed with funds borrowed from large banks, guaranteed with securities backed by mortgages and other debts: the Collateralized Debt Obligations (CDO). The funds together accounted for approximately US\$18 billion in bonds (of which US\$16.2 billion had been purchased with borrowed funds), which led Bear Stearns Asset Management to play a prominent role in the CDO market.

The losses represented the first signs of the serious financial crisis that would reach its peak the following year, in 2008, when Bear Stearns itself was bought by JP Morgan Chase in a deal for only US\$236 million, aimed at avoiding bankruptcy.

Despite its seriousness, this was not the first time that the failure of a hedge fund triggered panic on international financial markets and weakened them. Ten years earlier, in 1998, the collapse of Long-Term Capital Management (LTCM) forced the Fed, along with 14 financial institutions, to orchestrate a recapitalization of US\$0.6 billion. Like Bear Stearns, LTCM had borrowed large amounts from the banking sector, allowing it to take bets that exceeded the notional value of US\$1.5 trillion, while shareholders capital was no more than US\$4.8 billion. This fund was, arguably, the most active user of interest rate swaps in the world, with contracts that totaled US\$750 billion.

The magnitude of the two events and the similarity of strategies used to obtain high returns—high degree of leverage and loans from banks—have raised questions about the effectiveness of regulatory initiatives to avoid the recurrence of systemic crisis.

Keiti da Rocha Gomes *Sylff fellow, 2008, University of São Paulo. Currently a PhD candidate at the University of Brasília.*

Debate on Regulation

Traditionally, supporters of “laissez faire” argue that hedge funds increase the efficiency and liquidity of the financial system, either by spreading risk among a large number of investors or by improving the pricing of the traded assets, thus removing any space for more restrictive regulations. Not coincidentally, in the last 10 years, mainly in the United States and Europe, the notion that financial regulatory institutions should interfere minimally and only in situations involving the general public has preponderated. Along this line, the hedge funds, as private investment structures targeting high-income investors—and treated in a different way from regular investors—were placed outside the direct jurisdiction of regulators.

Following this line of thinking, regulatory efforts in the period focused on improving the ability of banks and other financial institutions to monitor and manage risks by individually managing exposure to these funds. The promotion of transparency about the risks assumed by those investment companies would be sufficient, it was argued, to enforce an adequate market discipline, with no need for a more direct regulation.

The predominance of this view has hindered the adoption of a more restrictive regulatory framework, especially with regard to the systemic aspects of these funds in financial markets. Even in the context of the last global crisis, the belief that hedge funds played a limited role in the genesis of the systemic turmoil has prevailed, in spite of the substantial losses they have suffered.

In this scenario, hedge funds have fed paradoxes with serious implications for the dynamics of the international financial system. First, they present themselves as managers of large private fortunes, mainly for large institutional investors; however, they usually take loans with the formal banking system, and thus they naturally transfer the risk of their positions to the entire credit system, that is, they transform the operations of private funds into operations throughout the investing public. Second, they claim to be able to deliver high absolute returns, in any condition, exploiting price anomalies in the market; however, they often suffer significant losses in situations of turbulence, as seen in the last global crisis. Third, while they remain largely outside the scope of regulations, they are undoubtedly channels of transmission of systemic risk. Fourth, despite the large number of these agents and the diversity in their investment strategies and objectives, they present a noticeable similarity in their risk exposures and the securities they trade, which tends to cancel any eventually positive effect of a possible heterogeneity of these agents.

The recent, post-crisis initiatives on the regulation of hedge funds, both in United States and Europe, have exhibited superficial and still timid proposals to effectively counter the contradictions listed above. On the other hand, unlike most countries that are still discussing and trying to adopt their laws, in Brazil it has already become a reality. Interestingly, most of the claims for stricter rules on the behavior of hedge funds are particularly familiar to the Brazilian financial markets, and Brazil may be able to make a significant contribution to the design of a more effective regulatory framework at the international level.

The Example of the Brazilian Experience

Traditionally, the Brazilian capital market has been marked by the presence of restrictive regulatory and supervisory structures. Particularly in the segment of investment funds, while the offshore vehicles enjoy wide freedom in conducting its operations, onshore funds must conform to strict standards of regulation and supervision. These standards, although targets of criticism by those who advocate a more flexible market, recently have received worldwide attention because of the low vulnerability demonstrated by domestic financial institutions during the unfolding of the international financial crisis, initiated in the subprime mortgage market in the United States.

