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MONOGRAPH SERIES

An East Asia Strategic Design of Japan in the Post-Cold War Era:

In Search of Japan's Optimal Role and Place in the Region

Jeong-Woo Kil

THE TOKYO FOUNDATION
東京財団

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RESEARCH DIVISION
of THE TOKYO FOUNDATION

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This paper is written by Dr. Jeong-Woo Kil as the final report of his study conducted from April, 2001 through February, 2002, titled "An East Asia Strategic Design of Japan in the Post-Cold War Era: In Search of Japan's Optimal Role and Place in the Region." (The contents of this paper represent his own view and do not necessarily reflect that of the Foundation.)

June, 2002 **Research Division of The Tokyo Foundation**

CONTENTS

Foreword

This report is an outcome of my attempt to understand Japan and the Japanese. There might be many different approaches to figure out a specific country and its people. Among them I chose to focus on Japan's foreign and security policy debates of Japanese intellectuals. This subject has increasingly drawn a serious attention in Japan since the end of the Cold War.

Not simply because of my academic and professional background on foreign affairs but also because neighboring countries' major concern over Japan's future security path, did I choose this approach. In the process of undertaking research and interviews, I could feel and confirm Japanese intellectuals' sincerity and professionalism as well as their patriotism in their country and people. Therefore, I am eager to refer my work as my *intellectual journey* to understand Japanese intellectuals.

This report is just a careful compilation of various thoughts and interpretation on the subject and not solely reflects my own analysis. I, however, have reviewed previous research materials thoroughly as possible and added my impression out of a series of interviews to this final report. I might define this report is *a neighbor's view* to prospect Japan's future in its security and foreign policy. And, I hope Japanese readers will understand this project is a reflection of my personal aspiration to see Japan as reliable and mature partner of all neighboring countries.

This report was made possible with many devoting colleagues at The Tokyo Foundation. Mr. Fukiura, Mr. Katayama and the staff of research division including Mr. Takoh, Ms. Yoshihara and Ms. Ishibashi who have all enthusiastically supported me. And Mr. Fujita helped me as research assistant.

I also have to express my heartfelt appreciation to Mr. Suzuki and Ms. Kanno who have initially provided me with a precious opportunity to stay and research in Japan. I thank all members of the Foundation for their friendship and support.

February, 2002 **Jeong-Woo Kil**

[Chapter I]

Introduction: Why Now and How?

Purpose and Structure of the Study

It won't be an exaggeration to say that Japan is at a crossroads. After experiencing the so-called 'lost decade,'*(ushinawareta junen)* Japan has been undertaking a comprehensive structural reform under Prime Minister Koizumi's leadership since April 2001. And it is broadly understood whether Japan's reform will succeed or not will determine the future of Japan in the 21st century not only in economic sense but in its political status and diplomatic influence in the international community as well.

Japan's efforts of structural reform reflect sense of urgency shared by most sectors of people in Japan and are closely watched both by neighboring and Western countries. Which reflects Japan's strong economy and healthy governance will affect the whole market economic system.

On the other hand, Japan has gradually encountered a new stage of serious review of its security policy. And the September 11th of 2001 terrorist attack to the U.S. and the U.S.-led war on terrorism have provided Japan with fresh opportunity to get engaged with such debate. In the course of discussing Japan's contribution to the anti-terrorism campaign in the last quarter of year 2001, we could witness extensive review of Japan's foreign and security policy. Relatively prompt and sweeping resolution of a set of legislations in this regard, however, has ignited dormant East Asian neighboring countries' suspicion and concern over Japan's future path in military-security arena.

Since the end of the Cold War in the Western hemisphere, Japan has been undergoing a painful transition marked by post-bubble malaise, loss of confidence in its institutions and the challenges of adjusting its regulated structure to the globalization of capitalism. Post-Cold War disorientation and

uncertainty over national purpose, and settling accounts on the national past also have remained as persistent challenges.

In addition, facing dramatic change in *modus operandi* of the international community expedited by the evolution of information society and extensive globalization, Japanese aspirations for a national identity moving beyond the legacy of World War II and Japan's domestic endeavor to search its identity became highlighted with different strategic implications.

Incidentally, the September 11th terrorist attack and the U.S.-led international coalition against terrorism may help usher in the "post post-Cold War era" by creating an opportunity for a fundamentally changed relationship between the United States and East Asian major countries including China and Russia. It also provides Japan with the incentive and excuse as well to take a bold step toward becoming a more "normal" nation and more equal security partner in the U.S.-Japan alliance system.

It has been broadly understood that the Japan's strategic path might be decided rather by external challenges and by demands from changes in regional and global strategic environment than by its domestic discussion on identity and national strategy. Passage of the PKO legislations after the Gulf War, the Defense Guideline after North Korea's missile launch and China's missile threat to Taiwan, and new anti-terror legislations after terrorist attacks in September 2001 have often been referred in Japan's reactive foreign and security policy.

There are no clear signs or evidence that such tendency will swiftly be reversed. However, for the last several months we could witness political will and public support for the argument that Japan should develop concrete mechanism for safety and security of its system based on close attention to and comprehensive analysis of the external challenges in various areas.

Paying attention to this changing Japanese attitude in favor of more proactive foreign and security policy and to the pursuant rearranging domestic

preparedness as well as security environment in the region, the study attempts to examine where Japan stands in security and diplomatic sphere of East Asia and what can be Japan's strategic options. In addition, the study searches for the optimal path Japan would better take to fulfill its diplomatic and security objective in the region.

There are three levels to interpret Japan's regional relations, i.e. national interest, value, and historical memory. And an optimal but realistic picture of Japan in East Asia should be illustrated as compromise between its own goal and neighboring countries' strategic design.

There are a couple of reasons to focus on East Asia; first of all, in the course of Japan's attempts to extend its role and influence in the world scene, the rise of China as a competitor for regional leadership has had a further disturbing psychological effect on the national self-image. And Japan can neither ignore nor underestimate East Asian neighbors with increasing prestige and influences, and probably with a veto power against Japan's diplomatic move. In a more positive sense, East Asia can be a legitimate platform for Japan to expand its role and prestige in diplomatic, economic and security arena.

Therefore, Japanese search of its identity and developing national strategy should start from understanding of its place in East Asia. And by paying an appropriate attention to maintaining its harmonious relations with East Asian neighbors Japan would become relieved from half-century old debate on historical issues and exert its full capacity in the global forum.

With such understanding in mind this study (1) reviews previous discussions of Japan's identity and strategy, future status and role in East Asia and in the global level; (2) and as an attempt to figure out Japan's place in East Asia, the study explores East Asian major countries' strategic calculations and Japan's place in their strategic designs; (3) and explains foreign policy implications of Japan's ongoing economic and political transformation which gain more saliency amidst increasing public influence in various levels of policymaking;

(4) and finally illustrates an optimal and realistic picture of Japan in the region with suggesting some experimental ideas to reach such a stage.

This research was executed in regional context but would inevitably have an impact on Japan's role and status in the global stage. All things considered in the study will hopefully contribute for Japan to getting freed from self-imposed obsession to become a 'normal state' and provide a fundamental ground where Japan can play a reliable and constructive role with proper responsibilities in the world as well as in East Asia.

Questions

The study attempts to answer to a series of questions:

- Why Japan is still struggling to search for its own identity? Is it a part of the legacy of the fifty-year old San Francisco Peace Treaty or outcome of Japan's voluntary strategic choice to avoid entrapment in military disputes?
- How Japanese intellectual debates have been developing in search of Japan's optimal identity in the region and in the world?
- How Japanese foreign policy has changed in the post-Cold War era? And what are the consistencies and changes in this regard?
- What challenges Japan is facing in its regional foreign policy front? What is the impact of September 11th terrorist attack and anti-terror campaign on Japan's strategic thinking and security strategy?
- What are the major implications of Japan's domestic economic and political transformation on its foreign and security policy?
- Assuming that East Asian neighboring countries' concern over Japan's future path is one of obstacles for Japan's extending role in the world, how can Japan manage sustainable relations with these countries?
- What is Japan's optimal place in East Asia and what are the major challenges in reaching optimal stage?

- How can we interpret the strategic implications of historical issues in realigning Japan's relations with neighboring countries?
- What resources Japan can mobilize for its foreign policy goal?

Assumptions

- Despite Japan is now facing immense economic and political challenges, it is likely to remain the most important and powerful nation in East Asia for quite a period of time. Japan remains a global industrial and technological leader with a highly educated, skilled, and disciplined workforce. More importantly the state itself remains capable of adaptation and the nations have embraced the need for change and are moving in new directions.
- The U.S.-Japan alliance is the best hedge against the emergence of either future threats or competitive regional dynamics that could lead to confrontation and instability.
- Disparity between Japan's economic capability and military power can and should be accommodated by the Japanese. And Japan can build its image and role as *unique* state in the world.
- In the course of extending its role as global power, Japan should not underestimate the strategic implications of historical issues which most East Asian neighbors are concerned about.
- Japan's domestic political and economic transformation will inevitably affect the direction of its foreign and security policy. And its impact will get stronger.

[Chapter II]

Debate on Japan's Place in the World: Reviewing Japan's Search for Identity and National Strategy

Japan might be the only among advanced countries which is still searching for its national identity. Such efforts to find out national identity are serious and constructive endeavor to build its image in the world which Japan is eager to accomplish. On the other hand, Japan's continuous search for its identity could be the product of unfinished healing process of the war defeat more than half century ago and also reflecting the Japanese guilt feeling on the incomplete resolution of the war responsibility.

Political framework of the San Francisco Peace Treaty of 1951 and the launch of the U.S.-Japan security alliance in the beginning of the Cold War era set the following stages of Japan's rehabilitation, economic miracle and leading economic engine of the whole world.

Throughout the twentieth century, the persistent and recurrent characteristics of Japanese foreign policy -- its realism and pragmatic nationalism, its relative lack of ideals, its persistent pursuit of self-sufficiency, its adaptive and accommodative character -- produced an extraordinarily self-absorbed tradition of international behavior. And having failed disastrously in its bid to find security through empire in the 1930s and 40s, the state now pursues that end through a comprehensive security *(sogo anzen hosho)* approach.

Japan's comprehensive security thinking takes a multi-layered view of security issues, including military, economic, and diplomatic elements. While military security measures are viewed as necessary, the efficacy of the use of force is widely regarded as low and diminishing. With military power regarded primarily as Japan's "shield," economic means are seen by many Japanese as its "sword" which enables to advance Japan's position in the

world and achieving foreign policy goals. And Japan's internationalism of engaging with global institutions was to facilitate the operation of its military and economic security apparatus and, in the long term to help moderate its security environment.

In sum, Japan's current approach to security affairs has been conditioned by four factors: the nation's economic and military history, its postwar state structure, Japan's military alliance with the U.S., and the intellectual development of distinctive Japanese ideas on security.

1. Yoshida Doctrine Revisited: Still Underlining Thought

Former Prime Minister Yoshida Shigeru established a formula for Japan's foreign policy and set the terms of the debate after World War II. The so-called Yoshida Doctrine was centered on close alliance with the United States, minimal military rearmament, and a focus on economic recovery. This basic formula has served as the framework for Japanese foreign policy ever since. At the time, however, the Yoshida Doctrine was really more of a political compromise than it was a strategic doctrine per se.

Strategic settlement or alliance with the U.S. created a dilemma between *entrapment* and *abandonment* that small states aligned with superpowers have experienced. To escape this dilemma and empower itself within the alliance, the smaller state Japan can establish its own military capabilities; broaden relations with other countries; or strengthen its own economic capabilities.

Yoshida initially looked on Article Nine of the Constitution, "the peace clause," as the most important insurance policy against entrapment in American Cold War adventure. However, Yoshida never had any intention of seeing Japan remain dependent on the U.S. for security indefinitely.

As Japan's economic power grew in the postwar period, the pressure for a revision of Yoshida's formula mounted. And subsequent Japanese political and

intellectual leaders pushed for a national strategy and identity beyond economic recovery and alliance with the U.S.

- Foreign Ministry's first *Diplomatic Blue Book* in 1957, which expressed the hope that Japan's world role would rest on three pillars; alliance with the U.S., UN-centered diplomacy, and Asia.

- Yet with each challenge to the Yoshida Doctrine in the postwar period, the result was almost always a further institutionalization of Yoshida's views and a renewed emphasis on a combination of economic power and alliance with the U.S.

2. Global Civilian Power: Officially Promoted Theme

In view of the fact that Japan is mostly using its economic power and has predominantly pursued economic interests, the concept of 'civilian power' *(minsei taikoku)* or 'global civilian power' has been proposed to characterize Japan's status. Comparing Japan and Germany, German Professor Hanns Maull (1990) speaks of the two countries as prototypes of 'civilian powers' and defines 'civilian power' as (1) acceptance of the necessity of cooperation with others in the pursuit of international objectives; (2) the concentration on non-military, primarily economic, means of international interaction; and (3) a willingness to develop supranational structures to address critical issues of international management.

The bipolar ideological clash of the Cold War has been replaced by a plurality of values and ideas that exist for the most part within the Yoshida framework. The Japanese are struggling to define an independent strategy and identity at a time when U.S. military and financial power appear unrivaled and Japanese security dependency on the U.S. undiminished, when China is challenging Japan's diplomatic agenda in Asia, and when Japan's own economic model is under intense pressure from the forces of globalism. Japanese intellectual leaders are being forced to reconsider the sources of their nation's power. And they are still uncertain about the direction of Japanese purpose.

The Gulf War and the collapse of the bubble economy changed the rules. Forty-seven years of stable LDP rule came to a halt and Japanese politics appeared wide open and with that came an opportunity to define a different vision for Japan's future world role.

While the debate over Japan's identity and strategy at the dawn of the twenty-first century has not yielded a new synthesis and has not changed the fundamental coordinates set by Yoshida, it has established one new principle that will have important implications for the conduct of Japanese foreign policy in the future.

- That principle is simply that Japan must take more proactive steps to defend its position in international society and that these steps can no longer be defined by the U.S.-Japan alliance or by facile assumptions about economic interdependence alone, even as alliance and economics remain at the core of Japan's world role.

The broad support for this more assertive and in some ways more desperate expression of Japan's world role is evident in a series of commissions and study groups formed to chart Japan's objectives for the new millennium at the end of the 1990s.

