

“U.S.-Japan Relations: Enduring Ties, Recent Developments”

Testimony before the House Foreign Affairs Subcommittee on Asia, the Pacific, and the  
Global Environment

By

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March 17, 2010

Room 2172

Rayburn House Office Building

Mr. Chairman and Members of the Committee, thank you for inviting me to testify today on the state of U.S.-Japan relations and a new era in Japanese politics. This past January, Washington and Tokyo observed the 50<sup>th</sup> anniversary of the U.S.-Japan Alliance, one of the most successful bilateral agreements in recent history. Yet, what all observers assumed would be a time of unvarnished celebration has been clouded by short-term political strain between Tokyo and Washington and longer-term concern over the strength of our trans-Pacific relationship. The state of U.S.-Japan relations concerns not only the economic relations between the world's two largest economies, but directly influences the larger strategic position of the United States in the Asia-Pacific region. Hence, any substantive change in the U.S.-Japan alliance or in the political relationship that undergirds it would present challenging questions for U.S. policymakers.

All political relationships change, and that between Japan and the United States is no exception. Policymakers on both sides of the Pacific have continually adjusted the alliance to reflect national interests, capabilities, and perceptions of the strengths of each other. But the strategic realities of maintaining a forward-based U.S. presence in the western Pacific have been intimately tied to the domestic political policies of successive Tokyo and Washington administrations. This is where we face today a new and unfamiliar situation in Japan, and which is the source of much of the current difficulties and anxieties in both capitals.

Last August, Japanese voters ended the rule of the Liberal Democratic Party after fifty-four years during which it held power nearly continuously. For Japan, Asia's oldest and most stable democracy, this was a change of epochal proportions. The proximate cause of anger voter was the inability of the Liberal Democrats to end Japan's nearly two-decade long economic slump, which has seen the country's once unstoppable business sector stagnate, develop unevenly, and lose ground to emerging exporters such as China and South Korea. Numerous scandals and being out of touch with the voters also doomed the LDP and encouraged Japanese to cast their ballots for change.

Yet the electoral victory of the Democratic Party of Japan was the reflection of trends that have been reshaping Japanese society for decades and leading to deep currents of unease. These include worries over Japan's falling population rate and demographic decline, the supplanting of permanent employment by temporary jobs, the shrinking number of married couples and families, and a pervasive sense of isolation from its neighbors and indeed the world. A two-decade period of stagnation, at the very time that China has burst on to the world scene economically, politically, and militarily has added to the frustration of Japanese officials and citizens alike. In certain ways, these concerns have highlighted the importance of the relationship with the United States even as some have questioned the wisdom of continuing to tie Japan so closely to America.

The Democratic Party of Japan capitalized on these dissatisfactions and fears to win a resounding electoral victory. Their election "manifesto" spoke directly to Japanese voters, promising a new era of politics, in which business interests would be supplanted by citizen interests, in which creating an equitable economy would supercede a focus on

corporate balance sheets, and in which Japan would privilege promoting global peace over unreflectively maintaining its status-quo relationship with the United States. Yet the DPJ has found governing more difficult than electioneering, and has unexpectedly found itself, as well, in a tussle with Washington over a 2006 agreement to move Marine Corps Air Station Futenma to a more remote location at Camp Schwab on Okinawa. Given that the DPJ itself is an uneasy coalition of ideological opposites, from former Socialists to pro-alliance realists, Washington must be prepared for continued debates within the DPJ in coming months over foreign and domestic policy, and the likelihood of leadership changes at the top of the party that may push it in different directions and potentially create further instability in Japanese politics.

For the United States, Prime Minister Yukio Hatoyama's desire to consider a different location for the Futenma base has raised questions about his administration's overall commitment to U.S.-Japan relations. Such concern is overstated, I believe, but Prime Minister Hatoyama does have a different vision of the future of the U.S.-Japan relationship than did his predecessors. His repeated assertions that the alliance remains at the core of Japan's security policy is to be taken at face value, but so should his desire for Japan to play a more expansive global role, craft a closer relationship with the nations of East Asia, and take a lead in birthing a new East Asian Community, no matter how vague the specifics of his plan. With respect to the narrower issue of the Futenma relocation, the current Japanese administration has until now been equally influenced by the necessity to maintain its coalition with the Social Democratic Party in the Upper House of the Japanese Diet as has been by a desire to listen to the voices of the people of Okinawa and reduce the Marine Corps burden on that island, which, ironically, the 2006 agreement was crafted to do.