Among the major domestic requirements, all investment funds based in Brazil must be registered with the Comissão de Valores Mobiliários (CVM, or the Securities Commission) that acts as the primary regulator and supervisor of funds and investment firms in the country. In accordance with CVM instructions, all funds, including hedge funds, must provide daily liquidity reports and disclose, also daily, the value of their quotas and assets to the general public. Moreover, managers must monthly deliver to CVM statements with the composition and diversification of the portfolio, as well as a summary trial balance of their funds. Additionally, every year they have to send to CVM a consolidated balance sheet approved by an independent auditor. At the same time, the Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais (ANBIMA, or the Brazilian Association of Financial and Capital Markets Entities), which pools the institutions that manage funds in Brazil, also plays an important self-policing role.

In addition to these requirements that provide more transparency to the public, an important restriction applied to the funds in Brazil is that these entities are prohibited from contracting and receiving loans from financial institutions. This limitation establishes an important difference between domestic and offshore funds, since it reduces the possibility of highly leveraged funds being

supported by third parties and eliminates a disturbing channel of exposure of the formal banking system to hedge funds, which proved to be particularly disruptive to the international financial market in the last crisis.

On this point, it is important to note that Brazilian authorities do not officially consider hedge funds to be a different family of investment funds and usually subject them to the same regulatory rules that are applied to other funds. Another specificity of the Brazilian financial sector involves the over-the-counter market, in which all financial derivative instruments and securities traded are recorded with the Central de Custódia e de Liquidação Financeira de Títulos (CETIP, or the Central Securities Depository), an agency supervised by the Central Bank of Brazil and whose activities are regulated by CVM. Thus, all securities exchanged between private investors outside the regulated market (São Paulo Stock Exchange) are subject anyway to observation by national regulatory authorities. Again, in the context of both the international financial crisis and the collapse of LTCM in the United States, the absence of such information was particularly harmful in assessing the real extent of risk exposure between different financial institutions.

All these restrictions have been relatively successful in preventing and avoiding the propagation of systemic risk within the domestic financial market, although they are not fully able to prevent the contagion of crisis in the unregulated global markets. Amid the recent turmoil, the defense of more direct, coordinated, and continuous supervision of financial institutions in different countries has gained importance in international forums, making it increasingly more urgent. In this scenario, the Brazilian experience on the regulation of the investment fund industry can be a relevant reference in guiding these discussions at the international level.

The opinions expressed in this paper are those of the author and do not necessarily reflect the views of any organization with which she is or has been affiliated.

June 20, 2012

Nuclear Environmental Justice in Arizona and Beyond (2)

Linda Richards and Perry H. Charley

Linda Richards, a historian of science and a Sylff fellow at Oregon State University, has been informing the public about the issue of nuclear “environmental justice” in the Navajo Nation—once the source of a quarter of the supply of uranium in the United States—for over 25 years.

In April 2011 she organized a Sylff-funded workshop to address the issue of uranium mining contamination in the land of the Diné—the Navajo people in their own language (see part 1 of this article) —in Arizona. Workshops were also held in October 2011 at three Oregon campuses under the Oregon Sylff Consortia—University of Oregon, Oregon State University, and Southern Oregon University.

The following notes depict the highlights of the discussion in Oregon:

* * *

It is estimated that 80% of the nuclear fuel chain (the mining, milling, production, testing, and storage of nuclear materials for weapons and energy) occurs on or near remaining indigenous communities worldwide. Just one example of the consequences of this disproportionate exposure is unveiled in the history of uranium mining on the Navajo Nation.

Tale of Empowerment

However, the Sylff workshops in Oregon shared the experiences of the Navajo as not only a declension tale but also as a story of empowerment that explained the efforts of the panelists (Jeff Spitz, filmmaker of *The Return of Navajo Boy*,

Linda Richards Sylff fellow, 2009, Oregon State University. Currently enrolled in the history of science PhD program at Oregon State University.