Former Prime Minister Obuchi's 1999 blue ribbon panel entitled "Commission on Japanese Goals for the 21st Century," finalized a report January 2000 with painting a picture of an increasingly liberal and civil society in Japan, urging the government to improve the way citizens interact with the state and with the public domain through a series of reforms in regulation, the tax code, and the voting age. In examining the foreign policy, the commission reviews the dashed hopes and growing angst of the first decade of the post-Cold War era. And the report echoed previous calls for comprehensive security.

- It predicted that "in the twenty-first century the use of military might to secure national development and settle disputes will increasingly lose legitimacy," and called on Japan to "strive to win acceptance for its role as

a global civilian power."

While the U.S. alliance was to remain one of the pillars of Japanese security, the report argued that the alliance should be conceived of as one of four such pillars comprising a "multi-layered security framework"; efforts through diplomacy, multilateral structures and international institutions to build trust and reduce tensions; economic security; human security designed to ensure "the protection of the global environment, the eradication of poverty and hunger, and the protection of human dignity." And finally, the report called for increased emphasis on developing strong 'neighborly relations' *(rinko)* with East Asian states, especially South Korea and China. "A vast frontier beckons in the realm of economic cooperation among Japan, Korea, and China," the report wrote, arguing for more narrowly regional economic cooperation agreements to proceed in parallel with those of the larger Asia Pacific Economic Cooperation (APEC) framework.

The commission argues that Japan must break the pattern of swinging between Asia and the U.S. and instead pursue "enlightened self-interest." But, the members argue, this debate about national interest must be "backed by a healthy realism." The report calls for Japan to continue defining its role as a "global civilian power," allied with the U.S. but expressing a vision for Asia. This definition flows from them their warning that Japan's experiences since the end of the Cold War could lead to greater nationalism and the hope that the Japanese will retain a healthy realism about the costs of a return to the militarism of the past.

3. Catalytic State: Emphasizing Relational Leadership

Similar to the civilian state concept but more specific on the actual modalities is what Michael Lind (1992) has called the 'catalytic state' as opposed to the 'integral state.' Faced with a situation where a superpower like the United States can no longer play a predominant role as it could before (surely there might be different interpretation after the September 11th terrorist attack and

its aftermath), and a new major power like Japan can no longer hope to achieve nor would wish to achieve such a predominant role. What is being achieved is the status of a state which "seeks its goals less by relying on its own resources than by acting as a dominant element in coalitions of other states, transnational institutions, and private sector groups, while detaining its distinct identity and its own goals."

Lacking the qualities and will for leadership, on an individual as well as organizational level, but being well endowed with economic power and a cultural propensity to work in groups, Japan's leaders feel more at ease forming coalitions of other states, transnational institutions and private sector groups rather than replacing the weakening American hegemon.

This is also politically the least onerous way (the means ranging from *quid pro quo* proposals to blackmail) to establish linkages between issues in order to achieve economic as well as political objectives.

This concept of the 'catalytic state' bears an interesting resemblance to a Japanese interpretation of *modus operandi* of its society as a relational than an individual-centered one. Such a concept would explain why states in general are said to be losing power, including the Japanese state, but somehow they still matter more than anything else for outcomes.

As can be shown in economic interaction at a global level, state agencies and state-controlled agencies (for example, central banks) have established a network among themselves of dialogue and cooperation. Japanese agencies have shown that they are particularly apt at working at this level, either globally like cooperation among central banks or regionally like formerly MITI and the Ministry of Finance establishing networks with their Asian counterparts.

This relational leadership of the 'catalytic state' is even functional during serious economic difficulties and at a time of political upheaval and transition when politicians delegate considerable political tasks to the bureaucracy.

Such *leadership by stealth* is, however, not without certain risks. It suffers from a considerable degree of democratic deficit which cannot be good for the long-term health of Japan's democracy. It means that outside actors, whether Japanese or non-Japanese, can only with great difficulty influence decisions or even predict outcomes. Incremental leadership functions well only in the case of relatively uncontentious political issues. Any potentially contentious issues, or issues which offer themselves for ambitious politicians to make their mark can create stalemate in the leadership and worsen relations with the outside world.

Incremental leadership is also hardly able to reduce the frustration of other countries who expect Japan to shoulder more responsibility including the PKO or to come clean on difficult issues like the legacy of the past or the government's position on the formerly EAEC (East Asian Economic Caucus). Bureaucratic politics can only go so far and will not achieve more difficult or urgent goals if political leadership fails to carry the flag.

4. Normal State: Increasingly Gaining Saliency

Ozawa Ichiro, former member of the LDP, in his book titled *Blueprint for a New Japan* (1993) combined the experiences of the Gulf War and the collapse of economic bubble and called for a more "normal" Japan. By "normal," Ozawa meant Japan that was deregulated and that participated in collective security, but, more to the point, Japan that accepted risk in foreign and economic policy in order to maintain and even enhance national power and prestige.

His argument is largely in opposition to a purely mercantile trading state. And a normal state is an opposite concept of handicapped state (incapable to properly execute its power and capacity) or special state/atypical (excusable and accepted by the others of Japan's unique situation).

Japan has been accustomed to think its status and role in the context of Japan-U.S. alliance and often lost sight of its global power status and capability in the world. And neighboring countries' lack of respect of Japan mostly due to

historical issues is contributing to Japan's loss of confidence in its regional and global role. This phenomenon has been projected through international media and Japan's image of co-optive power has been diluted.

In addition, political scientist Kitaoka Shin'ichi (2001) argues that Japan has no choice in its identity to escape from the dilemma between East and the West other than to return to the Meiji leaders' concept of Japan as a bridge between East and the West, "a country that sits on the outskirts of Western civilization but continues to thrive as an independent civilization not completely overthrown by Western culture." "This example," he argues, "is perhaps the most important message that Japan can send to other cultures."

This formation of Japan's Asian identity as allied with America but serving as Asia's breakwater against the chaos of Anglo-American capitalism and culture has become powerful in recent years.

5. Other Debates

(1) Soft Power, Co-optive Power

When explaining the changing face of world politics since the end of the Cold War, Harvard University Professor Joseph Nye (1990) has introduced a concept of soft, co-optive power. As a more attractive way of exercising power than traditional means, he argued that the state may achieve the outcomes it prefers in world politics because other states want to follow it or have agreed to a situation that produces such effects.

This new aspect of power -- which occurs when one country gets other countries to want what it wants -- might be called co-optive or soft power in contrast with the hard or command power of ordering others to do what it wants. And the ability to affect what other countries want tends to be associated with intangible power resources such as culture, ideology, and institutions.

Because the use of force has become more costly, less threatening forms of

power have grown increasingly attractive. And the soft power tends to arise from such resources as cultural and ideological attraction as well as rules and institutions of international regimes. For Japan, Professor Nye argued that the success of Japan's manufacturing sector provides it with an important source of soft power, but Japan is somewhat limited by the inward orientation of its culture.

In terms of soft power, Japan still tends to be highly insular. The Japanese talk about their need to develop more international attitudes, but the United States and Europe have more universalistic cultures and more inclination to convert. And Japan's efforts to play a global civilian role will increase Japan's soft power and national interests of Japan, the United States and East Asian neighbors will not diverge when Japan's economic resources be converted to soft power rather than hard, military power.

(2) "Challenge 2001—Japan's Foreign Policy toward the 21st Century" submitted to Foreign Minister Komura Masahiko in January 1999 commissioned by the Comprehensive Foreign Policy Bureau of MOFA in 1997

The report is written based on the understanding of the major trend defining Japan's foreign policy as globalization and interdependence. Globalization will form an ever-more irreversible and massive current in the 21st century, and interdependence across national borders will grow deeper in all areas. And it argues the way for Japan to secure its national interests amid this trend is to develop and present ideas and act as a global player in pursuit of stability and prosperity of the international community.

While explaining changes of Japan and its foreign policy, the report emphasizes what is more important for Japan is that the direction Japan is to take is now being questioned.

Japan, with its economic strength, has kept a certain degree of influence in the international community. It is now apparent, however, that its economic

growth will reach its limit if Japan takes its existing systems for granted and fails to make reform efforts. Authors concern that Japan's relative position in the world will no longer go up is even more real as other individual or groups of countries, riding on a tide of globalization, achieve further development. This is all the more likely in light of the difficulties such as a falling birth rate and aging population that Japan will face as a mature nation.

Since Japan continues not to rely on military strength as a means of securing its national interests, it is important to bear fully in mind the relative change to Japan's position against the international match ground and to identify the sources of national power, which underpins its foreign policy, and to take necessary actions.

The challenges for Japan to achieve its diplomatic objectives amid these new currents are outlined as: enhancing the "total strength of foreign policy," "national power," and reinforcing "diplomatic frameworks."

• ***Enhancing the total strength of foreign policy:*** to enhance people's interest in foreign policy, to consolidate public opinions, and to implement foreign policy with public support.

- For this purpose, it is necessary to strengthen privately-funded policy research institutes, to promote research at universities and other institutions of higher education, to provide more opportunities for public discussion on foreign policy, and to build a system to fully reflect these recommendations in policy-making process.

- A so-called 'Track II' dialogue, a dialogue whose party consists of both intellectuals from the private sector and government officials, should be utilized more frequently.

- Partnership between the government and NGOs/NPOs should be built in other areas than development assistance, where such ties have been traditionally strong, while developing the ways to listen to a broader range of people, including labor unions, consumer groups and business

circles. In promoting such ties, the question of the accountability of the NGOs/NPOs has to be also addressed.

- On the other hand, the government is required to demonstrate its total strength. Through close inter-agency coordination and consultations, the government must conduct its foreign policy in a body for the interest of Japan as a whole.

• ***Enhancing national power that supports foreign policy***

- Review of national power, technology, inventiveness, and renewed recognition of a nation's responsibility

- Especially on the issue of renewed recognition of a nation's responsibility, the report suggests that "now is the time to ask ourselves once again the fundamental question - what should a nation do to ensure the security of its citizens? There should be an open discussion on the role of a nation in ensuring the security of its citizens, to avoid falling into such extreme arguments as interpreting a dispatch of the Self-Defense Force units to rescue Japanese citizens from areas of conflict as a resurgence of the Japanese militarism."

- Through these discussions, "it is necessary to remind ourselves the grounds of foreign policy, i.e. maintaining policy coherence and taking responsible actions as a nation."

• ***Reinforcing diplomatic frameworks***

- The report argues that Japan should endeavor to strengthen frameworks of international cooperation. A scope of the efforts should not be limited to improvement of existing frameworks but be expanded to establishment of new frameworks.

The report suggests in conclusion that as a member of the Asia-Pacific region, Japan places the very axis of its foreign policy in the relations with this region. Japan's special interest and responsibility in fostering a stable environment in

this region must not be forgotten. The first priority is to develop relations with Asia-Pacific countries and to promote regional cooperation, while maintaining cooperative relations with the United States as the cornerstone of Japan's foreign policy. To give credibility and validity to such diplomacy, Japan must have a foresight and a strategy that take into account the linkage between Asia and the region beyond it, as exemplified in recent development of Eurasian diplomacy.

No more than ever has Japan's leadership in diplomacy been so seriously called for. Japan, as a global player, has to take the lead in achieving "a world where people can count on a better future." It is important, therefore, to further deliberate on the challenges in line with this proposal and to lead to concrete policies in the future.

While the report rejected an increase in military power to compensate for economic problems, it noted that given that another leap is hard to expect if Japan's foreign policy dependence on economic strength remains unchanged, Japan must reconsider where it should find the sources of its national power that would support its diplomacy.

Though the specific policy proposals recommended by the report are ambiguous, the theme is clear: Japan must wield all of its available power assets *more assertively and more independently* within the parameters set by Yoshida half-century ago.

(3) 'Maritime Nation' study hosted by the Japan Forum on International Relations, 'The Vision of the Maritime Nation of Japan,' four-year project (1998-2002) and the so-called 'the Maritime Nation seminar' chaired by Ito Kenichi

A renowned political scientist Kosaka Masataka argued more than thirty years ago in his "The Vision of the Maritime Nation of Japan" that Japan belongs to neither the West nor the East and is consequently troubled by a loss of identity. And he pointed out that despite of Japan's defeat in World War II, its

subsequent dependence on the United States, and its attempt to Americanize, Japan forgot the importance of its national identity. And the emergence of China as a major power would once again force Japan to confront the ambivalence of its stand between the West and the East.

The enormous changes in the worldwide framework of communication seen in the fundamental restructuring of the global political and economic order -- symbolized by the end of the Cold War -- and in the information Revolution have imposed on Japan the necessity of choice in a historical turning point. In a certain sense, it is only natural that there has arisen in Japan a vigorous debate over the need for structural reforms to the very foundations of Japan as a state and a society. Japan, however, should understand that even if radical domestic reforms are implemented, a lack of awareness of a national objective in the way Japan relates to the outside world will leave Japan a ship adrift on the world sea.

The Pacific is now emerging as the central stage for exchange among world civilizations as the successor of the Mediterranean and the Atlantic. The sense of the sea as a means of communication must now be broadly interpreted to include the air, space, and even such communication tools as the Internet. Inherent in the use of the term 'sea' is the sense of frontier, and this frontier continues to expand from the ocean surface to the ocean floor, to Antarctica, and into space.

Japan's future within such a framework will depend on to what degree the country can master these communication structures and to what extent it goes in actively relating with the outside world through these means. If a national objective is to be determined in accordance with the place a nation occupies within this global communication framework, then *Japan must first establish its own identity of who the Japanese are.* Japan must therefore understand its place and role in the relationships between civilizations and nations in today's world. This will lead to the development of a concrete grand strategy for a Japan open to the outside world.

Japan is a maritime nation located in Northeast Asia and surrounded on all sides by the sea and Japan is also the first non-Western nation to modernize through its own efforts. These two factors are closely interrelated and combined together. And it seems to suggest a path that Japan and the Japanese should follow in its interrelationship with the region and the world. In other words, Japan and its people must be a presence that gives hope to developing non-Western nations and at the same time, offers a new alternative (the possibility of a post-modern civilization) for the future of human civilization. While eventual unification such as that of the European Union may still be a distant dream in East Asia, Japan must for the time being play a leading role in forming an open and cooperative regional order in the economic, political, security, social, and cultural arenas.

Findings

- Efforts to make Japan's national strategy will gradually determine Japan's identity in Asia and in the world. Both attempts to build identity and to develop national strategy are in parallel and strategy usually reflects and becomes created out of its search of national identity.

- Broad parameters of the Yoshida Doctrine are still salient.

- Japanese foreign policy has often been shaped by serious shift in the power structure of international relations rather than to the domestic public demand. However, domestic transformation in economic and political front will increasingly affect Japan's foreign and security policy making process.

