

America and Japan: A Common Vision

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(Below is an excerpt of remarks delivered to the Japan Institute of International Affairs,
Tokyo, Japan November 30, 2004)

Thank you, Yukio. And thank you all for your very warm welcome. It is good to be back in Japan. Wonderful to be among so many old friends. And exciting to be here in Tokyo at a moment of enormous global opportunity and change.

The Japan Institute for International Affairs was founded in 1959 at another such moment of vast global opportunity. Leading Japan out of the ruins of World War II, presiding over a once-shattered political and economic system, Japan's visionary prime minister, Yoshida Shigeru, charted a new course for this country in the postwar era.

- Yoshida was farsighted. And not just because his initiative led to the creation of this Institute.
- He also saw the need for a new Japanese role in world affairs close partnership with the United States, to be sure, but with a distinctively Japanese sense of national purpose in the postwar international order.
- Yoshida forged an enduring alliance with the United States.
- He worked to foster and consolidate a now-flourishing democracy.
- He signed the peace treaty that returned Japan to the community of nations.
- He set this country onto a course toward commercial greatness, concentrating Japan's resources and energies on sustained economic growth.

- Finally, Yoshida set postwar Japan on a path not just to wealth and power, but also to global responsibility.

Today, the heirs of Prime Minister Yoshida are rising to the new challenges of a new era. And together, American and Japanese leaders seek nothing less than to define a new international system and our shared role within it. We are doing so on a solid foundation--a deep awareness of our commonly held values and our commonly held commitments.

It is both natural and significant that Japan should participate in the emerging global conversation about the future of the international order:

- Japan is America's key ally in the Pacific.
- You have the world's second-largest economy, responsible for nearly 12% of global GDP and almost 6% of global merchandise trade.
- Your financial and equity markets are important to international stability.
- You are the world's second-largest donor of official development assistance.
- You have a highly-capable military that has contributed to a variety of humanitarian, reconstruction, and peacekeeping missions that have helped to keep and support stability around the world, not least in Iraq and in support of operations in Afghanistan.

- Japan also is investing in many pace-setting technologies, including nanotechnology and renewable energy, which will form the pillars of tomorrow's international economy.

In short, by building on the skills of its enormously talented citizens, Japan's leaders are fostering the vision of a more global Japan.

I must tell you that Americans will recognize the significance of what is happening here. As a very good friend of Japan, the Deputy Secretary of State, Richard Armitage, has put it, "Japan is putting its skillful hands on the tiller of the international community, no longer content simply being a passenger," but charting "a course to a direct and rightful role in shaping a better future."

This is consistent with one broad theme that has defined modern Japanese history-- a Japan that adapts constantly to the challenges of its time. This year, we celebrate the 150th anniversary of another such moment, the Treaty of Kanagawa, which opened relations between the United States and Japan. Signing the treaty in March of 1854, Commodore Matthew Perry and Hayashi Daigaku-no-kami helped to usher in the era of Japan's opening to the industrialized world.

Ever since, Japan has seen numerous such breakpoints:

- In 1868, when Meiji leaders launched the movement that led to Japan's own industrialization.
- In 1945, when postwar leaders began working to plant democracy on these shores.
- In 1951, when Yoshida led Japan back into the community of nations by signing the San Francisco Peace Treaty.

- In 1960, when the Treaty of Mutual Cooperation and Security laid the cornerstone of the U.S.-Japan alliance.
- In 1991, when the crisis of "checkbook diplomacy" forced a wide-ranging strategic debate and the beginnings of a rethinking of Japan's place in the world.
- In 1996, when the Joint Declaration reaffirmed our alliance in a new security environment.
- And then there is the current moment, when an emergent Japan is stepping out smartly onto the international stage. This Japan is more globally-oriented. More self-confident. More comfortable with its power. I know my list of historical moments is not exhaustive. But I recite it because I believe the current moment, too, will be remembered as a point of breakthrough for Japan.