Perry H. Charley Navajo elder and co-founder, Dine Environmental Institute and the Uranium Education, Diné College.

<http://navajoboy.com>; Elsie Mae Begay, Navajo advocate and grandmother; Perry H. Charley, Navajo scientist/educator and cultural specialist; and Oliver Tapaha, Navajo educator) to inform the public and spark an environmental cleanup on the Navajo Nation.

The audience at all three campuses were especially interested in Navajo culture, current cleanup efforts, and a recent court ruling that will allow further uranium mining in an area immediately adjacent to Navajo lands, but outside its jurisdiction, that could contaminate already scarce drinking water supplies.

Charley, a Navajo elder who co-founded Dine College's Dine Environmental Institute and the Uranium Education Project, discussed traditional Navajo relationships with the earth and their ties to Mother Earth. These ties begin before birth and are consummated shortly after birth by the burial of their umbilical cord in the earth. The earth is not viewed as a resource to use but as a sacred gift to protect for future generations. These relationships are not discussed or considered in federal risk assessment strategies. From 2002 to 2008, Charley served on the National Academy of Science's Committee on Improving Practices for Regulating and Managing Low-Activity Radioactive Wastes to help develop safer regulations for mining waste.

The report—which took years to draft—concluded that radiation management, handling practices, transportation, disposal, long term monitoring and safety was a patchwork of inconsistent federal, state and tribal regulations, but this never made headlines. Charley's work, though, became part of grassroots initiatives—such as decades of effort by local organizations, the film *The Return of Navajo Boy*, and a 2006 in-depth report by journalist Judy Pasternak in the *Los Angeles Times* called “The Peril That Dwelt among the Navajos” —that eventually caused Congressional hearings to be held in 2007.

The hearings inquired why so little had been done by the responsible party—the US government, the sole purchaser of the uranium from the 1940s until the 1970s—to remedy the pollution facing the Navajo. A five-year, multiagency cleanup plan was consequently begun in 2008, but it continues to be underfunded, and the residual radioactive contamination has not been moved off the Navajo Nation but remains indiscriminately scattered throughout it.

Updates on the cleanup, which has so far removed 34 of the literally hundreds of residential structures and only 14 cubic yards, out of millions of cubic yards of radioactive waste associated with mining and milling, can be found at the Environmental Protection Agency's website, “Addressing Uranium Contamination in the Navajo Nation.”

Return to Mining?

Repeated requests for a comprehensive epidemiological study for the Navajo Nation have continued to be ignored, however, and the mining companies see an opportunity to come back and start mining again, even though there is a Uranium Mining Ban. The Diné College Uranium Education Program initially started the process that after many years became the essence of the Navajo Nation's 2005 Dine Natural Resources Protection Act.

The act banned mining and processing sites on the Navajo Nation until all the contamination is removed. However, the President of the Navajo Nation recently took a special trip to Paris to look at the French nuclear and radiation safety program. The moratorium on mining may be in reality, only symbolic, subject to the whim of the leaders.

In addition, the Nuclear Regulatory Commission has awarded four in-situ uranium mining licenses to mine on what is considered by many to be Navajo land despite the ban. All federal legal avenues to stop the threatened mining have been exhausted, but the dissenting judge in the final Court ruling of March 8, 2010, said that the NRC had allowed its own limits on radioactivity for drinking water to be exceeded.

A local group, the Eastern Navajo Diné Against Uranium Mining, with the help of the New Mexico Environmental Law Center, submitted a petition to the Inter-American Commission on Human Rights in May of 2011 arguing that the Nuclear Regulatory Commission's decision to grant Hydro Resources Inc. a license to mine uranium ore near Church Rock and Crown Point, New Mexico, is a violation of national and international laws, including the 2007 United Nations Declaration on the Rights of Indigenous People that President Barack Obama has committed the country to uphold.

The new mines, first permitted by NRC in 1999 but contested in court since then, could contaminate drinking water for 15,000 Navajo residents in and around two communities that lie just outside the Navajo Nation boundaries drawn by the federal government but are considered by members of the tribe to be part of their homeland.

"By its acts and omissions that have contaminated and will continue to contaminate natural resources in the Diné communities of Crownpoint and Church Rock," the petition reads, "the State has violated Petitioners' human rights and breached its obligations under the American Declaration of the Rights and Duties of Man."