- Japan will face for the next several years even more serious decline in the economic resources available for foreign policy. And with less to spend, Japan will be forced to develop more effective diplomatic practices and strategies in other areas.

- Japan's attractiveness or competitiveness in the international community derives mainly from its 'soft power.' However, Japan's soft power can

effectively be promulgated by its efforts to comply with the international norms and build its image of reliable global civilian power among its neighboring countries by demonstrating historical commitment to self-restraint in use of force.

- The Japanese political elite will likely continue moving incrementally, but with ever more acceleration, toward acceptance of a more "normal" national security policy. And this trend is fueled by the economic problems Japan faces, by the growing sense of vulnerability to China and North Korea, and by generational change (absolute majority of politicians under age 50 supports constitutional revision according to the Yomiuri Shimbun poll of March 1997).

- Taboos that prevent a more normal security policy are gradually streamlined and the Diet will be in a more comfortable position to pass legislation that expands participation in peacekeeping operations, strengthens crisis management, and centralizes security decision making. The September 11th terrorist incident provided a good excuse or relevance in this regard.

- Since the process is to be democratic, transparent, and closely scrutinized by Japan's neighbors and ally, the trend is tolerant and even healthy one depending on observers' standpoint.

- "Once the structure of its external environment becomes clear, Japan is likely to accommodate itself to the new order of things. Moreover, if the past is a reliable guide, it will accommodate with a speed that will surprise those who look only at its present immobilism." (Kenneth Pyle)

[Chapter III]

Japan and Its East Asian Neighbors: 'Ripe for Rivalry' or Potential Strategic Partners

The first decade of the post-Cold War era proved deeply frustrating for Japan.

- The Gulf War was a diplomatic disaster and a national humiliation.
- The collapse of the bubble economy undercut the message of egalitarian growth that the Japanese economic model seemed to convey to its people and the region and caused deep uncertainty about the future.
- By the middle of the decade collisions with Beijing over nuclear testing, defense guidelines, Taiwan, territorial disputes, and -- above all -- historical issue shook Japanese confidence about strategic convergence within the region.
- North Korean nuclear weapons and missile development further eroded Japanese complacency about regional threats to national security.
- Strategic dependence on the U.S. only increased, yet Washington's attention to Japan waned especially in the Clinton Administration.
- Other tools including APEC, the ARF, a UN Security Council seat proved disappointing or elusive.
- And by 2000 it was clear that despite a series of massive stimulus package and the resulting 130 percent of GDP in debt, the economy had still grown at an average of little more than zero percent since the collapse of the bubble.

Important *elements of continuity* are clear in Japan's foreign policy priorities in the 1990s.

- Alliance with U.S. remains the main pillar of Japan's approach to the world.

- Economic tools, despite declining resources, are still the first choice for Japanese policy-makers.

- The strong undertow of pacifism has prevented a more hostile attitude toward North Korea and China from changing the basic parameters of Japanese defense policy or defense spending. And no political leaders have yet attempted to build a base of support for an alternate strategic vision to the Yoshida Doctrine.

Lost, but not without consequences, for Japan's foreign policy was tugged *reluctantly* toward a new realism with each new challenge.

- Where Japan's approach to international affairs had been driven by self-interest in the past -- that is, in its focus on economic tools and economic benefit -- the challenges of the post-Cold War environment forced a new realism about the salience of those tools and the need for a more assertive diplomatic agenda to compensate for relative decline in economic power.

- Japan's norms and institutions were shaken in the first decade of the post-Cold War era and created a new consensus that Japan became more insecure about external security and power relations and more ambitious about its identity in international scene.

- Still reactive, Japan's changing circumstances made it markedly less passive in international affairs. But, the shift has been *evolutionary rather than revolutionary.*

Examining East Asian strategic environment focused on Japan will provide an overall framework to determine Japan's status and role in East Asia.

1. The U.S. Policy in East Asia and the U.S.-Japan Security Alliance

(1) The U.S. Policy in the Region

U.S. Objectives

The overall long-term U.S. objective for the region should be to preclude in Asia the growth of rivalries, suspicions, and insecurities that could lead to military confrontations. This overall objective necessitates three subordinate goals:

- ***Prevent the rise of a regional hegemon.*** Any potential Asian hegemon would seek to undermine the U.S. role in Asia and would be more likely to use force to assert its claims. Given Asia's human, technological, and economic resources, the domination of the region by a hostile power would pose a global challenge and threaten the current international order.

- ***Maintain stability.*** Stability has been the foundation of Asia's prosperity. If Asia is to become more prosperous and more integrated, each country must be free to develop peacefully. In order to maintain stability in the region the U.S. should seek "shaping" activities aimed at providing positive incentives for cooperative behavior and disincentives against the use of force to achieve geopolitical goals. These shaping activities must seek to convince the nations of the region that their security will be attained more easily if the United States maintains an active military role in the region by military presence than would be the case if it did not. The acceptance of this role should in turn strengthen the ability of the United States to bolster international norms and influence regional developments in a positive manner. If Asian states are to develop their economies and evolve as free societies, they must be free from the threat of armed attack or coercion. Stability will reduce the need for states to devote resources to the military beyond what is needed for their own defense.

- ***Manage Asia's transformation.*** The United States may not be able to be

actively engaged in all disputes in Asia, but it can try to influence events so that they do not spiral out of control. The United States should seek to influence the region in a manner that fosters the development of democratic, market-oriented societies that are willing and able to abide by current international norms of behavior and, eventually, to cooperate in the manner of the democratic European nations so that major armed conflicts among them become unthinkable.

In addition, the United States wishes to maintain and increase economic access to the region as a whole. This implies a continuation of policies favoring free trade that have underpinned the region's prosperity in recent decades.

To achieve these goals, an integrated political-military-economic strategy is required. A necessary precondition for this strategy is continued American global leadership. This assumes, in turn, that the United States will continue to make the necessary political, technological, and military investments to ensure its global preeminence. Economically, the United States should further Asia's development by continuing to support the expansion of free-trade policies.

An Optimal One among the U.S. Strategic Options

Among various options of the U.S. in the region, such as hegemon, condominium, balancer, collective security system, and disengagement an optimal strategy might be as follows.

In political-military terms, a four-part strategy is required. First, the United States should both deepen and widen its bilateral security alliances to allow for the creation of a comprehensive partnership. This multilateralization -- which serves as a complement to rather than a substitute for existing bilateral alliances -- could ultimately include the United States, Japan, South Korea, Australia, and perhaps Singapore, the Philippines and Thailand. Initially, however, the United States will need to promote trust among its allies and encourage them to create militaries that can respond to regional crises as coalitions. Improved relations between Japan and South Korea, for example,

would facilitate the future cooperation of these countries on security issues. As part of this effort, the United States should also encourage information sharing among these nations. Moreover, the United Sates should support Japan's efforts to revise its constitution to allow it to expand its security horizons beyond its territorial defense and acquire appropriate capabilities for supporting coalition operations.

Second, the United States should pursue a balance-of-power strategy among the major rising powers and key regional states in Asia -- including China, India, and a currently weakened Russia -- that are not now part of the U.S. alliance structure. The objective of this strategy must be to deter any of these states from threatening regional security or dominating each other, while simultaneously preventing any combination of these states from 'bandwagoning' to undercut critical U.S. strategic interests in Asia. Developing a stable balance of power among major powers in Asia will require great political and strategic agility. Washington should seek strengthened political, economic, and military-to-military relations with all, but especially those least likely to challenge U.S. strategic interests.

Third, the United States should address those situations that could tempt others to use force. The United States should clearly state, for example, that it opposes the use of force by China against Taiwan (as well as a declaration of independence by Taiwan). At the same time, it should work to resolve territorial disputes in the South China Sea and oppose the use of force there, while emphasizing its commitment to freedom of navigation and to adherence to an agreed code of conduct in the area. The Unites States should encourage Russia to resolve its territorial dispute with Japan over the Northern Territories.

Finally, the United States should promote an *inclusive* security dialogue among all the Asian states. This is important in order to address the reluctance of many Asian states to engage in cooperative efforts that might offend the PRC. This dialogue would not only provide for a discussion of regional conflicts and

promote confidence building but also encourage states to enter into a multilateral framework at some point in the future. The United States should also maintain flexibility of relations with as many countries as possible for ad hoc coalitions to deal with specific future challenges -- challenges that might concern not only the United States and its allies but many others in the region as well.

Knitting together a coherent web of security arrangements among the United States and its core partners in Asia, i.e. Japan, Australia, and South Korea that might expand to Southeast Asia will demand military as well as political steps. Training exercises will need to be expanded to include all the parties; planning forums will need to be established; and some degree of hardware standardization will be necessary to foster human and technical interoperability.

These steps could provide the political benefit of helping dispel the lingering distrust and animosity between South Korea and Japan. Particularly useful in this regard could be the deployment of procedures and mechanisms for greater information sharing between the United States and its core regional partners at the strategic, operational, and tactical levels.

Future Trends

Asia's political-military situation is becoming increasingly fluid. Many countries have more resources -- both economic and technological -- and may also have greater incentive to transform those resources into military power. *(ripe for rivalry)*

- Below the surface, various countries are building up their potential strength. If or when they enter the geopolitical arena as confident "actors," they may find themselves engaged in heightened political-military competition or even conflict with their neighbors. However, the international institutional framework of the region remains relatively underdeveloped, and there is less cultural commonality and interchange than in Europe. Nationalist sentiments, often fueled by resentment over

past injustices suffered at the hands of colonial powers, remain strong in most Asian countries and were not mitigated by the experience of World War II as they were in Europe. Perhaps most significant, however, is the fact that Japan -- the region's strongest and most successful democracy -- seems highly unlikely to serve as a model given its cultural singularity and its tardiness in coming to terms with its record of colonialism in the 20th century.

- Nevertheless, there are some *positive indications* as well. Most governments in the region seem to understand that peace and stability are highly preferable as conditions for promoting their economic and technological development.

- If the post-unification relationship between Japan and Korea turns out to be a troubled one, the United States, as the closest ally of both countries, would find itself in a challenging situation. From a practical perspective, this situation would be difficult to manage, since popular resentment in each country would probably be high whenever the United States took an action that could be construed as favoring the other side. Thus, a more favorable outcome for the United States would be a Korean-Japanese rapprochement that ensured that the United States would not be caught between the two entities.

(2) The Future of U.S.-Japan Alliance: More Convergence than Divergence in Strategic Objectives

One of the major asset to Japan in the post-World War II and in the foreseeable future in Japan's foreign policy setting is the U.S.-Japan security alliance. And how to manage will seriously affect Japan's future path. But it should be considered a most significant but one of options for Japan's security. And beyond rhetoric of true alliance, equal partnership to what extent it can be modified, etc. will be major dimensions to approach.

As long as the U.S. is actively present in East Asia, politically, militarily and economically, there is no overriding need for Japan to significantly increase its

military profile.

- If Japan gives up its relationship with the United States, it will either become part of an Asian system aimed at the U.S., which would have very unfortunate consequences, or it would have to conduct a very nationalistic policy to protect its security entirely by itself, which would bring it into extreme hostility with the other Asian nations.

The U.S. pillar in Japan's foreign policy framework provides continuity and stability because the U.S. and Japan share an overlapping set of strategic objectives. Indeed, there has probably been more convergence of strategic objectives than divergence since the end of the Cold War. These common strategic objectives include:

- Maintaining U.S. forward presence and the U.S.-Japan alliance
- Balancing and integrating China
- Deterring and engaging North Korea
- Incorporating a more stable and democratic Russia into the Asia-Pacific region
- Maintaining freedom of sea lines of communication and access to natural resources
- Enhancing stability and political cohesion within ASEAN
- Preventing the spread of weapons of mass destruction
- Supporting open regional and global economic integration

Future of bilateral alliance will be determined by Japan's eagerness to increase its voice and the U.S. pressure to Japan of its more active contribution to the U.S. diplomatic agenda (not necessarily global agenda). However, the U.S. unilateral and reactive foreign policy in East Asia might become obstacles for a more balanced partnership and incremental approach to so-called complete alliance.

Japanese aspirations for a more normal role in international society and a

more balanced relationship with the U.S. mean that the lack of U.S. support for Japan's diplomatic profile will yield further Japanese unilateralism in foreign policy, even though it may not in longer-term Japanese interests.

Moreover, heightened Japanese attention to security threats and power balance in the region means that U.S. inattention to these same areas (North Korean missiles, Chinese expansion in the Senkakus, etc.) will lead to more hedging and security unilateralism by Japan than in the past.

Five schools of thought in the U.S. to see the U.S.-Japan bilateral relations are:

- Dismantle the Cold War Empire: withdrawal of the U.S. forward presence, East Asian countries' own handling of their balance of power (Charlmers Johnson's Blowback) and the U.S. balancer role

- Don't fix it if it ain't broken: concern over Japan's intention and capability, U.S. as balancer between China and Japan (Zbig Brezezinski, Kissinger)

- Beware of the uncapped bottle: Japan's normalization path assumed

- Incrementalism

- Japan must do more in support of Japan's more 'normal' role

The United States should support Japanese efforts to play a greater role in its own defense (e.g., through the revision of its Constitution). The United States should also support Japanese efforts to play a more active role in U.S. peacekeeping missions as well as to engage in more frequent military exercises with the United States. Ultimately, the United States would like to see Japan evolving into a country with a more normal geopolitical status -- one that is respected but not feared. But slowly introducing its military to Asia through multilateral alliances, Japan can redefine its historical role in Asia as well as permit other nations to become comfortable with its more active posture. Unified Germany's cautious and gradual emergence on the European stage over the past decade could serve as something of a reference for this transition.

U.S. should support Japan's extending role in multilateral forum in security and economic area. And the U.S. support or understanding would be sought and guaranteed while Japan attempts to induce PRC to join regional multilateral security framework or community.

Japan's Options

- Japan should overcome its *complex,* i.e. bilateral alliance is "a cap on the bottle" and seek its increasing voice in the security alliance.
- There must be no pendulum of independence or cooperation between Asia and the U.S. But harmonious relations with Asian countries based on cooperative one with the U.S. must be sought.
- Japan must stay cautious not to get entrapped in the U.S. policy nor abandoned by the U.S. In this regard, Japan should make efforts in balancing the U.S. perspective of seeing the U.S.-Japan alliance through the China prism.
- There should be no complacency but seek substantive strategic dialogue with the U.S. having in mind what Washington wants is not an equal partnership in bilateral relations.
- To discourage any potential disengagement of the U.S. from Asian region by mobilizing, if necessary, regional countries
- To expand its maneuverability by revising SOFA

2. Rise of China and the U.S.-China-Japan Relations

(1) Rise of China and Its Strategic Dilemma

China might not have a national grand strategy in the traditional, Western sense of the term: "an integrated package of long-term economic, military, and diplomatic policies designed to increase a nation's power and security."