Unfortunately, however, the Futenma issue has been folded into larger questions about Mr. Hatoyama's foreign policy, thus raising doubts about the DPJ's commitment to maintaining the U.S.-Japan relationship as the most important one for both countries in the Pacific region. Hence the attempts to understand whether Prime Minister Hatoyama's repeated calls for a more "equal" alliance with Washington mean more "independent"; such equality probably looks different depending on whether one is in Foggy Bottom or the Pentagon, let alone in Tokyo or Washington. Much of the worry in the U.S. government comes from the newness of the DPJ and the inherent uncertainties in dealing with any government that does not have a track record we can interpret and use for predictions. Such, I may add, is a constant source of concern among Japanese at our presidential transitions, so we are, perhaps, now finding ourselves in Japan's shoes for the first time in over half a century.

Much of the change in Tokyo that concerns U.S. policymakers stems from the DPJ's desire to do business differently than its predecessor. I would suggest, however, that in many ways, the Hatoyama Administration is following paths trod by recent LDP governments. While it is true that decisions are being made by a smaller circle of DPJ officials around Prime Minister Hatoyama, that continues a trend set by former premier Junichiro Koizumi last decade. Thus, the Cabinet Office is taking a more direct role in policymaking, and is subordinating the role of the bureaucrats, which worries those in

Washington used to decades of working with officials from the Ministries of Foreign Affairs, Finance, and Defense. Similarly, the current focus on previously secret agreements between President Nixon and Prime Minister Sato with regard to the transport and/or introduction of nuclear weapons on Japanese territory in times of crisis has been explained to many observers as a fulfillment of the DPJ's promise to air controversial policy decisions in public, and not necessarily the harbinger of a change in position.

Japan today is working through a daunting mountain of problems, from economic reform to the continuing North Korean nuclear and missile threat, and the new government has yet to come up with concrete policies to deal with many of them. However, Prime Minister Hatoyama has made clear some of his foreign policy goals, and we should not automatically view those through a zero-sum prism, in which purportedly new Japanese policies are held to be detrimental to American or traditional U.S.-Japan interests. Thus, following on from previous Liberal Democratic cabinets, the Hatoyama Administration hopes to play a leading role on global climate change issues, including the development and spread of green technologies and the curbing of its own greenhouse gas emissions. In lieu of continuing its eight-year old refueling mission in the Indian Ocean in support of U.S.-led antiterrorism operations, Tokyo has indicated it will provide up to \$5 billion in civilian support for Afghanistan, thus maintaining its role in reconstruction efforts. The DPJ further has indicated its support for current anti-piracy operations off the Horn of Africa, and may consider increasing Japan's contingent of escort ships and P-3C reconnaissance planes.

Similarly, Prime Minister Hatoyama's call for the creation of a new East Asian Community should be viewed in the light of Japan's long-time, active participation in APEC and in ASEAN processes, including the East Asian Summit. And on the still painful issue of war guilt and responsibility, the new government has indicated its desire to consider removing the memorial tablets of war criminals from Yasukuni Shrine and work jointly with South Korea and China on a new history textbook. There is little in these policies that indicate a turning away from the United States, and indeed may portend greater cooperation with Washington on shared global issues.

None of this, however, should come at the expense of the continued close security and political relations we share with Japan. Of deeper possible concern, then, are statements by Prime Minister Hatoyama about the decline of American power in the world and the rise of China, as well as his criticisms of globalization and market-based economics. These indications of a possibly radical shift in Japan's global orientation have been underscored by the DPJ's outreach to China, and the recent visit orchestrated by DPJ Secretary General Ichiro Ozawa, perhaps the most powerful member of the ruling party. Mr. Ozawa has visited Beijing previously with large delegations, and his December 2009 visit with a party of 600 included nearly half of the DPJ's parliamentary bloc, over 140 elected officials. Both Messrs. Ozawa and Hatoyama have talked about improving relations with Beijing, and such a position is natural for any politician whose country's largest trading partner is China. Last November, the Japanese and Chinese governments agreed to hold their first joint military training exercise. Yet most Japanese also feel some level of concern over China's growing military capabilities and influence in the

Asia-pacific region, and many question whether the DPJ's approach might wind up weakening relations with the United States, leaving Japan with less leverage to shape Chinese policies in the region.

This may worry some American observers, too, and I would share those concerns if coming days indeed saw a downgrading of the working relationship between Tokyo and Washington, and any indication that Tokyo saw increasing benefit in moving closer to China on issues ranging from trade to security. Yet we must also respect the choices of a democratically elected government, especially that of an ally, and recognize that any reduction in political tensions between Japan and China is of general benefit to the region. It was scarcely five years ago, we should remember, that Chinese mobs attacked Japanese consulates and businesses in Shanghai and other cities.

Here, I believe current U.S. expectations of Japanese policy may be overly influenced by the short, yet intense, period of post-9/11 cooperation between our two countries. The personal commitment of Prime Ministers Koizumi and Abe to supporting U.S. strategy in Asia and the Middle East led to policies that were tempered by their successors. If anything, current trends in Japanese policymaking, including Japan's recent outreach to China, reflect a return to a more traditional Japanese position that attempts to maintain some level of balance in Japanese foreign policy.