Other Health Threats

Uranium is not the only environmental health threat to the Navajo, moreover. There are rich reserves of coal, and two of the most polluting power plants in America are on the Navajo Nation. Some days the air in the Four Corners area is yellow, and the incidence of upper respiratory disease and certain kinds of cancer is present, along with the threat of high levels of mercury from the pollution. However Navajo tribal administrators approved a new super coal fired plant to also be built.

Charley, after spending all of his professional life addressing and researching the sad legacy of uranium mining, currently suffers from a form of laryngeal cancer. Despite his illness, he continues to inform and educate others. While the problems facing the Navajo are complex, the Sylff forums also raised awareness of indigenous rights on the whole, particularly in Ashland, where the program was a part of the SOU United Nations Club celebration of the 2007 Declaration of Indigenous Rights. There, after the film and question-and-answer session, Whistling Elk Drum, a local drum group of the Red Earth Descendants, performed several sacred traditional songs.

After the performance, the 2007 UN Declaration on Indigenous Rights was read in its entirety by Grandmother Agnes Baker-Pilgrim of the International Council of Thirteen Indigenous Grandmothers (see <http://www.grandmotherscouncil.org/>), Jane Ayers, and Daniel Wahpepah.

The Declaration is the result of a 20-year process of negotiation and advocacy for its inclusion into the United Nation's legal structure. Jane Ayers is a national journalist and leader who was a participant in the early discussions of the document 20 years earlier, and Daniel Wahpepah is a local leader and founder of Red Earth Descendants and the 501 C3 Natives of One Wind Indigenous Alliance. Wahpepah's late uncle Bill Wahpepah was a national leader in the American Indian Movement who worked to protect the rights of all Native Americans.

The moving reading was followed by a panel on indigenous rights facilitated by Richards and including Pilgrim, Wahpepah, Charley, Elsie Mae Begay (who was the lead character in *The Return of Navajo Boy*), and Oliver Tapaha, (Diné, PhD in education). Tapaha discussed his hope to increase knowledge of the issues and his efforts to discuss and share the issues with his students on the Navajo Nation. The group shared their individual perspectives reflecting on the many issues facing indigenous and subsistence cultures worldwide, especially due to climate change. The panel reflected on how cultural, physical, and spiritual rights are strongly articulated in the document but are not guaranteed,

VOICES FROM THE SYLFF COMMUNITY

nor made enforceable, without the help and will of civil society around the world.

The forums provided an intergenerational, interdisciplinary, and multicultural opportunity for discourse. The University of Oregon forum included many students from environmental studies courses, and at OSU nuclear scientists and engineers were in attendance. At all three venues, the audiences provided feedback in surveys that showed listening to the filmmaker, the elders, and Navajo people had impressed upon them the value of listening to other cultural perspectives, speaking out in the face of injustice, and preserving the environment.

May 11, 2012

Japan's Lay Judges and Implications for Democratic Governance

Bryan M. Thompson

On a sunny January morning in 2010, I sat high above the bustling streets of Tokyo in the central offices of the Japan Federation of Bar Associations, speaking with a professor and noted scholar of Japan's *saiban-in seido*, or "lay judge system." As I listened and learned more about the system, I found it amazing that it was my position as a Sylff fellow that had led me here.

In May of 2009, Japan began formal operations of the *saiban-in seido*, a quasi-jury method of trial adjudication that blends elements of the Anglo-American jury and the European lay assessor adjudicatory systems. Mandated by the Lay Judge Act of 2004, this system represents the first time that Japanese citizens have been asked to



The sign in front of the Supreme Court of Japan.

formally participate in the criminal adjudicatory processes of the state since 1943. At its core, the Lay Judge Act established a form of criminal trial adjudication where citizen jurists serve with and work alongside their professional counterparts on trials where the offense falls within a limited range of high crimes.

Under the *saiban-in seido*, in cases where the defendant contests his or her guilt, the judicial bench is composed of three professional judges and six lay civilians chosen from the population at random. These mixed tribunals are charged with not only determining the guilt of the defendant but also the sentence to be imposed. Decisions and judgments by the lay judge panel are based on majority vote, although any valid verdict is required to include the votes of at least one professional judge and at least one lay jurist.