This period is critical for two reasons: First, as the Deputy Secretary has put it, the United States now recognizes Japan as "an equal partner in a mature relationship. Japan can count on America and increasingly, America can count on Japan."

Second, there is, quite simply, no regional or global challenge the United States cannot tackle more effectively in partnership with Japan. In the face of so many tests to the global order, the alliance can-- and should--be a force for progress.

We are making great strides to define it in precisely this manner. Japan is part of a great coalition against terrorism, as well as a key partner in rebuilding Afghanistan and Iraq. We bring a robust tool kit to the challenges of preserving international order. We share diplomatic, financial, military, scientific, and commercial capabilities to battle poverty and disease,

environmental degradation and proliferation. We are working to support the quest for energy security and to sustain economic growth.

In short, ours is a living and breathing alliance. A dynamic alliance. We are actively defining a common future, not just looking backward to the glories of a shared past. In practice, this means our alliance must aim, first, at joint stewardship of the global system. It cannot be defined simply as a defensive balance of power. It should also be distinguished by a pooling of our very considerable resources, strengths, and capabilities to meet the challenges of the current age.

Let me characterize what I mean by describing the mission of the alliance as three broad clusters of issues:

- 1) a diplomatic and security-related basket;
- 2) a global and transnational issues basket; and
- 3) an economic and financial basket.

A Diplomatic and Security-Related Basket

In the first issue basket--diplomacy and security--the stakes could not possibly be higher. It has become a cliché in the United States to say that September 11th "changed everything." But it certainly did change some things and pointed to new and emerging strategic trends.

For one thing, it renewed and refocused our efforts in the struggle against international terrorism. It demonstrated the challenge of failing states--for instance, countries, such as Afghanistan, where weak sovereignty allowed global terrorism to take root. It pointed to new proliferation challenges, including those from Iran and North Korea. It made clear that terrorists seek to obtain the world's most destructive weapons. It reinforced the need to rebuild

shattered societies, as we now seek to do in post-Taliban Afghanistan and post-Saddam Iraq. And of course, in a world where Al-Qaeda operates in sixty countries on six continents, it sensitized us to the increasingly global nature of the threats arrayed against us. Of course, the contemporary security challenge does not begin and end with terrorism.

The international balance of power, too, is changing. China and India bulk larger in world affairs. Two-and-a-half billion people in these two countries alone have been empowered, helping to shift the world's center of strategic gravity from the Atlantic to Asia. Together, the United States and Japan must continue to offer both countries a constructive course of integration into the international system: challenging a rising China to rise also to its global responsibilities; encouraging India to play a role in world affairs befitting a thriving democracy of over one billion people.

What is more, we need to ensure that the trends accompanying strategic change do not alter the open and inclusive nature of the international system that the United States and its partners have promoted for the last five decades. The fundamental strategic challenge of today is to forge a new international order adapted to the strategic realities of 2005, not 1945. But in doing so, we must ensure that new architectures and regimes remain as open as those of the immediate postwar era to the participation of countries whose interests and capabilities give them a stake. This is particularly true in East Asia, where resurgent pan-Asian ideologies are, in some ways, challenging existing architectures and political structures.

We all recall the strategic debates of the 1990s, when so many analysts blithely dismissed the prospects for economic and

institutional integration in Asia. Asians, we were told, were handicapped by traditional strategic fault lines among the powers. The region lacked "meaningful" institutions and could not be expected to overcome the divisive "legacies of history."

Well, Asia is not 19th century Europe. And Asians are proving it every day. East Asians are developing a distinctive path to regional integration. And the United States, as a traditional western Pacific power, must remain involved.