- Much attention is paid outside of China to Beijing's stated goal of

increasing "comprehensive national power" and its alleged goal of establishing regional preeminence.

- But two factors make it likely that Beijing's near-term security strategy is less straightforward and less outwardly oriented than these common conceptions allow. *First,* Chinese Communist Party(CCP) elites are at least as focused on regime stability as they are on international objectives. *Second,* many of the means to reach the regime's domestic and international security goals are so fraught with complexity, and sometimes contradiction, that a single, integrated grand plan is almost certainly lacking, even in the innermost circles of the Chinese leadership compound.

China currently lacks a unified grand strategy and there is no glue binding Beijing's economic strategies, its military strategies toward real or potential enemies, its alliance diplomacy, and its general drive for acceptance and prestige on the international stage.

- The most striking evidence of this is that China's two greatest economic partners are its greatest potential regional security competitors: the United States and Japan.

While criticism of aspects of the U.S.-Japan alliance are frequent in Beijing, particularly those aspects related to future Taiwan scenarios, nothing has been done concretely to break up the alliance and certainly nothing has been done to encourage Japan to stand up more assertively on its own in the military arena.

- Quite to the contrary. Although they are decreasing in numbers, some in Beijing still see the American presence in Japan as a useful restraint on Japanese military build-ups. The increasing opposition to U.S. bases has more to do with growing fears and expectations about a future conflict over Taiwan and the fact that the U.S. is perceived to have encouraged Japanese military strengthening as part of the alliance since the mid-1990s.

Currently China's strategic priorities are regarded as

- Regime security: why the economy is the most important focus of the CCP.
- Preserving territorial integrity and preventing Taiwan independence
- Gaining prestige, power, and respect on the international stage

There is little or no evidence for now that China's goal or expectation over the next two decades is to dominate East Asia militarily. China only needs to be an indispensable engine of economic growth in the region, to maintain military superiority over most regional actors, to close the conventional military gap with Russia and Japan, to develop the capability to coerce Taiwan into accommodation with the mainland, and to deter the U.S. from taking effective actions against China's core interests lightly. Achieving these international goals alone will pose challenges themselves for Beijing, but they are far more attainable than regional domination or peer competitor status with the U.S.

China's power is certainly increasing in the Asia-Pacific region, but it is increasing *only gradually and not precipitously*. Moreover, the increase in China's power, which is derived both from its growing military capabilities and an expanded economic base, is taking place parallel to the growing probability of some internal difficulties within China. Thus, we may be facing a paradox. We may have a situation in which the growth in China's external influence may be matched by a simultaneous rise of uncertainty over its domestic stability.

Cautious optimism vs. 'drivers' of instability

China's military modernization, though indisputable, is occurring at a gradual pace. Beijing's emphasis on the idea of "comprehensive national power," in which economic might is just as important as military power, means that China, unlike pre-war Japan, is not necessarily destined to become a military hegemon. Others in the region, including the United States, will have time to respond to the People's Liberation Army(PLA)'s growing capabilities.

Three key drivers of instability in the region are:

- increasingly tense cross-Strait relations;

- China's missile buildup and U.S. missile defense plans; and
- deep and lingering Sino-Japanese animosity.

Uncertainty of China's future due to its own dilemma of hitting two birds (economic growth with domestic stability) with one stone; perception gap between Japan and China to see each other's intention; strategic implication of U.S.-Japan-China trilateral context should be major dimensions to approach.

(2) The Future of Sino-Japanese Relations and the U.S.

Some changes with five vignettes in post-Cold War Sino-Japanese relations:

- The 1995 Chinese nuclear tests, which exposed the limits of Japan's economic influence on Chinese behavior
- The 1996-97 Senkaku dispute, which highlighted the changing domestic politics of China policy in Japan
- The Sino-Japanese contretemps over strengthening of the U.S.-Japan alliance in 1996-97, which revealed the post-Cold War bilateral defense dilemma between Tokyo and Beijing
- The 1998 Jiang-Obuchi summit, which demonstrated how much the divergent Chinese and Japanese treatment of history would obstruct future cooperation
- The changing patterns of Japanese trade and investment in China from 1995 to 1999, which suggested that Japan's relative economic influence on Beijing is on the decline

Sino-Japanese relations are not stable over the long term. Japan understandably wishes to become a "normal" country in security and diplomatic terms and Beijing finds this contrary to its interests, in part because genuine post-World War II reconciliation between the two has yet to occur. This *underlying distrust* finds expression in issues surrounding the U.S.-Japan security alliance, Taiwan, and theater missile defense.

Perception gap between China and Japan creates a *self-fueling cycle* whereby Japan, concerned about China's military buildup, moves to both strengthen its alliance with the U.S. and improve its Self-Defense Force, which in turn heightens anxieties and the defense budget in China, and so on.

- Many Chinese foreign policy analysts give voice to the belief that America's presumed exit from forward position in East Asia means that Japan will once again become China's principal security threat.

- Japanese, meanwhile, fear that by building up a modern military and gaining the ability to project power into the South China Sea, the Taiwan Straits, and beyond, China aspires to regional domination.

In many ways, China and Japan have contrasting visions of how security in East Asia is best achieved.

- For China, security is produced by a strong modern military, by nuclear weapons, and by restraining the power of the United States.

- For Japan, security is best preserved through nuclear disarmament, robust multilateral institutions, and a continued U.S. presence. For Japan's national interest, China should remain non-hegemonic, non-hostile country to Japan and get transformed into a more democratic and market-oriented society which will be a major market to Japanese products. And Taiwan issue should be peacefully settled without igniting serious division in Japanese public debate on the issue.

Basically China sees Japan as major rival's security alliance.

- China's Taiwan policy shifted from maintaining 'status quo' to changing 'status quo' due to Taiwan's strong independence move and its capability.

- Japan's interpretation of China's future and capabilities; China's accusation of U.S.-Japan Guideline and China's shifting focus from Guideline to criticism of Japan's intention became ignited Japan's suspicion of China's intention in the region.

- Chinese tolerance for the U.S.-Japan alliance has waned and caused defense dilemma between Japan and China.

China's strong objection to the TMD in Asia resulted in Japanese suspicion of Beijing's intention on its foreign and nuclear strategy.

- Emerging China is a most significant factor for Japan when consider its future status and role in East Asia;

- China's obsession of the Cold War balance of power still continues;

- In a broader sense U.S.-China relations will affect Japan-China relations and the potential Taiwan Straits conflict will push Japan to take a certain posture which might highlight Japan-U.S. alliance for a serious debate for change.

Japan no longer feels a strong obligation to help China to catch up with the rise of the region economically and technologically. Japan is becoming increasingly concerned about indirectly assisting in Chinese military buildup. Public opinion data in Japan show growing skepticism about China.

For the most part, Japanese commentators do not evaluate the relative capabilities of Japanese and Chinese military forces. Rather, the military balance is almost always considered within the context of the U.S.-Japan alliance. This creates a dilemma for planners in Washington who hope Japan will take a greater role in regional defense.

- Playing down regional threats could encourage Japan to let down its guard. Emphasizing the urgency of the threat and the necessity of taking measures to prepare against it, on the other hand, has the effect of reassuring Japan that the U.S. will protect Japanese interests throughout the region and that there is little to be gained, and perhaps much to be lost by playing an active role.

While Japanese views of China are not monolithic, many in Tokyo view China

as both more limited in capabilities and more nuanced in the mix of challenges and opportunities it represents, than do most American observers. Japan is likely to continue *to maintain a hedging strategy* for at least the next five to ten years.

- Japan will continue to engage China in a web of commercial and technological interdependencies, while maintaining the bilateral U.S. security treaty and continuing slow but steady improvements in its own military capabilities (without necessarily increasing its defense budgets as a percentage of GDP). These fundamental impulses in Japanese policy are *unlikely to change* regardless of the outcome of the debate on Article Nine of the Japanese Constitution.

Given that Japan continued to develop its comprehensive approach to security throughout the Cold War when the military threat was significantly higher than it is today, the relative growth of Chinese military power alone is unlikely to cause a shift in Japanese grand strategy.

Obstacles to better Sino-Japanese relations can be grouped into three broad categories:

- the "past" problem related to the failure to reconcile following World War II;
- the "present" problem related to territorial disputes and mutual suspicions;
- the "future" problem related to Beijing and Tokyo's conflicting visions of Japan's "proper" place in Asia and in the world, with Tokyo's desire for permanent membership on the UN Security Council being simply one example.

The growth of Chinese power has undoubtedly played a role in shifting the center of Japanese military gravity from north to south and convincing political figures of the need to further solidify the U.S.-Japan alliance. Yet continuing and projected Chinese military weaknesses, the problems of

projecting future Chinese economic and military growth, the existence of the U.S. as Japan's military "ace in the hole," the perceived likelihood of China's peaceful integration into the global system, and Japanese economic interests in China all weigh in favor of moderation in Japan's dealing with China.

Indeed, while Japan has moved to shore up its military alliance with the U.S. the rise of China and its gradual political and economic evolution have also encouraged Japan to enter into a new era of state-to-state cooperation with China on building and strengthening new regional economic and political forums. It is not clear whether China's efforts to weaken the U.S.-Japan alliance could easily lead Japan to pursue a more independent geopolitical course.

Unless either 1) the U.S. were to abandon the Japanese alliance, or 2) China were to embark on an openly and unambiguously expansionist course, Japan is likely to maintain some variation of its present course. In short, Japan is likely to react to the continued rise of China by maintaining and buttressing its U.S. alliance, even as it engages China politically and economically. Indeed, given Japan's economic philosophy and the domestic economic structures that underpin that philosophy, Japan will continue to consider China a valuable partner in its economic security agenda.

The U.S.-China-Japan Relations

The new post-Cold War order emerging in East Asia will be shaped by the triangular relations among the United States, Japan, and China. Relations among the three nations are of key strategic importance because they are at the heart of the balance of power in Asia. What is strikingly new about the triangular relations at the outset of the twenty-first century is the prospect of China as a potential great military and economic power of uncertain national purpose.

The decade since the end of the Cold War has been one of turbulence and flux for the three powers. Japan has experienced a time of economic stagnation and political gridlock that has diminished its clout and prestige. The potential size

of China's economy, the uncertainty about its future power and purpose as a nation, the potential magnitude of its environmental degradation, competition for resources, and possible political and social turmoil all have alarmed the Japanese.

Perhaps equally jarring was the way in which world attention turned from the Japanese miracle to fascination with China. Japan has never had to deal with a strong China in modern times, and nothing was as psychologically disturbing to those Japanese who thought about their future strategic role and their aspirations for leadership in Asia as the rise of China in the 1990s. The unsettled nature of the regional order is increasing the value of the Japanese-American alliance to both the United States and Japan.

In Japan, the enhanced American engagement in the region is often met with contradictory attitudes. Since the end of the Cold War, Japanese have wanted reassurance of American engagement but now that it is evident they are often ambivalent. Japanese want the United States engaged, but they are wary of Washington's unilateralism. Japanese want consultation, but they are not ready for a dialogue. Japanese want China balanced, but they do not want a confrontation. Even so, it is clear that the post-Cold War era also contains the seeds of a Sino-Japanese strategic competition for regional leadership.

At present, both the United States and its Japanese ally are seeking to engage China in a broad, long-range policy framework that will draw emergent Chinese power into a stable regional order. Japan and the United States, however, bring very *different policy tools and perspectives* to this endeavor.

The challenge for the U.S. and Japan in their China policy is to work with each other in coordinating the two engagement policies and to align them in ways that maximize their effectiveness. Attention to coordinating U.S. and Japan's engagement policies toward China is a challenge of great importance to policymakers for the following reasons:

- Tokyo and Washington have often been at odds with respect to China;

- Japanese and American business interests, with government support, are competing for influence and advantage in the China market, and this competition may dampen the enthusiasm for a cooperative approach on economic issues. In the long run, however, the interests of both Japanese and American business are often served by cooperative policy initiatives;

- different historical memories, policy instruments, and strategic stakes make it difficult to expect that the United States and Japan will wind up with mutually compatible approaches unless both sets of leaders work at it consciously and steadily; and

- parallel approaches offer the possibility of considerable reward for American interests in solving major issues such as the futures of Korea and Taiwan.

Broadly speaking, U.S. and Japanese interests regarding China encompass a considerable identity of purpose.

- Both seek a peacefully inclined China as it undergoes the wrenching social and economic changes that industrialization inevitably entails.

- Both seek to encourage a smooth integration of China into the international political and economic systems, even as it builds its national power and becomes more assertive of its interests.

- Both seek the establishment of the rule of law in China, which will facilitate trade and investment, and both desire a broader relationship with China without abandoning ties with Taiwan. The United States and Japan agree on the desirability of patience, flexibility, and restraint in the solution of the Taiwan issue.

- In addition, both seek China's assistance in achieving the peaceful coexistence and eventual unification of the two Koreas. The United States and Japan both seek China's cooperation in maintaining peaceful maritime transit in the Western Pacific, and they both pursue engagement that is conditional on the responsiveness of China to these policies.

While the United States and Japan are both pursuing policies of *conditional engagement,* seeking in some degree to influence the emergence of China and to moderate its policies, each brings *different perceptions, approaches, and policy tools* to the implementation of engagement. Japan's engagement policy has a number of characteristics that distinguish it from American policy.

- First, geographical propinquity makes China more immediately dominant in Japan's strategic calculus on a range of issues, including environmental degradation, energy competition, territorial disputes, and potential fallout from political turmoil.

- Second, the burden of twentieth century history weighs heavily on Sino-Japanese relations, and has left a legacy of Japanese guilt and remorse for suffering inflicted on China during fifteen years of occupation, often causing Japan to concede the moral high ground to China and inhibiting a self-confident and assertive Japanese policy stand.

- Third, the unique aspects of the postwar system in Japan, which give its foreign policy a strong economic orientation and weak political leverage, have led Japan to shape its engagement policy largely through the use of development aid.

- Fourth, Japan's position in the international system as a middle-ranking power in alliance with the United States has often influenced the way in which it engages China. Japan does not wish to be hostage to the alliance in its China policy, and it will seek as much autonomy in this policy as is consistent with maintenance of strong alliance relations.