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As part of my master's thesis, I decided to investigate this new means of trial adjudication to determine what its central purposes were, how the lay judge system compared to similar systems around the world, and whether it was likely to operate successfully.

Functionally, this system is a hybrid of the two most commonly used lay adjudicatory systems in modern democracies: the Anglo-American jury system and the lay assessor system of continental Europe. Indeed, the Japanese quasi-jury method uses both professional jurists and lay citizens—similar to Europe's mixed tribunals—who work and deliberate together on the guilt and potential sentence of defendants before the court.

Much like their Anglo-American counterparts, however, Japanese lay adjudicators are selected randomly from the population and serve for only one case. By taking attributes from both the European and the Anglo-American models, the Lay Judge Act created an internationally unique criminal jury system.

Perhaps one of the most surprising discoveries about the lay judge system was that it was conceived and implemented in order to, among other things, strengthen the democratic tendencies of the Japanese people and improve democratic governance within Japan.

According to the Judicial Reform Council, the body appointed and charged by the Japanese Diet in 1999 to recommend juridical reforms, one of the goals of this system was to strengthen democratic governance. According to the JRC, judicial service would help transform the collective consciousness of the Japanese populace from "being a governed object [to that of] a *governing subject*, with *autonomy and bearing social responsibility . . .*" (emphasis added).

Toward that end, citizen service in judicial systems, where individuals are asked to be integral participants in determining the guilt or innocence of their fellow citizens, can play a powerful role in enhancing democratic governance. Indeed, the simple act of discussing one's time as a juror can have an important impact on how individuals conduct their public lives following the trial:

[T]alking about jury service after the fact represents an effort to bridge the courthouse experience with the rest of one's life. Regardless of whether one's experience was triumphant or



The US Federal Courthouse in Portland, where criminal and civil jury trials are common.

tragic, this conversational behavior could strengthen preexisting cognitive connections between being a juror and being a democratic citizen more generally. Rather than treating jury duty as an isolated, almost private responsibility performed exclusively while “on duty,” these conversations increase the likelihood that jurors *remain jurors in spirit* after leaving the courthouse. Still wearing their Jury duty cards with them out of the courthouse, these jurors become more likely than their peers to carry with them a heightened sense of responsibility to continue their public service—in other ways—after being dismissed by the judge. [emphasis original] ¹

However, there are serious concerns whether the lay judge system’s design could compromise the very democracy-enhancing ends it was conceived to advance. In particular, the Lay Judge Act severely circumscribes the ability of lay jurists to disclose the trial’s inner workings to others, and it authorizes criminal sanctions and penalties should any lay jurist reveal the contents of the trial to anyone, even years after their service is concluded.

While this confidentiality provision was designed to protect the sanctity of the deliberations and shield lay judges from possible harassment, the negative effects on the lay judges due to these restrictions could have severe repercussions in the system’s ability to transform the Japanese people into the “governing subjects” that the JRC initially envisioned.

This is particularly worrisome given that, as noted above, the sharing of one’s jury experience is an important component in strengthening the ties between judicial service and later democratic enhancement. As one observer mentioned, “If the system’s purpose is to educate the public about trials and have their views reflected in the criminal justice system, gagging participants for life seems counterproductive.”²

Interestingly, although the lay judge system has been operating for just under three years, those who have already served have expressed surprisingly high levels of confidence in its operations. As of 2010, 98% of Japanese citizens who were empanelled as lay judges felt their experience was a positive one, with 75.6% stating that the atmosphere during deliberations was positive and allowed a complete discussion of the case at hand. ³

¹ John Gastil, et al., *The Jury and Democracy: How Jury Deliberation Promotes Civic Engagement and Political Participation*, 116 (2010).

² Colin P. Jones, “Big Winners in ‘Jury’ System May Be Judges, Bureaucrats,” *Japan Times*, March 10, 2009, <http://www.japantimes.co.jp/text/fl20090310zg.html>.