It has not escaped our notice, for example, that a regional trade and financial system is emerging, pushed forward in part by accelerating intra-Asian trade and investment. This poses some new challenges for the United States--and, by extension, for the U.S.-Japan alliance. For our part, we seek an East Asia that is open and inclusive. We want a regional architecture that allows states to build partnerships with each other, as well as partnerships with the United States. Some of these partnerships already exist, and we are working with Japan and to improve them. There is APEC, and there is the ASEAN Regional Forum. But we also seek to capture the promise of cooperation among the region's major powers. Whether it is energy security or environmental pollution, shared transnational and economic interests increasingly bind at least five of Northeast Asia's major states together. If the 20th century was marked by the struggles among the powers, we now have an opportunity to define a new pattern of cooperation in Northeast Asia, while addressing common challenges as a group. And in all of these efforts, we must turn to new tools as we fashion a diplomacy for the 21st century.

Japan, I should note, is well-positioned to deploy at least three of these tools in coordination with the United States and

like-minded countries: diplomatic tools; military tools; and support for UN-authorized regional policing and peacekeeping.

Diplomatically, Japan remains pivotal to keeping the Six-Party Talks on track and is helping to smooth the way for a United Nations role in Iraq. In January, you take up a non-permanent seat in the UN Security Council. We look forward to working closely with Japan. But as our distinguished ambassador to Tokyo, Howard Baker, has pointed out, Japan's achievements, influence, and interests have earned it a seat at the top table for the negotiation of international relations. Even as we look forward to January, then, we continue to support Japan's permanent membership in the Council.

Militarily and politically, we are so very pleased and grateful that Japan has provided key support in the war against terrorism, for operations in Afghanistan, and as part of the coalition in Iraq. We lament the tragic deaths in Iraq of your diplomats, Mr. Oku and Mr. Inoue, and of course the brutal murder of Koda Shosei. This sacrifice will not be in vain.

I know there is considerable debate in this country about future roles and missions, not least for the Self-Defense Forces. I would note simply the significance of what has been referred to as the "Araki Report" on defense and security capabilities. It has much to say about transformation, including in the intelligence arena. New legislation, support of refueling operations in the Indian Ocean, and of course the historic deployment to Iraq point to the beginnings of a far-reaching transformation in Japan's security posture.

For our part, we are determined to work with Japan to ensure that our alliance partnership keeps up with the times. Our ongoing defense consultations--the so-

called "DPRI" process--aim to enhance deterrence while taking into account local community concerns about the footprint of our military bases.

Japan is playing another unique role in international security by supporting peacekeeping operations in East Timor, Cambodia, Mozambique and the Golan Heights. You bring real strengths and capabilities to these missions, including peacekeeping, civil engineering, reconstruction, and policing. We live at a moment when we must actively build the peace. As your Prime Minister has pointed out, the spirit and ideals of your constitution call for Japan to be nothing less than a force for global peace.

A Global and Transnational Issues Basket

The nature of global security is itself changing, raising a variety of new and emerging challenges in the second basket: global and transnational issues. Traditional challenges have been joined by transnational ones. Globalization has brought new vulnerabilities along with new opportunities. It has shrunk the globe, spurred growth, and spread wealth and capital, technology and skills. But it also has unleashed terrorism and disease, crime and cocaine, climate-destroying pollutants, and traffic in slaves and women.

Such problems have altered the very nature of international politics. For one thing, they make cooperation more imperative, because no one country can fully resolve these problems by itself. For another, they require great creativity in deploying available policy tools. These can include development assistance, anti-poverty programs, breakthroughs in science and technology, investments in people, and of course greater multilateral coordination. The good news is that Japan and the United States have the potential to be at the

forefront of that cooperation. We are the world's top two aid donors. We are leaders in research and development of technologies that will have a profound effect in the struggle against disease and environmental degradation.

With the Millennium Challenge Account, President Bush has requested a 50% total increase in foreign aid by 2006, the largest increase in U.S. aid programs since President Kennedy. We offer a new approach to poverty alleviation that fosters market-based incentives to encourage better governance in the world's developing countries. We offer a contract: reform your political and economic institutions, and we will support your efforts.