- Finally, Japan historically has a strategic culture that tends to accommodate the external environment. This recurrent characteristic of Japanese policymaking reinforces the cautious nature of Japanese engagement policy and gives it a strong tendency to avoid confrontation and to adopt a wait-and-see pragmatism.

As a consequence of recent developments, including a more confrontational

Chinese approach to the Taiwan issue and generational change in Japanese domestic politics, Japan's China policy is *evolving toward a more political approach.* Prior to the end of the Cold War, Japan pursued a China policy that separated economics from politics. Economic engagement remains the dominant Japanese approach, but a recent series of events have contributed to the increasing politicization of the relationship. Economic engagement is increasingly hedged.

In contrast to the cautious pragmatism of the Japanese engagement policy, U.S. policy is assertive of the traditional American goals in East Asia of opposing the emergence of a dominant regional power, seeking free and open trade, and promoting democracy. U.S. engagement policy is based more on a global perspective and is exercised through political-military policies and influence in international organizations. American policy is constrained from the use of official aid to communist countries, including China. Instead it depends heavily for its economic influence on the encouragement of private initiative and economic forces and its influence in international financial institutions.

The forward deployment of 100,000 American troops in East Asia, the network of bases and alliances in the region, and the role of the Seventh Fleet in maintaining regional security give the U.S. engagement policy a far more assertive character, which is reinforced by the promotion of democratic values challenging the legitimacy of the Chinese political system. Owing to this more high profile stance, American sensitivity to the complex, multifaceted dynamics of the strategic triangle has sometimes been lacking. Successful coordination of engagement policies with Japan will require a greater sensitivity to the dynamics of Sino-Japanese relations.

(3) Reviewing Japan's ODA to China

Regardless of Japanese official position on ODA to China as its diplomatic leverage, ODA has been one of few resources of Japan in its relations with China. However, severe economic and fiscal situation and criticism in Japan against ODA to China (compliance with the ODA Charter, China's aid to third

countries, lack of publicity efforts within China, etc.) and change in China's development agenda as a result of Chinese economic development (narrowing the gap between the coastal areas and the inland regions, poverty reduction, preparation for accession to WTO, global issues, etc.) require the need for reviewing Japan's ODA to China. And *four principles* of ODA Charter are:

- Environmental conservation and development should be pursued in tandem.
- Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- Full attention should be paid to trends in recipient countries' military expenditures, their development and production of mass destruction weapons and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources in their own economic and social development.
- Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

Japan's future ODA to China should be reviewed and executed with strategic thinking to make ODA effective and efficient based on Economic Cooperation Program for China. And the program is to be:

- Shift from multi-year pledging of yen loan to a single-year pledging system (selecting aid projects for each year)
- Ensuring that ODA can have understanding and support from Japanese nationals, and close examination for selection of each project based on national interest. (Priority areas: environmental protection and other global issues, transition to market economy, promoting mutual understanding, social development and welfare of inland regions, support

for private-sector activities)

- China principally implementing economic infrastructure development in the coastal areas on its own

- Aid total based on projects carefully selected as far as the annual level of ODA is concerned, without making the previous levels as a prerequisite. A long list of candidate projects, which enhances transparency, to be also introduced for future yen loans.

- Making utmost efforts to ensure deeper understanding on the Chinese side of the principles of Japan's ODA Charter through any possible opportunity

- Carrying out timely evaluations and expeditiously reflecting the results in future assistance

Japan's Options

- Japan should not be victimized by its self-fulfilling prophesy to see China as threat. Such trend only intensifies the U.S. view to see Japan from its China strategy.

- To keep One China policy until peaceful settlement of Taiwan question

- To lead China to get relieved from its preoccupation to see the global affairs with the U.S.-China bipolar rivalry

- To support China's democratization and market economy by increasing engagement

- To extend military-to-military dialogue with China

- To regularize and institutionalize multi-layered dialogue with China based on *inclusive* security framework

- To add substance to the ASEAN+3 and to activate U.S.-Japan-China trilateral dialogue

- To expand dialogue and cooperation with ASEAN countries and add balance to China's aggressive move in the region
- To point directly and indirectly China's military modernization

3. Still Uncertain Future of the Korean Peninsula

(1) Managing Change on the Korean Peninsula

The Summit between North and South Korea in June 2000 was a significant sign of a political thaw between long-standing adversaries. And the Summit generated a series of events such as family reunions, a Defense Ministers' meeting and agreements to reopen a railroad and highway link through the demilitarized zone(DMZ). These events have raised hopes in the South for a further expansion of contacts and the beginning of a process of reconciliation between the two Koreas. At the same time, the general euphoria about a new era on the Korean Peninsula, along with highly politicized Status-of-Forces Agreement(SOFA) and environmental incidents involving United States Forces Korea(USFK), is eroding public support in the South for the U.S. military presence. (In a recent survey, close to 65 percent of South Koreans thought that U.S. forces should be reduced.)

Notwithstanding public euphoria, the Summit has not produced any real change in the internal structure of the North Korean political and economic system. Neither has it resulted in any change in North Korea's forward-deployed forces along the DMZ. Even as diplomacy between the two governments moves ahead, North Korea has strengthened its military deployments in areas north of the DMZ and maintained a high level of readiness.

A key element of South Korean President Kim Dae-Jung's policy of engaging North Korea, the Sunshine Policy, as originally articulated, was reciprocity, albeit deferred reciprocity. As a result of the breathtaking pace at which events have moved since the Summit, the issue of reciprocity -- what the South is

getting in return for its generosity -- has produced a moderate/conservative backlash. At the same time, the dynamic of the engagement process has evoked a *resurgence of Korean nationalism,* which was mainly due to accomplishing the inter-Korean Summit without any foreign involvement and President Kim's Nobel Peace Prize. Korean nationalism can carry with it an anti-American bend and, in the past, has been directed against the U.S. military presence on the Peninsula.

Generational change in South Korea has contributed to a growing sense of Korean nationalism. This holds at least two significant implications for U.S. presence on the Peninsula.

- The short-term issue relates to South Korean government efforts to revise the existing SOFA, with the objective of putting the U.S.-ROK(Republic of Korea) on an equal footing with the U.S.-Japan SOFA. The current inequality is perceived as a national slight, which serves only to build resentment against the U.S. presence.

- The mid-to-long-term issue deals with the continuation and nature of a U.S. presence on the peninsula. Reconciliation and unification process will significantly alter the numbers and nature of the U.S. force structure.

(2) Korea in Japanese Strategic Thinking: Friendly Unified Korea or Not?

Realistically, the future of the Korean Peninsula remains a most serious consideration to Japan's security in the years to come. And how to manage Japan's relations with two Koreas will determine its future relations with unified Korea and set Japan's strategic position in Asia.

It should not be taken as granted that (unified) Korea remains friendly to Japan. Unified Korea should be friendly to Japan, at least not hostile country. And in the unification process Japan should be careful not to project a misguided image of Japan, i.e. unification of the Korean peninsula is not Japan's interest.

Korea's physical proximity, the persistence of a cold peace between the North and South, a long and contested history with Japan, and the dramatic changes that unification could bring about -- all of these give Japan high stakes in events on the Korean Peninsula.

- The degree of Japanese sensitivity to Korean developments was demonstrated after the North Korean missile launch through Japanese airspace in August 1998. And the North Korean spy vessels' intrusions to the Japanese territorial waters and Special Economic Zone in March 1999 and December 2001 have refreshed the Japanese alertness to the North Korean threat.

Contingency of an implosion of the North Korean regime could present a number of challenges for Japan: how to deal with massive emigration arising from food shortages, how to respond to possible South Korean moves to occupy the North, how to respond to Chinese temptations to intervene, and how to finance the integration of Korea's disparate economic structures. Major instability on the Korean Peninsula would likely cause Japan to increase its military and diplomatic cooperation with the U.S. and probably South Korea.

Japan has an immense stake in the outcome of unification because it will determine the fundamental nature of its relationship with its closest neighbors. Given the stakes and uncertainties, Japanese policymakers privately prefer a slow incremental process allowing time to work out a new security structure for Northeast Asia. Even in the best of worlds, however, unification would present any number of difficult problems. Not the least of these would be the Korean expectation that Japan finance a major portion of its reunification expenses, especially if Tokyo has still not provided "reparations" to the North Korean regime equivalent to those provided to the ROK (a sum estimated at between $5 and $10 billion).

The most challenging, if low probability, Korean scenario would be the unification of Korea that retained nuclear weapons, was tilted toward China,

refused to countenance a continued security relationship with U.S. that includes some residual American military presence, or was resolutely hostile toward Japan in its vision of the future. Any one of these developments would represent a major foreign policy defeat for Japan and an immense problem for the nation's future. A reunified Korea with renewed animosity toward Japan would have long-term unfavorable implications for Japanese security and, depending on the strength of the health of the U.S. alliance at the time, could lead to greater military focus in Japan's security policy.

A major potential effect of unification or reconciliation would pressure on the United States to abandon its military bases in South Korea. The primary justification for these bases has heretofore been the defense of South Korea from another North Korean invasion. Without the threat of military invasion, many parties could question the continued stationing of U.S. troops in a post-unification or reconciliation environment.

Unification or reconciliation could also provoke nationalist sentiment in Korea, which would in turn intensify opposition to a continued U.S. presence. In response, the United States would have to make the case to the Korean government and public that the presence of its forces served the overall goals of regional stability and hence was advantageous to Korea even in the absence of an immediate threat. It might also be necessary to investigate what steps could be taken to reduce the impact and visibility of U.S. forces so as to help placate any nationalist sentiments that might be unleashed by the unification of the peninsula.

A U.S. troop adjustment or withdrawal from South Korea could be expected to generate far-reaching reverberations within the Northeast Asian region. One of the unavoidable, and salient, questions raised by such an action would relate to the future of U.S.-forward-deployed forces in Japan. Without delving into details, it will suffice to observe that the present arrangements for U.S. force presence in Japan are already the occasion for continuing controversy in Japanese domestic politics.

The very possibility of bad outcomes, such as prolonged instability or the emergence of a unified hostile Korea is further motivation for Japan's increased diplomatic dialogue within APEC, ASEAN+3, and other regional forums. In the eyes of many bureaucrats and businessmen it is also a motivation for resolving lingering historical questions that continue to tear at the fabric of Japan's relationship with North and South Korea.

Despite the potential for trouble in the Korean-Japanese relationship, and the current manifestation of that trouble in the textbook dispute, Japan and South Korea do appear to be making steady, if slow, progress toward becoming true partners rather than rivals.

(3) U.S., China Factors in Japanese Strategy on Korea

Soft landing of North Korea is shared goal of most regional powers and should be sought with close cooperation with South Korea and the United States. The U.S. presence in the peninsula, in its role and scale, can be inevitably affected by the security environment on the Korean Peninsula led by the inter-Korean relations. And its impact on the U.S. forces structure in Japan should be seriously considered and coordinated between the U.S. and Japan in advance.

- Korean public well understand the strategic importance of the U.S. military presence in Okinawa. But the Japanese do not know well such reality.

Hostile South Korea-Japan relations, particularly in the context of Korean unification, would have a spillover effect on Sino-U.S. relations and could return the region to the great-power rivalry over the Korean Peninsula that ruined the last century. Considering the U.S.-Japan-Korea trilateral relations, Japan and Korea would better figure out using the U.S. leverage over Asian allies for its own foreign policy objective becomes counterproductive, and even risky. And the Korean public concern over Japan's potential military path might be compensated by the U.S.-Korea and U.S.-Japan bilateral alliance structure. And in theory, Korea and Japan cannot be hostile against each other

as far as respective alliance with the U.S. sustains.

Whatever the North Korean view may be, the United States may in any case have to deal with Chinese opposition to its troops in South Korea. To be sure, China has not officially demanded that the United States withdraw its forces from South Korea after a Korean unification or reconciliation. It has, however, demanded that remaining U.S. forces be used only for bilateral contingencies and not for operations that could support other regional contingencies -- e.g., a crisis over Taiwan. Even if its security concerns might be addressed, China would likely prefer not to have U.S. forces stationed in Korea. As a result, depending on how unification or reconciliation was accomplished, China might attempt to make the withdrawal of the U.S. military a *quid pro quo* for its acquiescence to unification.

Indeed, China's current helpfulness on behalf of Korean reconciliation may well be motivated by a desire to force an abandonment of the U.S. military presence in South Korea. Beijing may even hope that such a result would place U.S. access to Japanese bases in doubt as well, thereby greatly complicating any possible U.S. response to a Chinese use of force against Taiwan. China may also play a critical role in determining the manner in which unification or reconciliation is achieved. At least two factors could be important in this regard. First, if unification involved some military action, obtaining China's acquiescence to forestall any Chinese interference would presumably be an important policy objective. Achieving this objective might require some understanding with the Chinese concerning the role of U.S. forward-based forces in a unified Korea. For example, it might be advisable to agree that no U.S. forces would be permanently based in the former North Korea.

Any decision on the continued stationing of U.S. forces would also be greatly affected by the status of relations between Korea and China. If those relations were good, Korea would seek some way to reassure China concerning any continued U.S. presence, perhaps by limiting such presence to the southern part of the peninsula. Conversely, if relations with China were bad, Korea

would have a greater stake in retaining U.S. forces on its territory, if only as an indicator of U.S. commitment to its defense. How vigorously China would oppose continued U.S. basing would then depend on the future status of Sino-U.S. relations.

At the same time, however, a unified Korea is more likely to view Japan as its main regional rival -- and perhaps even as security threat. Again, much will depend on the circumstances of Korea's unification and on whether Japan is seen as hostile to it. In addition, Japan's reaction to South Korea's inheritance of the North missile and nuclear programs could play a pivotal role. A unified Korea with nuclear and missile programs, backed by South Korea's economic strength, would form the basis of a significant military force and would thus raise concerns in Japan. This, together with historical antagonisms that have not been fully resolved, could lead to worsening relations between Korea and Japan and to a concomitant tendency on Korea's part to seek improved relations with China.