³ *Saiban-in seido no jisshi jokyo no gaiyou* [Brief Overview of the Lay Judge System’s Im-

These positive post-trial assessments are striking, particularly since over 58% of former lay judges polled stated that they initially did not want to serve when first summoned.⁴ Such positive early returns are heartening and give rise to the hopes that the system may just be able to achieve its goals of enhancing democratic governance.

All in all, the lay judge system holds great promise and potential; only time and future research will tell whether or not the *saiban-in seido* will live up to the hopes of its champions or succumb to its structural weaknesses. Regardless, this is an exciting moment in Japan's jurisprudential and democratic evolution.

Robert Putnam noted, "changing formal institutions can change political practice."⁵ Here, researchers, scholars, Japan watchers, and the Japanese people themselves all are watching whether the lay judge system will live up to that promise and help reshape Japanese society.

During my investigation, I was fortunate enough to travel to Japan as a Sylff fellow and conduct on-the-ground research into this emerging system. In and outside Tokyo, I was able to meet with ordinary citizens and hear their thoughts regarding their new civic responsibilities. While many admitted to being nervous, several also expressed interest in serving as a lay judge, stating they were curious about the system and wanted to participate, if nothing more than just to discover how the system functions.

This year, the Japanese Supreme Court is commanded by the Lay Judge Act to review the effectiveness of the *saiban-in seido* and suggest any necessary amendments. It is unclear at the moment what potential alterations the Supreme Court might suggest. No matter its future modification or evolution, the lay judge system represents a unique experiment in integrating average citizens into the judicial decision-making process, one that the rest of the world should watch with interest over the coming years.

In the final analysis, Japan's serious effort over the past decade to reintroduce its citizens into the nation's criminal processes represents one of the most fascinating efforts in modern judicial reform.

plementation Status], Supreme Court of Japan, www.moj.go.jp/content/000036266.pdf (May 16, 2010); Setsuko Kamiya, "Lay Judges Off to Solid Start: Legal System Gets a Positive Jolt from Citizen Participation," Japan Times, February 26, 2010, www.japantimes.co.jp/text/nn20100226fi.html.

⁴ Kamiya, *supra* note 3.

⁵ Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*, 184 (1993).

February 9, 2012

Valentine's Day and the Environment: A "Love Affair with Nature"

Dimithri Devinda Jayagoda

I visited Palawan, the Philippines, in 2010 and February 2011 to conduct field-work for a master's thesis. There, I was amazed by an annual project called "Love Affair with Nature: Mangrove Plantation" conducted in the city of Puerto Princesa.

"Mangroves are trees or large shrubs, including ferns and palms, which normally grow in or adjacent to the intertidal zone and which have developed a special adaptation in order to survive in this environment" (Spalding, Kainuma, and Collins 2010). Mangroves can be found in some northern latitudes as high as 32 degrees, even though they are usually found within 25 degrees north and south of the equator (Maltby 1986). Mangroves are considered a rare global habitat. They currently make up less than 1% of tropical forests worldwide and less than 0.4% of the global forest estate (39,520,000 square kilometers) (FAO 2006).

Dwindling Mangroves

There are two main reasons for the destruction of mangroves. One is pressure from increasing populations in coastal areas, and the other is over-harvesting of timber and other wood products. Figure 1 shows that between 1980 and 2005, there was a dramatic loss of mangrove forests in every region except Australia. Southeast Asia, North

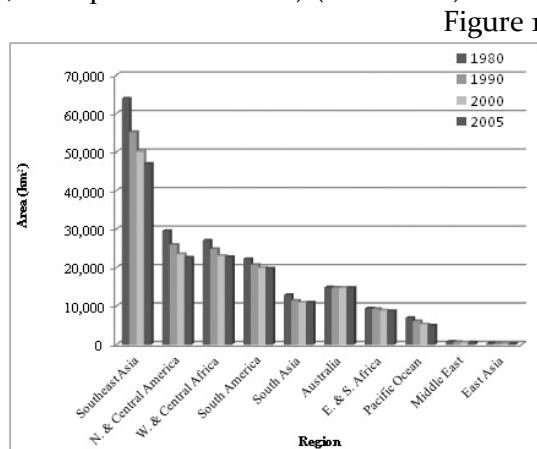


Figure1: Decline in Mangroves by Region, 1980–2005 (Source: Estimates based on 2007 FAO data)

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and Central America, Oceania, and East Asia showed the highest decrease of more than 20% in 25 years.