Relations are further influenced, despite the laudable efforts of U.S. officials here and in Tokyo, by the continued worry of Japanese opinion leaders and policymakers over long-term trends in America's Asia policy, thereby fueling part of their interest in China. I will mention perhaps the two main concerns: first, that the United States will, over time, decrease its military presence in the Asia-Pacific, thereby weakening the credibility of its extended deterrence guarantee, and second, that Washington will itself consider China in coming decades as the indispensable partner for solving problems both regional and global. Both these concerns exist despite repeated U.S. assurances that our military presence will not shrink, and despite the very public problems cropping up in Sino-U.S. relations in recent years. Ironically, perhaps, these Japanese concerns almost exactly mirror U.S. worries, from frustrations over Japan's continued reluctance to increase its security activities abroad to our casting a wary eye on exchanges between Beijing and Tokyo.

Despite this litany of problems both real and perceived, the U.S.-Japan alliance, and the broader relationship it embodies, remains the keystone of U.S. policy in the Asia-Pacific region. There is little doubt that America and Japan share certain core values that tie us together, including a belief in democracy, the rule of law, and civil and individual rights, among others, which should properly inform and inspire our policies abroad. Moreover, after the cataclysm of World War II, we have worked together to maintain stability in the western Pacific, throughout the Cold War and after. Without the continued Japanese hosting of U.S. forces, our forward-based posture is untenable, particularly in a period of growing Chinese military power in which the acquisition of advanced weapons systems indicates increased vulnerability of U.S. forces over time.

There are over 35,000 U.S. military personnel in Japan, and another 11,000 afloat as part of the 7<sup>th</sup> Fleet, while three-quarters of our military facilities are in Okinawa. Maintaining this presence is a full-time job for officials on both sides of the Pacific. Both Washington and Tokyo have revised the Status of Forces Agreement (SOFA) governing the U.S. military in Japan to respond to local concerns over judicial access to U.S. service members, and domestic pressures to reduce Japan's \$4 billion annual Host Nation Support (HNS) are a continuing feature of bilateral discussions. The new Japanese government has indicated its desire to consider further revision of SOFA and HNS, which portends continued, sometimes difficult negotiations between both sides, though I would be surprised by any significant changes in either.

It is clear, however, that the presence of U.S. military forces is welcomed by nearly all nations in the Asia-Pacific region and sends a signal of American commitment to the region. From a historical standpoint, the post-war American presence in the Asia-Pacific has been one of the key enablers of growth and development in that maritime realm. And today, for all its dynamism, the Asia-Pacific remains peppered with territorial disputes and long-standing grievances, with few effective multilateral mechanisms such as exist in Europe for solving interstate conflicts. Our friends and allies in the area are keenly attuned to our continued forward-based posture, and any indications that the United States was reducing its presence might be interpreted by both friends and competitors as a weakening of our long-standing commitment to maintain stability in the Pacific. The shape of Asian regional politics will continue to evolve, and while I am skeptical of what can realistically be achieved by proposed U.S.-Japan-China trilateral talks, it seems evident that we must approach our alliance with Japan from a more regionally oriented perspective, taking into account how our alliance affects the plans and perceptions of other nations in the region.

Beyond these traditional security concerns, Japan and the United States continue to be among the handful of countries that can act as significant first responders to humanitarian disasters, and did so jointly during the Boxing Day tsunami of 2004 and are doing so today in Haiti. Both our countries are leaders in scientific research and development, and bred multinational corporations that continue to change the nature of global commerce. Economically, of course, we are increasingly intertwined. Our bilateral trade last year was over \$132 billion worth, making Japan our fourth largest trading partner even despite a fall of nearly \$80 billion in trade from 2008, and Japanese companies in 49 states employ approximately 600,000 Americans. Japan is also the world's largest purchaser of U.S. Treasuries, currently holding over \$768 billion worth, more than China's official portfolio of \$755 billion in American securities.

The heady days of the 1980s are long over for Japan, when pundits breathlessly proclaimed it the next superpower. Japan, however, will continue to play a major role in Asia over the next decades, as that region continues to be the engine of global economic growth. Similarly, the role of a democratic Japan should become increasingly important in Asia as democracies young and old continue to evolve, while authoritarian and totalitarian regimes oppress their own people and threaten others.

As we look to the kind of Asia that we hope develops in the future, there is much that continues to commend Japan to the region's planners and peoples. Much in the same way, the U.S.-Japan alliance, though under strain today and still in need of further restructuring, plays a currently indispensable role in ensuring our country's commitment to the Asia-Pacific and in providing a necessary stabilizing force to powerful tides of nationalism, competition, and distrust in that region. Our relationship with Japan is indeed a cornerstone of the liberal international order that has marked the six decades since the end of the Second World War as among the most prosperous and generally peaceful in world history. For that reason, among others, we should look forward to maintaining it for years to come.

Thank you.