Japan's Options

- To keep principle of engagement in its relations with North Korea
- To maintain trilateral policy consultations with the U.S. and South Korea in North Korea policy
- To develop autonomous means to deter North Korean military threat, especially in gathering information and analysis capabilities
- To keep bold bottom line on kidnapping issue but to be generous and flexible in humanitarian aid to Pyongyang
- To prepare for investment in North Korea's infrastructure for North Korea's democratization through economic rehabilitation as the situation moves in Japan's favor
- To take an initiative in extending KEDO's role and to develop new regimes to tackle the Korean Peninsula question mostly defined by its military tensions

- To utilize the China-Japan-South Korea trilateral dialogue (ASEAN+3) for tension reduction and confidence building in the Peninsula
- Japan might suggest *bilateral strategic dialogue* with South Korea on the future of the Korean Peninsula including North Korean issue.

4. Whither Russia: Spoiler or Conciliator?

Many Russians see themselves as being outside of Asia. Through the centuries, however, their conception of the present and the future has developed from an interaction with Asia -- one marked by cooperation and conflict, victory and defeat, acceptance and rejection.

Russia's Asian policy will depend less on President Vladimir Putin's designs (which are not clearly fathomable) than on the structural conditions he faces. Because his aims will, in one way or another, require money for creating or purchasing means, Russia's economic situation is a natural starting point for examining these structural conditions. Whatever Russia's goals in East Asia may be, it lacks the economic foundation for an ambitious Asian policy. This economic weakness limits its capacity for broad and deep influence in Asia whose major powers (China, Japan, South Korea, and the U.S.) are in a much more favorable position in that they either have far greater economic resources or are growing more rapidly, or both. There will be no dramatic improvement in the amount of economic resources Moscow can mobilize to support its Asian policy over the next several years.

The bottom line is that Russia's recent growth spurt is unlikely to be sustained and, in any event, reflects fortuitous circumstances more than fundamental reform. Per capita incomes of most Russians is not rising by much and Russia's economic potential lags behind China's (and may even trail India's.) This does not bode well for Russia as the economy is the foundation of national power and yields numerous means that can be deployed to advance a country's

diplomatic and strategic interests.

Simply put, the quality and quantity of force available to support Russia's foreign policy will decrease dramatically and will be another constraint. The downward slope for numbers of troops and military spending is less a sign of calculated reform than of a chaotic downsizing driven by economic exigencies.

(1) Asian Context of Russia's Foreign Policy

One of the themes is that the weak state of Russian power will steer Russia's Asian policy along a predictable path. Moscow will be forced to concentrate its meager means where they are most needed. That locale will be the area stretching from the North Caucasus through the South Caucasus and into Central Asia. These regions remain to be a zone of instability, which, nevertheless, is too critical to Russian national security for Moscow to ignore. Russia will have to compete with other states for influence in both Central Asia and the South Caucasus (Turkey, Iran, China, and various Western countries). Despite the structural constraints under which it labors, however, Russia will not be pushed to the sidelines by the new competitors. Russia is tied to these regions by history and geography, and has vital interests in them. Yet conditions in Central Asia and the South Caucasus will make the pursuit of hegemony a costly enterprise for Russia, with entanglement in conflicts and over-extension being the main hazards.

A second theme relates to China. Because Russia cannot do much defensively, let alone offensively, in other parts of Asia, it will continue its "strategic partnership" with China. But, contrary to what many believe (or fear), Russia will not involve forging an alliance with China and burning bridges with the U.S. That would both reduce Russia's bargaining position with China and the U.S. and deprive it of the freedom to rely on the U.S. to counterbalance China's growing power. An outright alliance with China would also alienate the U.S., a country that can affect (for better or worse) Russia's plans for economic growth and would be a foolhardy move given that China can offer Russia little of economic value beyond purchases of arms and oil and gas.

A third theme concerns the effect that China's growing power will have on Russia's strategy in South and East Asia. Russia will build a cooperative relationship with China so that Beijing develops a non-confrontational relationship with Moscow, but Russia will also hedge against the danger of a China that becomes more powerful, less solicitous of Russian interests, and perhaps even a threat to them. This long-range concern will lead Moscow to strengthen ties with India and Vietnam and to revamp its strained relationship with Japan. These three countries, located on China's flanks are, like Russia, also wary of the growth in Chinese power and, for that reason, will be Moscow's *strategic soul mates*. The arrangement among them will not be an alliance, or even a tacit alignment, but the separate pursuit of national interests that happen to converge.

A fourth theme is that economic necessity will exercise an independent effect on Russia's Asian policy. Russia's inability to buy large amounts of new equipment for its own military, and the necessity of propping up its shrunken military industries, will ensure that Moscow sells arms far and wide in Asia. Economic logic and strategic motives will also lead Russia to seek joint projects to export its natural gas and oil to two big markets in Asia, China and Turkey, and to thwart efforts to exclude it from ventures involving the exploitation and transportation of the Caspian Sea region's oil and gas.

(2) Japan in Russia's Asian policy

Suspicion and hostility during the Cold War and a long record of competition and conflict in the nineteenth century form the background of Russia's relationship with Japan.

Japan and Russia, however, share a sense of uncertainty about their future roles in East Asia. Japan's situation clearly is not as desperate s Russia's, but both nations craved a position of influence and respect in East Asia that was denied them by the diplomacy of the Four Party talks on Korea and the rise of Chinese influence, particularly on the American diplomatic radar.

The economic relationship, despite the efforts to expand it that began with Gorbachev, lacks vitality. One reason is that Japan sees far better places to sell its goods and invest its money than in a Russia plagued by crime, corruption, and red tape. Another is Japan's unwillingness to meet Russia's economic hopes without a resolution of the dispute over the Habomai, Shikotan, Etorofu, and Kunashiri islands, which Japan regards as having been illegally seized by Russia at the end of World War II. The Russian Far East, where Russia hopes to enlist Japanese investment particularly in the energy sector, is bedeviled by a lack of infrastructure and adverse climatic conditions that increase investment costs. Moreover, Japan's economy has been in doldrums since the 1990s, with Japanese foreign investment in East Asia slowing dramatically since 2000.

These conditions, which are unlikely to change during the next five years, do not augur well insofar as a blossoming of Russian-Japanese economic ties are concerned, and, the tough decisions needed to forge a compromise on the islands will be precluded by strong leaderships in both capitals.

From strategic perspective, however, in the long-term time frame China's growing power may draw Russia and Japan closer together. Japan may decide that a strong Russia to China's north is desirable for Japanese security. The mutuality of interests with respect to China may serve as the *catalyst* necessary for resolving the territorial dispute. Moreover, Russia will want to ensure that economic activities in the Russian Far East are not monopolized by China but are multilateral. Japan, likewise, will see the strategic dangers of allowing China such a monopoly. The result could be that Japan assumes a much larger role in the Russian Fart East, particularly on account of its longstanding goal of reducing its own reliance on remote sources of energy and other raw materials.

Some broad conclusions pertinent to the direction of Russian policy in Asia over the next several years are:

- Russia will not be a global power, a Eurasian power, or even an Asian power in the next five years. Its economic, demographic, and military limitations will direct most of its scarce resources and strategic attention to

its southern perimeter: the North Caucasus, the South Caucasus, and the Central Asia.

- While Russia will remain the dominant power in this zone, it runs the serious risk of becoming trapped in quagmires that further deplete its strength and narrow the range and scope of its Asian policy. Upheaval from the south could intrude into Russia, creating or exacerbating problems ranging from terrorism, organized crime, secession, and Islamism. These threats could imperial both Russia's unity and its fragile democracy.

- Moscow's major long-term challenge in Asia will be managing the power transition underway in Eurasia, namely, the rise of China amidst Russia's decline. Russia will respond to China both with cooperation (especially arms sales, but also joint energy projects) and with strategies that involve ties with other major Asian states that are also disturbed by this transition: India, Japan, and Vietnam in particular. In the face of a stronger China, Russia's traditional opposition to Japan that wields greater military power is likely to change along with an overall transformation, albeit slowly, of the Russia-Japan relationship itself.

- The U.S. will not, contrary to a view now widely held, face a genuine alliance between China and Russia. For Russia, such an alliance would put it increasingly at mercy of China and rob it off an essential counterweight. For China, which seeks to attain the status of a global power through economic modernization, Russia, with its assortment of problems, will have less and less to offer. Once an ideological guru, later a military threat, Russia could well become, in China's eyes, an object of contempt. The *irony* is during the Cold War, the U.S. coped with Russia's power and ambitions, Russia's weakness and limitations are now the problem.

Japan's Options

- To develop a formula to link territorial issues and economic aid and cooperation with Russia

- To extend gradually economic engagement with Russia especially in energy sector (Caspian and Russian Far East)
- To embrace Russia as partner to promote multilateral East Asian security framework or dialogue
- To regularize summit meeting for confidence building and as safety-net against any unanticipated conflicts.

5. Multilateral Agenda: Beyond the U.N.-centrism

(1) An Attraction of Multilateralism in Transition

The multilateral impulse has been strong in Japan's postwar foreign policy thinking, but in practice it has often been elusive. After joining the United Nations in 1956, the Japanese Foreign Ministry declared in the preamble of the *Diplomatic Bluebook* that "UN-centrism" would become a central pillar of Japan's world role. The Cold War, however, was not kind to multilateralism in Asia. By 1958 UN-centrism disappeared from the *Bluebook*. While Tokyo continued incrementally to increase its profile in the UN and its ties to other Asian states, Japan had nowhere else to turn for its security other than the United States.

With the end of the Cold War Japan's multilateral diplomacy was again liberated. The 1990-91 Gulf War experience was particularly important for Japan, as the UN appeared to reestablish a central role in international politics. Japan also took an active role in the formation of the new regional multilateral efforts in East Asia including Foreign Minister Nakayama Taro's call for a regional security forum centered on the ASEAN Post-Ministerial Conference in 1991(later developed into the ARF) and MITI's lead in the establishment of the Asia-Pacific Economic Cooperation forum(APEC).

By the end of the decade, however, the idealism and enthusiasm surrounding multilateral diplomacy began giving way to a more cautious realism. Whether

aimed at collective security or regional integration, the multilateral impulse in Japanese foreign policy has been frustrated on almost all fronts.

Nevertheless, multilateralism remains at the center of Japan's diplomacy. Regional and global institutions are becoming important components of Japan's China policy, because these institutions shape Chinese norms of international behavior and increase Tokyo's leverage on Beijing. Volatile U.S. leadership in the United Nations and in international arms control has also increased the importance of Japan's role in sustaining these international regimes.

In addition, declining expectations of Japanese economic power are giving way to new calls for Japan to compensate by demonstrating more political initiative in multilateral institutions. At the same time, though, Japan is gradually having to recast its approach to multilateralism to fit a *narrower* definition of national interest and the prospect of declining financial resources.

When considering Japan faces a dilemma in its diplomacy between entrapment in U.S. policy and abandonment by the United States, active participation in multilateral institutions established and led by the United States allows Japan to begin resolving this dilemma in three ways.

- First, Japanese leadership in the UN and other institutions increases Japan's value as an ally, a useful hedge against abandonment. As the Prime Minister's Advisory Panel on Defense(the Higuchi Commission) argued in its 1994 final report, Japan should increase its focus on multilateral security because the *Pax Americana* will increasingly "depend to a certain extent on actins of nations in a position to cooperate with the United States."

- Second, by strengthening multilateral institutions such as the UN, Japan can compensate for flagging U.S. engagement, another useful hedge against abandonment. A report on multilateral diplomacy prepared by the bipartisan Asian Forum Japan in 1995 echoed this theme, arguing that Japan should develop a more "assertive" multilateralism to compensate

for the "introspective mood gripping the United States."

- Finally, Japanese influence in multilateral institutions such as the UN, APEC, or the WTO offers a hedge against entrapment, since these institutions can often constrain U.S. unilateralism.

While Japanese leaders recognize the wealth-generating potential of globalization and its liberating effects on politics and society, they are also wary -- more wary than most U.S. leaders -- of the potential for negative side effects. Some of these effects are direct, but many are indirect, touching Japan by their impact on the region at large.

Because of the challenge these developments represent for economic security and even for Japanese society, globalization and its associated effects receives more attention in Japanese mass communications today than before. And Asian way of dealing with U.S.-and European-centered globalization became seriously considered in Japan's setting its national strategy.

- Japan needs to incorporate it in its Asian strategy for the 21st century because it has much to do with its diplomatic strategy.

- To the extent that Japan sees its economic interests tied to those of Asia and in an immediate sense, globalization appears to have strengthened the perceived tie, we should expect to see Japan avoiding military and other strategic policies that jeopardize its relationships with any of the member states of the ASEAN+3 group.

Even though Japan's position between East and West has created a dilemma, it does give Tokyo the opportunity to bring a certain amount of U.S. leverage to bear on Asia and Asian leverage on the United States. Despite these tools, however, the bottom line for Japan has been that multilateral diplomacy has been most effective when Tokyo and Washington are cooperating and least effective when these two allies are in open competition.

- APEC and the ARF worked well for both Japan and the United States.

- At the same time, an explicit U.S.-Japan alliance within multilateral settings can undermine Japan's effectiveness. Japanese influence in the ARF and APEC depends in part on other Asian nations' desire to establish an "Asian" identity. In the UN, Japanese adherence to U.S. diplomacy weakens the argument that Japan has a unique role to play on the Security Council.

Therefore, how to bring the U.S.-Japan alliance into multilateral setting is the key strategic question. The United Sates and Japan must have sufficient high-level coordination of goals and strategy that Japan can comfortably take an independent lead in these multilateral forums without either confronting the United States or appearing to be Washington's willing envoy.

Anxiety of Japanese diplomacy about external pressure and the difficulty of coordinating an internal position have often led to a minimalist and reactive posture in important multilateral negotiations. The diverse and often conflicting motivations behind Japan's multilateral diplomacy explain both why it remains so popular and why it is so often ineffective.

- As Japan has attempted to embrace a more active role in establishing and leading regional and global multilateral forums and institutions, the foreign policy elite is being forced to confront the inherent risk and loss of sovereignty or trade. This may lead to a decline in popularity and mystique of multilateralism in Japan.

- It may also lead to a more effective Japanese approach. In any case, as Japanese experiences in the UN, APEC, and ARF suggest, Japan is gradually moving to a new realism about what such institutions can and cannot do for its interests.

In addition to the political-military considerations and scenarios, a variety of political-economic pressures are like to play on Japanese foreign policy. While changes in the political-military environment may, on balance, heighten concerns over military security and draw Japan toward a closer relationship

with its U.S. alliance partner, several developments in Japan's political-economic environment may threaten existing mercantile concerns and pull it toward the pursuit of a regional strategy. Events in both areas will have mixed effects. Increased military tensions could lead to greater regional confidence building efforts, just as changes in the regional economic environment could convince Japan to seek security through increased emphasis on global economic strategy. Nevertheless, the core of a "realist" reaction to most threatening developments in either area would be bilateralism in the case of military security and regionalism in the case of economic security.