Status of Declining Mangroves in the Philippines

The mangrove forest area in the Philippines was estimated to be around 500,000 hectares in 1918. This has declined due to conversion to fishponds and salt beds, the cutting of trees for firewood and other domestic uses, and the reclamation of coastal land for industrial and other development purposes. By 1995 it had dwindled to 117,700 hectares (Fernandez et al. 2005).

Figure 2

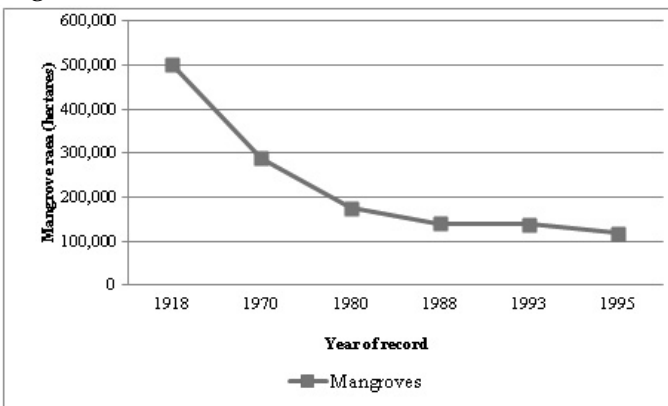


Figure 2: Decline of Mangrove Resources in the Philippines (Source: Compiled by the author based on DENR Statistics, 1998)

This is a rate of depletion of about 3,700 hectares per year. Between 1980 and 1991, in particular, some 20,000 hectares were lost annually.

Undoubtedly, mangroves are showing signs of degradation in every region of the world. There is one project, though, that is seeking to reverse this trend. It is an

initiative in the city of Puerto Princesa in Palawan, Philippines, known as a “Love Affair with Nature.”

Expression of Love

The program, spearheaded by Mayor Edward S. Hagedorn of the city of Puerto Princesa, is one answer to the problem of global warming. It was launched on Valentine’s Day, February 14, in 2003 with the planting of 2,500 mangrove seedlings along a two-hectare denuded area in the village of San Jose.

Figure 3

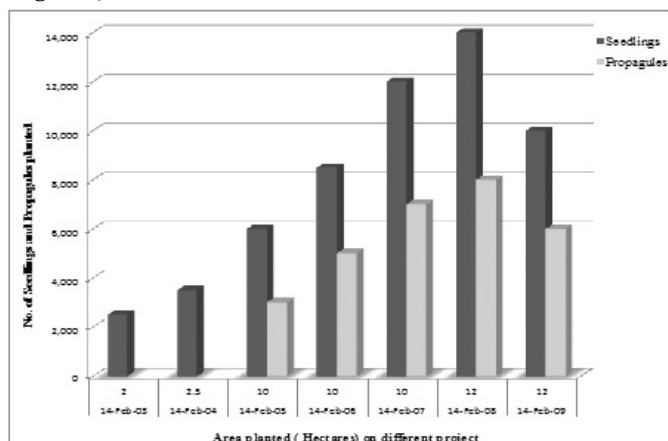


Figure 3: Planted Seedlings and Propagules, 2003 – 09
(Source: Calculations based on Puerto Princesa City ENRO statistics)

adjoining villages of San Jose and San Manuel. Some 56,500 mangrove seedlings and 29,000 propagules have been planted, as shown in Figure 3, with a survival rate of 71.7% (City Environment and Natural Resources Office, 2011).

Mass weddings are now held as an added attraction to the tree planting event, with newly wedded couples planting seedlings as an expression of their marriage vows. In September 26, 2005, City Ordinance No 287 was issued declaring February 14 as Love Affair with Nature Day in the city of Puerto Princesa.

This is aimed at institutionalizing Love Affair with Nature Day on Valentine's Day as an expression of not only romantic love but also love for Mother Nature and as a continuing call for the protection and sustainable use of natural resources. Mass mangrove tree plantings and mass weddings have been conducted concurrently ever since.