Japan is well-positioned to join us. Already, we have begun a strategic foreign aid dialogue under the joint chairmanship of Under Secretary of State Alan Larson and Deputy Foreign Minister Fujisaki Ichiro. Our aid can--and should--be targeted. Japan is among the largest aid donors to Pakistan, Jordan, Indonesia, and other strategically-located Islamic societies that are on the path to modernization and reform. You are a presence in Africa and Central Asia. You hosted the initial Afghan donors' conference and have made key contributions to the reconstruction of both Afghanistan and Iraq.

Likewise, JBIC loans and other tools make Japan a key partner for the United States. We have made a good beginning. But there is much more we can do. Coordinating specific projects: targeting specific sectors; exchanging policy ideas; and seeking new means to effect economic and political change in reforming societies.

In science and technology, too, Japan is a pioneer--helping to forge breakthroughs in the biomedical sciences, information technology, and in clean energy and

renewables. You are active in the ITER negotiations and joined the carbon sequestration initiative.

There is, too, the global struggle against transnational crime and illicit activity. Alliance coordination in this area is a special imperative because the source of so much of the global threat lies close to Japan's shores. North Korea has become a country that supports itself largely through counterfeiting, smuggling, trading in drugs, missiles and other weapons. Together, we need to work to stem that activity, which violates your law, American law, and even international law. North Korea cannot expect to be treated as a "normal" state unless and until it behaves like one, across the board.

An Economic and Financial Basket

And finally, there is the economic and financial basket of this relationship. The conventional wisdom on Asia's economy is that the economic challenges ahead center on China's rapid rise. But amid economists' debates about hard or soft landings and a possible bursting of the China economic bubble, it should be clear that there is more than enough room for two economic giants in Northeast Asia--and in that respect I have every confidence Japan's economy will continue to grow and flourish.

Japan has been counted out before. But as anyone who has driven Toyota's hybrid Prius will tell you, Tokyo's immense R&D efforts have begun to pay off. In fact, Japan quietly leads the world in many areas of hydrogen, fuel cell, and nanotechnology research. This R&D will foster the new industries that will drive economic growth over the next generation, and Japan is well-positioned to take advantage of breakthroughs.

Ultimately, we must aim for greater integration of the U.S. and Japanese

economies. This is not simply an economic matter, but part and parcel of supporting the alliance writ large. Liberalization of trade is not a zero-sum game for Japan. We stand to make great strides by integrating an already-deep economic partnership into the fabric of a larger strategic framework that can sustain the U.S.-Japan partnership well into the future.

Conclusion

This is an extraordinary time for the world, for the United States, and of course for Japan. We are well on the road to realizing the promise of a more global and modern alliance. Of course, we need, along the way, to sort through some differences.

One involves our sometimes varying perspectives on the use of force. Another concerns philosophical distinctions in our approach to international institutions. Yet another involves the challenges of coordinating resources at a time of strain on budgets. How, for instance, can we coordinate our ODA tool kits if Japan's commitment to ODA continues to shrink?

We also will need to tend our alliance across the generations, ensuring that younger Japanese and Americans build a common body of experience equal to that of their seniors. We must never become complacent about our alliance, but invest in a new generation and a shared vision of our future together.

Ultimately, the future is bright because of what binds us together: Tradition. A very deep well of popular affection. Common democratic values. And shared global interests.

The American role in the world will adapt as new challenges emerge. But some things must--and will--endure: Our commitment to our allies and partners. Our efforts to secure peace and prosperity for all Asians.

And our desire to help spread the blessings of liberty.

America is a Pacific power, firmly rooted in this region. We are determined to play a vital role in the Asia of tomorrow that is taking shape today. Our alliance will be critical in that regard, not least because of the robust tool kit we each bring to the challenges of global peace and prosperity.

We do better working together than working alone. And we do best when we work jointly as stewards of the international order. And so I return to where I began: Ours is--and must remain-- a living and breathing alliance. We must continue to forge a common future, even as we celebrate our remarkable shared past. Thank you very much.