Japan is using multilateral forums as an arena for power politics with China and is taking more assertive steps in these forums to constrain in a perceived U.S. shift to unilateralism. And the Japanese Diet and press are demanding greater accountability, influence, and prestige in exchange for Japan's financial contributions. The United States can no longer take for granted Japanese passivity in multilateral diplomacy or close Japanese adherence to U.S. strategy.

(2) Permanent UN Security Council Seat: Still Salient Objective

All of the aspirations, contradictions and frustrations of Japan's multilateral diplomacy were embodied in Tokyo's quest in the 1990s for a permanent seat on the UN Security Council. The questions that emerged in pursuit of the UNSC seat are the fundamental questions about Japan's world role. As a permanent member of the UNSC, would Japan use force in UN-mandated collective security actions? Would Japan represent Asia, or simply continue its close alignment with U.S. foreign policy goals? Would Japan articulate a clear position on contentious issues, even at the risk of alienating trading partners?

Though still divided by some internal disagreement over the importance and desirability of a permanent seat, the Ministry of Foreign Affairs(MOFA) countered with four arguments why it was time for a permanent UNSC seat for Japan.

- The UNSC needs a non-nuclear power.

- Japan would have a voice in UN peacekeeping operations (an important new role for the JSDF).

- Japan's large contributions to the UN budget (19.6 percent by the year 2001) should be matched by fuller political representation.

- Japan would not have to develop military power or nuclear weapons comparable to the other UNSC permanent members.

And Japan's bid would be based on *four principles* according to the first official ask at the UN General Assembly by the Prime Minister Murayama in 1994.

- Japan would not participate in military actions.

- Japan would become more involved in arms control, environmental and social welfare issues.

- Japan would push for UN reforms.

- Japan would lobby for deletion of the former enemies clause from the UN Charter (an outdated legacy of the UN's role in 1945).

However, there remain *major obstacles* for Japan to pursue its aspiration.

- First, the complexity of Security Council reform itself.

- Secondly, the declining importance of the UN in the international security in the years since the Gulf War. As uncomfortable as Japan is with U.S. decisions to use force without UN mandate, the reality is that Japan's alliance with the United States is more critical to Japanese security than the UN is. And the declining importance of the UN to U.S. decisions on the use of force since the Gulf War has meant that the Security Council is that much less important to Japan -- at least in terms of managing relations with the United States.

- Finally, Japan's bid for a permanent UNSC seat has been dealt a

psychological blow by the malaise of the Japanese economy in the 1990s. Although public support in Japan for a permanent seat has not declined, Japan's economic woes have made it more difficult for MOFA to convince other nations of the uniqueness of Japan's case.

Even though the ideals of the UN continue to have a powerful hold on the Japanese people, the idealism has been tarnished. "The skewed balance between Japan's role and contribution may antagonize UN sympathizers in Japan. The Japanese Diet, faced with enormous budget cuts and lacking strong domestic support for the United Nations, may refuse to allow taxpayers' money to be used for the UN, which does not validate Japan's contribution by offering it a seat on the Security Council."(Fukushima Akiko, 1999)

(3) Champion of 'Human Security': Japan's New Initiative on the Horizon

Positioning human security as the cornerstone of international cooperation in the 21st century, Japan is working to make the new century a human-centered century. The international community currently faces a number of global challenges, including poverty, refugees, human rights violation, HIV/AIDS and other infectious diseases, crime, terrorism, drug trafficking and environmental degradation. As the advance of globalization renders these issues become less and less amenable to solution by individual countries.

Ensuring the 'human security' perspective requires the cooperation of all actors in the international community, including governments, international organizations, non-governmental organizations (NGOs), and other members of civil society.

Former Prime Minister Obuchi Keizo, in his policy speech in December 1998, characterized human security as the key concept to comprehensively seizing all the menaces that threaten the survival, daily life, and dignity of human beings and to strengthening the efforts to confront these threats. And he clearly located human security in Japan's foreign policy by emphasizing the

importance of this perspective in making the 21st century a human-centered century, and also by announcing the establishment of the Trust Fund for Human Security in the United Nations.

In July 2000, Japan held the International Symposium on Human Security in Tokyo, inviting Professor Amartya Sen from Trinity College, Cambridge University (1998 Nobel Prize Laureate in Economics), UN High Commissioner for Refugees Ogata Sadako, and other key figures from Japan and abroad.

In his September 2000 statement to the UN Millennium Summit, Prime Minister Mori positioned human security as one of the key perspectives of Japanese diplomacy. He also announced Japan's intention to make a further contribution of about US$100 million to the Trust Fund for Human Security, a fund which was established in the UN in March 1999 and to which Japan had already contributed well over US$80 million. Furthermore, Mr. Mori expressed Japan's support for the establishment of an international commission on human security, and called for the deepening of human-centered initiatives.

In response to this statement, Japan has steadily taken measures to contribute to the Trust Fund from the FY 2000 supplementary budget and the FY 2001 regular budget. In January 2001, the establishment of the Commission on Human Security was formally announced in Tokyo, to be co-chaired by Mrs. Ogata Sadako and Professor Amartya Sen. Provisionally, the central secretariat of the Commission is placed in Tokyo and operating under the direction of the Commission.

The proposed Commission responds to UN Secretary-General Kofi Annan's call at the Millennium Summit in 2000 for higher priority in the new century to achieve the twin goals of freedom from want and freedom from fear. The Commission will have the following three goals:

- to promote public understanding, engagement, and support of human security and its underlying imperatives;
- to develop the concept of human security as an operational tool for policy

formulation and implementation; and

- to propose a concrete program of action to address critical and pervasive threats to human security.

Japan has been leading discussion on human security in international forum by instituting a series of concrete measures and providing intellectual and financial contributions. These efforts have been appreciated by the entire international community and drawing gradual support for positioning human security as a key perspective in developing Japan's foreign policy.

In the post-Cold War era, managing non-conventional threats and contribution to human security will remain as Japan's 'competitiveness' or area of unique contribution in setting and executing foreign policy agenda in the international community. And such contribution might be well harmonized with Japan's image of non-military, pacifist and soft power shared by most countries.

Japan's Options

- To aggressively seek UNSC permanent seat which might be *a litmus test* of Japan's overall diplomatic capability
- To seek Asian financial organizations with gaining support for the U.S. and the EU
- To extend regional free trade area as an extension of bilateral free trade
- To take an initiative in building multilateral security framework in the region
- To activate Track II dialogue on security issues with regional countries
- To develop new policy ideas or initiative including non-nuclear zone in the region and the U.S.'s No-First-Use of nuclear weapons
- To lead human security agenda and highlight Japan's contribution in the region and the world as well

[Chapter IV]

Impact of Japan's Domestic Transformation on National Strategy

While it may move marginally toward emphasis on the bilateral, regional, or global elements of its strategic repertoire, the external environment is most likely to reinforce Japan's preference for multi-layered hedging and comprehensive security. Changes in Japan's domestic environment, however, are likely to induce more secular changes in the direction of Japanese foreign policy.

Fundamental political and economic changes are underway in Japan, and if the currently ongoing transformations continue and succeed, the consequences for foreign policy will be substantial. Without change in the political and economic structures of the Japanese state, developments in its military security and economic environment are likely to pull the state in opposite directions and may leave the state's policies close to where they lie today. With domestic change, however, significant changes in Japanese foreign policy are likely no matter what happens in its external environment.

- Political change, should it succeed, would make Japanese foreign policy more responsive to public opinion and more decisive and bold in defining priorities, pursuing its interests, and asserting national values.

- Economic change, for its part, would shift the definition of Japan's national interests, reducing the role of mercantile considerations and opening more space for some mix of military realist and/or liberal values.

Of course, reform is not guaranteed to succeed. It could transform the state and economy be shattered on the rocks of conservative forces, or meet with mixed success. Japan's current economic dilemmas, combined with the popular desire for bold political leadership, suggest that at least partial reform is likely. But

some important features of the old system are likely to remain, and whatever change does occur may take a decade or longer to be consolidated. Hence, while it is safe to say that domestic reform will occur and inject elements of change in Japanese foreign policy, that change may be incremental in nature (at least initially) and slow in developing.

1. Political Reform and Its Foreign Policy Implications

Japan's nascent political transformation includes two parallel and related elements.

- The first is an attack on traditional Japanese backroom politics, the introduction of a more open and meaningful political dialogue, and greater weight given to public opinion throughout the political process.
- The second is the strengthening of politicians relative to bureaucrats in the policy-formation process.
- Combined, these elements stand to make public policy more *responsive* both to public opinion and to the ideas of a new generation of politicians -- all at the expense of the power of Japan's still mighty bureaucracy.

A variety of factors have conspired to drive Japan's nascent political transformation.

- Disenchantment with political and bureaucratic policy failures in the creation and subsequent collapse of the bubble economy led to calls for more responsive and responsible government. Politics is becoming more responsive to public opinion.
- The second element of Japan's current political transition, intimately connected to a shift toward popular politics, is an attempted shift in the balance of power between politicians and the bureaucracy. Young and flexible non-establishment politicians are calling on to save the country

from its ossified bureaucracy.

If continued and deepened, the political changes now afoot in Japan will have broad implications for Japanese foreign policy. If politicians gain the upper hand in deciding policy, the incremental approach to policy change may fall victim to elected leaders with the will to undertake more dramatic change.

Changes in the nature of Japan's governing system will have a mixed impact on Japan's foreign policymaking.

- On the one hand, these changes may enable Japan to play a more active part in the alliance faster than it might otherwise. To some extent, this type of change is already visible under Prime Minister Koizumi.

- The power of Japan's ministries and bureaucrats is still immense and administrative leaders are unlikely to be cowed by the first generation of Japan's more aggressive politicians. But over the next 10 to 15 years, political leaders and public opinion may begin to exert a stronger influence over Tokyo's foreign policy than they ever have in the past.

In some ways, political reform will make *Japan's direction more difficult to predict* at least for foreign observers. Public opinion is subject to more rapid shifts than elite opinion in bureaucratic organizations, and elections are far more difficult to predict than changes in the bureaucratic balance of power.

Even if a broad range of political reforms are adopted, professional bureaucrats are likely to continue to play a greater role in Japanese foreign policymaking than they do in other advanced countries. Nevertheless, change and reaction times are likely to become much faster, and the content of foreign policy may become bolder and less subject to compromise.

2. Economic Reform and Its Implications for Foreign Policy

The persistence of the nation's economic troubles has at last convinced many on all three sides of Japan's iron-triangle -- bureaucrats, politicians, and business -- that a thorough structural reform of the economy is necessary.

To the extent that economic reforms are deepened and alleviate Japan's economic problems (and are given credit for that resolution), the mercantile content of Japanese foreign policy is likely to decline. In the case of economic reform, however, the probability of partial change is even higher than that in the political realm.

While political leadership will affect the nature of foreign policy, economic reform will have an equally significant impact on the content of foreign policy. Specifically, economic reform would reduce the mercantile content of Japanese foreign policy. While all states practice some form of economic diplomacy, the unusually close relationship between government and business in Japan tends to magnify this tendency.

- All of the elements that tend to magnify the impulse toward mercantile foreign policy would be at least partially neutralized by economic reform.

Economic reform, for example, would make the U.S. and Japan true and equal partners in prosperity, as well as open the way for such a partnership in the security realm.

- But if mercantile impulses in foreign policy were to decline and the motivations for an Asian-based regional strategy did also, what other elements of Japanese foreign policy would fill the void -- that is still uncertain. Either stronger commitment to the bilateral military relationship or to internationalism remains to be seen.

- While successful economic reform would weaken mercantilist impulses, its replacement depends on the will and desires of the Japanese people.

One of worst among the uncertain outcomes might be the right-wing politicians with nationalist agenda could gain momentum with radical alternative fixes to Japan's problems. That they have not already done so is testament to the strength of Japanese democratic values today.

- Given that strength, any move toward the radical right would take time to develop and would likely only come in the context of considerably increased suffering.

- More likely, a Japan faced with continued economic failure would hunker down in a defensive mode, withdrawing inward, and entering an extended period of political gridlock.

- In either case, Japan won't play a more proactive role in East Asia.

The likelihood of a partial transformation is the highest probability event, higher than either a complete transformation to a model closely resembling America's or economic failure and retrenchment. Ultimately, the depth of the current recession makes some meaningful reform almost inevitable -- even if only because the economic bureaucracies and corporations cannot afford to continue subsidizing the old system. Even a partial transformation of Japan's economic landscape should bring a softening of those elements that magnify impulses toward mercantilism, even if it does not eliminate them entirely.

In the longer term (ten- to twenty-year time frame), the prospects for dramatic change in Japanese foreign policy are much greater.

- Political reform will have a profound influence on who defines what Japan's national interests are, and

- Economic reform will lessen mercantile foreign policy objectives.

[Chapter V]

Japan's Optimal Role and Place in East Asia: Passage to a Normal State and Beyond

1. Japan's Objectives and Strategic Options in East Asia

The image of Japan as a nation can be projected as a combination of normal, pacifist, and global. Normal nation means nation of not special or handicapped but reliable and ready to take *risks* as well as *costs;* pacifist means civilian controlled military and respecting spirit of the Peace Constitution; and global means complying with global norm.

In harmonizing the national image and strategy some thoughts can be considered.

- Disparity between economic capability and military power (for the use of force) can and should be tolerated in Japan. However, balance between political influence and economic capacity should be sought.
- Pacifism or non-nuclear principle as an asset
- Multilateralism focusing on Asian regional countries
- Proactive internationalism including collective security for reliable deterrence and international peace keeping operations

(1) Strategic Implication of Historical Issues

Unless Japan can maintain harmonious relations with East Asian countries, it should face lots of obstacles in its pursuit of extending role in the global scene. And Japan would better make serious efforts to keep non-hostile at least and preferably friendly relations with neighbors. Japan should go beyond historical debate on 'Japan between Asia and the West' and find its place over than that based on its understanding of strategic implication of 'remembering and

forgetting' in East Asia.

Asian dimension of Japanese strategy and identity is held back by the unresolved legacy of history. Why historical cloud will not dissipate quickly?

- Few Japanese politicians are willing to challenge the status of the Emperor with a comprehensive condemnation of the war. Even when centrist or Left-wing politicians attempt to do so, as Prime Minister Murayama did in 1995 on the 50th anniversary of war defeat, conservative opposition politicians or members of the cabinet invariably disagree, undermining the original gesture and raising the ire of the region.