Mass wedding in 2011, followed by mangrove planting (photos by the author)

Reasons for the Continuation of the Program

- The municipal government, the City Environment and Natural Resources Office, the Provincial Environmental and Natural Resources Office, and the De-

partment of Environment and Natural Resources Office have been the main providers of funds for environmental projects in the city.

- Communicating the project's benefits, such as protection from storms, prevention of rising sea levels, and creation of breeding grounds for fish, has promote participation among members of the local community. Anticipated long-term benefits, such as larger fish hauls, have been enough to convince locals to join without any cash incentives.
- The project represents heightened ecotourism opportunities, and the city has begun actively promoting ecotourism.
- These activities have become an important social function for the local community, and for some students it is a requirement in order to receive scholarships.
- A series of meetings are conducted every year to educate village leaders and to spread the program's message to local communities.
- At this point, no company in the timber industry is involved owing to a law initiated by President Ferdinand Marcos in 1981. The industry has been a major cause of mangrove destruction, and only ecotourism activities that do not result in the cutting down a single mangrove tree are currently conducted today.
- Many policymakers believe that once the trees mature, the task of rejuvenating the forests can be left to the forces of nature, and further plantings will become unnecessary.
- Civic organizations have taken responsibility for protecting local areas and providing forest rangers to monitor the forests.

Halting the Decline

A study conducted by the Palawan Council for Sustainable Development in 2005 with the support of the Japan Forest Technology Association (JAFTA) is the most reliable and up-to-date data available to evaluate mangrove forest cover in Puerto Princesa. This study shows that the current cover in Puerto Princesa is 5,896.40 hectares, as shown in Figure 4. The mangrove forest was 4,052 hectares in 1992. PCSD conducted the survey in 1992 using SPOT Earth observation satellite images.

There has been positive growth of mangroves in the province of Palawan as well as in the city of Puerto Princesa.

Figure 4

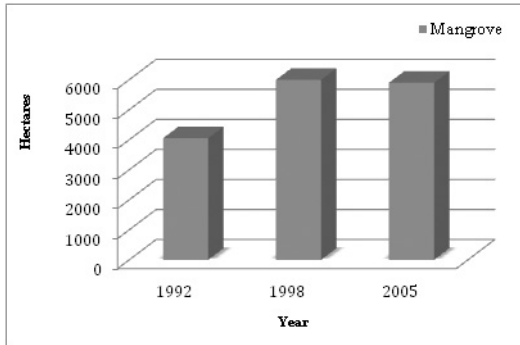


Figure 4: Mangrove Cover in Puerto Princesa (Source: PCSD, 2010)

Figure 5

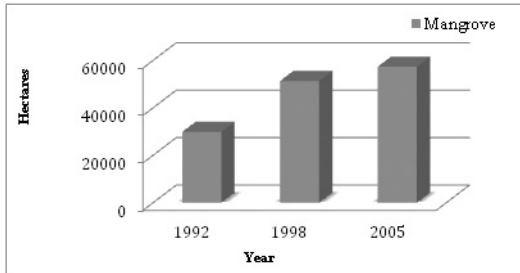


Figure 5: Mangroves on Palawan Island (Source: PCSD, 2010)

It was just 29,910.14 hectares in Palawan in 1992 and increased to 57,386.52 hectares in 2005, as shown in Figure 5. All these planted areas were granted protected status to form part of the Integrated Protected Area System (IPAS). The increase of mangrove forests in Puerto Princesa is backed up by these policies.

Conclusion

There is clear evidence that mangrove forests in the world are declining. In the Philippines, this decline rate has been huge over the past few decades. However, there is one example that shows a different trend.

Government involvement, effective law enforcement, political will, proper leadership, community involvement, alternative livelihoods, an education campaign, involvement

of local and national organizations, and the willingness of local communities are needed to change this trend of mangrove degradation.

A “Love Affair with Nature” is a successful project that combines all these ingredients. This project has been implemented and maintained by the personal



Scenes on a flight from Manila to Puerto Princesa (photos taken by the author in 2011)

efforts of Mayor Edward Hagedorn. Every citizen of Puerto Princesa is proud to be environmentally sound. The beauty of the project can be seen when flying from Manila to Puerto Princesa. The left side of the photo shows the view of Manila, where there is no greenery, while the right side shows the verdure of Puerto Princesa.

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