- Many Japanese feel their nation also to be a war victim, purged of guilt by the horrific atomic bombings of Hiroshima and Nagasaki.

- Anti-Japanese history education is well entrenched in most East Asian countries, ensuring that generations that did not experience the war will inherit a suspicion of Japan, even though there have been signs of progress in Japan-Korea relations.

- Younger Japanese politicians and intellectuals feel less culpability for the actions of their parents and become infuriated at China's use of the historical card to contain Japanese ambitions.

Requirements of normal nation status according to Ozawa Ichiro are "a normal country willingly shoulders responsibilities regarded as natural in the international community, especially where national security is concerned," and "cooperates fully with other nations in their efforts to build prosperous and stable lives of their people." One can imagine a *third requirement:* a normal country establishes mutually acceptable interpretations of memory and history with its neighbors so those neighbors do not object to that country's engaging in a full range of international activities and capabilities.

Remembering and forgetting issues tell grandparents and grandchildren who they are, give countries national identity, and channel the values and purposes

that direct the future in the name of the past. As remembering and forgetting issues influence international settlements, they also will shape the domestic debates in Berlin, Tokyo, and Beijing. These debates center on what it means to be a "normal country" in today's international system, and how this perception influences discussion of Germany's, Japan's, and China's regional relations and relations with the United States.

In Japan, Tokyo may expand its international security role and missions, especially now that George W. Bush is the U.S. president. This process of normalization will require a reconciliation of Japan's self-image with the image its neighbors hold of Japan's past. This adjustment will entail an intensified domestic debate on the constitutional interpretation of Article Nine defining the legal parameters of Japan's military self-defense capabilities as a prelude (or not) to Tokyo modestly broadening those capabilities and responsibilities.

Domestically, such adjustment includes a new interpretation of Article Nine of Japan's Constitution, promulgated to constrain Japan's military capabilities to limited self-defense following the Second World War. And internationally it implies a new understanding of its neighbors' still bitter memories of World War II. Throughout the Asia Pacific region, the vocabulary of remembering and forgetting is and will be used to reflect and direct regional strategic alignments.

Potential divergence between domestic pressures for Japan to establish itself as a normal country and domestic pressures for China to replace a faded ideology with rising nationalism could yet become a major factor of instability in East Asia. At the heart of such potentially divergent nationalisms are dramatically different interpretations of the past. In particular, a rising, nationalistic younger generation in Japan may feel less responsible for those actions. In contrast, a rising, nationalistic younger generation in China may be angered by perceived Japanese unwillingness to accept historical responsibility. *Paradoxically,* people who did not experience past tragedies may see them in even starker terms than people who actually lived through them.

(2) Strategic Options

Japan should shift its foreign policy stance from 'passive' or 'reactive' to 'preventive' or 'preemptive' one, and to 'proactive' one eventually. And for this transition Japan should build some guideline and create a roadmap based on strategic calculation of its capability and will.

Some strategic choices of Japan are:

- ***An America-first bilateral strategy*** that does not preclude regional integrative efforts but gives greater priority to military security and the U.S.-Japan alliance than does current policy (Bilateralism)
- ***An Asia-first regional strategy*** that does not discard the U.S. alliance but grants greater priority to regional economic and political relationships than does current policy (Regionalism mixed with mercantile interest and liberal internationalist motivations; importance of China to be seriously counted)
- ***A global institutional strategy*** of global organizations, especially the United Nations (Internationalism and Multilateralism; global activism highlighted through international organizations to serve instrumental purposes in Japanese foreign policy; greater peacekeeping capabilities to be secured.)
- ***A comprehensive security strategy*** that balances military security interests against economic and global institutional values (with moderate regionalist elements; serving as a significant force for the stabilization of new democracies, the harmonization of regional interests, and the integration of China into the international system)
- ***A unilateral(Gaullist) strategy*** under which Japan would end the U.S.-Japan security alliance, preferring to rely on its own strength and on its ability to recruit local allies on an "as needed" basis.

Japan's strategy should be developed based on *enlightened national interest*

(recognizing the pursuit of Japan's interests will resonate with the pursuit of global public interests and that the achievement of global public interests will overlap with the achievements of Japan's interest.)

- global civilian power (centering on soft intellectual and cultural strengths); humanitarian giant based on redefined pacifism (of non-nuclear; no arms-transfer); soft-power with some level of hard-power qualifications(i.e. collective security rights)
- comprehensive, multi-layered security framework with security as a comprehensive concept; multilateralism under the umbrella of U.S.-Japan bilateral alliance
- actively engaging with neighboring countries (*rinko:* develop a sense of neighborliness); global power with harmonious relations (partnership) with Asian neighbors and with other global powers in functional areas

Centrality of the U.S.-Japan security alliance, primacy of economic tools, constraints of the use of force should be maintained in Japan's East Asian strategic design. In addition,

- no hegemon in the region
- no hostile neighbors, to keep at least benign relations with neighboring countries
- to democratize some countries (like China and North Korea) and integrate them into market economic system and Japan's leading role in this regard
- to solve or dilute historical animosity
- to demonstrate Japan's co-optive power with pacifist image and cultural attractiveness

Guidelines for National Strategy in the Region

Among these options Japan should choose its strategic direction considering reality and national interest. And some guidelines in this regard can be

described as follows. Guideline can also work as framework in creating a roadmap to reach an optimal goal in its foreign policy.

- To sustain Japan-U.S. security alliance
- In pursuit of global power as an extension of *rinko*
- Constraints of the use of force (transparency in foreign/security policy discussion including the Peace Constitution revision or reinterpretation)
- Non-proliferation of WMD
- Comprehensive security framework and to extend security network with East Asian neighbors
- Foreign/security policy based on public support and understanding (in need of public diplomacy domestically and word politics in global forum)
- To maximize Japan's unique status (i.e. non-nuclear global player) and role in expanding its influence and demonstrating its contribution to the universal goal
- To increase credibility of Japan's foreign-security policy
- One-China policy and peaceful resolution of the Taiwan issue; in this regard Japan should not be positioned between the U.S. and China; no default involvement in regional conflicts due to security alliance with the U.S.
- Japan should not be victimized by its self-fulfilling prophecy on China's future.
- Reliable power taking risks with cost, but complying with global norm
- Should there be no hostile Korean peninsula.
- Energy security should be guaranteed. (Sea-lane safety issue and Russian Far East)
- To keep potentially cooperative Russia (northern territory issue vs.

economic aid and cooperation package)

2. Roadmap to an Optimal Place in the Region: From Reluctant Realism to Proactive Realism

(1) Testing Resources to Mobilize

- U.S.-Japan alliance and the ODA are two major assets of the Japanese foreign policy in the post-World War II era:
  - Japan-U.S. alliance to remain as overall umbrella but with gradually increasing role of Japan (Japan as *interlocutor valide* in the U.S.-Japan strategic dialogue); alliance as pillar for liberal democracy and market economic system
  - Still useful ODA even reduced in volume but should be strategically allocated; effective symbol of Japan as civilian power
  - Japan's influence in the international financial organizations including ADB, IBRD, IMF, and etc. even though the declining saliency of economic tools
- "Soft power" of cultural affluence and IT plus economic capability should be materialized for diplomatic resources.
- Some obstacles should be examined as "negative resources" including historical issues when figuring out Japan's influence over the region.
  - Strategic implications of historical issues vs. Japanese increasing 'apology fatigue' on deep remorse *(hansei)* and heartfelt apology *(owabi)*
- How to transform handicaps into assets? How to constructively develop pacifist tradition/norm as asset of Japan to play a leading role in the post-Cold War era? (concept of human security)

Interdependence with the international community and symbiosis with Asian and other developing countries are indispensable elements for Japan to maintain its existence and prosperity. Japan needs to actively contribute towards formation and solidification of the international order. Without contributing internationally, Japan would lose the trust of the world. It is within the very national interest of Japan to achieve harmonious development for all of the international community, and, at the same time, to gain the trust of the international community. It thus follows that ODA is not something to be extended when affordable and stopped in times of economic difficulty.

ODA is an issue which has direct bearing on the very being of Japan and the way in which the Japanese people behave in the international community. Therefore, extensive participation of the broad public, not only the government, and coordination amongst the participants are essential. Individuals, NGOs, private enterprises, universities, research institutions and local governments, amongst others, should capitalize on their comparative advantages and exercise their ownership in carrying out ODA. The contribution to the international community by the broad public is also indispensable in revitalizing the society and bringing hope to the young generation. In order to promote public participation in ODA, the facts and achievements of ODA need to be publicized as much as possible, and the transparency of ODA must be further pursued including through conducting evaluation and monitoring.

(2) Policy Recommendations: Some Experimental Ideas for an Optimal Role

The study attempts to suggest some policy ideas to fulfill an optimal foreign policy goal of Japan in the region and beyond. And there are a couple of aspects to be considered in this regard.

- Maximizing assets (ODA, U.S.-Japan alliance)
- Testing old policy options (AMF, UNSC) and cultivating new initiatives (human security, Asianism, *Word Politics*)

Maximizing Assets

- Based on more equal partnership in the U.S.-Japan alliance, Japan should attempt to extend bilateral and multilateral network of security community.
- As the only Asian country in the G-8 advanced nations, Japan should pay unique attention to non-conventional threat and find ways to contribute to human security. ODA experiences can also be an asset in this regard.
- ODA should be reviewed in its effectiveness and executed with more flexibility and graduation clause attached. And Japan's NGO/NPOs' active participation in civic activities supporting ODA should be promoted which will increase transparency of the execution of ODA fund and improve Japanese public recognition of ODA's significance.
- Trilateral dialogue of China, Japan and S.Korea within the framework of ASEAN + 3 should be activated for conflict reduction in the region and building confidence and security mechanism.
- KEDO which was initiated for solving North Korea's nuclear threat would be extended for further tension reduction and Japan's role in the organization would be extended.

Testing Options and Cultivating New Initiatives

Bilateral context

- To promote the bilateral Free Trade Agreement(FTA) with regional countries
- The entrapment-versus-abandonment dilemma in relations with the U.S. has distracted Japan from forming its own strategy and should be overcome.
  - "Post-war Japanese foreign policy has viewed relations with the U.S. almost entirely within a bilateral framework and has swung back and

forth between dependence and rejection without discerning the U.S. global strategy and East Asia policy."

- A new 'proposal/co-action style of policy' with the U.S., "which features friendly assertiveness on the basis of Japan's own foreign policy principles and global strategy." Specifically, the Japanese government would press the U.S. to introduce a 'no first use' policy on nuclear weapons, to use the Russia card and multilateral diplomacy to constrain China, and to shape U.S. policy on Taiwan and Korea.

- Japan can be more active in non-nuclear proliferation and other disarmament campaign.

Trilateral and multilateral context

- Multi-layered security dialogue and preferably framework should be sought as preventive mechanism among non-hostile and potentially hostile countries.

  - To proactively pursue trilateral strategic dialogue among Japan, the U.S. and China

  - To actively participate or propose Northeast Asia Security Community or Northeast Asian Regional Forum

- In every step of taking new measures, Japan should relieve neighboring countries' concern over its ambition through increasing transparency and confidence in Japan's will and use of force.

  - Historical issues can be tackled by international efforts to find out facts and reality participated not only by Japan, Korea and China but the U.S. and other countries concerned. Which might add balance and defuse further conflict among regional countries.

- Japan should play a leading role in tackling non-conventional threat and take concrete measures in human security.

- Pacifist image of Japan to be highlighted

- To differentiate itself from other advanced nations' contribution

- The idea of Asian Free Trade Agreement(AFTA) and AMF(Asian Monetary Fund) in the region can be actively promoted its logic and rationale while persuading the U.S. and other concerned parties to support.

- UNSC permanent seat search can be overall goal to include most of strategic objectives including collective security rights and active PKO under the UN, less concern of neighbors over Japan's militarism, balanced voice in bilateral alliance, first non-nuclear power member in the UNSC, more mature and reliable party in the global scene, etc.

- Japan's pursuit of permanent seat of the UN Security Council and its strategy to attain can be a *major comprehensive exercise* in Japan's foreign policy maneuver as well as proper identity search in the world.

  - As a first non-nuclear member of the UNSC, Japan can highlight non-nuclear proliferation and nuclear disarmament agenda

  - As a part of responsible global powers, Japan can reduce regional suspicions of its diplomatic ambition or use of military force

  - In the process of reaching that stage, Japan should solve historical animosity with Asian neighbors

  - Japan can play a leading role in non-conventional threat issue and draw international attention to human security; such active role can raise Japan's chance to join UNSC and on the other hand, UNSC can be an effective platform afterwards for Japan to actively promote its diplomatic agenda.

Domestic context

- By revising or reinterpreting the Peace Constitution in cautious manner

Japan would better extend its role and demonstrate its responsibility by active participation in multinational peace-keeping operations.

- Role and image shifting from 'paying costs but no risks' into 'taking risks with costs'

- In the course of revising the Constitution, Japan would think about *the Peace Manifesto* which diminishes neighbors' suspicion.

- Also Japan should demonstrate its will with concrete action of solving historical issues with neighbors.

• As part of efforts to strengthening means to conduct foreign policy, it is essential *to develop human resources,* throughout political, bureaucratic and business circles, capable of expressing their opinions and taking actions in the international arena as well as carrying out research that supports such activities.

- Human resources development through reinforcement of private research institutes and promotion of parliamentarian exchanges must be encouraged more than anything. While cultivating the human resources at home, Japan should send more Japanese staff to international organizations including the United Nations.

- *Strategic public relations policy:* as the relative weight of persuasiveness as opposed to forcefulness in international politics increases, aggressive public relations strategies must be developed. The growing importance of extracting the target information from a flood of information as well as sending out the proper messages at the proper moment by the proper medium to the proper target. Systematic involvement of media strategists into the policy-making process is also necessary.

- To introduce Japanese culture abroad and to promote understanding of Japan by the general public overseas should lead to stable relations with other nations over the long term. *Strategic policy-planning* is

required in this area as well.

- Organizational strength: It is necessary to strengthen diplomatic infrastructure and systems while ensuring their efficient and effective use. There is a compelling need to further develop and *strengthen a crisis management system.* Japan must also strengthen its structure to support diplomatic functions in such areas as collecting and analyzing information broadly and accurately as well as utilizing it fully and swiftly in overall policy planning. As part of this effort, the organization like the U.S.'s National Security Council can be established at the Prime Minister's office.

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